



Avid Third Quarter 2012 Earnings

October 29, 2012

Safe Harbor Statement



This call presentation includes forward-looking statements. Actual results may differ materially from the results indicated by these forward looking statements due to a variety of factors, including those contained in our most recent Form 10-K and our subsequent filings with the SEC. Our results have historically been variable from quarter to quarter, and we encourage you to review our SEC filings, including the sections on risk factors concerning any forward-looking statements.

Our forward-looking statements are based on Avid's estimates and assumptions as of Monday, October 29th, 2012, and should not be relied upon as representing our estimates or views on any subsequent date. We undertake no obligation to review or update these forward-looking statements, even if the estimates change.

This presentation will refer to non-GAAP financial measures. Non-GAAP measures are not prepared in accordance with generally accepted accounting principles and may not be comparable to similar non-GAAP measures used by other companies. The most directly comparable financial measures calculated in accordance with GAAP and a reconciliation of GAAP to non-GAAP measures are contained in our press release announcing this quarter's results and are available in the Investor Relations section of our website at www.avid.com.

For the purpose of understanding our future business model, we will also provide some forward-looking analysis in this presentation on a non-GAAP and GAAP basis. The differences between our future GAAP and non-GAAP financial measures could be substantial.

Overview

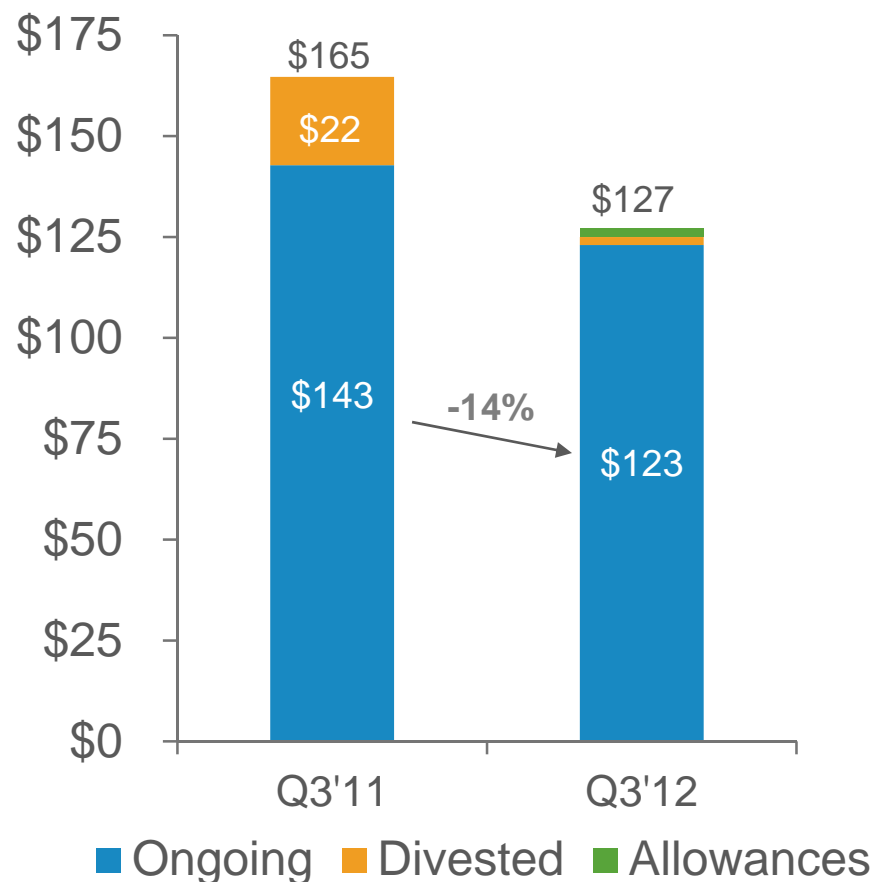


- Divestment plan largely completed during the quarter
 - **Focus** business on Media Enterprise and Post & Professional markets
 - **Divest** of slower growing, lower margin consumer businesses
 - **Simplify** and realign organization driving \$80 million of annualized non-material spending savings
- Q3 spending down year-on-year and sequential improvement in gross margin as a percent of revenue
- Ongoing revenue for Q3 down YoY

GAAP Q3 2012 Results



Revenue (\$ Millions)



- GAAP revenue \$127.2m
 - Unfavorable currency translation impact
 - Included divested revenue of \$4 million
 - Ongoing revenue down 14% YoY
- GAAP gross margin = 52.6%
 - Up sequentially and down YoY
 - Divestiture adjustments & currency
- GAAP operating expense of \$83.3m
 - Down \$9.4m or 10% YoY
 - Includes \$12.7m restructuring charge
- GAAP net loss = \$17.4m

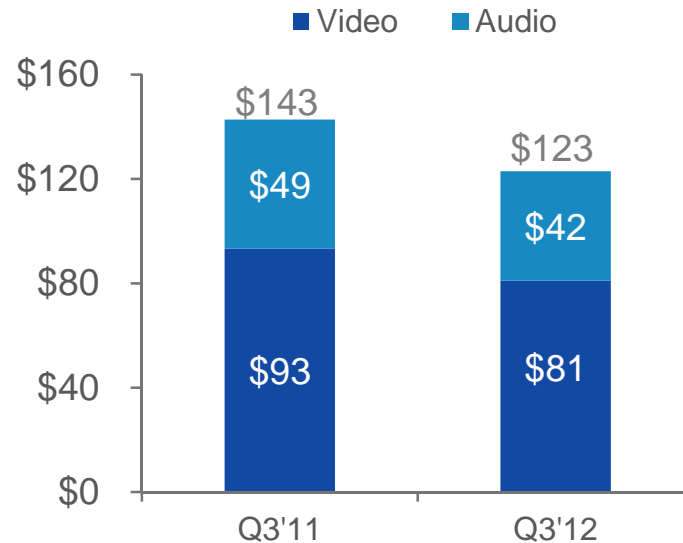
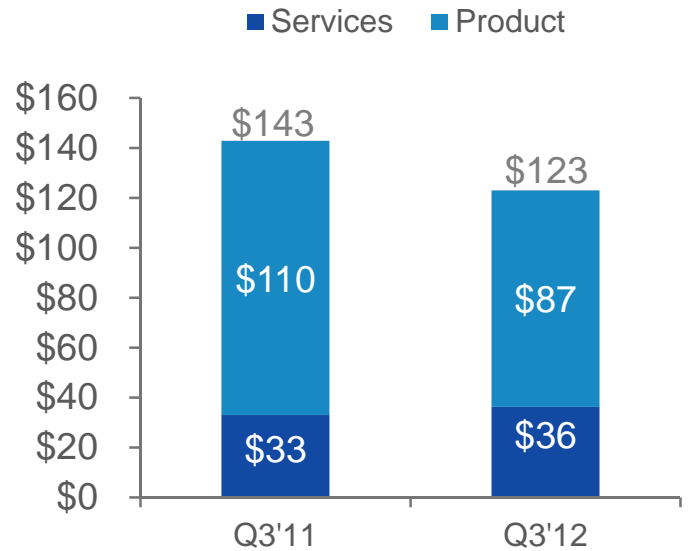
Q3'12 GAAP to Non-GAAP Adjustments*



\$ Millions	Revenue	COGs	Operating Expense	Operating Loss	Tax	Net Loss
GAAP	\$127.2	\$60.3	\$83.3	(\$16.4)	\$0.7	(\$17.4)
Restructuring Costs; Cost and Allowances Related to Divestitures	(1.8)	(0.7)	(12.7)	11.6		11.6
Gain on Assets Held for Sale			0.4	(0.4)		(0.4)
Acquisition and Other Costs			0.1	(0.1)		(0.1)
Amortization of Intangible Assets		(0.6)	(0.8)	1.4		1.4
Stock Based Compensation		(0.2)	(1.5)	1.7		1.7
Tax					(0.2)	0.2
Total Adjustments	(1.8)	(1.6)	(14.4)	\$14.2	\$0.2	\$14.4
Non-GAAP	\$125.4	\$58.7	\$68.9	(\$2.2)	\$0.5	(\$3.0)

* Note: GAAP to non-GAAP reconciliation available in press release announcing Q3 2012 results

Ongoing Revenue (\$ Millions)



Ongoing Revenue

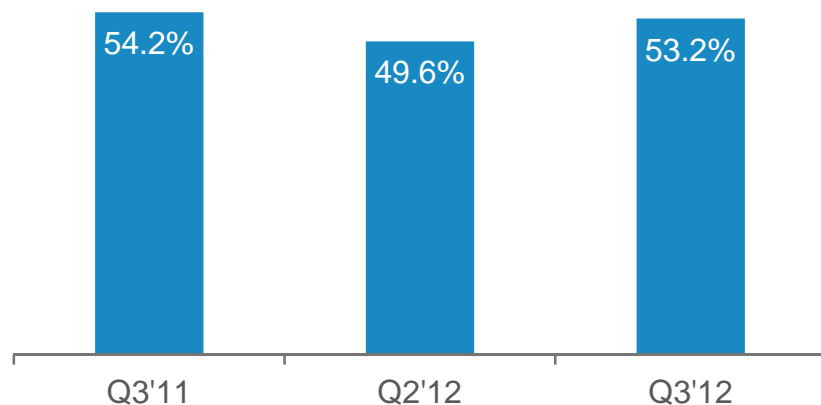
Ongoing revenue excludes consumer product lines sold in July 2012

- Overall ongoing
 - Product revenue down 21%
 - Service revenue up 10%
- Video
 - Slow enterprise sales in Americas
 - Pro Editor revenue down, transition from hardware to pure software
- Audio
 - About 1/2 decline related to entry level audio interfaces
 - Demand for Pro Tools HD & I/O remains strong

Non-GAAP Results



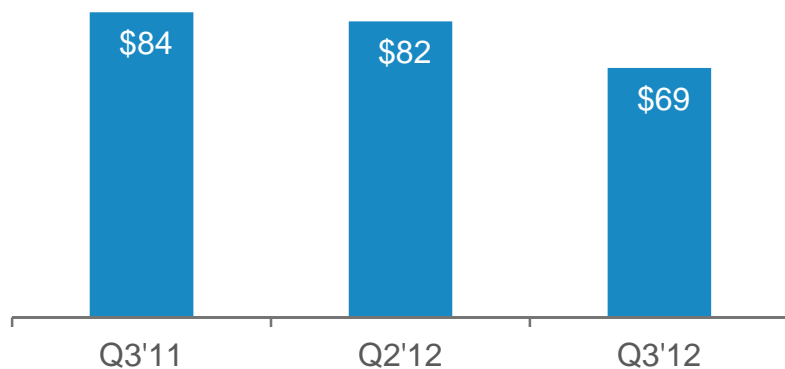
Non – GAAP Gross Margin (% of Revenue)



Gross Margin

- Product margin of 50.9%
- Service margin of 58.7%
- 3.5 pt. sequential improvement

Non – GAAP Operating Expense (\$ Millions)



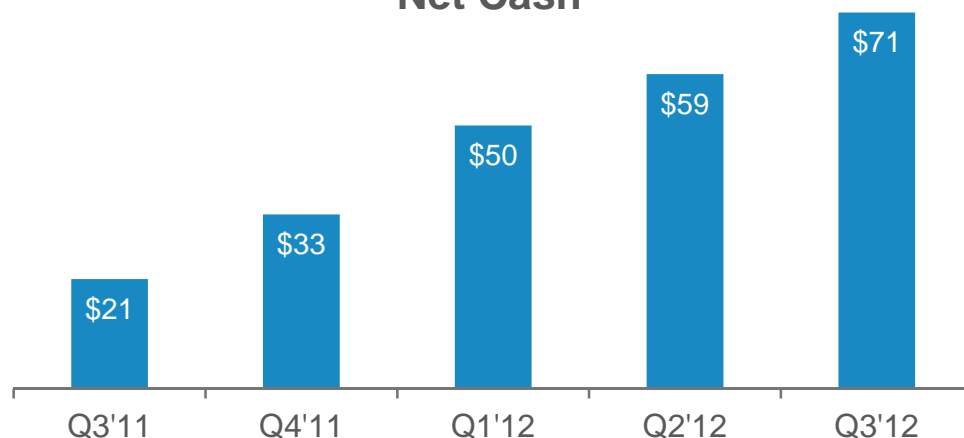
Operating Expense

- Down 18% YoY & 16% sequentially
- Divestment and restructuring
- Full impact starting Q4 2012

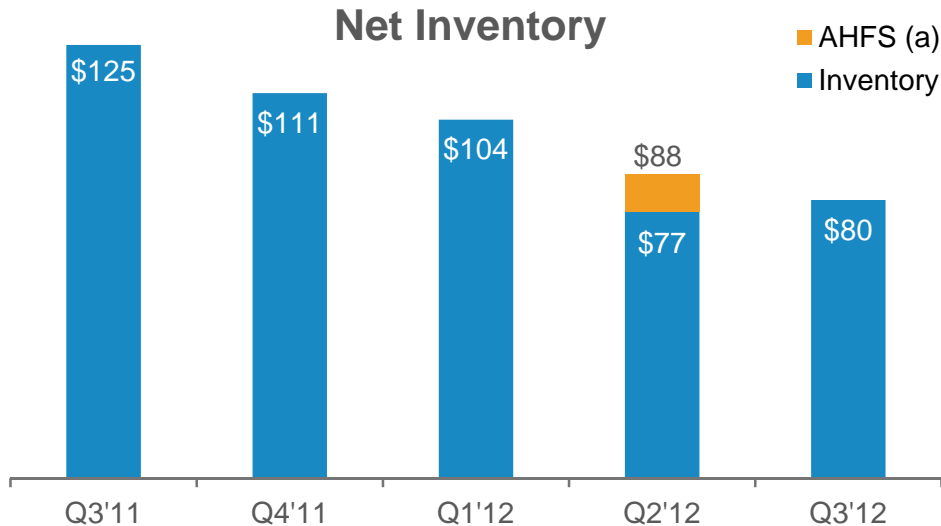
Balance Sheet (\$ Millions)



Net Cash



Net Inventory



Turns	2.6x	2.9x	3.0x	4.1x	3.8x
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Q3 2012

- Net cash up over 3x YoY and over 2x since 2011 year-end
- Includes \$13m of proceeds and \$8m used for restructuring
- No draw on credit line
- Inventory down \$45m YoY with \$11m related to divestment
- Days sales outstanding of 53

(a) Inventory portion of assets held for sale for Q2 2012

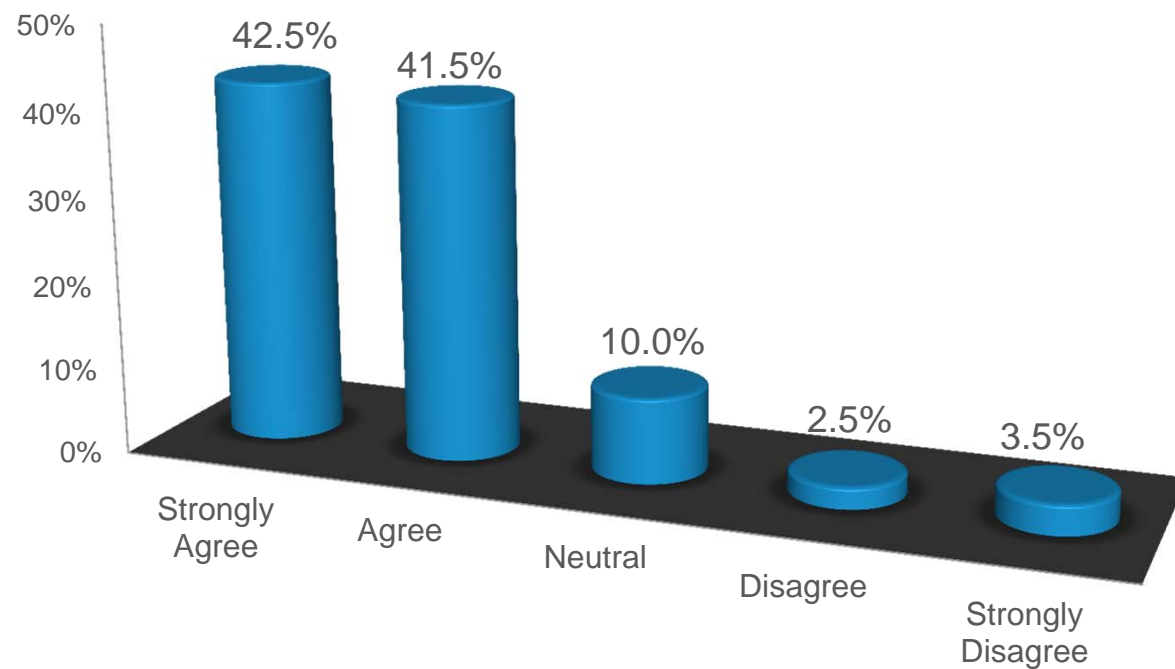


Multi-platform Drives Growth



84% of respondents feel that multi-platform distribution is critical to capturing new growth opportunities.

MPD strategy is essential to market growth

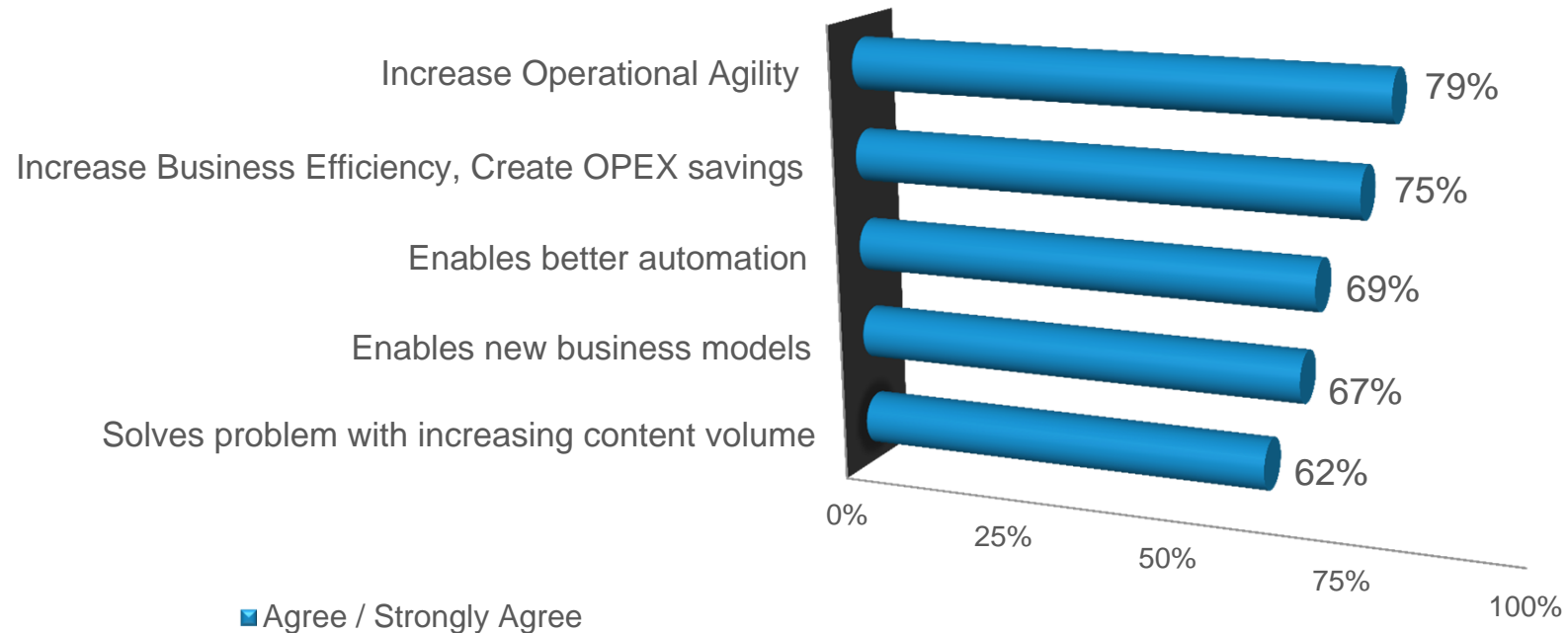


Source: OVUM

Ovum Survey of Media Organizations



Two-thirds of respondents say that asset-based workflows will enable new business models, and over 70% say they will result in OPEX savings.



Source: OVUM

Product Updates



Media Enterprise

- Interplay Sphere
- Media Asset Management
- Avid Motion Graphics 2.0

Pro Video

- Media Composer 6.5
- Symphony 6.5
- NewsCutter 10.5

Pro Audio

- Pro Tools | HD Native Thunderbolt

