

**Altiris, Inc.**  
**Consolidated Statements of Operations**  
(Unaudited, in thousands, except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2006	2005	2006	2005
<b>Revenue:</b>				
Software (net of warrant expense of \$132, \$0, \$132 and \$0, respectively)	\$ 32,120	\$ 22,498	\$ 121,102	\$ 103,449
Services (net of warrant expense of \$132, \$0, \$132 and \$0, respectively)	28,321	23,103	108,332	84,191
Total revenue	<u>60,441</u>	<u>45,601</u>	<u>229,434</u>	<u>187,640</u>
<b>Cost of revenue:</b>				
Software	599	87	1,470	665
Amortization of acquired core technology	1,669	2,139	6,830	8,853
Services (inclusive of share-based compensation of \$252, \$19, \$607 and \$132, respectively)	9,201	8,204	37,225	27,579
Total cost of revenue	<u>11,469</u>	<u>10,430</u>	<u>45,525</u>	<u>37,097</u>
<b>Gross profit</b>	<u>48,972</u>	<u>35,171</u>	<u>183,909</u>	<u>150,543</u>
<b>Operating expenses:</b>				
Sales and marketing (inclusive of share-based compensation of \$1,269, \$246, \$4,461 and \$2,203, respectively)	25,122	21,587	90,085	81,535
Research and development (inclusive of share-based compensation of \$895, \$380, \$4,032 and \$1,673, respectively)	12,207	9,686	46,351	41,039
General and administrative (inclusive of share-based compensation of \$868, \$412, \$3,202 and \$1,843, respectively)	6,625	5,605	25,377	23,286
Amortization of intangible assets	815	987	3,819	4,001
Restructuring charges (inclusive of share-based compensation of \$0, \$0, \$0 and \$196, respectively)	-	124	42	2,142
Write-off of in-process research and development	-	-	-	1,600
Total operating expenses	<u>44,769</u>	<u>37,989</u>	<u>165,674</u>	<u>153,603</u>
<b>Income (loss) from operations</b>	<u>4,203</u>	<u>(2,818)</u>	<u>18,235</u>	<u>(3,060)</u>
<b>Other income:</b>				
Interest income	2,179	1,123	7,544	3,898
Interest expense	(152)	(142)	(593)	(594)
Other (expense) income	(63)	(160)	325	8,533
<b>Other income, net</b>	<u>1,964</u>	<u>821</u>	<u>7,276</u>	<u>11,837</u>
<b>Income (loss) before income taxes and cumulative effect of a change in accounting principle</b>	6,167	(1,997)	25,511	8,777
<b>Provision for income taxes</b>	<u>(2,520)</u>	<u>(1,515)</u>	<u>(10,342)</u>	<u>(5,526)</u>
<b>Income (loss) before cumulative effect of a change in accounting principle</b>	3,647	(3,512)	15,169	3,251
<b>Cumulative effect of a change in accounting principle (net of tax provision of \$0, \$0, \$221 and \$0, respectively)</b>	-	-	351	-
<b>Net income (loss)</b>	<u>\$ 3,647</u>	<u>\$ (3,512)</u>	<u>\$ 15,520</u>	<u>\$ 3,251</u>
<b>Basic net income (loss) per common share:</b>				
Before cumulative effect of a change in accounting principle	\$ 0.13	\$ (0.13)	\$ 0.54	\$ 0.12
Cumulative effect of a change in accounting principle	\$ -	\$ -	\$ 0.01	\$ -
Net income (loss)	<u>\$ 0.13</u>	<u>\$ (0.13)</u>	<u>\$ 0.55</u>	<u>\$ 0.12</u>
<b>Diluted net income (loss) per common share:</b>				
Before cumulative effect of a change in accounting principle	\$ 0.12	\$ (0.13)	\$ 0.52	\$ 0.11
Cumulative effect of a change in accounting principle	\$ -	\$ -	\$ 0.01	\$ -
Net income (loss)	<u>\$ 0.12</u>	<u>\$ (0.13)</u>	<u>\$ 0.53</u>	<u>\$ 0.11</u>
Basic shares	28,808	27,926	28,440	27,593
Diluted shares	<u>29,655</u>	<u>27,926</u>	<u>29,097</u>	<u>28,518</u>

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	Three Months Ended December 31,		Year Ended December 31,	
	2006	2005	2006	2005
<b>Non-GAAP Adjustments</b>				
GAAP income (loss) before income taxes and cumulative effect of a change in accounting principle	\$ 6,167	\$ (1,997)	\$ 25,511	\$ 8,777
Add back:				
Amortization of acquired core technology	1,669	2,139	6,830	8,853
Amortization of intangible assets	815	987	3,819	4,001
Write-off of in-process research and development	-	-	-	1,600
Restructuring charges	-	124	42	2,142
Litigation settlement	-	-	-	(10,000)
Share-based compensation	3,284	1,057	12,302	5,851
Warrant expense	264	-	264	-
Non-GAAP income before income taxes and cumulative effect of a change in accounting principle	12,199	2,310	48,768	21,224
Non-GAAP provision for income taxes (35%)	(4,270)	(809)	(17,069)	(7,428)
Non-GAAP net income before cumulative effect of a change in accounting principle	<u>\$ 7,929</u>	<u>\$ 1,501</u>	<u>\$ 31,699</u>	<u>\$ 13,796</u>
Non-GAAP net income per share:				
Basic	<u>\$ 0.28</u>	<u>\$ 0.05</u>	<u>\$ 1.11</u>	<u>\$ 0.50</u>
Diluted	<u>\$ 0.27</u>	<u>\$ 0.05</u>	<u>\$ 1.09</u>	<u>\$ 0.48</u>
Shares used to compute Non-GAAP net income per share:				
Basic	<u>28,808</u>	<u>27,926</u>	<u>28,440</u>	<u>27,593</u>
Diluted	<u>29,655</u>	<u>27,926</u>	<u>29,097</u>	<u>28,518</u>