



2021 Annual Report

Dear Investors,

Fiscal year 2021 was an unprecedented year, a year where we faced significant challenges and opportunities. Despite going through a year unlike any other, we stayed focused on our customers and on operating every dimension of our business with discipline.

Since we transitioned from Symantec to NortonLifeLock toward the end of fiscal year 2020, we have met or exceeded every financial and operational commitment we outlined. As we entered fiscal year 2021 as a stand-alone consumer company, we continued our intense focus on execution. Now, exiting the year, we have returned NortonLifeLock's focus back to growth on all key dimensions.

We finished fiscal year 2021 with strong results, delivering record revenue and non-GAAP profit in Q4. Our fiscal 2021 performance demonstrated that the consumer need and demand for our products is increasing, as we grew in all of our core markets and channels. Our investment in creating the most innovative products in Cyber Safety, along with our push to increase awareness through additions in sales and marketing this past year grew total direct customer count by nearly 3 million, grew consumer reported billings by 11% and non-GAAP revenue by 6%, while maintaining our unit retention rate of 85% and monthly ARPU of \$9.

We are also proud of the successful close and exceptional integration time of our first acquisition as a stand-alone consumer company, Avira. Adding Avira to our NortonLifeLock family has already unlocked opportunities and expanded our international footprint, added a freemium channel, and enhanced aspects of our technology. M&A will continue to be an important part of our business. We believe our business strategy is working, we have a sound organic business plan and we view acquisitions as an accelerator in our transformation for double-digit growth.

We were the first in the industry to create a Cyber Safety membership platform designed to fulfill our North Star vision to protect and empower everyone to live their digital lives safely. At the end of fiscal year 2021, over half of our direct customers are on the Norton 360 platform. We accelerated our pace of new product introductions to protect consumers from cybercriminals with product launches like LifeLock Home Title Protect, Norton 360 for Gamers, ID Navigator, and Privacy Monitor Assistant. At the same time, we built a solid track record with strong operational discipline and delivered non-GAAP profit margin of 50%, non-GAAP EPS grew 60% to \$1.44, and generated annualized free cash flow in excess of \$900 million.

We also focused on returning cash to shareholders during the fiscal year. We repurchased \$304 million of our common stock and paid our regular quarterly dividend totaling \$300 million. For the full fiscal year 2021, we returned 100% of our free cash flow back to shareholders, excluding the Avira acquisition, a commitment we expect to maintain over the long-term.

Today, we are proud to protect approximately 80 million users, all experiencing various levels of protection from NortonLifeLock, from free basic offerings to comprehensive platform access. Of the 80 million users, 50 million are paying customers. But we are not satisfied. We want Cyber Safety to have the biggest reach – to make Cyber Safety mainstream. Therefore, we set out 3 ambitious long-term goals: double Net Promoter Score to world-class >70, double paying customers to 100 million, and double-digit revenue growth and non-GAAP EPS to \$3. In order to achieve this, we believe we have positioned the appropriate ingredients for growth – best-in-class products and technologies, a laser-focus on consumer experience, trusted brands, diversified distribution channels, and are bringing these capabilities together with disciplined operational execution.

We know consumers are spending more and more time online. The overlap between the physical world and the digital world continues to grow, nearly every aspect of our life has a digital component. There's no question that more activities are expected to lead to more risks and threats to our digital lives. As a 100%-consumer focused company and as an industry leader, not only are we best-positioned to bring Cyber Safety to everyone, but we believe we have the responsibility to do so.

Moving forward, as we embark on our fiscal year 2022, we are relentlessly focused on our long-term strategy to accelerate growth and achieve our vision. We have a broad vision, established big goals, and we believe we have the right consumer-focused leadership team to achieve these big goals. We believe we have all the ingredients in place to drive the next phase of our growth transformation, and we are just getting started.

It is a privilege to lead this company towards our vision of protecting and empowering people to live their digital lives safely.

Sincerely,

Vincent, Natalie, and the NortonLifeLock team

Forward-Looking Statements

This letter contains statements which may be considered forward-looking within the meaning of the U.S. federal securities laws. In some cases, you can identify these forward-looking statements by the use of terms such as “expect,” “will,” “continue,” or similar expressions, and variations or negatives of these words, but the absence of these words does not mean that a statement is not forward-looking. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including, but not limited to: statements related to the acquisition of Avira, our growth strategies and transformation, returning cash to shareholders, the monetization of our assets, and any other statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. These statements are subject to known and unknown risks, uncertain ties 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 supplemental information. Such risk factors include, but are not limited to, those related to: the current and future impact of the COVID-19 pandemic on the Company’s business and industry; the effect of the sale of substantially all of the Enterprise Security assets on NortonLifeLock’s retained businesses and products; retention of executive leadership team members; difficulties in improving sales and product development during leadership transitions; difficulties in executing the operating model for the consumer cyber safety business; lower than anticipated returns from the Company’s investments in direct customer acquisition; difficulties and delays in reducing run rate expenses and monetizing underutilized assets; general business and economic conditions; matters arising out of our completed Audit Committee investigation and the ongoing U.S. Securities and Exchange Commission investigation; fluctuations and volatility in NortonLifeLock’s stock price; the ability of NortonLifeLock to successfully execute strategic plans; the ability to maintain customer and partner relationships; the ability of NortonLifeLock to achieve its cost and operating efficiency goals; the anticipated growth of certain market segments; NortonLifeLock’s sales and business strategy; fluctuations in tax rates and foreign currency exchange rates; the potential for corporate tax increases under the new Biden Administration; the timing and market acceptance of new product releases and upgrades; and the successful development of new products and the degree to which these products gain market acceptance. Additional information concerning these and other risk factors is contained in the Risk Factors sections of NortonLifeLock’s most recent reports on Form 10-K and Form 10-Q. NortonLifeLock assumes no obligation, and does not intend, to update these forward-looking statements as a result of future events or developments.

Use of Non-GAAP Financial Information

We use non-GAAP measures of operating margin, net income and earnings per share, which are adjusted from results based on GAAP and exclude certain expenses, gains and losses. We also provide the non-GAAP metrics of Consumer revenues, constant currency revenues and Consumer reported billings, which exclude revenues from our divested ID Analytics solutions, and free cash flow, which is defined as cash flows from operating activities less purchases of property and equipment. These non-GAAP financial measures are provided to enhance the user's understanding of our past financial performance and our prospects for the future. Our management team uses these non-GAAP financial measures in assessing NortonLifeLock's performance, as well as in planning and forecasting future periods. These non-GAAP financial measures are not computed according to GAAP and the methods we use to compute them 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. Readers are encouraged to review the reconciliation of our non-GAAP financial measures to the comparable GAAP results, which is attached to our quarterly earnings release and which can be found, along with other financial information including the Supplemental Information, on the investor relations page of our website at Investor.NortonLifeLock.com.

NORTONLIFELOCK INC.

RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES⁽¹⁾⁽²⁾

(In millions, except per share data, unaudited)

	Three Months Ended		Year Ended	
	April 2, 2021	April 3, 2020	April 2, 2021	April 3, 2020
Operating income	\$ 266	\$ 44	\$ 896	\$ 355
Contract liabilities fair value adjustment	5	—	5	—
Stock-based compensation	13	28	71	119
Amortization of intangible assets	31	25	105	109
Restructuring and other costs	19	138	161	266
Acquisition and integration costs	3	—	4	—
Litigation settlement charges	4	20	29	20
Other	1	—	—	—
Operating income (Non-GAAP)	<u>\$ 342</u>	<u>\$ 255</u>	<u>\$ 1,271</u>	<u>\$ 869</u>
Operating margin	39.6%	7.2%	35.1%	14.3%
Operating margin (Non-GAAP)	50.5%	41.5%	49.7%	34.9%
Net income	\$ 194	\$ 231	\$ 554	\$ 3,887
Adjustments to income from continuing operations:				
Contract liabilities fair value adjustment	5	—	5	—
Stock-based compensation	13	26	70	120
Amortization of intangible assets	31	25	105	109
Restructuring and other costs	19	138	161	266
Acquisition and integration costs	3	—	4	—
Litigation settlement charges	4	20	29	20
Other	5	(1)	2	(1)
Non-cash interest expense	2	5	9	23
Gain on divestitures and sale of equity method investment	—	(250)	—	(629)
Gain on extinguishment of debt	—	—	(20)	—
Loss from equity method investment	—	—	—	31
Gain on sale of properties	(63)	—	(98)	—
Total adjustments to GAAP income from continuing operations before income taxes	19	(38)	267	(61)
Adjustment to GAAP provision for income taxes	7	56	(97)	59
Total adjustment to continuing operations, net of taxes	26	18	170	(2)
Discontinued operations	14	(82)	142	(3,309)
Net income (Non-GAAP)	<u>\$ 234</u>	<u>\$ 167</u>	<u>\$ 866</u>	<u>\$ 576</u>

NORTONLIFELOCK INC.

RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES⁽¹⁾⁽²⁾ (continued)

(In millions, except per share data, unaudited)

	Three Months Ended		Year Ended	
	April 2, 2021	April 3, 2020	April 2, 2021	April 3, 2020
Diluted net income per share	\$ 0.33	\$ 0.36	\$ 0.92	\$ 6.05
Adjustments to diluted net income per share:				
Contract liabilities fair value adjustment	0.01	—	0.01	—
Stock-based compensation	0.02	0.04	0.12	0.19
Amortization of intangible assets	0.05	0.04	0.18	0.17
Restructuring and other costs	0.03	0.22	0.27	0.41
Acquisition and integration costs	0.01	—	0.01	—
Litigation settlement charges	0.01	0.03	0.05	0.03
Other	0.01	—	—	—
Non-cash interest expense	—	0.01	0.02	0.04
Gain on divestitures and sale of equity method investment	—	(0.39)	—	(0.98)
Gain on extinguishment of debt	—	—	(0.03)	—
Loss from equity method investment	—	—	—	0.05
Gain on sale of properties	(0.11)	—	(0.16)	—
Total adjustments to GAAP income from continuing operations before income taxes	0.03	(0.06)	0.45	(0.09)
Adjustment to GAAP provision for income taxes	0.01	0.09	(0.16)	0.09
Total adjustment to continuing operations, net of taxes	0.04	0.03	0.28	0.00
Discontinued operations	0.02	(0.13)	0.24	(5.15)
Incremental dilution effect	—	—	—	—
Diluted net income per share (Non-GAAP)	<u>\$ 0.40</u>	<u>\$ 0.26</u>	<u>\$ 1.44</u>	<u>\$ 0.90</u>
Diluted weighted-average shares outstanding	587	639	600	643
Incremental dilution	—	—	—	—
Diluted weighted-average shares outstanding (Non-GAAP)	<u>587</u>	<u>639</u>	<u>600</u>	<u>643</u>

⁽¹⁾ This presentation includes non-GAAP measures. Non-GAAP financial measures are supplemental and should not be considered a substitute for financial information presented in accordance with GAAP. For a detailed explanation of these non-GAAP measures, see Appendix A attached to the Company's Q4 FY21 earnings press release.

⁽²⁾ Amounts may not add due to rounding.

NORTONLIFELOCK INC.

CONSUMER REVENUES, CONSUMER REPORTED BILLINGS AND CONSUMER CYBER SAFETY METRICS

(In millions, except per user data, unaudited)

Consumer Revenues (Non-GAAP)

	Three Months Ended			Year Ended		
	April 2, 2021	April 3, 2020	Variance in %	April 2, 2021	April 3, 2020	Variance in %
Revenues ⁽¹⁾	\$ 672	\$ 614	9%	\$ 2,551	\$ 2,490	2%
Contract liabilities fair value adjustment ⁽²⁾	5	—		5	—	
Exclude revenues from ID Analytics ⁽³⁾	—	(4)		—	(46)	
Consumer revenues (Non-GAAP)	677	610	11%	2,556	2,444	5%
Exclude foreign exchange impact ⁽⁴⁾	(14)	—		(28)	—	
Constant currency adjusted consumer revenues (Non-GAAP)	663	610	9%	2,528	2,444	3%
Exclude extra week impact ⁽¹⁾	—	—		—	(44)	
Constant currency and extra week adjusted consumer revenues (Non- GAAP)	<u>\$ 663</u>	<u>\$ 610</u>	9%	<u>\$ 2,528</u>	<u>\$ 2,400</u>	5%

Consumer Reported Billings (Non-GAAP)

	Three Months Ended			Year Ended		
	April 2, 2021	April 3, 2020	Variance in %	April 2, 2021	April 3, 2020	Variance in %
Revenues ⁽¹⁾	\$ 672	\$ 614	9%	\$ 2,551	\$ 2,490	2%
Add: Contract liabilities (end of period)	1,265	1,076		1,265	1,076	
Less: Contract liabilities (beginning of period)	(1,135)	(1,047)		(1,076)	(1,059)	
Add: Other contract liabilities adjustment ⁽⁵⁾	(54)	—		(54)	5	
Reported billings (Non-GAAP)	748	643	16%	2,686	2,512	7%
Exclude revenue from ID Analytics ⁽³⁾	—	(4)		—	(46)	
Consumer reported billings (Non- GAAP)	748	639	17%	2,686	2,466	9%
Exclude extra week impact ⁽¹⁾	—	—		—	(44)	
Consumer reported billings excluding extra week impact (Non-GAAP)	<u>\$ 748</u>	<u>\$ 639</u>	17%	<u>\$ 2,686</u>	<u>\$ 2,422</u>	11%

NORTONLIFELOCK INC.

CONSUMER REVENUES, CONSUMER REPORTED BILLINGS AND CONSUMER CYBER SAFETY METRICS (continued)

(In millions, except per user data, unaudited)

Consumer Cyber Safety Metrics

	Three Months Ended			Year Ended	
	April 2, 2021	January 1, 2021	April 3, 2020	April 2, 2021	April 3, 2020
Direct customer revenues	\$ 602	\$ 569	\$ 549	\$2,286	\$2,204
Partner revenues	\$ 75	\$ 70	\$ 61	\$ 270	\$ 240
Revenues from ID Analytics	\$ —	\$ —	\$ 4	\$ —	\$ 46
Average direct customer count ⁽⁶⁾	22.8	20.8	20.2	21.2	20.2
Direct customer count (at quarter end)	23.0	21.0	20.2	23.0	20.2
Direct average revenue per user (ARPU) ⁽⁷⁾	\$ 8.80	\$ 9.10	\$ 9.07	\$ 9.01	\$ 8.90
Consumer Cyber Safety annual retention rate				85%	85%

- (1) The year ended April 2, 2021 consisted of 52 weeks, whereas the year ended April 3, 2020 consisted of 53 weeks. The impact of the extra week on revenues in the year ended April 3, 2020 is estimated to be approximately \$44 million.
- (2) Contract liabilities fair value adjustment represents the deferred revenue haircut recognized due to the acquisition of Avira during the fourth quarter of fiscal 2021.
- (3) In the three months ended April 3, 2020, we divested our ID Analytics solutions and are presenting consumer reported billings and consumer revenues to enhance comparability of the reported billings and revenues of our remaining solutions to the year ago period.
- (4) Calculated using year ago foreign exchange rates.
- (5) Other contract liabilities adjustment for the year ended April 3, 2020 represents the change in contract liabilities related to Veritas discontinued operations of \$5 million. Other contract liabilities adjustment for the three months and year ended April 2, 2021 represents the acquired \$54 million of contract liabilities from Avira. We present an adjusted consumer reported billings to enhance comparability of the reported billings of our remaining solutions to the year ago period.
- (6) Average direct customer count calculation for the three months ended April 2, 2021 was pro-rated to include 1.6 million customers from the Avira acquisition. Average direct customer count for the year ended April 2, 2021 is calculated as an average of the fiscal quarters.
- (7) ARPU in the year ended April 3, 2020 was normalized to exclude the impact of the extra week on direct revenue, which we estimate to be approximately \$41 million.

Please refer to Appendix A attached to the Company's Q4 FY21 earnings press release, which was furnished on May 10, 2021 for detailed explanations of non-GAAP measures and operating metrics.



60 E. Rio Salado Parkway, Suite 1000
Tempe, Arizona 85281

NOTICE OF 2021 ANNUAL MEETING OF STOCKHOLDERS
to be held on:
September 14, 2021
9:00 a.m. Pacific Time

Dear Stockholder:

You are cordially invited to attend our 2021 Annual Meeting of Stockholders (the "Annual Meeting"), which will be held at 9:00 a.m. (Pacific Time) on Tuesday, September 14, 2021. This year's meeting will again be completely virtual and conducted via live webcast. You will be able to attend the Annual Meeting online and submit your questions prior to or during the meeting by visiting www.virtualshareholdermeeting.com/NLOK2021. You will also be able to vote your shares electronically at the Annual Meeting. Hosting a virtual meeting enables increased stockholder attendance and participation since stockholders can participate from any location around the world. In addition, the online format will allow us to communicate more effectively with you via a pre-meeting forum that you can enter by visiting www.virtualshareholdermeeting.com/NLOK2021 and submit questions in advance of the Annual Meeting.

For your convenience, we are also pleased to offer a re-playable webcast of the Annual Meeting at investor.nortonlifelock.com. We are holding the Annual Meeting for the following purposes, which are more fully described in the proxy statement:

1. To elect the nine nominees named in the proxy statement to NortonLifeLock's Board of Directors;
2. To ratify the appointment of KPMG LLP as NortonLifeLock's independent registered public accounting firm for the 2021 fiscal year;
3. To hold an advisory vote to approve executive compensation;
4. To consider and vote upon a stockholder proposal, if properly presented at the meeting; and
5. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

We are furnishing proxy materials to our stockholders primarily via the internet to expedite stockholders' receipt of proxy materials, lower the cost of the Annual Meeting and help conserve natural resources. On or about July 28, 2021, we expect to send to our stockholders (other than those who previously requested electronic or paper delivery) a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy materials, including our proxy statement and our annual report, and how to vote through the internet or by telephone.

Only stockholders of record as of the close of business on July 19, 2021 are entitled to notice of, and vote at, the Annual Meeting or any postponement or adjournment thereof. A list of stockholders entitled to vote will be available for inspection at our offices for ten days prior to the Annual Meeting, as well as online during the Annual Meeting. If you would like to view this stockholder list, please contact Investor Relations at (650) 527-8000.

Your vote is very important. Whether or not you plan to virtually attend the Annual Meeting, please vote at your earliest convenience by following the instructions in the Notice of Internet Availability of Proxy Materials or in the proxy card you received in the mail. You may revoke your proxy at any time before it is voted. Please refer to the "2021 Annual Meeting of Stockholders Meeting Information" section of the proxy statement for additional information.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Bryan Ko
BRYAN KO
Chief Legal Officer and Secretary

Tempe, Arizona
July 28, 2021

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on September 14, 2021. The proxy statement and NortonLifeLock's Form 10-K for the 2021 fiscal year are available at <http://investor.nortonlifelock.com/About/Investors/financial-information/Annual-Reports/default.aspx>.

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PROXY SUMMARY

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

2021 Annual Meeting of Stockholders Information

Date and Time: Tuesday, September 14, 2021 at 9:00 a.m. Pacific Time
Location: Meeting live via the internet by visiting www.virtualshareholdermeeting.com/NLOK2021
Record Date: July 19, 2021
Admission: To participate in the Annual Meeting, visit www.virtualshareholdermeeting.com/NLOK2021. You will need the 16-digit control number included on your Notice of Internet Availability of Proxy Materials, on your proxy card or on the instructions that accompanied your proxy materials. If your shares are held in an account with a brokerage firm, bank or other nominee, then you may not vote your shares at the Annual Meeting unless you request and obtain a valid proxy from the organization that holds your shares giving you the right to vote the shares at the Annual Meeting.

Voting Matters

Proposals	Board Recommendation	Page Number for Additional Information
1. Election of Directors	FOR	20
2. Ratification of Independent Registered Public Accounting Firm	FOR	28
3. Advisory Vote to Approve Executive Compensation	FOR	29
4. Stockholder Proposal	AGAINST	30

Our Director Nominees

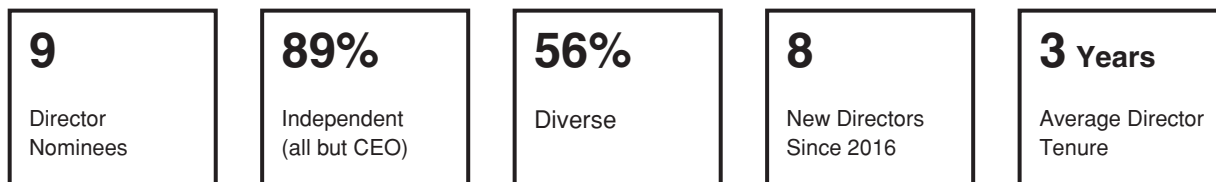
Name	Age	Director Since	Occupation	Independent	Diversity	Committee Memberships*				Other Public Boards
						AC	CC	NGC	Tech	
Susan P. Barsamian	62	2019	Director	✓	W		● ■	● ■	● ■	1
Eric K. Brandt	59	2020	Director	✓		● ■				3
Frank E. Dangeard	63	2007	Managing Partner, Harcourt	✓		● ■		● ■		3
Nora M. Denzel	58	2019	Director	✓	W	● ■	● ■		● ■	3
Peter A. Feld	42	2018	Managing Member and Head of Research, Starboard Value LP	✓			● ■	● ■		2
Kenneth Y. Hao	52	2016	Chairman and Managing Partner, Silver Lake Partners	✓	D					2
Emily Heath	47	2021	SVP, Chief Trust & Security Officer, DocuSign	✓	W D	● ■			● ■	0
Vincent Pilette	49	2019	Chief Executive Officer							0
Sherrese M. Smith	49	2021	Partner, Paul Hastings	✓	W D			● ■	● ■	1

AC = Audit Committee CC = Compensation and Leadership Development Committee NGC = Nominating and Governance Committee

Tech = Technology and Cybersecurity Committee W = Woman D = Underrepresented Community (Ethnic Diversity and/or LGBTQ+)

● = Member ● = Chair

* Reflects our Board and committee composition following the Annual Meeting.



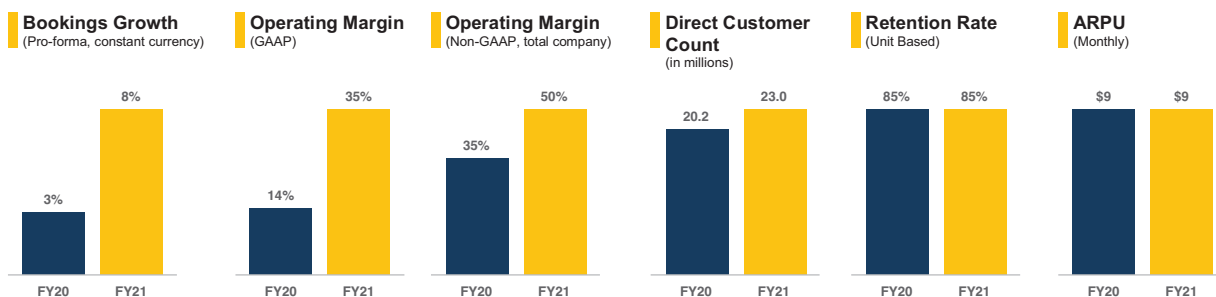
Sound Corporate Governance Practices

- | | |
|---|---|
| ✓ Separate Independent Chairman and CEO | ✓ Majority Voting for Directors |
| ✓ Board Committees Consist Entirely of Independent Directors | ✓ Stockholder Ability to Call Special Meetings (15% threshold) |
| ✓ All Current Directors Attended at least 75% of Meetings Held | ✓ Stockholder Ability to Act by Written Consent |
| ✓ Independent Directors Meet Regularly in Executive Session | ✓ Proxy Access Subject to Standard Eligibility Requirements |
| ✓ Director Age Limit of 72 | ✓ Robust Cybersecurity Program. |
| ✓ Annual Board and Committee Self-Evaluations | ✓ Comprehensive ESG program and Board oversight of ESG |
| ✓ Risk Oversight by Full Board and Committees | ✓ Extensive Stockholder Outreach/Engagement Program |
| ✓ Annual Election of All Directors | ✓ No Dual-Class or Multi-Class Stock |

Executive Compensation Philosophy and Practices

Fiscal year 2021 (FY21) marked the first full year as a stand-alone pure consumer Cyber Safety company. Our Compensation and Leadership Development Committee (Compensation Committee) of our Board of Directors (Board) recognized this important milestone for NortonLifeLock in designing and adopting its executive compensation philosophy and program for FY21: provide a simple, investor friendly mix of short and long-term compensation that promotes value creation for NortonLifeLock and our stockholders and real rewards or consequences for our executive team for actual performance. Nothing more, nothing less.

The compensation received by our Named Executive Officers (NEOs) in for FY21 reflects the positive business results and highlights from this past year:



Note: Pro-Forma growth excludes impact of extra week in Q1 fiscal year 2020 (FY20), ID Analytics (divested in Q4 FY20). All results presented are non-GAAP, continuing operations and exclude enterprise dedicated revenues and costs. See Annex A for reconciliation of non-GAAP operating margin from GAAP to non-GAAP and definitions of Bookings, Direct Customer Count, Retention Rate and ARPU.

Our Compensation Committee designed our FY21 compensation program to be consistent with leading corporate governance and executive compensation practices:

What We Do

✓ At risk pay	The majority of pay for our CEO and other NEOs is at risk and/or performance-based.
✓ Link to results	Our short-term incentive compensation is linked directly to our financial results and is modified by individual performance, except in the case of our CEO, whose compensation is entirely based on company performance. A significant portion of our long-term incentive compensation is linked directly to multi-year financial results or relative total shareholder return (TSR).
✓ Predetermined goals	We reward performance that meets our predetermined short and long-term goals.
✓ Capped payouts	We cap payouts under our incentive plans to discourage excessive or inappropriate risk taking by our NEOs.
✓ Peer group	We have a relevant peer group and reevaluate the peer group annually.
✓ Ownership guidelines	We have robust stock ownership guidelines for our executive officers and directors.
✓ Clawback policy	We have a comprehensive “clawback” policy, applicable to all performance-based compensation granted to our executive officers.
✓ Double-trigger acceleration	We only provide for “double-trigger” change-in-control payments and benefits for our executive officers.
✓ Capped severance	We limit any potential cash severance payments to not more than 1x our executive officers’ target total cash compensation and 2x our CEO’s total base salary.
✓ Independent consultant	Our Compensation Committee retains an independent compensation consultant.
✓ Say-on-pay	We hold an annual advisory vote on named executive officer compensation.
✓ Stockholder engagement	We seek feedback on executive compensation through stockholder engagement.
✓ Minimum vesting	We require one-year minimum vesting on all stock award grants to employees, with very limited exceptions.

What We Don’t Do

✗ No performance, no pay	We do not pay out performance-based cash or equity awards for unsatisfied performance goals.
✗ No minimum payouts	Our compensation plans do not have minimum guaranteed payout levels.
✗ No auto increases	We do not provide for automatic salary increases or equity awards grants in offer letters or employment agreements.
✗ No short sales, hedging	With very limited exceptions, we do not permit short-sales, hedging or pledging of our stock.
✗ No golden parachutes	We do not provide “golden parachute” excise tax gross-ups.
✗ No excessive severance	We do not provide excessive severance payments.
✗ No SERPs	We do not provide executive pension plans or SERPs.
✗ No excessive perks	We do not provide excessive perquisites.
✗ No repricing	We do not permit the repricing or cash-out of stock options or stock appreciation rights without stockholder approval.
✗ No unvested dividends	We do not permit the payment of dividend or dividend equivalents on unvested equity awards.

Compensation Components

Our FY21 compensation philosophy is reflected in the three key pillars of executive compensation: (i) base salary, (ii) short-term annual cash incentive awards and (iii) long-term equity incentive awards.

FY21 Component	Form of Compensation	Performance Period	Metrics and Performance Criteria	Details
Base Salary	Cash	Annual	NEO base salary changes reviewed annually by CEO (or Board for CEO changes).	Page 42
Executive Annual Incentive Plan	Cash	Annual	Bookings with non-GAAP profit margin as operating gate; individual performance goal modifier for NEOs other than CEO.	Page 42
Equity Incentive Awards	Restricted Stock Units (RSUs)	Vests annually over three years	Service and time-based vesting.	Page 45
	Performance-based Restricted Stock Units (PRUs)	Vests at the end of a three-year period	50% of PRUs vest in full in May 2023 based on achievement of our 3-year relative TSR versus the Nasdaq Composite Index. 50% of PRUs vest in full in May 2023 based on achievement of compound annual growth rate (CAGR) for revenue measured over a multi-year period.	

Meeting Information

We provide information about NortonLifeLock's 2021 Annual Meeting of Stockholders (the "Annual Meeting"), voting and additional information starting on page 69.

CORPORATE GOVERNANCE

NortonLifeLock is strongly committed to good corporate governance practices. These practices provide an important framework within which our Board of Directors (the “Board”) and management can pursue our strategic objectives for the benefit of our stockholders.

Corporate Governance Guidelines

Our Corporate Governance Guidelines generally specify the rights and responsibilities of NortonLifeLock’s Board, management and stockholders, and detail the rules and procedures for making decisions on corporate affairs. In general, the stockholders elect the Board and vote on certain extraordinary matters. The Board is responsible for the general governance of NortonLifeLock, including selection and oversight of key management, and management is responsible for running our day-to-day operations.

Our Corporate Governance Guidelines are available on the Investor Relations section of our website, which is located at investor.nortonlifelock.com, by clicking on “Company Charters” under “Corporate Governance.” The Corporate Governance Guidelines are reviewed at least annually by our Nominating and Governance Committee, and changes are recommended to our Board for approval as appropriate. Our Board represents the interests of the stockholders in perpetuating a successful business and optimizing sustainable long-term stockholder value. The Board is responsible for ensuring that NortonLifeLock is managed in a manner that is designed to serve those interests.

Code of Conduct and Code of Ethics

We have adopted a code of conduct that applies to all of our Board members, officers and employees. We have also adopted a code of ethics for our Chief Executive Officer and senior financial officers, including our principal financial officer and principal accounting officer. Our *Code of Conduct* and *Financial Code of Ethics* are posted on the Investor Relations section of our website located at investor.nortonlifelock.com, by clicking on “Company Charters” under “Corporate Governance.” Any amendments or waivers of our *Code of Conduct* and *Financial Code of Ethics* pertaining to a member of our Board or one of our executive officers will be disclosed on our website at the above-referenced address.

Insider Trading, Hedging and Pledging Policies

With limited exceptions for pre-existing arrangements, our Insider Trading Policy prohibits all directors and employees, including executive officers, from short-selling NortonLifeLock stock or engaging in transactions involving NortonLifeLock stock-based derivative securities, including, but not limited to, trading in NortonLifeLock-based option contracts or engaging in other hedging transactions (for example, buying and/or writing puts and calls, equity swaps, collars, exchange funds, transacting in straddles and the like; however, holding and exercising options or other derivative securities granted under NortonLifeLock’s stock option or equity incentive plans is not prohibited by this policy.) Our policy also prohibits pledging NortonLifeLock stock as collateral for a loan or holding company securities in a margin account. Waivers may be granted with respect to arrangements that were in existence before becoming a director or employee. Since our settlement with Starboard Value LP in September 2018, we have agreed to waive these requirements with respect to certain forward contracts held by Starboard on a limited basis.

In addition, our Insider Trading Policy prohibits our directors, officers, employees and contractors from purchasing or selling NortonLifeLock securities while in possession of material, nonpublic information. It also requires that our Chief Executive Officer and our Chief Financial Officer conduct any open market sales of our securities only through the use of stock trading plans adopted pursuant to Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Rule 10b5-1 allows insiders to sell and diversify their holdings in our stock over a designated period by adopting prearranged stock trading plans at a time when they are not aware of material nonpublic information about us, and thereafter sell shares of our common stock in accordance with the terms of their stock trading plans without regard to whether or not they are in possession of material nonpublic information about NortonLifeLock at the time of the sale. All other executives and our non-employee directors are strongly encouraged to trade using Exchange Act Rule 10b51 plans.

Stock Ownership Guidelines

Our Board adopted stock ownership guidelines to better align our directors’ and officers’ interests with those of our stockholders. Details of our directors’ stock ownership guidelines are disclosed under “Summary of Director Qualifications

and Experience” on page 25, and details of our executive officers’ stock ownership guidelines are disclosed under “Stock Ownership Requirements” in the “Compensation Discussion & Analysis” section on page 36. The Compensation Committee determines the stock ownership guidelines and the Nominating and Governance Committee monitors compliance under such guidelines.

Stockholder Outreach and Engagement

We are committed to ongoing engagement with our stockholders to gain valuable insight into the issues that matter most to them and to enable NortonLifeLock to address them effectively. During 2020, we reached out to 15 of our top stockholders, representing nearly 49% of our outstanding capital stock to discuss NortonLifeLock’s prospects, including our executive compensation. Of those stockholders, we held meetings with 10 of them in which we discussed matters such as NortonLifeLock’s business model, NortonLifeLock’s executive compensation programs and goal settings and metrics. The remaining stockholders either confirmed they had no concerns, did not desire to have a meeting or did not respond. Our FY21 executive compensation philosophy and programs reflect the feedback we received from our engagement with stockholders and investors during FY20 and FY21. Please see the “Compensation Discussion & Analysis” section for more information. At NortonLifeLock, we have an open line of communication with our stockholders and investors and continue to engage them for feedback on our programs.

Majority Vote Standard and Director Resignation Policy

Our Bylaws and Corporate Governance Guidelines provide for a majority voting standard for the election of directors. Under the majority vote standard, each nominee must be elected by a majority of the votes cast with respect to such nominee at any meeting for the election of directors at which a quorum is present. A “majority of the votes cast” means the votes cast “for” a nominee’s election must exceed the votes cast “against” that nominee’s election. A plurality voting standard will apply instead of the majority voting standard if: (i) a stockholder has provided us with notice of a nominee for director in accordance with our Bylaws; and (ii) that nomination has not been withdrawn as of 10 days before we first deliver proxy materials to stockholders.

To effectuate this policy with regard to incumbent directors, the Board will not nominate an incumbent director for re-election unless prior to such nomination the director has agreed to promptly tender a resignation if such director fails to receive a sufficient number of votes for re-election at the stockholder meeting with respect to which such nomination is made. Such resignation will be effective upon the earlier of (i) the Board’s acceptance of such resignation or (ii) the 90th day after certification of the election results of the meeting; provided, however, that prior to the effectiveness of such resignation, the Board may reject such resignation and permit the director to withdraw such resignation.

If an incumbent director fails to receive the required vote for re-election, the Nominating and Governance Committee shall act on an expedited basis to determine whether to recommend acceptance or rejection of the director’s resignation and will submit such recommendation for prompt consideration by the Board. The Board intends to act promptly on the Committee’s recommendation and will decide to accept or reject such resignation and publicly disclose its decision within 90 days from the date of certification of the election results. The Nominating and Governance Committee and the Board may consider such factors they deem relevant in deciding whether to accept or reject a resignation tendered in accordance with this policy. The Board expects a director whose resignation is under consideration to abstain from participating in any decision regarding the resignation.

Proxy Access

Our Bylaws contain “proxy access” provisions which permit a stockholder, or a group of up to 50 stockholders, owning continuously for at least three years a number of shares of our common stock that constitutes at least 3% of our outstanding shares of common stock, to nominate and include in our proxy materials director nominees constituting up to the greater of two individuals or 20% of the Board, provided that the stockholder(s) and the nominee(s) satisfy the requirements specified in the Bylaws. Our Bylaws specifically allow funds under common management to be treated as a single stockholder, and permit share lending with a five-day recall. They do not contain any post-meeting holding requirements, do not have any limits on resubmission of failed nominees, and do not contain restrictions on third-party compensation.

Board Leadership Structure

Our Board does not have a policy on whether the roles of Chief Executive Officer and Chairman should be separate. Instead, it retains the flexibility to determine on a case-by-case basis whether the Chief Executive Officer, or an independent

director, should serve as Chairman. During those periods in which the positions of Chairman and Chief Executive Officer are combined, the independent directors appoint an independent director as a Lead Independent Director. Currently, the roles of Chief Executive Officer and Chairman are separate. Frank Dangeard, one of our long-standing independent directors, currently serves as Chairman of the Board.

The Board believes that separating the roles of Chief Executive Officer and Chairman is the appropriate leadership structure for NortonLifeLock at this time because it results in an effective balancing of responsibilities, experience and perspectives that meets the current corporate governance needs and oversight responsibilities of the Board. The Board also believes that this structure allows our Chief Executive Officer to focus on executing NortonLifeLock’s strategic plan and managing NortonLifeLock’s operations and performance, while allowing the Chairman of the Board to focus on the effectiveness of the Board and independent oversight of our senior management team.

The duties of the Chairman of the Board and Chief Executive Officer are set forth in the table below:

Duties of the Chairman of the Board	Duties of the CEO
<ul style="list-style-type: none"> • Sets the agenda of Board meetings 	<ul style="list-style-type: none"> • Sets strategic direction for NortonLifeLock
<ul style="list-style-type: none"> • Presides over meetings of the full Board 	<ul style="list-style-type: none"> • Creates and implements NortonLifeLock’s vision and mission
<ul style="list-style-type: none"> • Contributes to Board governance and Board processes 	<ul style="list-style-type: none"> • Leads the affairs of NortonLifeLock, subject to the overall direction and supervision of the Board and its committees and subject to such powers as reserved by the Board and its committees
<ul style="list-style-type: none"> • Communicates with all directors on key issues and concerns outside of Board meetings 	
<ul style="list-style-type: none"> • Presides over meetings of stockholders 	
<ul style="list-style-type: none"> • Leads executive sessions of independent directors 	

Board Independence

It is the policy of the Board and The Nasdaq Stock Market LLC’s (“Nasdaq”) rules require that listed companies have a board of directors with at least a majority of independent directors, as defined under Nasdaq’s Marketplace Rules. Currently, each member of our Board, other than any person serving on our Board who also serves as our CEO, is an independent director, and all standing committees of the Board are composed entirely of independent directors. The Nasdaq independence definition includes a series of objective tests, such as that the director is not an employee of the company and has not engaged in various types of business dealings with the company. In addition, the Board has made a subjective determination as to each independent director that no relationship exists which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, the directors reviewed and discussed information provided by the directors and NortonLifeLock with regard to each director’s business and other activities as they may relate to NortonLifeLock and our management. Based on this review and consistent with our independence criteria, the Board has affirmatively determined that the following current and former directors and director nominees are independent: Susan P. Barsamian, Eric K. Brandt, Frank E. Dangeard, Nora M. Denzel, Peter A. Feld, Kenneth Y. Hao, Emily Heath, David W. Humphrey, Sherrese M. Smith and V. Paul Unruh.

Change in Director Occupation

Our Corporate Governance Guidelines include a policy that our Board should consider whether a change in any director’s professional responsibilities directly or indirectly impacts that person’s ability to fulfill his or her directorship obligations. To facilitate the Board’s consideration, all directors shall submit a resignation as a matter of course upon retirement, a change in employer, or other significant change in their professional roles and responsibilities. Such resignation may be accepted or rejected in the discretion of the Board.

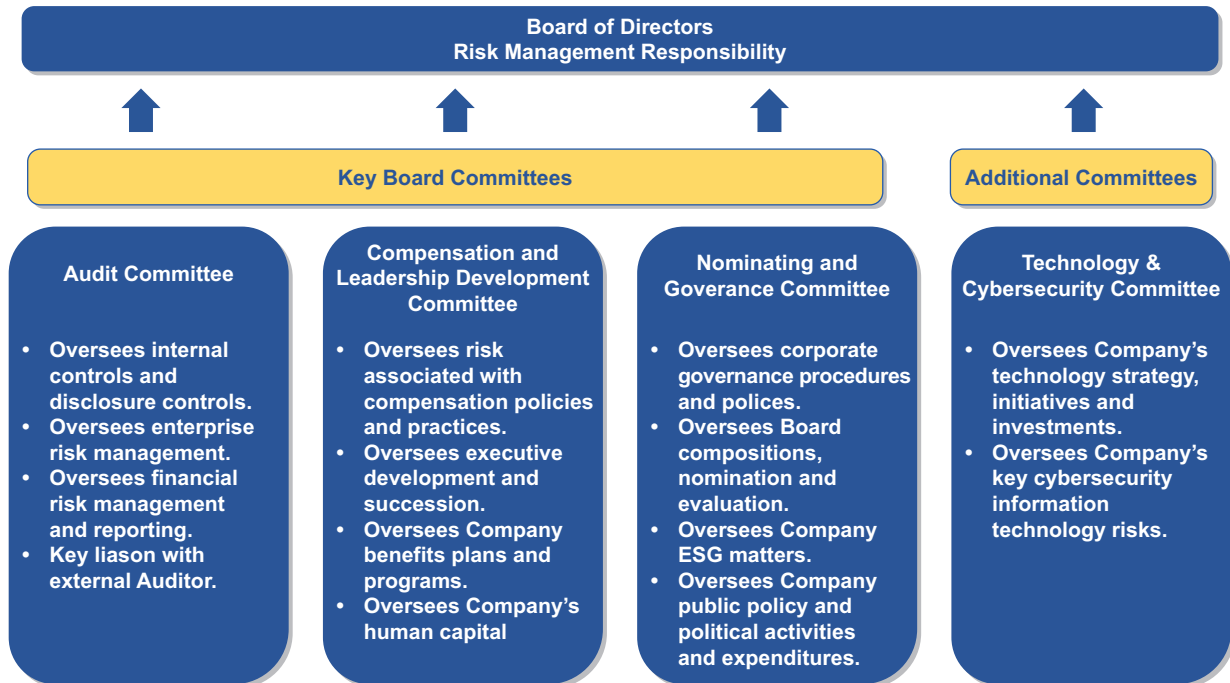
Board and Committee Effectiveness

It is important to NortonLifeLock that our Board and its committees are performing effectively and in the best interests of NortonLifeLock and its stockholders. The Nominating and Governance Committee reviews the size, composition and needs of the Board with established criteria to ensure the Board has the appropriate skills and expertise to effectively carry out

its duties and responsibilities. In addition, an evaluation of the Board's and its committees' operations and performance is conducted annually by the Nominating and Governance Committee. Changes are recommended by the Nominating and Governance Committee for approval by the full Board as appropriate.

Board's Role in Risk Oversight

The Board executes its risk management responsibility directly and through its committees.



The Board is kept abreast of its committees' risk oversight and other activities via reports of the committee chairs to the full Board during the Board meetings. In addition, the Board participates in regular discussions with our senior management on many core subjects, including strategy, operations and finance, in which risk oversight is an inherent element. The Board believes that its leadership structure, as described above under "Board Leadership Structure," facilitates the Board's oversight of risk management because it allows the Board, with leadership from the independent, non-executive Chairman and each independent committee chair, to participate actively in the oversight of management's actions.

Board's Role in COVID-19 Response

Additionally, in connection with the recent COVID-19 pandemic, the Board, together with the Audit Committee, the Compensation Committee, and management, has overseen our efforts to mitigate financial and human capital management risk exposures associated with the pandemic.

Key COVID-19 Actions

- Closed non-essential worker sites and implemented travel restrictions and cancelled or shifted our conferences and other marketing events to virtual-only.
- Maintain Covid-19 employee website to provide up-to-date resources, data and education, including CDC guidance, and benefits, ergonomic and wellness information.
- Regular employee communications.
- Increased our collaboration tools for remote offices.
- Frequent marketing and communication of our global Employee Assistance Program to enable quick support for employees and their families.
- 100% coverage for testing, vaccinations and telemed consultation under our US medical plans.
- Stipend to assist with remote office set up and provisioned surplus equipment for home office deployment.
- Social distancing measures, enhanced cleaning and safety protocols for open sites.

COVID-19 Response for Colleagues in India

- Vaccine reimbursement for employees and family members in India.
- Launched vaccination clinics in Pune and Chennai.
- Created a social channel for all India team members to share information and support one other.
- Special 2:1 match for ActionAid India for COVID Relief — shared with all of our NLOK community to ensure that those who are able to, have the opportunity to participate in giving this much needed support.
- Home isolation coverage and telemed consultations are now included under our Health Plan.

Board's Role in Oversight of Company Strategy

One of the Board's most important responsibilities is collaborating with management to establish NortonLifeLock's long-term strategy and then overseeing and providing guidance to management in the execution of the articulated strategy. Various elements of our strategy are discussed in depth at every quarterly Board meeting, with management providing the Board with an update on performance with an update on execution against short and longer-term elements of strategy. The Board also meets annually for a multi-day session where long-term strategy is the primary topic. While the full Board, with leadership of the Chairman, has responsibility for overseeing overall company strategy, each of our key Committees provides input to the full Board on strategic and execution-oriented issues related to their respective areas of focus. The Board receives regular updates from the management team (including those below the executive level) regarding NortonLifeLock's strategy and performance to inform its perspective on progress and ensure that it is able to effectively perform its oversight responsibilities.

Board's Role in Oversight of Human Capital Management

The Board has long recognized that our employees are one of our most important assets and is engaged with management on ensuring that NortonLifeLock is an employer of choice for the most talented employees in our industry. While the full Board regularly discusses human capital management with regards to its role in overseeing our overall long-term strategy, our Compensation Committee has responsibility for overseeing human capital management. The Compensation Committee, together with our Nominating and Governance Committee, are tasked with overseeing specific initiatives on a regular basis.

Our Compensation Committee is responsible for, among other tasks:

- Monitoring employee turnover on a quarterly basis; and
- Overseeing compensation philosophies and incentive plans across our workforce.

Our Nominating and Governance Committee has regular touchpoints with management on the following topics:

- Employee engagement and work-life integration initiatives;
- Monitoring our workforce planning, including required capabilities and skills development;
- Understanding our workforce demographics and diversity, equity and inclusion strategies; and
- Monitoring our corporate culture.

Outside Advisors

The Board and its committees are free to engage independent outside financial, legal and other advisors as they deem necessary to provide advice and counsel on various topics or issues, at NortonLifeLock's expense, and are provided full access to our officers and employees.

Board Structure and Meetings

The Board and its committees meet throughout the year on a set schedule, and also hold special meetings and act by written consent from time to time. Agendas and topics for board and committee meetings are developed through discussions between management and members of the Board and its committees. Information and data that are important to the issues to be considered are distributed in advance of each meeting. Board meetings and background materials focus on key strategic, operational, financial, governance and compliance matters applicable to us, including the following:

- Reviewing annual and longer-term strategic and business plans;
- Reviewing key product, industry and competitive issues;
- Reviewing and determining the independence of our directors;
- Reviewing and determining the qualifications of directors to serve as members of committees, including the financial expertise of members of the Audit Committee;
- Selecting and approving director nominees;
- Selecting, evaluating and compensating the Chief Executive Officer;
- Reviewing and discussing succession planning for the senior management team, and for lower management levels to the extent appropriate;
- Reviewing and approving material investments or divestitures, strategic transactions and other significant transactions that are not in the ordinary course of business;
- Evaluating the performance of the Board;
- Overseeing our compliance with legal requirements and ethical standards; and
- Overseeing our financial results.

Executive Sessions

After each regularly scheduled Board meeting, the independent members of our Board hold a separate closed meeting, referred to as an "executive session." These executive sessions are used to discuss such topics as the independent directors deem necessary or appropriate. At least annually, the independent directors hold an executive session to evaluate the Chief Executive Officer's performance and compensation. Executive sessions of the Board are led by the independent, non-executive Chairman.

Succession Planning

Our Board recognizes the importance of effective executive leadership to NortonLifeLock's success, and meets to discuss executive succession planning at least annually. Our Board develops and reviews emergency and long-term succession plans and evaluates succession candidates for the CEO and other senior leadership positions under both. The Board also oversees management's senior executive talent development plans, including ensuring that our succession candidates have regular interactions with the Board.

Attendance of Board Members at Annual Meetings

We encourage our directors to attend our annual meetings of stockholders. All eight directors who were elected to the Board at our 2020 Annual Meeting attended that meeting.

THE BOARD AND ITS COMMITTEES

There are three primary committees of the Board: the Audit Committee, the Compensation and Leadership Development Committee, and the Nominating and Governance Committee. Recently, the Board also established a fourth Committee, the Technology and Cybersecurity Committee. The Board has delegated various responsibilities and authorities to these different committees, as described below and in the committee charters. The Board committees regularly report on their activities and actions to the full Board. Each member of the Audit Committee, Compensation Committee, Nominating and Governance Committee and the Technology and Cybersecurity Committee was appointed by the Board. Each of the Board committees has a written charter approved by the Board and the key committee charters are available on our website at investor.nortonlifelock.com, by clicking on “Company Charters,” under “Corporate Governance.”

The following table shows the proposed composition of the Board of Directors and its committees, and other information, following the Annual Meeting. Current committee composition is provided in the text below the table.

Name	Age	Director Since	Occupation	Independent	Diversity	Committee Memberships*				Other Public Boards
						AC	CC	NGC	Tech	
Susan P. Barsamian	62	2019	Director	✓	W		● ■	● ■	● ■	1
Eric K. Brandt	59	2020	Director	✓		● ■				3
Frank E. Dangeard	63	2007	Managing Partner, Harcourt	✓		● ■		● ■		3
Nora M. Denzel	58	2019	Director	✓	W	● ■	● ■		● ■	3
Peter A. Feld	42	2018	Managing Member and Head of Research, Starboard Value LP	✓			● ■	● ■		2
Kenneth Y. Hao	52	2016	Chairman and Managing Partner, Silver Lake Partners	✓	D					2
Emily Heath	47	2021	SVP, Chief Trust & Security Officer, DocuSign	✓	W D	● ■			● ■	0
Vincent Pilette	49	2019	Chief Executive Officer							0
Sherrese M. Smith	49	2021	Partner, Paul Hastings	✓	W D			● ■	● ■	1

AC = Audit Committee

CC = Compensation and Leadership Development Committee

NGC = Nominating and Governance Committee

Tech = Technology and Cybersecurity Committee

W = Woman

D = Underrepresented Community (Ethnic Diversity and/or LGBTQ+)

● = Member
■ = Chair

* Reflects our Board and committee composition following the Annual Meeting.

During FY21, our Board of Directors held 13 meetings, the Audit Committee held 9 meetings, the Compensation Committee held 7 meetings and the Nominating and Governance Committee held 7 meetings. The Board established the Technology and Cybersecurity Committee in late FY21 and it did not hold any formal meetings in that year. During this time, no current directors attended fewer than 75% of the aggregate of the total number of meetings held by the Board and the total number of meetings held by all committees of the Board on which such director served during the period which such director served.

Audit Committee

Our Audit Committee is currently comprised of Mr. Brandt, who is the chair, and Memes. Denzel and Heath and Mr. Dangeard. Our Audit Committee oversees NortonLifeLock’s accounting and financial reporting processes and the audits of our financial statements, including oversight of our systems of internal control over financial reporting and disclosure controls and procedures, compliance with legal and regulatory requirements, internal audit function and the appointment, retention and compensation of our independent auditors. Its duties and responsibilities include, among other things:

- Reviewing and discussing with management NortonLifeLock’s quarterly and annual financial statements.

- Reviewing the adequacy and effectiveness of NortonLifeLock’s accounting and financial reporting processes.
- Appointing and, if necessary, terminating any registered public accounting firm engaged to render an audit report or to perform other audit, review or attest services for NortonLifeLock.
- Reviewing and approving processes and procedures to ensure the continuing independence of NortonLifeLock’s independent auditors.
- Reviewing the internal audit function of NortonLifeLock, including the independence and authority of its reporting obligations and the coordination of NortonLifeLock’s internal audit function with the independent auditors.
- Reviewing NortonLifeLock’s practices with respect to risk identification, assessment, monitoring and risk management and mitigation, including financial, privacy, operational, compliance, physical security, legal and other key business risks.
- Reviewing NortonLifeLock’s adequacy and effectiveness of NortonLifeLock’s cyber security and information security policies and practices.
- Reviewing NortonLifeLock’s business continuity and disaster preparedness planning.
- Reviewing any regulatory developments that could impact NortonLifeLock’s risk identification, assessment, monitoring and risk management and mitigation.
- Reviewing NortonLifeLock’s ethics compliance program, including policies and procedures for monitoring compliance, and the implementation and effectiveness of NortonLifeLock’s ethics and compliance program.
- Directing and supervising investigations into any matters within the scope of its duties.
- Retaining such outside counsel, experts and other advisors as it determines to be necessary to carry out its responsibilities.

Our Board has unanimously determined that all Audit Committee members are independent as defined under current Nasdaq listing standards, and at least one member has financial sophistication as required pursuant to the Nasdaq listing standards. In addition, our Board has unanimously determined that Mr. Brandt qualifies as an “audit committee financial expert” under the SEC rules and regulations. Designation as an “audit committee financial expert” is an SEC disclosure requirement and does not impose any additional duties, obligations or liability on any person so designated.

Compensation and Leadership Development Committee

Our Compensation Committee is currently comprised of Mr. Feld, who is the chair, and Memes. Barsamian and Denzel. Our Compensation Committee oversees our compensation policies and practices so that they align with the interests of our stockholders; encourage a focus on NortonLifeLock’s long-term success and performance; and incorporate sound corporate governance principles. It also oversees our programs to attract, retain and develop our executive officers. Its duties and responsibilities include, among other things:

- Reviewing NortonLifeLock’s executive and leadership development practices, which support our company’s ability to retain and develop the executive and leadership talent required to deliver against our company’s short term and long-term business strategies, including succession planning for the executive officers.
- Reviewing and overseeing NortonLifeLock’s human capital management practices.
- Reviewing NortonLifeLock’s compensation policies, plans and programs to confirm they: (i) are designed to attract, motivate and retain talented executive officers; (ii) compensate the executive officers effectively in a manner consistent with the strategy of NortonLifeLock and the interests of stockholders; (iii) are consistent with a competitive framework; and (iv) support the achievement of NortonLifeLock’s overall financial results and individual contributions.
- Reviewing and recommending to the independent directors of our Board all compensation arrangements for our Chief Executive Officer.
- Determining stock ownership guidelines for our Board and executive officers.
- Reviewing NortonLifeLock’s overall compensation and benefits programs.
- Administering our equity incentive and stock purchase plans.
- Reviewing and recommending to the Board compensation for non-employee members of the Board.

- Reviewing and approving policies and procedures relating to the perquisites of our executive officers.
- Reviewing NortonLifeLock's compensation policies and practices to confirm that such policies and practices are not likely to have a material adverse effect on NortonLifeLock and do not encourage excessive or inappropriate risk-taking by our executives.
- Reviewing and making recommendations regarding company policies on recoupment of incentive-based compensation.
- Reviewing and making recommendations to the Board with respect to stockholder proposals and stockholder advisory votes related to executive compensation matters.

Each member of the Compensation Committee is a non-employee director, as defined pursuant to Rule 16b-3 promulgated under the Exchange Act.

Nominating and Governance Committee

Our Nominating and Governance Committee is currently comprised of Ms. Barsamian, who is the chair, and Ms. Smith and Messrs. Dangeard and Feld. Our Nominating and Governance Committee oversees NortonLifeLock's corporate governance procedures and policies, and ensures that they represent best practices and are in the best interests of NortonLifeLock and its stockholders, which includes establishing appropriate criteria for nominating qualified candidates to the Board. Its duties and responsibilities include, among other things:

- Establishing the criteria and determining the desired qualifications, expertise and characteristics of the Board, with the goal of developing a diversity of perspectives, backgrounds, experiences, knowledge and skills on the Board.
- Considering the size, composition and needs of the Board and evaluate and recommending qualified candidates for election to the Board consistent with the established criteria to ensure the Board has the appropriate skills and expertise.
- Advising the Board on corporate governance matters and recommending to the Board appropriate or necessary actions to be taken by our company, the Board and the Board's committees.
- Identifying best corporate governance practices and developing and recommending to the Board a set of corporate governance guidelines applicable to our company.
- Reviewing and assessing the adequacy of our company's corporate governance policies, including our company's Corporate Governance Guidelines and Code of Conduct, and recommending modifications to the Board as appropriate.
- Overseeing and reviewing NortonLifeLock's policies and programs concerning: (i) corporate social responsibility; (ii) public policy; (iii) philanthropy; (iv) political activities and expenditures; (v) NortonLifeLock's participation and visibility as a global corporate citizen; and (vi) NortonLifeLock's sustainability performance, including impacts to our business of environmental, social and governance issues.
- Monitoring compliance under the stock ownership guidelines as set by the Compensation Committee for the Board and executive officers.
- Implementing and overseeing the processes for evaluating the Board, its committees and the CEO on an annual basis.
- Overseeing the management of risks that may arise in connection with NortonLifeLock's governance structures and processes.

Technology and Cybersecurity Committee

Our Technology and Cybersecurity Committee is currently comprised of Ms. Heath, who is the chair, and Messrs. Barsamian, Denzel and Smith. Our Technology and Cybersecurity Committee assists our Board in its oversight of management's responsibilities to regularly assess NortonLifeLock's key risks and engage in enterprise-wide risk management as it relates to cybersecurity and NortonLifeLock's technology and information systems, including with respect to strategies, objectives, capabilities, initiatives, policies and investments. Its duties and responsibilities include, among other things:

- Overseeing the quality and effectiveness of NortonLifeLock's information security team, and policies and procedures with respect to its information technology systems.

- Providing advice to the Board on cyber-related matters.
- Reviewing and providing oversight on NortonLifeLock's data footprint, policies and procedures, and strategy.
- Reviewing with management, NortonLifeLock's disaster recovery capabilities.
- Overseeing NortonLifeLock's major innovation efforts, technology plans, and strategies including from partnerships and acquisitions.
- Monitoring the performance of NortonLifeLock's technology development in support of its overall business strategy and advise on strategic technological focus.
- Overseeing the identification, monitoring, and evaluation of existing and emerging trends in technology that may affect NortonLifeLock's strategic plans, including monitoring of overall industry trends, competitors and technologies in adjacent areas and providing guidance on these areas.
- Reviewing the key technical talent, skills, and organizational structure of NortonLifeLock's workforce supporting its cybersecurity and technology efforts.

DIRECTOR NOMINATIONS AND COMMUNICATION WITH DIRECTORS

Criteria for Nomination to the Board

The Nominating and Governance Committee will consider candidates submitted by NortonLifeLock stockholders, as well as candidates recommended by directors and management, for nomination to the Board. The Nominating and Governance Committee has generally identified nominees based upon recommendations by outside directors, management and executive recruiting firms. The goal of the Nominating and Governance Committee is to assemble a Board that offers a diverse portfolio of perspectives, backgrounds, experiences, knowledge and skills derived from high-quality business and professional experience. The Nominating and Governance Committee annually reviews the appropriate skills and characteristics required of directors in the context of the current composition of the Board, our operating requirements and the long-term interests of our stockholders.

Criteria for Nomination to the Board
The key attributes, experiences, and skills we consider important for our directors.

<p>Cyber Safety, Technology Expertise</p> <p>As a Cyber Safety and technology company, having experience in Cyber Safety (including identity threat protection), consumer technology, privacy and related or emerging technologies, industry trends or regulatory shifts is useful in understanding our business and the market segments in which we compete, our research and development efforts, competing technologies, the various products and processes that we develop, and evolving customer requirements.</p>	<p>Leadership Experience</p> <p>Directors who serve or have served as a public company CEO or in a senior leadership position, as a general manager of a business, or as the functional leader of a large scale sales, marketing or product development organization, including global operating expertise, are important to us, because they bring experience and perspective in analyzing, shaping, and overseeing the execution of important strategic, operational and policy issues at a senior level.</p>	<p>Public Company Board Experience</p> <p>Directors who have served on other public company boards can offer advice and insights with regard to the dynamics and operation of a board of directors, the relations of a board to the company's chief executive officer and other senior management personnel, the importance of public-company corporate governance, including oversight matters, strategic decisions and operational and compliance-related matters.</p>	<p>Strategic Transformation Experience</p> <p>As NortonLifeLock transitions into a comprehensive consumer cyber safety company that empowers and enables people to live their digital lives safely, we need leaders with experience successfully leading and navigating companies through business transformations.</p>
<p>Business Combinations and Partnership Experience</p> <p>Directors who have a background in mergers and acquisitions and strategic partnership transactions can provide insight into developing and implementing strategies for growing our business through combining and/or partnering with other organizations and helping to evaluate operational integration plans.</p>	<p>Financial Experience</p> <p>Knowledge of financial markets, financing operations, complex financial management and accounting and financial reporting processes is important because it assists our directors in understanding, advising, and overseeing NortonLifeLock's capital structure, financing and investing activities, financial reporting, and internal control of such activities.</p>	<p>Sales, Marketing and Brand Management</p> <p>Extensive career experience in consumer-focused sales management, marketing campaign management, marketing/advertising or public relations.</p>	<p>Diversity</p> <p>In addition to a diverse portfolio of professional background, experiences, knowledge and skills, the composition of the Board should reflect the benefits of diversity as to gender, race, ethnic, cultural and geographic backgrounds that reflect the composition of our global investors, customers, employees and partners.</p>

The information provided under Proposal No. 1, "Election of Directors — Nominees for Director" below includes the key attributes, experience and skills of each of our director nominees that led to the conclusion that each director nominee should serve as a member of the Board of Directors at this time.

Process for Identifying and Evaluating Nominees

The Nominating and Governance Committee typically considers candidates by first evaluating the current members of the Board who intend to continue in service, balancing the value of continuity of service with that of obtaining new

perspectives, skills and experience. If the Nominating and Governance Committee determines that an opening exists, it identifies the desired skills and experience of a new nominee, including the need to satisfy SEC and Nasdaq requirements.

The Nominating and Governance Committee generally will evaluate each candidate based on the extent to which the candidate contributes to the range of talent, skill and expertise appropriate for the Board generally, as well as the candidate's integrity, business acumen, diversity, availability, independence of thought, and overall ability to represent the interests of NortonLifeLock's stockholders. The Nominating and Governance Committee does not assign specific weights to particular criteria, and no particular criterion is necessarily applicable to all prospective nominees. Although the Nominating and Governance Committee uses these and other criteria as appropriate to evaluate potential nominees, it has no stated minimum criteria for nominees. In addition, we do not have a formal written policy with regard to the consideration of diversity in identifying candidates; however, as discussed above, diversity is one of the numerous criteria the Nominating and Governance Committee reviews before recommending a candidate. We have from time to time engaged, for a fee, a third-party independent search firm to identify and assist the Nominating and Governance Committee with identifying, evaluating and screening Board candidates for NortonLifeLock and may do so in the future.

Stockholder Proposals for Nominees

The Nominating and Governance Committee will consider potential nominees properly submitted by stockholders. Stockholders seeking to do so should provide the information set forth in our corporate Bylaws regarding director nominations. The Nominating and Governance Committee will apply the same criteria for candidates proposed by stockholders as it does for candidates proposed by management or other directors.

To be considered for nomination by the Nominating and Governance Committee at next year's annual meeting of stockholders, submissions by stockholders must be submitted by mail and must be received by the Corporate Secretary no later than March 30, 2022 to ensure adequate time for meaningful consideration by the Nominating and Governance Committee. Each submission must include the following information:

- the full name and address of the candidate;
- the number of shares of NortonLifeLock common stock beneficially owned by the candidate;
- a certification that the candidate consents to being named in the proxy statement and intends to serve on the Board if elected; and
- biographical information, including work experience during the past five years, other board positions, and educational background, such as is provided with respect to nominees in this proxy statement.

Information regarding requirements that must be followed by a stockholder who wishes to make a stockholder nomination for election to the Board for next year's annual meeting is described in this proxy statement under "Additional Information — Stockholder Proposals for the 2022 Annual Meeting."

Pursuant to the proxy access provisions of our Bylaws, an eligible stockholder or group of stockholders may nominate one or more director candidates to be included in our proxy materials. The nomination notice and other materials required by these provisions must be delivered or mailed to and received by our Corporate Secretary in writing between February 28, 2022 and March 30, 2022 (or, if the 2022 annual meeting is called for a date that is not within 30 calendar days of the anniversary of the date of the 2021 Annual Meeting, by the later of the close of business on the date that is 180 days prior to the date of the 2021 annual meeting or within 10 calendar days after our public announcement of the date of the 2022 annual meeting) to the Corporate Secretary at the address listed below. When submitting nominees for inclusion in our proxy materials pursuant to the proxy access provisions of our Bylaws, stockholders must follow the notice procedures and provide the information required therein.

Contacting the Board of Directors

Any stockholder who wishes to contact members of our Board may do so by mailing written communications to:

**NortonLifeLock Inc.
60 E. Rio Salado Parkway, Suite 1000
Tempe, Arizona 85281
Attn: Corporate Secretary**

The Corporate Secretary will review all such correspondence and provide regular summaries to the Board or to individual directors, as relevant, will retain copies of such correspondence for at least six months, and make copies of such

correspondence available to the Board or individual directors upon request. Any correspondence relating to accounting, internal controls or auditing matters will be handled in accordance with our policy regarding accounting complaints and concerns.

Human Capital Management

At NortonLifeLock, our vision is to protect and empower people to live their digital lives safely. Our success in helping achieve this mission depends, in a large part, on the success of our employees. We strive to be a diverse, vibrant community with strong values and a shared commitment to each other, the work we do, and the world we all share.

- **Board and Committee Oversight:** We are focused on attracting, developing, rewarding and retaining a diverse global team. Our Board is invested in us; the Compensation and Leadership Development Committee of our Board oversees workforce and senior management compensation and development, and our Board of Directors is invested in our talent management strategies, culture, leadership quality development and overall engagement.
- **Diversity, Equity and Inclusion (DEI):** Our mission is to increase our global representation of underrepresented groups at all levels (diversity), where everyone has an opportunity for development and advancement (equity) and is able to bring their whole selves to work and feel valued every day (inclusion). This mission is built upon four foundational pillars: (1) measurement and accountability; (2) fostering an inclusive environment; (3) diversifying our workforce; and (4) employee development and retention, which are designed to support our ability to attract, retain and develop the best talent in cybersecurity.

Diversifying our workforce was a strategic talent goal for fiscal year 2021, and we have made progress in increasing representation. As of April 2, 2021, women represented 33% of our workforce and held positions in 30% of our leadership. In addition, as of April 2, 2021, women represented 44% of our Board.

In support of our Diversifying Our Workforce pillar, we became approved as a Work180 partner company, a women-focused recruitment site that only lists career opportunities from employers that support diversity, inclusion, and flexibility. In addition to WORK180, we post positions on several diverse recruiting sites, including Black Tech Jobs, Jobs for Her, and Women Who Code.

As part of ongoing focus on employee and development, we have participated in McKinsey & Company's Black Leadership Academy since November 2020 to help accelerate the progression of Black leaders in the company. Participants attended either a three-month Black Executive Leadership Program, designed for senior leaders looking to further develop their leadership capabilities, or a six-month Management Accelerator, designed to support ongoing career progression for high performing early to mid-career managers.

- **NLOK Communities:** In FY21, we launched seven employee resource groups, called NLOK Communities, as a platform for communities of employees to come together as allies, to learn, support, mentor, and celebrate with one another. We believe these groups play a vital role in helping create an inclusive work culture where everyone feels seen, heard, respected, and valued.
- **Employee Development, Engagement and Training:** Feedback from our employees is critical in designing and refining our human capital management strategy. We regularly seek both candid and structured input from our employees by conducting a quarterly Ngage pulse survey on a targeted topic. We are invested in providing a productive, supportive, and inclusive environment for our teams with a focus on learning and development across all levels where flexibility and choice are guiding principles.
- **Human Capital Governance:** We partner closely with our Board and the Compensation and Leadership Development Committee on our strategies and objectives related to talent management, talent acquisition, leadership development, retention and succession, DEI, and employee engagement.

Environmental, Social and Governance (ESG)

NortonLifeLock's commitment to corporate responsibility is a critical anchor of the NortonLifeLock's corporate mission and operating philosophy. We strive to bring together our people, passions, and powerful technology to support social and environmental priorities that foster a safer and more sustainable future for consumers, their digital information, and the world.

- **ESG Oversight:** The Nominating and Governance Committee of our Board has oversight of ESG issues, and receives quarterly updates on topics such as diversity, ethics, environmental stewardship, and community investment.

Our Head of Corporate Responsibility serves as the central coordinator for our corporate responsibility and ESG efforts and reports regularly to the Nominating and Governance Committee of the Board.

- **ESG Program:** NortonLifeLock is committed to conducting its business with attention to, and respect for, ethical operations, a diverse and inclusive workforce, the environment, and positive societal impact. The outputs of a diligent environmental, social, and governance issue prioritization analysis, as well as ongoing engagement with our customers, employees, communities, shareholders, and other stakeholders, helps us to identify our ESG priorities, opportunities, and risks, and guides our ESG strategy and disclosures. Our ESG priorities include the below examples.
- **Environmental Stewardship:** Protecting our planet is key to ensuring a safe and sustainable future. NortonLifeLock focuses its efforts across the following pillars: climate and energy; sustainable products and supply chain; engagement; and reporting. We work to reduce greenhouse gas (GHG) emissions by creating efficiencies and by utilizing renewable energy. We achieved an 18% reduction in GHG emissions between FY20 and FY21 and in FY21, 21% of our electricity was renewable via Renewable Energy Credits. We also work to reduce the environmental footprint of our products across their life cycle and promote high standards for environmental stewardship in our supply chain. We engage with our employees and partner with nongovernmental organizations in an effort to accelerate and amplify our environmental impact and seek to be transparent on our progress and commitments.
- **Human Capital Management and Diversity, Equity and Inclusion:** NortonLifeLock is committed to building a strong and passionate team, which is inclusive and diverse. Please see the section Human Capital Management, above, for our combined efforts on these important topics.
- **Community Impact:** We support the communities where our team members live and work. Our community impact program includes donating products to nonprofit organizations; corporate giving to charitable organizations furthering digital safety education, diversity, equity, and inclusion, environmental action, and disaster response; and leveraging our unique expertise in signature programs that increase digital safety and online privacy literacy, including helping protect families, women peacebuilders, and domestic violence survivors. In FY21, approximately 9,900 nonprofits received product donations.
- **Ethics:** NortonLifeLock is committed to conducting its business in an ethical and lawful manner. Our reputation is a valuable business asset, and ethical and legal conduct at all levels of our business is essential for our continued success. The NortonLifeLock Code of Conduct aligns our business practices with our values and defines what we expect of all directors, officers, employees, interns, and contractors of NortonLifeLock, as well as third parties acting on behalf of the company. It is offered in four languages (English, French, German and Japanese).
- **Product Innovation:** As cyberthreats evolve, we work to deliver a portfolio that helps protect each aspect of our customers' digital lives. To do this, we embrace innovation and have developed a global research and development strategy across our Cyber Safety platform. Our Engineering and Product Management teams are focused on delivering new versions of existing offerings, as well as developing entirely new offerings to drive the company's global leadership in Cyber Safety.

We are proud to be named to many of the world's leading environmental, social, and governance benchmarks.



More information is available in our 2020 Corporate Responsibility Report, and we plan to release our 2021 Environmental, Social, and Governance report in September 2021.

PROPOSAL NO. 1 — ELECTION OF DIRECTORS

At the recommendation of the Nominating and Governance Committee, the Board has nominated the following nine persons to serve as directors for the term beginning at the Annual Meeting on September 14, 2021: Susan P. Barsamian, Eric K. Brandt, Frank E. Dangeard, Nora M. Denzel, Peter A. Feld, Kenneth Y. Hao, Emily Heath, Vincent Pilette and Sherrese M. Smith. Each director will be elected on an annual basis. Emily Heath and Sherrese M. Smith, directors who were both appointed in January 2021, were recommended by the Nominating and Governance Committee after an extensive and careful search was conducted by the Committee and numerous candidates were considered.

Unless proxy cards are otherwise marked, the persons named as proxies will vote all proxies **FOR** the election of each nominee named in this section. Proxies submitted to NortonLifeLock cannot be voted at the Annual Meeting for nominees other than those nominees named in this proxy statement. However, if any director nominee is unable or unwilling to serve at the time of the Annual Meeting, the persons named as proxies may vote for a substitute nominee designated by the Board. Alternatively, the Board may reduce the size of the Board. Each nominee has consented to serve as a director if elected, and the Board does not believe that any nominee will be unwilling or unable to serve if elected as a director. Each director will hold office until the next annual meeting of stockholders and until his or her successor has been duly elected and qualified or until his or her earlier resignation or removal.

Nominees for Director

The names of each nominee for director, their ages as of July 1, 2021, and other information about each nominee is shown below.

Name	Age	Principal Occupation	Director Since
Susan P. Barsamian	62	Director	2019
Eric K. Brandt	59	Director	2020
Frank E. Dangeard	63	Managing Partner, Harcourt	2007
Nora M. Denzel	58	Director	2019
Peter A. Feld	42	Managing Member and Head of Research, Starboard Value LP	2018
Kenneth Y. Hao	52	Chairman and Managing Partner, Silver Lake Partners	2016
Emily Heath	47	SVP, Chief Trust & Security Officer, DocuSign	2021
Vincent Pilette	49	CEO	2019
Sherrese M. Smith	49	Partner, Paul Hastings	2021



Susan P. Barsamian

Director

Age: 62

Director Since: 2019

Committee Memberships: Compensation | Nominating & Governance (Chair) | Technology and Cybersecurity

Other Current Public Boards: Box, Inc.

From 2006 to 2016, Ms. Barsamian served in various executive roles at Hewlett Packard including Chief Sales and Marketing Officer for HPE Software and General Manager of the Enterprise Cybersecurity Products business. Prior to joining Hewlett Packard, Ms. Barsamian was Vice President, Global Go-to-Market for high growth Mercury Interactive, Senior Vice President Marketing for Critical Path and held various leadership roles at Verity where she was based in London for four years. Ms. Barsamian serves on the board of directors of Box, Inc and Five9, Inc. She received a Bachelor of Science degree in Electrical Engineering from Kansas State University and completed post-graduate studies at the Swiss Federal Institute of Technology.

Director Qualifications:

- Cyber Safety, Technology Expertise
- Leadership Experience
- Public Company Board Experience
- Strategic Transformation Experience
- Business Combination and Partnership Experience
- Financial Experience
- Sales, Marketing and Brand Management Experience



Eric K. Brandt

Director

Age: 59

Director Since: 2020

Committee Memberships: Audit (Chair)

Other Current Public Boards: Dentsply Sirona Inc. | LAM Research Corporation | The Macerich Company

Eric K. Brandt served as the Executive Vice President and Chief Financial Officer of Broadcom Corporation, a global supplier of semiconductor devices, from February 2010 until February 2016, and he served as its Senior Vice President and Chief Financial Officer from March 2007 until February 2010. From September 2005 until March 2007, Mr. Brandt served as CEO and President and member of the Board of Avanir Pharmaceuticals, Inc. Beginning in 1999, he held various positions at Allergan, Inc., a global specialty pharmaceutical company, including Executive Vice President of Finance and Technical Operations and Chief Financial Officer. Prior to joining Allergan, Mr. Brandt spent ten years with The Boston Consulting Group, a privately-held global business consulting firm, most recently serving as Vice President and Partner.

Mr. Brandt serves as the Chairman of the Board of Directors of Dentsply Sirona Inc., a dental product solutions company, and as a member of the Board of Directors of LAM Research Corporation, a semiconductor equipment company and The Macerich Company, a real estate investment trust. Mr. Brandt also previously served on the Board of Directors of Altaba Inc. (formerly Yahoo! Inc.) from 2016 to 2017. Mr. Brandt also currently serves as a member of the Georgia Tech President’s Advisory Board. Mr. Brandt earned an M.B.A. degree from the Harvard Graduate School of Business and a B.S. degree in chemical engineering from the Massachusetts Institute of Technology.

Director Qualifications:

- Cyber Safety, Technology Expertise
- Leadership Experience
- Public Company Board Experience
- Strategic Transformation Experience
- Business Combinations and Partnerships Experience
- Financial Experience
- Sales, Marketing and Brand Management Experience



Frank E. Dangeard

Chairman of the Board

Managing Partner, Harcourt

Age: 63

Director Since: 2007

Committee Memberships: Audit | Nominating & Governance

Other Current Public Boards: NatWest Group plc (U.K.) | Arqiva Group Limited (U.K.) | IHS Holding Limited (Mauritius)

Frank E. Dangeard joined NortonLifeLock's Board of Directors in January 2007. He was appointed Chairman of the Board of Directors of NortonLifeLock in December 2019. He is Managing Partner of Harcourt. From September 2004 to February 2008 he was Chairman and CEO of Thomson SA (France)). From 2002 to September 2004, he was Deputy CEO of Orange S.A. (formerly France Télécom S.A. (France)). He joined Thomson SA (France) in 1997 as Deputy CEO and was appointed Vice Chairman in 2000. Prior to joining Thomson SA, Mr. Dangeard was Managing Director of SG Warburg & Co. Ltd. (U.K.) and Chairman of SG Warburg France. Before joining SG Warburg, Dangeard was a lawyer with Sullivan & Cromwell LLP in New York and London.

Mr. Dangeard also serves on the Board of Directors of the NatWest Group (ex. RBS Group, U.K.), Arqiva Group Limited (U.K.) and IHS Holding Limited (Mauritius). He is Chairman of NatWest Markets (U.K.), the investment banking arm of NatWest Group. He graduated from the Ecole des Hautes Etudes Commerciales, the Paris Institut d'Etudes Politiques and from Harvard Law School. Mr. Dangeard splits his time between Europe and the United States.

Director Qualifications:

- Cyber Safety, Technology Expertise
- Leadership Experience
- Public Company Board Experience
- Strategic Transformation Experience
- Business Combinations and Partnerships Experience
- Financial Experience
- Sales, Marketing and Brand Management Experience



Nora M. Denzel

Director

Age: 58

Director Since: 2019

Committee Memberships: Audit | Compensation | Technology and Cybersecurity

Other Current Public Boards: Advanced Micro Devices, Inc. (AMD) | Telefonaktiebolaget LM Ericsson | SUSE SA

Nora M. Denzel previously served as interim CEO of Outerwall Inc, an automated retail solutions provider, from January to August 2015. Prior to Outerwall, Ms. Denzel held senior executive management positions from February 2008 through August 2012 at Intuit Inc., a consumer/SMB cloud financial management software company, including Senior Vice President of Big Data, Social Design and Marketing and Senior Vice President and General Manager of the QuickBooks Employee Management business unit. From 2000 to 2006, Ms. Denzel held several executive level positions at HP Enterprise (formerly Hewlett-Packard Company), including Senior Vice President and General Manager, Software Global Business Unit from May 2002 to February 2006 and Vice President of Storage Organization from August 2000 to May 2002. Prior to that, Ms. Denzel held executive positions at Legato Systems Inc. and IBM Corporation. Ms. Denzel serves on the Board of Directors of Advanced Micro Devices, Inc., and Telefonaktiebolaget LM Ericsson (Sweden) and SUSE SA. She serves on the non-profit board of the National Association of Corporate Directors. She holds a Master of Business Administration degree from Santa Clara University and a Bachelor of Science degree in Computer Science from the State University of New York.

Director Qualifications:

- Cyber Safety, Technology Expertise
- Leadership Experience
- Public Company Board Experience
- Strategic Transformation Experience
- Business Combinations and Partnerships Experience
- Financial Experience
- Sales, Marketing and Brand Management Expertise



Peter A. Feld

Director

Managing Member and Head of Research, Starboard Value LP

Age: 42

Director Since: 2018

Committee Memberships: Compensation (Chair) | Nominating and Governance

Other Current Public Boards: Magellan Health, Inc. | GCP Technologies Inc.

Peter A. Feld has served as a Managing Member and Head of Research of Starboard since April 2011. Mr. Feld currently serves as Chair of the board of directors of GCP Applied Technologies Inc., and as a member of the board of directors of Magellan Health, Inc., a healthcare company, since March 2019. Mr. Feld previously served on the boards of directors of a number of companies including AECOM, from November 2019 to June 2020, Marvell Technology Group Ltd. from May 2016 to June 2018, The Brink’s Company from January 2016 to November 2017, Insperity, Inc. from March 2015 to June 2017, Darden Restaurants, Inc. from October 2014 to September 2015, Tessera Technologies, Inc. (n/k/a Xperi Corporation) from June 2013 to April 2014 and Integrated Device Technology, Inc. from June 2012 to February 2014. Mr. Feld received a Bachelor of Arts degree in Economics from Tufts University.

Director Qualifications:

- Cyber Safety, Technology Expertise
- Leadership Experience
- Public Company Board Experience
- Strategic Transformation Experience
- Business Combinations and Partnerships Experience
- Financial Experience
- Sales, Marketing and Brand Management Experience



Kenneth Y. Hao

Director

Chairman and Managing Partner, Silver Lake Partners

Age: 52

Director Since: 2016

Committee Memberships: None

Other Current Public Boards: SolarWinds Corporation | Splunk Inc.

Kenneth Hao joined NortonLifeLock’s Board of Directors in March 2016. He is Chairman and Managing Partner of Silver Lake. Prior to joining Silver Lake Partners in 2000, Mr. Hao was with Hambrecht & Quist, where he served as a Managing Director. Mr. Hao serves as a director on the Boards of Directors of Silver Lake’s portfolio companies including SolarWinds Corporation and Splunk Inc. He also serves on the Executive Council for UCSF Health. Mr. Hao graduated from Harvard College with an A.B. in Economics.

Director Qualifications:

- Cyber Safety, Technology Expertise
- Leadership Experience
- Public Company Board Experience
- Strategic Transformation Experience
- Business Combinations and Partnerships Experience
- Financial Experience
- Sales, Marketing and Brand Management Experience



Emily Heath

Director

SVP, Chief Trust & Security Officer, DocuSign

Age: 47

Director Since: 2021

Committee Memberships: Audit | Technology and Cybersecurity (Chair)

Other Current Public Boards: None

Emily Heath joined NortonLifeLock’s Board of Directors in January 2021. Ms. Heath has served as Senior Vice President, Chief Trust and Security Officer at DocuSign, Inc. since October 2019. Prior to that, Ms. Heath served as Vice President, Chief Information Security Officer at United Airlines, Inc. from February 2017 through October 2019. Before joining United Airlines, Ms. Heath held numerous positions at AECOM, an infrastructure consulting firm, from 2013 through 2017, most recently as its Vice President, Chief information Security Officer. Ms. Heath is a former Detective with the British Police where she led investigations into large scale investment frauds, identity theft and money laundering cases working with London’s Serious Fraud Office, the FBI and the SEC. Ms. Heath currently serves on the Board of Directors of LogicGate, Inc., a private cloud-based governance, risk and compliance management company. She went to school in the United Kingdom and is trained in multiple areas of investigations, risk and security.

Director Qualifications:

- Cyber Safety, Technology Expertise
- Leadership Experience
- Strategic Transformation Experience
- Business Combinations and Partnerships Experience
- Financial Experience
- Sales, Marketing and Brand Management Experience



Vincent Pilette

CEO & Director

Age: 49

Director Since: 2019

Committee Memberships: None

Other Current Public Boards: None

Vincent Pilette has substantial expertise at technology companies, with over 20 years of management experience in the U.S. and EMEA. As Chief Financial Officer, Mr. Pilette played a key role in the sale of the Enterprise Security assets to Broadcom and led key restructuring initiatives at NortonLifeLock. Upon the closing the Broadcom transaction, Mr. Pilette was named Chief Executive Officer of NortonLifeLock by the Board and led the Company to become a leader in Consumer Cyber Safety. Prior to joining NortonLifeLock in May 2019, Mr. Pilette served as Chief Financial Officer of Logitech International S.A. (Switzerland), a consumer electronics company listed on the Nasdaq Global Market and the SIX Swiss Exchange. From September 2013 to May 2019 he was responsible for the company’s financial strategies and worldwide finance organization, managing consolidated revenues of almost three billion dollars. In addition, Mr. Pilette was a key partner to Logitech’s CEO to shape and direct the implementation of all aspects of the company’s business strategies. Prior to Logitech, Mr. Pilette served as Chief Financial Officer of Electronics for Imaging (EFI), a global technology imaging company, and as Vice President of Finance for Hewlett Packard Enterprise’s multi-billion-dollar server, storage and networking business.

Mr. Pilette holds an M.S. in engineering and business from Université Catholique de Louvain in Belgium and an M.B.A. from Kellogg School of Management at Northwestern University in Chicago.

Director Qualifications:

- Cyber Safety, Technology Expertise
- Leadership Experience
- Public Company Board Experience
- Strategic Transformation Experience
- Business Combinations and Partnerships Experience
- Financial Experience



Sherrese M. Smith

Director

Partner, Paul Hastings LLC

Age: 49

Director Since: 2021

Committee Memberships: Nominating & Governance | Technology and Cybersecurity

Other Current Public Boards: Cable One, Inc.

Sherrese Smith joined NortonLifeLock's Board of Directors in January 2021. Ms. Smith has served as a corporate partner at Paul Hastings LLP, a global law firm, since 2013, where she is a member of the firm's media, technology and telecommunications practice and currently serves as Vice-Chair of the firm's data privacy and cybersecurity practice. Ms. Smith regularly counsels companies on complex transactional and regulatory issues, including data privacy and cybersecurity and breach response issues across various jurisdictions (including the U.S., EU, and Asia). Prior to joining Paul Hastings, Ms. Smith served as Chief Counsel to Chairman Julius Genachowski at the Federal Communications Commission from 2009 to 2013, before which she was Vice President and General Counsel of Washington Post Digital, and served in other leadership positions from 2002 to 2009. Ms. Smith also currently serves as a member of the Board of Directors of Cable One, Inc., a broadband communications provider. Ms. Smith holds a bachelor's degree in Finance from the University of South Carolina and a Juris Doctor from the Northwestern University Pritzker School of Law.

Director Qualifications:

- Cyber Safety, Technology Expertise
- Leadership Experience
- Public Company Board Experience
- Strategic Transformation Experience
- Business Combinations and Partnerships Experience
- Financial Experience
- Sales, Marketing and Brand Management Experience

Summary of Director Qualifications and Experience

Our Board is comprised of directors with complementary skills and qualifications needed to effectively oversee our business strategy. The Nominating and Governance Committee annually reviews the skills and characteristics required of members of the Board in the context of the composition of the Board and the stage of the business of NortonLifeLock.

Director Compensation

The policy of the Board is that compensation for independent directors should be a mix of cash and equity-based compensation. NortonLifeLock does not pay employee directors for Board service in addition to their regular employee compensation. Independent directors may not receive consulting, advisory or other compensatory fees from NortonLifeLock. The Compensation Committee, which consists solely of independent directors, has the primary responsibility to review and consider any revisions to director compensation.

Director Stock Ownership Guidelines: The Compensation Committee adopted the following stock ownership guidelines for our non-employee directors to better align our directors' interests with those of our stockholders:

- Directors must maintain a minimum holding of company stock with a fair market value equal to ten times (10x) such director's total annual cash retainer;
- In the event the annual retainer (or any portion thereof) is paid to a non-employee director in equity instead of cash, the value of such annual retainer for purposes of calculating the minimum holding requirement means the grant date fair value of the annual equity award (or applicable portion thereof);
- New directors will have five years to reach the minimum holding level; and
- Notwithstanding the foregoing, directors may sell enough shares to cover their income tax liability on vested grants.

NortonLifeLock stock ownership information for each of our directors is shown under the heading "Security Ownership of Certain Beneficial Owners and Management" on page 34 of this proxy statement. As of July 1, 2021, all our directors had either met their stock ownership requirement or had remaining time to do so.

Annual Fees: In accordance with the recommendation of the Compensation Committee, the Board determined the non-employee directors' compensation for FY21 as follows.

2021 Annual Retainers:

All Non-Employee Directors	\$50,000
Lead Independent Director/Independent Chairman	\$75,000
Audit Committee Chair	\$15,000
Compensation Committee Chair	\$15,000
Nominating and Governance Committee Chair	\$10,000
Technology and Cybersecurity Committee Chair	\$10,000
Audit Committee Membership	\$15,000
Compensation Committee Membership	\$10,000
Nominating and Governance Committee Membership	\$ 5,000
Technology and Cybersecurity Committee Membership	\$ 5,000

Committee chairs are entitled to receive the committee membership retainer in addition to the committee chair retainer.

The payment of the annual cash retainer is subject to the terms of NortonLifeLock's 2013 Equity Incentive Plan and the 2000 Director Equity Incentive Plan, as amended, which allow directors to choose to receive common stock in lieu of cash for all or a portion of the retainer payable to each director for serving as a member. We pay the annual retainer fee and any additional annual fees to each director at the beginning of the fiscal year. Directors who join NortonLifeLock after the beginning of the fiscal year receive a prorated cash payment in respect of their annual retainer fee and fees. These payments are considered earned when paid. Accordingly, we do not require them to be repaid in the event a director ceases serving in the capacity for which he or she was compensated.

Annual Equity Awards. Pursuant to our Non-Employee Director Grant Policy adopted by our Board, each non-employee member of the Board receives an annual award of fully vested restricted stock units ("RSUs") under the 2013 Plan, having a fair market value on the grant date equal to a predetermined dollar value, which was \$260,000 for FY21.

2021 Annual Equity Awards:

All Non-Employee Directors	\$260,000
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Fiscal 2021 Director Compensation

The following table provides information for FY21 compensation for all of our current and former non-employee directors:

	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽¹⁾⁽²⁾⁽³⁾	Total (\$)
Susan P. Barsamian	25,016	309,984	335,000
Eric K. Brandt	23,505	309,984	333,489
Frank E. Dangeard	95,016	309,984	405,000
Nora M. Denzel	75,004	259,996	335,000
Peter A. Feld	30,016	309,984	340,000
Kenneth Y. Hao	16	309,984	310,000
Emily Heath	12,651	52,844	65,495
David W. Humphrey	16	309,984	310,000
Sherrese M. Smith	841	63,005	63,846
V. Paul Unruh ^{*(4)}	13,053	134,530	147,582

* Former Director

(1) The aggregate full grant date fair value for each directors' annual stock award and retainer fee elected to be paid in stock was calculated in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718 for awards granted during FY21.

(2) Each non-employee director, other than Ms. Heath, Ms. Smith and Mr. Unruh, was granted 12,852 RSUs on May 19, 2020, with a per share fair value of \$20.23 and an aggregate grant date fair value of \$259,996. Ms. Heath and Ms. Smith was granted 2,543 RSUs on January 19, 2021, with a per-share fair value of \$20.78 and an aggregate grant date fair value of \$52,844. See footnote 4 with respect to Mr. Unruh.

- (3) In lieu of cash, each non-employee director, other than Ms. Denzel and Ms. Heath, elected to receive 100% of his or her annual retainer fee in the form of our common stock. Accordingly, pursuant to the terms of the 2000 Director Equity Incentive Plan, each was granted 2,471 shares at a per share fair value of \$20.23 and an aggregate grant date fair value of \$ 49,988, except for Ms. Smith who received 489 shares at a per share fair value of \$20.78 and an aggregate grant date fair value of \$10,161. See footnote 4 with respect to Mr. Unruh.
- (4) Mr. Unruh's fees and stock award were prorated to reflect his service as an independent director from April 4, 2020 through September 8, 2020, Mr. Unruh's last date of service as a director. Mr. Unruh was granted 5,578 RSUs on May 19, 2020 with a per-share fair value of \$20.23 and an aggregate grant date fair value of \$112,843. Mr. Unruh elected to receive his annual retainer fee in the form of common stock and received 1,072 shares at a per share value of \$20.23 and an aggregate grant date fair value of \$21,687.

THE BOARD RECOMMENDS A VOTE "FOR" THE ELECTION OF EACH OF THE NINE NOMINATED DIRECTORS.

PROPOSAL NO. 2

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed KPMG LLP (“KPMG”) as our principal independent registered public accounting firm to perform the audit of our consolidated financial statements for fiscal year 2022. As a matter of good corporate governance, the Audit Committee has decided to submit its selection of independent audit firm to stockholders for ratification. In the event that this appointment of KPMG is not ratified by a majority of the shares of common stock present or represented at the Annual Meeting and entitled to vote on the matter, the Audit Committee will review its future selection of KPMG as our independent registered public accounting firm.

The Audit Committee first approved KPMG as our independent auditors in September 2002, and KPMG audited our financial statements for fiscal year 2021. Representatives of KPMG are expected to attend the Annual Meeting with the opportunity to make a statement and respond to appropriate questions from stockholders present at the Annual Meeting with respect to this proposal.

Principal Accountant Fees and Services

We regularly review the services and fees from our independent registered public accounting firm, KPMG. These services and fees are also reviewed with the Audit Committee annually. In accordance with standard policy, KPMG periodically rotates the individuals who are responsible for our audit. Our Audit Committee has determined that the providing of certain non-audit services, as described below, is compatible with maintaining the independence of KPMG.

In addition to performing the audit of our consolidated financial statements, KPMG provided various other services during fiscal years 2021 and 2020. Our Audit Committee has determined that KPMG’s provisioning of these services, which are described below, does not impair KPMG’s independence from NortonLifeLock. The aggregate fees billed for fiscal years 2021 and 2020 for each of the following categories of services are as follows:

<u>Fees Billed to NortonLifeLock</u>	<u>FY21</u>	<u>FY20</u>
Audit fees ⁽¹⁾	\$7,021,702	\$11,256,727
Audit related fees ⁽²⁾	—	67,366
Tax fees ⁽³⁾	238,925	45,059
All other fees ⁽⁴⁾	—	—
Total fees	<u>\$7,260,627</u>	<u>\$11,369,152</u>

The categories in the above table have the definitions assigned under Item 9 of Schedule 14A promulgated under the Exchange Act, and these categories include the following components:

- (1) “Audit fees” include fees for audit services principally related to the year-end examination and the quarterly reviews of our consolidated financial statements, consultation on matters that arise during a review or audit, review of SEC filings, audit services performed in connection with our acquisitions and divestitures and statutory audit fees.
- (2) “Audit related fees” include fees, which are for assurance and related services other than those included in Audit fees.
- (3) “Tax fees” include fees for tax compliance and advice.
- (4) “All other fees” include fees for all other non-audit services, principally for services in relation to certain information technology audits.

An accounting firm other than KPMG performs supplemental internal audit services for NortonLifeLock. Another accounting firm provides the majority of NortonLifeLock’s outside tax services.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

The Audit Committee’s policy is to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent registered public accounting firm and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee may also pre-approve particular services on a case-by-case basis.

All of the services relating to the fees described in the table above were approved by the Audit Committee.

THE BOARD RECOMMENDS A VOTE “FOR” APPROVAL OF PROPOSAL NO. 2

PROPOSAL NO. 3

ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

In accordance with Section 14A of the Exchange Act, stockholders are entitled to cast an advisory vote to approve the compensation of our named executive officers, as disclosed in this proxy statement. Accordingly, you are being asked to vote on the following resolution at the Annual Meeting:

“RESOLVED, that the compensation paid to NortonLifeLock Inc.’s named executive officers, as disclosed in this proxy statement pursuant to the SEC’s compensation disclosure rules, including the Compensation Discussion & Analysis, compensation tables and narrative discussion, is hereby approved.”

As described more fully in the Compensation Discussion & Analysis section of this proxy statement, our named executive officers are compensated in a manner consistent with our pay-for-performance philosophy and corporate governance best practices. Our executive compensation programs for fiscal year 2021 reflect these significant changes to our management team and to our business while promoting our pay-for-performance philosophy and corporate governance best practices.

We believe that our compensation program balances the interests of all of our constituencies — our stockholders, our executive officers, the remainder of our employee base, our business partners and our community — by, among other things, focusing on achievement of corporate objectives, attracting and retaining highly-qualified executive management and maximizing long-term stockholder value. We encourage you to read the Compensation Discussion & Analysis, compensation tables and narrative discussion related to executive compensation in this proxy statement.

The vote to approve the compensation of our named executive officers is advisory and, therefore, not binding. Although the vote is non-binding, the Compensation Committee and the Board value your opinion and will consider the outcome of the vote in establishing its compensation philosophy and making future compensation decisions. Our current policy is to hold such an advisory vote each year, and we expect to hold another advisory vote with respect to approve to executive compensation at the 2021 Annual Meeting of Stockholders.

THE BOARD RECOMMENDS A VOTE “FOR” APPROVAL OF PROPOSAL NO. 3

PROPOSAL NO. 4

STOCKHOLDER PROPOSAL

Proposal 4 is a stockholder proposal. If the stockholder proponent, or representative who is qualified under state law, is present at the Annual Meeting and submits the proposal for a vote, then the proposal will be voted upon. The stockholder proposal is included in this proxy statement exactly as submitted by the stockholder proponent. The Board's recommendation on the proposal is presented immediately following the proposal. We will promptly provide you with the name, address and, to NortonLifeLock's knowledge, the number of voting securities held by the proponent of the stockholder proposal, upon receiving a written or oral request directed to: NortonLifeLock Inc., Attn: Bryan Ko, Corporate Secretary, 60 E. Rio Salado Parkway, Suite 1000, Tempe, Arizona 85281, telephone: (650) 527-8000.

Proposal 4 — Independent Board Chairman

Shareholders request that the Board of Directors to adopt as policy, and amend the bylaws if necessary, to require the Chair of the Board of Directors, whenever possible, to be an independent member of the Board. This policy could be phased in for the next CEO transition.

If the Board determines that a Chair who was independent when selected is no longer independent, the Board shall select a new Chair who satisfies the requirements of the policy within a reasonable amount of time. Compliance with this policy is temporarily waived if in the unlikely event no independent director is available and willing to serve as Chair.

This proposal topic won 52% support at Boeing and 54% support at Baxter International in 2020. NortonLifeLock shareholders gave 40% support to this proposal topic in 2019. This impressive support may have represented a near majority vote from the NLOK shares that have access to independent proxy voting advice.

In spite of management text claiming that management is committed to ongoing engagement with our stockholders to gain valuable insight into the issues that matter most to them, NLOK management rolled out the unwelcome mat for the 2019 proposal by including a management electioneering statement on the ballot itself. And NLOK management discouraged shareholders from even reading the 2019 proposal.

The roles of Chairman and CEO are fundamentally different and should be held by 2 directors, a CEO and a Chairman who is completely independent of the CEO and our company.

- The role of the CEO and management is to run the company.
- The role of the Board of Directors is to provide independent oversight of management and the CEO.
- There is a potential conflict of interest for a CEO to have the oversight role of Chairman.

The 2020 Lowe's (LOW) annual meeting proxy said Lowe's directors determined that having a separate Chairman and Chief Executive Officer affords the CEO the opportunity to focus his time and energy on managing the business and allows the Chairman to devote his time and attention to Board oversight and governance.

It is also important to have an independent board chairman as the shareholder watchdog and help make up for the 2020 silencing of shareholders at shareholder meetings with the widespread substitution of online shareholder meetings. Online shareholder meetings, which are a shareholder engagement and transparency wasteland, are so easy for management that management will never want to return to in-person shareholder meetings.

With tightly controlled online shareholder meetings everything is optional. For instance management reporting on the status of the company and answers to shareholder questions are both optional. And the managements of hundreds of companies do not even announce the voting percentages for ballot items during online shareholder meetings.

Please vote yes:

Independent Board Chairman — Proposal 4

Our Board of Directors' Statement in Opposition to Proposal 4

NortonLifeLock's Board of Directors unanimously recommends a vote "AGAINST" the stockholder proposal.

The Board of Directors has considered the stockholder proposal and, for the reasons described below, believes that the proposal is not in the best interests of NortonLifeLock and its stockholders.

For nearly a decade, NortonLifeLock has, as a practice, maintained a separate independent Board chair and continues to do so.

Our current independent Chair of the Board has provided strong independent oversight during NortonLifeLock's most transformative events.

Since January 2013, one of our independent directors, has served as non-executive Chair of the Board. Frank E. Dangeard has served as Chair of the Board of NortonLifeLock since December 2019. Prior to that, Daniel H. Schulman served as non-executive Chair from January 2013 to December 2019. Mr. Dangeard has and continues to demonstrate strong leadership, independent thinking and a deep understanding of our business due to his tenure as an independent director since January 2007. Since being appointed as the Chair of the Board, Mr. Dangeard has worked with the rest of the Board of Directors to oversee our transformation into a pure-play consumer Cyber Safety company following the sale of our Enterprise Security assets to Broadcom.

While our Board's longstanding Board leadership structure reflects separation in the roles of Chair and CEO and our practice has been to maintain a separate independent Board chair, the Board believes that it should ultimately have the flexibility to tailor its Board leadership structure to fit NortonLifeLock's changing needs.

As discussed above under "Board Leadership Structure," the Board of Directors retains the flexibility to determine on a case-by-case basis whether the CEO, or an independent director, should serve as Chair. The Board of Directors believes that it should retain the ability to choose the person best suited for the role at a particular time in accordance with its fiduciary duty to act in the best interests of NortonLifeLock and stockholders as circumstances warrant. The Board of Directors believes that this flexibility benefits NortonLifeLock and our stockholders because the Board is in the best position to determine its leadership structure given its knowledge of NortonLifeLock's leadership team, strategic goals, opportunities, and challenges.

Our corporate governance policies and practices further promote effective, independent Board oversight.

In addition to having an independent Chair of the Board, the Board of Directors has adopted policies and practices that provide our stockholders with meaningful rights and further promote Board independence and effective oversight of management.

Regardless of what leadership structure the Board of Directors may determine to adopt in the future, our Corporate Governance Guidelines provide for appointment of a Lead Independent Director who will have well-defined powers and duties in situations where the Chair of the Board is not independent. The Lead Independent Director will perform such duties as may be specified by the Board, which will include, but are not limited to; (i) presiding at all meetings of the Board of Directors at which the Chair is not present, including executive sessions of the independent directors; (ii) facilitating communication and serving as liaison between the Chair and the independent directors; (iii) approving meeting schedules to assure that there is sufficient time for discussion of all agenda items; and (iv) calling meetings of the independent directors and communicating with major stockholders.

Our commitment to independent Board oversight does not end there. All the members of the Board of Directors, other than the CEO, are independent. Our Corporate Governance Guidelines also require that our key Board committees be composed entirely of independent directors and that the independent directors meet in executive session without the presence of management for a portion of each regularly scheduled meeting of the Board.

The Board of Directors also has been significantly refreshed as seven of the eight independent directors standing for election at the Annual Meeting have served since 2016 or later, and five of these directors have served since 2018 or later.

The Board of Directors believes that eliminating flexibility in the structure of Board leadership as facts and circumstances require, as the proponent requests, is unnecessary given the safeguards on Board independence already in place and could adversely impact NortonLifeLock's ability to adapt to new challenges and implement long-term leadership transitions.

Vote Required

This Proposal No. 4 is advisory in nature and would constitute a recommendation to the Board of Directors if it is approved by stockholders. The affirmative vote of a majority of the stock having voting power present in person or represented by proxy and entitled to vote is required to approve this Proposal No. 4. Unless you indicate otherwise, your proxy will be voted "AGAINST" this proposal.

For the foregoing reasons, the Board of Directors unanimously believes that this proposal is not in the best interests of NortonLifeLock or its stockholders, and recommends that you vote "AGAINST" Proposal 4.

<p>THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "AGAINST" PROPOSAL 4 WITH RESPECT TO INDEPENDENT BOARD CHAIRMAN.</p>
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**PROXIES RECEIVED BY NORTONLIFELOCK WILL BE VOTED "AGAINST"
THIS PROPOSAL UNLESS OTHERWISE INSTRUCTED.**

OUR EXECUTIVE OFFICERS

The names of our executive officers at July 1, 2021, their ages as of July 1, 2021 and their positions are shown below.

Name	Age	Position
Vincent Pilette	49	Chief Executive Officer
Natalie M. Derse	43	Chief Financial Officer
Bryan Ko	50	Chief Legal Officer, Secretary and Head of Corporate Affairs

The Board chooses executive officers, who then serve at the Board's discretion. There is no family relationship between any of the directors or executive officers and any other director or executive officer of NortonLifeLock.

For information regarding Mr. Pilette, please refer to Proposal No. 1, "Election of Directors" above.

Ms. Derse has served as our Chief Financial Officer since July 2020. Ms. Derse previously served in numerous financial capacities with eBay, Inc., a global commerce marketplace, from July 2011 through July 2020, most recently as its Vice President and Chief Financial Officer, Global Product, Platform, Payments, Risk and Trust and previously as Vice President of Finance, Chief Audit Executive, Vice President, CFO Americas, Vice President, Americas Business Operations & General Manager Rest of Americas, and Senior Director, Global FP&A. Prior to joining eBay, Ms. Derse served in a variety of capacities at Stanley Black & Decker, Inc., a manufacturer of hand and power tools, from February 2008 through July 2011. Before that, Ms. Derse spent over ten years in numerous financial roles with General Electric Company, a global digital industrial company. Ms. Derse holds a Bachelor of Science degree in finance from the University of Dayton, Ohio.

Mr. Ko has served as our Chief Legal Officer, Secretary and Head of Corporate Affairs since January 2020. Before joining NortonLifeLock, Mr. Ko served as Logitech International's general counsel, corporate secretary and head of corporate development from January 2015 through January 2020. Prior to joining Logitech, he was general counsel and corporate secretary for Fuhu, Inc., a late stage startup in 2014. From 2000 to 2014, he served in a variety of legal roles at Electronics For Imaging, Inc., including the last six years as general counsel and vice president of strategic relations. Prior to joining EFI, Bryan was an associate at Shearman & Sterling in the firm's Mergers & Acquisitions and Real Property groups. He received his M.B.A. and Bachelor of Arts degrees from UC Berkeley and his J.D. from Rutgers University School of Law.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information, as of July 1, 2021, with respect to the beneficial ownership of NortonLifeLock common stock by (i) each stockholder known by NortonLifeLock to be the beneficial owner of more than 5% of NortonLifeLock common stock, (ii) each current member of the Board or director nominee, (iii) the named executive officers of NortonLifeLock included in the Summary Compensation Table appearing on page 56 of this Proxy Statement and (iv) all current executive officers and directors of NortonLifeLock as a group.

Beneficial ownership is determined under the rules of the SEC and generally includes voting or investment power with respect to securities. Unless otherwise indicated below, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable. Percentage ownership is based on 581,266,565 shares of NortonLifeLock common stock outstanding as of July 1, 2021. Shares of common stock subject to stock options and restricted stock units vesting on or before August 30, 2021 (within 60 days of July 1, 2021) are deemed to be outstanding and beneficially owned for purposes of computing the percentage ownership of such person but are not treated as outstanding for purposes of computing the percentage ownership of others.

Unless otherwise indicated, the address of each of the individuals and entities named below is c/o NortonLifeLock Inc., 60 E. Rio Salado Parkway, Suite 1000, Tempe, Arizona 85281.

Five Percent Owners of Common Stock

Name and Mailing Address	Shares Beneficially Owned	
	Number	Percent
Vanguard Group Inc. ⁽¹⁾ PO Box 2600, V26, Valley Forge, PA 19482-2600	63,109,995	10.9%
Capital World Investors ⁽²⁾ 333 South Hope Street, Los Angeles, CA 90071	62,704,639	10.8%
BlackRock, Inc. ⁽³⁾ 55 East 52nd Street, New York, NY 10055	48,373,601	8.3%
FMR LLC ⁽⁴⁾ 245 Summer Street, Boston, MA 02210	34,846,767	6.0%

(1) Based solely on a Schedule 13G/A filing made by The Vanguard Group on February 10, 2021, The Vanguard Group has shared voting power over 1,063,555 shares, sole dispositive power over 60,442,986 shares and shared dispositive power over 2,667,009 shares.

(2) Based solely on a Schedule 13G/A filing made by Capital World Investors on February 16, 2021, Capital World Investors has sole voting and sole dispositive power over 62,704,639 shares.

(3) Based solely on a Schedule 13G filing made by the BlackRock, Inc. on February 5, 2021, BlackRock, Inc. has sole voting power over 41,949,175 and sole dispositive power over 48,373,601 shares.

(4) Based solely on a Schedule 13D/A filing made by FMR LLC and Abigail P. Johnson, a Director and the Chairman and the Chief Executive Officer of FMR LLC on February 8, 2021, FMR LLC has sole voting over 2,731,323 shares and sole dispositive power over 34,846,767 shares

Security Ownership of Executive Officers and Directors

Name	Shares Beneficially Owned	
	Number	Percent
Peter A. Feld ⁽¹⁾	16,756,680	2.9%
Vincent Pilette ⁽²⁾	1,292,024	**
Samir Kapuria ^{(3)*}	370,818	**
Frank E. Dangeard	141,477	**
Kenneth Y. Hao ⁽⁴⁾	88,211	**

Name	Shares Beneficially Owned	
	Number	Percent
Bryan S. Ko	48,709	**
Susan P. Barsamian ⁽⁵⁾	47,444	**
Matthew C. Brown ^{(6)*}	38,336	**
Eric K. Brandt ⁽⁷⁾	29,326	**
Natalie M. Derse	28,508	**
Nora M. Denzel	26,148	**
Sherrese M. Smith	15,250	**
Emily Heath	14,761	**
All Current Directors and Executive Officers as a Group (11 Persons)	18,488,538	3.2%

* Former officer

** Less than 1%

(1) Includes 16,704,454 shares of common stock beneficially owned by Starboard Value LP and its affiliates. Mr. Feld is a Managing Member of Starboard Value LP and may be deemed to share voting and dispositive power over these shares. This stockholder's address is 777 Third Avenue, New York, New York 10017.

(2) Includes 620,477 shares held by the VPJW Revocable Trust for which Mr. Pilette exercises voting and dispositive power.

(3) Beneficial ownership data is current through Mr. Kapuria's departure date of November 6, 2020 and includes 328,410 shares issued as settlement of RSUs and PRUs after his departure date.

(4) These securities are held by Mr. Hao for the benefit of Silver Lake Technology Management LLC, certain of its affiliates and certain of the funds they manage ("Silver Lake") and pursuant to Mr. Hao's arrangement with Silver Lake, upon the sale of these securities, the proceeds are expected to be remitted to Silver Lake.

(5) Shares held by the Romans-Barsamian Revocable Trust for which Ms. Barsamian exercises voting and dispositive power.

(6) Beneficial ownership data is current through Mr. Brown's departure date of November 6, 2020 and includes 15,000 shares issued as settlement of options and 23,336 shares issued as settlement of RSUs up to and after his departure date.

(7) Shares held by The Brandt Family Trust for which Mr. Brandt exercises voting and dispositive power.

NortonLifeLock has adopted a policy that executive officers and members of the Board hold an equity stake in NortonLifeLock. The policy requires each executive officer to hold a minimum number of shares of NortonLifeLock common stock. Newly appointed executive officers are not required to immediately establish their position but are expected to make regular progress to achieve it. The Nominating and Governance Committee reviews the minimum number of shares held by the executive officers and directors from time to time. The purpose of the policy is to more directly align the interests of our executive officers and directors with our stockholders. See "Stock Ownership Requirements" under the Compensation Discussion & Analysis section for a description of the stock ownership requirements applicable to our executive officers.

Delinquent Section 16(a) Reports

Section 16 of the Exchange Act requires NortonLifeLock's directors, executive officers and any persons who own more than 10% of NortonLifeLock's common stock, to file initial reports of ownership and reports of changes in ownership with the SEC. Such persons are required by SEC regulation to furnish NortonLifeLock with copies of all Section 16(a) forms that they file.

Based solely on its review of the copies of such forms furnished to NortonLifeLock and written representations from the directors and executive officers, NortonLifeLock believes that all of its executive officers and directors filed the required reports on a timely basis under Section 16(a), except for Mr. Brown who filed a late Form 4 on June 2, 2020 to report the sale of shares acquired through NortonLifeLock's 2008 Employee Stock Purchase Plan, which were sold through a quick sale program on August 16, 2019.

EXECUTIVE COMPENSATION AND RELATED INFORMATION

COMPENSATION DISCUSSION & ANALYSIS (CD&A)

This compensation discussion and analysis (“CD&A”) summarizes our executive compensation philosophy, our fiscal year 2021 (“FY21”) executive compensation program and the FY21 compensation decisions made by the Compensation Leadership and Development Committee (the “Compensation Committee”) with respect to the executive officers and former executive officers who are identified in the “Summary Compensation Table” below (“NEOs”):

NEOs

Named Executive Officer	Title
Vincent Pilette	Chief Executive Officer (“CEO”)
Natalie Derse ⁽¹⁾	Chief Financial Officer (“CFO”)
Bryan Ko	Chief Legal Officer, Corporate Secretary and Head of Corporate Affairs
Matthew Brown ⁽²⁾	Former Interim Chief Financial Officer
Samir Kapuria ⁽³⁾	Former President

⁽¹⁾ Ms. Derse was appointed CFO on July 8, 2020.

⁽²⁾ Mr. Brown ceased serving in his position as Interim Chief Financial Officer and Chief Accounting Officer on November 6, 2020.

⁽³⁾ Mr. Kapuria ceased serving in his position as President on November 6, 2020.

Executive Compensation Summary

About NortonLifeLock

NortonLifeLock has the largest Consumer Cyber Safety platform in the world, empowering nearly 80 million users in more than 150 countries. Our business is built around consumers, as we are the trusted and number one top of mind brand in consumer Cyber Safety.¹

Today’s world is increasingly digital, and this digital world has changed the way we live our lives every day. Between the massive shift to working and learning from home, and the ever-growing utility and opportunities to play and transact online, people’s digital lives have become the norm. With each new digital interaction comes increased risk for consumers, as cyber criminals look to take advantage of this accelerating trend. This is why we view ourselves as a trusted ally for our customers in a complex digital world and are committed to advancing our mission of protecting each element of their digital lives.

We maintain a global, multi-channel direct acquisition and brand marketing program. This program is designed to grow our customer base by increasing brand awareness and understanding of our products and services, and maximizing our global reach to prospective customers.

We help prevent, detect and restore potential damages caused by many cyber criminals. We also make it easy for consumers to find, buy and use our products and services. To this end, we sell subscription-based Cyber Safety solutions primarily direct-to-consumer through our Norton and Avira websites, and indirectly through partner relationships with retailers, telecom service providers, hardware original equipment manufacturers (OEMs), and employee benefit providers. Most of our subscriptions are sold on either annual or monthly terms. As of April 2, 2021, we have nearly 80 million total users, which come from direct, indirect, and freemium channels. Of the total users, we have 23 million direct customers with whom we have a direct billing relationship, and we have 30 million free users.

Executive Compensation Philosophy and Practices

FY21 marked the first full year as a stand-alone pure consumer Cyber Safety company. Our Compensation Committee recognized this important milestone for our company in designing and adopting its executive compensation philosophy and program for FY21: provide a simple, investor friendly mix of short and long-term compensation that promotes value

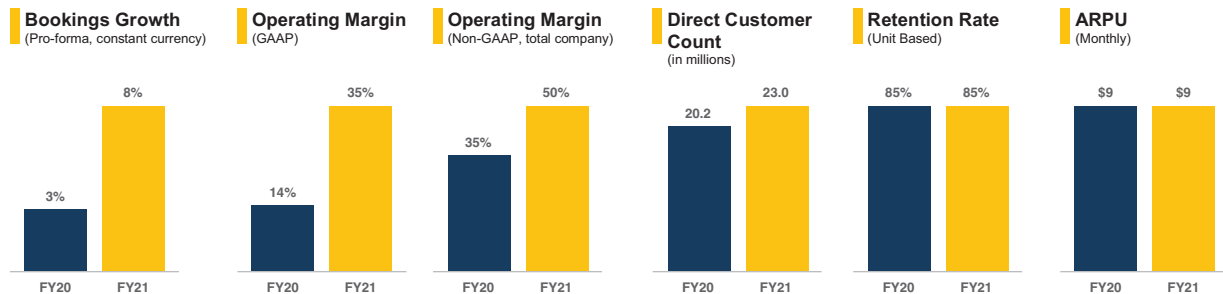
¹ Based on 2020 NortonLifeLock brand tracking study.

creation for our company and our stockholders and real rewards and consequences for our executive team for actual performance. Nothing more, nothing less.

Our Compensation Philosophy

Drive Business Success	Our executive compensation program is designed to drive our success as a market leader in cybersecurity.
Pay for Performance	Our focus is to reward for outstanding company and individual performance, team success, and quantitative results that drive our short- and long-term company objectives; we aim to closely align the majority of our executive officers' overall target total compensation via long-term performance-based incentives.
Attract and Retain	We aim to attract and retain high performing and talented executive officers while maximizing long-term stockholder value.
Balancing and Aligning Interests with Stockholders	Equity awards with multi-year vesting and performance requirements help align our executive officers' pay with the creation of long-term shareholder return. In addition, we are sensitive to how equity investments will impact our cost structure and stockholder dilution.

The compensation received by our NEOs in for FY21 reflects the positive business results and highlights from this past year:



Note: Pro-Forma bookings growth excludes impact of extra week in Q1 FY20, ID Analytics (divested in Q4 FY20). All results presented exclude enterprise dedicated revenues and costs. See Annex A for reconciliation of non-GAAP operating margin from GAAP to non-GAAP and definitions of Bookings, Direct Customer Count, Retention Rate and ARPU.

The following table presents a summary of the FY21 executive compensation program and results.

Component	Metric ⁽¹⁾	Achievement (as a percentage of target)	Funding
FY21 Executive Annual Incentive Plan (EAIP)	FY21 Non-GAAP Profit Margin	51.2% ⁽²⁾	Operating Gate Achieved
	Operating Gate		
	FY21 Bookings	105%	171%
FY21 EAIP Total (reduced)⁽³⁾			150%
FY21 Performance-based Restricted Stock Units ⁽⁴⁾	50% based on 3-year total shareholder return ("TSR") relative to the Nasdaq	NA	NA
	50% based on CAGR for revenue	NA	NA
FY20 Performance-based Restricted Stock Units ⁽⁴⁾	3-year total shareholder return ("TSR") relative to the S&P 500	NA	NA

(1) Please see discussion in the CD&A section of this proxy statement below for more detail regarding how these metrics are calculated.

(2) Excludes stranded costs.

(3) CLDC used negative discretion to reduce actual achievement and funding of 171% to 150% at management's request.

(4) Achievement certified by CLDC at end of three-year period.

Our Compensation Committee designed our FY21 compensation program to be consistent with leading corporate governance and executive compensation practices:

What We Do

✓ At risk pay	The majority of pay for our CEO and other NEOs is at risk and/or performance-based.
✓ Link to results	Our short-term incentive compensation is linked directly to our financial results and is modified by individual performance, except in the case of our CEO, whose compensation is entirely based on company performance. A significant portion of our long-term incentive compensation is linked directly to multi-year financial results or relative total shareholder return (TSR)
✓ Predetermined goals	We reward performance that meets our short and long-term predetermined goals.
✓ Capped payouts	We cap payouts under our incentive plans to discourage excessive or inappropriate risk taking by our NEOs.
✓ Peer group	We have a relevant peer group and reevaluate the peer group annually.
✓ Ownership guidelines	We have robust stock ownership guidelines for our executive officers and directors.
✓ Clawback policy	We have a comprehensive “clawback” policy, applicable to all performance-based compensation granted to our executive officers.
✓ Double-trigger acceleration	We only provide for “double-trigger” change-in-control payments and benefits for our executive officers.
✓ Capped severance	We limit any potential cash severance payments to not more than 1x our executive officers’ target total cash compensation and 2x our CEO’s total base salary.
✓ Independent consultant	Our Compensation Committee retains an independent compensation consultant.
✓ Say-on-pay	We hold an annual advisory vote on named executive officer compensation.
✓ Stockholder engagement	We seek feedback on executive compensation through stockholder engagement.
✓ Minimum vesting	We require one-year minimum vesting on all stock award grants to employees, with very limited exceptions.

What We Don’t Do

✗ No performance, no pay	We do not pay performance-based cash or equity awards for unsatisfied performance goals.
✗ No minimum payouts	Our compensation plans do not have minimum guaranteed payout levels.
✗ No auto increases	We do not provide for automatic salary increases or equity awards grants in offer letters or employment agreements.
✗ No short sales, hedging	With very limited exceptions, we do not permit short-sales, hedging or pledging of our stock.
✗ No golden parachutes	We do not provide “golden parachute” excise tax gross-ups.
✗ No excessive severance	We do not provide excessive severance payments.
✗ No SERPs	We do not provide executive pension plans or SERPs.
✗ No excessive perks	We do not provide excessive perquisites.
✗ No repricing	We do not permit the repricing or cash-out of stock options or stock appreciation rights without stockholder approval.
✗ No unvested dividends	We do not permit the payment of dividend or dividend equivalents on unvested equity awards.

Say-On-Pay and Stockholder Engagement

At our 2020 Annual Meeting of Stockholders, we requested that our stockholders cast a non-binding advisory vote on the compensation of our fiscal year 2020 (“FY20”) NEOs, also known as a “say-on-pay” vote. This proposal passed with approximately 87.5% of the votes cast (excluding abstentions). The level of support at our 2020 Annual Meeting of Stockholder was considerably higher than in 2019; nevertheless, we conducted an extensive engagement effort in 2019 and 2020 with our stockholders. During 2020, we reached out to 15 of our top stockholders, representing nearly 49% of our outstanding capital stock to discuss our company prospects, including our executive compensation. Of those stockholders, we held meetings with 10 of them in which we discussed matters such as NortonLifeLock’s business model, NortonLifeLock’s executive compensation programs and goal settings and metrics. The remaining stockholders either confirmed they had no concerns, did not desire to have a meeting, or did not respond. Our FY21 executive compensation philosophy and programs reflect the feedback we received from our engagement with stockholders and investors during FY20 and FY21. For example, in light of the feedback we received in connection with the special compensation programs announced with the Broadcom transaction as disclosed in our FY20 CD&A, our FY21 compensation program does not include any special one-time awards or special vesting of equity awards outside of our standard practices.

At NortonLifeLock, we have an open line of communication with our stockholders and investors and continue to engage them for feedback on our programs.

Compensation Components

Our FY21 compensation philosophy is reflected in the three key pillars of executive compensation: (i) base salary, (ii) short-term annual cash incentive awards and (iii) long-term equity incentive awards.

FY21 Component	Form of Compensation	Performance Period	Metrics and Performance Criteria	Details
Base Salary	Cash	Annual	NEO base salary changes reviewed annually by CEO (or Board for CEO changes).	Page 42
Executive Annual Incentive Plan	Cash	Annual	Bookings with non-GAAP profit margin as operating gate; individual performance goal modifier for NEOs other than CEO.	Page 42
Equity Incentive Awards	Restricted Stock Unit (RSU)	Vests annually over three years Vests at the end of a three-year period	Service and time-based vesting. 50% of PRUs vest in full in May 2023 based on achievement of our 3-year relative TSR versus the Nasdaq Composite Index.	Page 45
	Performance-based Restricted Stock Unit (PRU)		50% of PRUs vest in full in May 2023 based on achievement of compound annual growth rate (CAGR) for revenue measured over a multi-year period.	

Base Salary

Philosophy	Provide fixed compensation to attract and retain key executives.
Considerations	Salary reviewed and set annually by the Compensation Committee. Salary levels include skill set, experience performance contribution levels, role, positioning relative to peer group and market and our overall salary budget. Annual review by CEO for other executives.

Annual Cash Incentive Award

Philosophy	<p>Establish appropriate, market competitive, short-term performance measures to help drive future growth and profitability.</p> <p>Reward achievement of short-term performance measures consistent with financial plan</p>
Target Amount Considerations	<p>Relevant market and peer data.</p> <p>Internal pay equity.</p> <p>Desired market position for each NEO.</p>
Operating Metrics Used	<p>Bookings with non-GAAP profit margin operating gate.</p>
Award Design Considerations	<p>Metrics strongly correlate with stockholder value creation, are transparent to investors and are calculated on the same basis as described in our quarterly earnings releases and supplemental materials, and balance growth and profitability.</p> <p>Direct impact on these metrics through skillful management and oversight.</p> <p>Metrics established based on a range of inputs, including short-term growth objectives for our products, external market economic conditions, the competitive environment, our internal budgets and market expectations.</p> <p>Performance payout curves set to substantially drive increased customer subscriptions and profit and in accordance with our FY21 financial plan.</p> <p>CEO award payout is solely based on company financial performance.</p>
Performance Conditions	<p>Bookings with non-GAAP profit margin gate. Bookings are defined as customer orders received that are expected to generate net revenues in the future. We present the operational metric of bookings because it reflects customers' demand for our products and services and to assist readers in analyzing our performance in future periods.</p> <p>Non-GAAP profit margin is defined as GAAP profit, excluding stranded costs.</p> <p>Individual performance assessment modifier (0-150%) except for CEO.</p> <p>Employment through payout date.</p>

Equity Incentive Awards

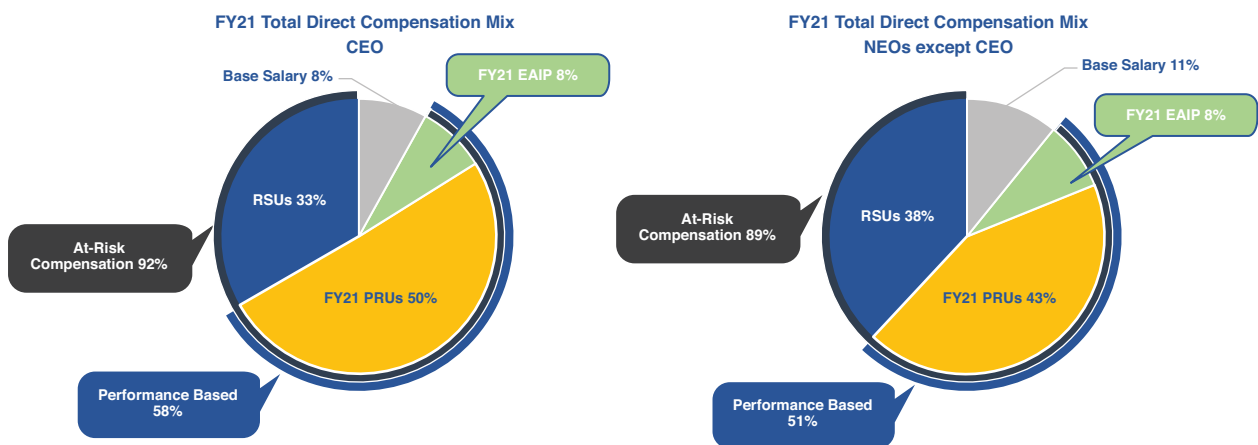
Philosophy	<p>Establish appropriate, market competitive, performance measures to substantially drive future short- and long-term growth and profitability.</p> <p>Multi-year vesting and performance requirements that help align our NEOs' pay with the creation of long-term shareholder return.</p> <p>Provide meaningful and appropriate incentives for our short- and long-term success to attract and retain talent in a highly competitive market for talent.</p> <p>Reward NEOs for creating stockholder value over long term.</p>
Grant Mix	<p>Equity awards are a mix of RSUs and PRUs.</p> <p>For our current NEOs, the mix was 60% PRUs and 40% RSUs.</p>
Target Amount Considerations	<p>Factors used to determine target award amounts included: (i) relevant market and peer data; (ii) internal pay equity; and (iii) desired market position for each NEO.</p>

Award Consideration Amounts	NEOs' responsibilities and anticipated future contributions.
	NEOs' past award amounts and amount of unvested equity held by each NEO.
	Competitive market assessment.
	Gains recognizable by the NEO from equity awards made in prior years.
Award Design Consideration	NEOs' ability to drive long-term financial performance, including share price appreciation.
	Metrics should align with long-term financial and operational goals and short-term strategy.
	Performance of our peers.
	Attract and retain valuable NEOs.
Vesting Conditions	100% of RSUs are time-based and generally vest annually over three years: (33%/ 33% / 33%).
	50% of PRUs vest in full in May 2023 based on achievement of 3-year relative TSR versus the Nasdaq Composite Index.
	50% of PRUs vest in full in May 2023 based on achievement of CAGR for revenue.

Appropriate Pay Mix

Our FY21 compensation philosophy is designed around “pay-for-performance” so that a large portion of our NEOs total direct compensation is “at-risk” or variable. In determining the mix of the various reward elements and the value of each component, the Compensation Committee takes into account the executive’s role, the competitiveness of the market for executive talent, company performance, individual performance, internal pay equity and historical compensation. The percentage of an executive officer’s compensation opportunity that is “at-risk,” or variable instead of fixed, is based primarily on the officer’s level of influence at NortonLifeLock. Executive officers generally have a greater portion of their pay at risk through short- and long-term incentive programs than the rest of our employee population because of their relatively greater responsibility and ability to influence NortonLifeLock’s performance.

As illustrated by the following charts, for FY21, approximately 92% of our current CEO’s target total direct compensation was at-risk and approximately 58% is performance-based, and on average approximately 89% of our other named executive officers’ compensation opportunity was at-risk compensation and approximately 51% is performance-based.



Base Salary

The following table presents each NEO's annual base salary for FY21.

Named Executive Officer	FY20 Annual Salary (\$)	Change in Salary (%)	FY21 Annual Salary (\$)
Vincent Pilette	650,000	26.9%	825,000
Natalie Derse	NA	—	475,000
Bryan Ko	480,000	—	480,000
Former Executive Officers			
Matthew Brown	330,000	—	330,000
Samir Kapuria	550,000	—	550,000

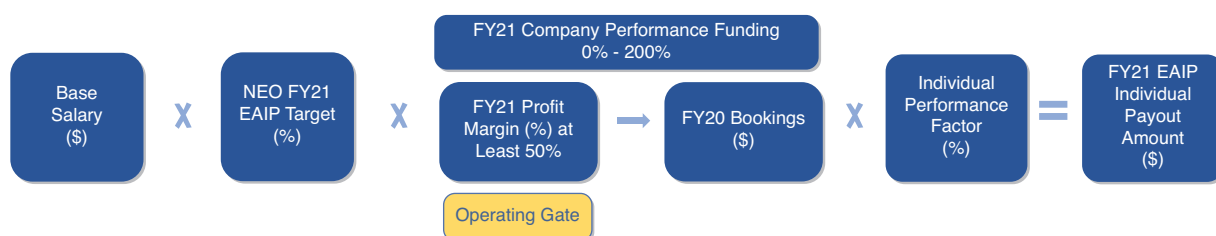
As presented in the table above, none of our NEOs received an increase in annual base salary other than Mr. Pilette. In May 2020, our Compensation Committee, recognizing that Mr. Pilette had not received an increase to his salary since being initially hired as our Chief Financial Officer in May 2019, determined that this increase for Mr. Pilette was appropriate given his increased responsibilities as CEO and his impact in improving NortonLifeLock's financial performance following the Broadcom transaction.

Executive Annual Incentive Plan (EAIP)

The following table presents each NEO's target incentive opportunity for FY21 under the FY21 Executive Annual Incentive Plan (the "FY21 EAIP") expressed as a percentage of base salary:

Named Executive Officer	FY21 Individual Incentive Target (%)	FY21 Target (\$)
Vincent Pilette	120	990,000
Natalie Derse	80	380,000
Bryan Ko	80	384,000
Former Executive Officers		
Matthew Brown	40	132,000
Samir Kapuria	100	550,000

The amount of each NEO's actual payout amount under the FY21 EAIP is generally based on the following formula. The Compensation Committee had discretion to adjust individual awards downward as appropriate by up to 25% of the amount of the incentive award that would otherwise be earned.



Executive Annual Incentive Plan — Company Performance Metrics

The Compensation Committee selected NortonLifeLock performance metrics under the FY21 EAIP to create strong alignment between company performance and NEO annual incentive payouts.

Measure	Definition	Purpose
Bookings	“Bookings,” as described in “Appendix A — Reconciliations” in this proxy statement.”	Bookings aligns to NortonLifeLock’s growth objectives by incentivizing our executives to drive new customer subscriptions.
Profit Margin (%) — Operating Gate	“Non-GAAP Profit Margin,” as described in “Appendix A — Reconciliations” in this proxy statement.”	Non-GAAP profit margin aligns to our long-term business model to increase NortonLifeLock’s profitability.

The Non-GAAP profit margin served as the operating gate for the FY21 EAIP; a minimum of 50% or greater profit margin would need to be attained before any payout was made. If the minimum operating gate was attained, payout under the FY21 EAIP was achieved once a threshold level of bookings was achieved. The maximum possible payout for NortonLifeLock performance portion of the FY21 EAIP was 200%. The Compensation Committee established threshold, target and maximum performance goals for the bookings metric based primarily on NortonLifeLock’s financial plan for FY21. In addition, except for our CEO, the actual individual payouts could be further modified based on an individual performance factor that generally ranges from 0% to 150% based on the performance achievement against pre-established individual goals for FY21.

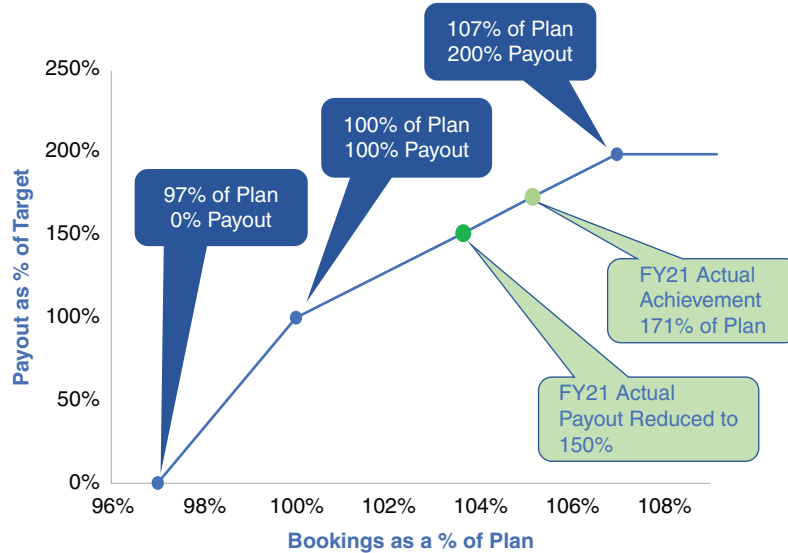
	Bookings Percent of Plan ⁽¹⁾	Funding (%)
Threshold	97%	0%
Target	100%	100%
Max	107%	200%

⁽¹⁾ Funding based on linear interpolation for performance between threshold and target and target and maximum performance. We do not disclose actual dollar performance goals for competitive reasons.

Executive Annual Incentive Plan — Company Results

For FY21, the Compensation Committee confirmed that the Non-GAAP Profit Margin Operating Gate was achieved at 51.2%, excluding stranded costs. With respect to the Bookings metric, the Compensation Committee approved FY21 company achievement at 105% of plan, which would have resulted in funding at 171%. At the recommendation of the CEO, with the approval of the Compensation Committee, the payout amount was capped at 150% to align with the maximum

funding under NortonLifeLock's Annual Incentive Plan for non-executives to ensure internal equity. The following graph shows the threshold, target and maximum payouts under the FY21 EAIP, along with actual company performance and funding:



Executive Annual Incentive Plan — Individual Performance Assessment

Individual performance was evaluated, and taken into account when determining the FY21 EAIP payout for NEOs other than the CEO, and is based on both quantitative and qualitative results in the following key areas:

- Financial and operational goals for the executive's area of responsibility and the entire company.
- Development and management of the executive's team of employees.
- Leadership qualities as well as functional competencies and knowledge for the executive's area of responsibility.
- Leadership qualities, alignment to our cultural values, as well as functional competencies and knowledge for the executive's area of responsibility.

Provided the threshold performance levels for both company performance metrics are achieved, the CEO evaluates the level of each NEO's individual performance against the pre-determined goals at fiscal year-end and makes a recommendation to the Compensation Committee. For FY21, our Compensation Committee determined that the payouts for each NEO would be based only on NortonLifeLock's FY21 performance under the FY21 EAIP given the high level of company achievement alignment and the decision to cap the payout amount at 150% .

Executive Annual Incentive Plan — FY21 Payout Results

NEO	Base Salary (\$)	Annual Incentive Target (%)	Company Performance Funding Achievement (%)	Company Performance Funding Reduced (%)	Individual Payout Amount (\$)
Vincent Pilette	825,000	120	171	150	1,485,000
Natalie Derse	475,000	80	171	150	570,000
Bryan Ko	480,000	80	171	150	576,000
Matt Brown ⁽¹⁾	330,000	40	NA	NA	59,019
Samir Kapuria ⁽¹⁾	550,000	100	NA	NA	245,913

⁽¹⁾ Mr. Brown and Mr. Kapuria ceased serving in their respective positions in November 2020. Amounts reflect the payout received pursuant to each former executive officer's severance arrangement with NortonLifeLock. See Summary Compensation Table, below, for additional information.

Equity Incentive Awards

The primary purpose of equity incentive awards is to align the interests of our NEOs with those of our stockholders by rewarding the NEOs for creating stockholder value over the long term. By compensating our NEOs with equity incentive awards, our executives receive a stake in NortonLifeLock's financial future. The gains realized in the long term depend on our NEO's ability to drive the financial performance of NortonLifeLock as reflected in the share price.

We seek to provide equity incentive awards that are competitive with companies in our peer group and the market generally. When making annual equity awards to NEOs, we consider NortonLifeLock performance during the past year, the role, responsibility and performance of the individual NEO, the competitive market assessment described above, prior equity awards, and the level of vested and unvested equity awards then held by each named executive officer. In making equity awards, we also generally take into consideration gains recognizable by the executive from equity awards made in prior years.

Each of our NEOs, with the exception of Mr. Brown (who received only RSUs because he was serving as interim CFO at the time) and Mr. Kapuria (who did not receive any equity awards in connection with his departure), received a mix of both RSUs and PRUs in FY21.

The Compensation Committee believed that for FY21, a mix of RSUs and PRUs is the appropriate long-term equity incentive for named executive officers. Generally, our executive officers receive approximately 60% of the value of their target annual equity incentive award in the form of PRUs and 40% in the form of RSUs. We believe such a mix motivates our NEOs to contribute to our long-term success and stock price appreciation while also encouraging long-term retention. This was true for Mr. Pilette and Mr. Ko in FY21. Ms. Derse, who joined NortonLifeLock in July 2020, receive a mix of 50% PRUs and 50% RSUs in connection with her offer letter.

Equity Incentive Awards — Restricted Stock Units

RSUs represent the right to receive one share of NortonLifeLock common stock for each vested RSU upon the settlement date, subject to continued employment through each vesting date. The Committee grants RSU awards for long-term retention purposes as they provide payout opportunity to the NEOs only if they remain employed through the applicable vesting dates, which extend over multiple years, and because the payout opportunity is directly linked with stockholder value and executive efforts over a multi-year time frame. The following table summarizes the RSU awards granted to our NEOs in FY21.

NEO	FY21 RSU Award Amount (#)	Grant Date Fair Value (\$)	Vesting Criteria ⁽¹⁾
Vincent Pilette	166,777	3,385,573	33%/33%/33%
Natalie Derse ⁽²⁾	103,912	2,389,976	50%/25%/25%
Bryan Ko	49,052	995,756	33%/33%/33%
Matt Brown ⁽³⁾	36,789	746,817	33%/33%/33%
Samir Kapuria	—	NA	NA

⁽¹⁾ RSUs vest as to 33% on the grant-date anniversary over three years.

⁽²⁾ Ms. Derse's initial RSU grant in connection with her offer vests annual over three years as to 50%, 25% and 25%.

⁽³⁾ Mr. Brown's RSUs were cancelled for no consideration upon his departure from NortonLifeLock on November 6, 2020.

Equity Incentive Awards — Performance-based Restricted Stock Units

FY21 PRUs granted to our NEOs vest based on the achievement of two equally-weighted metrics:

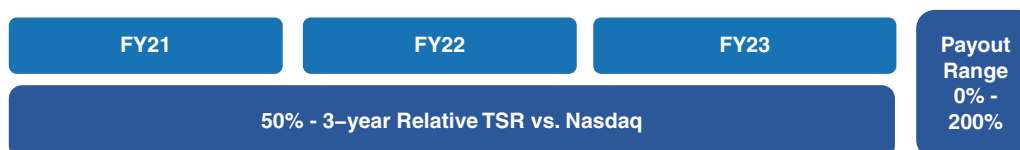
- Three-year relative-Total Shareholder Return (TSR) measured against the Nasdaq; and
- 3% Compound Annual Growth Rate (CAGR) for revenue measured over the two-fiscal year period ending April 1, 2022, with a catch-up period to end on March 31, 2023.

Metric	Measurement Period	Metric Objective (50% of Target)	Vesting Conditions ⁽¹⁾
3-year relative TSR vs. Nasdaq	FY21-FY23	Measures our long-term performance against companies in the Nasdaq to	Earned portion vests at end of FY23.

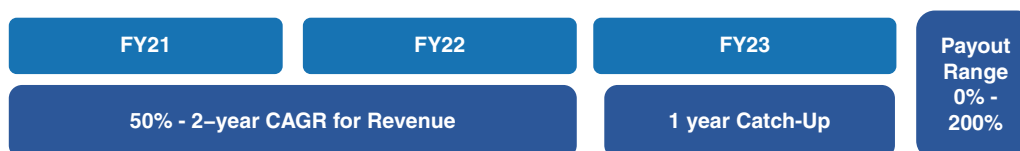
Metric	Measurement Period	Metric Objective (50% of Target)	Vesting Conditions ⁽¹⁾
2-year CAGR for revenue	Measured over two-year period from FY21-FY22 with a catch-up period for FY23.	drive value creation. Measures achievement of our three-year performance growth rate designed to enhance long-term value of the company.	Earned portion vests at end of FY23.

⁽¹⁾ In addition to the vesting components, the Compensation Committee has broad negative discretion to reduce the amount of the award earned by up to 50% as it determines reasonable and appropriate.

FY21 PRU Design - TSR Component



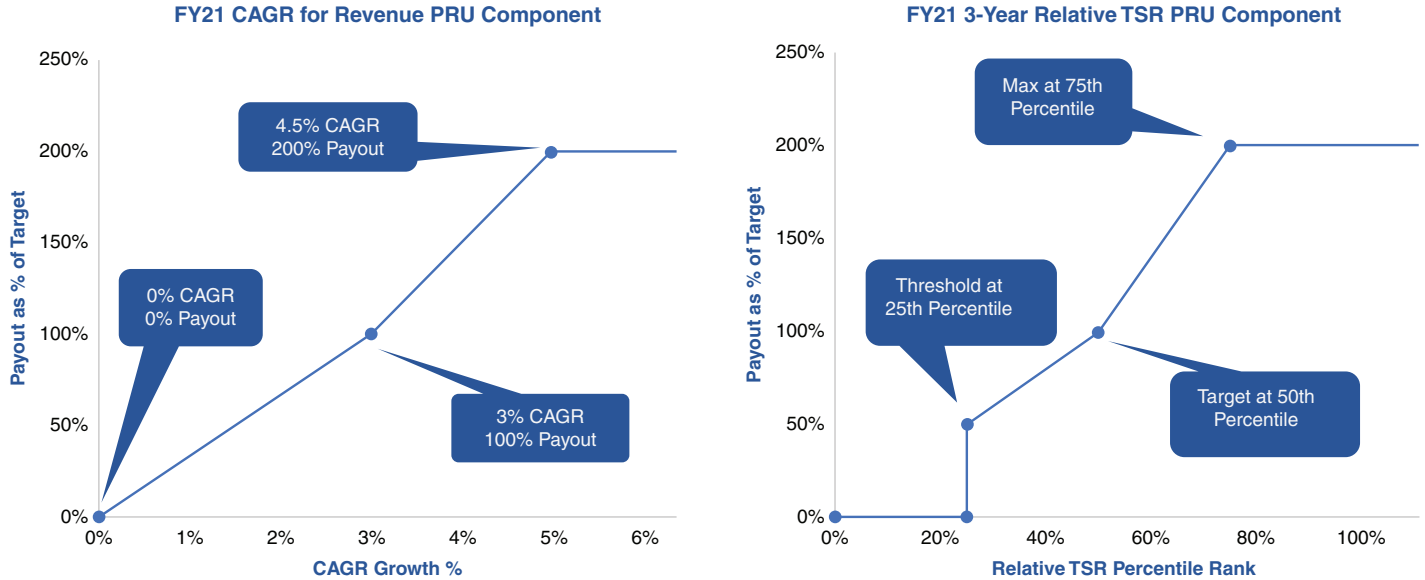
FY21 PRU Design - CAGR Component



The Compensation Committee believes that TSR promotes stockholder alignment and creates an unambiguous link between the compensation of our NEOs to long-term value creation since this metric is directly linked to our long-term total shareholder appreciation relative to the Nasdaq Composite Index as whole. The Compensation Committee, based on input from its compensation consultant, concluded that the use of the Nasdaq Composite Index was an appropriate benchmark given the broad-based nature of the index, the inclusion of NortonLifeLock in the index, and because the Nasdaq Composite Index represents a robust, broad representation of the potential opportunity cost of investing in NortonLifeLock from an investor's perspective.

The Compensation Committee also believes that given the strategic importance of sustained top-line growth to our business, using a 2-year CAGR for revenue goal with a one year catch-up would help us remain focused on long-term success and retention, while balancing the fact that such a goal may not be achieved during a two-year period due to fluctuating market opportunities and conditions, which may not be directly within our control.

Achievement under the FY21 PRUs will not be certified by the Compensation Committee until the end of fiscal 2023. The following charts present the threshold, target and maximum performance levels and payouts of the relative TSR and CAGR for revenue metrics:



The following table summarizes the PRU awards granted to our NEOs in FY21. Messrs. Brown and Kapuria did not receive a PRU award in FY21 in connection with their then impending departures.

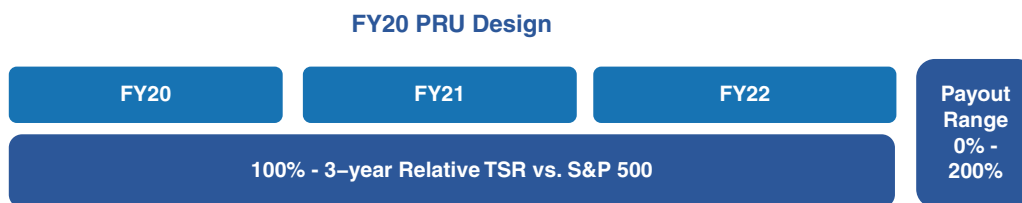
NEO	FY21 PRU Award Amount (#)	FY21 PRU Grant Date Fair Value (\$)
Vincent Pilette	250,166	6,893,324
Natalie Derse	103,912	3,003,576
Bryan Ko	73,578	2,027,442

Equity Incentive Awards — Previously Granted Long-Term Incentive Awards

Of our NEOs, only Mr. Ko holds FY20 PRUs, which were granted in January 2020. The FY20 PRUs granted to Mr. Ko vest based on the achievement of three-year TSR against the S&P 500. The measurement period for the FY20 PRUs is from FY20 through FY22, and any earned portion will vest at the end of FY22 upon certification of the Compensation Committee. None of the outstanding FY20 PRUs were earned or vested in FY21.

Metric	Measurement Period	Metric Objective	Vesting Conditions ⁽¹⁾
3-year TSR vs. S&P 500	FY20 – FY22	Measures our longer-term performance against comparable companies to drive value creation	Earned portion vests at the end of FY22.

⁽¹⁾ In addition to the vesting components, the Compensation Committee has broad negative discretion to reduce the amount of the award earned by up to 50% as it determines reasonable and appropriate.



Benefits

In addition to the compensation components described above, the following benefits are provided.

FY21 Benefit	Philosophy and Rationale
401k Plan with Company matching	Provides our NEOs with competitive broad-based employee benefits on the same terms as are generally available to the majority of our employees.
Health and Dental Coverage	
Life Insurance	
Disability Insurance	
Unlimited Time Off	
Nonqualified deferred compensation plan	Provides our U.S.-based executive officers the opportunity to defer compensation in excess of the amounts that are legally permitted to be deferred. The plan is described further under “Non-Qualified Deferred Compensation in Fiscal 2021,” on page 60.
Reimbursement for up to \$10,000 for financial planning services.	Provides financial planning assistance given the complexity of executive officer compensation and financial arrangements to allow executives to concentrate on responsibilities and our future success.

Severance and Change of Control Benefits

The following table provides information regarding the severance arrangements that we have or had with certain of our NEOs. Details of each individual NEO’s severance arrangements, including estimates of amounts payable in specified circumstances in effect as of the end of FY21, are disclosed in “FY21 Executive Compensation,” above and under “Potential Payments Upon Termination or Change-in-Control,” below.

Severance and Change of Control Philosophy

Attract and Retain Executives	Intended to ease an NEO’s transition due to an unexpected employment termination or retain an NEO through a significant corporate transaction.
Align Interests with Stockholders	Mitigate any potential employer liability and avoid future disputes or litigation; retain and encourage our NEOs to remain focused on our our business and the interests of our stockholders when considering or impletementing strategic alternatives.

Severance and Change of Control Considerations

At-will Employment	The employment of our NEOs is “at will,” meaning we can terminate them at any time and they can terminate their employment with us at any time.
Amount and Conditions for Severance	Severance arrangements should be designed to: (i) provide reasonable compensation to executive officers who leave NortonLifeLock under certain circumstances to facilitate their transition to new employment and (ii) require a departing executive officer to sign a separation and release agreement acceptable to us as a condition to receiving post-employment compensation payments or benefits.
Double-Trigger Acceleration	“Double-trigger” provisions promote morale and productivity, and encourage executive retention in the event of a corporate transaction.
Transition Services/Retention	Severance arrangements should be designed to: (i) retain and incentivize executive officers until a successor is found; (ii) ensure a smooth transition; (iii) be commensurate with the amount of services that need to be provided; and (iv) reward executive officers for a successful transition.

Severance and Change of Control Terms

Executive Severance Plan	Provides for cash severance and other benefits where the individual's employment is terminated without cause outside of the change in control context, contingent on execution of an acceptable release.
Executive Retention Plan	Provides for double trigger acceleration of vesting of equity awards and cash severance benefits where the individual's employment is terminated without cause, or is constructively terminated, within 12 months after a change in control, contingent on execution of an acceptable release; no "golden parachute" excise tax gross-ups.

Severance Arrangement with our Former President

In December 2019, we entered into a severance benefit arrangement with Mr. Kapuria, our former President (the "Kapuria Severance Agreement") in connection with the sale of our Enterprise assets to Broadcom (the "Broadcom Sale"), which was intended to induce him to continue to provide services during a transition period following the Broadcom Sale, given the importance of his role in transitioning the business to a pure-play consumer cyber safety company. Pursuant to this agreement if Mr. Kapuria was terminated without cause or dies before December 31, 2020, he was entitled to receive (a) a cash payment equal to his annual base salary, (b) a cash payment equal to Mr. Kapuria's target bonus, and (c) vesting as to 50% of unvested equity, reduced by any equity that otherwise vests between December 5, 2020 and Mr. Kapuria's termination date. If Mr. Kapuria was terminated without cause before December 31, 2020, between 75% and 150% of any additional remaining outstanding and unvested equity awards will vest if our average closing stock price reaches predetermined levels based 50% on each of (a) a 20-consecutive business day measurement from August 20, 2019 through December 31, 2020 and (b) a 20-consecutive business day measurement from July 1, 2020 through December 31, 2020.

Following our successful transformation into a pure-play consumer cyber safety company, with the elimination of the stranded costs and the return to growth, we amended the special severance benefit arrangement with Mr. Kapuria on May 28, 2020. Under the amendment, we agreed that the stand-alone role of president would no longer be needed by December 31, 2020, with the onboarding of a chief product officer to focus on the product portfolio and a chief commercial officer to focus on go-to-market. Additionally, we agreed that Mr. Kapuria would be entitled to the benefits set forth in the special severance benefit arrangement upon his termination, which occurred on November 6, 2020. For further details on Mr. Kapuria's special severance benefit arrangement, as amended, including the amounts actually paid out upon his termination, please see the description under — Potential Payments upon Termination or Change-In-Control on page 62.

Key Compensation and Governance Policy

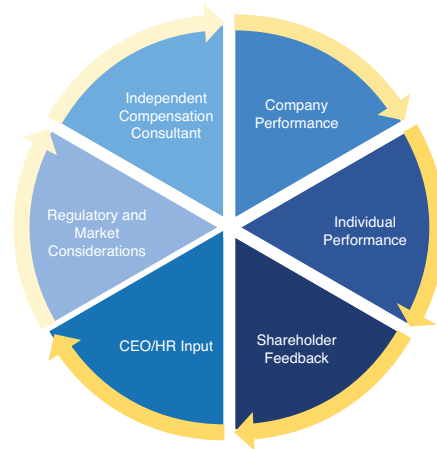
The following table summarizes the key compensation and governance policies applicable to our NEOs:

Policy	Considerations	Material Features
Stock Ownership Guidelines	<p>Promote stock ownership in NortonLifeLock.</p> <p>More closely align the interests of our executive officers with those of our stockholders.</p>	<p>6x base salary for CEO.</p> <p>3x base salary for CFO.</p> <p>2x base salary for other Section 16 officers (except CAO).</p> <p>1x base salary for CEO's extended leadership team.</p> <p>5 years from executive officer designation to comply.</p> <p>During 5-year transition period, must retain at least 50% of net-settled equity award shares until ownership requirement is met.</p> <p>Includes shares owned outright, excludes stock options and unvested RSUs and PRUs.</p> <p>As of July 1, 2021, all continuing NEOs have reached ownership requirements or have remaining time to do so.</p>

Policy	Considerations	Material Features
Anti-Hedging Policies	<p>Permitting hedging is viewed as a poor pay program practice, as it insulates executives from stock price movement and reduces alignment with stockholders.</p> <p>This policy was established in part to avoid potential or apparent conflict of interests resulting from bets against or hedges regarding our performance.</p>	<p>With limited exceptions for pre-existing arrangements, all directors and employees, including executive officers, are prohibited from short-selling company stock or engaging in transactions involving company-based derivative securities.</p> <p>“Derivative Securities” are options, warrants, convertible securities, stock appreciation rights or similar rights whose value is derived from the value of an equity security, such as company stock.</p> <p>This prohibition includes, but is not limited to, trading in company-based option contracts or engaging in other hedging transactions (for example, buying and/or writing puts and calls, equity swaps, collars, exchange funds, transacting in straddles and the like).</p> <p>Holding and exercising options or other derivative securities granted under NortonLifeLock’s stock option or equity incentive plans is not prohibited by this policy.</p> <p>Waivers may be granted with respect to arrangements that were in existence before becoming a director or employee</p>
Anti-Pledging Policies	<p>Pledging raises potential risks to stockholder value, particularly if the pledge is significant.</p>	<p>Covered persons are prohibited from holding company securities in a margin account or pledging company securities as collateral for a loan.</p>
Insider Trading Policy	<p>Prohibit corporate insiders from taking advantage of material non-public information.</p>	<p>CEO, President and CFO must conduct any open market sales of our securities only through use of Rule 10b5-1 stock trading plans.</p> <p>Prohibits the purchase or sale of securities while in possession of material non-public information.</p>
Clawback Policy	<p>Permit us to recoup performance-based cash and equity awards when such awards were not properly earned or when executives have engaged in inappropriate actions</p>	<p>Applies to all executive officers.</p> <p>Allows recoupment of performance-based cash and equity awards if (i) we are required to restate our financial statements due to fraud or intentional misconduct or (ii) an executive officer violates certain company policies, including NortonLifeLock’s code of conduct.</p>

General Approach to Determining Compensation

We are committed to the following pay philosophy and practices described below.



Compensation Committee Decision Process

The Compensation Committee oversees the compensation of our NEOs and our executive compensation program and initiatives. The Compensation Committee typically reviews executive officer compensation, including base salary, short-term incentives and long-term incentives in the first half of each fiscal year. This is timed to align to the fiscal year start and to enable evaluation and incorporation of competitive market compensation levels and practices based on the most recently completed year. In connection with this review, the Compensation Committee carefully considers any feedback or input it may receive from our CEO and from other sources when evaluating the performance of each executive officer. The committee then sets each executive officer's target total direct compensation for the (current) year as an outcome of this review and the other factors described below.

The Compensation Committee has based most, if not all, of its prior compensation determinations, including those made for FY21, on a variety of factors, including:

- A focus on pay-for-performance
- A total rewards approach
- An appropriate pay mix
- Appropriate market positioning
- Avoidance of compensation arrangements that encourage excessive or inappropriate risk taking by our executive officers
- In the case of equity awards, burn rate and dilution
- Company performance and individual performance
- Internal pay equity
- NortonLifeLock's financial condition and available resources
- The accounting and cash flow implications of various forms of executive compensation
- Our need for a particular position to be filled
- The recommendations of our CEO (other than with respect to his own compensation)

As discussed under "Role and Independence of Compensation Consultant" below, for FY21, the Compensation Committee engaged a compensation consultant and once again conducted a formal benchmarking review. In establishing compensation for our executive officers other than our CEO, the Compensation Committee gives weight to the recommendations of our CEO, but final decisions about the compensation of our NEOs are made by our Compensation Committee.

From time to time, special business conditions may warrant additional compensation, such as sign-on bonuses, or equity awards in connection with promotions, in recognition of significant accomplishments, or to attract, retain or incent our executive officers. In these situations, the Compensation Committee considers and weighs our business need with the potential costs and benefits of special rewards.

Role and Independence of Compensation Consultant

The Compensation Committee retains an independent compensation consultant to help understand competitive compensation levels and incentive designs. The independent compensation consultant is solely hired by, and reports directly to, the Compensation Committee. The Compensation Committee has sole authority to retain and terminate the independent compensation consultant. At the Compensation Committee’s discretion, the independent compensation consultant:

- attends Compensation Committee meetings;
- assists the Compensation Committee in determining peer companies and evaluating compensation proposals;
- assists with the design of incentive compensation programs; and
- conducts compensation-related research.

In addition, at the Compensation Committee’s direction, Compensia works with our Head of People and Culture and other members of management to obtain information necessary for Compensia to make their own recommendations as to various matters as well as to evaluate management’s recommendations.

The Compensation Committee has determined that the work resulting from Compensia’s engagement did not raise any conflicts of interest.

Competitive Market Assessments

Market competitiveness is one factor that the Compensation Committee considers each year in determining a NEO’s overall compensation package, including pay mix. The Compensation Committee relies on various data sources to evaluate the market competitiveness of each pay element, which were provided by Compensia. The proxy statements of peer group companies provide detailed pay data for the highest-paid executives. Survey data, which we obtain from the Radford Global Technology Survey, provides compensation information on a broader group of executives, with positions matched based on specific job scope and responsibilities. The Compensation Committee considers data from these sources as a framework for making compensation decisions for each NEO’s position.

The Compensation Committee reviews our peer group on an annual basis, with input from its compensation consultant, and the group may be adjusted from time to time based on, among other factors, a comparison of revenues, market capitalization, industry, business model, peer group performance, merger and acquisition activity and stockholder input.

Toward the end of FY20, the Compensation Committee reviewed our peer group for FY21 and made certain changes to our FY20 peer group based on the following criteria:

- Focus on software development, or software and engineering-driven companies
- Are generally comparable in terms of size (~0.3x — 2.0x revenue, greater variability in market capitalization)
- Are generally comparable in terms of complexity and global reach
- Compete with us for talent

The Compensation Committee selected the following companies as our FY21 peer group:

Akamai Technologies Inc.	GoDaddy Inc.	Splunk Inc.
Citrix Systems, Inc.	j2 Global, Inc.	Teradata Corp.
Dropbox, Inc.	Juniper Networks Inc.	TransUnion Corp.
Equifax Inc.	LogMein, Inc.	Verint Systems Inc.
F5 Networks Inc.	McAfee Corp.*	
Fair Isaac Corp.	NetApp, Inc.	
Fortinet, Inc.	PTC Inc.	

* Added in March 2021.

Compensation Risk Assessment

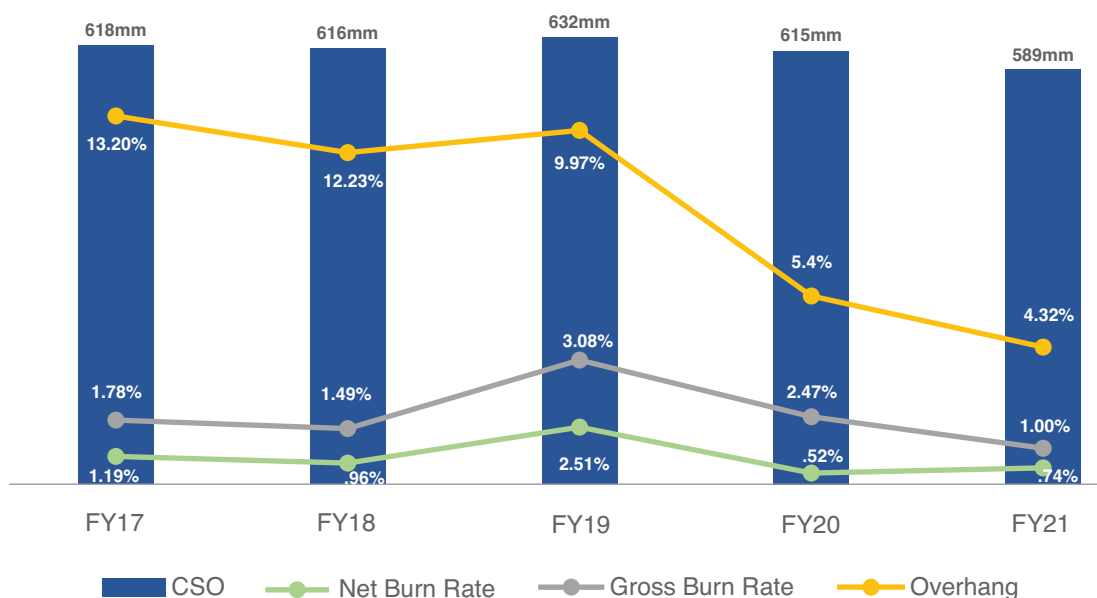
The Compensation Committee, in consultation with Compensia, has conducted its annual risk analysis of NortonLifeLock's compensation policies and practices, and does not believe that our compensation programs encourage excessive or inappropriate risk taking by our executives or are reasonably likely to have a material adverse effect on NortonLifeLock.

We believe that the design and objectives of our executive compensation program provide an appropriate balance of incentives for our NEOs, thereby discouraging them from taking inappropriate risks. Among other things, our executive compensation program includes the following design features:

- A balanced mix of cash and equity; as well as appropriately balanced fixed (base salary) and variable compensation (cash incentives and equity-based awards);
- A mix of short-term and long-term incentives, with short-term incentives currently representing a significantly lower proportion of the total mix;
- Cash and equity incentives solely based on achieving company performance objectives and subject to our "claw-back" right under certain circumstances;
- Caps on annual cash incentive and PRU payouts;
- Stock ownership guidelines which align the interests of our executive officers with those of our stockholders; and
- General alignment with prevalent low-risk pay practices.

Burn Rate and Dilution

We closely manage how we use our equity to compensate employees. FY21, our gross burn rate was 1.00%, our net burn rate was 0.74% and our overhang was 4.32%. The Compensation Committee determines the percentage of equity to be made available for our equity programs with reference to the companies in our peer group.



Gross burn rate = total number of shares granted under all of our equity incentive plans during a period divided by the weighted average number of shares of common stock outstanding during that period and expressed as a percentage.

Net burn rate = total number of shares granted under all of our equity incentive plans during a period, minus the total number of shares returned to such plans through awards cancelled during that period, divided by the weighted average number of shares of common stock outstanding during that period and expressed as a percentage.

Overhang = total number of shares underlying options and awards outstanding plus shares available for issuance under all of our equity incentive plans at the end of a period divided by the weighted average number of shares of common stock outstanding during that period and expressed as a percentage.

Tax and Accounting Considerations

Section 162(m) of the Internal Revenue Code of 1986, as amended, places a limit of \$1 million on the amount of compensation that we may deduct as a business expense in any year with respect to certain of our most highly paid executive officers. While the Compensation Committee considers the deductibility of compensation as one factor in determining executive compensation, the Compensation Committee retains the discretion to award compensation that is not deductible as it believes that it is in the best interests of our stockholders to maintain flexibility in our approach to executive compensation in order to structure a program that we consider to be the most effective in attracting, motivating and retaining key executives.

Accounting considerations also play a role in the design of our executive compensation program. Accounting rules require us to expense the grant date fair values of our equity awards (that is, the value of our equity awards based on U.S. GAAP), which reduces the amount of our reported profits under U.S. GAAP. Because of this stock-based expensing and the impact of dilution to our stockholders, we closely monitor the number, share amounts and the fair values of the equity awards that are granted each year.

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee during FY21 were Susan P. Barsamian, Nora Denzel and Peter Feld. None of the members of the Compensation Committee in FY21 were at any time during FY21 or at any other time an officer or employee of NortonLifeLock or any of its subsidiaries, and none had or have any relationships with NortonLifeLock that are required to be disclosed under Item 404 of Regulation S-K. None of NortonLifeLock's executive officers has served as a member of the board of directors, or as a member of the compensation or similar committee, of any entity that has one or more executive officers who served on our Board or Compensation Committee during FY21.

Compensation Committee Report

The information contained in the following report is not considered to be “soliciting material,” “filed” or incorporated by reference in any past or future filing by NortonLifeLock under the Exchange Act or the Securities Act of 1933 unless and only to the extent that NortonLifeLock specifically incorporates it by reference.

The Compensation Committee has reviewed and discussed with management the CD&A contained in this proxy statement. Based on this review and discussion, the Compensation Committee has recommended to the Board that the CD&A be included in this proxy statement and our Annual Report on Form 10-K for the fiscal year ended April 2, 2021.

By: The Compensation and Leadership Development Committee of the Board:
Peter A. Feld (Chair)
Susan P. Barsamian
Nora M. Denzel

Summary of Compensation

The following table shows for the fiscal year ended April 2, 2021, compensation awarded to or earned by our current CEO, CFO, Chief Legal Officer and Secretary and our former CFO and former President.

Summary Compensation Table for Fiscal 2021

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$) ⁽²⁾	All Other Compensation (\$) ⁽³⁾	Total (\$)
Vincent Pilette	2021	753,974	1,300,000 ⁽⁴⁾	10,278,897	1,485,000	11,703	13,829,574
<i>Chief Executive Officer & President</i>	2020	568,750	—	19,446,262	552,500	28,979	20,596,491
Natalie M. Derse	2021	339,946	—	5,393,552	570,000	8,534	6,312,032
<i>Chief Financial Officer</i>							
Bryan S. Ko	2021	472,615	—	3,023,197	576,000	16,553	4,088,365
<i>Chief Legal Officer, Secretary and Head of Corporate Affairs</i>	2020	123,333	1,000,000	4,490,760	82,938	4,241	5,701,272
Matthew C. Brown	2021	199,375	200,000 ⁽⁵⁾	746,817 ⁽⁶⁾	59,019	222,500	1,427,711
<i>Former Interim Chief Financial Officer</i>	2020	330,000	—	565,907	112,200	189,617	1,197,724
Samir Kapuria	2021	332,292	—	2,470,008	245,913	1,129,573	4,177,786
<i>Former President</i>	2020	516,667	—	5,685,892	439,167	90,643	6,732,369
	2019	443,864	—	10,311,650	—	220,667	10,976,180

⁽¹⁾ The amounts shown in this column reflect the aggregate grant date fair value of RSUs and PRUs and the incremental fair value as of the modification dates for certain awards that were modified in fiscal year 2020 or fiscal year 2021, calculated, in each case, in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718. The grant date fair value of each award was determined based on the fair value of our common stock on the grant date except that the fair value of each PRU that contains a market condition was estimated using the Monte Carlo simulation model. For a discussion of the valuation methodology and the metrics used for the FY21 PRUs and RSUs, see "Equity Incentive Awards" under "Analysis of Compensation Components" in the Compensation Discussion and Analysis Section, above. For details of the awards granted in FY21, see the table "Grants of Plan-Based Awards," below. See "Previously Granted Long Term Incentive Award Pay Outcomes" for descriptions of the FY20 equity awards.

The table below sets forth the grant date fair value determined in accordance with ASC Topic 718 principles for the performance-related components of these awards. Also set forth below are the grant date fair values pertaining to the market-related component or the TSR adjustment, determined upon the grant dates for FY21, and which are not subject to probable or maximum outcome assumptions. Additional details of assumptions used in the valuations of the awards are included in Note 15 of our FY21 Annual Report on Form 10-K.

Name	Maximum Outcome of Performance Conditions Fair Value (\$)	Market-Related Component Fair Value (\$)
Vincent Pilette	5,078,369	4,354,139
Natalie Derse	2,389,976	1,808,588
Bryan Ko	1,493,633	1,280,625

The table below sets forth the incremental fair value of Mr. Kapuria's RSU and PRU awards modified under the terms of the Kapuria Severance Agreement as of the modification date of May 28, 2020, as determined in accordance with ASC Topic 718 principles. Such awards are not subject

to probable or maximum outcome assumptions. Additional details are included in “Severance and Change of Control Benefits — Severance Arrangement with our Former President”. No new stock awards were granted to Mr. Kapuria in FY21.

Grant Date	Award Type	Modified Stock Units (#)	Fair Value Per Share on Modification Date (\$)	Incremental Fair Value on Modification Date (\$)
6/9/2017	PRU	2,135	29.13	(1,247)
6/9/2017	RSU	2,135	29.13	(1,247)
7/10/2018	PRU	19,853	29.38	158,228
7/10/2018	RSU	19,854	29.38	158,236
7/10/2018	PRU	71,472	25.08	262,302
7/10/2018	RSU	71,473	25.55	295,898
6/10/2019	PRU	36,824	24.56	197,033
6/10/2019	RSU	36,823	24.56	197,052
6/10/2019	PRU	42,960	24.34	119,858
6/10/2019	RSU	42,961	24.34	119,861
6/10/2019	PRU	42,961	39.38	482,027
6/10/2019	RSU	42,960	39.38	482,007

(2) For FY21, represents the named executive officer’s annual bonus under the FY21 Executive Annual Incentive Plan, which was earned in FY21 and paid on the earlier of the executive’s termination date, if applicable, or in FY22.

(3) The FY21 amounts are comprised of the following:

	Contribution Plans 401(k) and HSA (\$)	Tax Planning Services (\$)	Patent Award (\$)	Severance (\$)	Total (\$)
Vincent Pilette	8,903	2,800	—	—	11,703
Natalie M. Derse	8,534	—	—	—	8,534
Bryan S. Ko	8,253	8,300	—	—	16,553
Matthew C. Brown	3,113	—	—	219,387	222,500
Samir Kapuria	1,188	11,535	1,850	1,115,000	1,129,573

(4) Bonus paid pursuant to the Broadcom Retention Plan.

(5) Bonus paid in connection with Mr. Brown’s service as interim CFO in FY21.

(6) Mr. Brown’s RSUs were cancelled for no consideration upon his departure from NortonLifeLock on November 6, 2020.

The following table shows for FY21, certain information regarding grants of plan-based awards to our named executive officers from our incentive plans:

Grants of Plan-Based Awards in Fiscal 2021

Name	Grant Date ⁽¹⁾	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ⁽²⁾			Estimated Future Payouts Under Equity Incentive Plan Awards ⁽³⁾			All Other Stock Awards: Number of Shares of Stock or Units ⁽⁴⁾	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards ⁽⁵⁾
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Vincent Pilette											
EAIP-Cash		—	990,000	2,970,000	—	—	—	—	—	—	—
PRU TSR	7/10/20	—	—	—	—	125,083	250,166	—	—	—	4,354,139
PRU CAGR	7/10/20	—	—	—	—	125,083	250,166	—	—	—	2,539,185
RSU	7/10/20	—	—	—	—	—	—	166,777	—	—	3,385,573
Natalie M. Derse											
EAIP-Cash		—	380,000	1,140,000	—	—	—	—	—	—	—
PRU TSR	8/10/20	—	—	—	—	51,956	103,912	—	—	—	1,808,588
PRU CAGR	8/10/20	—	—	—	—	51,956	103,912	—	—	—	1,194,988
RSU	8/10/20	—	—	—	—	—	—	103,912	—	—	2,389,976
Bryan S. Ko											
EAIP-Cash		—	384,000	1,152,000	—	—	—	—	—	—	—
PRU TSR	7/10/20	—	—	—	—	36,789	73,578	—	—	—	1,280,625
PRU CAGR	7/10/20	—	—	—	—	36,789	73,578	—	—	—	746,817
RSU	7/10/20	—	—	—	—	—	—	49,052	—	—	995,756
Matthew C. Brown											
EAIP-Cash		—	132,000	396,000	—	—	—	—	—	—	—
RSU	7/10/20	—	—	—	—	—	—	36,789	—	—	746,817
Samir Kapuria											
EAIP-Cash		—	550,000	1,650,000	—	—	—	—	—	—	—
Modified RSU/PRU	5/28/20	—	—	—	—	—	—	432,411	—	—	2,470,008

- (1) The dates in this column reflect the grant dates of stock awards or in the case of Mr. Kapuria, the modification date of his stock awards.
- (2) The amounts shown represent potential cash bonus eligible to be earned under the FY21 Executive Annual Incentive Plan (“FY21 EAIP”). Amounts are calculated at 0%, 100% and 200% of each executive’s individual target incentive opportunity (as a percentage of base salary) for threshold, target and maximum, respectively. For more information on the FY21 EAIP, see “Compensation Discussion and Analysis — Executive Annual Incentive Plan”.
- (3) The amounts shown in the “PRU” rows represent the PRUs granted in FY21 under our 2013 Equity Incentive Plan for the company performance portion of the FY21 PRUs. Amounts shown in the “Threshold” column represent 0% of the target number of shares, which represents the threshold performance of one of the two primary performance metrics. Awards are capped at the maximum of 200% of the target number of shares. For more information on the FY21 PRUs, see “Compensation Discussion and Analysis — Equity Incentive Awards.”
- (4) The amounts shown represent service-based RSUs granted in FY21 under the 2013 Equity Incentive Plan. These RSUs become fully vested over three years, with 33 1/3% vesting on the first, second and third anniversaries of the date of grant with the exception of Ms. Derse’s grant which vests 50% on the first anniversary and 25% on the second and third anniversaries and Mr. Kapuria’s modified RSU and PRU awards, which vested pursuant to his severance agreement. See “Compensation Discussion and Analysis — Equity Incentive Awards” and “Potential Payments Upon Termination or Change-in-Control” for more information.
- (5) Represents the grant date fair value of RSU and PRU awards and in the case of Mr. Kapuria, the incremental fair value of his RSU and PRU awards as of the modification date of May 28, 2020, in each case, determined in accordance with FASB ASC Topic 718. No new stock awards were granted to Mr. Kapuria in FY21. The grant date fair value was calculated by multiplying the closing price of the underlying common stock on the date of grant by the number of stock awards granted. For the FY21 PRUs, the grant date fair value assumes the probable outcome of the performance conditions applicable thereto. The incremental fair value of Mr. Kapuria’s modified RSU and PRU awards as of the modification date was calculated by multiplying the number of modified stock units by the incremental fair value of the applicable stock award as of the modification date.

The assumptions used in calculating the grant date fair value of the stock awards are incorporated herein by reference to Note 15 to the consolidated financial statements contained in the 2021 Annual Report on Form 10-K.

For a summary of the terms of the FY21 Executive Annual Incentive Plan, see “Compensation Discussion & Analysis (CD&A) — Compensation Components — Executive Annual Incentive Plans,” above. For a summary of the circumstances in which the equity awards described above will accelerate, see “Compensation Discussion & Analysis (CD&A) — Benefits,” above, and “Potential Payments Upon Termination or Change-in-Control,” below.

The following table shows for FY21, certain information regarding outstanding equity awards at fiscal year end for our named executive officers.

Outstanding Equity Awards at Fiscal Year End 2021

Name	Grant Date	Option Awards					Stock Awards				
		Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive plan awards: number of securities underlying unexercised unearned options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ⁽¹⁾ (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Yet Vested (#)	Equity Incentive Plan Awards: Value of Unearned Shares, Units or Other Rights that Have Not Yet Vested ⁽¹⁾ (\$)	
Vincent Pilette	7/10/20						166,777 ⁽²⁾	3,572,363			
									125,083 ⁽³⁾	2,679,278	
										125,083 ⁽⁴⁾	2,679,278
Natalie M. Derse	8/10/20						103,912 ⁽⁵⁾	2,225,795			
									51,956 ⁽³⁾	1,112,898	
										51,956 ⁽⁴⁾	1,112,898
Bryan S. Ko	7/10/20						49,052 ⁽²⁾	1,050,694			
									36,789 ⁽³⁾	788,020	
	1/10/20						47,630 ⁽⁶⁾	1,020,235			
									36,789 ⁽⁴⁾	788,020	
									77,764 ⁽⁷⁾	1,665,704	

⁽¹⁾ Market value is calculated based on \$21.42 per share, the fair value of our common stock on April 2, 2021.

⁽²⁾ Vests over three years, with 33 1/3% vesting on the first, second and third anniversaries of the date of grant.

⁽³⁾ These FY21 PRUs have a three-year performance period from FY21 through FY23. These FY21 PRUs vest based on certain achievements of the performance of the TSR against Nasdaq composite. Earned portion vests at the end of FY23.

⁽⁴⁾ These FY21 PRUs have a two-year performance period from FY21 through FY23 with a catch-up period for FY23. These FY21 PRUs vest based on certain achievements of the performance of the CAGR for revenue. Earned portion vests at the end of FY23.

⁽⁵⁾ Becomes fully vested over three years, with 50% vesting on the first anniversary and 25% on the second and third anniversaries of June 1, 2020.

⁽⁶⁾ Becomes fully vested over three years, with 30% vesting on the first and second anniversaries and 40% on the third anniversary of December 1, 2019.

⁽⁷⁾ These FY20 PRUs have a three-year performance period beginning from FY20 through FY22. These FY20 PRUs vest based on certain achievements of the performance of the TSR against the S&P 500. Earned portion vests at the end of FY22.

The following table shows for FY21, certain information regarding option exercises and stock vested during the last fiscal year with respect to our named executive officers:

Option Exercises and Stock Vested in Fiscal 2021

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ⁽¹⁾ (\$)	Number of Shares Acquired on Vesting ⁽²⁾ (#)	Value Realized on Vesting (\$)
Vincent Pilette	—	—	995,950	19,873,376
Natalie M. Derse	—	—	51,956	1,449,053
Bryan S. Ko	—	—	36,601	823,612
Matthew C. Brown	15,000	311,014	64,644	1,294,182
Samir Kapuria	—	—	590,149	11,787,637

⁽¹⁾ The value realized upon option exercises is based on the difference between the closing price of our common stock at exercise and the option exercise price.

⁽²⁾ The number of shares and value realized for stock awards set forth above reflect RSUs and PRUs that vested and settled in fiscal 2021.

Non-Qualified Deferred Compensation in Fiscal 2021

The table below provides information on the non-qualified deferred compensation of the named executive officers for the fiscal year ended April 2, 2021.

Name	Non-Qualified Deferred Compensation				
	Executive Contributions in Last Fiscal Year (\$) ⁽¹⁾	Registrant Contributions in Last Fiscal Year (\$)	Aggregate Earnings in Last Fiscal Year (\$) ⁽²⁾	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at Last Fiscal Year-End (\$)
Vincent Pilette	—	—	—	—	—
Bryan Ko	94,523	—	13,126	—	107,650
Natalie Derse	—	—	—	—	—
Matthew C. Brown	—	—	—	—	—
Samir Kapuria	—	—	—	—	—

⁽¹⁾ The amount reflected includes FY21 salary contributions which is reported as “Salary” in the “Summary Compensation Table for FY21.

⁽²⁾ The amounts reflected are not included in the Summary Compensation Table for FY21. These amounts consist of dividends, interest and change in market value attributed to each executive officer’s entire account balance during FY21, which balance may include deferred compensation from previous periods. The amounts do not include the deferred compensation themselves.

In FY21, certain management employees on our U.S. payroll with a base salary of \$180,000 or greater, including each of the named executive officers, were eligible to participate in the NortonLifeLock Inc. Deferred Compensation Plan. The plan provides for the opportunity for participants to defer up to 75% of base salary and 100% of variable pay each year and up to 100% of sales commissions as a separate election. Variable pay included annual incentive plan and commission payments. Deferral elections must be made prior to the beginning of a calendar year and cannot be revoked as of the day immediately prior to commencement of that year. Participants have the opportunity to elect each year whether to receive that year’s deferrals upon a specified date or upon termination of employment, and the form of payment elected will be honored regardless of a participant’s length of service.

The plan is “unfunded” and all deferrals are general assets of NortonLifeLock. Amounts deferred by each participant under the plan are credited to a bookkeeping account maintained on behalf of each participant. The bookkeeping account under the plan will then be adjusted based on the performance of the measurement funds that have been selected by the participant. The measurement funds available under the plan include the investment funds available under our 401(k) plan as well as additional asset classes. Each participant may change their measurement fund selections on a daily basis. The plan requires that benefits accumulated in the bookkeeping accounts for each participant not meeting a 5-year service requirement be distributed to the participant following his or her termination of employment with us for any reason. If a 5-year service requirement is met, accumulated benefits in the participant’s account will be distributed according to the participant’s designated payment election.

Upon first entering the Deferred Compensation Plan, a participant has the option to make a one-time election, which will apply to all future account balances to determine how they will be paid in the event of a change in control. By making the one-time election a participant will receive all remaining account balances in a lump sum in the month following the month of termination, if termination occurs within two (2) years following a change in control. If a participant's employment ended before the change in control, any remaining balances will be distributed in a lump sum within 90 days of the change in control.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL

Set forth below is a description of the plans and agreements (other than the Deferred Compensation Plan) that could result in potential payouts to our named executive officers in the case of their termination of employment and/or a change in control of NortonLifeLock. For information regarding potential payouts upon termination under the Deferred Compensation Plan, in which certain of executive officers participate, see “Non-Qualified Deferred Compensation in Fiscal 2021” above.

NortonLifeLock Executive Retention Plan

In January 2001, the Board approved the NortonLifeLock Executive Retention Plan, to deal with employment termination resulting from a change in control of NortonLifeLock. The plan was modified by the Board in July 2002, April 2006, June 2007, April 2012, February 2016, January 2018 and January 2021. Under the terms of the plan, all equity compensation awards (including, among others, stock options, RSUs and PRUs) granted by NortonLifeLock to its Section 16(b) officers (including our named executive officers) would become fully vested (at target or to the extent of achievement for PRUs) and, if applicable, exercisable following a change in control of NortonLifeLock (as defined in the plan) after which the officer’s employment is terminated without cause or constructively terminated by the acquirer within 12 months after the change in control.

The plan also provides for the payment of a cash severance benefit for our named executive officers equal to one times such officer’s base salary and target payout under the Executive Annual Incentive Plan applicable to such named executive officer in the circumstances described above (i.e., following a change in control of NortonLifeLock after which the officer’s employment is terminated without cause or constructively terminated by the acquirer within 12 months after the change in control).

NortonLifeLock Executive Severance Plan

In April 2012, the Compensation Committee adopted the NortonLifeLock Executive Severance Plan to provide severance benefits to specified officers of NortonLifeLock. The plan was amended and restated by the Board in January 2021. Executive officers must meet certain criteria in order to participate in the plan, including, among other criteria, (i) the executive officer was involuntarily terminated from active employment other than for cause (as defined in the plan); (ii) the executive officer was not terminated due to the sale of a business, part of a business, divestiture or spin-off and offered employment upon terms and conditions substantially identical to those in effect immediately prior to such sale, divestiture or spin-off; and (iii) the executive officer is not entitled to severance under any other plan, fund, program, policy, arrangement or individualized written agreement providing for severance benefits that is sponsored or funded by NortonLifeLock.

Under the terms of the plan, the executive officer will receive severance payments equal to one times the sum of his or her base salary in effect at the time of his or her involuntary termination, COBRA premium for the duration of the severance pay (12 months), and is also entitled to receive six months of outplacement services, including counseling and guidance. The executive officer is solely responsible for all COBRA premiums for his or her continuation coverage. In addition, the executive officer will receive an additional payment equivalent to 75% of the executive officer’s prorated target cash incentive award under the Executive Annual Incentive Plan in effect for such fiscal year to the executive officer who was terminated in the second half of such fiscal year and was employed in good standing for a minimum of six (6) months prior to his or her termination date. This payment was added to standardize benefits to all our executive officers and to be competitive with overall market practices.

Payment of severance payments, one-time bonus payment, outplacement services and 75% of the prorated target cash incentive award under the Executive Annual Incentive Plan pursuant to the NortonLifeLock Executive Severance Plan is subject to the applicable executive officer returning a release of claims against NortonLifeLock.

Samir Kapuria Severance Arrangement

In December 2019, we entered into a severance benefit arrangement with our former President, Samir Kapuria. Pursuant to the agreement, Mr. Kapuria was entitled to receive (a) a cash payment equal to annual base salary, (b) a cash payment equal to Mr. Kapuria’s target bonus (increased pro rata for additional months worked more than 12 months following the Effective Date), and (c) vesting as to 50% of unvested equity, reduced by any equity that otherwise vested between

December 5, 2020 and Mr. Kapuria's termination date, and (d) between 75% and 150% acceleration of the additional 50% unvested equity if our average closing stock price reached predetermined levels based 50% on each of (y) a 20 consecutive business day measurement from August 20, 2019 through December 31, 2020 and (z) a 20 consecutive business day measurement from July 1, 2020 through December 31, 2020, subject in each case to the execution of a release of any claims against NortonLifeLock. On May 28, 2020, we entered into an amendment agreement to the special severance benefit arrangement with Mr. Kapuria, pursuant to which he was entitled to the severance benefits upon his termination, which occurred on November 6, 2020.

Broadcom Retention Plan

In anticipation of the sale of NortonLifeLock's Enterprise business to Broadcom in 2019, the Board, acknowledging that certain then-serving executive officers would be needed to assist in the post Broadcom transaction transition but would unlikely be retained as officers of the standalone pure-play consumer business, adopted the Broadcom Retention Plan in August 2019 (the "Broadcom Retention Plan"). Pursuant to the Broadcom Retention Plan, if an eligible executive was employed with NortonLifeLock through the closing of the transaction with Broadcom and was employed (i) through a transition period, or (ii) was terminated by us without cause prior to the end of the transition period, such executive was entitled to receive: (a) a cash payment equal to such executive's annual base salary, (b) a cash payment equal to such executive's target bonus under the FY20 EAIP, (c) vesting as to 50% of such executive's unvested equity as of the Broadcom transaction closing (to vest at such executive's termination no later than December 31, 2020), and (d) between 75% and 150% acceleration of the additional 50% unvested equity if our average closing stock price reaches predetermined levels based 50% on each of (y) a 20 consecutive business day measurement from August 20, 2019 through December 31, 2020 and (z) a 20 consecutive business day measurement from July 1, 2020 through December 31, 2020, subject in each case to the execution of a release of any claims against NortonLifeLock. Mr. Brown was subject to this plan upon his termination in November 2020.

Vincent Pilette

The following table summarizes the value of the payouts to Mr. Pilette pursuant to the NortonLifeLock Executive Retention Plan and the NortonLifeLock Executive Severance Plan, assuming a qualifying termination as of April 1, 2021 (intrinsic values of equity awards are based upon the closing price for a share of our common stock of \$21.42 on April 1, 2021 minus the exercise price):

	Severance Pay (\$)	Option Vesting (\$)	RSU Vesting (\$)	PRU Vesting (\$)
Involuntary Termination Upon Termination Without Cause	1,571,336	—	—	—
Change of Control Involuntary Termination Without Cause or Constructive Termination Within 12 Months	1,815,000	—	3,572,363	5,358,556
Termination Due to Death or Disability	—	—	3,572,363	5,358,556

Natalie Derse

The following table summarizes the value of the payouts to Ms. Derse pursuant to the NortonLifeLock Executive Retention Plan and the NortonLifeLock Executive Severance Plan, assuming a qualifying termination as of April 1, 2021 (intrinsic values of equity awards are based upon the closing price for a share of our common stock of \$21.42 on April 1, 2021 minus the exercise price):

	Severance Pay (\$)	Option Vesting (\$)	RSU Vesting (\$)	PRU Vesting (\$)
Involuntary Termination Upon Termination Without Cause	763,836	—	—	—
Change of Control Involuntary Termination Without Cause or Constructive Termination Within 12 Months	855,000	—	2,225,795	2,225,795
Termination Due to Death or Disability	—	—	2,225,795	2,225,795

Bryan Ko

The following table summarizes the value of the payouts to Mr. Ko pursuant to the NortonLifeLock Executive Retention Plan and the NortonLifeLock Executive Severance Plan, assuming a qualifying termination as of April 1, 2021 (intrinsic values of equity awards are based upon the closing price for a share of our common stock of \$21.42 on April 1, 2021 minus the exercise price):

	Severance Pay (\$)	Option Vesting (\$)	RSU Vesting (\$)	PRU Vesting (\$)
Involuntary Termination Upon Termination Without Cause	771,836	—	—	—
Change of Control Involuntary Termination Without Cause or Constructive Termination Within 12 Months	864,000	—	2,642,488	4,174,914
Termination Due to Death or Disability	—	—	2,642,488	4,174,914

Former Officers:

Samir Kapuria

The following table summarizes the value of payments to Mr. Kapuria pursuant to his severance agreement.

	Severance Pay (\$)	Option Vesting (\$)	RSU Vesting (\$)	PRU Vesting (\$)
Involuntary Termination	1,360,913	—	4,813,243	7,036,385

Matthew Brown

The following table summarizes the value of payments to Mr. Brown pursuant to the NortonLifeLock Executive Retention Plan, the NortonLifeLock Executive Severance Plan and the Broadcom Retention Plan.

	Severance Pay (\$)	COBRA Premiums (\$)	Option Vesting (\$)	RSU Vesting (\$)	PRU Vesting (\$)
Involuntary Termination	278,406	18,694	—	943,812	—

CEO Pay Ratio

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, we are providing the ratio of the annual total compensation of Mr. Pilette, our CEO, to the median of the annual total compensation of our employees, and have annualized his base salary as required under Item 402(u) of Regulation S-K. We believe that the pay ratio disclosed below is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K. SEC rules for identifying the median employee and calculating the pay ratio allow companies to apply various methodologies and apply various assumptions and, as result, the pay ratio reported by us may not be comparable to the pay ratio reported by other companies.

As of the end of FY21 April 2, 2021, we employed 2,434 employees globally, with approximately 50% based in the United States and 50% based outside of the United States. This total number of employees excludes 465 individuals who became our employees as a result of our acquisition of Avira in November 2020 in accordance with an exemption under the pay ratio rule for acquisitions completed in the relevant fiscal year. Our compensation programs and reward offerings are designed to reflect local market practices across our global operations.

Pay Ratio:

- Mr. Pilette's FY21 annual total compensation was \$13,829,574, which was calculated in the same manner as the amounts reported in the "Total" column of the "2021 Summary Compensation Table" in this proxy statement, except that Mr. Pilette's base salary was annualized.
- The FY21 annual total compensation of our median employee (other than our CEO) was \$99,784.
- Based on this information, the pay ratio of the annual total compensation of our CEO to the median of the annual total compensation of our employees is 138.6 to 1.

Identification of the Median Employee:

For purposes of identifying our median employee, we used our global employee population as of April 2, 2021, identified based on our global human resources system of record, inclusive of all regular employees employed by NortonLifeLock as of that date. We used total direct compensation as our consistently applied compensation measure. In this context, total direct compensation is the sum of the value of base salary or wages earned, which has been annualized with respect to permanent employees, the annual incentive target amount or annual commission target amount in effect as of April 2, 2021, and the grant date fair value of all equity awards granted during FY21 excluding the value of any modifications. Cash compensation figures were converted from local currency to U.S. dollars using the exchange rate NortonLifeLock used for FY21 internal budgeting purposes. We did not make any cost-of-living adjustments or utilize the de minimis exemption to eliminate countries representing no more than 5% of our global population in the aggregate as allowed by SEC rules.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Related-Person Transactions Policy and Procedure

NortonLifeLock has adopted a written related person transactions policy which provides for NortonLifeLock's policies and procedures regarding the identification, review, consideration and approval or ratification of "related person transactions." The Nominating and Governance Committee reviews transactions that may be "related person transactions," which are transactions between NortonLifeLock and any related persons in which the aggregate amount involved exceeds or may be expected to exceed \$120,000, and in which the related person has or will have a direct or indirect material interest. For purposes of the policy, a related person is any NortonLifeLock executive officer, director, nominee for director, or stockholder holding more than 5% of any class of NortonLifeLock's voting securities, in each case, since the beginning of the previous fiscal year, and their immediate family members.

Under the policy, absent any facts or circumstances indicating special or unusual benefits to the related person, the following transactions are deemed not to be "related person transactions" (meaning the related person is deemed to not have a direct or indirect material interest in the transaction):

- compensation to executive officers determined by NortonLifeLock's Compensation Committee;
- any transaction with another company at which a related person is a director or an employee (other than an executive officer) if the aggregate amount involved does not exceed the greater of \$2,000,000, or 3% of that company's total annual gross revenues, provided that the transaction involves the purchase of either company's goods and services and the transaction is subject to usual trade terms and is in the ordinary course of business and the related person is not involved in the negotiation of the transaction;
- any compensation paid to a director if the compensation is required to be reported in NortonLifeLock's proxy statement;
- any transaction where the related person's interest arises solely from the ownership of NortonLifeLock's common stock and all holders of NortonLifeLock's common stock received the same benefit on a pro rata basis;
- any charitable contribution, grant or endowment by NortonLifeLock or the NortonLifeLock Foundation to a charitable organization, foundation or university at which a related person's only relationship is as a director or an employee (other than an executive officer), if the aggregate amount involved does not exceed \$120,000, or any non-discretionary matching contribution, grant or endowment made pursuant to a matching gift program;
- any transaction where the rates or charges involved are determined by competitive bids;
- any transaction involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority; or
- any transaction involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

Under the policy, members of NortonLifeLock's legal department review transactions involving related persons that do not fall into one of the above categories. If they determine that a related person could have a significant interest in a transaction, the transaction is referred to the Nominating and Governance Committee. In addition, transactions may be identified through NortonLifeLock's Code of Conduct or other NortonLifeLock policies and procedures, and reported to the Nominating and Governance Committee. The Nominating and Governance Committee determines whether the related person has a material interest in a transaction and may approve, ratify or rescind the transaction.

Certain Related Party Transactions

Transactions with Silver Lake

On May 13, 2021, we entered into a Convertible Notes Purchase Agreement with affiliates of Silver Lake Partners ("Silver Lake"), pursuant to which NortonLifeLock agreed to repurchase \$250,000,000 in aggregate principal amount of 2.50% convertible unsecured senior notes due 2022. These notes are convertible into common stock of NortonLifeLock at a rate of 59.6341 shares for each \$1,000 principal amount of notes, representing a conversion price of approximately \$16.77 per share. Under the terms of the Agreement, NortonLifeLock paid Silver Lake an aggregate of \$365 million, representing

\$24.40 per underlying share into which the notes are convertible, accrued and unpaid interest through the date of settlement, and a portion of the cash dividend that was declared by NortonLifeLock on May 10, 2021.

Transactions with Starboard Value LP

In September 2018, NortonLifeLock entered into an agreement with Starboard Value LP and certain of its affiliates regarding, among other things, the membership and composition of the Board and committees thereof.

REPORT OF THE AUDIT COMMITTEE

The information contained in the following report of NortonLifeLock's Audit Committee is not considered to be "soliciting material," "filed" or incorporated by reference in any past or future filing by NortonLifeLock under the Exchange Act or the Securities Act of 1933 unless and only to the extent that NortonLifeLock specifically incorporates it by reference.

The Audit Committee is comprised solely of independent directors, as defined by current Nasdaq listing standards, and operates under a written charter, which was most recently amended by the Board on March 22, 2021. The Audit Committee oversees NortonLifeLock's financial reporting process on behalf of the Board. Management has primary responsibility for the financial statements and the reporting process, including the systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements that were included in NortonLifeLock's Annual Report on Form 10-K for the fiscal year ended April 2, 2021 with management, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements.

The Audit Committee reviewed with NortonLifeLock's independent registered public accounting firm, which is responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, its judgments as to the quality, not just the acceptability, of NortonLifeLock's accounting principles and discussed with the independent registered public accounting firm the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board ("PCAOB") and the SEC. In addition, the Audit Committee has received and reviewed the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the registered public accounting firm's communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm the registered public accounting firm's independence.

The Audit Committee discussed with NortonLifeLock's internal accountants and independent registered public accounting firm the overall scope and plans for their respective audits. The Audit Committee met with the internal accountants and independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of NortonLifeLock's internal controls, and the overall quality of NortonLifeLock's financial reporting. The Audit Committee also received the report of management contained in NortonLifeLock's Annual Report on Form 10-K for the fiscal year ended April 2, 2021, as well as KPMG's Report of Independent Registered Public Accounting Firm included in NortonLifeLock's Annual Report on Form 10-K related to its audit of (i) the consolidated financial statements and financial statement schedule and (ii) the effectiveness of internal control over financial reporting. The Audit Committee continues to oversee NortonLifeLock's efforts related to its internal control over financial reporting and management's preparations for the evaluation in fiscal 2022.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board (and the Board has approved) that the audited financial statements be included in NortonLifeLock's Annual Report on Form 10-K for the fiscal year ended April 2, 2021 for filing with the SEC.

By: The Audit Committee of the Board of Directors:

Eric K. Brandt (Chair)
Frank E. Dangeard
Nora M. Denzel
Emily Heath

**NORTONLIFELOCK INC.
2021 ANNUAL MEETING OF STOCKHOLDERS
MEETING INFORMATION**

INFORMATION ABOUT SOLICITATION AND VOTING

This proxy is solicited on behalf of the Board for use at the Annual Meeting, which will be conducted via live webcast on September 14, 2021, at 9:00 a.m. (Pacific Time), and any adjournment or postponement thereof. We will provide a re-playable webcast of the Annual Meeting, which will be available on the events section of our investor relations website at investor.nortonlifelock.com.

ABOUT THE ANNUAL MEETING

What is the purpose of the Annual Meeting?

At our Annual Meeting, stockholders will act upon the proposals described in this proxy statement. In addition, following the meeting, management will report on the performance of NortonLifeLock and respond to questions from stockholders.

What proposals are scheduled to be voted on at the Annual Meeting?

Stockholders will be asked to vote on the following proposals:

1. Election to the Board of the nine nominees named in this proxy statement;
2. Ratification of the appointment of KPMG as our independent registered public accounting firm for the 2022 fiscal year;
3. An advisory vote to approve executive compensation; and
4. Stockholder proposal regarding independent board chairman.

If any other business properly comes before the meeting or any adjournment or postponement thereof, you will be voting on those items as well.

What is the recommendation of the Board on each of the proposals scheduled to be voted on at the Annual Meeting?

The Board recommends that you vote FOR each of the nominees to the Board (Proposal No. 1), FOR the ratification of the appointment of KPMG as our independent registered public accounting firm for the 2022 fiscal year (Proposal No. 2); FOR the approval of compensation to our named executive officers (Proposal No. 3); and AGAINST the stockholder proposal regarding independent board chairman (Proposal No. 4).

Could other matters be decided at the Annual Meeting?

Our Bylaws require that we receive advance notice of any proposal to be brought before the Annual Meeting by stockholders of NortonLifeLock, and we have not received notice of any such proposals. If any other matter were to come before the Annual Meeting, the proxy holders appointed by the Board will have the discretion to vote on those matters for you.

Who can vote at the Annual Meeting?

Stockholders as of the record date for the Annual Meeting, July 19, 2021, are entitled to vote at the Annual Meeting. At the close of business on the record date, there were 581,268,447 shares of NortonLifeLock common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter properly brought before the meeting.

Stockholder of Record: Shares Registered in Your Name

If on July 19, 2021 your shares were registered directly in your name with our transfer agent, Computershare Investor Services, then you are considered the stockholder of record with respect to those shares. As a stockholder of record, you

may vote at the Annual Meeting or vote by proxy. Whether or not you plan to virtually attend the Annual Meeting, we urge you to vote over the internet or by telephone, or if you received paper proxy materials by mail, by filling out and returning the proxy card.

For questions regarding your stock ownership, you may contact our transfer agent, Computershare Investor Services, by email through their website at www.computershare.com/contactus or by phone at (877) 282-1168 (within the U.S. and Canada) or (781) 575-2879 (outside the U.S. and Canada).

Beneficial Owner: Shares Registered in the Name of a Broker or Nominee

If on July 19, 2021 your shares were held in an account with a brokerage firm, bank or other nominee, then you are the beneficial owner of the shares held in street name. As a beneficial owner, you have the right to direct your nominee on how to vote the shares held in your account, and it has enclosed or provided voting instructions for you to use in directing it on how to vote your shares. However, the organization that holds your shares is considered the stockholder of record for purposes of voting at the Annual Meeting. Because you are not the stockholder of record, you may not vote your shares at the Annual Meeting unless you request and obtain a valid proxy from the organization that holds your shares giving you the right to vote the shares at the Annual Meeting.

How do I vote?

If you are a stockholder of record, you may:

- vote at the virtual annual meeting — to participate in and vote at the virtual annual meeting, you will need the 16-digit control number included on your proxy card or on the instructions that accompanied your proxy materials;
- vote via the internet or via telephone — instructions are shown on your Notice of Internet Availability or proxy card; or
- vote by mail — if you received a paper proxy card and voting instructions by mail, simply complete, sign and date the enclosed proxy card and return it before the Annual Meeting in the envelope provided.

Votes submitted via the internet or by telephone must be received by 11:59 p.m., Eastern Time, on September 13, 2021. Submitting your proxy, whether via the internet, by telephone or by mail if you received a paper proxy card, will not affect your right to vote at the Annual Meeting should you decide to virtually attend the meeting.

If you are not the stockholder of record, please refer to the voting instructions provided by your nominee to direct it how to vote your shares.

Your vote is important. Whether or not you plan to virtually attend the Annual Meeting, we urge you to vote by proxy to ensure that your vote is counted. You may still virtually attend the Annual Meeting if you have already voted by proxy.

What is the quorum requirement for the Annual Meeting?

A majority of our outstanding shares as of the record date must be present at the Annual Meeting in order to hold the meeting and conduct business. This presence is called a quorum. Your shares are counted as present at the Annual Meeting if you virtually attend and vote at the Annual Meeting or if you have properly submitted a proxy.

How are abstentions and broker non-votes treated?

Abstentions (shares present at the meeting and voted “abstain”) are counted for purposes of determining whether a quorum is present, and have no effect on the election of directors. For the purpose of determining whether the stockholders have approved all other matters, abstentions have the same effect as an “against” vote.

Broker non-votes occur when shares held by a broker for a beneficial owner are not voted either because (i) the broker did not receive voting instructions from the beneficial owner, or (ii) the broker lacked discretionary authority to vote the shares. Broker non-votes are counted for purposes of determining whether a quorum is present, and have no effect on the matters voted upon. If you are a beneficial holder and do not provide specific voting instructions to your broker, the broker that holds your shares will not be authorized to vote your shares on any of the proposals, except for Proposal No. 2, ratification of the appointment of KPMG as our independent public accounting firm for the 2022 fiscal year. Accordingly, we encourage you to provide voting instructions to your broker, whether or not you plan to virtually attend the Annual Meeting.

What is the vote required for each proposal?

The votes required to approve each proposal are as follows:

- *Proposal No. 1.* Each director must be elected by a majority of the votes cast, meaning the votes “FOR” a director must exceed the number of votes “AGAINST” a director.
- *Proposal Nos. 2, 3, and 4.* Approval of each of Proposals Nos. 2, 3, and 4 requires the affirmative “FOR” vote of a majority of the shares entitled to vote on these proposals at the Annual Meeting and virtually attending the Annual Meeting or represented by proxy.

What if I return a proxy card but do not make specific choices?

All proxies will be voted in accordance with the instructions specified on the proxy card. If you vote over the internet or by telephone, please follow the instructions included on the Notice of Internet Availability, proxy card or proxy materials on how to vote over the internet or by telephone. If you sign a physical proxy card and return it without instructions as to how your shares should be voted on a particular proposal at the Annual Meeting, your shares will be voted in accordance with the recommendations of our Board stated above.

If you do not vote and you hold your shares in street name, and your broker does not have discretionary power to vote your shares, your shares may constitute “broker non-votes” (as described above) and will not be counted in determining the number of shares necessary for approval of the proposals. However, shares that constitute broker non-votes will be counted for the purpose of establishing a quorum for the Annual Meeting. Voting results will be tabulated and certified by the inspector of elections appointed for the Annual Meeting.

Who is paying for this proxy solicitation?

NortonLifeLock is paying the costs of the solicitation of proxies. We have retained D.F. King & Co., Inc. to help us solicit proxies from brokers, bank nominees and other institutions for a fee of \$10,000, plus reasonable out-of-pocket expenses. We will also reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owners. In addition, our directors, officers, and other employees, without additional compensation, may solicit proxies personally or in writing, by telephone, e-mail, or otherwise. If you choose to access the proxy materials and/or vote over the internet, you are responsible for any internet access charges you may incur.

What does it mean if I receive more than one proxy card or Notice of Internet Availability?

If you receive more than one proxy card or Notice of Internet Availability, your shares are registered in more than one name or are registered in different accounts. To make certain all of your shares are voted, please follow the instructions included on your proxy card or Notice of Internet Availability on how to access each proxy card and vote each proxy card over the internet or by telephone. If you received paper proxy materials by mail, you can also complete, sign and return each proxy card to ensure that all of your shares are voted.

How can I change my vote after submitting my proxy?

You may change your vote or revoke your proxy at any time before your proxy is voted at the Annual Meeting. If you are a stockholder of record, you may change your vote or revoke your proxy by:

- delivering to the Corporate Secretary of NortonLifeLock (by any means, including facsimile) a written notice stating that the proxy is revoked;
- signing and delivering a proxy bearing a later date;
- voting again over the internet or by telephone; or
- virtually attending and voting at the Annual Meeting (although attendance at the meeting will not, by itself, revoke a proxy).

Please note, however, that if you are a beneficial owner and you wish to change or revoke your proxy, you may change your vote by submitting new voting instructions to your broker, bank or other nominee or, if you have obtained a legal proxy

from your broker, bank or other nominee giving you the right to vote your shares at the Annual Meeting, by virtually attending and voting at the Annual Meeting.

How can I attend the Annual Meeting and submit questions?

To attend the Annual Meeting and submit your questions prior to or during the Annual Meeting, please visit www.virtualshareholdermeeting.com/NLOK2021. To participate in the Annual Meeting or to submit questions in advance of the meeting, you will need the 16-digit control number included with your proxy materials, on your proxy card, Notice of Internet Availability or on the instructions that accompanied your proxy materials.

What if during the check-in time or during the meeting I have technical difficulties or trouble accessing the virtual meeting website?

We will have technicians ready to assist you with any technical difficulties you may have accessing the virtual meeting. If you encounter any difficulties accessing the virtual meeting during the check-in or meeting time, please call the customer support numbers which will be shown on the virtual shareholder meeting site approximately 30 minutes before the start of the Annual Meeting.

Why are you not holding the Annual Meeting in a physical location?

We are excited to embrace the latest technology to provide expanded access, improved communication and cost savings for our stockholders. Hosting a virtual meeting will enable increased stockholder attendance and participation since stockholders can participate from any location around the world. In addition, we believe the online format allows us to communicate effectively with you via a pre-meeting forum that you can enter by visiting www.virtualshareholdermeeting.com/NLOK2021.

How can I get electronic access to the proxy materials?

The proxy materials will provide you with instructions regarding how to:

- view our proxy materials for the Annual Meeting over the internet; and
- instruct us to send our future proxy materials to you electronically by email.

Choosing to receive your future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the impact of our annual meetings of stockholders on the environment. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

Where can I find the voting results?

The preliminary voting results will be announced at the Annual Meeting and posted on our website at investor.nortonlifelock.com. The final results will be tallied by the inspector of elections and filed with the U.S. Securities and Exchange Commission in a current report on Form 8-K within four business days of the Annual Meeting.

ADDITIONAL INFORMATION

Stockholder Proposals for the 2022 Annual Meeting

Requirements for Stockholder Proposals to be Brought Before an Annual Meeting. NortonLifeLock's Bylaws provide that, for stockholder nominations to the Board or other proposals to be considered at an annual meeting, the stockholder must give timely notice thereof in writing to the Corporate Secretary at NortonLifeLock Inc., 60 E. Rio Salado Parkway, Suite 1000, Tempe, Arizona 85281, Attn: Corporate Secretary.

To be timely for the 2022 Annual Meeting of Stockholders, a stockholder's notice must be delivered to or mailed and received by our Corporate Secretary at our principal executive offices between May 17, 2022 and June 16, 2022 (or, if the 2022 annual meeting is called for a date that is more than 30 calendar days before or more than 60 calendar days after the anniversary of the date of the 2021 Annual Meeting, then by no later than 10 calendar days after our public announcement

of the date of the 2022 annual meeting). A stockholder's notice to the Corporate Secretary must set forth as to each matter the stockholder proposes to bring before the annual meeting the information required by NortonLifeLock's Bylaws.

Requirements for Stockholder Proposals to be Considered for Inclusion in Our Proxy Materials. Stockholder proposals submitted pursuant to Rule 14a-8 under the Exchange Act and intended to be presented at NortonLifeLock's 2022 annual meeting must be received by us not later than March 30, 2022 in order to be considered for inclusion in NortonLifeLock's proxy materials for that meeting.

Available Information

NortonLifeLock will mail without charge, upon written request, a copy of NortonLifeLock's Annual Report on Form 10-K for fiscal year 2021, including the financial statements, schedule and list of exhibits, and any exhibit specifically requested. Requests should be sent to:

**NortonLifeLock Inc.
60 E. Rio Salado Parkway, Suite 1000
Tempe, Arizona 85281
Attn: Investor Relations**

The Annual Report is also available at investor.nortonlifelock.com.

"Householding" — Stockholders Sharing the Same Last Name and Address

The SEC has adopted rules that permit companies and intermediaries (such as brokers) to implement a delivery procedure called "householding." Under this procedure, multiple stockholders who reside at the same address may receive a single copy of our annual report and proxy materials, unless the affected stockholder has provided contrary instructions. This procedure reduces printing costs and postage fees, and helps protect the environment as well.

This year, a number of brokers with account holders who are NortonLifeLock stockholders will be "householding" our annual report and proxy materials. A single set of annual report and other proxy materials will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that it will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. Stockholders may revoke their consent at any time by contacting Broadridge ICS, either by calling toll-free (800) 540-7095, or by writing to Broadridge ICS, Householding Department, 51 Mercedes Way, Edgewood, New York, 11717.

Upon written or oral request, NortonLifeLock will promptly deliver a separate copy of the annual report and other proxy materials to any stockholder at a shared address to which a single copy of any of those documents was delivered. To receive a separate copy of the annual report and other proxy materials, you may write or call NortonLifeLock's Investor Relations department at 60 E. Rio Salado Parkway, Suite 1000, Tempe, Arizona 85281, Attn: Investor Relations, telephone number (650) 527-8000.

Any stockholders who share the same address and currently receive multiple copies of NortonLifeLock's annual report and other proxy materials who wish to receive only one copy in the future can contact their bank, broker or other holder of record to request information about householding or NortonLifeLock's Investor Relations department at the address or telephone number listed above.

OTHER MATTERS

The Board does not presently intend to bring any other business before the meeting and, so far as is known to the Board, no matters are to be brought before the meeting except as specified in the notice of the meeting. As to any business that may arise and properly come before the meeting, however, it is intended that proxies, in the form enclosed, will be voted in respect thereof in accordance with the judgment of the persons voting such proxies.

NOTE ABOUT FORWARD-LOOKING STATEMENTS

In this proxy statement, NortonLifeLock has disclosed information which may be considered forward-looking within the meaning of the U.S. federal securities laws. Forward-looking statements may appear throughout this proxy statement. In

some cases, you can identify these forward-looking statements by the use of terms such as “believe,” “will,” “expect” “anticipate,” “estimate,” “intend,” “strategy,” “future,” “plan,” “may,” “should,” “would,” and “continue to,” or similar expressions, and variations or negatives of these words, but the absence of these words does not mean that a statement is not forward-looking. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including, but not limited to statements regarding our business strategy, governance practices and executive compensation program. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties that may cause actual results to differ materially. We describe risks and uncertainties that could cause actual results and events to differ materially in “Risk Factors,” “Quantitative and Qualitative Disclosures about Market Risk,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of our Forms 10-K and 10-Q. We undertake no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events, or otherwise.

INFORMATION REFERENCED IN THIS PROXY STATEMENT

The content of the websites referred to in this proxy statement are not incorporated by reference into this proxy statement.

ANNEX A

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND EXPLANATION OF KEY PERFORMANCE INDICATORS

This proxy statement contains references to non-GAAP operating margin, which is adjusted from results based on GAAP and exclude certain expenses, as well as references to certain key performance indicators. These measures are provided to enhance the user's understanding of our prospects for the future. Our management team uses these measures in assessing NortonLifeLock's performance, as well as in planning and forecasting future periods.

Reconciliation of GAAP to non-GAAP measures

Non-GAAP operating margin is not computed according to GAAP and the method we use to compute Non-GAAP operating margin may differ from the method used by other companies. Non-GAAP operating margin is 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.

	Year Ended	
	April 2, 2021	April 3, 2020
Net revenues (GAAP)	\$2,551	\$2,490
Contract liabilities fair value adjustment	5	—
Revenue from ID Analytics	—	(46)
Net revenues (Non-GAAP)	\$2,556	\$2,444
Operating income	\$ 869	\$ 355
Contract liabilities fair value adjustment	5	—
Stock-based compensation	71	119
Amortization of intangible assets	105	109
Restructuring and other costs	161	266
Acquisition and integration costs	4	—
Litigation settlement charges	29	20
Other	—	—
Operating income (Non-GAAP)	\$1,271	\$ 869
Operating margin	35%	14%
Non-GAAP adjustments	15 pts	21 pts
Operating margin (Non-GAAP)	50%	35%

Explanation of key performance indicators

Bookings: Bookings are defined as customer orders received that are expected to generate net revenues in the future. We present the operational metric of bookings because it reflects customers' demand for our products and services and to assist readers in analyzing our performance in future periods.

Direct customer count: Direct customers are defined as active paid users of our consumer solutions who have a direct billing relationship with us at the end of the reported period. Users with multiple products or entitlements are counted for based on which solutions they are subscribed. We exclude users on free trials and promotions and users who have indirectly purchased our product or services through partners unless such users convert or renew their subscription directly with us. Full Year Average Direct Customer Count is calculated as an average across the quarters.

Average revenues per user (ARPU): ARPU is calculated as estimated direct customer revenues for the period divided by the average direct customer count for the same period, expressed as a monthly figure. We monitor ARPU because it helps us understand the rate at which we are monetizing our consumer customer base.

Annual retention rate: Annual retention rate is defined as the number of direct customers who have more than a one-year tenure as of the end of the most recently completed fiscal period divided by the total number of direct customers as of the end of the period from one year ago. We monitor annual retention rate to evaluate the effectiveness of our strategies to improve renewals of subscriptions.

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended April 2, 2021

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition Period from

to

Commission File Number 000-17781

NortonLifeLock Inc.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

**60 E. Rio Salado Parkway,
Suite 1000, Tempe, Arizona**

(Address of principal executive offices)

77-0181864

*(I.R.S. Employer
Identification No.)*

85281

(Zip code)

Registrant's telephone number, including area code:
(650) 527-8000

Securities registered pursuant to Section 12(b) of the Act:

<i>Title of each class</i>	<i>Trading symbol(s)</i>	<i>Name of each exchange on which registered</i>
Common Stock, par value \$0.01 per share	NLOK	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:
None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

Aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the closing sale price of NortonLifeLock common stock on October 2, 2020 as reported on the Nasdaq Global Select Market: \$6,903,176,338. Solely for purposes of this disclosure, shares of common stock held by each executive officer, director, and holder of 5% or more of the outstanding common stock have been excluded as of such date because such persons may be deemed to be affiliates. This determination of possible affiliate status is not a conclusive determination for any other purposes.

The number of shares of NortonLifeLock common stock, \$0.01 par value per share, outstanding as of May 11, 2021 was 579,944,942 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for the 2021 annual meeting of stockholders are incorporated herein by reference into Part III of this Annual Report on Form 10-K where indicated. Such Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended April 2, 2021.

NORTONLIFELOCK INC.

FORM 10-K
For the Fiscal Year Ended April 2, 2021

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"NortonLifeLock," "we," "us," "our," and "the Company" refer to NortonLifeLock Inc. and all of its subsidiaries. NortonLifeLock, the NortonLifeLock Logo, the Checkmark Logo, Norton, LifeLock, and the LockMan Logo are trademarks or registered trademarks of NortonLifeLock Inc. or its affiliates in the United States (U.S.) and other countries. Other names may be trademarks of their respective owners.

FORWARD-LOOKING STATEMENTS AND FACTORS THAT MAY AFFECT FUTURE RESULTS

The discussion below contains forward-looking statements, which are subject to safe harbors under the Securities Act of 1933, as amended (the Securities Act) and the Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements include references to our ability to utilize our deferred tax assets, as well as statements including words such as “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “goal,” “intent,” “momentum,” “projects,” and similar expressions. In addition, projections of our future financial performance; anticipated growth and trends in our businesses and in our industries; the anticipated impacts of acquisitions, restructurings, stock repurchases, and investment activities; the outcome or impact of pending litigation, claims or disputes; our intent to pay quarterly cash dividends in the future; plans for and anticipated benefits of our solutions; matters arising out of the ongoing U.S. Securities and Exchange Commission (the SEC) investigation; the impact of the COVID-19 pandemic on our business operations and target markets; and other characterizations of future events or circumstances are forward-looking statements. These statements are only predictions, based on our current expectations about future events and may not prove to be accurate. We do not undertake any obligation to update these forward-looking statements to reflect events occurring or circumstances arising after the date of this report. These forward-looking statements involve risks and uncertainties, and our actual results, performance, or achievements could differ materially from those expressed or implied by the forward-looking statements on the basis of several factors.

These and other risks are described under Item 1A. *Risk Factors*. We encourage you to read that section carefully.

PART I

ITEM 1. *Business*

Vision & Mission

Our vision is to protect and empower people to live their digital lives safely.

Our mission is to build a comprehensive and easy-to-use integrated portfolio that prevents, detects, and responds to cyber threats and cyber crimes in today's digital world.

Our Values

Protecting people is what inspires us, and our people are at the core of what we do. We seek to attract talent that embraces the following values:

- **Advocate:** think consumer first — ensure the customer's voice is heard and consider how our actions benefit our customers' digital lives.
- **Be Empowered:** own it — take initiative to lead and speak up when we see an opportunity to delight our customers or improve the business, regardless of job title.
- **Communicate:** be open and authentic — being true to ourselves and our mission; we build cross-functional and inclusive connections to stay aligned and move faster, and we operate with integrity.
- **Execute — smart and scrappy:** be a leader, quick to adapt, willing to take risks and put yourself out there; be agile in adapting to meet new challenges and continue a constant learning journey.
- **Win Together:** innovate and grow — welcome diverse perspectives and seek and act on feedback; champion the unique value of every individual; diversity fuels innovation.

Company Overview

NortonLifeLock has the largest Consumer Cyber Safety platform in the world, empowering nearly 80 million users in more than 150 countries.

Our business is built around consumers, we are the trusted and number one top of mind brand in consumer Cyber Safety, according to the 2020 NortonLifeLock brand tracking study.

Today's world is increasingly digital, and this digital world has changed the way we live our lives every day. Between the massive shift to working and learning from home, and the ever-growing utility and opportunities to play and transact online, people's digital lives have become the norm. With each new digital interaction comes increased risk for consumers, as cyber criminals look to take advantage of this accelerating trend. This is why we view ourselves as a trusted ally for our customers in a complex digital world and are committed to advancing our mission of protecting each element of their digital lives.

We maintain a global, multi-channel direct acquisition and brand marketing program. This program is designed to grow our customer base by increasing brand awareness and understanding of our products and services, and maximizing our global reach to prospective customers.

We help prevent, detect and restore potential damages caused by many cyber criminals. We also make it easy for consumers to find, buy and use our products and services. To this end, we sell subscription-based Cyber Safety solutions primarily direct-to-consumer through our Norton and Avira websites, and indirectly through partner relationships with retailers, telecom service providers, hardware original equipment manufacturers (OEMs), and employee benefit providers. Most of our subscriptions are sold on either annual or monthly terms. As of April 2, 2021, we have nearly 80 million total users, which come from direct, indirect, and freemium channels. Of the total users, we have 23 million direct customers with whom we have a direct billing relationship, and we have 30 million free users.

- **Direct-to-consumer channel:** We use advertising and direct response marketing to elevate our brand, attract new customers, and generate significant demand for our services. We have a direct billing relationship with these customers.
- **Indirect partner distribution channels:** We use strategic and affiliate partner distribution channels to refer prospective customers to us and expand our reach to our partners' and affiliates' customer bases. We developed and implemented a global partner sales organization that targets new, as well as existing, partners to enhance our partner distribution channels. These channels include retailers, telecom service providers, hardware OEMs, and employee benefit providers. Physical retail and OEM partners represent a small portion of our distribution, which minimizes the impacts of supply chain disruptions.
- **Freemium channel:** With the acquisition of Avira, we have expanded our go-to-market with a freemium channel. We use free versions of our products to reach the broadest set of customers globally and bring Cyber Safety to a larger audience, especially in international markets. The free solution offers a baseline of protection and presents premium functionalities based on the risk profile and device-type of the user. The user can choose to add specific premium features or upgrade to our Norton 360 integrated platform, at which point, becoming a member of our paid customer base.

Seasonality

As is typical for many consumer technology companies, portions of our business are impacted by seasonality. However, we believe the net impact to our business is limited. Seasonal behavior in orders primarily reflects consumer spending patterns where our fiscal third and fourth quarters are higher due to the holidays in our third quarter, as well as follow-on holiday purchases and the U.S. tax filing season in our fourth quarter. Revenue generally reflects similar seasonal patterns but to a lesser extent than orders because of our subscription business model and because a large portion of our in-period revenues are recognized ratably from our deferred revenue balance.

Our Strategy

Our strategy is focused on profitable growth, allowing consumers to experience Cyber Safety. To fuel our growth, our consumer-centric strategy is to provide a comprehensive and easy-to-use integrated platform, which we have built in-house. By combining and leveraging our entire portfolio of Norton, LifeLock, and Avira offerings, we are able to deliver an industry-leading set of Cyber Safety solutions.

The key elements of our strategy include the following:

- **Extend our leadership position through continued enhancement of our solutions and services:** The Cyber Safety industry is large and expanding, which we believe provides a significant growth opportunity. Our strategy is to grow our business by investing in research and development and pursuing acquisitions, where appropriate, to expand the solutions and services we offer into new cohorts, territories and sectors. We believe there are many additional areas where we can both offer new solutions, as well as use our core capabilities and our integrated platform to reach new customers and markets globally.
- **Grow our customer base through multiple channels:** We have multiple go-to-market channels to reach new customers globally, including direct-to-customer, indirect partnerships, and freemium. We intend to leverage our expertise in digital marketing, as well as existing and new strategic partnerships, to grow our customer base. We believe that continued investments in these areas, as well as our product offerings and infrastructure, will allow us to further enhance our leading brands and superior products, increase awareness of our consumer services and enhance our ability to efficiently acquire new customers.
- **Continue our focus on customer retention:** We plan to invest in increasing customer retention by optimizing and expanding the value we provide to customers. We aim to continue to increase customer engagements through actionable alerts, education on timely topics, and introducing new product capabilities. We plan to also continue investing in enhancing both desktop

and mobile customer experiences throughout a customer's journey with NortonLifeLock, from purchase, to onboarding and beyond. We aim to build long-term relationships with our customers, and to provide our customers with the peace of mind and confidence they need to protect their digital lives.

- **Increase sales to existing customers:** We believe strong customer satisfaction will provide us with the opportunity to engage customers in new services offerings. We maintain the Norton 360 platform, with multiple tiers of membership, and we are actively engaging with customers of standalone products to move them into a Norton 360 membership. We also believe a substantial opportunity exists to increase the penetration of our premium-level consumer solutions. Over time, we plan to drive further growth as we add additional offerings and services for our customers.
- **Draw strength from our world-class customer service support:** We have the largest consumer Cyber Safety customer support organization in the world. Our global support team seeks to ensure the voice of the consumer is heard, and that we put our customers first. We leverage frequent communication and feedback from our customers to continually improve our solutions and services.
- **Leverage our global brands to drive growth:** We will work to keep building our trusted brands in markets globally as we strive to bring protection and empowerment to all consumers when it comes to their digital lives. According to our most recent research, Norton has 89% global brand awareness. We are also the best positioned brand in device security and #1 top of mind brand in consumer Cyber Safety, according to the 2020 NortonLifeLock Brand Impact study.

Our Cyber Safety Solutions and Services

Our vast portfolio of products and services are developed from consumer insights to help us bring to market real solutions to real problems, and to raise the overall awareness of consumer Cyber Safety across all audiences. We continuously target to release new products and features at an accelerated pace, and find synergies to integrate current and future technology acquisitions.

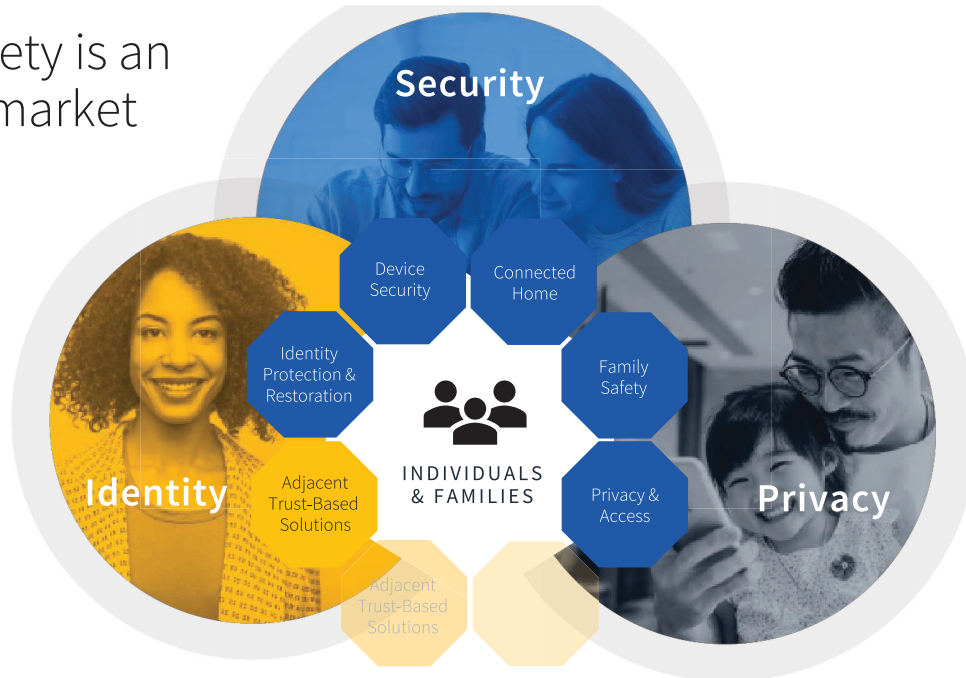
Our full portfolio provides protection across three Cyber Safety categories in multiple channels and geographies, including security, identity, and privacy. We have built a technology platform that brings together software and service capabilities into a comprehensive and easy-to-use integrated platform — it is called Norton 360. The Norton 360 integrated platform provides extensive Cyber Safety coverage to our members, by delivering Cyber Safety subscription solutions with industry leading features, coupled with an integrated user experience. Through our platform, we aim for simplicity and peace of mind for the consumers. We also complement this Cyber Safety platform by adding adjacent trust-based solutions, which enables people to live their digital lives without compromising their security, identity, or privacy.

We protect and empower consumers by providing solutions and services in two main ways:

- **Comprehensive membership plans:** Providing a complete Cyber Safety portfolio of solutions for a membership fee. Plans are offered through Norton 360 subscriptions, which include multiple levels of membership tiers that incorporate solutions from each of our key Cyber Safety categories: Security, Identity Protection, and Online Privacy. We also offer solutions that target specific needs of consumers such as Norton Family and Norton 360 for Gamers. Norton Family brings the protection and security of our products to every member of the family across multiple devices and platforms. Norton 360 for Gamers is designed by gamers to help protect gamers, we aim to provide the protection and features gamers need the most, while minimizing interruptions to gaming.
- **Point solutions:** Individual, stand-alone products and services in security, identity, and privacy — both free and paid solutions.

We are positioned across three key Cyber Safety categories:

Cyber Safety is an evolving market



- **Security (Norton and Avira offerings):** Our Norton 360 and Avira offerings provide real-time protection for PCs, Macs and mobile devices against malware, viruses, adware, ransomware and other online threats. They monitor and block unauthorized traffic from the internet to the device to help protect private and sensitive information when customers are online. For mobile devices, Norton 360 for Mobile alerts customers of risky apps, safeguards against fraudulent and malicious websites, identifies Wi-Fi networks that are under attack, enables stolen device recovery, and blocks unwanted spam and potential fraud calls. Norton 360 includes 24x7 support by trained support agents. We provide on-call support and offer a money-back guarantee if we cannot remove viruses from infected devices through our Virus Protection Promise.
- **Identity Protection (LifeLock Identity Theft Protection):** Our LifeLock identity theft protection solution includes monitoring, alerts and restoration services to protect the safety of our customers. We monitor events that may present a risk of identity theft, such as new account openings and applications. If we detect that a customer's personally identifiable information is being used, we deliver notifications and alerts to our customers about potentially suspicious activity. In the event of identity theft, we assign an Identity Restoration Specialist to work directly with customers to help restore their identities. Customers are further protected by our Million Dollar Protection Package, which provides reimbursement for stolen funds and coverage for personal expenses. Our Dark Web Monitoring product looks for personal information of our Norton 360 members on the Dark Web. We currently offer this product in many countries internationally and continue to add new countries each year.
- **Online Privacy (VPN, Privacy Monitor Assistant, Home Title Protect):** As people are exchanging more sensitive information through digital channels, such as personal healthcare information to enable tele-health or financial information for personal accounting, having a VPN has become even more crucial. Our VPN solution enhances security and online privacy by providing an encrypted data tunnel. This allows customers to securely transmit and access private information such as passwords, bank details and credit card numbers when using public Wi-Fi on PCs, Macs and mobile iOS and Android devices. Our VPN service allows customers to browse the Web anonymously to protect their online privacy and prevent tracking by online advertisers and other companies. Customers can also change their virtual location when they are traveling internationally to allow them to connect to their favorite apps, websites and online streaming services as if they are in their home country. Our Privacy Monitor Assistant is an on-demand,

white glove service where our agents help our members delete personal information from Data brokers online. Our Home Title Protect product detects fraud and notifies members if we find changes made to their Home Title. If a member becomes a victim of identity theft, we provide a dedicated Identity Restoration Specialist to work with the customer until their case is closed.

Innovation and Research & Development

NortonLifeLock has a long history of innovation, and we plan to continue to invest in research and development to drive our long-term success.

As cyber threats evolve, we are focused on delivering a portfolio that protects each element of our customers' digital lives. To do this, we engage and listen to our customers, and we embrace innovation by deploying a global research and development strategy across our Cyber Safety platform. Our engineering and product management teams are focused on delivering new versions of existing offerings, as well as developing entirely new offerings to drive the company's global leadership in Cyber Safety.

We are committed to our innovation and research & development efforts. Norton Labs, a global team of experts, is leading the company's future technology and helping guide the consumer cybersecurity industry. Within Norton Labs, our global technology research organization is focused on applied research projects, with the goal of rapidly creating new products to address consumer trends and grow the business, including defending consumer digital privacy and identity. We also have a global threat response and security technology organization that is made up of leading threat and security researchers, supported by advanced systems to innovate security technology and threat intelligence.

Industry Overview & Market Opportunity

Cyber Safety is a growing market, fueled by the increase in activities online over the years, as well as the years ahead. The core markets that we participate in are security, identity, and privacy. We believe the Cyber Safety market will continue to expand beyond these core markets and grow significantly — driven by the growing number of people connected to the Internet who have a digital life.

The cyber threat landscape is larger and more complicated than ever before, exposing consumers to an increased risk to their digital lives. The digitization of the world and the overlap between the physical and digital world is growing at a fast pace. New technologies, smart devices, digital identities, and an increasingly more connected world means consumers will encounter a range of new Cyber Safety challenges. Consumer demands and behaviors are rapidly changing and driving more activities online, from shopping, socializing, working, banking, to other activities in healthcare, entertainment, and so much more. Almost every aspect of a person's life has a digital component. Unfortunately, many of those activities are left unprotected, and attackers are exploiting this larger opportunity and the inherent security and privacy vulnerabilities. Cyber criminals have not only expanded their reach, but the sophistication of digital threats and attacks are becoming increasingly more consumer-related.

Cyber crime, and the ways in which cyber criminals target consumers, continue to evolve along with behaviors and technology. Cyber crime encompasses any crime committed digitally over the internet and includes crimes where (i) malicious software or unauthorized access is detected on a device, network or online account (such as email, social media, online banking, online retail, gaming, online entertainment, etc.), and unauthorized access or connection to cloud service accounts; (ii) an individual is digitally victimized through a data breach, cyber theft, cyber extortion, or fraud (stolen personally identifiable information, identity theft, etc.); (iii) online stalking, bullying, or harassment is inflicted; or (iv) attacks related to privacy or disinformation (such as online tracking protection, identity impersonation, disinformation on social media, DeepFakes, non-trustworthy WiFis, EvilTwin attacks, etc.).

As cyber crime becomes an intensifying threat to our world, consumers are increasingly concerned. Our annual Norton Cyber Safety Insights Report examines the impact of cyber crime and consumers' online behaviors and concerns related to their online security, privacy and identity. According to the 2021 report, which is based on research conducted online by The Harris Poll on behalf of us, nearly 330 million people across 10 countries were victims of cyber crime and more than 55 million people

were victims of identity theft. Cyber crime victims collectively spent nearly 2.7 billion hours trying to resolve their issues. For more insights or information related to our Norton Cyber Safety Insights Report, please visit <https://us.norton.com/nortonlifelock-cyber-safety-report>.

Competitive Landscape

We operate in a highly competitive and rapidly evolving business environment. We believe that the competitive factors in our market include access to a breadth of identity and consumer transaction data, broad and effective service offerings, brand recognition, technology, effective and cost-efficient customer acquisition, having a large customer base and strong retention rate, customer satisfaction, price, convenience of purchase, ease of use, frequency of upgrades and updates, and quality and reliable customer service. Our competitors vary by offering, geography, and channel.

Our principal competitors are set forth below:

- **Security:** Our principal competitors in this market are Avast, Kaspersky, McAfee, Microsoft, Bitdefender, and Trend Micro.
- **Identity Protection:** Our principal competitors in this market are credit bureaus Equifax, Experian, and TransUnion, as well as certain credit monitoring and identity theft protection solutions from others such as Allstate, and Credit Karma.
- **Online Privacy:** Our principal competitors in this market are Avast, Kape, ExpressVPN, NordVPN, and Pango.
- **Other Competitors:** In addition to competition from large consumer security companies such as Avast and McAfee, we also face competition from smaller companies that may develop competing products, emerging competition from ISPs, operating systems, insurance companies, and financial service organization.

We believe we compete favorably with our competitors on the strength of our technology, people, product offerings, and integration across all of the key Cyber Safety categories. However, some of our competitors have substantially greater financial, technical, marketing, distribution, and other resources than we possess that afford them competitive advantages. As a result, they may be able to devote greater resources to develop, promote and sell their offerings; deliver competitive offerings at lower prices or for free; and introduce new solutions and respond to market developments and customer requirements more quickly than we can.

For more information on the risks associated with our competitors, please see “Risk Factors” in Item 1A included in this Annual Report on Form 10-K.

Environmental, Social and Governance (ESG)

We bring together our people, expertise, and technologies to support environmental, social, and governance (ESG) priorities that foster a safer and more sustainable future.

- **Environment:** we have a sharp focus on environmental performance.
- **Social:** we are proud to support the communities where our team members live and work.
- **Governance:** we operate with integrity with everything we do and celebrate diversity as a driver of innovation.

Our commitment to ESG is a critical anchor of our company’s mission and operating philosophy. Our ESG mission is to bring together our team, expertise, and powerful technology to build a safe, inclusive, and sustainable future for people, their information, and the digital world.

Setting strategic, achievable, and business-aligned corporate responsibility objectives helps to guide our work and improves our company performance. We aligned our objectives with the company’s business goals and focused on the unique impact we can make on the world.

Our objectives include:

- **Data Privacy and Protection:** Raise awareness of NortonLifeLock as a privacy leader.
- **Education and Training for Cyber Safety:** Leverage NortonLifeLock's leading expertise and technology in Cyber Safety to protect communities.
- **Diversity, Equity & Inclusion:** Invest in high-impact nonprofits to bring more women and under-represented groups into cybersecurity and tech.
- **Volunteering & Giving:** Drive opportunities for employee volunteering and giving and increase employee participation rate.
- **Environmental Stewardship:** Establish NortonLifeLock as an environmentally responsible business.

Our annual ESG and Corporate Responsibility Report can be found via the NortonLifeLock website at <https://www.nortonlifelock.com/about/corporate-responsibility>.

Human Capital Management

At NortonLifeLock, our mission is to provide solutions for consumer Cyber Safety that defend against ever-evolving cyber threats, in a world that's more connected than ever before. Our success in helping achieve this mission depends, in a large part, on the success of our employees. We strive to be a diverse, vibrant community with strong values and a shared commitment to each other, the work we do, and the world we all share.

- **General Employee Demographics:** As of April 2, 2021, we employed more than 2,800 employees in 26 countries worldwide, 1,216 in the U.S. and 1,592 in the rest of world. None of our U.S. employees are represented by a labor union or covered by a collective bargaining agreement. We are focused on attracting, developing, rewarding and retaining a diverse global team. Our board is invested in us; the Compensation and Leadership Development Committee of our Board of Directors oversees workforce and senior management compensation and development, and our Board of Directors is invested in our talent management strategies, culture, leadership quality development and overall engagement.
- **Diversity, Equity and Inclusion (DEI):** Our mission is to increase our global representation of underrepresented groups at all levels (diversity), where everyone has an opportunity for development and advancement (equity) and is able to bring their whole selves to work and feel valued every day (inclusion). This mission is built upon four foundational pillars: (1) measurement and accountability; (2) fostering an inclusive environment; (3) diversifying our workforce; and (4) employee development and retention, which are designed to support our ability to attract, retain and develop the best talent in cybersecurity.

Diversifying our workforce was a strategic talent goal for fiscal year 2021, and we have made progress in increasing representation. As of April 2, 2021, women represented 33% of our workforce and held positions in 30% of our leadership. In addition, as of April 2, 2021, women represented 44% of our Board of Directors.

In support of our Diversifying our Workforce pillar, we became approved as a Work180 partner company, a women-focused recruitment site that only lists career opportunities from employers that support diversity, inclusion, and flexibility. In addition to WORK180, we post positions on several diverse recruiting sites, including Black Tech Jobs, Jobs for Her, and Women Who Code.

As part of ongoing focus on employee and development, we have participated in McKinsey & Company's Black Leadership Academy since November 2020 to help accelerate the progression of Black leaders in the company. Participants attended either a three-month Black Executive Leadership Program, designed for senior leaders looking to further develop their leadership capabilities, or a six-month Management Accelerator, designed to support ongoing career progression for high performing early to mid-career managers.

- **NLOK Communities:** In FY21, we launched seven employee resource groups, called NLOK Communities, as a platform for communities of employees to come together as allies, to learn,

support, mentor, and celebrate with one another. We believe these groups play a vital role in helping create an inclusive work culture where everyone feels seen, heard, respected, and valued.

- **Employee Development, Engagement and Training:** Feedback from our employees is critical in designing and refining our human capital management strategy. We regularly seek both candid and structured input from our employees by conducting a quarterly Ngage pulse survey on a targeted topic. We are invested in providing a productive, supportive, and inclusive environment for our teams with a focus on learning and development across all levels where flexibility and choice are guiding principles.
- **Human Capital Governance:** We partner closely with our Board of Directors and the Compensation and Leadership Development Committee on our strategies and objectives related to talent management, talent acquisition, leadership development, retention and succession, DEI, and employee engagement.

Intellectual Property

We are a leader amongst Cyber Safety solutions for consumers in pursuing patents and currently have a portfolio of over 1,000 U.S. and international patents issued with many pending. We protect our intellectual property rights and investments in a variety of ways to safeguard our technologies and our long-term success. We work actively in the U.S. and internationally to ensure the enforcement of copyright, trademark, trade secret, and other protections that apply to our software products and services. The term of the patents we hold is, on average, twelve years. From time to time, we enter into cross-license agreements with other technology companies covering broad groups of patents; we have an additional portfolio of over 2,100 U.S. and international patents cross-licensed to us as part of our arrangement with Broadcom as a result of the asset sale of our former enterprise security business.

Circumstances outside our control could pose a threat to our intellectual property rights. Effective intellectual property protection may not be available, and the efforts we have taken to protect our proprietary rights may not be sufficient or effective. Any significant impairment of our intellectual property rights could harm our business or our ability to compete. In addition, protecting our intellectual property rights is costly and time consuming. Any unauthorized disclosure or use of our intellectual property could make it more expensive to do business and harm our operating results.

In addition, companies in the technology industry may own a large number of patents, copyrights, and trademarks and may frequently request license agreements, threaten litigation, or file suit against us based on allegations of infringement or other violations of intellectual property rights.

For more information on the risks associated with our intellectual property, please see “Risk Factors” in Item 1A included in this Annual Report on Form 10-K.

Information Security and Risk Oversight

We maintain a comprehensive technology and cybersecurity program to ensure our systems are effective and prepared for information security risks, including regular oversight of our programs for security monitoring for internal and external threats to ensure the confidentiality and integrity of our information assets. We regularly perform evaluations of our security program and continue to invest in our capabilities to keep customers, employees, and critical assets safe. Our Head of Cyber Security is ultimately responsible for our cybersecurity program, which includes the implementation of controls aligned with industry guidelines and applicable statutes and regulations to identify threats, detect attacks, and protect these information assets. We have implemented security monitoring capabilities designed to alert us to suspicious activity and developed an incident response program that includes periodic testing and is designed to restore business operations as quickly and as orderly as possible in the event of a breach. In addition, employees participate in ongoing mandatory annual trainings and receive communications regarding the cybersecurity environment to increase awareness throughout the firm. We also implement enhanced annual trainings for specific specialized employee populations, including secure coding training.

Recently, our Board of Directors established a Technology and Cybersecurity Committee of the Board with direct oversight to the Company's (1) technology strategy, initiatives and investments and (2) key cybersecurity information technology risks against both internal and external threats. The Technology and Cybersecurity Committee is comprised entirely of independent directors, two of whom have significant work experience related to information security issues or oversight. Management will report security instances to the committee as they occur, if material, and will provide a summary multiple times per year to the Committee. Additionally, our Head of Cyber Security meets at least twice annually with the Board of Directors or the Audit Committee of the Board of Directors to brief them on technology and information security matters. We carry insurance that provides protection against the potential losses arising from a cybersecurity incident. In the last three years, the expenses we have incurred from information security breach incidences were immaterial. This includes penalties and settlements, of which there were none.

Governmental Regulation

We collect, use, store or disclose an increasingly high volume, variety, and velocity of personal information, including from employees and customers, in connection with the operation of our business, particularly, in relation to our identity and information protection offerings, which rely on large data repositories of personal information and consumer transactions. The personal information we process is subject to an increasing number of federal, state, local, and foreign laws regarding privacy and data security.

For information on the risks associated with complying with privacy and data security laws, please see "Risk Factors" in Item 1A included in this Annual Report on Form 10-K.

Available information

Our Internet home page is located at <https://www.nortonlifelock.com>. We make available free of charge our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports as soon as reasonably practicable after we electronically file such material with the Securities and Exchange Commission (SEC) on our investor relations website located at <https://investor.nortonlifelock.com>. The information contained, or referred to, on our website, including in any reports that are posted on our website, is not part of this annual report unless expressly noted. The SEC maintains a website that contains reports, proxy and information statements, and other information regarding our filings at <http://www.sec.gov>.

Item 1A. Risk Factors

COVID-19 RISKS

The COVID-19 pandemic has affected how we are operating our business, and the duration and extent to which this will impact our future results of operations and overall financial performance remains uncertain.

The COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economies, financial markets, and business practices. To protect the health and well-being of our employees, partners and third-party service providers, we have implemented a near company-wide work-from-home requirement for most employees until further notice, made substantial modifications to employee travel policies, and cancelled or shifted our conferences and other marketing events to virtual-only for the foreseeable future. We continue to monitor the situation and will adjust our current policies as recommendations and public health guidance changes. To date, we have not seen any meaningful negative impact on our customer success efforts, sales and marketing efforts, or employee productivity. Nevertheless, as employees, partners or third-party services providers return to work during the COVID-19 pandemic, the risk of inadvertent transmission of COVID-19 through human contact could still occur and result in litigation.

The U.S. and global economies have experienced a recession due to the economic impacts of the COVID-19 pandemic. Although we did not experience a material increase in cancellations by customers or a material reduction in our retention rate in 2021, we may experience such an increase or reduction in the future, especially in the event of a prolonged recession as a result of the COVID-19 pandemic. A prolonged recession could adversely affect demand for our offerings, retention rates and harm our business and results of operations, particularly in light of the fact that our solutions are discretionary purchases and thus may be more susceptible to macroeconomic pressures, as well impact the value of our common stock, ability to refinance our debt, and our access to capital.

The duration and extent of the impact from the COVID-19 pandemic depends on future developments that cannot be accurately forecasted at this time, such as the severity and transmission rate of new variants of the disease, the extent, effectiveness and acceptance of containment actions, such as vaccination programs, and the impact of these and other factors on our employees, customers, partners and third-party service providers. If we are not able to respond to and manage the impact of such events effectively and if the macroeconomic conditions of the general economy or the industries in which we operate do not improve, or deteriorate further, our business, operating results, financial condition and cash flows could be adversely affected.

RISKS RELATED TO OUR BUSINESS STRATEGY AND INDUSTRY

If we are unable to develop new and enhanced solutions, or if we are unable to continually improve the performance, features, and reliability of our existing solutions, our business and operating results could be adversely affected.

Our future success depends on our ability to effectively respond to evolving threats to consumers, as well as competitive technological developments and industry changes, by developing or introducing new and enhanced solutions on a timely basis. We have in the past incurred, and will continue to incur, significant research and development expenses as we focus on organic growth through internal innovation. We believe that we also must continue to dedicate a significant amount of resources to our research and development efforts to decrease our reliance on third parties. If we do not achieve the benefits anticipated from these investments, or if the achievement of these benefits is delayed, our operating results may be adversely affected. Additionally, we must continually address the challenges of dynamic and accelerating market trends and competitive developments. Customers may require features and capabilities that our current solutions do not have. Our failure to develop new solutions and improve our existing solutions to satisfy customer preferences and effectively compete with other market offerings in a timely and cost-effective manner may harm our ability to retain our customers and attract new customers. A loss of customers would adversely impact our business and operating results.

The development and introduction of new solutions involve a significant commitment of time and resources and are subject to a number of risks and challenges including but not limited to:

- Lengthy development cycles;
- Evolving industry and regulatory standards and technological developments by our competitors and customers;
- Rapidly changing customer preferences;
- Evolving platforms, operating systems, and hardware products, such as mobile devices;
- Product and service interoperability challenges with customer's technology and third-party vendors;
- Entering into new or unproven markets; and
- Executing new product and service strategies.

In addition, third parties, including operating systems and internet browser companies, may take steps to limit the interoperability of our solutions with their own products and services, in some cases to promote their own offerings. This could delay the development of our solutions or our solutions may be unable to operate effectively. This could also result in decreased demand for our solutions, decreased revenue, and harm to our reputation, and adversely affect our business, financial condition, results of operations, and cash flows.

If we are not successful in managing these risks and challenges, or if our new or improved solutions are not technologically competitive or do not achieve market acceptance, our business and operating results could be adversely affected.

We operate in a highly competitive environment, and our competitors may gain market share in the markets for our solutions.

We operate in intensely competitive markets that experience frequent technological developments, changes in industry and regulatory standards, changes in customer requirements and preferences, and frequent new product introductions and improvements. If we are unable to anticipate or react to these continually evolving conditions, we could lose market share and experience a decline in our revenues. To compete successfully, we must maintain an innovative research and development effort to develop new solutions and enhance our existing solutions, effectively adapt to changes in the technology or product rights held by our competitors as well as the ways our information is accessed, used and stored by our customers, and appropriately respond to competitive strategies.

Our competitors include software vendors and operating system providers that offer solutions that directly compete with our offerings. We face growing competition from other technology companies, as well as from companies in the identity threat protection space such as credit bureaus. Many of our competitors are increasingly developing and incorporating into their products data protection software and other competing products, often free of charge, that compete at some level with our offerings. Our competitive position could be adversely affected to the extent that our customers perceive the functionality incorporated into these products as replacing the need for our solutions. We face additional risks that these products could limit the operability of our solutions for our customers. Some of our competitors have greater financial, technical, marketing, or other resources than we do and consequently, may have the ability to influence customers to purchase their products instead of ours, including through investing more in internal innovation than we can. Further consolidation within our industry or other changes in the competitive environment, such as greater vertical integration from key computing and operating system suppliers could result in larger competitors that compete more directly with us. We also face competition from many smaller companies that specialize in particular segments of the market in which we compete.

In addition to competing with these vendors directly for sales to end-users of our solutions, we compete with them for the opportunity to have our solutions bundled with the offerings of our strategic partners, such as computer hardware original equipment manufacturers (OEMs) and internet service providers

(ISPs) and operating systems. Our competitors could gain market share from us if any of these strategic partners replace our solutions with those of our competitors or if these partners more actively promote our competitors' solutions than our own. In addition, software vendors who have bundled our solutions with theirs may choose to bundle their solutions with their own or other vendors' solutions or may limit our access to standard interfaces and inhibit our ability to develop solutions for their platform. In the future, further product development by these vendors could cause our solutions to become redundant, which could significantly impact our sales and operating results.

We may need to change our pricing models to compete successfully.

The intense competition we face, in addition to general and economic business conditions, can put pressure on us to change our prices. If our competitors offer deep discounts on certain solutions or provide offerings, or offer free introductory products (freemium products) that compete with ours, we may need to lower prices or offer similar freemium products in order to compete successfully. Similarly, if external factors require us to raise our prices, our ability to acquire new customers and retain existing customers may be diminished. Any such changes may reduce revenue and margins and could adversely affect our financial results.

Additionally, our business may be affected by changes in the macroeconomic environment. Our solutions are discretionary purchases, and customers may reduce or eliminate their discretionary spending on our solutions during a difficult macroeconomic environment. Although we did not experience a material increase in cancellations by customers or a material reduction in our retention rate in fiscal 2021, we may experience such an increase or reduction in the future, especially in the event of a prolonged recession or a worsening of current conditions as a result of the COVID-19 pandemic. In addition, during a recession, consumers may experience a decline in their credit or disposable income, which may result in less demand for our solutions. As a result, we may have to lower our prices or make other changes to our pricing model to address these dynamics, any of which could adversely affect our business and financial results.

In addition, in January 2021, we acquired Germany-based Avira. Many of Avira's users are freemium subscribers, meaning they do not pay for its basic services. Much of our anticipated growth in connection with the Avira acquisition is attributable to converting Avira's freemium users to a paid subscription option. Numerous factors, however, may impede our ability to retain and convert these users into paying customers.

If we fail to manage our sales and distribution channels effectively, or if our partners choose not to market and sell our solutions to their customers, our operating results could be adversely affected.

A portion of our revenues is derived from sales through indirect channels, including, but not limited to, distributors that sell our products to end-users and other resellers, and OEM partners that incorporate our products into, or bundle our products with, their products. These channels involve a number of risks, including:

- Our resellers, distributors and OEMs are generally not subject to minimum sales requirements or any obligation to market our solutions to their customers;
- Our reseller and distributor agreements are generally nonexclusive and may be terminated at any time without cause and our OEM partners may terminate or renegotiate their arrangements with us and new terms may be less favorable due to competitive conditions in our markets and other factors;
- Our resellers, distributors and OEMs may encounter issues or have violations of applicable law or regulatory requirements or otherwise cause damage to our reputation through their actions;
- Our resellers and distributors frequently market and distribute competing solutions and may, from time to time, place greater emphasis on the sale of these competing solutions due to pricing, promotions, and other terms offered by our competitors;

- Any consolidation of electronics retailers can increase their negotiating power with respect to software providers such as us and any decline in the number of physical retailers could decrease the channels of distribution for us;
- The continued consolidation of online sales through a small number of larger channels has been increasing, which could reduce the channels available for online distribution of our solutions; and
- Sales through our partners are subject to changes in general economic conditions, strategic direction, competitive risks, and other issues that could result in a reduction of sales, or cause our partners to suffer financial difficulty which could delay payments to us, affecting our operating results.

If we fail to manage our sales and distribution channels successfully, these channels may conflict with one another or otherwise fail to perform as we anticipate, which could reduce our sales and increase our expenses as well as weaken our competitive position.

Our revenue and operating results depend significantly on our ability to retain our existing customers, convert existing non-paying customers to paying customers, and add new customers.

We generally sell our solutions to our customers on a monthly or annual subscription basis. Customers may choose not to renew their membership with us at any time. Renewing customers may require additional incentives to renew, may not renew for the same contract period, or may change their subscriptions. We therefore may be unable to retain our existing customers on the same or on more profitable terms, if at all. In addition, we may not be able to accurately predict or anticipate future trends in customer retention or effectively respond to such trends.

Our customer retention rates may decline or fluctuate due to a variety of factors, including the following:

- Our customers' levels of satisfaction or dissatisfaction with our solutions and the value they place on our solutions;
- The quality, breadth, and prices of our solutions;
- Our general reputation and events impacting that reputation;
- The services and related pricing offered by our competitors;
- Disruption by new services or changes in law or regulations that impact the need for efficacy or of our products and services;
- Changes in autorenewal regulations;
- Our customer service and responsiveness to the needs of our customers; and
- Changes in our target customers' spending levels as a result of general economic conditions or other factors.

Declining customer retention rates could cause our revenue to may grow more slowly than expected or decline; and our operating results, gross margins and business will be harmed.

Our acquisitions and divestitures create special risks and challenges that could adversely affect our financial results.

As part of our business strategy, we may acquire or divest businesses or assets. For example, in 2019, we completed the sale of certain of our enterprise security assets to Broadcom Inc. (the "Broadcom sale") and in January 2021, we completed the acquisition of Avira. These activities can involve a number of risks and challenges, including:

- Complexity, time, and costs associated with managing these transactions, including the integration of acquired and the winding down of divested business operations, workforce, products, IT systems, and technologies;

- Challenges in retaining customers of acquired businesses, or providing the same level of service to existing customers with reduced resources;
- Diversion of management time and attention;
- Loss or termination of employees, including costs associated with the termination or replacement of those employees;
- Assumption of liabilities of the acquired and divested business or assets, including pending or future litigation, investigations or claims related to the acquired business or assets;
- The addition of acquisition-related debt;
- Difficulty in entering into or expanding in new markets or geographies;
- Increased or unexpected costs and working capital requirements;
- Dilution of stock ownership of existing stockholders;
- Unanticipated delays or failure to meet contractual obligations;
- Substantial accounting charges for acquisition-related costs, asset impairments, amortization of intangible assets, and higher levels of stock-based compensation expense; and
- Difficulty in realizing potential benefits, including cost savings and operational efficiencies, synergies and growth prospects from integrating acquired businesses.

Moreover, to be successful, large complex acquisitions depend on large-scale product, technology, and sales force integrations that are difficult to complete on a timely basis or at all and may be more susceptible to the special risks and challenges described above. Any of the foregoing, and other factors, could harm our ability to achieve anticipated levels of profitability or other financial benefits from our acquired or divested businesses, product lines or assets or to realize other anticipated benefits of divestitures or acquisitions.

Changes in industry structure and market conditions could lead to charges related to discontinuance of certain of our products or businesses and asset impairments.

In response to changes in industry structure and market conditions, we may be required to strategically reallocate our resources and consider restructuring, disposing of, or otherwise exiting certain businesses. Any decision to limit investment in or dispose of or otherwise exit businesses may result in the recording of special charges, such as technology-related write-offs, workforce reduction costs, charges relating to consolidation of excess facilities, or claims from third parties who were resellers or users of discontinued products. Our estimates with respect to the useful life or ultimate recoverability of our carrying basis of assets, including purchased intangible assets, could change as a result of such assessments and decisions. Although in certain instances our vendor agreements allow us the option to cancel, reschedule, and adjust our requirements based on our business needs, our loss contingencies may include liabilities for contracts that we cannot cancel, reschedule or adjust with suppliers.

Further, our estimates relating to the liabilities for excess facilities are affected by changes in real estate market conditions. Additionally, we are required to evaluate goodwill impairment on an annual basis and between annual evaluations in certain circumstances, and future goodwill impairment evaluations may result in a charge to earnings.

RISKS RELATED TO OUR OPERATIONS

We are dependent upon Broadcom for certain engineering and threat response services, which are critical to our products and business.

Our endpoint security solution has historically relied upon certain threat analytics software engines and other software (the Engine-Related Services) that have been developed and provided by engineering teams that have transferred to Broadcom as part of the Broadcom sale. The technology, including source code, at issue is shared, and pursuant to the terms of the Broadcom sale, we retain rights to use,

modify, enhance and create derivative works from such technology. Broadcom has committed to provide these Engine-Related Services substantially to the same extent and in substantially the same manner, as has been historically provided under a license agreement with a limited term.

As a result, we are dependent on Broadcom for services and technology that are critical to our Norton business, and if Broadcom fails to deliver these Engine-Related Services it would result in significant business disruption, and our business and operating results and financial condition could be materially and adversely affected. Furthermore, if our current sources become unavailable, and if we are unable to develop or obtain alternatives to integrate or deploy them in time, our ability to compete effectively could be impacted and have a material adverse effect on our business. Additionally, in connection with the Broadcom sale, we lost other capabilities, including certain threat intelligence data which were historically provided by our former Enterprise Security business, the lack of which could have a negative impact on our business and products.

Our future success depends on our ability to attract and retain personnel in a competitive marketplace.

Our future success depends upon our ability to recruit and retain key management, technical (including cyber security experts), sales, marketing, e-commerce, finance, and other personnel. Our officers and other key personnel are “at will” employees and we generally do not have employment or non-compete agreements with our employees. Competition for people with the specific skills that we require is significant. While we continue to monitor the competitive environment, it is possible that the COVID-19 pandemic may affect the productivity of our employees and our ability to attract and retain key talent. As a result of the pandemic, in March 2020, we transitioned to a remote working environment for the substantial majority of our employees. While our employees have transitioned effectively to working from home, over time such remote operations may decrease the cohesiveness of our employees and our ability to maintain our culture, both of which are integral to our success. Additionally, a remote working environment may impede our ability to undertake new business projects, to foster a creative environment, to hire new employees and to retain existing employees.

In order to attract and retain personnel in a competitive marketplace, we must provide competitive pay packages, including cash and equity-based compensation. Additionally, changes in immigration laws could impair our ability to attract and retain highly qualified employees. If we fail to attract, retain and motivate new or existing personnel, our business, results of operations and future growth prospects could suffer. The volatility in our stock price may from time to time adversely affect our ability to recruit or retain employees. In addition, we may not have an adequate number of shares reserved under our equity compensation plans, forcing us to reduce awards of equity-based compensation, which could impair our efforts to attract, retain and motivate necessary personnel. If we are unable to hire and retain qualified employees, or conversely, if we fail to manage employee performance or reduce staffing levels when required by market conditions, our business and operating results could be adversely affected.

Effective succession planning is also important to our long-term success. Failure to ensure effective transfer of knowledge and smooth transitions involving key employees could hinder our strategic planning and execution. From time to time, key personnel leave our company and the frequency and number of such departures have widely varied and have, in the past, resulted in significant changes to our executive leadership team. The loss of any key employee could result in significant disruptions to our operations, including adversely affecting the timeliness of product releases, the successful implementation and completion of company initiatives, our internal control over financial reporting, and our results of operations. In addition, hiring, training, and successfully integrating replacement personnel can be time consuming and expensive, may cause additional disruptions to our operations, and may be unsuccessful, which could negatively impact future financial results.

Our inability to successfully recover from a disaster or other business continuity event could impair our ability to deliver our products and services and harm our business.

We are heavily reliant on our technology and infrastructure to provide our products and services to our customers. For example, we host many of our products using third-party data center facilities, and while

we require them to maintain formal service level agreements around availability, we do not control the operation of these facilities. These facilities are vulnerable to damage, interruption, or performance problems from earthquakes, hurricanes, floods, fires, power loss, telecommunications failures, pandemics and similar events. They are also subject to break-ins, computer viruses, sabotage, intentional acts of vandalism, and other misconduct. The occurrence of a natural disaster, an act of terrorism, a pandemic, and similar events could result in a decision to close the facilities without adequate notice or other unanticipated problems, which in turn, could result in lengthy interruptions in the delivery of our products and services, which could negatively impact our sales and operating results.

Furthermore, our business administration, human resources, compliance efforts, and finance services depend on the proper functioning of our computer, telecommunication, and other related systems and operations. A disruption or failure of these systems or operations because of a disaster, cyber-attack or other business continuity event, such as the COVID-19 pandemic, could cause data to be lost or otherwise delay our ability to complete sales and provide the highest level of service to our customers. In addition, we could have difficulty producing accurate financial statements on a timely basis, and deficiencies may arise in our internal control over financial reporting, which may impact our ability to certify our financial results, all of which could adversely affect the trading value of our stock. Although we endeavor to ensure there is redundancy in these systems and that they are regularly backed-up, there are no assurances that data recovery in the event of a disaster would be effective or occur in an efficient manner. If these systems or their functionality do not operate as we expect them to, we may be required to expend significant resources to make corrections or find alternative sources for performing these functions.

If we fail to offer high-quality customer support, our customer satisfaction may suffer and have a negative impact on our business and reputation.

Many of our customers rely on our customer support services to resolve issues, including technical support, billing and subscription issues, that may arise. If demand increases, or our resources decrease, we may be unable to offer the level of support our customers expect. Any failure by us to maintain the expected level of support could reduce customer satisfaction and negatively impact our customer retention and our business.

Our international operations involve risks that could increase our expenses, adversely affect our operating results, and require increased time and attention of our management.

We derive a portion of our revenues from customers located outside of the U.S., and we have significant operations outside of the U.S., including engineering, finance, sales and customer support. Our international operations are subject to risks in addition to those faced by our domestic operations, including:

- Potential loss of proprietary information due to misappropriation or laws that may be less protective of our intellectual property rights than U.S. laws or that may not be adequately enforced;
- Requirements of foreign laws and other governmental controls, including tariffs, trade barriers and labor restrictions, and related laws that reduce the flexibility of our business operations;
- Potential changes in trade relations arising from policy initiatives or other political factors;
- Regulations or restrictions on the use, import, or export of encryption technologies that could delay or prevent the acceptance and use of encryption products and public networks for secure communications;
- Local business and cultural factors that differ from our normal standards and practices, including business practices that we are prohibited from engaging in by the Foreign Corrupt Practices Act and other anti-corruption laws and regulations;
- Central bank and other restrictions on our ability to repatriate cash from our international subsidiaries or to exchange cash in international subsidiaries into cash available for use in the U.S.;

- Fluctuations in currency exchange rates, economic instability, and inflationary conditions could make our solutions more expensive or could increase our costs of doing business in certain countries;
- Limitations on future growth or inability to maintain current levels of revenues from international sales if we do not invest sufficiently in our international operations;
- Difficulties in staffing, managing, and operating our international operations;
- Difficulties in coordinating the activities of our geographically dispersed and culturally diverse operations;
- Costs and delays associated with developing software and providing support in multiple languages; and
- Political unrest, war, or terrorism, or regional natural disasters, particularly in areas in which we have facilities.

RISKS RELATED TO OUR SOLUTIONS

Our solutions, systems, websites and the data on these sources may be subject to intentional disruption that could materially harm to our reputation and future sales.

Despite our precautions and significant ongoing investments to protect against security risks, data protection breaches, cyber-attacks, and other intentional disruptions of our solutions, we expect to be an ongoing target of attacks specifically designed to impede the performance and availability of our offerings and harm our reputation as a leading cyber security company. Similarly, experienced computer programmers or other sophisticated individuals or entities, including malicious hackers, state-sponsored organizations, and insider threats including actions by employees and third-party service providers, may attempt to penetrate our network security or the security of our systems and websites and misappropriate proprietary information or cause interruptions of our products and services. Such attempts are increasing in number and in technical sophistication, and if successful could expose us and the affected parties, to risk of loss or misuse of proprietary or confidential information or disruptions of our business operations.

While we engage in a number of measures aimed to protect against security breaches and to minimize the impact if a data breach were to occur, our information technology systems and infrastructure may be vulnerable to damage, compromise, disruption, and shutdown due to attacks or breaches by hackers or other circumstances, such as error or malfeasance by employees or third party service providers or technology malfunction. The occurrence of any of these events, as well as a failure to promptly remedy these events should they occur, could compromise our systems, and the information stored in our systems could be accessed, publicly disclosed, lost, stolen, or damaged. Any such circumstance could adversely affect our ability to attract and maintain customers as well as strategic partners, cause us to suffer negative publicity or damage to our brand, and subject us to legal claims and liabilities or regulatory penalties. In addition, unauthorized parties might alter information in our databases, which would adversely affect both the reliability of that information and our ability to market and perform our services as well as undermine our ability to remain compliant with relevant laws and regulations. Techniques used to obtain unauthorized access or to sabotage systems change frequently, are constantly evolving and generally are difficult to recognize and react to effectively. We may be unable to anticipate these techniques or to implement adequate preventive or reactive measures. Several recent, highly publicized data security breaches, including a large-scale attack on SolarWinds customers by a foreign nation state actor and a significant uptick in ransomware/extortion attacks at other companies have heightened consumer awareness of this issue and may embolden individuals or groups to target our systems or those of our strategic partners or enterprise customers.

Our solutions are complex and operate in a wide variety of environments, systems and configurations, which could result in failures of our solutions to function as designed.

Because we offer very complex solutions, errors, defects, disruptions, or other performance problems with our solutions may and have occurred. For example, we may experience disruptions, outages, and

other performance problems due to a variety of factors, including infrastructure changes, human or software errors, capacity constraints due to an overwhelming number of users accessing our websites simultaneously, fraud, or security attacks. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. Interruptions in our solutions could impact our revenues or cause customers to cease doing business with us. Our operations are dependent upon our ability to protect our technology infrastructure against damage from business continuity events that could have a significant disruptive effect on our operations. We could potentially lose customer data or experience material adverse interruptions to our operations or delivery of solutions to our clients in a disaster recovery scenario.

Negative publicity regarding our brand, solutions and business could harm our competitive position.

Our brand recognition and reputation as a trusted service provider are critical aspects of our business and key to retaining existing customers and attracting new customers. Our business could be harmed due to errors, defects, disruptions or other performance problems with our solutions causing our customers and potential customers to believe our solutions are unreliable. Furthermore, negative publicity, whether or not justified, including intentional brand misappropriation, relating to events or activities attributed to us, our employees, our strategic partners, our affiliates, or others associated with any of these parties, may tarnish our reputation and reduce the value of our brands. In addition, the rapid rise and use of social media has the potential to harm our brand and reputation. We may be unable to timely respond to and resolve negative and inaccurate social media posts regarding our company, solutions and business in an appropriate manner. Damage to our reputation and loss of brand equity may reduce demand for our solutions and have an adverse effect on our business, operating results, and financial condition. Moreover, any attempts to rebuild our reputation and restore the value of our brands may be costly and time consuming, and such efforts may not ultimately be successful.

We collect, use, disclose, store, or otherwise process personal information, which subjects us to privacy and data security laws and contractual commitments.

We collect, use, process, store, transmit or disclose (collectively, process) an increasingly large amount of confidential information, including personally identifiable information, credit card information and other critical data from employees and customers, in connection with the operation of our business, particularly in relation to our identity and information protection offerings.

The personal information we process is subject to an increasing number of federal, state, local, and foreign laws regarding privacy and data security, as well as contractual commitments. Any failure or perceived failure by us to comply with such obligations may result in governmental enforcement actions, fines, litigation, or public statements against us by consumer advocacy groups or others and could cause our customers to lose trust in us, which could have an adverse effect on our reputation and business.

Additionally, changes to applicable privacy or data security laws could impact how we process personal information and therefore limit the effectiveness of our solutions or our ability to develop new solutions. For example, the European Union General Data Protection Regulation imposes more stringent data protection requirements and provides for greater penalties for noncompliance of up to the greater of €20 million or four percent of our worldwide annual revenues.

Data protection legislation is also becoming increasingly common in the U.S. at both the federal and state level. For example, the California Consumer Privacy Act of 2018 (the CCPA) requires, among other things, covered companies to provide new disclosures to California consumers regarding the use of personal information, gives California residents expanded rights to access their personal information that has been collected and allows such consumers new abilities to opt-out of certain sales of personal information. Further, the new California Privacy Rights Act (the CPRA) significantly modifies the CCPA. These modifications may result in additional uncertainty and require us to incur additional costs and expenses in our effort to comply. Additionally, the Federal Trade Commission and many state attorneys general are interpreting federal and state consumer protection laws to impose standards for the online collection, use, dissemination, and security of data. The burdens imposed by the CCPA, CPRA

and other similar laws that may be enacted at the federal and state level may require us to modify our data processing practices and policies, adapt our goods and services and incur substantial expenditures in order to comply.

Global privacy and data protection legislation, enforcement, and policy activity are rapidly expanding and evolving, and may be inconsistent from jurisdiction to jurisdiction. We may be or become subject to data localization laws mandating that data collected in a foreign country be processed and stored only within that country. If any country in which we have customers were to adopt a data localization law, we could be required to expand our data storage facilities there or build new ones in order to comply. The expenditure this would require, as well as costs of compliance generally, could harm our financial condition.

Additionally, third parties with whom we work, such as vendors or developers, may violate applicable laws or our policies and such violations can place personal information of our customers at risk. In addition, our customers may also accidentally disclose their passwords or store them on a device that is lost or stolen, creating the perception that our systems are not secure against third-party access. This could have an adverse effect on our reputation and business. In addition, such third parties could expose us to compromised data or technology, or be the target of cyberattack and other data breaches which could impact our systems or our customers' records. Further, we could be the target of a cyberattack or other action that impacts our systems and results in a data breach of our customers' records. This could have an adverse effect on our reputation and business.

LEGAL AND COMPLIANCE RISKS

Matters relating to or arising from our completed Audit Committee Investigation, including regulatory investigations and proceedings, litigation matters, and potential additional expenses, may adversely affect our business and results of operations.

As previously disclosed in our public filings, the Audit Committee completed its internal investigation in September 2018. In connection with the Audit Committee Investigation, we voluntarily self-reported to the SEC. The SEC commenced a formal investigation, and we continue to cooperate with that investigation. The outcome of such an investigation is difficult to predict. If the SEC commences legal action, we could be required to pay significant penalties and become subject to injunctions, a cease and desist order, and other equitable remedies. We can provide no assurances as to the outcome of any governmental investigation.

We have incurred, and may continue to incur, significant expenses related to legal and other professional services in connection with the ongoing SEC investigation, which may continue to adversely affect our business and financial condition. In addition, securities class actions and other lawsuits have been filed against us, certain current and former directors, and former officers. The outcome of the securities class actions and other litigation and regulatory proceedings or government enforcement actions is difficult to predict, and the cost to defend, settle, or otherwise resolve these matters may be significant. Plaintiffs or regulatory agencies or authorities in these matters may seek recovery of very large or indeterminate amounts or seek to impose sanctions, including significant monetary penalties. The monetary and other impact of these litigations, proceedings, or actions may remain unknown for substantial periods of time. Further, an unfavorable resolution of litigations, proceedings or actions could have a material adverse effect on our business, financial condition, and results of operations and cash flows. Any future investigations or additional lawsuits may also adversely affect our business, financial condition, results of operations, and cash flows.

Our solutions are highly regulated, which could impede our ability to market and provide our solutions or adversely affect our business, financial position, and results of operations.

Our solutions are subject to a high degree of regulation, including a wide variety of federal, state, and local laws and regulations, such as the Fair Credit Reporting Act, the Gramm-Leach-Bliley Act, the Federal Trade Commission Act (FTC Act), and comparable state laws that are patterned after the FTC Act. LifeLock has previously entered into consent decrees and similar arrangements with the FTC and the attorney generals of 35 states as well as a settlement with the FTC relating to allegations that certain of

LifeLock's advertising, marketing and security practices constituted deceptive acts or practices in violation of the FTC Act, which impose additional restrictions on our business, including prohibitions against making any misrepresentation of "the means, methods, procedures, effects, effectiveness, coverage, or scope of" our solutions. Any of the laws and regulations that apply to our business are subject to revision or new or changed interpretations, and we cannot predict the impact of such changes on our business.

Additionally, the nature of our identity and information protection products subjects us to the broad regulatory, supervisory, and enforcement powers of the Consumer Financial Protection Bureau which may exercise authority with respect to our services, or the marketing and servicing of those services, through the oversight of our financial institution or credit reporting agency customers and suppliers, or by otherwise exercising its supervisory, regulatory, or enforcement authority over consumer financial products and services.

If we do not protect our proprietary information and prevent third parties from making unauthorized use of our products and technology, our financial results could be harmed.

Much of our software and underlying technology is proprietary. We seek to protect our proprietary rights through a combination of confidentiality agreements and procedures and through copyright, patent, trademark, and trade secret laws. However, these measures afford only limited protection and may be challenged, invalidated, or circumvented by third parties. Third parties may copy all or portions of our products or otherwise obtain, use, distribute, and sell our proprietary information without authorization.

Third parties may also develop similar or superior technology independently by designing around our patents. Our consumer agreements do not require a signature and therefore may be unenforceable under the laws of some jurisdictions. Furthermore, the laws of some foreign countries do not offer the same level of protection of our proprietary rights as the laws of the U.S., and we may be subject to the unauthorized use of our products in those countries. The unauthorized copying or use of our products or proprietary information could result in reduced sales of our products. Any legal action to protect proprietary information that we may bring or be engaged in with a strategic partner or vendor could adversely affect our ability to access software, operating system, and hardware platforms of such partner or vendor, or cause such partner or vendor to choose not to offer our products to their customers. In addition, any legal action to protect proprietary information that we may bring or be engaged in, could be costly, may distract management from day-to-day operations, and may lead to additional claims against us, which could adversely affect our operating results.

From time to time we are a party to lawsuits and investigations, which typically require significant management time and attention and result in significant legal expenses.

We have initiated and been named as a party to lawsuits, including patent litigation, class actions, and governmental claims, and we may be named in additional litigation. The expense of initiating and defending, and in some cases settling, such litigation may be costly and divert management's attention from the day-to-day operations of our business, which could have a materially adverse effect on our business, results of operations, and cash flows. In addition, an unfavorable outcome in such litigation could result in significant fines, settlements, monetary damages, or injunctive relief that could negatively and materially impact our ability to conduct our business, results of operations, and cash flows.

For example, in December 2018 the United Kingdom's Competition and Markets Authority (CMA) launched an investigation into auto-renewal practices in the antivirus sector and recently announced that NortonLifeLock was one of the companies it was investigating. We continue to cooperate with the CMA in the course of its investigation and believe our business practices are fair and compliant with U.K. consumer law; however, we have been expending management time and resources on this matter and an unfavorable outcome of this investigation and any resulting litigation could impact our marketing practices to consumers, and potentially damage our reputation and otherwise harm our business and financial results.

Third parties claiming that we infringe their proprietary rights could cause us to incur significant legal expenses and prevent us from selling our products.

From time to time, third parties may claim that we have infringed their intellectual property rights, including claims regarding patents, copyrights, and trademarks. Because of constant technological change in the segments in which we compete, the extensive patent coverage of existing technologies, and the rapid rate of issuance of new patents, it is possible that the number of these claims may grow. In addition, former employers of our former, current, or future employees may assert claims that such employees have improperly disclosed to us confidential or proprietary information of these former employers. Any such claim, with or without merit, could result in costly litigation and distract management from day-to-day operations. If we are not successful in defending such claims, we could be required to stop selling, delay shipments of, or redesign our solutions, pay monetary amounts as damages, enter into royalty or licensing arrangements, or satisfy indemnification obligations that we have with some of our partners. We cannot assure you that any royalty or licensing arrangements that we may seek in such circumstances will be available to us on commercially reasonable terms or at all. We have made and expect to continue making significant expenditures to investigate, defend, and settle claims related to the use of technology and intellectual property rights as part of our strategy to manage this risk.

In addition, we license and use software from third parties in our business. These third-party software licenses may not continue to be available to us on acceptable terms or at all and may expose us to additional liability. This liability, or our inability to use any of this third-party software, could result in delivery delays or other disruptions in our business that could materially and adversely affect our operating results.

Some of our products contain “open source” software, and any failure to comply with the terms of one or more of these open source licenses could negatively affect our business.

Certain of our products are distributed with software licensed by its authors or other third parties under so-called “open source” licenses. Some of these licenses contain requirements that we make available source code for modifications or derivative works we create based upon the open source software and that we license such modifications or derivative works under the terms of a particular open source license or other license granting third parties certain rights of further use. By the terms of certain open source licenses, we could be required to release the source code of our proprietary software if we combine our proprietary software with open source software in a certain manner. In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on origin of the software. We have established processes to help alleviate these risks, including a review process for screening requests from our development organizations for the use of open source, but we cannot be sure that all open source is submitted for approval prior to use in our products. In addition, many of the risks associated with usage of open source may not or cannot be eliminated and could, if not properly addressed, negatively affect our business.

RISKS RELATED TO OUR LIQUIDITY AND INDEBTEDNESS

There are risks associated with our outstanding and future indebtedness that could adversely affect our financial condition.

As of April 2, 2021, we had an aggregate of \$3,620 million of outstanding indebtedness that will mature in calendar years 2022 through 2030, and \$1,000 million available for borrowing under our revolving credit facility. See Note 10 of the Notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K for further information on our outstanding debt. Our ability to meet expenses, remain in compliance with the covenants under our debt instruments, pay interest, and repay principal for our substantial level of indebtedness depends on, among other things, our operating performance, competitive developments, and financial market conditions, all of which are significantly affected by financial, business, economic, and other factors. We are not able to control many of these factors. Accordingly, our cash flow may not be sufficient to allow us to pay principal and interest on our

debt, including the notes, and meet our other obligations. Our level of indebtedness could have other important consequences, including the following:

- We must use a substantial portion of our cash flow from operations to pay interest and principal on the term loans and revolving credit facility, our existing senior notes, and other indebtedness, which reduces funds available to us for other purposes such as working capital, capital expenditures, other general corporate purposes, and potential acquisitions;
- We may be unable to refinance our indebtedness or to obtain additional financing for working capital, capital expenditures, acquisitions, or general corporate purposes;
- We are exposed to fluctuations in interest rates because borrowings under our senior secured credit facilities bear interest at variable rates;
- Our leverage may be greater than that of some of our competitors, which may put us at a competitive disadvantage and reduce our flexibility in responding to current and changing industry and financial market conditions;
- We may be more vulnerable to an economic downturn or recession and adverse developments in our business;
- We may be unable to comply with financial and other covenants in our debt agreements, which could result in an event of default that, if not cured or waived, may result in acceleration of certain of our debt and would have an adverse effect on our business and prospects and could force us into bankruptcy or liquidation;
- Changes by any rating agency to our outlook or credit rating could negatively affect the value of our debt and/or our common stock, adversely affect our access to debt markets, and increase the interest we pay on outstanding or future debt; and
- Conversion of our convertible note could result in significant dilution of our common stock, which could result in significant dilution to our existing stockholders and cause the market price of our common stock to decline.

There can be no assurance that we will be able to manage any of these risks successfully. In addition, we conduct a significant portion of our operations through our subsidiaries. Accordingly, repayment of our indebtedness will be dependent in part on the generation of cash flow by our subsidiaries and their ability to make such cash available to us by dividend, debt repayment, or otherwise, which may not always be possible. In the event that we do not receive distributions from our subsidiaries, we may be unable to make the required principal and interest payments on our indebtedness.

The elimination of LIBOR after June 2023 may affect our financial results.

On March 5, 2021, the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that all LIBOR tenors relevant to us will cease to be published or will no longer be representative after June 30, 2023. This means that any of our LIBOR-based borrowings that extend beyond June 30, 2023 will need to be converted to a replacement rate. In the U.S., the Alternative Reference Rates Committee, or ARRC, a committee of private sector entities with ex-officio official sector members convened by the Federal Reserve Board and the Federal Reserve Bank of New York, has recommended the Secured Overnight Financing Rate (“SOFR”) plus a recommended spread adjustment as LIBOR’s replacement. There are significant differences between LIBOR and SOFR, such as LIBOR being an unsecured lending rate while SOFR is a secured lending rate, and SOFR is an overnight rate while LIBOR reflects term rates at different maturities. If our LIBOR-based borrowings are converted to SOFR, the differences between LIBOR and SOFR, plus the recommended spread adjustment, could result in interest costs that are higher than if LIBOR remained available, which could have a material adverse effect on our operating results. Although SOFR is the ARRC’s recommended replacement rate, it is also possible that lenders may instead choose alternative replacement rates that may differ from LIBOR in ways similar to SOFR or in other ways that would result in higher interest costs for us. It is not yet possible to predict the magnitude of LIBOR’s end on our borrowing costs given the remaining uncertainty about which rates will replace LIBOR.

Our term loan and revolving credit facility agreement impose operating and financial restrictions on us.

Our term loan and revolving credit facility agreement contain covenants that limit our ability and the ability of our restricted subsidiaries to:

- Incur additional debt;
- Create liens on certain assets to secure debt;
- Enter into certain sale and leaseback transactions;
- Pay dividends on or make other distributions in respect of our capital stock or make other restricted payments; and
- Consolidate, merge, sell or otherwise dispose of all or substantially all of our assets.

All of these covenants may adversely affect our ability to finance our operations, meet or otherwise address our capital needs, pursue business opportunities, react to market conditions, or otherwise restrict activities or business plans. A breach of any of these covenants could result in a default in respect of the related indebtedness. If a default occurs, the relevant lenders could elect to declare the indebtedness, together with accrued interest and other fees, to be immediately due and payable and, to the extent such indebtedness is secured in the future, proceed against any collateral securing that indebtedness.

GENERAL RISKS

Fluctuations in our quarterly financial results have affected the trading price of our outstanding securities in the past and could affect the trading price of our outstanding securities in the future.

Our quarterly financial results have fluctuated in the past and are likely to vary in the future due to a number of factors, many of which are outside of our control. If our quarterly financial results or our predictions of future financial results fail to meet our expectations or the expectations of securities analysts and investors, the trading price of our outstanding securities could be negatively affected. Volatility in our quarterly financial results may make it more difficult for us to raise capital in the future or pursue acquisitions.

Factors associated with our industry, the operation of our business, and the markets for our solutions may cause our quarterly financial results to fluctuate, including but not limited to:

- Fluctuations in demand for our solutions;
- Disruptions in our business operations or target markets caused by, among other things, terrorism or other intentional acts, outbreaks of disease, such as the COVID-19 pandemic, or earthquakes, floods, or other natural disasters;
- Entry of new competition into our markets;
- Our ability to achieve targeted operating income and margins and revenues;
- Competitive pricing pressure or free offerings that compete with one or more of our solutions;
- Our ability to timely complete the release of new or enhanced versions of our solutions;
- The amount and timing of commencement and termination of major marketing campaigns;
- The number, severity, and timing of threat outbreaks and cyber security incidents;
- Loss of customers or strategic partners;
- Changes in the mix or type of solutions and subscriptions sold and changes in consumer retention rates;
- The rate of adoption of new technologies and new releases of operating systems, and new business processes;

- Consumer confidence and spending changes;
- The impact of litigation, regulatory inquiries, or investigations;
- The impact of acquisitions and divestitures and our ability to achieve expected synergies or attendant cost savings;
- Fluctuations in foreign currency exchange rates and interest rates;
- The publication of unfavorable or inaccurate research reports about our business by cybersecurity industry analysts;
- The success of our corporate responsibility initiatives;
- Changes in tax laws, rules, and regulations; and
- Changes in consumer protection laws and regulations.

Any of the foregoing factors could cause the trading price of our outstanding securities to fluctuate significantly.

Changes to our effective tax rate could increase our income tax expense and reduce (increase) our net income (loss), cash flows and working capital.

Our effective tax rate could be adversely affected by several factors, many of which are outside of our control, including:

- Changes to the U.S. federal income tax laws, including the potential for corporate tax increases under the new Biden Administration;
- Changes to other tax laws, regulations, and interpretations in multiple jurisdictions in which we operate, including actions resulting from the Organisation for Economic Co-operation and Development's base erosion and profit shifting project, proposed actions by international bodies such as digital services taxation, as well as the requirements of certain tax rulings;
- Changes in the relative proportions of revenues and income before taxes in the various jurisdictions in which we operate that have differing statutory tax rates;
- The tax effects of significant infrequently occurring events that may cause fluctuations between reporting periods;
- Tax assessments, or any related tax interest or penalties, that could significantly affect our income tax expense for the period in which the settlements take place; and
- Taxes arising in connection to changes in our workforce, corporate entity structure or operations as they relate to tax incentives and tax rates.

From time to time, we receive notices that a tax authority in a particular jurisdiction believes that we owe a greater amount of tax than we have reported to such authority. We are regularly engaged in discussions and sometimes disputes with these tax authorities. If the ultimate determination of our taxes owed in any of these jurisdictions is for an amount in excess of the tax provision we have recorded or reserved for, our operating results, cash flows, and financial condition could be adversely affected.

Item 1B. *Unresolved Staff Comments*

There are no unresolved issues with respect to any Commission staff's written comments that were received at least 180 days before the end of our fiscal year to which this report relates and that relate to our periodic or current reports under the Exchange Act.

Item 2. *Properties*

Not applicable.

Item 3. *Legal Proceedings*

Information with respect to this Item may be found under the heading "Litigation contingencies" in Note 18 to the Consolidated Financial Statements in this Annual Report on Form 10-K which information is incorporated into this Item 3 by reference.

Item 4. *Mine Safety Disclosures*

Not applicable.

PART II

Item 5. *Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

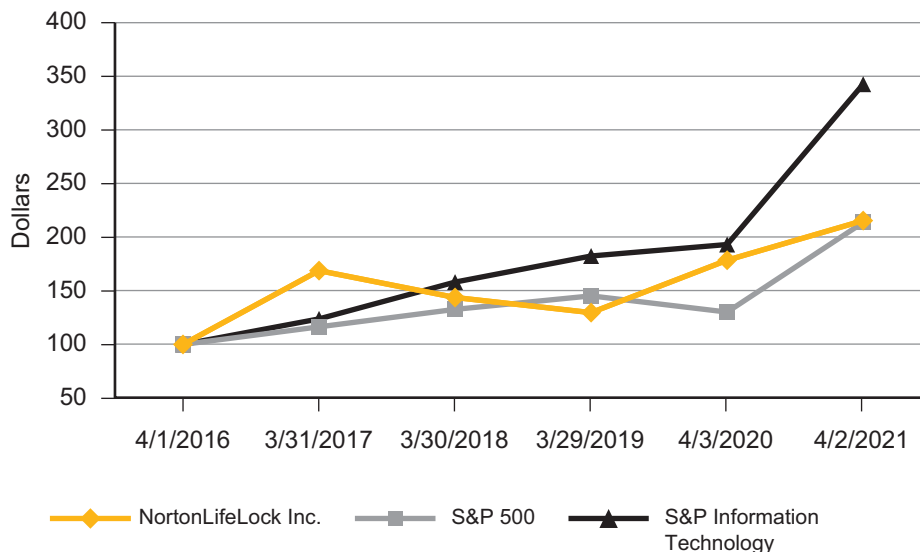
Stock symbol and stockholders of record

Our common stock is traded on the Nasdaq Global Select Market under the symbol “NLOK”. As of April 2, 2021, there were 1,538 stockholders of record. A substantially greater number of holders of our common stock are “street name” or beneficial holders, whose shares of record are held by banks, brokers, and other financial institutions.

Stock performance graph

The graph below compares the cumulative total stockholder return on our common stock with the cumulative total return on the S&P 500 Composite Index and the S&P Information Technology Index for the five fiscal years ended April 2, 2021 (assuming the initial investment of \$100 in our common stock and in each of the other indices on the last day of trading for fiscal 2016 and the reinvestment of all dividends). The comparisons in the graph below are based on historical data and are not indicative of, nor intended to forecast the possible future performance of our common stock.

**COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN
Among NortonLifeLock Inc., the S&P 500 Index
and the S&P Information Technology Index**



This performance graph shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of NortonLifeLock under the Securities Act or the Exchange Act.

Repurchases of our equity securities

Under our stock repurchase programs, shares may be repurchased on the open market and through accelerated stock repurchase transactions. As of April 2, 2021, we had \$274 million remaining authorized to be completed in future periods. On May 4, 2021, our Board of Directors approved an incremental share repurchase authorization of \$1,500 million bringing the total authorized under the

stock repurchase program to \$1,774 million. The authorization does not have an expiration date. Stock repurchases during the three months ended April 2, 2021, were as follows:

(In millions, except per share data)	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
January 2, 2021 to January 29, 2021	5	\$ 20.80	5	\$ 323
January 30, 2021 to February 26, 2021	2	\$ 20.28	2	\$ 284
February 27, 2021 to April 2, 2021 ⁽²⁾	—	\$ 20.01	—	\$ 274
Total number of shares repurchased	<u>7</u>		<u>7</u>	

⁽¹⁾ The number of shares purchased is reported on trade date. Repurchases of 1 million shares, which were executed prior to January 2, 2021, settled during the period of January 2, 2021 to January 29, 2021.

⁽²⁾ The number of shares is less than 1 million.

Item 6. Selected Financial Data

This item is no longer required, as we have elected to early adopt the amendment to Item 301 of Regulation S-K contained in SEC Release No. 33-10890, which became effective on February 10, 2021.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Please read the following discussion and analysis of our financial condition and results of operations together with our Consolidated Financial Statements and related Notes thereto included under Item 15 of this Annual Report on Form 10-K.

OVERVIEW

NortonLifeLock Inc. has the largest Consumer Cyber Safety platform in the world, empowering nearly 80 million users in more than 150 countries. We are the trusted and number one top of mind brand in consumer Cyber Safety, according to the 2020 NortonLifelock brand tracking study. We help prevent, detect, and restore potential damages caused by many cyber criminals.

We have utilized and expect to continue to utilize acquisitions to contribute to our long-term growth objectives. During fiscal year 2021, we completed the acquisition of Avira, which provides a consumer-focused portfolio of cybersecurity and privacy solutions primarily in Europe and key emerging markets. We believe this acquisition will help accelerate our international growth.

Fiscal Year Highlights

- In May 2020, we settled the \$625 million principal and conversion rights of our 2.0% Convertible Notes for \$1,176 million in cash. The repayments resulted in an adjustment to stockholders' equity of \$578 million and a gain on extinguishment of \$20 million.
- In July 2020, we completed the sale of our Culver City property for cash consideration of \$118 million, net of selling costs, and recognized a gain on sale of \$35 million.
- In September 2020, we borrowed \$750 million under the Delayed Draw Term Loan, maturing in 2024, and used the entire amount of the proceeds to repay in full the principal and accrued interest under our 4.2% Senior Notes due September 2020. The first amendment to our credit agreement, executed in May 2021, extends the maturity date from November 2024 to May 2026

for this tranche. See Note 10 of the Notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K.

- In October 2020, we entered into multiple agreements with Broadcom for an aggregate amount of \$200 million to license Broadcom’s enterprise software and security engines and to resolve all outstanding payments and claims related to the asset purchase and transition services agreement.
- In December 2020, we substantially completed our restructuring plan (the November 2019 Plan) in connection with the strategic decision to divest our Enterprise Security business. We incurred total costs of \$509 million since the inception of the November 2019 Plan, excluding stock-compensation expense, primarily related to workforce reduction, contract termination, and asset write-offs and impairment charges.
- In January 2021, we completed the acquisition of Avira for total aggregate consideration of \$344 million, net of \$32 million cash acquired.
- On April 1, 2021, we completed the sale of certain land and buildings in Mountain View for cash consideration of \$100 million, net of selling costs, and recognized a gain on sale of \$63 million.

Fiscal calendar and basis of presentation

We have a 52/53-week fiscal year ending on the Friday closest to March 31. Fiscal 2021, 2020, and 2019 in this report refers to fiscal year ended April 2, 2021, April 3, 2020, and March 29, 2019, respectively. Fiscal 2020 was a 53-week year, whereas fiscal 2021 and 2019 each consisted of 52 weeks.

Key financial metrics

The following table provides our key financial metrics for fiscal 2021 compared with fiscal 2020:

(In millions, except for per share amounts)	Fiscal Year	
	2021	2020
Net revenues	\$ 2,551	\$ 2,490
Operating income	\$ 896	\$ 355
Income from continuing operations	\$ 696	\$ 578
Income (loss) from discontinued operations	\$ (142)	\$ 3,309
Net income	\$ 554	\$ 3,887
Net income per share from continuing operations – diluted	\$ 1.16	\$ 0.90
Net income per share from discontinued operations – diluted	\$ (0.24)	\$ 5.15
Net income per share – diluted	\$ 0.92	\$ 6.05
Net cash provided by (used in) operating activities	\$ 706	\$ (861)

(in millions)	As of	
	April 2, 2021	April 3, 2020
Cash, cash equivalents and short-term investments	\$ 951	\$ 2,263
Contract liabilities	\$ 1,265	\$ 1,076

- Net revenues increased \$61 million, primarily due to increased sales of our consumer security products and our identity and protection products, partially offset by the divestiture of our ID Analytics solutions and the additional week of revenue recognized during fiscal 2020.
- Operating income increased \$541 million, primarily due to lower compensation expense, outside services expense, and facility and IT costs that were driven by our cost reduction programs, partially offset by a legal accrual relating to an ongoing civil lawsuit involving a government contract with the U.S. General Services Administration (GSA).
- Income from continuing operations increased \$118 million, primarily due to higher operating income, gain on sale of our Culver City and certain Mountain View properties, gain on

extinguishment of debt, and lower income tax expense, partially offset by the absence of the \$379 million gain on sale of our equity method investment in DigiCert and the \$250 million gain on the sale of our ID Analytics solutions, which were divested in fiscal 2020.

- We incurred a loss from discontinued operations, net of tax, compared to a gain during the corresponding period in fiscal 2020, primarily due to the absence of gain on the sale of certain of our Enterprise Security assets and certain liabilities to Broadcom Inc. (the “Broadcom sale”), the absence of operating income as a result of the Broadcom sale, and a settlement with Broadcom in the second quarter of fiscal 2021 of all outstanding payments and certain claims related to the Broadcom sale.
- Net income and net income per share decreased, primarily due to the loss from discontinued operations for the reasons discussed above, partially offset by higher income from continuing operations.
- Cash, cash equivalents and short-term investments decreased by \$1,312 million compared to April 3, 2020, primarily due to repayment of debt, net of borrowings, and to a lesser extent, payments for dividends and dividend equivalents, and payment for acquisitions. The payments were partially offset by net cash provided by operating activities and proceeds from the sale of our Culver City and certain Mountain View properties. In May 2020, we settled the principal and conversion rights of \$625 million of our 2.0% Convertible Notes for \$1,176 million in cash.
- Contract liabilities increased \$189 million compared to April 3, 2020, primarily due to higher billings than recognized revenue and the acquisition of Avira.

COVID-19 UPDATE

The COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economies, financial markets, and business practices. To protect the health and well-being of our employees, partners and third-party service providers, we implemented a near company-wide work-from-home requirement for most employees, made substantial modifications to employee travel policies, and cancelled or shifted our conferences and other marketing events to virtual-only. We continue to monitor the situation and plan to adjust our current policies as recommendations and public health guidance is changing. To date, we have not seen any meaningful negative impact on our customer success efforts, sales and marketing efforts, or employee productivity. Nevertheless, as employees, partners or third-party services providers return to work during the COVID-19 pandemic, the risk of inadvertent transmission of COVID-19 through human contact could still occur and result in litigation.

The U.S. and global economies have experienced a recession due to the economic impacts of the COVID-19 pandemic. Although we did not experience a material increase in cancellations by customers or a material reduction in our retention rate in 2021, we may experience such an increase or reduction in the future, especially in the event of a prolonged recession as a result of the COVID-19 pandemic. A prolonged recession could adversely affect demand for our offerings, retention rates and harm our business and results of operations, particularly in light of the fact that our solutions are discretionary purchases and thus may be more susceptible to macroeconomic pressures, as well impact the value of our common stock, ability to refinance our debt, and our access to capital.

The duration and extent of the impact from the COVID-19 pandemic depends on future developments that cannot be accurately forecasted at this time, such as the severity and transmission rate of new variants of the disease, the extent, effectiveness and acceptance of containment actions, such as vaccination programs, and the impact of these and other factors on our employees, customers, partners and third-party service providers. For more information on the risks associated with the COVID-19 pandemic, please see “Risk Factors” in Item 1A.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our Consolidated Financial Statements and related notes in accordance with generally accepted accounting principles in the U.S. (GAAP) requires us to make estimates, including

judgments and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. We have based our estimates on historical experience and on various assumptions that we believe to be reasonable under the circumstances. We evaluate our estimates on a regular basis and make changes accordingly. Management believes that the accounting estimates employed, and the resulting amounts are reasonable; however, actual results may differ from these estimates. Making estimates and judgments about future events is inherently unpredictable and is subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, it could have a material impact on our results of operations, financial position, and cash flows.

A summary of our significant accounting policies is included in Note 1 of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, if different estimates reasonably could have been used, or if changes in the estimate that are reasonably possible could materially impact the financial statements. Management believes the following critical accounting policies reflect the significant estimates and assumptions used in the preparation of our Consolidated Financial Statements.

Business combinations

We allocate the purchase price of acquired businesses to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values on the acquisition date. Any residual purchase price is recorded as goodwill. The allocation of purchase price requires management to make significant estimates and assumptions in determining the fair values of the assets acquired and liabilities assumed especially with respect to intangible assets.

Critical estimates in valuing intangible assets include, but are not limited to, future expected cash flows from customer relationships, developed technology, trade names, and acquired patents, and discount rates. Management estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable. Third-party valuation specialists are also utilized for certain estimates. Unanticipated events and circumstances may occur which may affect the accuracy or validity of such assumptions, estimates, or actual results.

Income taxes

We are subject to tax in multiple U.S. and foreign tax jurisdictions. We are required to estimate the current tax exposure as well as assess the temporary differences between the accounting and tax treatment of assets and liabilities, including items such as accruals and allowances not currently deductible for tax purposes. We apply judgment in the recognition and measurement of current and deferred income taxes which includes the following critical accounting estimates.

We use a two-step process to recognize liabilities for uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. If we determine that the tax position will more likely than not be sustained on audit, the second step requires us to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as this requires us to determine the probability of various outcomes. We re-evaluate these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit, and new audit activity. Such a change in recognition or measurement would result in the recognition of a tax benefit or an additional charge to the tax provision in the period.

Loss contingencies

We are subject to contingencies that expose us to losses, including various legal and regulatory proceedings, asserted and potential claims that arise in the ordinary course of business. An estimated

loss from such contingencies is recognized as a charge to income if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Judgment is required in both the determination of probability and the determination as to whether a loss is reasonably estimable. We review the status of each significant matter quarterly, and we may revise our estimates. Until the final resolution of such matters, there may be an exposure to loss in excess of the amount recorded, and such amounts could be material. Should any of our estimates and assumptions change or prove to have been incorrect, it could have a material impact on our Consolidated Financial Statements for that reporting period.

RESULTS OF OPERATIONS

The following table sets forth our Consolidated Statements of Operations data as a percentage of net revenues for the periods indicated:

	Fiscal Year		
	2021	2020	2019
Net revenues	100%	100%	100%
Cost of revenues	14	16	19
Gross profit	86	84	81
Operating expenses:			
Sales and marketing	23	28	29
Research and development	10	13	17
General and administrative	8	15	17
Amortization of intangible assets	3	3	3
Restructuring, transition and other costs	6	11	9
Total operating expenses	51	70	75
Operating income	35	14	6
Interest expense	(6)	(8)	(8)
Other income (expense), net	5	27	(2)
Income (loss) from continuing operations before income taxes	34	33	(4)
Income tax expense	7	10	—
Income (loss) from continuing operations	27	23	(4)
Income (loss) from discontinued operations	(6)	133	6
Net income	22%	156%	1%

Note: The percentages may not add due to rounding.

Net revenues

(In millions, except for percentages)	Fiscal Year			Variance in %	
	2021	2020	2019	2021 vs. 2020	2020 vs. 2019
Net revenues	\$ 2,551	\$ 2,490	\$ 2,456	2%	1%

Fiscal 2021 compared to fiscal 2020

Net revenues increased \$61 million primarily due to a \$91 million increase in sales of our consumer security products and a \$60 million increase in sales of our identity and protection products. This was driven by the increase in our direct customer count year-over-year, and stable annual retention rate and average revenue per user (ARPU) in fiscal 2021. The increase was partially offset by a \$46 million decrease as a result of the divestiture of our ID Analytics solutions in January 2020 and \$44 million of revenue recognized during an additional week in fiscal 2020.

Fiscal 2020 compared to fiscal 2019

Net revenues increased \$34 million primarily due to approximately \$44 million of revenues from the additional week in fiscal 2020.

Performance Metrics

We regularly monitor a number of metrics in order to measure our current performance and estimate our future performance. Our metrics may be calculated in a manner different than similar metrics used by other companies.

The following table summarizes supplemental key performance metrics for our solutions:

(In millions, except for per user amounts and percentages)	Fiscal Year		
	2021	2020	2019
Direct customer revenue ⁽¹⁾	\$ 2,286	\$ 2,204	\$ 2,168
Partner revenues	\$ 270	\$ 240	\$ 240
Average direct customer count ⁽²⁾	21.2	20.2	20.7
Direct customer count (at quarter-end)	23.0	20.2	20.3
Direct average revenue per user (ARPU) ⁽³⁾	\$ 9.01	\$ 8.90	\$ 8.74
Annual retention rate	85%	85%	85%

⁽¹⁾ Direct customer revenues in fiscal 2021 excludes a \$5 million reduction of revenue from a contract liability purchase accounting adjustment recognized during the last quarter due to the acquisition of Avira. Direct customer revenues in fiscal 2020 and 2019 excludes \$46 million and \$48 million, respectively, of revenue from ID Analytics solutions, which were divested in the fourth quarter of fiscal 2020.

⁽²⁾ Average direct customer count for fiscal 2021 is calculated as an average of the fiscal quarters. The average direct customer count for the fourth fiscal quarter was pro-rated to include 1.6 million customers from the Avira acquisition.

⁽³⁾ ARPU in fiscal 2020 was normalized to exclude the impact of the extra week on direct revenue, which we estimate to be approximately \$41 million of direct customer revenue. Excluding this adjustment, ARPU would have been \$9.07 in fiscal 2020.

We define direct customer revenues as revenues from sales of our consumer solutions to direct customers, which we define as active paid users who have a direct billing relationship with us at the end of the reported period. Users with multiple products or entitlements are counted for based on which solutions they are subscribed. We exclude users on free trials and promotions and users who have indirectly purchased our product or services through partners unless such users convert or renew their subscriptions directly with us.

From time to time, we update our methodology due to changes in the business. In fiscal 2021, the average direct customer count calculation has been refined primarily to pro-rate for acquisitions that happen during a quarter, such as Avira, which was acquired in January 2021. The full year average direct customer count is calculated as an average across the quarters. This change in methodology had an immaterial impact to historical amounts presented.

ARPU is calculated as estimated direct customer revenues for the period divided by the average direct customer count for the same period, expressed as a monthly figure. We monitor ARPU because it helps us understand the rate at which we are monetizing our consumer customer base.

Annual retention rate is defined as the number of direct customers who have more than a one-year tenure as of the end of the most recently completed fiscal period divided by the total number of direct customers as of the end of the period from one year ago. We monitor annual retention rate to evaluate the effectiveness of our strategies to improve renewals of subscriptions.

Net revenues by geographic region

Percentage of revenue by geographic region as presented below is based on the billing location of the customer.

	Fiscal Year		
	2021	2020	2019
Americas	72%	74%	73%
EMEA	16%	15%	16%
APJ	12%	11%	11%

Percentages may not add to 100% due to rounding.

The Americas include U.S., Canada, and Latin America; EMEA includes Europe, Middle East, and Africa; APJ includes Asia Pacific and Japan.

Percentage of revenue by geographic region remained consistent in fiscal 2021, 2020, and 2019.

Cost of revenues

(In millions, except for percentages)	Fiscal Year			Variance in %	
	2021	2020	2019	2021 vs. 2020	2020 vs. 2019
Cost of revenues	\$ 362	\$ 393	\$ 455	(8)%	(14)%

Fiscal 2021 compared to fiscal 2020

Our cost of revenues decreased \$31 million primarily due to decreases in royalty charges and technical support costs, partially offset by an increase in commissions, reflecting higher investments in affiliate marketing programs.

Fiscal 2020 compared to fiscal 2019

Our cost of revenues decreased \$62 million primarily due to decreases in technical support costs and service costs, partially offset by an increase in royalty charges. In addition, during fiscal 2019, we recorded higher inventory write-offs of \$10 million due to our discontinuation of our consumer hardware product line.

Operating expenses

(In millions, except for percentages)	Fiscal Year			Variance in %	
	2021	2020	2019	2021 vs. 2020	2020 vs. 2019
Sales and marketing	\$ 576	\$ 701	\$ 712	(18)%	(2)%
Research and development	267	328	420	(19)%	(22)%
General and administrative	215	368	410	(42)%	(10)%
Amortization of intangible assets	74	79	80	(6)%	(1)%
Restructuring, transition and other costs	161	266	221	(39)%	20%
Total	<u>\$ 1,293</u>	<u>\$ 1,742</u>	<u>\$ 1,843</u>	(26)%	(5)%

Fiscal 2021 compared to fiscal 2020

Sales and marketing expense decreased \$125 million primarily due to a \$147 million decrease in shared facility and IT costs, partially offset by a \$12 million increase in advertising and promotional expense.

Research and development expense decreased \$61 million due to a \$44 million decrease in shared facility and IT costs and a \$17 million decrease in compensation, driven by lower headcount.

General and administrative expense decreased \$153 million primarily due to a \$70 million decrease in compensation expense, a \$55 million decrease in shared facility and IT costs, and a \$43 million decrease in outside services expense, partially offset by an additional legal accrual of \$25 million in fiscal 2021 relating to an ongoing civil lawsuit involving a government contract with the GSA.

The overall decreases in our sales and marketing, research and development and general and administrative expenses were driven by our cost reduction initiatives.

Amortization of intangible assets was relatively flat compared to fiscal 2020.

Restructuring, transition and other costs decreased \$105 million primarily due to a \$50 million decrease of contract cancellation charges and a \$59 million decrease in severance costs in connection with our November 2019 restructuring plan (the November 2019 Plan). The decrease was partially offset by a \$11 million increase in asset write-offs and impairments. See Note 12 of the Notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K for further information on our restructuring plans.

Fiscal 2020 compared to fiscal 2019

Sales and marketing expense decreased \$11 million primarily due to a \$75 million decrease in compensation expense and allocated corporate costs, reflecting our cost reduction initiatives. These decreases were partially offset by a \$64 million increase in advertising and promotional expense reflecting our higher investments in direct marketing programs.

Research and development expense decreased \$92 million primarily due to a \$77 million decrease in compensation expense and allocated corporate costs, and a \$23 million decrease in outside services, reflecting our cost reduction initiatives.

General and administrative expense decreased \$42 million primarily due to a \$34 million decrease in compensation expense other than stock-based compensation and allocated corporate costs, and a \$18 million decrease in stock-based compensation expense.

Amortization of intangible assets was relatively flat compared to fiscal 2019.

Restructuring, transition and other costs increased \$45 million primarily due to \$101 million of contract cancellation charges incurred in fiscal 2020, a \$71 million increase in severance costs, a \$45 million increase in asset impairments, and a \$20 million increase in stock-based compensation. These increases were partially offset by \$185 million costs related to transition projects incurred in fiscal 2019 that were completed by the end of that period.

Non-operating income (expense), net

(In millions)	Fiscal Year			Variance in \$	
	2021	2020	2019	2021 vs. 2020	2020 vs. 2019
Interest expense	\$ (144)	\$ (196)	\$ (208)	\$ 52	\$ 12
Interest income	4	80	42	(76)	38
Loss from equity interest	—	(31)	(101)	31	70
Foreign exchange gain (loss)	1(6)	(11)	7	5	
Gain on divestitures	—	250	—	(250)	250
Gain on sale of equity method investment	—	379	—	(379)	379
Gain on early extinguishment of debt	20	—	—	20	—
Gain on sale of properties	98	—	—	98	—
Transition service expense, net	(9)	(19)	—	10	(19)
Other	6	7	13	(1)	(6)
Non-operating income (expense), net	<u>\$ (24)</u>	<u>\$ 464</u>	<u>\$ (265)</u>	<u>\$ (488)</u>	<u>\$ 729</u>

Fiscal 2021 compared to fiscal 2020

Non-operating income, net of expense, decreased \$488 million primarily due the absence of the \$379 million gain on sale of our equity method investment in DigiCert and the \$250 million gain on the sale of our ID Analytics solutions, which were divested in fiscal 2020. The decrease was partially offset by the absence of loss from our equity interest in DigiCert, gain on sale of our Culver City property and certain Mountain View properties, and the gain on extinguishment of debt due to the repayment of our 2.0% Convertible Notes in fiscal 2021.

Fiscal 2020 compared to fiscal 2019

Non-operating income, net of expense, increased \$729 million primarily due to a \$379 million gain on the sale of the DigiCert equity method investment and a \$250 million gain on the sale of our ID Analytics solutions in fiscal 2020. In addition, our loss from equity interest that was divested in fiscal 2020 decreased \$70 million and our interest income increased \$38 million as a result of higher investments in money market funds purchased with proceeds from the Broadcom sale.

Provision for income taxes

We are a U.S.-based multinational company subject to tax in multiple U.S. and international tax jurisdictions. Our results of operations would be adversely affected to the extent that our geographical mix of income becomes more weighted toward jurisdictions with higher tax rates and would be favorably affected to the extent the relative geographic mix shifts to lower tax jurisdictions. Any change in our mix of earnings is dependent upon many factors and is therefore difficult to predict.

(In millions, except for percentages)	Fiscal Year		
	2021	2020	2019
Income (loss) from continuing operations before income taxes	\$ 872	\$ 819	\$ (107)
Provision for income taxes	\$ 176	\$ 241	\$ 3
Effective tax rate on income (loss) from continuing operations	20%	29%	(3)%

Fiscal 2021 compared to fiscal 2020

Our effective tax rate decreased primarily due to releases in uncertain tax positions and favorable withholding tax rulings.

Fiscal 2020 compared to fiscal 2019

Our effective tax rate increased primarily due to an increase in income taxes from non-deductible goodwill, and an increase in income taxes as a result of the Altera Ninth Circuit Opinion. See Note 13 of the Notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K for information about the Altera Ninth Circuit Opinion.

Discontinued operations

(In millions, except for percentages)	Fiscal Year			Variance in %	
	2021	2020	2019	2021 vs. 2020	2020 vs. 2019
Net revenues	\$ 1	\$ 1,368	\$ 2,288	(100)%	(40)%
Gross profit	\$ 1	\$ 1,035	\$ 1,693	(100)%	(39)%
Operating income (loss)	\$ (177)	\$ 4	\$ 234	(4,525)%	(98)%
Gain on sale	\$ —	\$ 5,434	\$ —	N/A	N/A
Income (loss) before income taxes	\$ (176)	\$ 5,431	\$ 228	(103)%	2,282%
Income tax expense (benefit)	\$ (34)	\$ 2,122	\$ 87	(102)%	2,339%
Income (loss) from discontinued operations, net of taxes	\$ (142)	\$ 3,309	\$ 141	(104)%	2,247%

Fiscal 2021 compared to fiscal 2020

We incurred a loss from discontinued operations in fiscal 2021, compared to a gain during the corresponding period in fiscal 2020, primarily due to the absence of gain on the Broadcom sale, the absence of operating income as a result of the Broadcom sale, and a \$200 million settlement with Broadcom in the second quarter of fiscal 2021 of all outstanding payments and certain claims related to the Broadcom sale.

Fiscal 2020 compared to fiscal 2019

Income from discontinued operations in fiscal 2020 reflects a \$5,434 million gain on the Broadcom sale and \$2,122 million income tax expense primarily related to the gain. In addition, we recognized \$261 million restructuring, transition and other costs in fiscal 2020, compared to \$20 million in fiscal 2019.

LIQUIDITY, CAPITAL RESOURCES AND CASH REQUIREMENTS

Liquidity

We have historically relied on cash generated from operations, borrowings under credit facilities, issuances of debt, and proceeds from divestitures for our liquidity needs.

As of April 2, 2021, we had cash, cash equivalents and short-term investments of approximately \$1.0 billion, of which \$0.4 billion was held by our foreign subsidiaries. Our cash, cash equivalents and short-term investments are managed with the objective to preserve principal, maintain liquidity, and generate investment returns. The participation exemption system under current U.S. federal tax regulations generally allows us to make distributions of non-U.S. earnings to the U.S. without incurring additional U.S. federal tax; however, these distributions may be subject to applicable state or non-U.S. taxes. We have recognized deferred income taxes for local country income and withholding taxes that could be incurred on distributions of certain non-U.S. earnings or for outside basis differences in our subsidiaries.

We also have an undrawn revolving credit facility of \$1 billion. The first amendment to our credit agreement, executed in May 2021, extends the maturity date from November 2024 to May 2026. For additional discussion on the amendment, see Note 10 of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

Our principal cash requirements are primarily to meet our working capital needs and support on-going business activities, including payment of taxes and cash dividends, funding capital expenditures, servicing existing debt, repurchasing our common stock, and investing in business acquisitions.

Our capital allocation strategy is to balance driving stockholder returns, managing financial risk, and preserving our flexibility to pursue strategic options, including acquisitions. Historically, this has included a quarterly cash dividend, the repayment of debt, and the repurchase of our common stock.

Divestiture of Enterprise Security business

In fiscal 2020, we completed the sale of certain assets and the assumption of certain liabilities of our Enterprise Security business to Broadcom. During fiscal 2021, we paid approximately \$70 million of U.S. and foreign income taxes as a result of the transaction.

On October 1, 2020, we entered into multiple agreements with Broadcom and paid an aggregate amount of \$200 million. We licensed Broadcom's enterprise software, multiple security engines and related telemetry for 5.6 years. In addition, we resolved all outstanding payments and certain claims related to the asset purchase and transition services agreements.

Debt

In May 2020, we settled the \$625 million principal and conversion rights of our 2.0% Convertible Notes for \$1,176 million in cash. In September 2020, we borrowed \$750 million under the Delayed Draw Term Loan, maturing in November 2024, and used the entire amount of the proceeds to repay in full the principal and accrued interest under our 4.2% Senior Notes due September 2020. In March 2021, we made a \$6 million quarterly principal payment on our initial term loan (the Initial Term Loan) and a \$9 million quarterly principal payment on the Delayed Draw Term Loan. On May 7, 2021, we entered into the first amendment to our credit agreement, which provides an additional five year term loan (the First Amendment Additional Term Loan), and extends the maturity date of the Initial Term Loan, the Delayed Draw Term Loan, and revolving credit facility from November 2024 to May 2026. For additional discussion on the amendment, see Note 10 of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

In May 2021, we entered into a Convertible Notes Purchase Agreement (the "Agreement") under which we agreed to repurchase \$250 million in aggregate principal amount of our new 2.50% convertible senior notes due 2022. Under the terms of the Agreement, we paid an aggregate of \$365 million on May 20, 2021, representing \$24.40 per underlying share into which the notes are convertible, accrued and unpaid interest through the date of settlement, and a portion of the cash dividend that we declared on May 10, 2021. For additional discussion on the Agreement, see Note 19 of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

Sale of certain assets

On July 27, 2020, we completed the sale of our Culver City property for cash consideration of \$118 million, net of selling costs.

On April 1, 2021, we completed the sale of certain land and buildings in Mountain View for cash consideration of \$100 million, net of selling costs.

Acquisition of Avira

On January 8, 2021, we completed our acquisition of Avira for total aggregate cash consideration of \$344 million, net of \$32 million cash acquired.

Share repurchase program

During fiscal 2021, we executed repurchases of 15 million shares of our common stock under our existing share repurchase program for an aggregate amount of \$304 million.

Cash flows

The following table summarizes our cash flow activities in fiscal 2021, 2020 and 2019:

(In millions)	Fiscal Year		
	2021	2020	2019
Net cash provided by (used in):			
Operating activities	\$ 706	\$ (861)	\$ 1,495
Investing activities	\$ (69)	\$ 11,379	\$ (241)
Financing activities	\$ (1,903)	\$ (10,123)	\$ (1,209)
Increase (decrease) in cash and cash equivalents	\$ (1,244)	\$ 386	\$ 17

Cash from operating activities

Fiscal 2021

Our cash from operating activities in fiscal 2021 reflected net income of \$554 million, adjusted by non-cash items, primarily consisting of amortization and depreciation of \$150 million, impairments of current and long-lived assets of \$90 million, stock-based compensation expense of \$81 million, deferred income taxes of \$42 million, and gain on sale of properties of \$98 million.

Changes in operating assets and liabilities during fiscal 2021 consisted primarily of the following:

Contract liabilities increased \$118 million, primarily due to higher billings than recognized revenue.

Accounts payable decreased \$44 million, primarily due to a reduction in operating costs in connection with our November 2019 Plan, which was completed during fiscal 2021.

Income taxes payable decreased \$299 million primarily due to tax payments made during fiscal 2021, including payments related to the Broadcom sale, payments of federal and foreign income taxes, and a decrease as a result of favorable tax rulings. During fiscal 2021, we made aggregate tax payments of \$341 million related to these transactions.

Fiscal 2020

Our cash flows for fiscal 2020 reflected net income of \$3,887 million, adjusted by non-cash items, primarily consisting of gains on divestitures of \$5,684 million and a gain on the sale of our equity method investment of \$379 million, amortization and depreciation of \$361 million, and stock-based compensation of \$312 million.

Changes in operating assets and liabilities during fiscal 2020 consisted primarily of the following:

Accounts receivable decreased \$583 million, primarily due to the collections of receivables related to our Enterprise Security solutions. Such receivables were not included in the assets that were sold in connection with the Broadcom sale.

Contract liabilities decreased \$121 million, primarily due to seasonally higher recognized revenue from our Enterprise Security solutions than billings during the period prior to the Broadcom sale.

Accrued compensation and benefits decreased \$117 million, primarily due to a decrease in headcount as a result of the Broadcom sale and our restructuring activities.

Income taxes payable increased \$383 million primarily due to taxes owed on the Broadcom sale and the sale of our DigiCert equity method investment. During fiscal 2020, we made aggregate tax payments of \$2 billion related to these transactions.

Cash from investing activities

Our cash flows used in investing activities in fiscal 2021 primarily consisted of payment for the Avira acquisition of \$344 million, net of \$32 million cash acquired, partially offset by proceeds from the

sale of our Culver City and certain Mountain View properties of \$218 million and proceeds from maturities and sales of short-term investments of \$68 million.

Our investing activities in fiscal 2020 primarily consisted of \$10,918 million in net proceeds from the Broadcom sale and the divestiture of our ID Analytics solutions and \$380 million from the sale of our equity method investment in DigiCert.

Cash from financing activities

Our financing activities in fiscal 2021 primarily consisted of repayments of debt of \$1,941 million in connection with the settlement of our 2.0% Convertible Notes, repayments of our 4.2% Senior Notes, and quarterly principal payments of our Initial Term Loan and Delayed Draw Term Loan, payment of dividends and dividend equivalents of \$373 million, and repurchases of common stock of \$304 million, partially offset by proceeds from issuance of debt of \$750 million under our Delayed Draw Term Loan.

Our financing activities in fiscal 2020 primarily consisted of payments of dividends and dividend equivalents of \$7,481 million, repurchases of common stock of \$1,581 million, debt repayments of \$868 million, consisting of \$552 million in principal and a \$316 million cash settlement of the equity rights associated with our Senior Convertible notes, and cash consideration of \$546 million paid in connection with the exchange of convertible debt.

Cash requirements

Debt – As of April 2, 2021, our total outstanding principal amount of indebtedness is summarized as follows. See Note 10 of the Notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K for further information about our debt.

(In millions)	April 2, 2021
Term Loans	\$ 1,235
Senior Notes	1,500
Convertible Senior Notes	875
Mortgage Loans	10
Total debt	<u>\$ 3,620</u>

Debt covenant compliance – The credit agreement we entered into in November 2019, which was amended and extended through May 2026 on May 7, 2021, contains customary representations and warranties, non-financial covenants for financial reporting, affirmative and negative covenants, including a covenant that we maintain a consolidated leverage ratio of not more than 5.25 to 1.0, or 5.75 to 1.0 if we acquire assets or business in an aggregate amount greater than \$250 million, and restrictions on indebtedness, liens, investments, stock repurchases, and dividends (with exceptions permitting our regular quarterly dividend and other specific capital returns). As of April 2, 2021, we were in compliance with all debt covenants.

Dividends – On May 10, 2021, we announced a cash dividend of \$0.125 per share of common stock to be paid in June 2021. Any future dividends will be subject to the approval of our Board of Directors.

Stock repurchases – Under our stock repurchase program, we may purchase shares of our outstanding common stock through accelerated stock repurchase transactions, open market transactions (including through trading plans intended to qualify under Rule 10b5-1 under the Exchange Act,) and privately-negotiated transactions. As of April 2, 2021, the remaining balance of our stock repurchase authorization is \$274 million and does not have an expiration date. On May 4, 2021, our Board of Directors approved an incremental share repurchase authorization of \$1,500 million, bringing the total authorized amount under the stock repurchase program to \$1,774 million. The authorization does not have an expiration date. The timing and actual number of shares repurchased will depend on a variety of factors, including price, general business and market conditions, and other investment opportunities.

Restructuring – Under our restructuring plans approved by our Board of Directors in November 2019 and December 2020, we have incurred cash expenditures primarily for severance and termination benefits, contract terminations, and other exit and disposal costs. The November 2019 Plan was completed in fiscal 2021 with total cash payments of \$139 million during the fiscal year. As of April 2, 2021, we estimate that we will incur total costs up to \$20 million in connection with the December 2020 Plan. During fiscal 2021, we made \$9 million in cash payments related to the December 2020 Plan. These actions are expected to be completed in fiscal 2022. See Note 12 of the Notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K for further cash flow information associated with our restructuring activities.

Contractual obligations

The following is a schedule of our significant contractual obligations as of April 2, 2021, including those associated with our discontinued operations. The expected timing of payments of the obligations in the following table is estimated based on current information. Timing of payments and actual amounts paid may be different, depending on the time of receipt of goods or services, or changes to agreed-upon amounts for some obligations.

(In millions)	Payments Due by Period				
	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	Over 5 Years
Debt	\$3,620	\$ 313	\$ 1,153	\$ 2,149	\$ 5
Interest payments on debt ⁽¹⁾	367	110	162	94	1
Purchase obligations ⁽²⁾	380	296	70	9	5
Deemed repatriation taxes ⁽³⁾	594	69	196	329	—
Operating leases ⁽⁴⁾	100	29	41	21	9
Total	<u>\$5,061</u>	<u>\$ 817</u>	<u>\$ 1,622</u>	<u>\$ 2,602</u>	<u>\$ 20</u>

⁽¹⁾ Interest payments were calculated based on the contractual terms of the related Senior Notes, Convertible Senior Notes, and credit facility. Interest on variable rate debt was calculated using the interest rate in effect as of April 2, 2021. See Note 10 of the Notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K for further information on the Senior Notes, Convertible Senior Notes, and Term loans.

⁽²⁾ These amounts are associated with agreements for purchases of goods or services generally including agreements that are enforceable and legally binding and that specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. The table above also includes agreements to purchase goods or services that have cancellation provisions requiring little or no payment. The amounts under such contracts are included in the table above because management believes that cancellation of these contracts is unlikely, and we expect to make future cash payments according to the contract terms or in similar amounts for similar materials.

⁽³⁾ These amounts represent the transition tax on previously untaxed foreign earnings of foreign subsidiaries under the Tax Cuts and Jobs Act which may be paid through July 2025.

⁽⁴⁾ We have entered into various non-cancelable operating lease agreements that expire on various dates through fiscal 2028. The amounts in the table above exclude expected sublease income. See Note 9 of the Notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K for further information on leases.

Due to the uncertainty with respect to the timing of future cash flows associated with our unrecognized tax benefits and other long-term taxes as of April 2, 2021, we are unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authorities. Therefore, \$525 million in long-term income taxes payable has been excluded from the contractual obligations table. See Note 13 of the Notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K for further information.

Indemnifications

In the ordinary course of business, we may provide indemnifications of varying scope and terms to customers, vendors, lessors, business partners, subsidiaries, and other parties with respect to certain matters, including, but not limited to, losses arising out of our breach of agreements or representations and warranties made by us. In connection with the sale of Veritas and the sale of our Enterprise

Security business to Broadcom, we assigned several leases to Veritas Technologies LLC or Broadcom and/or their related subsidiaries. In addition, our bylaws contain indemnification obligations to our directors, officers, employees, and agents, and we have entered into indemnification agreements with our directors and certain of our officers to give such directors and officers additional contractual assurances regarding the scope of the indemnification set forth in our bylaws and to provide additional procedural protections. We maintain director and officer insurance, which may cover certain liabilities arising from our obligation to indemnify our directors and officers. Refer to Note 18 of the Notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K for further information on our indemnifications.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to various market risks related to fluctuations in interest rates and foreign currency exchange rates. We may use derivative financial instruments to mitigate certain risks in accordance with our investment and foreign exchange policies. We do not use derivatives or other financial instruments for trading or speculative purposes.

Interest rate risk

Our short-term investments and cash equivalents primarily consist of corporate bonds and certificate of deposits, respectively. A change in interest could have an adverse impact on their market value. As of April 2, 2021, the carrying value and fair value of our short-term investments and cash equivalents was \$18 million. A hypothetical change in the yield curve of 100 basis points would not result in a significant reduction in fair value.

As of April 2, 2021, we had \$2.4 billion in aggregate principal amount of fixed-rate Senior Notes and convertible debt outstanding, with a carrying amount and a fair value of \$2.4 billion, based on Level 2 inputs. Since these notes bear interest at fixed rates, they do not result in any financial statement risk associated with changes in interest rates. However, the fair value of these notes fluctuates when interest rates change.

As of April 2, 2021, we also had \$1.2 billion outstanding debt with variable interest rates based on the London InterBank Offered Rate (LIBOR). A reasonably possible hypothetical adverse change of 100 basis points in LIBOR would not result in a significant increase in interest expense on an annualized basis.

In addition, we have a \$1 billion revolving credit facility that if drawn bears interest at a variable rate based on LIBOR and would be subject to the same risks associated with adverse changes in LIBOR.

Foreign currency exchange rate risk

We conduct business in numerous currencies through our worldwide operations, and our entities hold monetary assets or liabilities, earn revenues, or incur costs in currencies other than the entity's functional currency, primarily in Euro, Japanese Yen, British Pound, Israeli New Shekel, Swiss Franc, Singapore Dollar and Indian Rupee. In addition, we charge our international subsidiaries for their use of intellectual property and technology and for certain corporate services we provide. Our cash flow, results of operations and certain of our intercompany balances that are exposed to foreign exchange rate fluctuations may differ materially from expectations, and we may record significant gains or losses due to foreign currency fluctuations and related hedging activities. As a result, we are exposed to foreign exchange gains or losses which impacts our operating results.

We have a foreign exchange exposure management program designed to identify material foreign currency exposures, manage these exposures, and reduce the potential effects of currency fluctuations on our results of operations through which we enter into foreign exchange forward contracts on our assets and liabilities denominated in currencies other than the functional currency of our subsidiaries with up to twelve months in duration. We do not use derivative financial instruments for speculative trading purposes, nor do we hedge our foreign currency exposure in a manner that entirely offsets the effects

of the changes in foreign exchange rates. The gains and losses on these foreign exchange contracts are recorded in Other income (expense), net in the Consolidated Statements of Operations.

As of April 2, 2021 and April 3, 2020, we had open foreign currency forward contracts with notional amounts of \$338 million and \$419 million, respectively, to hedge foreign currency balance sheet exposure, with an insignificant fair value. A hypothetical ten percent depreciation of foreign currency would result in a reduction in fair value of our forward contracts of \$20 million and \$30 million for fiscal 2021 and fiscal 2020, respectively. This analysis disregards the possibilities that the rates can move in opposite directions and that losses from one geographic area may be offset by gains from another geographic area.

Additional information with respect to our derivative instruments is included in Note 11 of the Notes to the Consolidated Financial Statements in this Annual Report on Form 10-K.

Item 8. *Financial Statements and Supplementary Data*

The Consolidated Financial Statements and related disclosures included in Part IV, Item 15 of this annual report are incorporated by reference into this Item 8.

The selected quarterly financial data is no longer required, as we have elected to early adopt the amendment to Item 302 of Regulation S-K contained in SEC Release No. 33-10890, which became effective on February 10, 2021. There were no material retrospective changes to any quarters in the two most recent fiscal years that would require this disclosure.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

None.

Item 9A. *Controls and Procedures*

a) Evaluation of Disclosure Controls and Procedures

The SEC defines the term “disclosure controls and procedures” to mean a company’s controls and other procedures that are designed to ensure that information required to be disclosed in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the SEC’s rules and forms. “Disclosure controls and procedures” include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our disclosure controls and procedures are designed to provide reasonable assurance that such information is accumulated and communicated to our management. Our management (with the participation of our Chief Executive Officer and Chief Financial Officer) has conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act).

Based on such evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of the end of the period covered by this report.

b) Management’s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) for NortonLifeLock. Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has conducted an evaluation of the effectiveness of our internal control over financial reporting as of April 2, 2021, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).

We acquired Avira during January 2021. Management excluded Avira from its assessment of the effectiveness of NortonLifeLock Inc.'s internal control over financial reporting as of April 2, 2021. Total assets and total revenues of Avira represent approximately 1%, or \$67 million and 1%, or \$21 million, respectively, of the related consolidated financial statement amounts as of, and for the year ended, April 2, 2021. Management did not assess the effectiveness of internal control over financial reporting at Avira due to the complexity associated with assessing internal control during integration efforts as well as the limited amount of time between the transaction date and the assessment date of April 2, 2021.

Our management has concluded that, as of April 2, 2021, our internal control over financial reporting was effective at the reasonable assurance level based on these criteria.

The effectiveness of our internal control over financial reporting as of April 2, 2021 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report, which is included in Part IV, Item 15 of this Annual Report on Form 10-K.

c) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended April 2, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any significant impact to our internal controls over financial reporting despite the fact that a significant number of employees continue to work remotely due to the COVID-19 pandemic. The design of our processes and controls allow for remote execution with accessibility to secure data. We are continually monitoring and assessing the COVID-19 situation to minimize the impact, if any, on the design and operating effectiveness on our internal controls.

d) Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected.

Item 9B. Other Information

None.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

The information required by this item will be included under the caption “Directors, Executive Officers, and Corporate Governance” in our proxy statement for the 2021 Annual Meeting to be filed with the SEC within 120 days of the fiscal year ended April 2, 2021 (the 2021 Proxy Statement) and is incorporated herein by reference. With regard to the information required by this item regarding compliance with Section 16(a) of the Exchange Act, we will provide disclosure of delinquent Section 16(a) reports, if any, in the 2021 Proxy Statement, and such disclosure, if any, is incorporated herein by reference.

Item 11. *Executive Compensation*

The information required by this item will be included under the caption “Executive Compensation” in our 2021 Proxy Statement and is incorporated herein by reference.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The information required by this item will be included under the caption “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters” in our 2021 Proxy Statement and is incorporated herein by reference.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

The information required by this item will be included under the caption “Certain Relationships and Related Transactions, and Director Independence” in our 2021 Proxy Statement and is incorporated herein by reference.

Item 14. *Principal Accountant Fees and Services*

The information required by this item will be included under the caption “Principal Accountant Fees and Services” in our 2021 Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a)

(1). Financial Statements

Upon written request, we will provide, without charge, a copy of this annual report, including the Consolidated Financial Statements and financial statement schedule. All requests should be sent to:

NortonLifeLock Inc.
Attn: Investor Relations
60 E. Rio Salado, Suite 1000
Tempe, Arizona 85281
(650) 527-8000

The following documents are filed as part of this report:

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Financial statement schedules have been omitted since they are either not required, not applicable, or the information is otherwise included.	
2. Exhibits: The information required by this Item is set forth in the Exhibit Index that precedes the signature page of this Annual Report.	96

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
NortonLifeLock Inc.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of NortonLifeLock Inc. and subsidiaries (the Company) as of April 2, 2021 and April 3, 2020, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity (deficit), and cash flows for each of the years in the three-year period ended April 2, 2021, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of April 2, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of April 2, 2021 and April 3, 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended April 2, 2021, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of April 2, 2021 based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The Company acquired Avira during 2021, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of April 2, 2021, Avira's internal control over financial reporting associated with total assets and total revenues of approximately 1%, or \$67 million and 1%, or \$21 million, respectively, included in the consolidated financial statements of the Company as of and for the year ended April 2, 2021. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Avira.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our

audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of uncertain tax positions

As discussed in Notes 1 and 13 to the consolidated financial statements, as of April 2, 2021 the Company recognized uncertain tax positions. The Company recognizes tax benefits from uncertain tax positions when there is more than a 50% likelihood that the tax position will be sustained upon examination by the taxing authorities based on the technical merits of the position. As of April 2, 2021, the Company has recorded a liability for gross unrecognized tax benefits, of \$558 million.

We identified the assessment of uncertain tax positions as a critical audit matter. Complex auditor judgment, including the involvement of tax professionals with specialized skills and knowledge, was required to evaluate the Company's interpretation and application of tax law globally across its multiple subsidiaries.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's uncertain tax positions process, including controls related to the interpretation of tax law, its application in the liability estimation process, and determination of the final uncertain tax position. We involved tax professionals with specialized skills and knowledge, who assisted in:

- Obtaining an understanding of the Company's overall tax structure across multiple subsidiaries and assessing the Company's compliance with tax laws globally,
- Evaluating changes in tax law, and assessing the interpretation under the relevant jurisdictions' tax law,

- Inspecting settlements with taxing authorities to assess the Company's determination of its tax positions and having more than a 50% likelihood to be sustained upon examination, and
- Performing an assessment of the Company's tax positions and comparing the results of the Company's assessment.

In addition, we evaluated the Company's ability to accurately estimate its gross unrecognized tax benefits by comparing historical gross unrecognized tax benefits to actual outcome upon conclusion of tax examinations.

/s/ KPMG LLP

We have served as the Company's auditor since 2002.

Santa Clara, California
May 21, 2021

NORTONLIFELOCK INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except par value per share amounts)

	<u>April 2, 2021</u>	<u>April 3, 2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 933	\$ 2,177
Short-term investments	18	86
Accounts receivable, net	117	111
Other current assets	237	435
Assets held for sale	233	270
Total current assets	<u>1,538</u>	<u>3,079</u>
Property and equipment, net	78	238
Operating lease assets	76	88
Intangible assets, net	1,116	1,067
Goodwill	2,867	2,585
Other long-term assets	686	678
Total assets	<u>\$ 6,361</u>	<u>\$ 7,735</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 52	\$ 87
Accrued compensation and benefits	107	115
Current portion of long-term debt	313	756
Contract liabilities	1,210	1,049
Current operating lease liabilities	26	28
Other current liabilities	428	587
Total current liabilities	<u>2,136</u>	<u>2,622</u>
Long-term debt	3,288	3,465
Long-term contract liabilities	55	27
Deferred income tax liabilities	137	149
Long-term income taxes payable	1,119	1,310
Long-term operating lease liabilities	66	73
Other long-term liabilities	60	79
Total liabilities	<u>6,861</u>	<u>7,725</u>
Commitments and contingencies (Note 18)		
Stockholders' equity (deficit):		
Common stock and additional paid-in capital, \$0.01 par value: 3,000 shares authorized; 580 and 589 shares issued and outstanding as of April 2, 2021 and April 3, 2020, respectively	2,229	3,356
Accumulated other comprehensive income (loss)	47	(16)
Retained earnings (accumulated deficit)	<u>(2,776)</u>	<u>(3,330)</u>
Total stockholders' equity (deficit)	<u>(500)</u>	<u>10</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 6,361</u>	<u>\$ 7,735</u>

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

NORTONLIFELOCK INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)

	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
Net revenues	\$ 2,551	\$ 2,490	\$ 2,456
Cost of revenues	362	393	455
Gross profit	2,189	2,097	2,001
Operating expenses:			
Sales and marketing	576	701	712
Research and development	267	328	420
General and administrative	215	368	410
Amortization of intangible assets	74	79	80
Restructuring, transition and other costs	161	266	221
Total operating expenses	1,293	1,742	1,843
Operating income	896	355	158
Interest expense	(144)	(196)	(208)
Other income (expense), net	120	660	(57)
Income (loss) from continuing operations before income taxes	872	819	(107)
Income tax expense	176	241	3
Income (loss) from continuing operations	696	578	(110)
Income (loss) from discontinued operations	(142)	3,309	141
Net income	<u>\$ 554</u>	<u>\$ 3,887</u>	<u>\$ 31</u>
Income (loss) per share – basic:			
Continuing operations	\$ 1.18	\$ 0.94	\$ (0.17)
Discontinued operations	\$ (0.24)	\$ 5.38	\$ 0.22
Net income per share – basic ⁽¹⁾	\$ 0.94	\$ 6.32	\$ 0.05
Income (loss) per share – diluted:			
Continuing operations	\$ 1.16	\$ 0.90	\$ (0.17)
Discontinued operations	\$ (0.24)	\$ 5.15	\$ 0.22
Net income per share – diluted ⁽¹⁾	\$ 0.92	\$ 6.05	\$ 0.05
Weighted-average shares outstanding:			
Basic	589	615	632
Diluted	600	643	632

⁽¹⁾ Net income per share amounts may not add due to rounding.

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

NORTONLIFELOCK INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)

	<u>Year Ended</u>		
	<u>April 2, 2021</u>	<u>April 3, 2020</u>	<u>March 29, 2019</u>
Net income	\$ 554	\$ 3,887	\$ 31
Other comprehensive income (loss), net of taxes:			
Foreign currency translation adjustments	63	(11)	(13)
Unrealized gain on available-for-sale securities	-	1	3
Other comprehensive income (loss) from equity method investee	-	1	(1)
Other comprehensive income (loss), net of taxes	<u>63</u>	<u>(9)</u>	<u>(11)</u>
Comprehensive income	<u>\$ 617</u>	<u>\$ 3,878</u>	<u>\$ 20</u>

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

NORTONLIFELOCK INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

(In millions, except per share amounts)

	Common Stock and Additional Paid-In Capital		Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity (Deficit)
	Shares	Amount			
Balance as of March 30, 2018	624	\$ 4,691	\$ 4	\$ 328	\$ 5,023
Cumulative effect from adoption of accounting standards	—	—	—	939	939
Net income	—	—	—	31	31
Other comprehensive income (loss)	—	—	(11)	—	(11)
Common stock issued under employee stock incentive plans	24	19	—	—	19
Shares withheld for taxes related to vesting of restricted stock units	(8)	(173)	—	—	(173)
Repurchases of common stock	(10)	(84)	—	(168)	(252)
Cash dividends declared (\$0.30 per share of common stock) and dividend equivalents accrued	—	—	—	(197)	(197)
Stock-based compensation	—	359	—	—	359
Balance as of March 29, 2019	630	4,812	(7)	933	5,738
Net income	—	—	—	3,887	3,887
Other comprehensive income (loss)	—	—	(9)	—	(9)
Common stock issued under employee stock incentive plans	32	123	—	—	123
Shares withheld for taxes related to vesting of restricted stock units	(4)	(86)	—	—	(86)
Repurchases of common stock	(69)	(902)	—	(661)	(1,563)
Cash dividends declared (\$12.40 per share of common stock) and dividend equivalents accrued	—	(76)	—	(7,489)	(7,565)
Stock-based compensation	—	338	—	—	338
Short-swing profit disgorgement	—	9	—	—	9
Exchange and extinguishment of convertible debt	—	(862)	—	—	(862)
Balance as of April 3, 2020	589	3,356	(16)	(3,330)	10
Net income	—	—	—	554	554
Other comprehensive income (loss)	—	—	63	—	63
Common stock issued under employee stock incentive plans	8	24	—	—	24
Shares withheld for taxes related to vesting of restricted stock units	(2)	(49)	—	—	(49)
Repurchases of common stock	(15)	(304)	—	—	(304)
Cash dividends declared (\$0.50 per share of common stock) and dividend equivalents accrued	—	(301)	—	—	(301)
Stock-based compensation	—	81	—	—	81
Extinguishment of convertible debt	—	(578)	—	—	(578)
Balance as of April 2, 2021	580	\$ 2,229	\$ 47	\$ (2,776)	\$ (500)

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

NORTONLIFELOCK INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
OPERATING ACTIVITIES:			
Net income	\$ 554	\$ 3,887	\$ 31
Adjustments:			
Amortization and depreciation	150	361	615
Impairments and write-offs of current and long-lived assets	90	74	10
Stock-based compensation expense	81	312	352
Deferred income taxes	42	16	(70)
Gain on extinguishment of debt	(20)	—	—
Loss from equity interest	—	31	101
Gain on divestitures	—	(5,684)	—
Gain on sale of equity method investment	—	(379)	—
Gain on sale of properties	(98)	—	—
Non-cash operating lease expense	22	40	—
Other	52	(4)	(14)
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable, net	3	583	113
Accounts payable	(44)	(61)	6
Accrued compensation and benefits	(10)	(117)	2
Contract liabilities	118	(121)	196
Income taxes payable	(299)	383	67
Other assets	144	(81)	(26)
Other liabilities	(79)	(101)	112
Net cash provided by (used in) operating activities	706	(861)	1,495
INVESTING ACTIVITIES:			
Purchases of property and equipment	(6)	(89)	(207)
Payments for acquisitions, net of cash acquired	(344)	—	(180)
Proceeds from divestitures, net of cash contributed and transaction costs	—	10,918	—
Proceeds from the maturities and sales of short-term investments	68	167	139
Proceeds from sales of properties	218	—	26
Proceeds from sale of equity method investment	—	380	—
Other	(5)	3	(19)
Net cash provided by (used in) investing activities	(69)	11,379	(241)
FINANCING ACTIVITIES:			
Repayments of debt and related equity component	(1,941)	(868)	(600)
Proceeds from issuance of debt, net of issuance costs	750	300	—
Net proceeds from sales of common stock under employee stock incentive plans	24	123	19
Tax payments related to restricted stock units	(58)	(78)	(173)
Dividends and dividend equivalents paid	(373)	(7,481)	(217)
Repurchase of common stock	(304)	(1,581)	(234)
Cash consideration paid in exchange of convertible debt	—	(546)	—
Short-swing profit disgorgement	—	9	—

NORTONLIFELOCK INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(In millions)

	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
Other	(1)	(1)	(4)
Net cash used in financing activities	(1,903)	(10,123)	(1,209)
Effect of exchange rate fluctuations on cash and cash equivalents	22	(9)	(28)
Change in cash and cash equivalents	(1,244)	386	17
Beginning cash and cash equivalents	2,177	1,791	1,774
Ending cash and cash equivalents	<u>\$ 933</u>	<u>\$ 2,177</u>	<u>\$ 1,791</u>

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

NORTONLIFELOCK INC.

Notes to the Consolidated Financial Statements

Note 1. Description of Business and Significant Accounting Policies

Business

NortonLifeLock, Inc. is a leading provider of consumer Cyber Safety solutions globally. We help customers protect their devices, online privacy, identity and home networks.

Basis of presentation

The accompanying Consolidated Financial Statements of NortonLifeLock and our wholly-owned subsidiaries are prepared in conformity with generally accepted accounting principles in the United States (GAAP). All significant intercompany accounts and transactions have been eliminated in consolidation.

Fiscal calendar

We have a 52/53-week fiscal year ending on the Friday closest to March 31. Our fiscal year 2020 consisted of 53 weeks, whereas fiscal years 2021 and 2019 were each 52-week years.

Use of estimates

The preparation of Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and accompanying Notes. Such estimates include, but are not limited to, valuation of business combinations including acquired intangible assets and goodwill, loss contingencies, the recognition and measurement of current and deferred income taxes, including the measurement of uncertain tax positions, and valuation of assets and liabilities and results of operations of our discontinued operations. On an ongoing basis, management determines these estimates and assumptions based on historical experience and on various other assumptions that are believed to be reasonable. Third-party valuation specialists are also utilized for certain estimates. Actual results could differ from such estimates and assumptions due to risks and uncertainties, including uncertainty in the current economic environment due to the COVID-19 pandemic, and such differences may be material to the Consolidated Financial Statements.

Significant Accounting Policies

With the exception of those discussed in Note 2, there were no material changes in accounting pronouncements issued by the Financial Accounting Standards Board (FASB) that were applicable or adopted by us during the fiscal 2021.

Revenue recognition

We sell products and services directly to end-users and packaged software products through a multi-tiered distribution channel. We recognize revenue when control of the promised products or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for such products or services. Performance periods are generally one year or less, and payments are generally collected up front. Revenue is recognized net of allowances for partner incentives and rebates, and any taxes collected from customers and subsequently remitted to governmental authorities.

We offer various channel rebates for our products. Our estimated reserves for channel volume incentive rebates are based on distributors' and resellers' performance compared to the terms and conditions of volume incentive rebate programs, which are typically entered into quarterly. Our reserves for rebates are estimated based on the terms and conditions of the promotional program, actual sales during the promotion, the amount of redemptions received, historical redemption trends by product and

by type of promotional program, and the value of the rebate. We record estimated reserves for rebates as an offset to revenue or contract liabilities. Reserves for rebates, recorded in Other current liabilities, were \$6 million and \$10 million as of April 2, 2021 and April 3, 2020, respectively. For products that include content updates, rebates are recognized as a ratable offset to revenue or contract liabilities over the term of the subscription.

Performance obligations

At contract inception, we assess the products and services promised in the contract to identify each performance obligation and evaluate whether the performance obligations are capable of being distinct and are distinct within the context of the contract. Performance obligations that are not both capable of being distinct and are distinct within the context of the contract are combined and treated as a single performance obligation in determining the allocation and recognition of revenue. Our software solutions typically consist of a term-based subscription as well as when-and-if available software updates and upgrades. We have determined that our promises to transfer the software license subscription and the related support and maintenance are not separately identifiable because:

- the licensed software and the software updates and upgrades are highly interdependent and highly interrelated, working together to deliver continuously updated protection to customers;
- by identifying and addressing new threats, the software updates and upgrades significantly modify the licensed software and are integral to maintaining its utility; and
- given the rapid pace with which new threats are identified, the value of the licensed software diminishes rapidly without the software updates and upgrades.

We therefore consider the software license and related support obligations a single, combined performance obligation with revenue recognized over time as our solutions are delivered.

Fair value measurements

For assets and liabilities measured at fair value, fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value, we consider the principal or most advantageous market in which we would transact, and we consider assumptions that market participants would use when pricing the asset or liability.

The three levels of inputs that may be used to measure fair value are:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in less active markets or model-derived valuations. All significant inputs used in our valuations, such as discounted cash flows, are observable or can be derived principally from or corroborated with observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of assets or liabilities. We monitor and review the inputs and results of these valuation models to help ensure the fair value measurements are reasonable and consistent with market experience in similar asset classes.

Assets measured and recorded at fair value:

Cash equivalents. We consider all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents. Cash equivalents are carried at amounts that approximate fair value due to the short period of time to maturity.

Short-term investments. Short-term investments consist primarily of corporate bonds. They are classified as available-for-sale and recognized at fair value using Level 1 and Level 2 inputs, which are quoted using market prices, independent pricing vendors, or other sources, to determine the fair

value. Unrealized gains and losses, net of tax, are included in Accumulated other comprehensive income (loss) (AOCI). We regularly review our investment portfolio to identify and evaluate investments that have indications of impairment. Available-for-sale debt securities with an amortized cost basis in excess of estimated fair value are assessed to determine what amount of that difference, if any, is caused by expected credit losses. Factors considered in determining if a credit loss exists include: the extent to which the fair value has been lower than the cost basis, any changes to the rating of the security by a rating agency, and any adverse financial conditions specifically related to the security. Expected credit losses on available-for-sale debt securities are recognized in Other income (expense), net in our Consolidated Statements of Operations, and any remaining unrealized losses, net of taxes, are included in AOCI in our Consolidated Statements of Stockholders' Equity (Deficit).

Non-marketable investments

Our non-marketable investments consist of equity investments in privately-held companies without a readily determinable fair value. We measure these investments at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer. Gains and losses on these investments, whether realized or unrealized, are recognized in Other income (expense), net in our Consolidated Statements of Operations.

We assess the recoverability of our non-marketable investments by reviewing various indicators of impairment. If indicators are present, a fair value measurement is made by performing a discounted cash flow analysis of the investment. We immediately recognize the impairment to our non-marketable equity investments if the carrying value exceeds the fair value. For our equity method investment, if a decline in value is determined to be other than temporary, impairment is recognized and included in Other income (expense), net in our Consolidated Statements of Operations.

Accounts receivable

Accounts receivable are recorded at the invoiced amount and are not interest bearing. We maintain an allowance for doubtful accounts or expected credit losses to reserve for potentially uncollectible receivables. We review our accounts receivables by aging category to identify specific customers with known disputes or collectability issues. In addition, we maintain an allowance for all other receivables not included in the specific reserve by applying specific percentages of projected uncollectible receivables to the various aging categories. In determining these percentages, we use judgment based on our historical collection experience and current economic trends as well as reasonable and supportable forecasts of future economic conditions.

Assets held for sale

Long-lived assets held for sale are recorded as the lower of its carrying value or fair value less costs to sell. Fair value is determined based on discounted cash flows, appraised values or management's estimates, depending upon the nature of the assets and external data available.

Property and equipment

Property, equipment, and leasehold improvements are stated at cost, net of accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives. Estimated useful lives for financial reporting purposes are as follows: buildings, 20 to 30 years; building improvements, 7 to 20 years; leasehold improvements, the lesser of the life of the improvement or the initial lease term, and computer hardware and software, and office furniture and equipment, 3 to 5 years.

Software development costs

The costs for the development of new software products and substantial enhancements to existing software products are expensed as incurred until technological feasibility has been established, at which time any additional costs would be capitalized in accordance with the accounting guidance for software. Because our current process for developing software is essentially completed concurrently with the

establishment of technological feasibility, which occurs upon the completion of a working model, no costs have been capitalized for any of the periods presented.

Internal-use software development costs

We capitalize qualifying costs incurred during the application development stage related to software developed for internal-use and amortize them over the estimated useful life of 3 years. We expense costs incurred related to the planning and post-implementation phases of development as incurred. As of April 2, 2021 and April 3, 2020, capitalized costs, net of amortization, were \$9 million and \$24 million, respectively.

Leases

We determine if an arrangement is a lease at inception. We have elected to not recognize a lease liability or right-of-use (ROU) asset for short-term leases (leases with a term of twelve months or less that do not include an option to purchase the underlying asset). Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The interest rate we use to determine the present value of future payments is our incremental borrowing rate because the rate implicit in our leases is not readily determinable. Our incremental borrowing rate is a hypothetical rate for collateralized borrowings in economic environments where the leased asset is located based on credit rating factors. Our operating lease assets also include adjustments for prepaid lease payments, lease incentives and initial direct costs.

Certain lease contracts include obligations to pay for other services, such as operations and maintenance. We elected the practical expedient whereby we record all lease components and the related minimum non-lease components as a single lease component. Cash payments made for variable lease costs are not included in the measurement of our operating lease assets and liabilities. Many of our lease terms include one or more options to renew. We do not assume renewals in our determination of the lease term unless it is reasonably certain that we will exercise that option. Lease costs for minimum lease payments for operating leases are recognized on a straight-line basis over the lease term. Our lease agreements do not contain any residual value guarantees.

Business combinations

We use the acquisition method of accounting under the authoritative guidance on business combinations. We allocate the purchase price of our acquisitions to the assets acquired and liabilities assumed based on their estimated fair values. The excess of the purchase price over the fair values of these identifiable assets and liabilities is recorded as goodwill. Acquisition-related expenses are recognized separately from the business combination and are expensed as incurred. Each acquired company's operating results are included in our Consolidated Financial Statements starting on the date of acquisition.

Goodwill

Goodwill is recorded when consideration paid for an acquisition exceeds the fair value of net tangible and intangible assets acquired.

We perform an impairment assessment of goodwill at the reporting unit level at least annually in the fourth quarter of each fiscal year, or more frequently if events or changes in circumstances indicate that the asset may be impaired. The accounting guidance gives us the option to perform a qualitative assessment to determine whether further impairment testing is necessary. The qualitative assessment considers events and circumstances that might indicate that a reporting unit's fair value is less than its carrying amount. If it is determined, as a result of the qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a quantitative test is performed.

In fiscal 2021, based on our qualitative assessments, we concluded that it is more likely than not that the fair values are more than their carrying values. Accordingly, there was no indication of impairment of goodwill, and further quantitative testing was not required.

Long-lived assets

In connection with our acquisitions, we generally recognize assets for customer relationships, developed technology, finite-lived trade names, patents, and indefinite-lived trade names. Finite-lived intangible assets are carried at cost less accumulated amortization. Such amortization is provided on a straight-line basis over the estimated useful lives of the respective assets, generally from 1 to 9 years. Amortization for developed technology is recognized in cost of revenue. Amortization for customer relationships and certain trade names is recognized in operating expenses. Indefinite-lived intangible assets are not subject to amortization but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Long-lived assets, including finite-lived intangible assets and property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group may not be recoverable. The evaluation is performed at the lowest level of identifiable cash flows independent of other assets. An impairment loss is recognized when estimated undiscounted future cash flows generated from the assets are less than their carrying amount. Measurement of an impairment loss is based on the excess of the carrying amount of the asset group over its fair value.

In fiscal 2021, based on our qualitative assessments, we concluded that it is more likely than not that the fair values are more than their carrying values. Accordingly, there was no indication of impairment of long-lived assets, and further quantitative testing was not required.

Contract liabilities

Contract liabilities consist of deferred revenue and customer deposit liabilities and represent cash payments received or due in advance of fulfilling our performance obligations. Deferred revenue represents billings under non-cancelable contracts before the related product or service is transferred to the customer. Certain arrangements include terms that allow the customer 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.

Debt

Our debt includes senior unsecured notes, senior term loans, convertible senior notes, and a senior unsecured revolving credit facility. Our senior unsecured notes are recorded at par value at issuance less a discount representing the amount by which the face value exceeds the fair value at the date of issuance and an amount which represents issuance costs. Our senior term loans are recorded at par value less debt issuance costs, which are recorded as a reduction in the carrying value of the debt. Our convertible senior notes are recorded at par value less the fair value of the equity component of the notes, at their issuance date, determined using Level 2 inputs and less any issuance costs. The discount and issuance costs associated with the various notes are amortized using the effective interest rate method over the term of the debt as a non-cash charge to interest expense. Borrowings under our revolving credit facility, if any, are recognized at principal balance plus accrued interest based upon stated interest rates. Debt maturities are classified as current liabilities on our Consolidated Balance Sheets if we are contractually obligated to repay them in the next twelve months or, prior to the balance sheet date, we have the authorization and intent to repay them prior to their contractual maturities and within the next twelve months.

Treasury stock

We account for treasury stock under the cost method. Shares repurchased under our share repurchase program are retired. Upon retirement, we allocate the value of treasury stock between Additional paid-in capital and Retained earnings.

Restructuring

Restructuring actions generally include significant actions involving employee-related severance charges, contract termination costs, and assets write-offs. Employee-related severance charges are

largely based upon substantive severance plans, while some charges result from mandated requirements in certain foreign jurisdictions. These charges are reflected in the period when both the actions are probable, and the amounts are estimable. Contract termination costs reflect costs that will continue to be incurred under a contract for its remaining term without future economic benefit. These charges are reflected in the period when a contract is terminated. Asset impairments, including those related to ROU lease assets, are recognized in the period that an asset is decommissioned or a facility ceases to be used.

Income taxes

We compute the provision for income taxes using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities and for operating losses and tax credit carryforwards in each jurisdiction in which we operate. We measure deferred tax assets and liabilities using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled.

We also assess the likelihood that deferred tax assets will be realized from future taxable income and based on weighting positive and negative evidence, we will assess and determine the need for a valuation allowance, if required. The determination of our valuation allowance involves assumptions, judgments, and estimates, including forecasted earnings, future taxable income, and the relative proportions of revenue and income before taxes in the various domestic and international jurisdictions in which we operate. To the extent we establish a valuation allowance or change the valuation allowance in a period, we reflect the change with a corresponding increase or decrease to our tax expense.

We record accruals for uncertain tax positions when we believe that it is not more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. We adjust these accruals when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. The provision for income taxes includes the effects of adjustments for uncertain tax positions as well as any related interest and penalties.

Stock-based compensation

We measure and recognize stock-based compensation for all stock-based awards, including restricted stock units (RSU), performance-based restricted stock units (PRU), stock options, and rights to purchase shares under our employee stock purchase plan (ESPP), based on their estimated fair value on the grant date. We recognize the costs in our Consolidated Financial Statements on a straight-line basis over the award's requisite service period except for PRUs with graded vesting, for which we recognize the costs on a graded basis. For awards with performance conditions, the amount of compensation cost we recognize over the requisite service period is based on the actual or estimated achievement of the performance condition. We estimate the number of stock-based awards that will be forfeited due to employee turnover.

The fair value of each RSU and PRU that does not contain a market condition is equal to the market value of our common stock on the date of grant. The fair value of each PRU that contains a market condition is estimated using the Monte Carlo simulation model. The fair values of RSUs and PRUs are not discounted by the dividend yield because our RSUs and PRUs include dividend-equivalent rights. We use the Black-Scholes model to determine the fair value of stock options and the fair value of rights to acquire shares of common stock under our ESPP. The Black-Scholes valuation model incorporates a number of variables, including our expected stock price volatility over the expected life of the awards, actual and projected employee exercise and forfeiture behaviors, risk-free interest rates, and expected dividends.

Foreign currency

For foreign subsidiaries whose functional currency is the local currency, assets and liabilities are translated to U.S. dollars at exchange rates in effect at the balance sheet date. Gains and losses resulting

from translation of these foreign currency financial statements into U.S. dollars are recorded in AOCI. Remeasurement adjustments are recorded in Other income (expense), net in our Consolidated Statements of Operations.

Concentrations of risk

A significant portion of our revenue is derived from international sales. Fluctuations of the U.S. dollar against foreign currencies, changes in local regulatory or economic conditions, or piracy could adversely affect our operating results.

Financial instruments that potentially subject us to concentrations of risk consist principally of cash and cash equivalents, short-term investments, and trade accounts receivable. Our investment policy limits the amount of credit risk exposure to any one issuer and to any one country. A majority of our trade receivables are derived from sales to distributors and retailers. The credit risk in our trade accounts receivable is substantially mitigated by our credit evaluation process, reasonably short collection terms, and the geographical dispersion of sales transactions. Customers which are distributors that accounted for over 10% of our net accounts receivable, are as follows:

	<u>April 2, 2021</u>	<u>April 3, 2020</u>
Customer A	46%	39%

Advertising and other promotional costs

Advertising and other promotional costs are charged to operations as incurred and included in sales and marketing expenses. These costs totaled \$353 million, \$343 million, and \$279 million for fiscal 2021, 2020, and 2019, respectively.

Contingencies

We evaluate contingent liabilities including threatened or pending litigation in accordance with the authoritative guidance on contingencies. We assess the likelihood of any adverse judgments or outcomes from potential claims or proceedings, as well as potential ranges of probable losses, when the outcomes of the claims or proceedings are probable and reasonably estimable. A determination of the amount of an accrual required, if any, for these contingencies is made after the analysis of each separate matter. Because of uncertainties related to these matters, we base our estimates on the information available at the time of our assessment. As additional information becomes available, we reassess the potential liability related to our pending claims and litigation and may revise our estimates.

Note 2. Recent Accounting Standards

Recently adopted authoritative guidance

Credit Losses. In June 2016, the Financial Accounting Standards Board (FASB) issued new authoritative guidance on credit losses which changes the impairment model for most financial assets and certain other instruments. On April 4, 2020, the first day of our fiscal 2021, we adopted the new guidance using the modified retrospective transition method. Upon adoption, we utilized a new forward-looking “expected loss” model to replace the incurred loss impairment model for our accounts receivable and other financial assets. Additionally, for available-for-sale debt securities with unrealized losses, we discontinued using the concept of “other than temporary” impairment and recognized the estimated credit loss as allowances. The adoption of this guidance did not have a material impact on our Consolidated Financial Statements.

Internal-Use Software. In August 2018, the FASB issued new guidance that clarifies the accounting for implementation costs in a cloud computing arrangement. The new guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. On April 4, 2020, we adopted the new guidance prospectively. The adoption of this guidance did not have a material impact on our Consolidated Financial Statements.

Recently issued authoritative guidance not yet adopted

Income taxes. In December 2019, the FASB issued new guidance that simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The guidance also clarifies and amends existing guidance to improve consistent application. The standard will be effective for us in our first quarter of fiscal 2022. We do not believe the adoption of this guidance will have a material impact on our Consolidated Financial Statements.

Debt with Conversion and Other options. In August 2020, the FASB issued new guidance that simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments. The new guidance removes from GAAP the separation models for convertible debt with embedded conversion features. As a result, after adopting the guidance, entities will no longer separately present embedded conversion features in equity. Instead, they will account for the convertible debt wholly as debt. The new guidance also requires use of the if-converted method when calculating the dilutive impact of convertible debt on earnings per share. The standard will be effective for us in our first quarter of fiscal 2023, with early adoption permitted beginning in the first quarter of fiscal 2022. It may be applied retrospectively to each prior period presented or retrospectively with cumulative effect recognized in retained earnings as of the date of adoption. We are currently evaluating the adoption date and the impact of the adoption of this guidance on our Consolidated Financial Statements and disclosures.

Reference Rate Reform. In March 2020, the FASB issued new guidance providing temporary optional expedients and exceptions to ease the financial reporting burden of the expected market transition from the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates, such as the Secured Overnight Financing Rate. The standard was effective upon issuance and may generally be applied through December 31, 2022, to any new or amended contracts, hedging relationships, and other transactions that reference LIBOR. We continue to evaluate our contractual arrangements and hedging relationships that reference LIBOR.

Although there are several other new accounting pronouncements issued or proposed by the FASB that we have adopted or will adopt, as applicable, we do not believe any of these accounting pronouncements has had, or will have, a material impact on our Consolidated Financial Statements or disclosures.

Note 3. Divestitures, Discontinued Operations and Assets Held for Sale

Divestitures

Enterprise Security assets

On November 4, 2019, we completed the sale of certain of our Enterprise Security assets and certain liabilities to Broadcom Inc. (the Broadcom sale) for a purchase price of \$10.7 billion. As a result of the sale, the majority of the results of our Enterprise Security business were classified as discontinued operations in our Consolidated Statements of Operations and thus excluded from both continuing operations and segment results for all periods presented. We recognized a gain on sale of \$5,434 million, which was included in Income (loss) from discontinued operations in our Consolidated Statements of Operations. Total net assets sold was \$5,211 million, consisting of goodwill, net intangible assets and other assets of \$7,121 million, net of contract and other liabilities of \$1,910 million.

In connection with the Broadcom sale, we entered into a transition services agreement under which we provided assistance to Broadcom including, but not limited to, business support services and information technology services. During fiscal 2021, the transition services were completed. Dedicated direct costs, net of charges to Broadcom, for these transition services were \$9 million and \$19 million during fiscal 2021 and 2020, respectively. These direct costs were presented as part of Other income (expense), net in the Consolidated Statements of Operations.

On October 1, 2020, we entered into multiple agreements with Broadcom for an aggregate amount of \$200 million. We licensed Broadcom's enterprise software, multiple security engines and

related telemetry for 5.6 years, which will be amortized to continuing operations over the term of the license. In addition, we resolved all outstanding payments and certain claims related to the asset purchase and transition services agreements, which is included in discontinued operations.

ID Analytics solutions

On January 31, 2020, we completed the sale of our ID Analytics solutions for \$375 million in net cash proceeds. We recognized a gain on sale of \$250 million, which was included in Other income (expense), net in our Consolidated Statements of Operations. Total net assets sold was \$125 million, consisting of goodwill and net intangible assets of \$114 million and net other assets, net of other liabilities, of \$11 million. We incurred tax expense of \$86 million related to the gain.

Discontinued Operations

The following table presents information regarding certain components of income (loss) from discontinued operations, net of income taxes:

(In millions)	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
Net revenues	\$ 1	\$ 1,368	\$ 2,288
Gross profit	\$ 1	\$ 1,035	\$ 1,693
Operating income (loss)	\$ (177)	\$ 4	\$ 234
Gain on sale	\$ —	\$ 5,434	\$ —
Income (loss) before income taxes	\$ (176)	\$ 5,431	\$ 228
Income tax expense (benefit)	\$ (34)	\$ 2,122	\$ 87
Income (loss) from discontinued operations, net of taxes	\$ (142)	\$ 3,309	\$ 141

Our discontinued operations consist of our divested Enterprise Security assets and results of our previously divested Veritas information management business (Veritas). There was no income from Veritas during fiscal 2021 and 2020. During fiscal 2019, revenue from Veritas was \$13 million and income from Veritas, net of taxes was \$15 million.

The following table presents significant non-cash items and capital expenditures of discontinued operations:

(In millions)	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
Amortization and depreciation	\$ —	\$ 130	\$ 368
Stock-based compensation expense	\$ 1	\$ 172	\$ 193
Purchases of property and equipment	\$ —	\$ 43	\$ 65

Assets held for sale

During fiscal 2020, we reclassified certain land and buildings previously reported as property and equipment to assets held for sale when the properties were approved for immediate sale in their present condition and the sale was expected to be completed within one year. As a result, we recognized an impairment of \$24 million in fiscal 2020, which was included in restructuring costs, representing the difference between the estimated net sales price and the carrying value of one of our properties.

On July 27, 2020, we completed the sale of our Culver City property, which was previously classified as held for sale during the first quarter of fiscal 2021, for cash consideration of \$118 million, net of selling costs, and recognized a gain on sale of \$35 million.

On April 1, 2021, we completed the sale of certain land and buildings in Mountain View, which was previously classified as held for sale as of April 3, 2020, for cash consideration of \$100 million, net of selling costs, and recognized a gain on sale of \$63 million.

We continue to actively market the remaining properties for sale; however, in fiscal 2021, the real estate market was adversely affected by the COVID-19 pandemic, which delayed the expected timing of sale. We have taken into consideration the current real estate values and demand, and continue to execute plans to sell these properties. As of April 2, 2021, these assets are classified as assets held for sale. During fiscal 2021, there were no impairments because the fair value of the properties less costs to sell either equals or exceeds their carrying value.

Note 4. Acquisitions

Fiscal 2021 acquisition

On January 8, 2021, we completed our acquisition of Avira. Avira provides a consumer-focused portfolio of cybersecurity and privacy solutions primarily in Europe and key emerging markets. The total aggregate consideration for the acquisition was \$344 million, net of \$32 million cash acquired.

Our preliminary allocation of the aggregate purchase price for the acquisition as of January 8, 2021, was as follows:

(In millions, except useful lives)	January 8, 2021
Assets:	
Current assets	\$ 12
Intangible assets	151
Goodwill	269
Other long-term asset	21
Total assets acquired	<u>453</u>
Liabilities:	
Current liabilities	29
Contract liabilities	54
Other long-term obligations	26
Total liabilities assumed	<u>109</u>
Total purchase price	<u><u>\$ 344</u></u>

The allocation of the purchase price was based upon a preliminary valuation, and our estimates and assumptions are subject to refinement within the measurement period, which may be up to one year from the acquisition date. Adjustments to the purchase price allocation may require adjustments to goodwill prospectively. The primary areas of preliminary purchase price allocation that are not yet finalized are certain tax matters and intangible assets.

The preliminary goodwill of \$269 million arising from the acquisition is attributed to the expected synergies, including future cost efficiencies, and other benefits that are expected to be generated by combining Avira and NortonLifeLock. Substantially all of the goodwill recognized is expected to be deductible for tax purposes. See Note 6 for further information on goodwill.

Note 5. Revenues

Contract liabilities

During fiscal 2021 and 2020, we recognized \$1,050 million and \$1,017 million of revenue, respectively, from the contract liabilities balance at the beginning of the respective fiscal years.

Remaining performance obligations

Remaining performance obligations represent contracted revenue that has not been recognized, which include contract liabilities and amounts that will be billed and recognized as revenue in future

periods. As of April 2, 2021, we had \$850 million of remaining performance obligations, which does not include customer deposit liabilities of \$415 million, of which we expect to recognize approximately 94% as revenue over the next 12 months.

See Note 1 for a description of our revenue recognition policy and Note 17 for tabular disclosures of disaggregated revenue by solution and geographic region.

Note 6. Goodwill and Intangible Assets

Goodwill

The changes in the carrying amount of goodwill are as follows:

(In millions)

Balance as of March 29, 2019	\$ 2,677
Divestitures	(88)
Other adjustments	(4)
Balance as of April 3, 2020	<u>2,585</u>
Acquisitions	269
Translation adjustments	13
Balance as of April 2, 2021	<u><u>\$ 2,867</u></u>

Intangible assets, net

(In millions)	April 2, 2021			April 3, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	\$ 556	\$ (299)	\$ 257	\$ 505	\$ (230)	\$ 275
Developed technology	210	(104)	106	133	(85)	48
Other	7	(1)	6	—	—	—
Total finite-lived intangible assets	<u>773</u>	<u>(404)</u>	<u>369</u>	<u>638</u>	<u>(315)</u>	<u>323</u>
Indefinite-lived trade names	747	—	747	744	—	744
Total intangible assets	<u><u>\$ 1,520</u></u>	<u><u>\$ (404)</u></u>	<u><u>\$ 1,116</u></u>	<u><u>\$ 1,382</u></u>	<u><u>\$ (315)</u></u>	<u><u>\$ 1,067</u></u>

Amortization expense for purchased intangible assets is summarized below:

(In millions)	Year Ended			Consolidated Statements of Operations Classification
	April 2, 2021	April 3, 2020	March 29, 2019	
Customer relationships and other	\$ 74	\$ 79	\$ 80	Operating expenses
Developed technology	31	30	30	Cost of revenues
Total	<u><u>\$ 105</u></u>	<u><u>\$ 109</u></u>	<u><u>\$ 110</u></u>	

As of April 2, 2021, future amortization expense related to intangible assets that have finite lives is as follows by fiscal year:

(In millions)	April 2, 2021
2022	\$ 119
2023	99
2024	86
2025	27
2026	22
Thereafter	16
Total	<u>\$ 369</u>

Note 7. Supplementary Information

Cash and cash equivalents:

(In millions)	April 2, 2021	April 3, 2020
Cash	\$ 650	\$ 483
Cash equivalents	283	1,694
Total cash and cash equivalents	<u>\$ 933</u>	<u>\$ 2,177</u>

Accounts receivable, net:

(In millions)	April 2, 2021	April 3, 2020
Accounts receivable	\$ 118	\$ 123
Allowance for doubtful accounts	(1)	(12)
Accounts receivable, net	<u>\$ 117</u>	<u>\$ 111</u>

Other current assets:

(In millions)	April 2, 2021	April 3, 2020
Prepaid expenses	\$ 95	\$ 110
Income tax receivable and prepaid income taxes	96	150
Other tax receivable	31	88
Other	15	87
Total other current assets	<u>\$ 237</u>	<u>\$ 435</u>

Property and equipment, net:

(In millions)	April 2, 2021	April 3, 2020
Land	\$ 3	\$ 7
Computer hardware and software	479	746
Office furniture and equipment	63	88
Buildings	29	108
Leasehold improvements	58	128
Construction in progress	1	1
Total property and equipment, gross	<u>633</u>	<u>1,078</u>
Accumulated depreciation and amortization	(555)	(840)
Total property and equipment, net	<u>\$ 78</u>	<u>\$ 238</u>

During 2021, we completed the sale of certain properties with total carrying value of \$120 million, including land, buildings, furniture and fixtures, and leasehold improvements, of which \$37 million was classified as held for sale and \$83 million was included in property and equipment as of April 3, 2020. See Note 3 for further information on the sale.

Depreciation and amortization expense of property and equipment was \$45 million, \$122 million, and \$139 million in fiscal 2021, 2020, and 2019, respectively.

Other long-term assets:

(In millions)	April 2, 2021	April 3, 2020
Non-marketable equity investments	\$ 185	\$ 187
Long-term income tax receivable and prepaid income taxes	30	38
Deferred income tax assets	355	387
Long-term prepaid royalty	70	15
Other	46	51
Total other long-term assets	<u>\$ 686</u>	<u>\$ 678</u>

Short-term contract liabilities:

(In millions)	April 2, 2021	April 3, 2020
Deferred revenue	\$ 795	\$ 709
Customer deposit liabilities	415	340
Total short-term contract liabilities	<u>\$ 1,210</u>	<u>\$ 1,049</u>

Other current liabilities:

(In millions)	April 2, 2021	April 3, 2020
Income taxes payable	\$ 111	\$ 195
Other taxes payable	82	141
Other accrued liabilities	235	251
Total other current liabilities	<u>\$ 428</u>	<u>\$ 587</u>

Long-term income taxes payable:

(In millions)	April 2, 2021	April 3, 2020
Deemed repatriation tax payable	\$ 525	\$ 615
Other long-term income taxes	29	—
Uncertain tax positions (including interest and penalties)	565	695
Total long-term income taxes payable	<u>\$ 1,119</u>	<u>\$ 1,310</u>

Other income (expense), net:

(In millions)	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
Interest income	\$ 4	\$ 80	\$ 42
Loss from equity interest	—	(31)	(101)
Foreign exchange gain (loss)	1	(6)	(11)
Gain on divestitures	—	250	—
Gain on sale of equity method investment	—	379	—
Gain on early extinguishment of debt	20	—	—
Gain on sale of properties	98	—	—
Transition service expense, net	(9)	(19)	—
Other	6	7	13
Total other income (expense), net	<u>\$ 120</u>	<u>\$ 660</u>	<u>\$ (57)</u>

Supplemental cash flow information:

(In millions)	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
Income taxes paid, net of refunds	\$ 341	\$ 1,985	\$ 112
Interest expense paid	\$ 139	\$ 179	\$ 183
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 34	\$ 51	\$ —
Non-cash operating activities:			
Operating lease assets obtained in exchange for operating lease liabilities	\$ 34	\$ 15	\$ —
Reduction of operating lease assets as a result of lease terminations and modifications	\$ 26	\$ 34	\$ —
Non-cash investing and financing activities:			
Purchases of property and equipment in current liabilities	\$ —	\$ —	\$ 23
Extinguishment of debt with borrowings from same creditors	\$ —	\$ 1,073	\$ —

Note 8. Financial Instruments and Fair Value Measurements

The following table summarizes our financial instruments measured at fair value on a recurring basis:

(In millions)	April 2, 2021			April 3, 2020		
	Fair Value	Level 1	Level 2	Fair Value	Level 1	Level 2
Assets:						
Money market funds	\$ 284	\$ 284	\$ —	\$ 1,346	\$ 1,346	\$ —
Certificates of deposit	1	—	1	348	—	348
Corporate bonds	17	—	17	86	—	86
Total	<u>\$ 302</u>	<u>\$ 284</u>	<u>\$ 18</u>	<u>\$ 1,780</u>	<u>\$ 1,346</u>	<u>\$ 434</u>

The following table presents the contractual maturities of our investments in debt securities as of April 2, 2021:

(In millions)	Fair Value
Due in one year or less	\$ 14
Due after one year through five years	4
Total	<u>\$ 18</u>

Actual maturities may differ from the contractual maturities because borrowers may have the right to call or prepay certain obligations.

Financial instruments not recorded at fair value on a recurring basis include our non-marketable equity investments, equity method investment, and our long-term debt.

Non-marketable equity investments

As of April 2, 2021 and April 3, 2020, the carrying value of our non-marketable equity investments was \$185 million and \$187 million, respectively.

Equity method investment

Our investment in equity securities that was accounted for using the equity method was divested during fiscal 2020 and consisted of our equity investment in DigiCert. On October 16, 2019, Clearlake Capital Group, L.P, a private investment firm, and TA Associates, an investor of DigiCert and private equity firm, completed a joint investment in DigiCert. As a result, we sold our equity investment in DigiCert for \$380 million in cash and recognized a gain on sale of \$379 million in fiscal 2020.

We recorded a loss from our equity interest of \$31 million and \$101 million during 2020 and 2019, respectively, in Other income (expense), net in our Consolidated Statements of Operations. This loss was reflected as a reduction in the carrying amount of our investment in equity interests in our Consolidated Balance Sheets.

DigiCert's results were reported on a three month lag prior to our divestiture of our investment. The following table summarizes DigiCert's results of operations through October 16, 2019, the date of our investment sale.

(In millions)	Period from January 1, 2019 to October 16, 2019 (unaudited)	Year Ended December 31, 2018
Revenue	\$ 350	\$ 313
Gross profit	\$ 293	\$ 250
Net loss	\$ (102)	\$ (342)

Current and long-term debt

As of April 2, 2021 and April 3, 2020, the total fair value of our current and long-term fixed rate debt was \$2,400 million and \$3,634 million, respectively. The fair value of our variable rate debt approximated their carrying value. The fair values of all our debt obligations were based on Level 2 inputs.

Note 9. Leases

We lease certain of our facilities, equipment, and data center co-locations under operating leases that expire on various dates through fiscal 2028. Our leases generally have terms that range from 1 year to 10 years for our facilities, 1 year to 6 years for equipment, and 1 year to 6 years for data center co-locations. Some of our leases contain renewal options, escalation clauses, rent concessions, and leasehold improvement incentives.

The following summarizes our lease costs for fiscal 2021 and 2020:

(In millions)	Year Ended	
	April 2, 2021	April 3, 2020
Operating lease costs	\$ 17	\$ 34
Short-term lease costs	4	8
Variable lease costs	6	21
Total lease costs	<u>\$ 27</u>	<u>\$ 63</u>

Rent expense under operating leases prior to our adoption of Topic 842 was \$58 million for fiscal 2019.

Other information related to our operating leases as of April 2, 2021 was as follows:

	Year Ended	
	April 2, 2021	April 3, 2020
Weighted-average remaining lease term	4.4 years	4.5 years
Weighted-average discount rate	4.07%	4.05%

See Note 7 for cash flow information related to our operating leases.

As of April 2, 2021, the maturities of our lease liabilities by fiscal year are as follows:

(In millions)	
2022	\$ 29
2023	22
2024	19
2025	14
2026	7
Thereafter	9
Total lease payments	<u>100</u>
Less: Imputed interest	<u>(8)</u>
Present value of lease liabilities	<u>\$ 92</u>

Note 10. Debt

The following table summarizes components of our debt:

(In millions, except percentages)	April 2, 2021		April 3, 2020	
	Amount	Effective Interest Rate	Amount	Effective Interest Rate
2.00% Convertible Unsecured Notes due August 15, 2022	\$ —	N/A	\$ 625	2.66%
4.20% Senior Notes due September 15, 2020	—	N/A	750	4.25%
New 2.50% Convertible Senior Notes due April 1, 2022	250	2.63%	250	2.63%
3.95% Senior Notes due June 15, 2022	400	4.05%	400	4.05%
New 2.00% Convertible Unsecured Notes due August 15, 2022	625	2.62%	625	2.62%
Term Loan due November 4, 2024	494	LIBOR plus ⁽¹⁾	500	LIBOR plus ⁽¹⁾
Delayed Term Loan due November 4, 2024	741	LIBOR plus ⁽¹⁾	—	N/A
5.0% Senior Notes due April 15, 2025	1,100	5.00%	1,100	5.23%
0.95% Avira Mortgage due December 30, 2030	5	0.95%	—	N/A
1.29% Avira Mortgage due December 30, 2029	5	1.29%	—	N/A
Total principal amount	3,620		4,250	
Less: unamortized discount and issuance costs	(19)		(29)	
Total debt	3,601		4,221	
Less: current portion	(313)		(756)	
Total long-term portion	<u>\$ 3,288</u>		<u>\$ 3,465</u>	

⁽¹⁾ The term loans bear interest at a rate equal to the LIBOR plus a margin based on the current debt rating of our non-credit-enhanced, senior unsecured long-term debt, and our underlying loan agreements. The interest rates for the outstanding term loans are as follows:

	April 2, 2021	April 3, 2020
Term Loan due November 4, 2024	1.50%	2.88%
Delayed Term Loan due November 4, 2024	1.50%	N/A

As of April 2, 2021, the future contractual maturities of debt by fiscal year are as follows:

(In millions)	
2022	\$ 313
2023	1,089
2024	64
2025	1,048
2026	1,101
Thereafter	5
Total future maturities of debt	<u>\$ 3,620</u>

Credit Facility

On November 4, 2019, we entered into a credit agreement with financial institutions, which provides a revolving line of credit of \$1 billion, a 5-year term loan of \$500 million (the Initial Term Loan), and a delayed draw 5-year term loan commitment of \$750 million (the Delayed Draw Term Loan). On September 14, 2020, we drew \$750 million on the Delayed Draw Term Loan.

On May 7, 2021, we entered into the first amendment to the credit agreement with financial institutions (the First Amendment), which extends the maturity of all term loan and revolver credit facilities from November 2024 to May 2026. The First Amendment also provides an additional five-year term loan facility (the First Amendment Additional Term Loan) of \$525 million. At the closing of the First Amendment, we did not borrow any funds under the revolving line of credit and fully borrowed the First Amendment Additional Term Loan such that loans in an aggregate principal amount of \$1.75 billion were outstanding. The credit facilities remain senior secured.

The principal amount of the Initial Term Loan and the First Amendment Additional Term Loan must be repaid in quarterly installments on the last business day of each calendar quarter commencing with the quarter ended September 30, 2022 in an amount equal to 1.25% of the aggregate principal amount, as of the date of the first amendment. The principal amount of the Delayed Draw Term Loan must be repaid in quarterly installments on the last business day of each calendar quarter commencing with the later of (i) the quarter ended March 31, 2021 and (ii) the first full fiscal quarter ended following the Borrowing of the Delayed Draw Term Loans in an amount equal to 1.25% of aggregate principal amount that are outstanding immediately after the borrowing of the Delayed Draw Term Loan. We may voluntarily repay outstanding principal balances without penalty. As of April 2, 2021 and April 3, 2020, there were no borrowings outstanding under our revolving credit facilities.

Interest on borrowings under the credit agreement can be based on a base rate or a LIBOR at our election. Based on our debt ratings and our consolidated leverage ratios as determined in accordance with the credit agreement, loans borrowed bear interest, in the case of base rate loans, at a per annum rate equal to the applicable base rate plus a margin ranging from 0.125% to 0.75%, and in the case of LIBOR loans, LIBOR, as adjusted for statutory reserves, plus a margin ranging from 1.125% to 1.75%. The unused revolving line of credit is subject to a commitment fee ranging from 0.125% to 0.30% per annum.

The credit agreement contains customary representations and warranties, non-financial covenants for financial reporting, affirmative and negative covenants, including a covenant that we maintain a consolidated leverage ratio of not more than 5.25 to 1.0, or 5.75 to 1.0 if we acquire assets or business in an aggregate amount greater than \$250 million, and restrictions on indebtedness, liens, investments, stock repurchases, and dividends (with exceptions permitting our regular quarterly dividend and other specific capital returns). As of April 2, 2021, we were in compliance with all debt covenants.

Senior Notes

On February 9, 2017, we issued \$1.1 billion aggregate principal amount of our 5.0% Senior Notes due April 15, 2025 (the 5.0% Senior Notes). The 5.0% Senior Notes bear interest at a rate of 5.00% per year, payable semiannually in arrears on April 15 and October 15 of each year, beginning on October 15, 2017.

On or after April 15, 2020, we may redeem some or all of the 5.0% Senior Notes at the applicable redemption prices set forth in the supplemental indenture, plus accrued and unpaid interest.

In addition, we had two series of senior notes, the 4.2% Senior Notes and 3.95% Senior Notes that are senior unsecured obligations that rank equally in right of payment with all of our existing and future senior, unsecured, unsubordinated obligations and may be redeemed at any time, subject to the make-whole provisions contained in the applicable indenture relating to such series of notes. Interest on each series of these notes is payable semi-annually in arrears, on September 15 and March 15 for the 4.2% Senior Notes, and June 15 and December 15 for the 3.95% Senior Notes.

On September 15, 2020, we fully repaid the principal and accrued interest under the 4.2% Senior Notes due September 2020, which had an aggregate principal amount outstanding of \$750 million.

Convertible Senior Notes

On March 4, 2016, we issued \$500 million of convertible notes which would mature on April 1, 2021 and bear interest at an annual rate of 2.5% (2.5% Convertible Notes). On August 1, 2016, we issued an additional \$1.25 billion of convertible notes which would mature on August 15, 2021 and bear

interest at an annual rate of 2.0% (2.0% Convertible Notes and collectively, Convertible Senior Notes). As of March 29, 2019, the principal amount and associated unamortized discount and issuance costs of the 2.5% Convertible Notes were classified as current because upon the four year anniversary of the issuance of the notes, holders of thereof had the option to require us to repurchase the notes, in cash, equal to the principal amount and accrued and unpaid interest of the 2.5% Convertible Notes (the Repurchase Right).

On November 11, 2019, we amended the Convertible Senior Notes agreements to provide that, if and when we pay a special dividend of \$12 to our stockholders, we would exchange \$250 million of the principal amount underlying the 2.5% Convertible Notes for new notes to be issued pursuant to a new indenture (the New 2.5% Convertible Notes) and would also pay cash consideration of \$12 for each share underlying the New 2.5% Convertible Notes, and exchange \$625 million of the principal amount underlying the 2.0% Convertible Notes for new notes to be issued pursuant to a new indenture (the New 2.0% Convertible Notes) and would also pay cash consideration of \$12 for each share underlying the New 2.0% Convertible Notes, in each case in lieu of conversion price adjustments (the Cash Note Payments). The remaining principal of the Convertible Senior Notes would receive a conversion price adjustment with respect to such special dividend.

The special dividend was payable to stockholders on January 31, 2020. On February 4, 2020, we issued the New 2.5% Convertible Notes, maturing on April 1, 2022, and the New 2.0% Convertible Notes, which mature on August 15, 2022, pursuant to two new indentures, and made the Cash Note Payments. The new Notes are convertible into cash, shares of common stock or a combination of cash and common stock, at the Company's option, at an initial conversion rate for the New 2.50% Convertible Notes of 59.6341 per \$1,000 principal amount of the New 2.50% Convertible Notes (which represents an initial conversion price of approximately \$16.77 per share) and an initial conversion rate for the New 2.00% Convertible Notes of 48.9860 per \$1,000 principal amount of the New 2.00% Convertible Notes (which represents an initial conversion price of approximately \$20.41 per share), in each case subject to certain limitations and certain adjustments. The Cash Note Payments consisted of \$179 million with respect to holders of the New 2.5% Convertible Notes and \$367 million with respect to holders of the New 2.0% Convertible Notes. The exchange of the convertible notes was accounted for as extinguishment of debt and the consideration comprising the Cash Note Payments were recorded as charges to paid in capital. We recognized a gain of \$2 million related to the exchange.

After giving effect to the conversion rate adjustment that was made in connection with the payment of the special dividend on January 31, 2020, the conversion rate for the remaining \$250 million of the 2.5% Convertible Notes was 118.9814 shares of common stock per \$1,000 principal amount of the notes, which represents an adjusted conversion price of approximately \$8.40 per share and the conversion rate for the remaining \$625 million of the 2.0% Convertible Notes was 97.7364 shares of common stock per \$1,000 principal amount of the notes, which represented an adjusted conversion price of approximately \$10.23 per share.

In addition, in connection with the amendments, the maturity dates of the 2.5% Convertible Notes and the 2.0% Convertible Notes were extended to April 1, 2022 and August 15, 2022, respectively. Holders of the Convertible Senior Notes would only be able to convert the notes in a period of six months prior to the extended maturity dates; and the Redemption Right and Repurchase Right were removed.

On March 5, 2020, we entered into an agreement to repay the full \$250 million of principal and conversion rights of the 2.5% Convertible Notes for an aggregate amount of \$566 million in cash. The payment was based on \$19 per underlying share into which the 2.5% Convertible Notes were convertible. In addition, we paid \$2 million of accrued and unpaid interest through the date of settlement, and \$1 million in lieu of a proration of the cash dividend declared on February 6, 2020. The extinguishment was settled on March 10, 2020 and resulted in an adjustment to stockholders' equity of \$316 million and a loss on extinguishment of \$1 million.

On May 26, 2020, we settled the \$625 million principal and conversion rights of the 2.0% Convertible Senior Notes in cash. The aggregate settlement amount of \$1,176 million was based on \$19.25 per underlying share into which the 2.0% Convertible Notes were convertible. In addition, we paid \$3 million

of accrued and unpaid interest through the date of settlement. The extinguishment resulted in an adjustment to stockholders' equity of \$578 million and a gain on extinguishment of \$20 million.

As of April 2, 2021 and April 3, 2020, the Convertible Senior Notes consisted of the following:

(In millions)	April 2, 2021		April 3, 2020		
	New 2.5% Convertible Notes	New 2.0% Convertible Notes	New 2.5% Convertible Notes	New 2.0% Convertible Notes	2.0% Convertible Notes
Liability component:					
Principal	\$ 250	\$ 625	\$ 250	\$ 625	\$ 625
Unamortized discount and issuance costs	—	(5)	(1)	(9)	(6)
Net carrying amount	<u>\$ 250</u>	<u>\$ 620</u>	<u>\$ 249</u>	<u>\$ 616</u>	<u>\$ 619</u>
Equity component, net of tax	\$ 43	\$ 56	\$ 43	\$ 56	\$ 12

Based on the closing price of our common stock of \$21.42 on the last trading date closest to April 2, 2021, the if-converted values of the New 2.5% Convertible Notes and the 2.0% Convertible Notes exceeded the principal amount by approximately \$69 million and \$31 million, respectively. See Note 19 for discussion of convertible note purchase agreement entered into on May 13, 2021.

The following table sets forth total interest expense recognized related to our convertible notes:

(In millions)	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
Contractual interest expense	\$ 20	\$ 37	\$ 38
Amortization of debt discount and issuance costs	\$ 4	\$ 13	\$ 16
Payments in lieu of conversion price adjustments ⁽¹⁾	\$ 12	\$ 11	\$ —

⁽¹⁾ Payments in lieu of conversion price adjustments consist of amounts paid to holders of the Convertible Senior Notes when our quarterly dividend to our common stockholders exceeds the amounts defined in the Convertible Senior Notes agreements.

Note 11. Derivatives

We conduct business in numerous currencies throughout our worldwide operations, and our entities hold monetary assets or liabilities, earn revenues, or incur costs in currencies other than the entity's functional currency. As a result, we are exposed to foreign exchange gains or losses which impacts our operating results. As part of our foreign currency risk mitigation strategy, we have entered into foreign exchange forward contracts with up to twelve months in duration. We do not use derivative financial instruments for speculative trading purposes, nor do we hedge our foreign currency exposure in a manner that entirely offsets the effects of the changes in foreign exchange rates.

We enter into foreign currency forward contracts to hedge foreign currency balance sheet exposure. These forward contracts are not designated as hedging instruments. As of April 2, 2021 and April 3, 2020, the fair value of these contracts was immaterial. The related gain (loss) recognized in Other income (expense), net in our Consolidated Statements of Operations was as follows:

(In millions)	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
Foreign exchange forward contracts gain (loss)	\$ 15	\$ (22)	\$ (37)

The fair value of our foreign exchange forward contracts is presented on a gross basis in our Consolidated Balance Sheets. To mitigate losses in the event of nonperformance by counterparties, we have entered into master netting arrangements with our counterparties that allow us to settle payments on a net basis. The effect of netting on our derivative assets and liabilities was not material as of April 2, 2021 and April 3, 2020.

The notional amount of our outstanding foreign exchange forward contracts in U.S. dollar equivalent was as follows:

(In millions)	April 2, 2021	April 3, 2020
Foreign exchange forward contracts purchased	\$ 270	\$ 362
Foreign exchange forward contracts sold	\$ 68	\$ 57

Note 12. Restructuring, Transition and Other Costs

Our restructuring, transition and other costs consist primarily of severance, contract cancellations, separation, transition, and other related costs. Severance costs generally include severance payments, outplacement services, health insurance coverage, and legal costs. Included in other exit and disposal costs are advisory fees incurred in connection with restructuring events. Separation costs primarily consist of consulting costs incurred in connection with our divestitures. Transition costs are incurred in connection with Board of Directors approved discrete strategic information technology transformation initiatives and primarily consist of consulting charges associated with our enterprise resource planning and supporting systems and costs to automate business processes. Such transition projects were completed by the end of fiscal 2019.

December 2020 Plan

In December 2020, our Board of Directors approved a restructuring plan (the December 2020 Plan) to consolidate facilities and reduce operating costs in connection with our acquisition of Avira. We estimate that we will incur total costs of up to \$20 million. These actions are expected to be completed in fiscal 2022. As of April 2, 2021, we have incurred total costs of \$12 million under the December 2020 Plan. See Note 4 for further information on our Avira acquisition.

November 2019 Plan

In November 2019, our Board of Directors approved a restructuring plan (the November 2019 Plan) in connection with the strategic decision to divest our Enterprise Security business. Actions under this plan included the reduction of our workforce as well as asset write-offs and impairments, contract terminations, facilities closures, and the sale of underutilized facilities. These actions were completed in fiscal 2021, and we incurred total costs of \$509 million, excluding stock-based compensation expense, under the November 2019 Plan.

In connection with the Broadcom sale, our Board of Directors approved an equity-based severance program under which certain equity awards to certain terminated employees were accelerated. As of April 2, 2021, we have incurred \$127 million of stock-based compensation related to our equity-based severance program. See Note 15 for further information on the impact of this program.

August 2019 Plan

On August 6, 2019, our Board of Directors approved a restructuring plan (the August 2019 Plan) to improve productivity and reduce complexity in the way we manage the business. Under the August 2019 Plan, we reduced our global headcount and closed certain facilities. These actions were completed in fiscal 2020, and we incurred total costs of \$53 million, primarily consisting of severance and termination benefits.

Restructuring, transition and other costs summary

Our restructuring, transition and other costs attributable to continuing operations are presented in the table below:

(In millions)	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
Severance and termination benefit costs	\$ 31	\$ 90	\$ 19
Contract cancellation charges	51	101	—
Stock-based compensation charges	10	20	—
Asset write-offs and impairments	58	47	2
Other exit and disposal costs	11	7	12
Separation costs	—	1	3
Transition costs	—	—	185
Total restructuring, transition and other	<u>\$ 161</u>	<u>\$ 266</u>	<u>\$ 221</u>

In connection with the agreement to sell certain assets of our Enterprise Security business, a portion of our restructuring, transition and other costs were classified to discontinued operations for all periods presented. Our restructuring, transition and other costs attributable to discontinued operations are presented in the table below:

(In millions)	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
Severance and termination benefit costs	\$ 64	\$ 121	\$ 9
Contract cancellation charges	—	5	—
Stock-based compensation charges	—	97	—
Asset write-offs and impairments	—	13	—
Other exit and disposal costs	—	—	3
Separation costs	2	25	—
Transition costs	—	—	8
Total restructuring, transition and other	<u>\$ 66</u>	<u>\$ 261</u>	<u>\$ 20</u>

Restructuring summary

Our activities and liability balances related to our restructuring plans are presented in the tables below:

December 2020 Plan

(In millions)	Liability Balance as of April 3, 2020	Net Charges	Cash Payments	Non-Cash Items	Liability Balance as of April 2, 2021
Severance and termination benefit costs	\$ —	\$ 12	\$ (9)	\$ —	\$ 3
Total	<u>\$ —</u>	<u>\$ 12</u>	<u>\$ (9)</u>	<u>\$ —</u>	<u>\$ 3</u>

November 2019 Plan

(In millions)	Liability Balance as of April 3, 2020	Net Charges	Cash Payments	Non-Cash Items	Liability Balance as of April 2, 2021
Severance and termination benefit costs	\$ 35	\$ 83	\$ (118)	\$ —	\$ —
Contract cancellation charges	7	51	(11)	(35)	12
Stock-based compensation charges	—	10	—	(10)	—
Asset write-offs and impairments	—	58	—	(58)	—
Other exit and disposal costs	—	11	(10)	—	1
Total	<u>\$ 42</u>	<u>\$ 213</u>	<u>\$ (139)</u>	<u>\$ (103)</u>	<u>\$ 13</u>

The restructuring liabilities are included in Other current liabilities in our Consolidated Balance Sheets.

Note 13. Income Taxes

The components of our income (loss) from continuing operations before income taxes are as follows:

(In millions)	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
Domestic	\$ 607	\$ 667	\$ (179)
International	265	152	72
Income (loss) before income taxes	<u>\$ 872</u>	<u>\$ 819</u>	<u>\$ (107)</u>

The components of income tax expense (benefit) from continuing operations are as follows:

(In millions)	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
Current:			
Federal	\$ 133	\$ 208	\$ 58
State	36	33	4
International	(13)	3	(14)
Total	<u>156</u>	<u>244</u>	<u>48</u>
Deferred:			
Federal	(6)	(23)	(35)
State	(5)	3	(3)
International	31	17	(7)
Total	<u>20</u>	<u>(3)</u>	<u>(45)</u>
Income tax expense	<u>\$ 176</u>	<u>\$ 241</u>	<u>\$ 3</u>

The U.S. federal statutory income tax rates we have applied for fiscal 2021, 2020, and 2019 are as follows:

	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
U.S. federal statutory income tax rate	21.0%	21.0%	21.0%

The difference between our effective income tax and the federal statutory income tax is as follows:

(In millions)	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
Federal statutory tax expense (benefit)	\$ 183	\$ 172	\$ (23)
State taxes, net of federal benefit	25	22	(11)
Foreign earnings taxed at other than the federal rate	7	(2)	(24)
Transition tax	—	—	(2)
Federal research and development credit	(1)	(2)	(4)
Valuation allowance increase (decrease)	1	(57)	26
Change in uncertain tax positions	3	60	44
Stock-based compensation	5	5	8
Nondeductible goodwill	—	18	—
Favorable ruling on foreign withholding tax	(35)	—	—
US tax on foreign earnings	(15)	(4)	(1)
Return to provision adjustment	1	12	(16)
Other, net	2	17	6
Income tax expense	<u>\$ 176</u>	<u>\$ 241</u>	<u>\$ 3</u>

The principal components of deferred tax assets and liabilities are as follows:

(In millions)	<u>April 2, 2021</u>	<u>April 3, 2020</u>
Deferred tax assets:		
Tax credit carryforwards	\$ 2	\$ 6
Net operating loss carryforwards of acquired companies	23	21
Other accruals and reserves not currently tax deductible	54	46
Operating lease liabilities	29	12
Deferred revenue	—	2
Property and equipment	17	10
Intangible assets	103	117
Loss on investments not currently tax deductible	—	1
Stock-based compensation	7	21
Other	36	44
Gross deferred tax assets	<u>271</u>	<u>280</u>
Valuation allowance	<u>(7)</u>	<u>(9)</u>
Deferred tax assets, net of valuation allowance	<u>264</u>	<u>271</u>
Deferred tax liabilities:		
Operating lease assets	(25)	(10)
Goodwill	(1)	—
Deferred revenue	(1)	—
Unremitted earnings of foreign subsidiaries	(15)	(17)
Prepays and deferred expenses	(2)	(2)
Discount on convertible debt	(2)	(4)
Deferred tax liabilities	<u>(46)</u>	<u>(33)</u>
Net deferred tax assets (liabilities)	<u>\$ 218</u>	<u>\$ 238</u>

The valuation allowance provided against our deferred tax assets as of April 2, 2021, decreased primarily due to a change in tax credit carryforwards. The ending valuation allowance of \$7 million is provided primarily against certain foreign tax credits.

As of April 2, 2021, we have U.S. federal net operating losses attributable to various acquired companies of approximately \$77 million, which, if not used, will expire between fiscal 2022 and 2039. The remaining net operating loss carryforwards are subject to an annual limitation under U.S. federal tax regulations but are expected to be fully realized. Furthermore, we have U.S. state net operating loss carryforwards attributable to various acquired companies of approximately \$13 million. If not used, our U.S. state net operating losses will expire between fiscal 2022 and 2038. In addition, we have foreign net operating loss carryforwards attributable to various foreign companies of approximately \$26 million.

In assessing the ability to realize our deferred tax assets, we considered whether it is more likely than not that some portion or all the deferred tax assets will not be realized. We considered the following: we have historical cumulative book income, as measured by the current and prior two years; we have strong, consistent taxpaying history; we have substantial U.S. federal income tax carryback potential; and we have substantial amounts of scheduled future reversals of taxable temporary differences from our deferred tax liabilities. We have concluded that this positive evidence outweighs the negative evidence and, thus, that the deferred tax assets as of April 2, 2021, are realizable on a “more likely than not” basis.

The aggregate changes in the balance of gross unrecognized tax benefits were as follows:

(In millions)	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
Balance at beginning of year	\$ 724	\$ 446	\$ 378
Settlements with tax authorities	(37)	(5)	(3)
Lapse of statute of limitations	(34)	(15)	(17)
Increase related to prior period tax positions	13	77	16
Decrease related to prior period tax positions	(129)	(11)	(11)
Increase related to current year tax positions	11	232	75
Increase due to acquisition	—	—	8
Balance at end of year	<u>\$ 548</u>	<u>\$ 724</u>	<u>\$ 446</u>

There was a change of \$176 million in gross unrecognized tax benefits during the year ended April 2, 2021, as disclosed above. This gross liability does not include offsetting tax benefits associated with the correlative effects of potential transfer pricing adjustments, interest deductions, and state income taxes.

Of the total unrecognized tax benefits at April 2, 2021, \$494 million, if recognized, would affect our effective tax rate.

We recognize interest and/or penalties related to uncertain tax positions in income tax expense. At April 2, 2021, before any tax benefits, we had \$74 million of accrued interest and penalties on unrecognized tax benefits. Interest included in our provision for income taxes was an expense of approximately \$26 million for fiscal 2021. If the accrued interest and penalties do not ultimately become payable, amounts accrued will be reduced in the period that such determination is made and reflected as a reduction of the overall income tax provision.

On July 27, 2015, the United States Tax Court (Tax Court) issued its opinion in *Altera v. Commissioner* and concluded that related parties in a cost sharing arrangement are not required to share expenses related to stock-based compensation. The Commissioner of the Internal Revenue Service appealed the Tax Court decision to the Ninth Circuit. In June 2019, the U.S. Court of Appeals for the Ninth Circuit reversed the July 2015 decision of the U.S. Tax Court. As a result of this decision, we recorded a cumulative income tax expense of \$62 million in the first quarter of fiscal 2020. On July 22, 2019, the taxpayer requested a rehearing before the full Ninth Circuit, but such request was denied on November 12, 2019. In February 2020, Altera requested a hearing before the Supreme Court of the United States. In June 2020, the Supreme Court declined to review the case.

We file income tax returns in the U.S. on a federal basis and in many U.S. state and foreign jurisdictions. Our most significant tax jurisdictions are the U.S. and Ireland. Our tax filings remain subject to examination by applicable tax authorities for a certain length of time following the tax year to which those filings relate. Our fiscal years 2014 through 2021 remain subject to examination by the IRS for U.S. federal tax purposes. Our fiscal years prior to 2014 have been settled and closed with the IRS. Our fiscal years 2014 to 2019 are currently under audit by the IRS. Our 2016 through 2021 fiscal years remain subject to examination by the appropriate governmental agencies for Irish tax purposes.

The timing of the resolution of income tax examinations is highly uncertain, and the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year. Although potential resolution of uncertain tax positions involves multiple tax periods and jurisdictions, it is reasonably possible that the gross unrecognized tax benefits related to these audits could decrease (whether by payment, release, or a combination of both) in the next 12 months. Depending on the nature of the settlement or expiration of statutes of limitations, it could affect our income tax provision and therefore benefit the resulting effective tax rate.

We continue to monitor the progress of ongoing income tax controversies and the impact, if any, of the expected tolling of the statute of limitations in various taxing jurisdictions.

Note 14. Stockholders' Equity

Preferred stock

On May 22, 2020, we filed a Certificate of Elimination of Series A Junior Preferred Stock (the "Junior Preferred Stock") with the Secretary of State of the State of Delaware, to remove the Certificate of Designations of the Junior Preferred Stock from our Amended and Restated Certificate of Incorporation. The Certificate of Elimination became effective upon filing. No shares of the Junior Preferred Stock were issued or outstanding upon filing of the Certificate of Elimination.

Dividends

On May 10, 2021, we announced that our Board of Directors declared a cash dividend of \$0.125 per share of common stock to be paid in June 2021. All shares of common stock issued and outstanding and all RSUs and PRUs as of the record date will be entitled to the dividend and dividend equivalent rights (DERs), respectively, which will be paid out if and when the underlying shares are released. Any future dividends and DERs will be subject to the approval of our Board of Directors.

Stock repurchase program

Under our stock repurchase program, we may purchase shares of our outstanding common stock through open market and through accelerated stock repurchase transactions. As of April 2, 2021, we have \$274 million remaining under the authorization to be completed in future periods with no expiration date.

The following table summarizes activity related to our stock repurchase program:

(In millions, except per share amounts)	Year Ended	
	April 2, 2021	April 3, 2020
Number of shares repurchased	15	68
Average price per share	\$ 20.50	\$ 22.97
Aggregate purchase price	\$ 304	\$ 1,562

Repurchases of 1 million shares executed during 2019 were settled in fiscal 2020.

On May 4, 2021, our Board of Directors approved an incremental share repurchase authorization of \$1,500 million, bringing the total authorized under the stock repurchase program to \$1,774 million. The authorization does not have an expiration date.

Accumulated other comprehensive income (loss)

Components and activities of AOCI, net of tax, were as follows:

(In millions)	Foreign Currency Translation Adjustments	Unrealized Gain (Loss) On Available-For-Sale Securities	Equity Method Investee	Total AOCI
Balance as of March 29, 2019	\$ (5)	\$ (1)	\$ (1)	\$ (7)
Other comprehensive income (loss) before reclassifications	(11)	1	2	(8)
Reclassification to net income	—	—	(1)	(1)
Balance as of April 3, 2020	(16)	—	—	(16)
Other comprehensive income before reclassifications	63	—	—	63
Balance as of April 2, 2021	<u>\$ 47</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 47</u>

Note 15. Stock-Based Compensation and Other Benefit Plans

Stock incentive plans

The purpose of our stock incentive plans is to attract, retain, and motivate eligible persons whose present and potential contributions are important to our success by offering them an opportunity to participate in our future performance through equity awards. We have one primary stock incentive plan: the 2013 Equity Incentive Plan (the 2013 Plan), under which incentive stock options may be granted only to employees (including officers and directors who are also employees), and other awards may be granted to employees, officers, directors, consultants, independent contractors, and advisors. As amended, our stockholders have approved and reserved 82 million shares of common stock for issuance under the 2013 Plan. As of April 2, 2021, 18 million shares remained available for future grant, calculated using the maximum potential shares that could be earned and issued at vesting.

In connection with the acquisitions of various companies, we have assumed the equity awards granted under stock incentive plans of the acquired companies or issued equity awards in replacement thereof. No new awards will be granted under our acquired stock plans.

RSUs

(In millions, except per share and year data)	Number of Shares	Weighted-Average Grant Date Fair Value
Outstanding as of April 3, 2020	7	\$ 21.33
Granted	4	\$ 20.70
Vested	(4)	\$ 21.86
Forfeited	(2)	\$ 20.55
Outstanding as of April 2, 2021	<u>5</u>	<u>\$ 20.62</u>

RSUs generally vest over a three-year period. The weighted-average grant date fair value per share of RSUs granted during fiscal 2021, 2020, and 2019 was \$20.70, \$19.65, and \$21.77, respectively. The total fair value of RSUs released in fiscal 2021, 2020, and 2019 was \$86 million, \$300 million, and \$214 million, respectively, which represents the market value of our common stock on the date the RSUs were released.

PRUs

(In millions, except per share and year data)	Number of Shares	Weighted-Average Grant Date Fair Value
Outstanding and unvested at April 3, 2020	2	\$ 22.68
Granted	2	\$ 26.39
Vested	(2)	\$ 23.97
Forfeited	(1)	\$ 20.61
Unvested at April 2, 2021	1	\$ 27.50
Vested and unreleased at April 2, 2021	—	
Outstanding at April 2, 2021	<u>1</u>	

The total fair value of PRUs released in fiscal 2021, 2020, and 2019 was \$43 million, \$39 million, and \$261 million, respectively, which represents the market value of our common stock on the date the PRUs were released.

We have granted PRUs to certain of our executives. Typically, these PRUs have a three-year vest period. PRUs granted in fiscal 2021 and 2019 contain a combination of our company's performance and market conditions whereas our fiscal 2020 PRUs only contain market conditions. The performance

conditions are based on the achievement of specified one-year non-GAAP financial metrics. The market conditions are based on the achievement of our relative total shareholder return over a two- and three-year period. Typically, 0% to 200% of target shares are eligible to be earned based on the achievement of the performance and market conditions.

Valuation of PRUs

The fair value of each PRU that does not contain a market condition is equal to the market value of our common stock on the date of grant. The fair value of each PRU that contains a market condition is estimated using the Monte Carlo simulation model. The valuation and the underlying weighted-average assumptions for PRUs are summarized below:

	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
Expected term	2.7 years	1.9 years	2.7 years
Expected volatility	42.5%	38.1%	34.2%
Risk-free interest rate	0.2%	1.7%	2.7%
Expected dividend yield	—%	1.1%	—%
Weighted-average grant date fair value of PRUs	\$ 26.39	\$ 21.69	\$ 21.30

Stock options

(In millions, except per share and year data)	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at April 3, 2020	2	\$ 6.85		
Exercised	(1)	\$ 7.25		
Forfeited and expired	(1)	\$ 6.93		
Outstanding at April 2, 2021 ⁽¹⁾	—	\$ 5.22		
Exercisable at April 2, 2021 ⁽¹⁾	—	\$ 5.22	4.75	\$ 5

⁽¹⁾ The number of shares is less than 1 million.

The total intrinsic value of options exercised during fiscal 2021, 2020, and 2019 was \$18 million, \$171 million, and \$23 million, respectively. No options were granted in fiscal 2021. The fair value of options granted in fiscal 2020 was \$4.76 per share.

ESPP

Under our 2008 Employee Stock Purchase Plan, employees may annually contribute up to 10% of their gross compensation, subject to certain limitations, to purchase shares of our common stock at a discounted price. Eligible employees are offered shares through a 12-month offering period, which consists of two consecutive 6-month purchase periods, at 85% of the lower of either the fair market value on the purchase date or the fair market value at the beginning of the offering period.

As of April 2, 2021, 38 million shares have been issued under this plan, and 32 million shares remained available for future issuance.

The following table summarizes activity related to the purchase rights issued under the ESPP:

(In millions)	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
Shares issued under the ESPP	1	2	—
Proceeds from issuance of shares	\$ 14	\$ 39	\$ —

The fair value of each stock purchase right under our ESPP is estimated using the Black-Scholes option pricing model. The weighted-average grant date fair value related to rights to acquire shares of common stock under our ESPP in fiscal 2021, 2020, and 2019 was \$5.65 per share, \$5.17 per share, and \$6.22 per share, respectively.

Dividend equivalent rights (DERs)

Our RSUs and PRUs contain dividend equivalent rights (DER) that entitles the recipient of an award to receive cash dividend payments when the associated award is released. The amount of DER equals to the cumulated dividends on the issued number of common stock that would have been payable since the date the associated award was granted. As of April 2, 2021 and April 3, 2020, current dividends payable related to DER was \$12 million and \$62 million, respectively, recorded as part of Other current liabilities in the Consolidated Balance Sheets, and long-term dividends payable related to DER was \$10 million and \$31 million, respectively, recorded as part of Other long-term liabilities.

Stock-based award modifications

In connection with the Broadcom sale in fiscal 2020, we approved severance and retention arrangements for certain executives. As a result, these executives are entitled to receive vesting of 50% of their unvested equity, subject to a service condition, and the remaining unvested equity will be earned at levels of 0% to 150%, subject to market and service conditions. In connection with restructuring activities related to the Broadcom sale, we entered into severance and retention arrangements with certain other employees. These arrangements provided for acceleration of either a portion or all of the vesting of their stock-based awards.

The following table summarizes the stock-based compensation expense recognized as a result of these modifications:

(In millions)	Year Ended	
	April 2, 2021	April 3, 2020
Sales and marketing	\$ 2	\$ 6
Research and development	9	—
General and administrative	8	20
Restructuring and other costs	10	20
Discontinued operations	1	99
Total stock-based compensation	<u>\$ 30</u>	<u>\$ 145</u>

Stock-based compensation expense

Total stock-based compensation expense and the related income tax benefit recognized for all of our equity incentive plans in our Consolidated Statements of Operations were as follows:

(In millions)	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
Cost of revenues	\$ 1	\$ 2	\$ 6
Sales and marketing	18	29	42
Research and development	26	30	34

(In millions)	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
General and administrative	26	58	76
Restructuring, transition and other costs	10	20	—
Other income (expense), net	(1)	1	—
Total stock-based compensation from continuing operations	80	140	158
Discontinued operations	1	172	194
Total stock-based compensation expense	\$ 81	\$ 312	\$ 352
Income tax benefit for stock-based compensation expense	\$ (18)	\$ (55)	\$ (73)

As of April 2, 2021, the total unrecognized stock-based compensation expense related to our unvested stock-based awards was \$94 million, which will be recognized over an estimated weighted-average amortization period of 1.8 years.

Other employee benefit plans

401(k) plan

We maintain a salary deferral 401(k) plan for all of our U.S. employees. This plan allows employees to contribute their pretax salary up to the maximum dollar limitation prescribed by the Internal Revenue Code. We match the first 3.5% of a participant's eligible compensation up to \$6,000 in a calendar year. Our employer matching contributions to the 401(k) plan were as follows, including contributions to employees of our discontinued operations:

(In millions)	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
401(k) matching contributions	\$ 3	\$ 16	\$ 23

Note 16. Net Income Per Share

Basic income per share is computed by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted net income per share also includes the incremental effect of dilutive potentially issuable common shares outstanding during the period using the treasury stock method. Dilutive potentially issuable common shares include the dilutive effect of the shares underlying convertible debt and employee equity awards. Diluted income (loss) per share was the same as basic income (loss) per share for the year ended March 29, 2019, as there was a loss from continuing operations in the period and inclusion of potentially issuable shares was anti-dilutive.

The components of basic and diluted net income (loss) per share are as follows:

(In millions, except per share amounts)	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
Income (loss) from continuing operations	\$ 696	\$ 578	\$ (110)
Income (loss) from discontinued operations, net of income taxes	(142)	3,309	141
Net income	<u>\$ 554</u>	<u>\$ 3,887</u>	<u>\$ 31</u>
Income (loss) per share – basic:			
Continuing operations	\$ 1.18	\$ 0.94	\$ (0.17)
Discontinued operations	\$ (0.24)	\$ 5.38	\$ 0.22
Net income per share – basic ⁽¹⁾	\$ 0.94	\$ 6.32	\$ 0.05
Income (loss) per share – diluted:			
Continuing operations	\$ 1.16	\$ 0.90	\$ (0.17)
Discontinued operations	\$ (0.24)	\$ 5.15	\$ 0.22
Net income per share – diluted ⁽¹⁾	\$ 0.92	\$ 6.05	\$ 0.05
Weighted-average outstanding shares – basic	589	615	632
Dilutive potentially issuable shares:			
Convertible debt	8	20	—
Employee equity awards	3	8	—
Weighted-average shares outstanding – diluted	<u>600</u>	<u>643</u>	<u>632</u>
Anti-dilutive shares excluded from diluted net income (loss) per share calculation:			
Convertible debt	8	5	91
Employee equity awards	—	2	47
Total	<u>8</u>	<u>7</u>	<u>138</u>

⁽¹⁾ Net income per share amounts may not add due to rounding.

Under the treasury stock method, our convertible debt instruments will generally have a dilutive impact on net income per share when our average stock price for the period exceeds the conversion prices for the convertible debt instruments. On February 4, 2020, a portion of the 2.5% Convertible Notes were exchanged for the New 2.5% Convertible Notes, and a portion of the 2.0% Convertible Notes were exchanged for the New 2.0% Convertible Notes. The remaining Convertible Senior Notes received conversion price adjustments. The 2.5% Convertible Notes and 2.0% Convertible Notes were fully repaid on March 10, 2020 and May 26, 2020, respectively. See Note 10 for further information on our convertible debt instruments and Note 19 for information on a convertible note purchase agreement entered into on May 13, 2021. The conversion price of each convertible debt applicable in the periods presented is as follows:

	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
2.5% Convertible Senior Notes due April 1, 2022	N/A	\$ 8.40 ⁽¹⁾	\$ 16.77
2.0% Convertible Senior Notes due August 15, 2022	N/A	\$ 10.23 ⁽¹⁾	\$ 20.41
New 2.5% Convertible Senior Notes due April 1, 2022	\$ 16.77	\$ 16.77	N/A
New 2.0% Convertible Senior Notes due August 15, 2022	\$ 20.41	\$ 20.41	N/A

⁽¹⁾ Conversion prices of the Convertible Senior Notes prior to their full repayments.

The conversion features of the convertible debt instruments were anti-dilutive during fiscal 2019 due to a loss from continuing operations.

Note 17. Segment and Geographic Information

We operate as one reportable segment. Our Chief Operating Decision Maker reviews financial information presented on a consolidated basis to evaluate company performance and to allocate resources.

The following table summarizes net revenues for our major solutions:

(In millions)	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
Consumer security	\$ 1,513	\$ 1,450	\$ 1,471
Identity and information protection	1,038	994	937
ID Analytics	—	46	48
Total net revenues	<u>\$ 2,551</u>	<u>\$ 2,490</u>	<u>\$ 2,456</u>

From time to time, changes in our product hierarchy cause changes to the product categories above. When changes occur, we recast historical amounts to match the current product hierarchy. The changes have been reflected for all periods presented above. Consumer security products include our Norton 360 Security offerings, Norton Security, Norton Secure VPN, Avira Security, and other consumer security solutions. Identity and information protection products include our Norton 360 with LifeLock offerings, LifeLock identity theft protection and other information protection solutions. Our ID Analytics solutions were divested on January 31, 2020.

Geographic information

Net revenues by geography are based on the billing addresses of our customers. The following table represents net revenues by geographic area for the periods presented:

(In millions)	Year Ended		
	April 2, 2021	April 3, 2020	March 29, 2019
Americas	\$ 1,827	\$ 1,831	\$ 1,786
EMEA	419	376	392
APJ	305	283	278
Total net revenues	<u>\$ 2,551</u>	<u>\$ 2,490</u>	<u>\$ 2,456</u>

Note: The Americas include U.S., Canada, and Latin America; EMEA includes Europe, Middle East, and Africa; APJ includes Asia Pacific and Japan

Revenues from customers inside the U.S. were \$1,742 million, \$1,747 million, and \$1,700 million during fiscal 2021, 2020, and 2019, respectively. No other individual country accounted for more than 10% of revenues.

The table below represents cash, cash equivalents and short-term investments held in the U.S. and internationally in various foreign subsidiaries:

(In millions)	April 2, 2021	April 3, 2020
U.S.	\$ 536	\$ 1,345
International	415	918
Total cash, cash equivalents and short-term investments	<u>\$ 951</u>	<u>\$ 2,263</u>

The table below represents our property and equipment, net of accumulated depreciation and amortization, by geographic area, based on the physical location of the asset, at the end of each period presented:

(In millions)	April 2, 2021	April 3, 2020
U.S.	\$ 28	\$ 174
Ireland	32	34
Germany	14	4
Other countries ⁽¹⁾	4	26
Total property and equipment, net	<u>\$ 78</u>	<u>\$ 238</u>

⁽¹⁾ No individual country represented more than 10% of the respective totals.

Our operating lease assets by geographic area, based on the physical location of the asset were as follows:

(In millions)	April 2, 2021	April 3, 2020
U.S.	\$ 55	\$ 40
India	9	11
Japan	3	10
Other countries ⁽¹⁾	9	27
Total operating lease assets	<u>\$ 76</u>	<u>\$ 88</u>

⁽¹⁾ No individual country represented more than 10% of the respective totals.

Significant customers

In fiscal 2021, 2020, and 2019, no customer accounted for 10% or more of our net revenues. See Note 1 for customers that accounted for over 10% of our net accounts receivable.

Note 18. Commitments and Contingencies

Purchase obligations

We have purchase obligations that are associated with agreements for purchases of goods or services. Management believes that cancellation of these contracts is unlikely, and we expect to make future cash payments according to the contract terms.

The following reflects estimated future payments for purchase obligations by fiscal year. The amount of purchase obligations reflects estimated future payments as of April 2, 2021.

(In millions)	April 2, 2021
2022	\$ 296
2023	35
2024	35
2025	5
2026	4
Thereafter	5
Total purchase obligations	<u>\$ 380</u>

Deemed repatriation taxes

Under the Tax Cuts and Jobs Act (H.R.1), we are required to pay a one-time transition tax on untaxed foreign earnings of our foreign subsidiaries through July 2025. The following reflects estimated future payments for deemed repatriation taxes by fiscal year:

(In millions)	<u>April 2, 2021</u>
2022	\$ 69
2023	68
2024	128
2025	171
2026	158
Total obligations	<u>\$ 594</u>

Indemnifications

In the ordinary course of business, we may provide indemnifications of varying scope and terms to customers, vendors, lessors, business partners, subsidiaries, and other parties with respect to certain matters, including, but not limited to, losses arising out of our breach of agreements or representations and warranties made by us. In addition, our bylaws contain indemnification obligations to our directors, officers, employees, and agents, and we have entered into indemnification agreements with our directors and certain of our officers to give such directors and officers additional contractual assurances regarding the scope of the indemnification set forth in our bylaws and to provide additional procedural protections. We maintain director and officer insurance, which may cover certain liabilities arising from our obligation to indemnify our directors and officers. It is not possible to determine the aggregate maximum potential loss under these indemnification agreements due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement. Such indemnification agreements might not be subject to maximum loss clauses. Historically, we have not incurred material costs as a result of obligations under these agreements, and we have not accrued any material liabilities related to such indemnification obligations in our Consolidated Financial Statements.

In connection with the sale of Veritas and the sale of our Enterprise Security business to Broadcom, we assigned several leases to Veritas Technologies LLC or Broadcom and/or their related subsidiaries. As a condition to consenting to the assignments, certain lessors required us to agree to indemnify the lessor under the applicable lease with respect to certain matters, including, but not limited to, losses arising out of Veritas Technologies LLC, Broadcom, or their related subsidiaries' breach of payment obligations under the terms of the lease. As with our other indemnification obligations discussed above and in general, it is not possible to determine the aggregate maximum potential loss under these indemnification agreements due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement. As with our other indemnification obligations, such indemnification agreements might not be subject to maximum loss clauses, and to date, generally under our real estate obligations, we have not incurred material costs as a result of such obligations under our leases and have not accrued any liabilities related to such indemnification obligations in our Consolidated Financial Statements.

We provide limited product warranties, and the majority of our software license agreements contain provisions that indemnify licensees of our software from damages and costs resulting from claims alleging that our software infringes on the intellectual property rights of a third party. Historically, payments made under these provisions have been immaterial. We monitor the conditions that are subject to indemnification to identify if a loss has occurred.

Litigation contingencies

For a description of our accounting policy regarding litigation and loss contingencies, see "Critical Accounting Policies and Estimates" included in Part II, Item 7 of this annual report.

SEC Investigation

As previously disclosed in our public filings, the Audit Committee of our Board of Directors (the Audit Committee) completed its internal investigation (the Audit Committee Investigation) in September 2018. In connection with the Audit Committee Investigation, we voluntarily contacted the U.S. Securities and Exchange Commission (SEC) in April 2018. The SEC commenced a formal investigation, and we continue to cooperate with that investigation. The outcome of such an investigation is difficult to predict. We have incurred, and may continue to incur, significant expenses related to legal and other professional services in connection with the SEC investigation. At this stage, we are unable to assess whether any material loss or adverse effect is reasonably possible as a result of the SEC's investigation or estimate the range of any potential loss.

Securities Class Action and Derivative Litigation

Securities class action lawsuits, which have since been consolidated, were filed in May 2018 against us and certain of our former officers, in the U.S. District Court for the Northern District of California. The lead plaintiff's consolidated amended complaint alleged that, during a purported class period of May 11, 2017 to August 2, 2018, defendants made false and misleading statements in violation of Sections 10(b) and 20(a), and that certain individuals violated Section 20A, of the Securities Exchange Act. Defendants filed motions to dismiss, which the Court granted in an order dated June 14, 2019. Pursuant to that order, plaintiff filed a motion seeking leave to amend and a proposed first amended complaint on July 11, 2019. The Court granted the motion in part on October 2, 2019 and the first amended complaint was filed on October 11, 2019. The Court's order dismissed certain claims against certain of our former officers. Defendants filed answers on November 7, 2019. On April 20, 2021, to resolve an alleged conflict of interest raised with respect to the lead plaintiff and its counsel, the Court ordered a second Class Notice disclosing the circumstances of the alleged conflict and providing a further period for class members to opt out, which will conclude on July 2, 2021. The initial class opt out period closed on August 25, 2020. In an April 29, 2021 Order, the Court vacated the June 14, 2021 trial date and the trial is now continued indefinitely. A settlement conference has been set for May 24, 2021.

Purported shareholder derivative lawsuits have been filed against us and certain of our former officers and current and former directors in the U.S. District Courts for the District of Delaware and the Northern District of California, Delaware Chancery Court, and Delaware Superior Court, arising generally out of the same facts and circumstances as alleged in the securities class action and alleging claims for breach of fiduciary duty and related claims; these lawsuits include an action brought derivatively on behalf of our 2008 Employee Stock Purchase Plan. The derivative actions are currently voluntarily stayed in light of the securities class action. No specific amount of damages has been alleged in these lawsuits. We have also received demands from purported stockholders to inspect corporate books and records under Delaware law.

We will continue to incur legal fees in connection with these pending cases and demands, including expenses for the reimbursement of legal fees of present and former officers and directors under indemnification obligations. The expense of continuing to defend such litigation may be significant. We intend to defend these lawsuits vigorously, but there can be no assurance that we will be successful in any defense. If any of the lawsuits are decided adversely, we may be liable for significant damages directly or under our indemnification obligations, which could adversely affect our business, results of operations, and cash flows.

At this stage, we are unable to assess whether any material loss or adverse effect is reasonably possible as a result of these lawsuits or estimate the range of any potential loss.

GSA

During the first quarter of fiscal 2013, we were advised by the Commercial Litigation Branch of the Department of Justice's (DOJ) Civil Division and the Civil Division of the U.S. Attorney's Office for the District of Columbia that the government is investigating our compliance with certain provisions of our U.S. General Services Administration (GSA) Multiple Award Schedule Contract No. GS-35F-0240T

effective January 24, 2007, including provisions relating to pricing, country of origin, accessibility, and the disclosure of commercial sales practices.

As reported on the GSA's publicly-available database, our total sales under the GSA Schedule contract were approximately \$222 million from the period beginning January 2007 and ending September 2012. We fully cooperated with the government throughout its investigation, and in January 2014, representatives of the government indicated that their initial analysis of our actual damages exposure from direct government sales under the GSA Schedule contract was approximately \$145 million; since the initial meeting, the government's analysis of our potential damages exposure relating to direct sales has increased. The government also indicated they would pursue claims for certain sales to California, Florida, and New York as well as sales to the federal government through reseller GSA Schedule contracts, which could significantly increase our potential damages exposure.

In 2012, a sealed civil lawsuit was filed against us related to compliance with the GSA Schedule contract and contracts with California, Florida, and New York. On July 18, 2014, the Court-imposed seal expired, and the government intervened in the lawsuit. On September 16, 2014, the states of California and Florida intervened in the lawsuit, and the state of New York notified the Court that it would not intervene. On October 3, 2014, the DOJ filed an amended complaint, which did not state a specific damages amount. On October 17, 2014, California and Florida combined their claims with those of the DOJ and the relator on behalf of New York in an Omnibus Complaint, and a First Amended Omnibus Complaint was filed on October 8, 2015; the state claims also do not state specific damages amounts. On June 6, 2019, we filed a motion seeking summary judgment on all claims asserted by all plaintiffs, and the plaintiffs filed a motion for partial summary judgment on elements of liability on their claims. On October 21, 2019, the DOJ moved for a Prejudgment Writ of Sequestration for the Company to set aside \$1,090 million to pay a judgment, should the United States prevail in this litigation, under the Federal Debt Collection Procedures Act. The Writ was sought in response to the Company's announcement of its plans to distribute the after-tax proceeds of the sale of the Symantec enterprise business to Broadcom to its shareholders via a special dividend. The Court denied the Writ on December 12, 2019, on the basis of the Government's failure to establish the "probable validity" of the debt, the amount sought to be sequestered, and the Company's available cash, cash equivalents and short-term investments. The Court permitted the DOJ limited discovery of facts relevant to the Company's financial state and financial projections and the option to renew its motion if appropriate and supported by the analysis of its own financial expert. That discovery period has now closed. On March 30, 2020, the Court issued an Order granting in part and denying in part our motion for summary judgment and granting in part and denying in part the United States' motion for partial summary judgment. On September 30, 2020, the Company filed a Motion for Reconsideration of certain rulings in the Court's March 30 Summary Judgment Order. Court ordered mediations in July 2020 February 2021 were not successful. Trial is set for August 2, 2021. On March 23, 2021, Plaintiffs withdrew their demand for a jury trial and the Company consented to proceed with a bench trial. On May 13, 2021, we reached a settlement in principle with the State of Florida to resolve all claims it asserted in the litigation for \$0.5 million. The issue of Relator's statutory attorney's fees with respect to the State of Florida's claims remains unresolved. At this time, our current estimate of the low end of the range of probable estimated losses from this matter is \$50 million, inclusive of the settlement with the State of Florida, which we have accrued. It is possible that the litigation could lead to claims or findings of violations of the False Claims Act and could be material to our results of operations and cash flows for any period. Resolution of False Claims Act investigations can ultimately result in the payment of somewhere between one and three times the actual damages proven by the government, plus civil penalties. There is at least a reasonable possibility that a loss may have been incurred in excess of our accrual for this matter.

Holden v. NortonLifeLock

On February 8, 2021, Lauren Holden filed a putative class action in the Circuit Court for Duval County, Florida alleging that the Company violated the Florida wiretapping statute, Florida Security of Communications Act, Fla. Stat. Ann. § 934.01, et. seq., through the use of session replay technology on www.us.norton.com. The complaint defines the class as consisting of Florida residents who visited the website and whose electronic communications were alleged to have been intercepted by the Company

without prior consent and, on behalf of the class, seeks statutory damages, attorney's fees and costs, and injunctive relief. On March 12, 2021, the Company removed the case to the District Court for the Middle District of Florida and filed its Answer and Affirmative Defenses to the complaint. The Company then filed a Motion for Judgment on the Pleadings on April 20, 2021.

At this stage, we are unable to assess whether any material loss or adverse effect is reasonably possible as a result of this lawsuit or estimate the range of any potential loss. We dispute these claims and intend to defend them vigorously.

Other

We are involved in a number of other judicial and administrative proceedings that are incidental to our business. Although adverse decisions (or settlements) may occur in one or more of the cases, it is not possible to estimate the possible loss or losses from each of these cases. The final resolution of these lawsuits, individually or in the aggregate, is not expected to have a material adverse effect on our business, results of operations, financial condition or cash flows.

Note 19. Subsequent Events

On May 13, 2021, we entered into a Convertible Notes Purchase Agreement (the "Agreement") with affiliates of Silver Lake Partners ("Silver Lake"), pursuant to which we agreed to repurchase \$250 million in aggregate principal amount of our new 2.50% convertible unsecured senior notes due 2022 (the "Note Repurchase"). These notes are convertible into our common stock at a rate of 59.6341 shares for each \$1,000 principal amount of notes, representing a conversion price of approximately \$16.77 per share. Under the terms of the Agreement, we will pay Silver Lake an aggregate of \$365 million, representing \$24.40 per underlying share into which the notes are convertible, accrued and unpaid interest through the date of settlement, and a portion of the cash dividend that we declared on May 10, 2021. The Note Repurchase was completed on May 20, 2021.

(2) Financial Statement Schedule

Schedule II

NORTONLIFELOCK INC.
VALUATION AND QUALIFYING ACCOUNTS

All financial statement schedules have been omitted, since the required information is not applicable or is not present in material amounts, and/or changes to such amounts are immaterial to require submission of the schedule, or because the information required is included in our Consolidated Financial Statements and notes thereto included in this Form 10-K.

(3) Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
2.01(§)	Asset Purchase Agreement, dated August 8, 2019, by and between Broadcom Inc. and Registrant.	8-K	000-17781	2.01	8/8/2019	
3.01	Amended and Restated Certificate of Incorporation of Registrant, and all amendments thereto.					X
3.02	Amended and Restated Bylaws of Registrant.	8-K	000-17781	3.02	11/4/2019	
3.03	Certificate of Elimination of Series A Junior Preferred Stock.	10-K	000-17781	3.06	5/28/2020	
4.01	Form of Common Stock Certificate.	10-K	000-17781	4.01	5/28/2020	
4.02	Description of Securities.	10-K	000-17781	4.02	5/28/2020	
4.03	Indenture, dated September 16, 2010, between Registrant and Wells Fargo Bank, National Association, as trustee.	8-K	000-17781	4.01	9/16/2010	
4.04	Form of Global Note for Symantec's 3.950% Senior Notes due 2022 (contained in Exhibit No. 4.02 of Form 8-K).	8-K	000-17781	4.04	6/14/2012	
4.05	Investment Agreement, dated as of February 3, 2016, by and among Registrant and Silver Lake Partners IV Cayman (AIV II), L.P.	8-K	000-17781	10.01	2/9/2016	
4.06	First Amendment to Investment Agreement, dated as of March 2, 2016, by and among Registrant and Silver Lake Partners IV Cayman (AIV II), L.P.	8-K	000-17781	10.01	3/7/2016	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.07	Investment Agreement, dated as of June 12, 2016, by and among Registrant, Bain Capital Fund XI, L.P., Bain Capital Europe Fund IV, L.P. and Silver Lake Partners IV Cayman (AIV II), L.P. (including the form of Indenture attached as Exhibit A thereto).	8-K	000-17781	2.02	6/14/2016	
4.08	Amendment to Investment Agreement, dated as of July 31, 2016, by and among Registrant, Bain Capital Fund XI, L.P., Bain Capital Europe Fund IV, L.P. and Silver Lake Partners IV Cayman (AIV II), L.P.	10-Q	000-17781	2.03	8/5/2016	
4.09	Base Indenture, dated as of February 9, 2017, between Registrant and Wells Fargo Bank, National Association, as trustee.	8-K	000-17781	4.01	2/9/2017	
4.10	First Supplemental Indenture related to the 5% Senior Notes due 2025, dated as of February 9, 2017, between Registrant and Wells Fargo Bank, National Association, as trustee (including form of 5.00% Senior Note due 2025).	8-K	000-17781	4.02	2/9/2017	
4.11	Third Amendment to Investment Agreement, dated November 11, 2019, by and between NortonLifeLock Inc. and Silver Lake Partners IV Cayman (AIV II), L.P., SLP IV Seal Holdings, L.P. and SLP IV Seal II Holdings, L.P.	8-K	000-17781	10.01	11/12/2019	
4.12	Second Amendment to Investment Agreement, dated November 11, 2019, by and between NortonLifeLock Inc. and BC Bearcat SPV, LP, BCIP Venture Associates, BCIP Venture Associates-B, BCIP Associates IV (US), L.P., BCIP Associates IV-B (US), L.P., BCIP T Associates IV (US),	8-K	000-17781	10.02	11/12/2019	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.13	Indenture, dated as of February 4, 2020, by and between Registrant and Wells Fargo Bank, National Association, as trustee (including the form of 2.00% Convertible Senior Notes Due 2022).	10-K	000-17781	4.14	5/28/2020	
4.14	Indenture, dated as of February 4, 2020, by and between Registrant and Wells Fargo Bank, National Association, as trustee (including the form of 2.500% Convertible Senior Notes Due 2022).	10-K	000-17781	4.15	5/28/2020	
10.01(*)	Form of Indemnification Agreement for Officers, Directors and Key Employees (form for agreements entered into between January 17, 2006 and March 6, 2016).	8-K	000-17781	10.01	1/23/2006	
10.02(*)	Form of Indemnification Agreement for Officers, Directors and Key Employees, as amended (form for agreements entered into after March 6, 2016).	8-K	000-17781	10.03	3/7/2016	
10.03(*)	Registrant's Deferred Compensation Plan, restated and amended January 1, 2010, as adopted December 15, 2009.	10-K	000-17781	10.05	5/24/2010	
10.04(*)	Registrant's 2000 Director Equity Incentive Plan, as amended.	10-Q	000-17781	10.01	11/1/2011	
10.05(*)	Registrant's 2008 Employee Stock Purchase Plan, as amended.	10-Q	000-17781	10.06	2/7/2020	
10.06(*)	Registrant's 2013 Equity Incentive Plan, as amended.	8-K	000-17781	10.01	12/3/2018	
10.07(*)	Forms of award agreements under 2013 Equity Incentive Plan.	10-K	000-17781	10.10	10/26/2018	
10.08(*)	Form of FY21 Performance Based Restricted Stock Unit Award Agreements under 2013 Equity Incentive Plan	10-Q	000-17781	10.03	8/6/2020	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.09(*)	Form of FY22 Performance Based Restricted Stock Unit Award Agreements under 2013 Equity Incentive Plan					X
10.10(*)	Form of Amended and Restated Restricted Stock Unit Award Agreements under 2013 Equity Incentive Plan					X
10.11	Amended and Restated Credit Agreement, effective as of August 1, 2016, among Registrant, the lenders party thereto (the Lenders), Wells Fargo Bank, National Association, as Term Loan A-1/Revolver Administrative Agent and Swingline Lender, JPMorgan Chase Bank, N.A., as Term Loan A-2 Administrative Agent, JPMorgan Chase Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith, Incorporated, Barclays Bank PLC, Citigroup Global Markets Inc., Wells Fargo Securities, LLC, Royal Bank of Canada and Mizuho Bank, Ltd., as Lead Arrangers and Joint Bookrunners in respect of the Term A-2 Facility, Barclays Bank PLC, Citibank, N.A., Wells Fargo Bank, National Association, Royal Bank of Canada, Mizuho Bank, Ltd. And TD Securities (USA) LLC, as Co-Documentation Agents in respect of the Term A-2 Facility, and Bank of America, N.A., as Syndication Agent in respect of Term A-2 Facility.	10-Q	000-17781	4.03	8/5/2016	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.12	Term Loan Agreement, dated as of August 1, 2016, among Registrant, JPMorgan Chase Bank, N.A., as Administrative Agent, Bank of America, N.A., as Syndication Agent, and Barclays Bank PLC, Citibank, N.A., Wells Fargo Bank, National Association, Royal Bank of Canada, Mizuho Bank, Ltd., and TD Securities (USA) LLC, as Co-Documentation Agents, JPMorgan Chase Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Bank, PLC, Citigroup Global Markets Inc., Wells Fargo Securities, LLC, Royal Bank of Canada and Mizuho Bank, Ltd., as Joint Lead Arrangers and Joint Bookrunners.	10-Q	000-17781	4.05	8/5/2016	
10.13	Amendment Agreement, dated as of July 18, 2016, by and among Registrant, Symantec Operating Corporation, the Lenders and the New Term Lenders, Wells Fargo Bank, National Association, and JPMorgan Chase Bank, N.A.	10-Q	000-17781	4.02	8/5/2016	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.14	Assignment and Assumption, dated October 3, 2016, to the Term Loan Agreement dated as of August 1, 2016, among Registrant, JPMorgan Chase Bank, N.A., as Administrative Agent, Bank of America, N.A., as Syndication Agent, and Barclays Bank PLC, Citibank, N.A., Wells Fargo Bank, National Association, Royal Bank of Canada, Mizuho Bank, Ltd., and TD Securities (USA) LLC, as Co-Documentation Agents, JPMorgan Chase Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Bank, PLC, Citigroup Global Markets Inc., Wells Fargo Securities, LLC, Royal Bank of Canada and Mizuho Bank, Ltd., as Joint Lead Arrangers and Joint Bookrunners.	10-Q	000-17781	4.01	2/3/2017	
10.15	First Amendment, dated December 12, 2016, to the Term Loan Agreement, dated as of August 1, 2016, among Registrant, JPMorgan Chase Bank, N.A., as Administrative Agent, Bank of America, N.A., as Syndication Agent, and Barclays Bank PLC, Citibank, N.A., Wells Fargo Bank, National Association, Royal Bank of Canada, Mizuho Bank, Ltd., and TD Securities (USA) LLC, as Co-Documentation Agents, JPMorgan Chase Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Bank, PLC, Citigroup Global Markets Inc., Wells Fargo Securities, LLC, Royal Bank of Canada and Mizuho Bank, Ltd., as Joint Lead Arrangers and Joint Bookrunners.	10-Q	000-17781	4.02	2/3/2017	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.16	First Amendment, dated December 12, 2016, to the Credit Agreement, effective as of August 1, 2016, among the Registrant, the lenders party thereto (the Lenders), Wells Fargo Bank, National Association, as Term Loan A-1/Revolver Administrative Agent and Swingline Lender, JPMorgan Chase Bank, N.A., as Term Loan A-2 Administrative Agent, JPMorgan Chase Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith, Incorporated, Barclays Bank PLC, Citigroup Global Markets Inc., Wells Fargo Securities, LLC, Royal Bank of Canada and Mizuho Bank, Ltd., as Lead Arrangers and Joint Bookrunners in respect of the Term A-2 Facility, Barclays Bank PLC, Citibank, N.A., Wells Fargo Bank, National Association, Royal Bank of Canada, Mizuho Bank, Ltd. And TD Securities (USA) LLC, as Co-Documentation Agents in respect of the Term A-2 Facility, and Bank of America, N.A., as Syndication Agent in respect of Term A-2 Facility.	10-Q	000-17781	4.03	2/3/2017	
10.17(*)	Registrant's Senior Executive Incentive Plan, as amended and restated.	8-K	000-17781	10.03	10/25/2013	
10.18(*)	Registrant's Executive Retention Plan, as amended and restated.					X
10.19(*)	Registrant's Executive Severance Plan.					X
10.20(*)	FY21 Executive Annual Incentive Plan – Chief Executive Officer.	10-Q	000-17781	10.01	8/6/2020	
10.21(*)	FY21 Executive Annual Incentive Plan – Senior Vice President and Executive Vice President.	10-Q	000-17781	10.02	8/6/2020	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.22(§§)	Assignment of Copyright and Other Intellectual Property Rights, by and between Peter Norton and Peter Norton Computing, Inc., dated August 31, 1990.	S-4	33-35385	10.37	6/13/1990	
10.23(†)	Environmental Indemnity Agreement, dated April 23, 1999, between Veritas and Fairchild Semiconductor Corporation, included as Exhibit C to that certain Agreement of Purchase and Sale, dated March 29, 1999, between Veritas and Fairchild Semiconductor of California.	S-1/A	333-83777	10.27	8/6/1999	
10.24	Amendment, dated June 20, 2007, to the Amended and Restated Agreement Respecting Certain Rights of Publicity dated as of August 31, 1990, by and between Peter Norton and Registrant.	10-Q	000-17781	10.01	8/7/2007	
10.25	Second Amendment and Limited Waiver to Amended and Restated Credit Agreement dated as of June 22, 2018.	10-Q	000-17781	10.01	11/16/2018	
10.26	Second Amendment and Limited Waiver to Term Loan dated as of June 22, 2018.	10-Q	000-17781	10.02	11/16/2018	
10.27(*)	Registrant's Offer Letter with Natalie M. Derse dated June 19, 2020	10-Q	000-17781	10.01	7/8/2020	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.28	Credit Agreement, effective as of November 4, 2019, among NortonLifeLock Inc., the issuing banks and lenders party thereto (the Lenders), Wells Fargo Bank, National Association, as Revolver Administrative Agent and Swingline Lender, JPMorgan Chase Bank, N.A., as Term Loan Administrative Agent and Collateral Agent, JPMorgan Chase Bank, N.A., Wells Fargo Securities, LLC, BofA Securities, Inc., Mizuho Bank, Ltd., Barclays Bank PLC, and The Bank of Nova Scotia, as Lead Arrangers and Joint Bookrunners, Bank of America, N.A., Mizuho Bank, Ltd., Barclays Bank PLC and The Bank of Nova Scotia, as Syndication Agents and and Goldman Sachs Bank USA, HSBC Securities (USA) Inc., MUFG Bank, Ltd., SunTrust Robinson Humphrey, Inc., Citizens Bank, N.A., BMO Capital Markets Corp., BNP Paribas Securities Corp. and Santander Bank, N.A., as Co-Documentation Agents.	8-K	000-17781	10.01	11/4/2019	
10.29	APA Letter Agreement dated October 1, 2020 by and between the Company and Broadcom Inc.	8-K	000-17781	10.01	7/8/2020	
10.30(+)	Stock Purchase Agreement dated December 7, 2020 between the Company and Alpaca HoldCo GmbH, Alpaca TopCo GmbH.	10-Q	000-17781	10.01	2/5/2021	
10.31	First Amendment, effective as of May [7], 2021, among NortonLifeLock Inc., JPMorgan Chase Bank, N.A., as Term Loan Administrative Agent, Wells Fargo Bank, National Association, as Revolver Administrative Agent, and the lenders and other parties party thereto.					X

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
21.01	Subsidiaries of Registrant.					X
23.01	Consent of Independent Registered Public Accounting Firm.					X
24.01	Power of Attorney (see Signature page to this annual report).					X
31.01	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.02	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.01(††)	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.02(††)	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.00	The following financial information from NortonLifeLock Inc.'s Annual Report on Form 10-K for the fiscal year ended April 2, 2021 are formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income (Loss), (iv) Consolidated Statements of Stockholders' Equity (Deficit), (v) Consolidated Statements of Cash Flows, and (vi) Notes to the Consolidated Financial Statements, tagged as blocks of text and including detailed tags.					X
104.00	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					X

* Indicates a management contract, compensatory plan or arrangement.

** Filed by LifeLock, Inc.

§ The exhibits and schedules to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish supplementally copies of any such exhibits and schedules to the SEC upon request.

§§ Paper filing.

† Filed by Veritas Software Corporation.

†† This exhibit is being furnished, rather than filed, and shall not be deemed incorporated by reference into any filing, in accordance with Item 601 of Regulation S-K.

+ Certain portions of this document that constitute confidential information have been redacted in accordance with Regulations S-K, Item 601(b)(10).

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Mountain View, State of California, on the 21st day of May 2021.

NORTONLIFELOCK INC.

By: /s/ Vincent Pilette

Vincent Pilette

Chief Executive Officer and Director

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Vincent Pilette, Natalie Derse, and Bryan Ko, and each or any of them, his or her attorneys-in-fact, each with the power of substitution, for him or her in any and all capacities to sign any and all amendments to this report on Form 10-K and any other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that such attorneys-in-fact, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This Power of Attorney may be signed in several counterparts.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated below.

Signature	Title	Date
<u>/s/ Vincent Pilette</u> Vincent Pilette	Chief Executive Officer and Director (Principal Executive Officer)	May 21, 2021
<u>/s/ Natalie Derse</u> Natalie Derse	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	May 21, 2021
<u>/s/ Frank E. Dangeard</u> Frank E. Dangeard	Chairman of the Board	May 21, 2021
<u>/s/ Sue Barsamian</u> Sue Barsamian	Director	May 21, 2021
<u>/s/ Eric K. Brandt</u> Eric K. Brandt	Director	May 21, 2021
<u>/s/ Nora Denzel</u> Nora Denzel	Director	May 21, 2021
<u>/s/ Peter A. Feld</u> Peter A. Feld	Director	May 21, 2021
<u>/s/ Kenneth Y. Hao</u> Kenneth Y. Hao	Director	May 21, 2021
<u>/s/ Emily Heath</u> Emily Heath	Director	May 21, 2021
<u>/s/ Sherrese M. Smith</u> Sherrese M. Smith	Director	May 21, 2021

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2021 Corporate Information

BOARD OF DIRECTORS

Frank E. Dangeard

Chairman of the Board,
NortonLifeLock
Managing Partner, Harcourt

Sue Barsamian

Former Executive Vice President, Chief
Sales and Marketing Officer Micro
Focus International plc

Eric K. Brandt

Former EVP and CFO, Broadcom

Nora M. Denzel

Former interim CEO, Outerwall Inc.

Peter A. Feld

Partner, Managing Member and Head
of Research, Starboard Value LP

Kenneth Y. Hao

Chairman and Managing Partner, Silver
Lake Partners

Emily Heath

SVP, Chief Trust & Security Officer,
DocuSign

Vincent Pilette

Chief Executive Officer, NortonLifeLock

Sherrese M. Smith

Partner, Paul Hastings

EXECUTIVE MANAGEMENT

Vincent Pilette

Chief Executive Officer

Natalie M. Derse

Chief Financial Officer

Bryan S. Ko

Chief Legal Officer and
Corporate Secretary

ANNUAL MEETING

The Annual Meeting will be held on
Tuesday, September 14, 2021 at
9:00 a.m. PT live via webcast at
[www.virtualshareholdermeeting.com/
NLOK2021](http://www.virtualshareholdermeeting.com/NLOK2021).

Stock Exchange Listing

NortonLifeLock's common stock is
traded on the NASDAQ exchange under
the Symbol "NLOK."

Transfer Agent

Computershare
P.O. Box 30170
College Station, TX 77842-3170
www.computershare.com
(877) 282-1168 or (781) 575-2879

Investor Relations

Investor inquiries may be directed to:
Mary Lai
Investor Relations
60 E. Rio Salado Parkway, Suite 1000
Tempe, Arizona 85281
(650) 527-8000
ir@nortonlifelock.com
investor.nortonlifelock.com

Annual Report on Form 10-K

A copy of our Form 10-K, including
exhibits, for the period ended April 2,
2021, as filed with the Securities and
Exchange Commission, is available
without charge upon request or can be
accessed at:
investor.nortonlifelock.com

Independent Auditors

KPMG LLP
Mission Towers I, Suite 100
3975 Freedom Circle Drive
Santa Clara, CA 9



60 E. Rio Salado Parkway, Suite 1000
Tempe, Arizona 85281

www.nortonlifelock.com