



# Investor Video Series



# Safe Harbor

The information provided in this video includes forward-looking statements that involve risks and uncertainties, including statements about our anticipated plans, objectives, expectations and intentions. Such statements include, without limitation, statements regarding our recently filed financial statements or other information included herein based upon or otherwise incorporating judgments or estimates relating to future performance such as future earnings, bookings, backlog and free cash flow; our future strategy and business plans; our product plans, including products under development, such as Avid Everywhere; our objective to obtain relisting on the NASDAQ Stock Market and to have our shares of common stock trade on that market; and our anticipated timing for filing our future quarterly reports. These forward-looking statements are based on current expectations as of the date this video was posted on our website and subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements, including but not limited to: the effect on our sales, operations and financial performance resulting from: the identified material weaknesses in our internal control over financial reporting; the delisting of our stock from NASDAQ; the previously disclosed ongoing SEC and Department of Justice inquiries; pending litigation, including the previously disclosed class action and possibility of further legal proceedings adverse to our company resulting from the restatement or related matters; the costs associated with the restatement; as well as our ability to have our shares relisted on the NASDAQ stock market; our liquidity; our ability to execute our strategic plan and meet customer needs; our ability to produce innovative products in response to changing market demand, particularly in the media industry; our ability to successfully accomplish our product development plans; competitive factors; history of losses; fluctuations in our revenue, based on, among other things, our performance in particular geographies or markets, fluctuations in foreign currency exchange rates and seasonal factors; adverse changes in economic conditions; variances in our backlog and the realization thereof. Moreover, the business may be adversely affected by future legislative, regulatory or tax changes as well as other economic, business and/or competitive factors. The risks included above are not exhaustive. Other factors that could adversely affect our business and prospects are described in the filings made by our company with the SEC. We expressly disclaim any obligation or undertaking to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

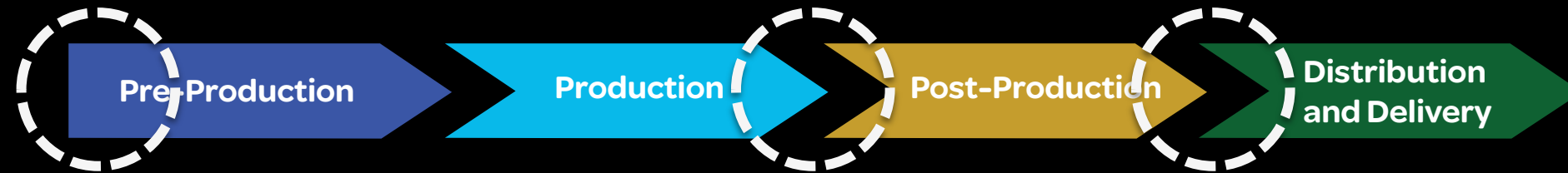






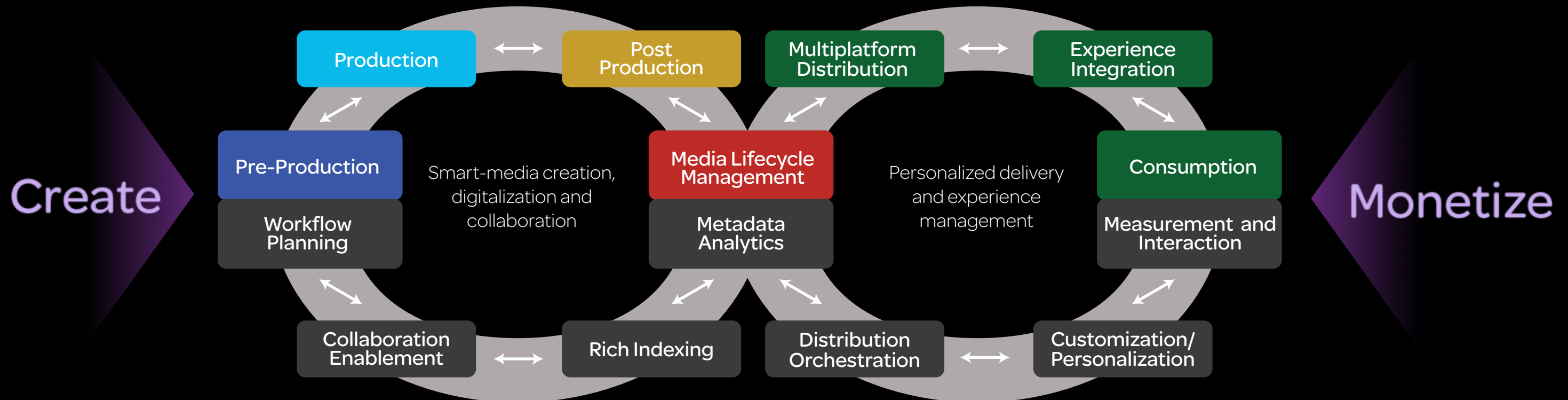


# Traditional Value Chain



# New Media Value Chain

Media Asset Flow

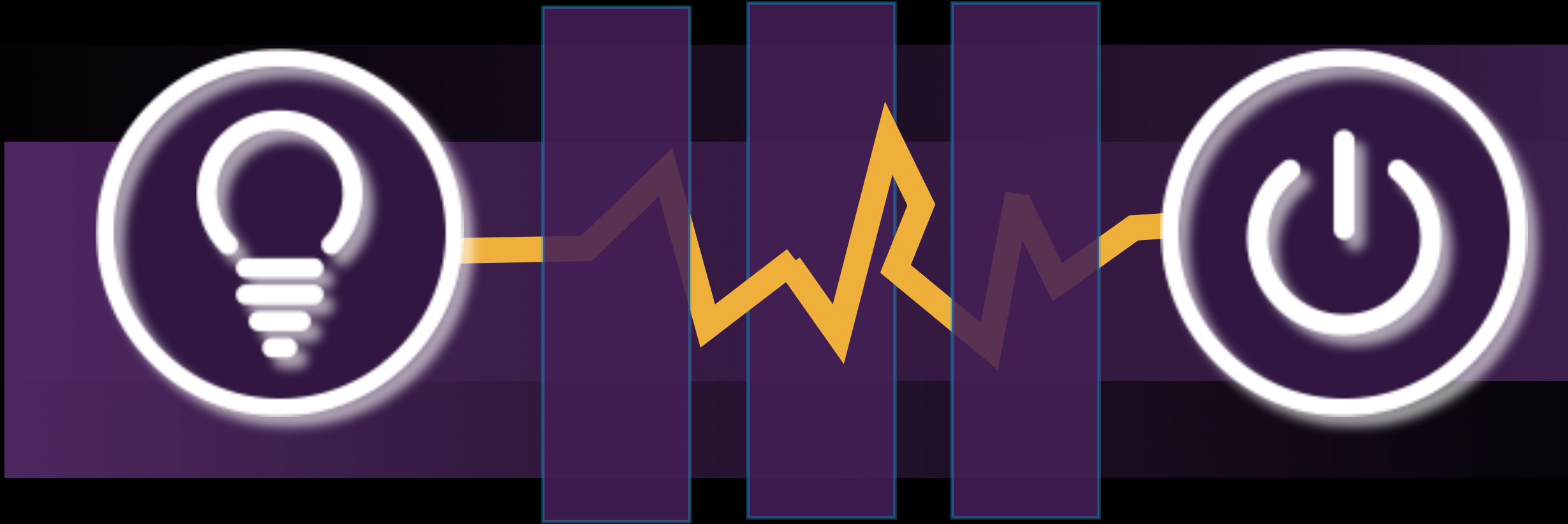


Information Flow





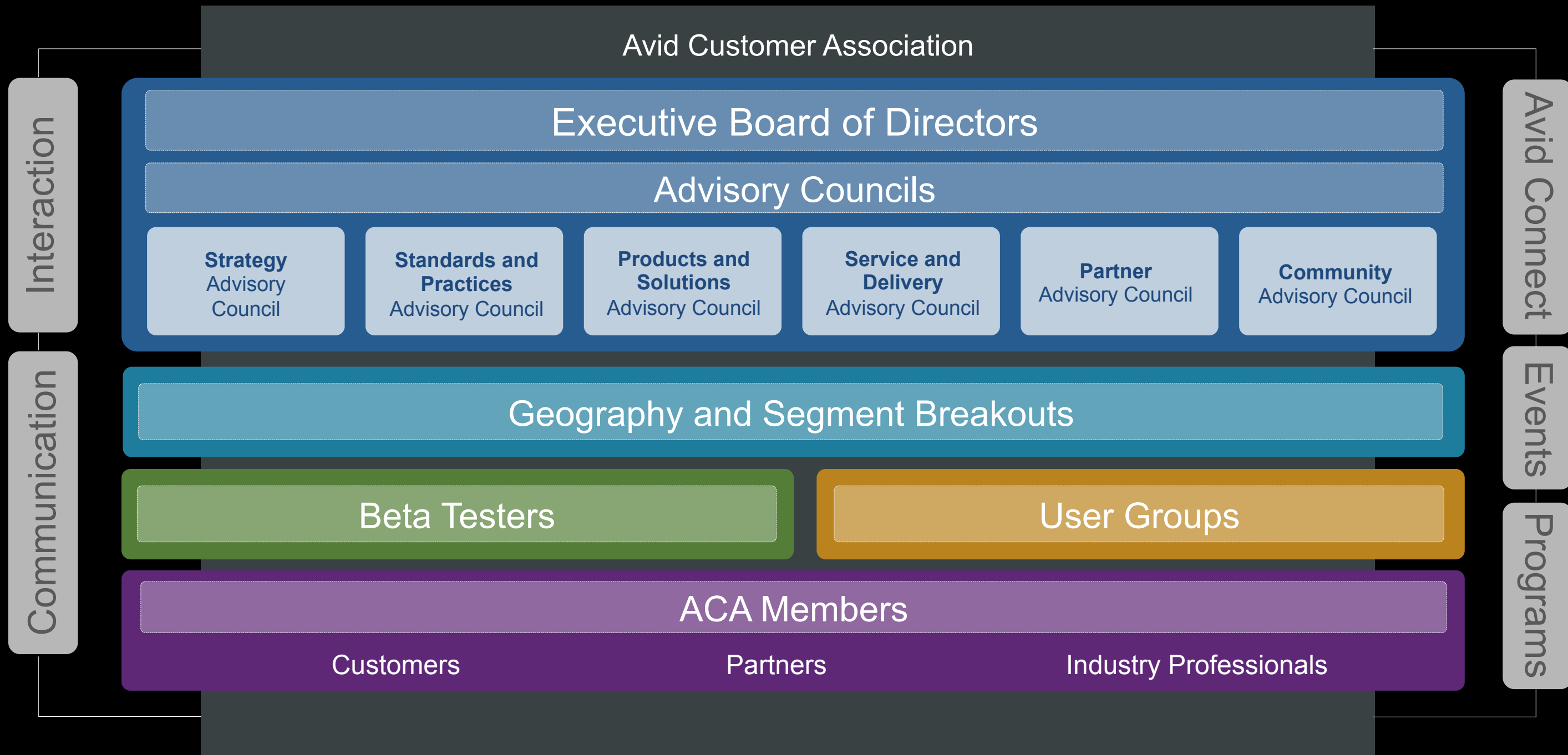
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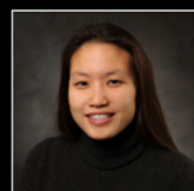
**Raymundo Barros**  
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**Steve Cohen**  
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# Avid Connect 2014: The Inaugural Event



**1,000+** Industry Professionals in Attendance

**43** Countries Represented


First Meetings of the Executive Board of Directors  
and Advisory Councils











“The product is **revolutionary**! It’s just freaking amazing!!! I can’t say enough about it! I think I’m more of an Avid fan now than ever!”  
– *Broadcast Beat*

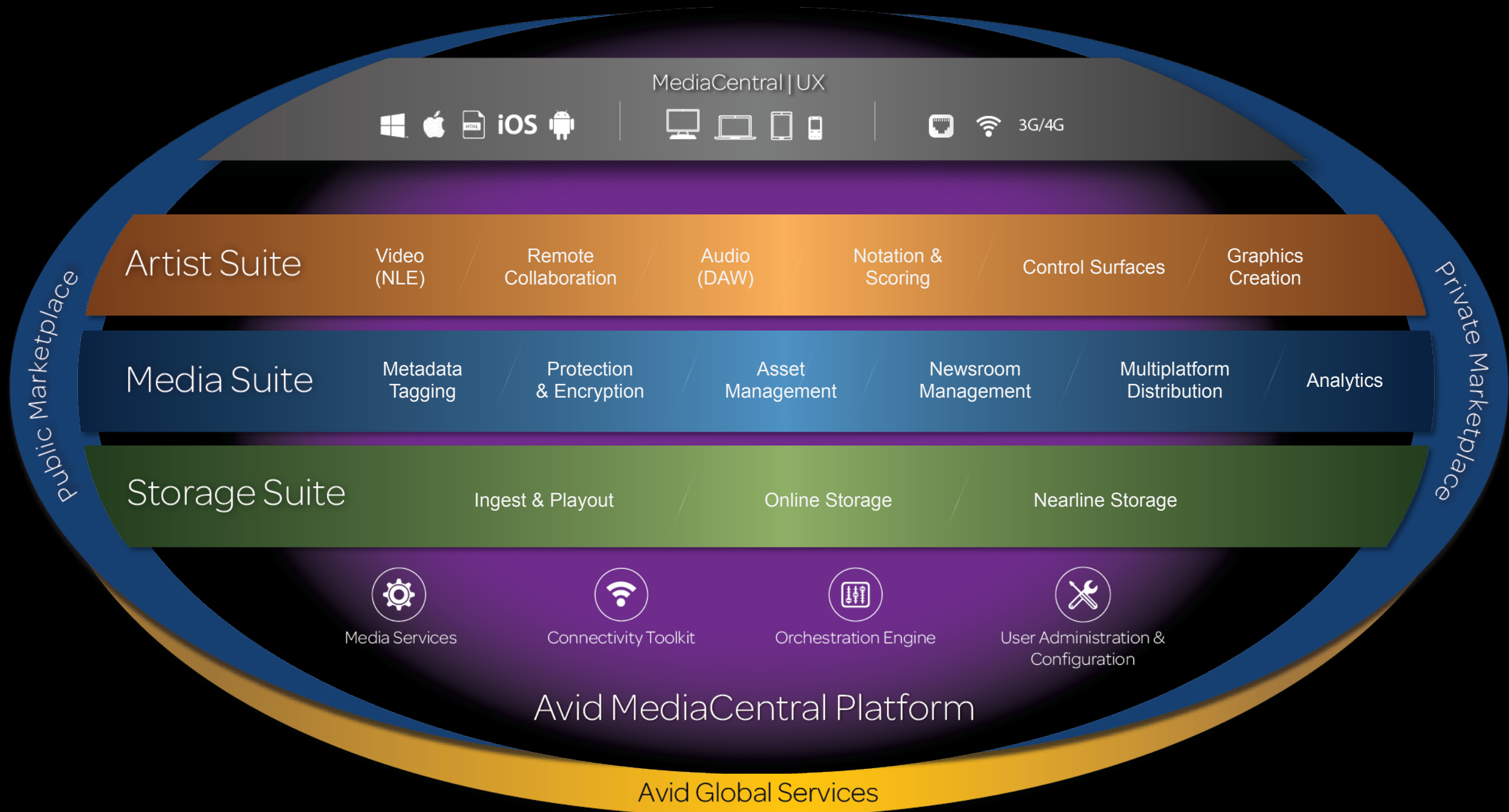
**@michaelkammes:**  
VERY impressed with Avid Everywhere. Completely end to end, unified system with expandability for 3rd parties.  
#AvidConnect @Avid

**@colinbrooker**  
Hmm @Adobe, @Avid seems to have a better idea for subscriptions .... As in not doing away with perpetual licenses if we want them! #NAB2014

“From Louis Hernandez’s electrifying delivery to the **renewed passion** for listening to customers that I saw in Avid employees eyes it has massively exceeded my expectations.”  
– *Root 6 Blog*



# Avid Everywhere – Our Path Forward







(12) **United States Patent**  
Ibrahim et al.

(10) Patent No.: US 6,664,966 B1  
(45) Date of Patent: Dec. 16, 2003

Pre-existing  
**200+** Patents

**10**

New Patents Granted

**18**

Applications Pending

(54) NON LINEAR EDITING SYSTEM AND  
METHOD OF CONSTRUCTING AN EDIT  
SEQUENCE

(75) Inventors: Peter Ibrahim, Montreal, Canada  
Christopher B. Lea, Montreal, Canada  
(CA); Adam D. Barr, Redmond, WA  
(US); Raymond Hill, Montreal (CA)

(73) Assignee: Avid Technology, Inc., Tewksbury, MA  
(US)

Notice: Subject to any disclaimer, the term of this  
patent is extended or adjusted under 35  
U.S.C. 154(b) by 0 days.

5,659,793 A \* 8/1997 Escobar et al. 7/2001  
5,729,673 A \* 3/1998 Cooper et al. 7/2001  
5,892,506 A \* 4/1999 Robinson 7/2001  
6,204,840 B1 \* 3/2001 Peterson et al. 7/2001  
6,266,053 B1 \* 7/2001 Peterson et al. 7/2001  
6,414,686 B1 \* 7/2002 Peterson et al. 7/2002

\* cited by examiner

Primary Examiner—Mehmet B. Geckil  
(74) Attorney, Agent, or Firm—Peter J. Gordon

#### ABSTRACT

(57) A nonlinear editing system for audio, video and/or other  
source materials comprises a system to define at least one  
time line representing the edit, the time line being repre-  
sented in the editing system as an operator graph. The  
system includes operators, representing sources and  
connections therebetween, and a system to define a time line wherein the



# Choice and Flexibility





Announced at Avid Connect 2014

Artist Suite

Media Composer  
subscription and  
floating licenses

Media Composer | Cloud

Pro Tools  
Cloud Collaboration,  
Metadata and  
Marketplace

Media Suite

Media | Director

Media | Index

Media | Distribute

Storage Suite

ISIS | 2500

Real-time 4K support

Avid MediaCentral  
Platform

MediaCentral | UX

Connectivity Toolkit

Marketplace

Marketplace



# 1 6 Early Results Validate Strategy



Growth



Cost



Culture



# 1 7 Early Results Validate Strategy



Growth



Cost



Culture



# 18 Early Results Validate Strategy



Growth



Cost



Culture



# A Highly Fragmented Industry....

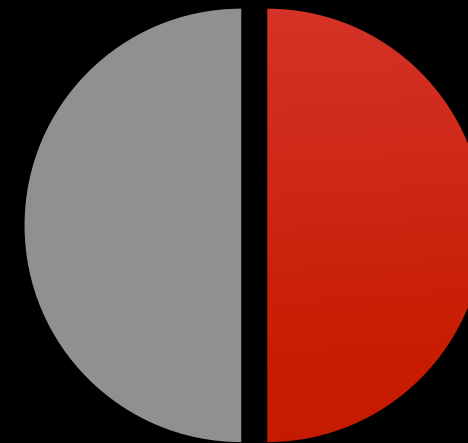
## Top 10 Broadcast Media Vendors

Market Share



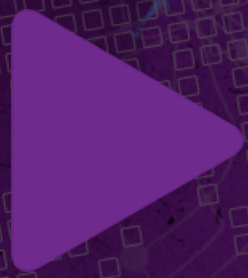
## Top 10 Financial Tech Vendors

Market Share





# Early Results Validate Strategy



Leverages the platform



- Provides new distribution



Adds a new anchor for growth





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# Restatement Overview





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# Use of Non-GAAP Financial Measures

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# What We Found

- Determined many of our software updates represented implied post-contract customer support or PCS and that revenue accounting needed to be corrected
- Could not establish fair value for software updates, therefore, some or all of transaction value had to be recognized ratably over the periods the updates were provided
- We found no evidence that our previous revenue accounting was the result of intentional misconduct
- Our internal control over financial reporting was found not to be effective





# Our Process

- Retained big four accounting firm to review our historical accounting practices and advise management on acceptability of accounting application
- Reviewed historical practices around upgrades and updates
- Implemented a methodical, comprehensive process for analyzing and assessing accounting impact of multiple bundled offerings
- Initiated a special purpose team to review, address and remediate internal control deficiencies





# Our Process

- Developed and documented new accounting framework
- Went back to 2005 and reprocessed over five million transaction lines to determine appropriate accounting treatment for five year period
- Implemented new revenue accounting sub-ledger system to apply appropriate accounting treatment for all customer sales arrangements
- Because prior periods had been reopened—evaluated certain other historical accounting decisions





# Internal Controls over Financial Reporting

- As part of restatement process, we reviewed our internal control structure related to our financial reporting and identified material weaknesses which are discussed in more detail in our Form 10-K for fiscal year 2013
- Nearly all efforts have been toward regaining current filing status
- As a result, we have not yet addressed all of the underlying internal control deficiencies but have initiated remediation measures in the interim
- We've invested in the accounting and internal audit functions as it relates to people, process and technology and expect to see incremental improvements over the next 12-24 months





# Key Financial Metrics\*

...leading indicators of revenue growth and liquidity

Bookings

Adjusted  
EBITDA

Free Cash Flow

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\* Please reference appendix for additional detail on definition of these metrics, including GAAP to non-GAAP reconciliation for Adjusted EBITDA and Free Cash Flow



# Targeted Timeline

- ▶ **Today:** Filed 2013 10-K and associated 10-Qs
- ▶ **Approximately + One Week:** File Q1 2014 10-Q
- ▶ **Approximately + 40 Days:** File Q2 2014 10-Q
- ▶ **After Q2 2014 10-Q Filed:** Relisting on NASDAQ
- ▶ **Before Year End 2014:** Annual Shareholder Meeting
- ▶ **After Q3 2014 10-Q Filed:** Avid 2014 Investor Day





# Major Restatement Items

1. Revenue Recognition
2. Impairment of Goodwill
3. Discontinued Operations Classification
4. Restructuring Reserves





1.

# Major Restatement Items – Revenue Recognition

- Existence of implied post-contract customer support requires Company to defer and amortize a significant portion of revenue
- Impacts the timing but not the total amount of revenue earned
- Revenue accounting treatment different for pre-2011 as compared to post-2010
- Cash flow characteristics of transactions unchanged by change in accounting





## Major Restatement Items – Impairment of Goodwill

- Restated financial statements impacted historical assessment of goodwill
- Recorded a full goodwill impairment charge in the year ended December 31, 2011





## Major Restatement Items – Discontinued Operations

- The divestiture of consumer product lines in July 2012 should have been presented as discontinued operations
- Reclassification of all historical revenues and expenses to income or loss from discontinued operations



4.

## Major Restatement Items – Restructuring Reserves

- Revised accruals of restructuring charges in fiscal year 2009 and 2012 in a cumulative amount of \$1.6 million
- Related to lease obligations and other exit activities





# Impact of Restatement on Previously Issued Results

(in millions)	GAAP Revenue			GAAP Net Income (Loss)		
	Year Ended December 31,		Nine-Months Ended September 30, 2012	Year Ended December 31,		Nine-Months Ended September 30, 2012
	2010	2011		2010	2011	
<b>As Previously Reported</b>	\$ 678.5	\$ 677.9	\$ 436.7	\$ (37.0)	\$ (23.8)	\$ (69.6)
Revenue Recognition	(137.7)	244.8	84.6	(137.7)	244.8	84.6
Discontinued Operations	(137.3)	(155.9)	(46.1)	-	-	47.7
Restructuring Costs, net	-	-	-	0.3	2.7	5.4
Other Adjustments (a)	-	-	-	(13.1)	2.7	4.1
Total Restatement Adjustments	(275.0)	89.0	38.5	(150.5)	250.2	141.8
<b>As Restated</b>	\$ 403.5	\$ 766.9	\$ 475.2	\$ (187.5)	\$ 226.4	\$ 72.2

(a) Primarily related to changes in stock-based compensation and inventory valuation

Change in accounting principles resulted in significant shift in revenue from pre-2011 to later periods







# Financial Results





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# Moving Forward



Growth



Profitability



Culture



# Moving Forward



Growth



Profitability



Culture



Community  
Platform







# 2014 Strategic Goals

## Drive Growth

- Focus investment in highest growth areas
- Maximize wallet share within existing customers
- Expand penetration of anchor products

## Improve Profitability

- Maximize procurement cost savings
- Extend labor arbitrage to all organizations
- Improve software mix and direct material margins

## Continue Cultural Transformation

- Create culture of urgency and accountability
- Minimize legacy cultural issues
- Align rewards and recognition to desired culture

## Establish Community Platform

- Reestablish Avid as thought and technology leader
- Avid Customer Association (ACA)
- Partners participate in Avid Everywhere Platform





# Operational Measure Definition

## Bookings

- Bookings represents the total amount of revenue that we expect to earn over the term of the agreement between Avid and a customer for goods and /or services over the course of the agreement
- To count as a booking, we expect there to be persuasive evidence of an agreement between us and our customer and that collectability of the amounts payable under the arrangement to be reasonably assured
- Bookings are subject to cancellations, changes and adjustments and are based on certain assumptions. Bookings may not reflect final revenue earned for a particular arrangement. Bookings do not reflect adjustments related to rebates or other sales incentive programs
- The material weaknesses in our internal control environment may impact the accuracy of recorded bookings





# Key Non-GAAP Financial Definitions\*

## Free Cash Flow

- Free cash flow represents GAAP operating cash flow less capital expenditures and excludes payments or receipts related to M&A, significant legal settlements, restructuring, restatement or other non-operational or non-recurring events

\* Please reference appendix for additional detail on definition of these metrics, including a GAAP to non-GAAP reconciliation





# Key Non-GAAP Financial Definitions\*

## Adjusted EBITDA

- Adjusted EBITDA is defined as Non-GAAP operating profit or loss\* excluding all depreciation and amortization expense

\* Please reference appendix for additional detail on definition of these metrics, including a GAAP to non-GAAP reconciliation





# Key Financial Metrics – 2014 Targets\*

## Bookings

Targeting year over year improvement of approximately **3%**

## Adjusted EBITDA

Targeting **significant** year over year improvement excluding pre-2011 revenue amortization

## Free Cash Flow Generation

Targeting FCF of \$20 million

...earnings and bookings growth should convert to higher enterprise value, reflecting the value our community places on us

\* Please reference appendix for additional detail on definition of these metrics, including GAAP to non-GAAP reconciliation





# Expected Deferred Revenue Amortization as of December 31, 2013





# GAAP Results

(in millions, except per share data)

	Twelve Months Ended	
	December 31,	
	2012	2013
<b>Revenues</b>	<b>635.7</b>	<b>563.4</b>
<b>Gross Margin</b>	<b>386.7</b>	<b>339.5</b>
% Revenue	60.8%	60.3%
<b>Operating Expenses</b>	<b>333.5</b>	<b>314.7</b>
<b>Operating Profit</b>	<b>53.2</b>	<b>24.8</b>
Interest and other expense, net	(2.0)	(0.7)
Provision for income taxes, net	4.0	2.9
Income from discontinued operations, net of tax	45.8	-
<b>Net income</b>	<b>\$ 92.9</b>	<b>\$ 21.2</b>
<b>Net income per common share - diluted</b>	<b>\$ 2.39</b>	<b>\$ 0.54</b>

Pre-2011 revenue amortization can mask underlying performance





# Non-GAAP Methodology

Non-GAAP results remove unusual or non-operational events

## Standard exclusions

- Restructuring costs
- Stock-based compensation
- Amortization of intangible assets
- Impairment of intangibles
- Associated impact on taxes

## Examples of non-recurring events

- Restatement costs
- Proceeds / loss on M&A activity
- Significant legal settlements
- Gain / loss on asset sales





# GAAP and Non-GAAP Results\*

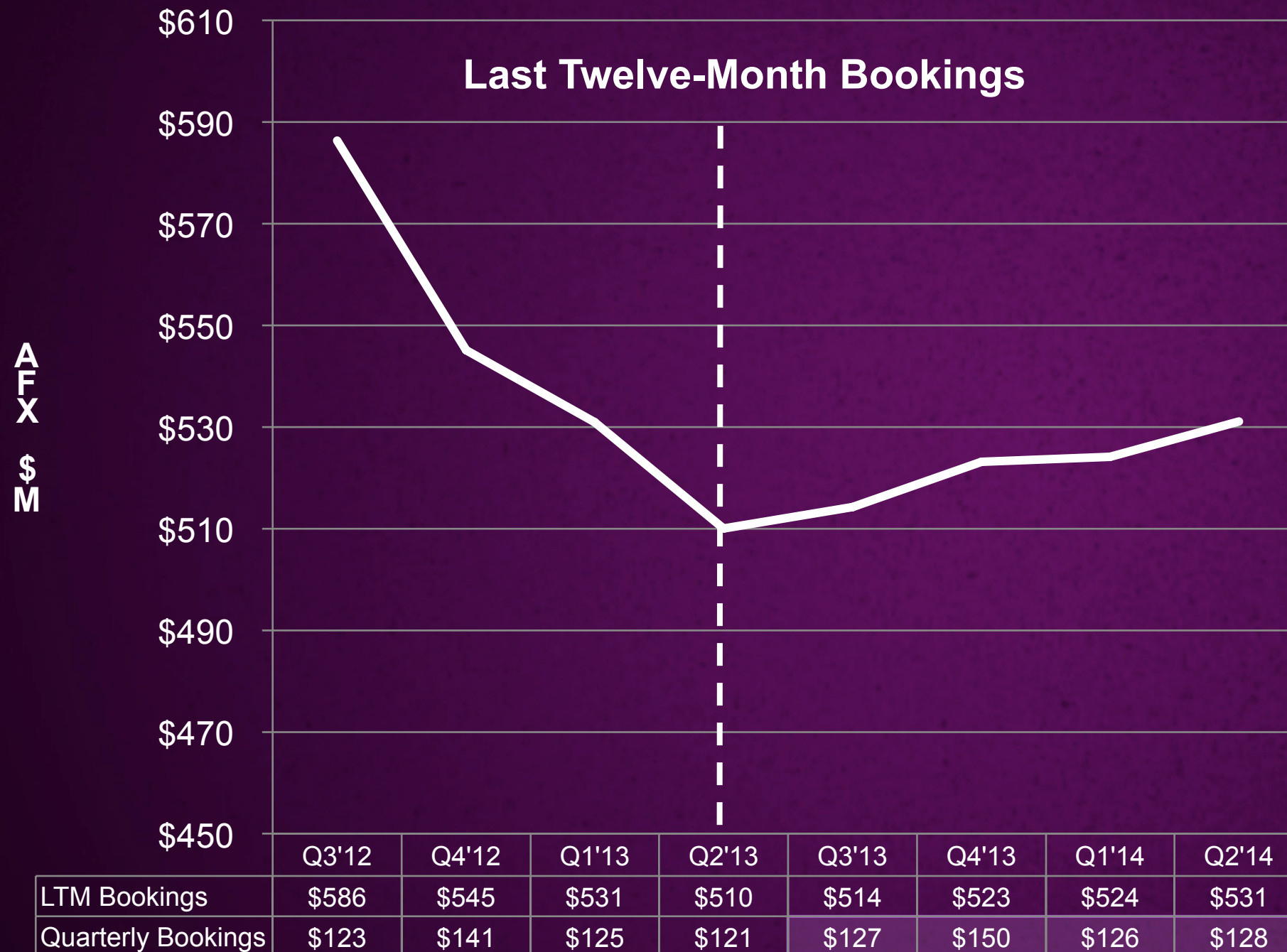
(in millions)	2012			2013			2014
	<u>GAAP</u>	<u>Adj</u>	<u>Non-GAAP</u>	<u>GAAP</u>	<u>Adj</u>	<u>Non-GAAP</u>	<u>Guidance</u>
<b>Bookings</b>			\$ 545.1			\$ 523.1	+ 3% YoY
Revenue	\$ 635.7	\$ -	\$ 635.7	\$ 563.4	\$ -	\$ 563.4	Down Approximately 5%
Gross Margin	386.7	3.6	390.3	339.5	2.3	341.8	
% Revenue	60.8%		61.4%	60.3%		60.7%	Aproximately 59%
Operating Expense	333.5	(40.3)	293.2	314.7	(34.6)	280.1	\$265 - \$275
Operating Profit	\$ 53.2	\$ 43.9	\$ 97.1	\$ 24.8	\$ 36.9	\$ 61.6	
% Revenue	8.4%		15.3%	4.4%		10.9%	
<b>Adjusted EBITDA</b>			\$ 117.7			\$ 80.3	\$58 - \$65
<b>Free Cash Flow</b>			\$ 44.4			\$ 5.5	\$20

\* Please reference appendix for additional detail on definition of these metrics, including GAAP to non-GAAP reconciliation for Adjusted EBITDA and Free Cash Flow





# Resumption of Bookings Growth



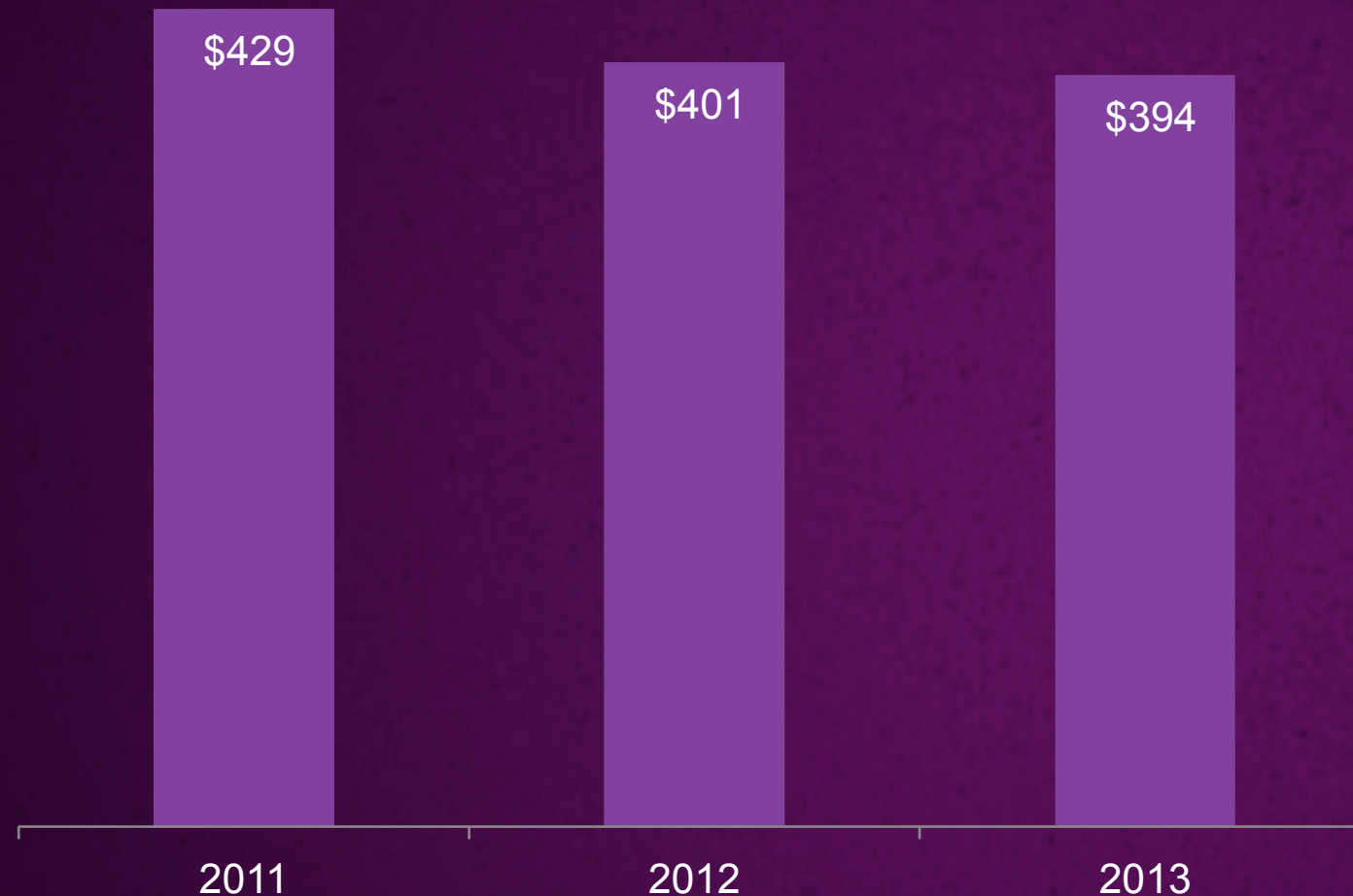
- 4 consecutive quarters of YoY growth
- Believe third quarter 2013 represented inflection point in return to growth
- Growth relatively modest but consistent
- We expect continued modest growth as we transition to higher growth markets





# Rationalization of Non-GAAP Non-Material Spending

Non-GAAP Non-Material Spending \$M \*



- Strategic initiatives have identified areas of cost saving opportunities without impacting investment into future growth

Non-GAAP Non-Material Spending down \$35 million since 2011

\* Note: Definition of Non-GAAP Non-Material spending and GAAP to non-GAAP reconciliation available in appendix





# Net Cash Bridge (\$M)



Avid has generated cash from operations over the past seven-quarter period

\* Results for six-month period ended June 30, 2014 are preliminary and subject to change





# Balance Sheet

(in millions)	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013
Cash	\$ 42.8	\$ 32.9	\$ 70.4	\$ 48.2
Account receivable	92.3	94.7	68.0	56.8
Inventory	103.2	106.5	69.1	60.1
Other current assets	24.3	23.0	29.6	25.8
Total current assets	262.6	257.1	237.1	190.9
Property and equipment, net	62.5	53.4	41.4	35.2
Other assets	459.6	30.1	15.8	9.1
Total assets	\$ 784.6	\$ 340.6	\$ 294.4	\$ 235.1
Accounts payable	47.1	42.5	35.4	34.0
Accrued expenses and other current liabilities	89.2	74.1	67.4	78.5
Deferred revenues	440.0	368.0	230.3	211.4
Total current liabilities	576.4	484.6	333.1	323.9
Long-term deferred revenues	497.5	329.2	328.2	255.4
Other long-term liabilities	21.0	17.7	18.7	15.1
Total liabilities	1,094.9	831.5	680.0	594.5
Stockholders' deficit	(310.3)	(490.9)	(385.6)	(359.4)
Total liabilities and stockholders' deficit	\$ 784.6	\$ 340.6	\$ 294.4	\$ 235.1
Current and long-term deferred revenue	\$ 937.5	\$ 697.2	\$ 558.5	\$ 466.8







# Financial Model





# Safe Harbor

The information provided in this video includes forward-looking statements that involve risks and uncertainties, including statements about our anticipated plans, objectives, expectations and intentions. Such statements include, without limitation, statements regarding our recently filed financial statements or other information included herein based upon or otherwise incorporating judgments or estimates relating to future performance such as future earnings, bookings, backlog and free cash flow; our future strategy and business plans; our product plans, including products under development, such as Avid Everywhere; our objective to obtain relisting on the NASDAQ Stock Market and to have our shares of common stock trade on that market; and our anticipated timing for filing our future quarterly reports. These forward-looking statements are based on current expectations as of the date this video was posted on our website and subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements, including but not limited to: the effect on our sales, operations and financial performance resulting from: the identified material weaknesses in our internal control over financial reporting; the delisting of our stock from NASDAQ; the previously disclosed ongoing SEC and Department of Justice inquiries; pending litigation, including the previously disclosed class action and possibility of further legal proceedings adverse to our company resulting from the restatement or related matters; the costs associated with the restatement; as well as our ability to have our shares relisted on the NASDAQ stock market; our liquidity; our ability to execute our strategic plan and meet customer needs; our ability to produce innovative products in response to changing market demand, particularly in the media industry; our ability to successfully accomplish our product development plans; competitive factors; history of losses; fluctuations in our revenue, based on, among other things, our performance in particular geographies or markets, fluctuations in foreign currency exchange rates and seasonal factors; adverse changes in economic conditions; variances in our backlog and the realization thereof. Moreover, the business may be adversely affected by future legislative, regulatory or tax changes as well as other economic, business and/or competitive factors. The risks included above are not exhaustive. Other factors that could adversely affect our business and prospects are described in the filings made by our company with the SEC. We expressly disclaim any obligation or undertaking to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.





# Use of Non-GAAP Financial Measures

This presentation includes a number of non-GAAP financial measures, which are defined and reconciled in the appendix to this presentation. These Non-GAAP measures include Adjusted EBITDA, Non-GAAP Operating Profit or Loss, Free Cash Flow and Non-GAAP Non-Material spending.

These Non-GAAP measures reflect how Avid manages its businesses internally. These measures may vary for different companies for reasons unrelated to the overall operating performance of Avid's business. When analyzing Avid's operating performance, investors should not consider these Non-GAAP financial measures as a substitute for net income or other measures prepared in accordance with GAAP. Non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles. This Non-GAAP information supplements, and is not intended to represent a measure of performance in accordance with, disclosures required by generally accepted accounting principles, or GAAP. Non-GAAP financial measures should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP.

The reconciliation of the GAAP to Non-GAAP financial measures is in the tables included in this presentation and the appendix thereto.

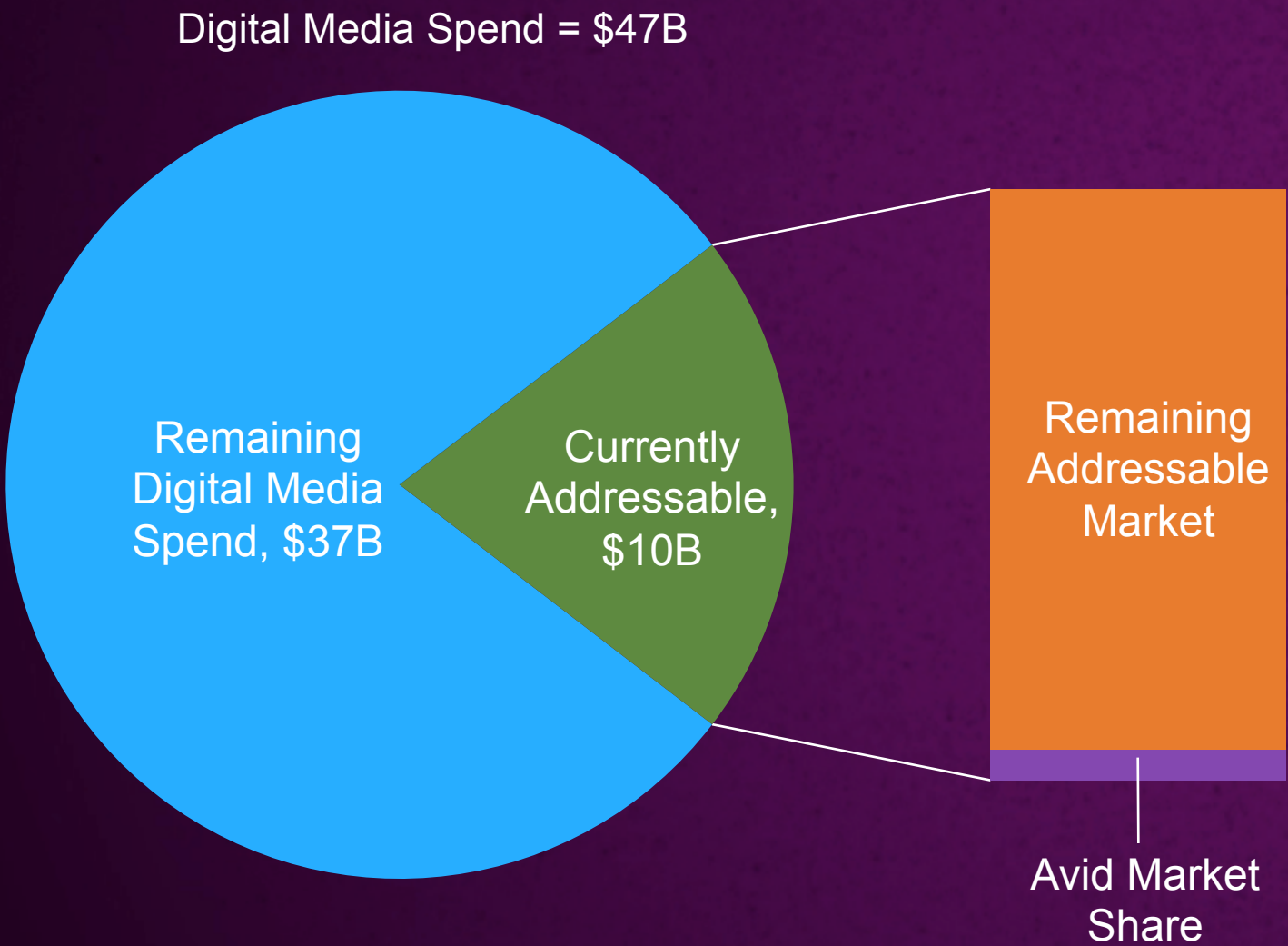




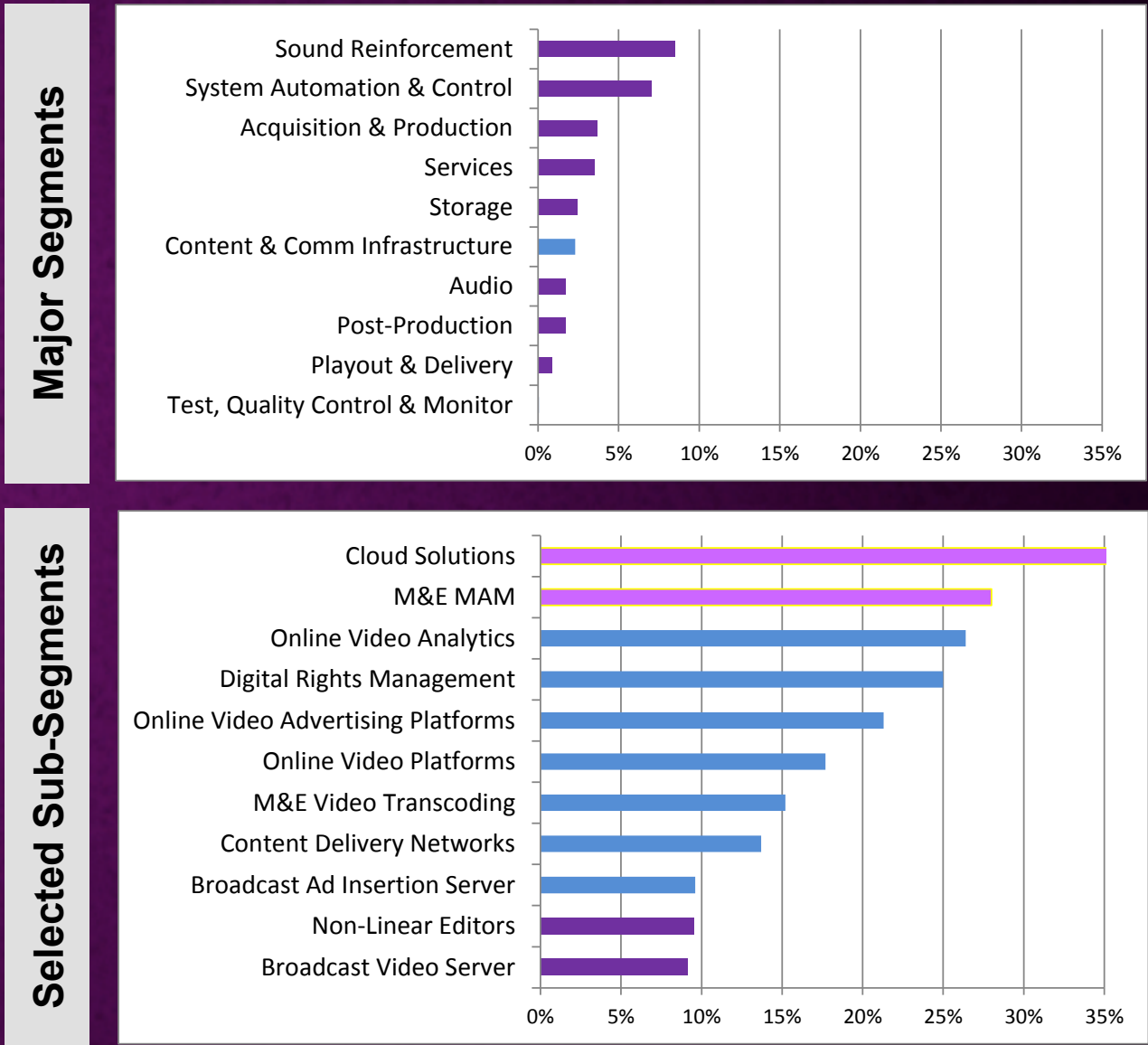
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# Room to Grow

## Avid Operates in a Significant Portion of a Massive Technology Market



## Projected Multi-Year CAGRs of Industry Segments and Sub-Segments Vary Widely



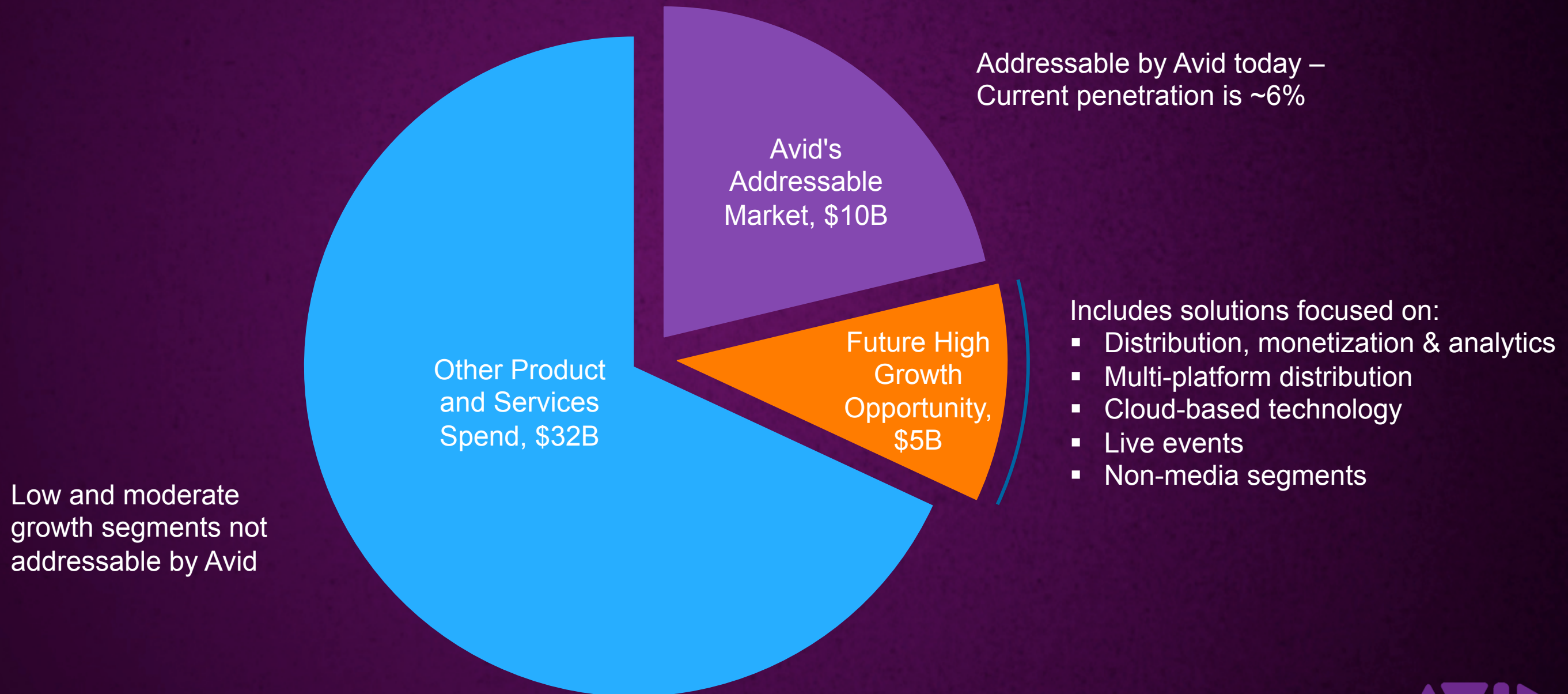
Source: IABM, NAMM, Frost & Sullivan, InfoComm studies as well as internal AVID management estimates





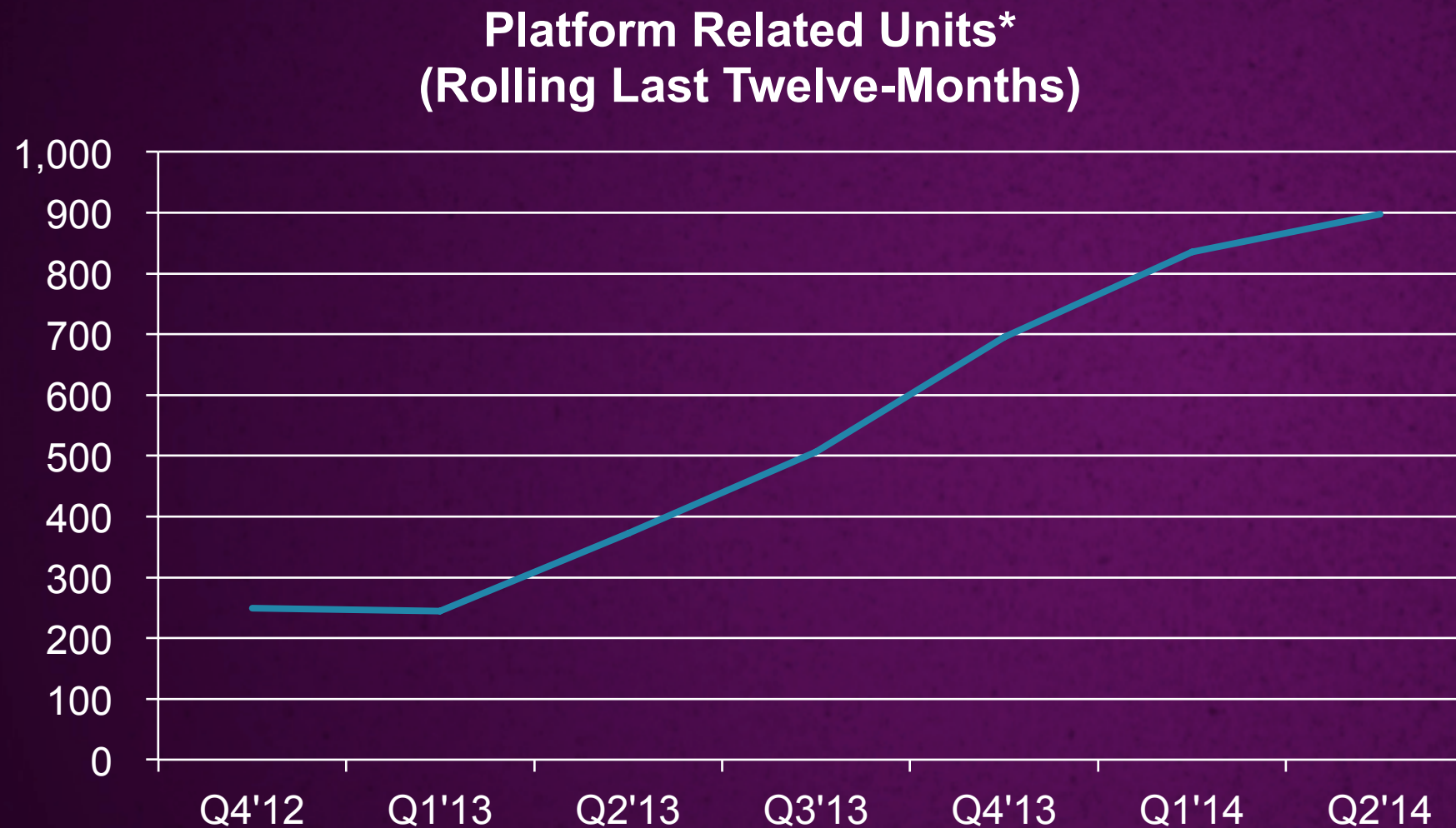
# Market Potential and Customer Value

This is a \$47 billion/year market where relationships extend for 5 or more years





# Early Progress on Platform Unit Sales



\* - Includes MediaCentral, Interplay Production and Interplay MAM

- Platform sales inform us of future cross sale opportunity
- Platform message is resonating even during early phases of product launch
- MediaCentral has demonstrated most pronounced growth





# 2014 Guidance

Process began with our initial 100-day research, customer wallet share assessment and a run-rate cost analysis and we determined ...

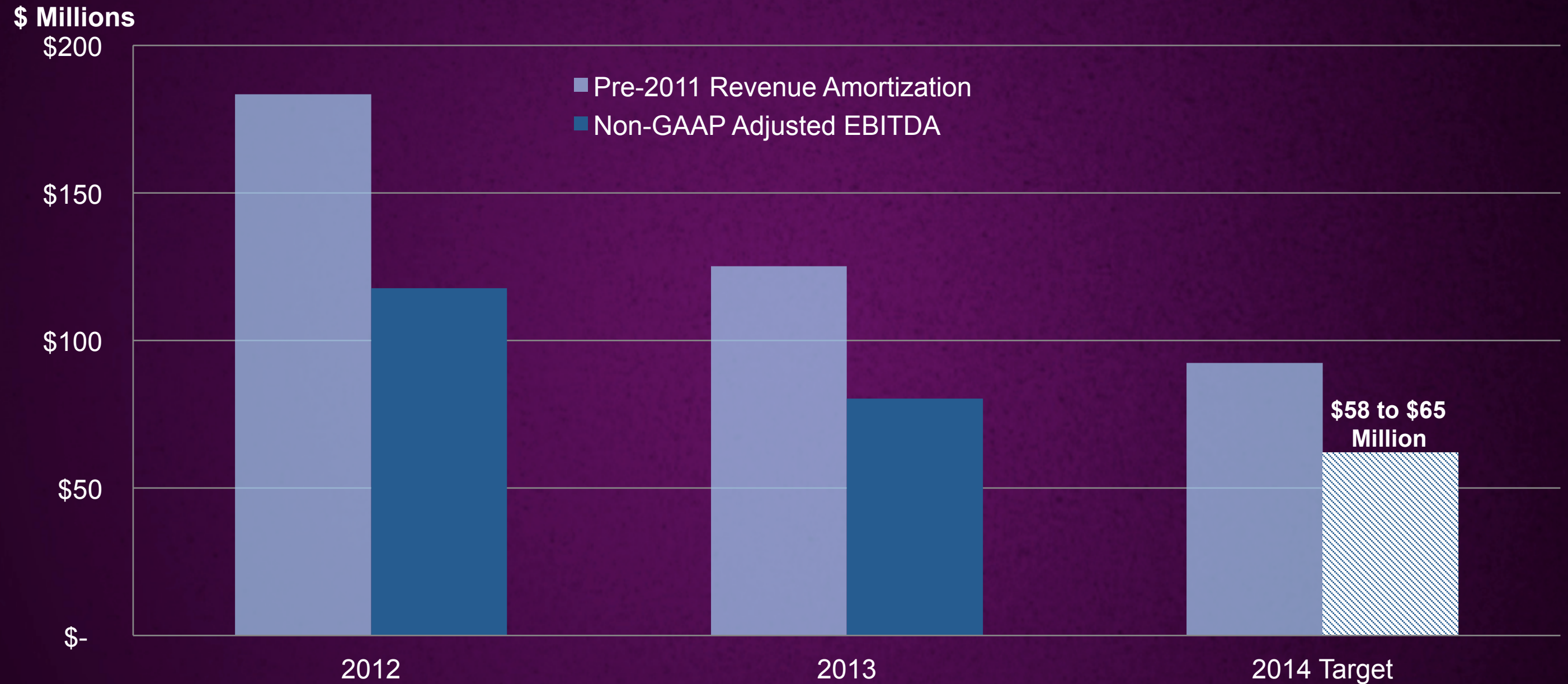
1. We were financially lagging our peer group
2. We had significant cost opportunities arising from lack of alignment with our key strategies which led to inefficient operations and misaligned investments
3. We needed more effective strategic-based sales planning programs to drive incremental sales through our existing customer accounts

...and, with learnings in hand, we established a market based profitability target





# Non-GAAP Adjusted EBITDA\*



\* Please reference appendix for additional detail on definition of these metrics, including GAAP to non-GAAP reconciliation





# Key Financial Metrics – 2014 Targets\*

## Bookings

Targeting year over year improvement of approximately 3%

## Adjusted EBITDA

Targeting \$58 to \$65 million

## Free Cash Flow Generation

Targeting FCF of \$20 million

...earnings and bookings growth should convert to higher enterprise value, reflecting the value our community places on us

\* Please reference appendix for additional detail on definition of these metrics, including GAAP to non-GAAP reconciliation





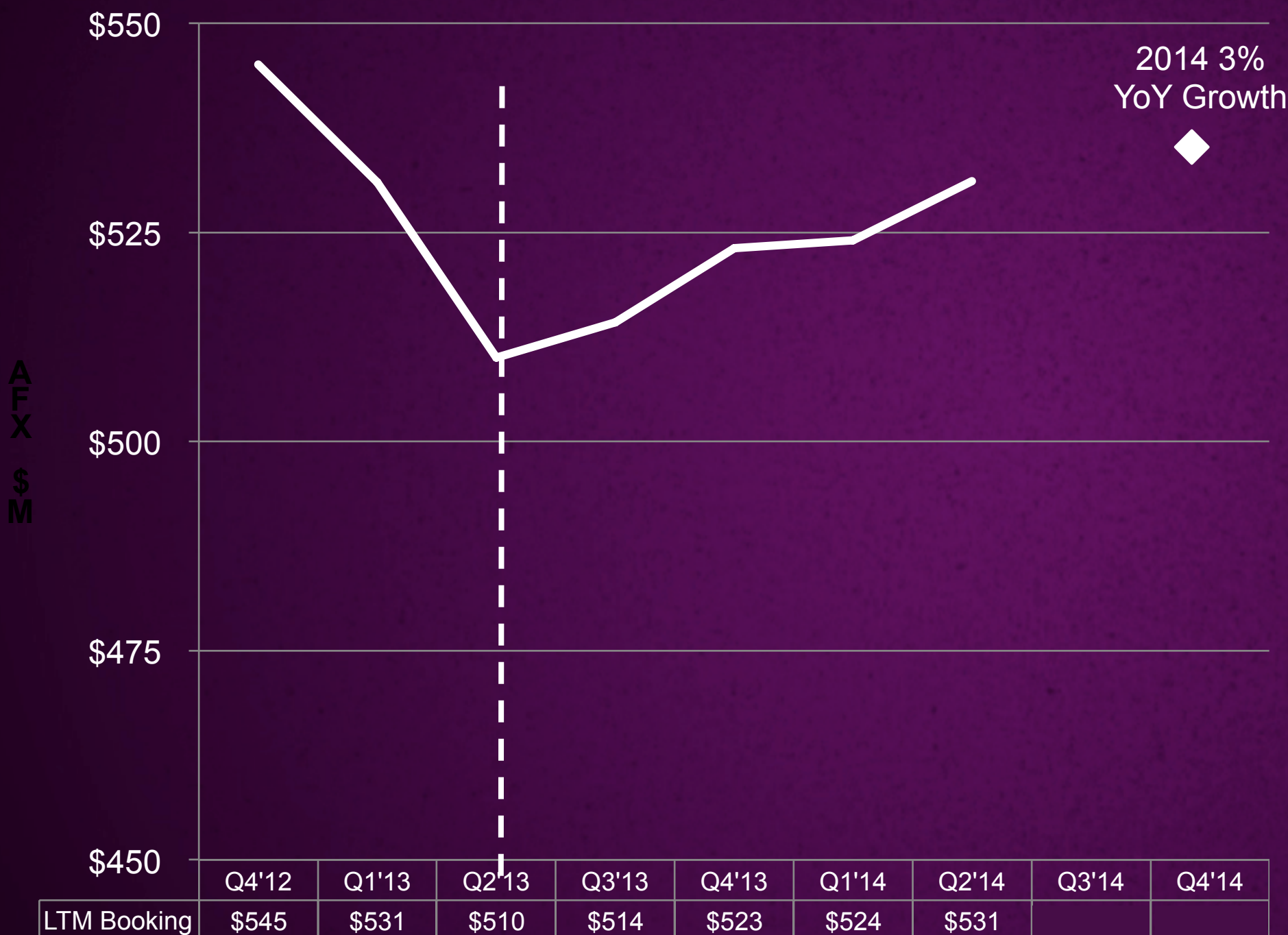
# Financial Modeling Fundamentals

- Bookings growth should, subject to inherent limitations, convert to Adjusted EBITDA
- The portion of Adjusted EBITDA that converts to cash should increase each year until 2017
- We believe GAAP revenue and Adjusted EBITDA will continue to be challenged due to restatement deferred revenue run-off
- We are working on strategic projects that should drive a decline in operating costs





# Last 12 Months (LTM) Bookings

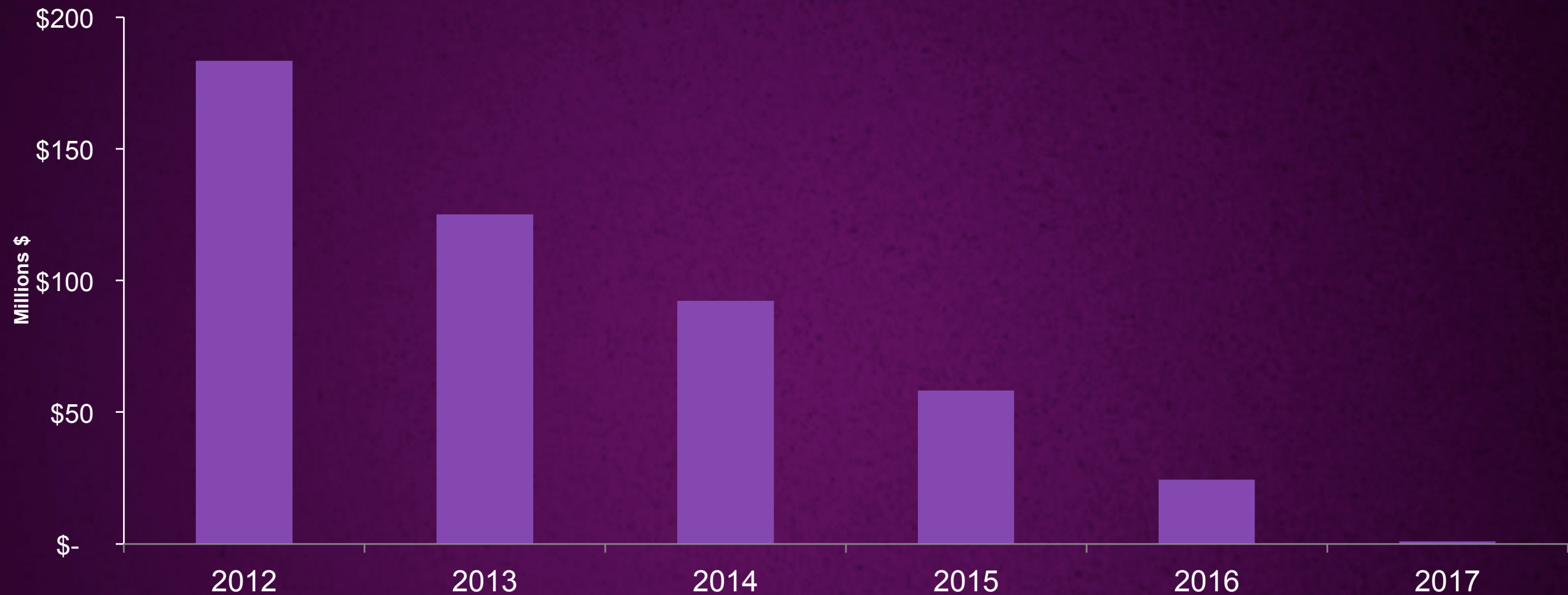


- Believe third quarter 2013 represented inflection point in return to growth
- Growth relatively modest but consistent
- Slower growth until we transition to higher growth markets





# Expected Pre-2011 Related Revenue Amortization (\$M)

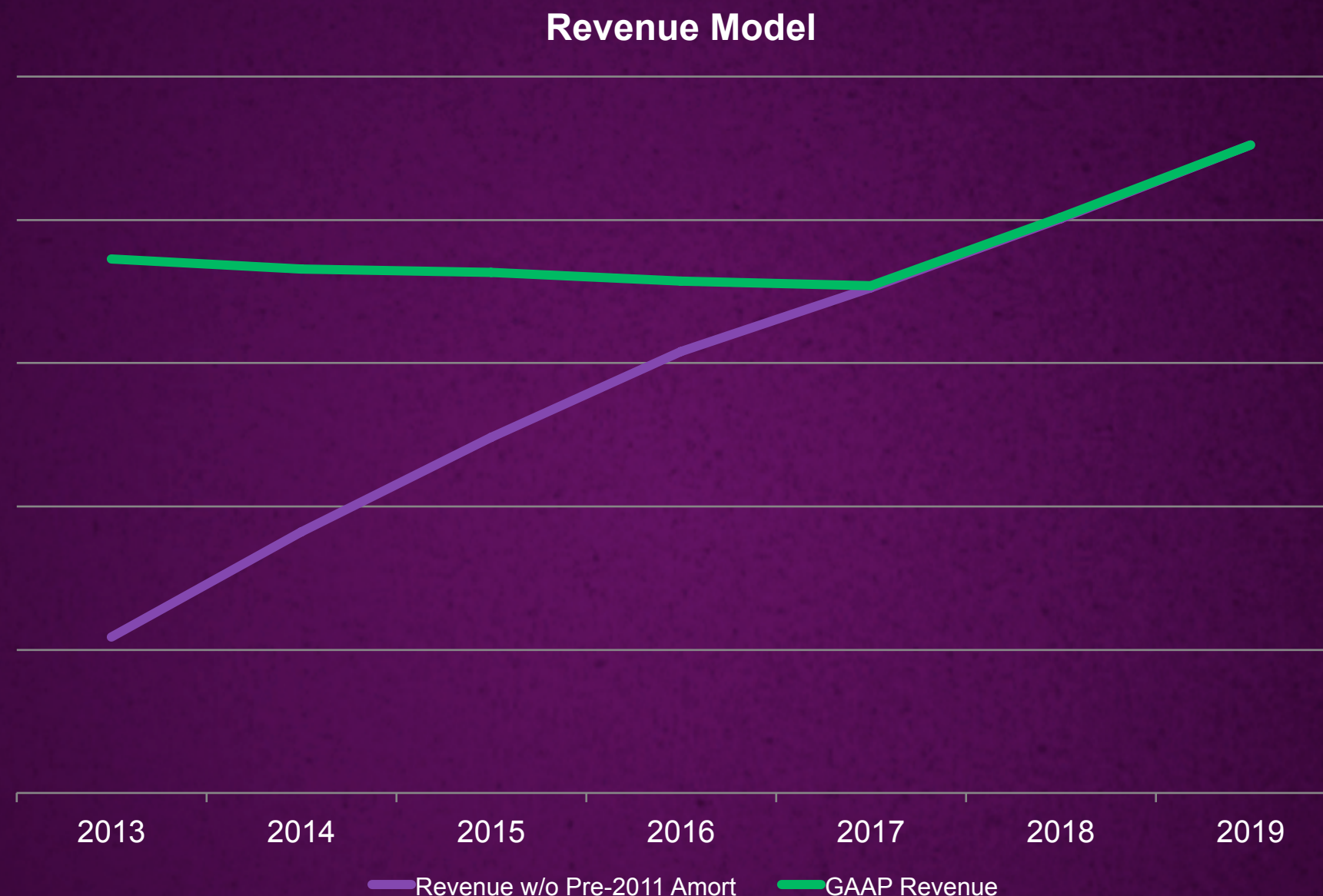


As Pre-2011 Deferred Revenue amortizes it will create meaningful annual accounting related headwinds for the next few years





# Revenue Model (Hypothetical – not intended as guidance)



We believe the amortization of pre-2011 restatement related deferred revenue will be impactful on our results through 2017 at which point the impact of the restatement will no longer be reflected in our financial results.







# Appendix – Non-GAAP

Posted September 12, 2014





# Non-GAAP Financial Definitions

## Free Cash Flow

- Free cash flow represents GAAP operating cash flow less capital expenditures and excludes payments or receipts related to M&A, significant legal settlements, restructuring, restatement or other non-operational or non-recurring events

## Adjusted EBITDA

- Adjusted EBITDA is defined as non-GAAP operating profit or loss excluding all depreciation and amortization expense

## Non-GAAP Operating Profit or Loss

- Non-GAAP operating profit or loss is GAAP operating profit excluding restructuring costs, stock based compensation, amortization and impairment of intangibles as well as other unusual items such as costs related to the restatement; M&A related activity; or impact of significant legal settlements

## Non-GAAP Non-Material Spending

- Non-GAAP Non-Material Spending is Non-GAAP operating expense plus Non-GAAP cost of sales less direct product material cost





# GAAP to Non-GAAP Reconciliation

(unaudited - in thousands, except per share data)

		December 31,		
		2013	2012	2011
				(Restated)
GAAP	<b>Net Revenues</b>	\$ 563,412	\$ 635,703	\$ 766,885
	Cost of revenues	223,909	249,008	261,718
	Gross Profit	339,503	386,695	505,167
	Operating Expenses	314,735	333,518	340,127
	<b>Operating Income</b>	24,768	53,177	165,040
	Interest and other expense, net	(676)	(2,041)	(1,945)
	Provision for income taxes, net	2,939	4,049	635
	Income from continuing operations, net of tax	\$ 21,153	\$ 47,087	\$ 162,460
	Weighted-average common shares outstanding - diluted	39,070	38,836	38,534
	<b>Income per share from continuing operations, net of tax - diluted</b>	\$ 0.54	\$ 1.21	\$ 4.22
Adjustments to GAAP Results	<b>Cost of Revenues</b>			
	Amortization of intangible assets	1,468	2,574	2,693
	Stock-based compensation	796	992	1,200
	<b>Operating Expenses</b>			
	Amortization of intangible assets	2,648	4,254	8,528
	Restructuring costs, net	5,370	24,838	6,534
	Restatement costs	20,591	-	-
	Acquisition and other costs	-	1,048	556
	(Gain) loss on sale of assets	(125)	(252)	597
	Stock-based compensation			
	R&D	581	985	1,638
	Sales & Marketing	1,786	3,754	4,349
	G&A	3,752	5,700	5,421
Non-GAAP	<b>Other</b>			
	Tax adjustment	(860)	(965)	(1,579)
	<b>Net revenues</b>	<b>563,412</b>	<b>635,703</b>	<b>766,885</b>
	Cost of revenues	221,645	245,441	257,824
	Gross Profit	341,767	390,262	509,061
	Operating Expenses	280,132	293,190	312,504
	<b>Operating Income</b>	<b>61,635</b>	<b>97,071</b>	<b>196,557</b>
	Interest and other expense, net	(676)	(2,041)	(1,945)
Non-GAAP	Provision for income taxes, net	3,799	5,014	2,214
	Income from continuing operations, net of tax	57,160	90,016	192,398
	<b>Income per share from continuing operations, net of tax - diluted</b>	<b>\$ 1.46</b>	<b>\$ 2.32</b>	<b>\$ 4.99</b>

Posted September 12, 2014





# GAAP to Non-GAAP Reconciliation

(unaudited - in thousands, except per share data)

		December 31,		
		2013	2012	2011
				(Restated)
Adjusted EBITDA	Non-GAAP Operating Income (from above)	61,635	97,071	196,557
	Depreciation	17,837	19,846	19,543
	Amortization of capitalized software development costs	815	846	1,218
	Adjusted EBITDA	\$ 80,286	\$ 117,763	\$ 217,318
Free Cash Flow	GAAP net cash (used in) provided by operating activities	(9,145)	34,709	2,967
	Capital Expenditures	(11,625)	(9,703)	(10,795)
	Restructuring Payments	(13,151)	(19,420)	(17,206)
	Restatement Payments	(13,161)	-	-
	Free Cash Flow	\$ 5,542	\$ 44,426	\$ 9,378
Non-GAAP Non-Mat'l Spd	Non-GAAP Cost of Revenues	221,645	245,441	257,824
	Non-GAAP Operating Expense	280,131	293,190	312,504
	Total	501,776	538,631	570,328
	Product Material Cogs	107,634	137,690	141,435
	Non-GAAP Non-Material Spending	\$ 394,142	\$ 400,941	\$ 428,893







# Appendix – Definitions





# Operational Measures

## Bookings

- Bookings represents the total amount of revenue that we expect to earn over the term of the agreement between Avid and a customer for goods and /or services over the course of the agreement
- To count as a booking, we expect there to be persuasive evidence of an agreement between us and our customer and that collectability of the amounts payable under the arrangement to be reasonably assured
- Bookings are subject to cancellations, changes and adjustments and are based on certain assumptions. Bookings may not reflect final revenue earned for a particular arrangement. Bookings do not reflect adjustments related to rebates or other sales incentive programs
- The material weaknesses in our internal control environment may impact the accuracy of recorded bookings





# Bookings & Expected Revenue Timing

(unaudited - in millions)

audited - in millions)

	For the Period Ended							
	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013	December 31, 2012	September 30, 2012
<u>Bookings</u>								
Quarterly	\$ 127.7	\$ 126.1	\$ 150.4	\$ 127.0	\$ 120.7	\$ 125.1	\$ 141.5	\$ 122.8
Last twelve months (LTM)	\$ 531.1	\$ 524.1	\$ 523.1	\$ 514.2	\$ 510.0	\$ 531.0	\$ 545.0	\$ 586.3

<u>Revenue Backlog</u>	December 31, 2013	December 31, 2012
Deferred Revenue	\$ 466.8	\$ 558.5
Other Backlog	\$ 92.2	\$ 51.2
Total Revenue Backlog	\$ 559.0	\$ 609.7

The expected timing of recognition of revenue backlog as of December 31, 2013 is as follows:

	Twelve Months Ended December 31,						Total
	2014	2015	2016	2017	2018	Thereafter	
Orders executed prior to January 1, 2011	\$ 92.3	\$ 58.2	\$ 24.5	\$ 1.0	\$ 0.1	\$ -	\$ 176.1
Orders executed or materially modified on or after January 1, 2011	\$ 200.9	\$ 86.7	\$ 53.0	\$ 27.5	\$ 14.7	\$ 0.1	\$ 382.9
	\$ 293.2	\$ 144.9	\$ 77.5	\$ 28.5	\$ 14.8	\$ 0.1	\$ 559.0

