



Avid Reports Solid Second Quarter 2006 Results; Announces Authorization to Repurchase Up to \$50 Million of Stock

TEWKSBURY, Mass.--(BUSINESS WIRE)--July 20, 2006--Avid Technology, Inc. (NASDAQ: AVID) today reported revenues of \$222.2 million for the three month period ended June 30, 2006 compared to \$160.1 million for the same period in 2005. GAAP net income for the quarter was \$2.7 million, or \$.06 per diluted share compared to GAAP net income of \$13.6 million, or \$.37 per diluted share, in the second quarter of 2005. GAAP net income in the second quarter of 2006 includes \$11.8 million of non-cash acquisition related charges, non-cash stock-based compensation and related tax adjustments. This compares to \$2.3 million of acquisition related charges, stock-based compensation and related tax adjustments included in GAAP net income for the second quarter of 2005.

"Our June quarter results were solid," said David Krall, Avid's president and chief executive officer. "Contributing substantially to these results was the on-schedule delivery of all of the new products announced at the National Association of Broadcasters convention in April, that were scheduled to ship during the second quarter. We continue to emphasize the importance of delivering new products to our customers on time, and our Interplay™ nonlinear workflow engine is still expected to ship in the third quarter. In broadcast, we had a strong bookings quarter and increased our backlog substantially. We continue to rebuild our consumer business, and the improvements that have been made to Pinnacle Studio™ 10 are being reflected by significant increases in user satisfaction ratings. Finally, our audio business had another good quarter, highlighted by strong performances in both our home recording and live sound markets."

Revenues for the six month period ended June 30, 2006, were \$440.3 million compared to revenues of \$326.1 million for the same period in 2005. GAAP net income for the first six months of 2006 was \$6.0 million, or \$.14 per diluted share, compared to GAAP net income of \$33.3 million, or \$.90 per diluted share, for the same period in 2005. GAAP net income for the six month period ended June 30, 2006 includes \$24.6 million of non-cash acquisition-related amortization, stock-based compensation charges, restructuring charges, in-process research and development, and related tax adjustments. This compares to \$4.8 million of acquisition-related amortization, stock-based compensation and related tax adjustments included in GAAP net income for the six month period ended June 30, 2005.

Stock Repurchase Program

Avid also announced that its Board of Directors approved a program to repurchase up to \$50 million of stock through transactions on the open market, in block trades or otherwise. The stock repurchase program will be funded using the company's working capital. As of June 30, 2006, the company had cash, cash equivalents and marketable securities of approximately \$238.1 million.

Use of Non-GAAP Financial Measures

This press release may contain "non-GAAP financial measures" under the rules of the Securities and Exchange Commission. 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. We believe it is useful for ourselves and investors to review both GAAP and non-GAAP measures in order to assess our performance. We also believe these non-GAAP financial measures are a meaningful measure of our operating performance and will assist investors in understanding our results of operations on a comparative basis.

Conference Call

A conference call to discuss Avid's second quarter 2006 financial results and the company's outlook for the balance of 2006 will be held today, July 20, 2006, at 5:00 p.m. EDT. The call will be open to the public, and can be accessed by dialing (913) 981-5509 and referencing confirmation code 9034125. The call and subsequent replay will also be available on Avid's web site. To listen via this alternative, go to the Investor Relations page under the About Us menu at www.avid.com for complete details 10-15 minutes prior to the start of the conference call.

The above release is subject to the completion and filing of our Quarterly Report on Form 10-Q. This release includes forward-looking statements, as defined by the Private Securities Litigation Reform Act of 1995, about Avid's performance. There are a number of factors that could cause actual events or results to differ materially from those indicated by such forward-looking statements, such as market acceptance of Avid's existing and new products, Avid's ability to anticipate customer needs, competitive factors, including pricing pressures, fluctuating currency exchange rates, delays in product shipments, and the

other important events and factors disclosed previously and from time to time in Avid's filings with the U.S. Securities and Exchange Commission. In addition, the forward-looking statements contained herein represent Avid's estimate only as of today and should not be relied upon as representing the company's estimate as of any subsequent date. While Avid may elect to update these forward-looking statements at some point in the future, Avid specifically disclaims any obligation to do so, even if the estimate changes.

About Avid Technology, Inc.

Avid Technology, Inc. is the world leader in digital nonlinear media creation, management, and distribution solutions, enabling film, video, audio, animation, games, and broadcast professionals to work more efficiently, productively, and creatively. For more information about the company's Oscar®, Grammy®, and Emmy® award-winning products and services, please visit: www.avid.com.

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AVID TECHNOLOGY, INC

Condensed Consolidated Statements of Operations

(unaudited - in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Revenue				
Product	\$197,512	\$141,434	\$391,534	\$288,812
Service	24,714	18,617	48,762	37,240
Total Revenue	222,226	160,051	440,296	326,052
Cost of Revenue				
Product	93,819	61,244	185,180	122,141
Service	13,812	10,027	27,127	20,097
Amortization of intangible assets	5,016	282	10,096	563
Total Cost of Revenue	112,647	71,553	222,403	142,801
Gross Profit	109,579	88,498	217,893	183,251
Operating Expenses				
Research and development	35,617	24,910	71,113	49,589
Marketing and selling	52,583	38,452	102,495	76,294
General and administrative	15,853	10,471	30,990	20,773
In-process research and development	-	-	310	-
Amortization of intangible assets	3,977	1,593	7,642	3,185
Restructuring charges	-	-	1,066	-
Total Operating Expense	108,030	75,426	213,616	149,841

Operating income	1,549	13,072	4,277	33,410
Interest and other income (expense), net	1,881	1,179	3,852	2,016
Income before income taxes	3,430	14,251	8,129	35,426
Provision for income taxes	731	685	2,084	2,114
Net Income	\$2,699	\$13,566	\$6,045	\$33,312
Net income per common share - basic	\$0.06	\$0.39	\$0.14	\$0.95
Net income per common share - diluted	\$0.06	\$0.37	\$0.14	\$0.90
Weighted average common shares outstanding - basic	42,273	35,177	42,205	35,083
Weighted average common shares outstanding - diluted	43,057	37,024	43,126	37,154

AVID TECHNOLOGY, INC
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Net income includes the following items that were highlighted in the text of this press release:

Three Months Ended
June 30,

	2006		2005	
		per diluted share		per diluted share
Amortization of intangible assets	8,993	\$0.21	1,875	\$0.05
Stock-based compensation	4,283	\$0.10	601	\$0.02
Related tax adjustments	(1,481)	\$(0.03)	(172)	\$(0.01)
Total	11,795	\$0.28	2,304	\$0.06

Six Months Ended
June 30,

	2006		2005	
		per diluted share		per diluted share
Amortization of intangible assets	17,738	\$0.41	3,748	\$0.10
Stock-based compensation	8,718	\$0.20	1,372	\$0.04
Restructuring charges	1,066	\$0.02	-	\$-
In-process research and development	310	\$0.01	-	\$-
Related tax adjustments	(3,251)	\$(0.08)	(345)	\$(0.01)

Total	----- 24,581	\$0.57	----- 4,775	\$0.13
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AVID TECHNOLOGY, INC
Condensed Consolidated Balance Sheets
(unaudited - in thousands)

	June 30, 2006	December 31, 2005
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ASSETS:		
Current assets:		
Cash, cash equivalents and marketable securities	\$238,147	\$238,430
Accounts receivable, net of allowances of \$22,212 and \$22,233 at June 30, 2006 and December 31, 2005, respectively	143,934	140,669
Inventories	121,979	96,845
Prepaid and other current assets	23,276	25,733
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Total current assets	527,336	501,677
Property and equipment, net	38,096	38,563
Goodwill	410,895	396,902
Intangible assets, net	110,248	118,676
Other assets	6,410	6,228
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Total assets	\$1,092,985	\$1,062,046
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$52,459	\$43,227
Accrued expenses and other current liabilities	92,501	96,311
Deferred revenues	66,913	63,184
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Total current liabilities	211,873	202,722
Long term liabilities	18,790	19,727
	-----	-----
Total liabilities	230,663	222,449
	-----	-----
Stockholders' equity:		
Common stock	423	421
Additional paid-in capital	939,907	928,703
Accumulated deficit	(82,750)	(88,795)
Deferred compensation	-	(1,830)
Accumulated other comprehensive income	4,742	1,098
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Total stockholders' equity	862,322	839,597
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Total liabilities and stockholders' equity	\$1,092,985	\$1,062,046
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