

- Cash flow from continuing operating activities increased primarily due to a one-time tax payment of \$887 million related to the gain on sale from the divestiture of our Veritas information management business in fiscal 2017 and an increase in deferred revenue.
- Deferred revenue increased \$316 million primarily due to our shift in sales contracts to a higher mix of solutions subject to ratable versus point in time revenue recognition and longer contract duration in our Enterprise Security segment, which resulted in less in-period revenue recognized, and due to higher billings towards the end of the fiscal year, reflecting seasonal sales cycles in that segment. These factors were partially offset by a decrease of \$319 million in deferred revenue as a result of the divestiture of our WSS and PKI solutions.

## Segment operating results

### *Enterprise Security segment*

	Fiscal Year		Variance in	
	2018	2017	Dollars	Percent
(In millions, except for percentages)				
Net revenues	\$2,554	\$2,355	\$ 199	8%
Percentage of total net revenues	53%	59%		
Operating income	\$ 473	\$ 187	\$ 286	153%
Operating margin	19%	8%		

Revenue increased \$199 million primarily due to increases of \$331 million in revenue from sales of our network and web security solutions and \$36 million from sales of endpoint and information protection solutions, partially offset by a \$184 million decrease in revenue as a result of the divestiture of our WSS and PKI solutions. Revenue during fiscal 2018 was also unfavorably affected by a shift in the mix of sales towards subscription and cloud-delivered solutions subject to ratable revenue recognition, which resulted in less in-period recognized revenue and more revenue deferred to the balance sheet as compared to fiscal 2017. Operating income increased \$286 million primarily due to higher revenue discussed above, a \$51 million decrease in sales and marketing expenses and a \$38 million decrease in cost of revenues.

### *Consumer Cyber Safety segment*

	Fiscal Year		Variance in	
	2018	2017	Dollars	Percent
(In millions, except for percentages)				
Net revenues	\$2,280	\$1,664	\$ 616	37%
Percentage of total net revenues	47%	41%		
Operating income	\$1,111	\$ 839	\$ 272	32%
Operating margin	49%	50%		

Revenue increased \$616 million due to a \$639 million increase in revenue from sales of our identity and information protection products acquired at the end of fiscal 2017, offset by a \$23 million decrease in revenue related to our consumer security products. Our revenue growth reflects the benefit of the shift to subscription-based contracts and bundling of our consumer products, which is helping to mitigate the trend of declining revenues from sales of stand-alone security products. Operating income increased \$272 million primarily due to sales of our identity and information protection products, partially offset by higher related cost of sales and operating expenses.