

AVID TECHNOLOGY, INC.
Condensed Consolidated Statements of Operations
(unaudited - in thousands, except per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2008	2007	2008	2007
Net revenues:				
Products	\$ 173,255	\$ 222,473	\$ 714,232	\$ 806,103
Services	33,451	36,047	130,669	123,467
Total net revenues	<u>206,706</u>	<u>258,520</u>	<u>844,901</u>	<u>929,570</u>
Cost of revenues:				
Products	97,182	111,625	369,186	390,725
Services	18,128	19,042	73,888	68,529
Amortization of intangible assets	753	3,566	7,526	16,895
Restructuring costs	1,876	1,481	1,876	4,278
Total cost of revenues	<u>117,939</u>	<u>135,714</u>	<u>452,476</u>	<u>480,427</u>
Gross profit	<u>88,767</u>	<u>122,806</u>	<u>392,425</u>	<u>449,143</u>
Operating expenses:				
Research and development	33,291	38,050	148,598	150,707
Marketing and selling	49,511	53,425	208,735	210,456
General and administrative	17,422	21,399	78,591	77,463
Amortization of intangible assets	2,837	3,431	12,854	13,726
Impairment of goodwill and intangible assets	9,595	-	60,852	-
Restructuring costs, net	22,060	1,338	26,167	9,410
Gain on sale of assets	(13,287)	-	(13,287)	-
Total operating expenses	<u>121,429</u>	<u>117,643</u>	<u>522,510</u>	<u>461,762</u>
Operating income (loss)	(32,662)	5,163	(130,085)	(12,619)
Interest and other income (expense), net	331	1,739	2,936	7,637
Income (loss) before income taxes	<u>(32,331)</u>	<u>6,902</u>	<u>(127,149)</u>	<u>(4,982)</u>
Provision for (Benefit from) income taxes, net	<u>(444)</u>	<u>3,049</u>	<u>2,663</u>	<u>2,997</u>
Net income (loss)	<u>\$ (31,887)</u>	<u>\$ 3,853</u>	<u>\$ (129,812)</u>	<u>\$ (7,979)</u>
Net income (loss) per common share - basic	\$ (0.86)	\$ 0.09	\$ (3.46)	\$ (0.19)
Net income (loss) per common share - diluted	\$ (0.86)	\$ 0.09	\$ (3.46)	\$ (0.19)
Weighted-average common shares outstanding - basic	37,012	41,008	37,556	40,974
Weighted-average common shares outstanding - diluted	37,012	41,253	37,556	40,974