

**AVID TECHNOLOGY, INC.**  
(unaudited - in thousands, except per share data)

**Summary of the Company's revenues and contribution margin by reportable segment and a reconciliation of segment contribution margin to consolidated operating income (loss):**

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2008	2007	2008	2007
Revenues:				
Professional Video	\$ 111,230	\$ 133,342	\$ 438,420	\$ 485,186
Audio	72,410	85,987	293,195	318,993
Consumer Video	23,066	39,191	113,286	125,391
Total revenues (a)	<u>\$ 206,706</u>	<u>\$ 258,520</u>	<u>\$ 844,901</u>	<u>\$ 929,570</u>
Contribution Margin:				
Professional Video	\$ 16,822	\$ 22,018	\$ 40,917	\$ 66,502
Audio	10,926	16,121	40,541	55,710
Consumer Video	(11,904)	2,799	(16,135)	6,552
Segment contribution margin	<u>15,844</u>	<u>40,938</u>	<u>65,323</u>	<u>128,764</u>
Less: Unallocated costs and expenses:				
Common costs and operating expenses	(21,561)	(21,874)	(85,219)	(79,523)
Amortization of acquisition-related intangible assets	(3,590)	(6,997)	(20,380)	(30,621)
Impairment of goodwill and intangible asset	(9,595)	-	(60,852)	-
Stock-based compensation	(3,111)	(3,858)	(14,201)	(15,949)
Restructuring costs, net	(23,936)	(2,819)	(28,043)	(13,688)
Gain on sale of assets	13,287	-	13,287	-
Other costs	-	(227)	-	(1,602)
Consolidated operating income (loss)	<u>\$ (32,662)</u>	<u>\$ 5,163</u>	<u>\$ (130,085)</u>	<u>\$ (12,619)</u>
(a) Includes revenues from divestitures and discontinued product lines of:	\$ 11,294	\$ 19,899	\$ 61,508	\$ 68,692

**Reconciliation of GAAP net income (loss) to Non-GAAP net income (loss):**

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2008	2007	2008	2007
GAAP net income (loss)	\$ (31,887)	\$ 3,853	\$ (129,812)	\$ (7,979)
Adjustments to reconcile to Non-GAAP net income:				
Amortization of intangible assets	3,590	6,997	20,380	30,621
Impairment of goodwill and intangible asset	9,595	-	60,852	-
Stock-based compensation	3,111	3,858	14,201	15,949
Restructuring costs, net	23,936	2,819	28,043	13,688
Gain on sale of assets	(13,287)	-	(13,287)	-
Other costs	-	227	-	1,602
Related tax adjustments	(4,331)	(600)	(5,619)	(2,740)
Non-GAAP net income (loss)	<u>\$ (9,273)</u>	<u>\$ 17,154</u>	<u>\$ (25,242)</u>	<u>\$ 51,141</u>
Weighted-average common shares outstanding - diluted	37,012	41,253	37,556	41,450
Non-GAAP net income (loss) per common share - diluted	\$ (0.25)	\$ 0.42	\$ (0.67)	\$ 1.23

**Stock-based compensation included in:**

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2008	2007	2008	2007
Cost of products revenues	\$ 136	\$ 174	\$ 616	\$ 679
Cost of services revenues	131	133	539	829
Research and development expenses	605	1,106	2,820	4,521
Marketing and selling expenses	897	1,242	4,005	4,470
General and administrative expenses	1,342	1,203	6,221	5,450
	<u>\$ 3,111</u>	<u>\$ 3,858</u>	<u>\$ 14,201</u>	<u>\$ 15,949</u>