



Avid

Ken Sexton, EVP - CFO & CAO
November 18, 2010



Safe harbor statement



Please note that remarks made during this presentation may include forward-looking statements, as defined by the Private Securities Litigation Reform Act of 1995. Any statements contained in this presentation that are not statements of historical fact may be deemed to be forward-looking statements. There are a number of factors that could cause actual events or results to differ materially from those indicated by these forward-looking statements, such as competitive factors, including Avid's ability to anticipate customer needs, pricing pressures, Avid's ability to execute its strategic plan, and adverse changes in general economic or market conditions, particularly in the content-creation industry. Other important events and factors appear in Avid's filings with the U.S. Securities and Exchange Commission. In addition, the forward-looking statements included in this presentation represent our estimates only as of today and should not be relied upon as representing our views as of any subsequent date. Avid undertakes no obligation to review or update these forward-looking statements.

A historical reconciliation of the GAAP to non GAAP results is available on www.ir.avid.com in our quarterly earning press releases. For purposes of understanding our future business model, we are providing some forward-looking analysis on a non-GAAP basis. Our GAAP financial measures are not, however, accessible on a forward-looking basis and the differences between our future GAAP and non-GAAP financial measures could be substantial.

Our mission



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



Overview



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

- Over 20 years of leading the media content creation industry
- Serving the consumer to the enterprise
- Innovative and award winning products
- Uniquely positioned to serve our markets
- Collaborative, open and dependable
- Transformation plan is well along



Audio and video offerings



Audio

Pro Audio Editing and Mixing
Music Creation
Live Systems
Home Recording
Notation and Music Education



Video

Pro and Home Editing
Intelligent Storage
Asset Management
On-Air Graphics
Newsroom production
Automation



← **Service, Support and Training** →

Market leadership



- Consumer
 - Recognized leader for audio mixing and recording tools
 - Pinnacle Studio #1 in US revenue*
 - Leader in US Studio Monitor unit sales
- Enterprise
 - Award winning content creation tools → Pro Tools & Media Composer
 - Best of breed open workflows
 - Over 750 Interplay installations to date



**Integrated Media
Enterprise**

Market dynamics



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



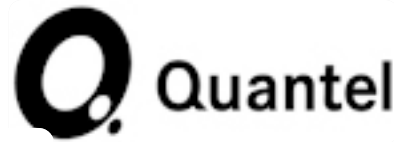
Solid State Logic
SOUND || VISION



Autodesk



Roland



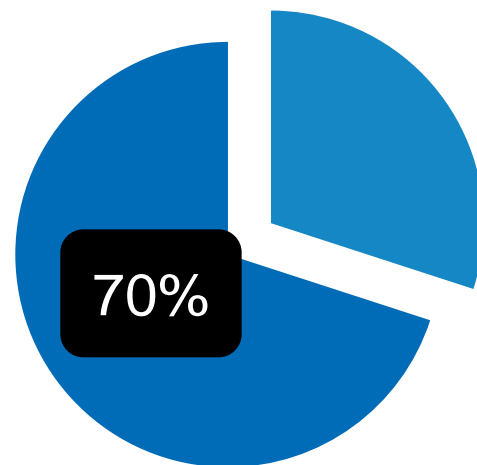
harmonic
REDEFINING VIDEO DELIVERY



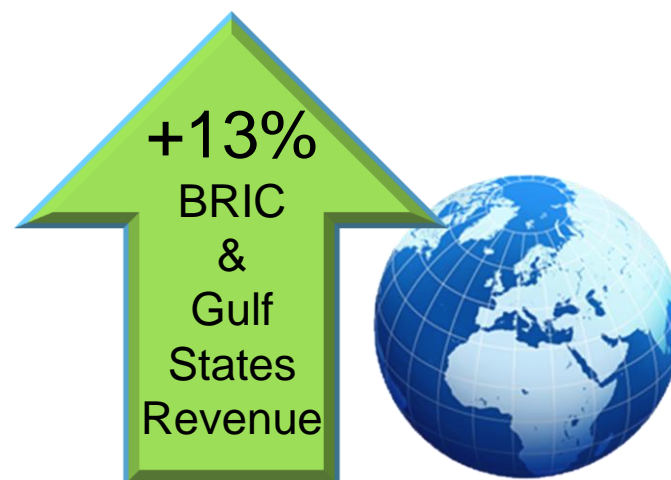
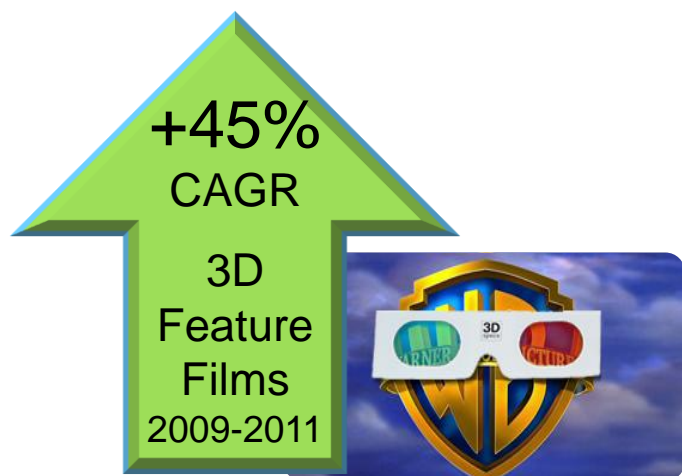
Macro drivers



- The HD wave is still rising
- Increased need for file-based workflows
- 3D opportunity is exploding
- Customers want to work in the cloud
- Content creation is expanding
- Emerging markets growing



Global Broadcasters not HD



New product releases



Pro Tools Mbox



Venue



ISIS 5000



Keyboards



MC Artist Controller

Market opportunity



Creative
Enthusiasts



Post and
Professionals



Broadcast

Opportunity \$700M

Market Growth
(2010-2012) 3-5%

% Avid Business 22%
(2010 YTD thru Q3)

- Home video makers
- Amateur musicians
- DJs
- Serious hobbyists

\$3.1B

5-6%

39%

- Enterprise content creators
- Independent editors and audio engineers
- Facilities owners
- Live sound mixers
- Educators and students

\$2.4B

6-8%

39%

- Broadcast networks
- Cable operators
- Station groups
- Local broadcasters
- Government agencies
- Sportscasters

Multiple sales channels

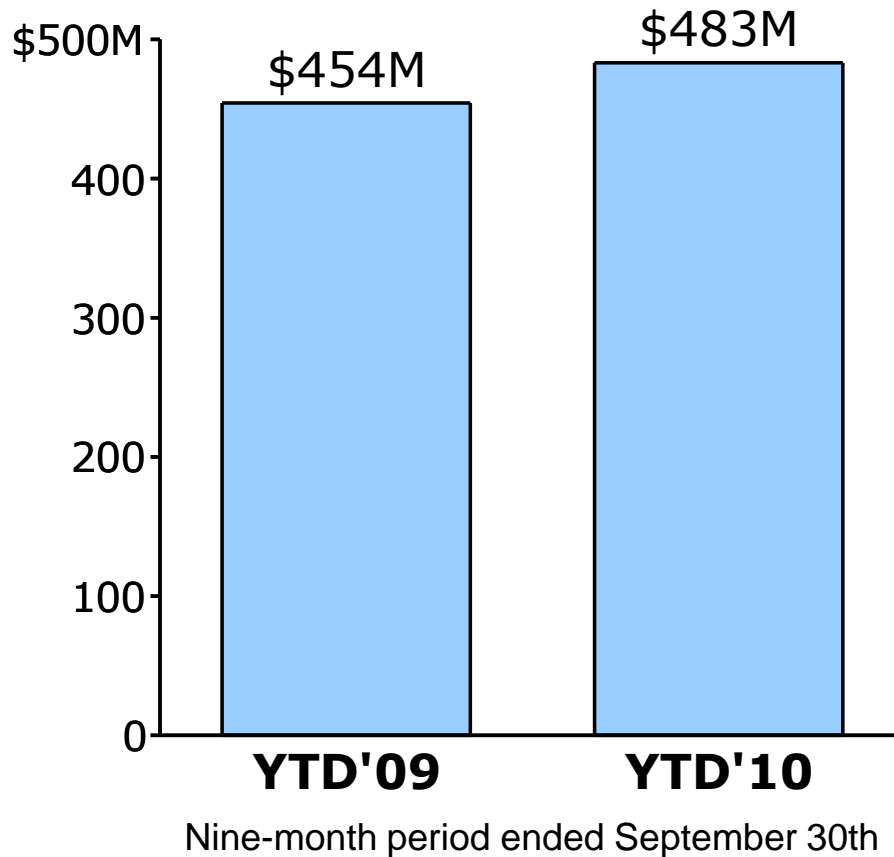




Financial review

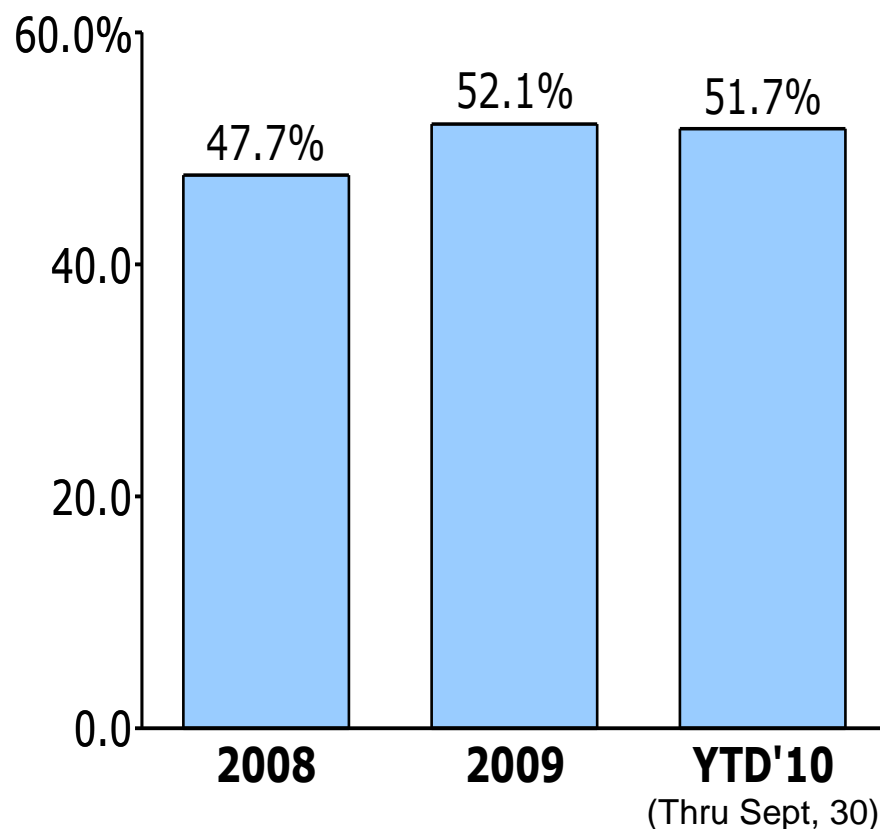


Revenue results



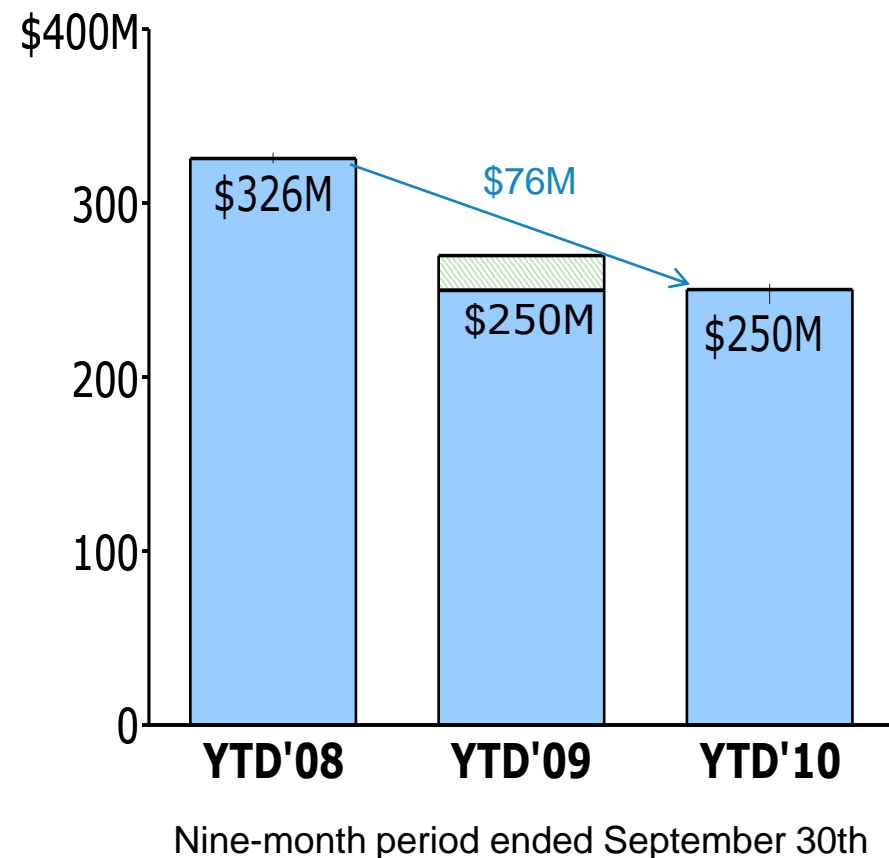
- Revenue up 6.4% YoY
- Growth in Video (+3.4%) & Audio (+10.6%)
- Modest adverse CX impact YoY
- Organic growth + M&A
- M&A: media asset mgt & digital consoles
- Supply chain challenges impacted YTD revenue

Non-GAAP gross margin



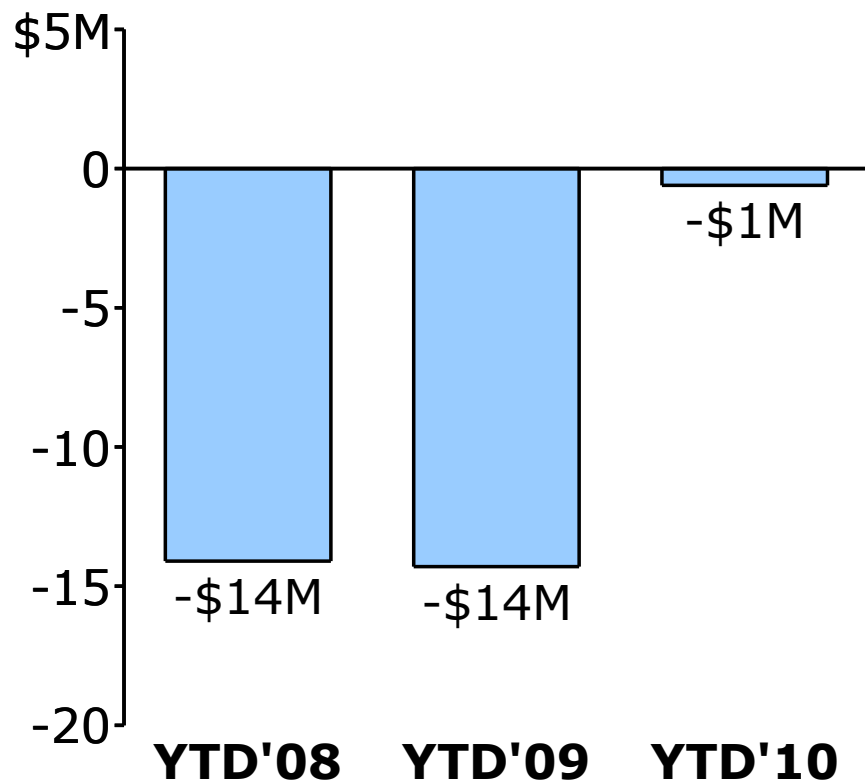
- Focused on continued improvement
 - Product mix → higher margins
 - Leverage & scale
 - Reduction of “fixed” overhead
 - Professional services utilization
- Modest adverse impact from CX rates YTD
- Sequential improvement in 2010

Non-GAAP operating expense



- YTD'10 flat with YTD'09
- YTD'10 includes about \$20M of expense related to reinstatement of suspended pay practices + M&A not in YTD'09
- Operational improvements offset return to regular pay practices and M&A expense
- Continue to improve productivity to lower our expense base

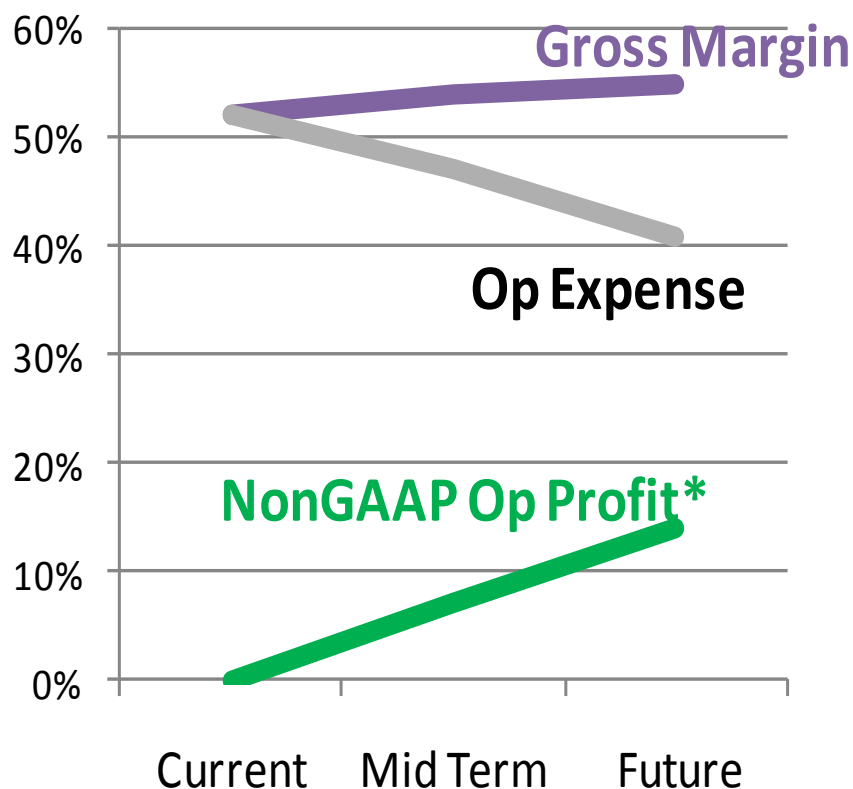
Non-GAAP operating loss



Nine-month period ended September 30th

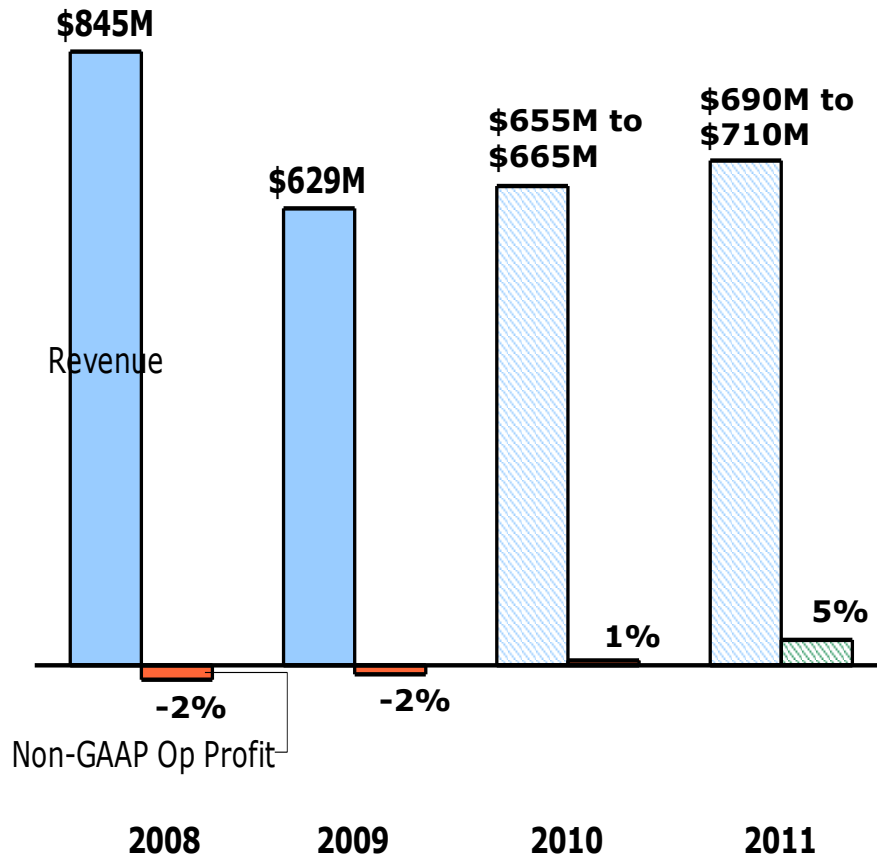
- Approaching breakeven on a YTD basis
- Revenue growth plus operational improvements
- Invested in M&A to accelerate revenue growth
- Investing in systems and other selected areas to improve operational efficiency

Operating leverage



- Longer-term goal is mid-teen non-GAAP operating margins
- Assumes revenue growth and improvements to business model
 - Incremental revenue dollar drives 50%+ operating profit
- Continue focus on reduced infrastructure and improved gross margin
- NOL carry-forward will minimize tax impact

Expectations for 2010 & 2011



- **Guidance as of November 11, 2010**
- Revenue ranges:
 - 2010 = \$655 to \$665 million
 - 2011 = \$690 to \$710 million
- Non-GAAP operating margin target:
 - 1% of revenue for 2010
 - 5% of revenue for 2011
- Non-GAAP taxes & interest, net:
 - \$10 million for 2010
 - \$10 – \$13 million for 2011
- Non-GAAP excludes GAAP charges:
 - \$37 to \$40 million for 2010
 - \$32 to \$37 million for 2011

In summary



- Near the end of 'get healthy' phase
- Positive signs our markets are stabilizing
- Market leading products and solutions position us for revenue growth
- Expanding gross margins
- Infrastructure in place → continue to improve operating margin leverage
- Meaningful step forward in 2011 towards our long-term model

