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Avid Announces Pricing of \$125 Million Offering of Convertible Senior Notes Due 2020

BURLINGTON, Mass., June 10, 2015 (GLOBE NEWSWIRE) -- Avid (Nasdaq:AVID) today announced the pricing of an offering of \$125 million aggregate principal amount of its convertible senior notes due 2020 (the "notes") in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Act"). The size of the offering was increased from the previously announced \$115 million aggregate principal amount. Concurrently with the pricing of the notes, Avid entered into a capped call transaction with an affiliate of one of the initial purchasers. The sale of the notes is expected to close on June 15, 2015, subject to customary closing conditions.

Avid also granted the initial purchasers of the notes an option to purchase up to an additional \$15.0 million aggregate principal amount of the notes.

The notes will be senior unsecured obligations of Avid, and interest will be payable semi-annually at a rate of 2.00% per annum. The notes will mature on June 15, 2020, unless converted or repurchased in accordance with their terms prior to such date. Prior to December 15, 2019, the notes will be convertible at the option of holders only upon the occurrence of specified events or during certain periods; thereafter, until the second scheduled trading day prior to maturity, the notes will be convertible at the option of holders at any time.

The conversion rate for the notes will initially be 45.5840 shares per \$1,000 principal amount of notes, which is equivalent to an initial conversion price of approximately \$21.94 per share of Avid's common stock ("Common Stock"), and is subject to adjustment in certain circumstances. The initial conversion price represents a premium of approximately 35% to the \$16.25 per share last reported sale price of the Common Stock on June 9, 2015. Upon conversion, Avid will pay or deliver, as the case may be, cash, shares of Common Stock or a combination of cash and shares of Common Stock, at Avid's election. Avid will not have the right to redeem the notes prior to maturity.

In connection with the pricing of the notes, Avid entered into a capped call transaction with an affiliate of one of the initial purchasers (the "option counterparty"). The capped call transaction is expected generally to reduce potential dilution to the Common Stock and/or offset cash payments Avid would have to make in excess of the principal amount of any converted notes in the event that the market price per share of Common Stock, as measured under the terms of the capped call transaction, is greater than the strike price of the capped call transaction, which will initially correspond to the conversion price of the notes and be subject to anti-dilution adjustments substantially similar to those applicable to the conversion rate of the notes. The cap price under the capped call transaction will initially be \$26.00 per share, which represents a premium of 60% over the last reported sale price of the Common Stock on June 9, 2015, and is subject to certain adjustments under the terms of the capped call transaction.

In connection with establishing its initial hedge of the capped call transaction, the option counterparty and/or its affiliates expect to enter into various derivative transactions with respect to the Common Stock and/or purchase Common Stock in secondary market transactions concurrently with or shortly after the pricing of the notes. This activity could increase (or reduce the size of any decrease in) the market price of the Common Stock or the notes at that time.

In addition, the option counterparty and/or its affiliate may modify their hedge positions by entering into or unwinding various derivatives with respect to the Common Stock and/or purchasing or selling the Common Stock or other securities of Avid in secondary market transactions following the pricing of the notes and prior to the maturity of the notes (and are likely to do so during, and potentially prior to, any observation period related to a conversion of notes). This activity could also cause or avoid an increase or a decrease in the market price of the Common Stock or the notes, which could affect the ability of holders to convert the notes and, to the extent the activity occurs during any observation period related to a conversion of notes, it could affect the number of shares and/or value of the consideration that holders will receive upon conversion of the notes.

Avid intends to use the net proceeds from the offering of the notes to fund Avid's acquisition of Orad Hi-Tec Systems, Ltd. and pay the cost of the capped call transaction. Avid also (i) intends to use a portion of the remaining net proceeds from this offering to repurchase shares of its Common Stock, (ii) may use up to \$18.4 million of the remaining net proceeds from this offering to repay outstanding borrowings under Avid's senior secured revolving credit facilities with Wells Fargo Capital Finance, LLC, and (iii) intends to use the remaining proceeds from this offering for working capital and other general corporate purposes.

If the initial purchasers exercise their option to purchase additional notes, Avid may enter into an additional capped call transaction with the option counterparty. In connection with the offering, Avid's Board of Directors authorized the repurchase of up to \$20 million of Common Stock (inclusive of the capped call transaction), concurrently with the consummation of the offering

and thereafter from time to time.

This press release is neither an offer to sell, nor a solicitation of an offer to buy, any of these securities and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale is unlawful. Any offer of these securities will be made only by means of a private offering memorandum. The notes and the shares of Common Stock issuable upon conversion of the notes, if any, will not be registered under the Act or any state securities laws, and unless so registered, may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Act and applicable state laws.

About Avid

Through Avid Everywhere™, Avid delivers the industry's most open, innovative and comprehensive media platform connecting content creation with collaboration, asset protection, distribution and consumption for the most listened to, most watched and most loved media in the world—from the most prestigious and award-winning feature films, music recordings, and television shows, to live concerts and news broadcasts. Industry leading solutions include Pro Tools®, Media Composer®, ISIS®, Interplay®, and Sibelius®.

Special Note: *The statements in this release that are not strictly historical, including, without limitation, statements regarding the expected terms of the notes, Avid's intended use of the proceeds of the offering constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements involve certain risks and uncertainties and, therefore, actual results may differ materially from what is expressed or implied herein. The proposed offering is subject to market conditions, customary closing conditions. There can be no assurance that the offering will be consummated on favorable terms or at all. Factors that could cause results to differ materially from those expressed or implied by such forward-looking statements include, but are not limited to, economic and other conditions in the markets in which Avid operates and the other risks discussed in Avid's Form 10-K and our other filings made with the Securities and Exchange Commission. Many of the factors that will determine Avid's future results and ability to complete the offering are beyond the ability of management to control or predict. Readers should not place undue reliance on the forward-looking statements in this release as they reflect management's views only as of the date hereof. Avid undertakes no obligation to revise or update any of the forward-looking statements contained in this release or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.*

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CONTACT: PR Contact:

Avid

Lisa Kilborn

lisa.kilborn@Avid.com

617.285.2288

Investor Contact

Avid

Tom Fitzsimmons

tom.fitzsimmons@avid.com

978.640.3346



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