



Avid

Ken Sexton, EVP - CFO & CAO

September 8, 2011



Safe harbor statement



This document contains “non-GAAP financial measures” under the rules of the U.S. Securities and Exchange Commission. 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.

We consider both GAAP and non-GAAP financial results in managing our business. Non-GAAP financial measures are used internally, for example, in establishing annual operating budgets, in assessing operating performance and for measuring performance under incentive compensation plans. Non-GAAP financial measures are also used in operating and financial decision-making because we believe these measures reflect our ongoing business and allow meaningful period-to-period comparisons. We believe it is useful for investors and others to also review both GAAP and non-GAAP measures in order to understand and evaluate our current operating performance and future prospects in the same manner as management and to compare in a consistent manner the company’s current financial results with past financial performance. The primary limitations associated with our use of non-GAAP financial measures are that they may not include all items of income and expense that affect our operations and that the non-GAAP financial measures we use may not be directly comparable to those reported by other companies. For example, the terms used in this document, non-GAAP operating profit, do not have standardized meanings. Other companies may use the same or similarly named measures, but exclude different items, which may not provide investors with a comparable view of our performance in relation to other companies. We seek to compensate for this limitation by providing a detailed reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures. The reconciliation of the GAAP to non-GAAP financial measures are available in our quarterly press releases which can be found on our web page at www.ir.avid.com.



**Inspire passion, unleash creativity, and
realize dreams in a digital world**



***Helping people create the most listened to, most watched, and
most loved media in the world***

Focus On Revenue Growth & Profitability



- Move beyond “get healthy” to “building momentum” and “unlocking new sources of growth”
- 2010 showed a return to top line growth and profit
 - Strongest YoY revenue growth since 2006
 - First non-GAAP operating profit since 2007
 - Highest gross margins since 2005
- Customers are engaged
- Delivering on our strategy
- First half 2011 results
 - Revenue up 3%, even with challenging Q2
 - Gross margins continue to improve
 - Non-GAAP loss ½ last year’s 1st half



Moving Beyond “Get Healthy” Phase



- ✓ Realigned cost structure
- ✓ Reinstigated customer focus
- ✓ Delivered one face to customers
- ✓ Become more open
- ✓ Invested in innovation
- ✓ Strengthened our workflows
- ✓ Improved reliability
- ✓ Targeted select M&A
- ☐ Returned to profit

Our Customer Segments: \$6B Opportunity



Creative Enthusiasts



Who They Are
Consumers who create and share audio and video media



Professional



Individuals & businesses focused on creating and distributing entertainment media



Media Enterprise



Enterprises which acquire, create, process, and/or distribute content to large audiences

Market Growth (2010-2012)

3-5%

5-6%

6-8%

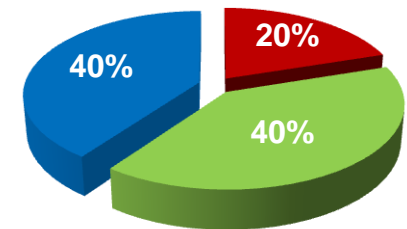
Market Size

\$.7B

\$3.1B

\$2.4B

% Avid Business



Source: IABM 2009 update document; Frost & Sullivan 2010, MI Sales Trak 2009-2010, NPD, GFK, Music trade magazines 2010, Industry Sources

Avid Audio & Video Offerings



Audio

Music Editing & Mixing
Live Performance
Consoles
Home Music Studios
Notation Software



Video

Pro & Home Editing
Intelligent Storage
Asset Management
On-Air Graphics
Broadcast News



Market Dynamics



- Fragmented competition
- No single competitor has Avid's breadth of media creation tools and best-of-breed open workflows



Solid State Logic
SOUND || VISION



Autodesk



Roland



grass
valley

Quantel

harmonic
REDEFINING VIDEO DELIVERY

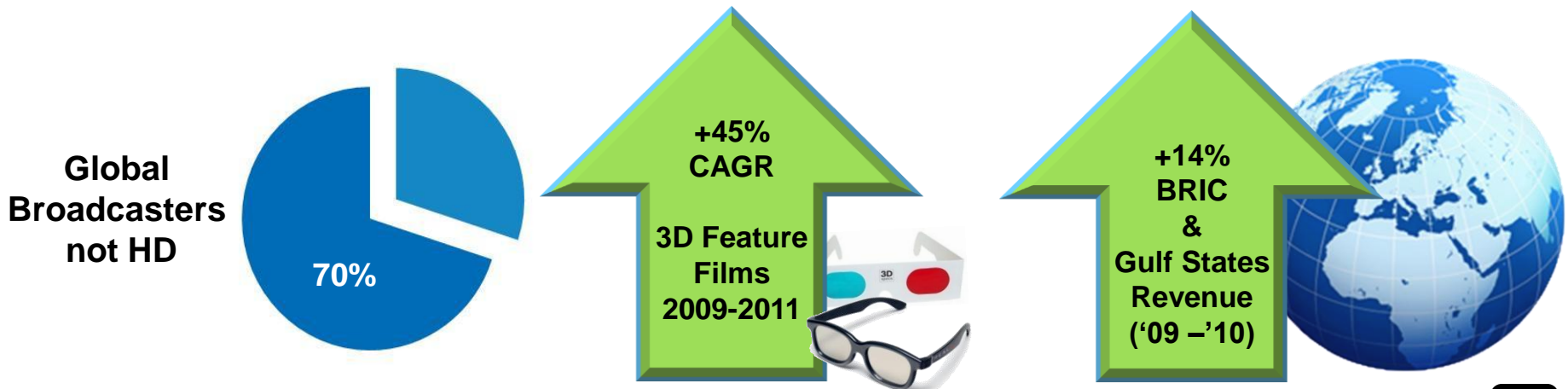
YAMAHA

The Media Industry in 2011



- Rapid increase in creation of enterprise media
- IT and Broadcast solutions are converging
- HD and file-based are rising
- 3D Opportunity is exploding
- Emerging markets growing at rate up to 2X other countries
- Evolution of monetizing media assets → e.g., “Micro-transactions”
- Customers are moving to the cloud → #1 CIO priority in 2010

*Integrated Media
Enterprise*



Momentum & Leadership



2010

2011

Pro Tools
HD I/O

Integrated Media
Enterprise

Audio
Production

Audio
Creation

Media
Composer
5.5

Awards



Consoles & EUCON

Creative Music
Tools

Video
Creation





Drive customer success

From enthusiast to enterprise

Fluid, dependable workflows

Collaborative support

Avid optimized in an open ecosystem



Financial Review



Revenue Growth

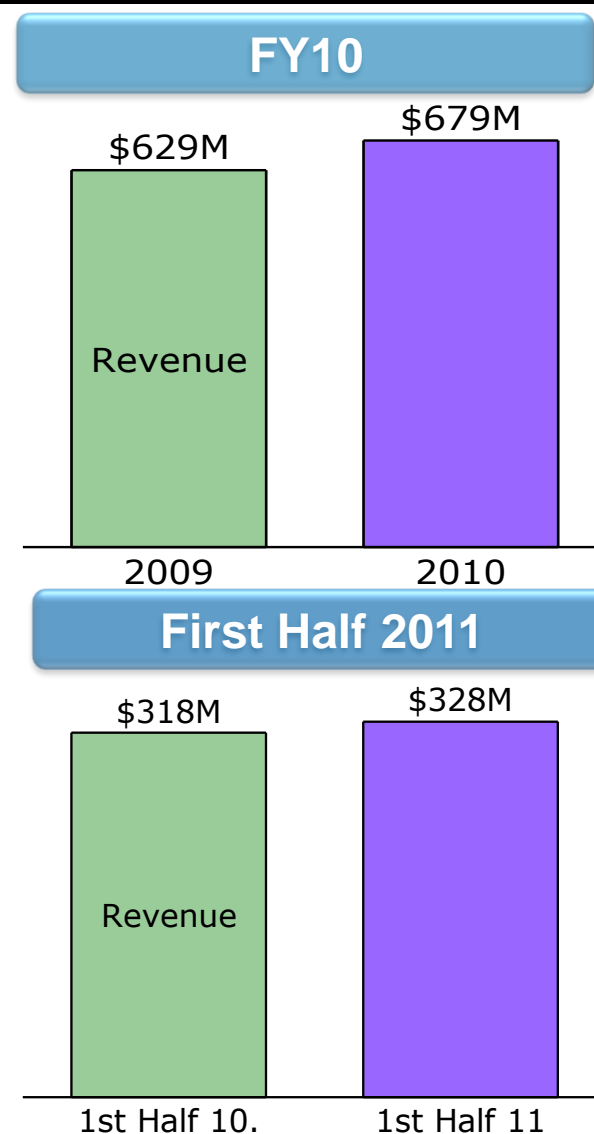


Fiscal Year 2010

- Revenue up 8% YoY for FY10
- Audio up 11% → Live Sound & Pro Tools V9
- Video up 6% → Video products up 10%
- Growth in America & Asia, EMEA down slightly
- Several new products → ISIS 5000, Pro Tools V9, Media Composer V5.5
- Macro factors stabilized, signs of improvement

First Half of 2011

- Revenue up 3% YoY
- Video business up 7% & Audio down 2%
- Growth in all three geographic areas
- 7% growth over last 4 quarters
- Challenging Q2, Europe down 15% sequentially
- European economic & execution challenges



Gross Margin & Operating Profit



Non-GAAP Gross Margin

- Steady improvement → 2011 running above 2010
- Product mix and leveraging scale
- Product & service margins are up
- GM % adversely impacted by 1 % pt. in Q2 2011:
 - Loss provision on project from an acquisition
 - Change in 3rd party logistics strategy

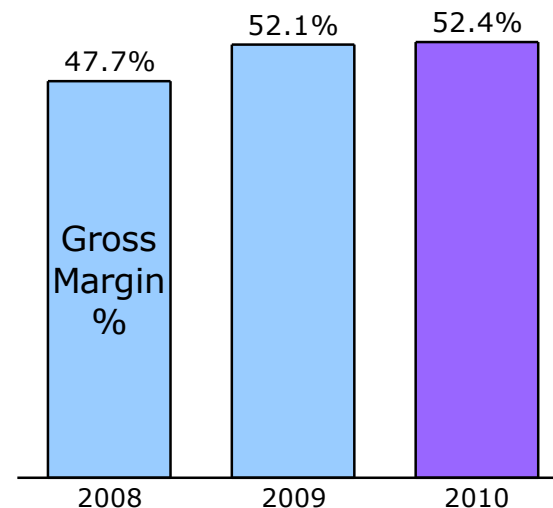
Non-GAAP Operating expense

- Reduced by over \$80 million since 2008
- Up YoY mostly due to changing CX rates
- Continue to improve productivity
- Operating leverage moving forward

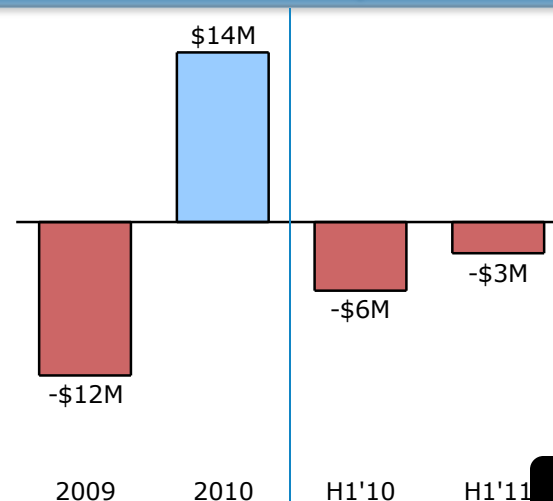
Non-GAAP Operating Profit (Loss)

- Sequential revenue decline from Q1 impacted Q2
- Gross margin adversely impact by 1 percentage point
- Loss is ½ last year
- Looking for improved results in 2nd half

Non-GAAP Gross Margin



Non-GAAP Op Profit



Targeting Top & Bottom Line Growth

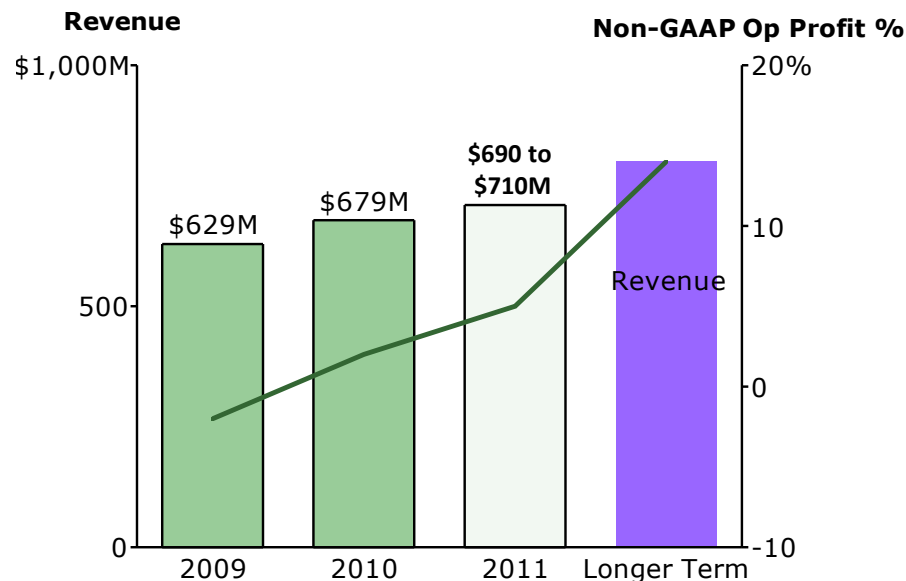


2011 Guidance as of July 21, 2011

- Revenue Range: \$690 to \$710 million
- Non-GAAP operating margin of 4% to 5% of revenue
- Taxes and interest of \$7 to \$9 million
- Non-GAAP excludes GAAP charges of \$23 to \$28 million

Longer-term model

- Longer-term goal is mid-teen non-GAAP operating margins
- Operating leverage → 50%+ operating profit on incremental revenue
- Continued focus on improving gross margin & optimizing business model
- Assumes revenue growth
- NOL carry-forwards will minimize cash tax impact



In Summary



- Moving beyond 'get healthy' phase
- We believe the business fundamentals remain solid
- Market leading products and solutions position us for revenue growth
- Significant operating margin leverage in business model
- Q2 was challenging → focus on improved execution in 2nd half
- Meaningful step forward in 2011 towards our longer-term model
- Committed to achieving mid-teen operating margins

