





# Welcome

# Safe Harbor Statement

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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, Nov. 11<sup>th</sup>, 2010 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.avid.com](http://www.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, available on a forward-looking basis and the differences between our future GAAP and non-GAAP financial measures could be substantial.







# Consumer to Enterprise the media explosion is now





Uniquely positioned  
to capitalize now



Consumer to Enterprise

Capitalizing on the  
consumer explosion

# Consumer media explosion

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- Media is moving multi-platform, fast
- Facebook is the world's 3<sup>rd</sup> most populated country
- In the next ten minutes over **240 hours** of new video will be uploaded to YouTube



# Consumer market leadership



- Video
  - 12 million consumer editor licenses sold
  - #1 in U.S. for revenue on Windows
- Audio
  - Recognized leader for audio, mixing and recording tools
  - Over a quarter million keyboards sold per year
  - #1 in U.S. Studio Monitor unit sales





# Consumers Creating with Avid



- B-to-C companies are connecting and monetizing
- Our customers are contributing and capitalizing





# Capitalizing on the Enterprise explosion

# Enterprise media explosion





# Enterprise media explosion

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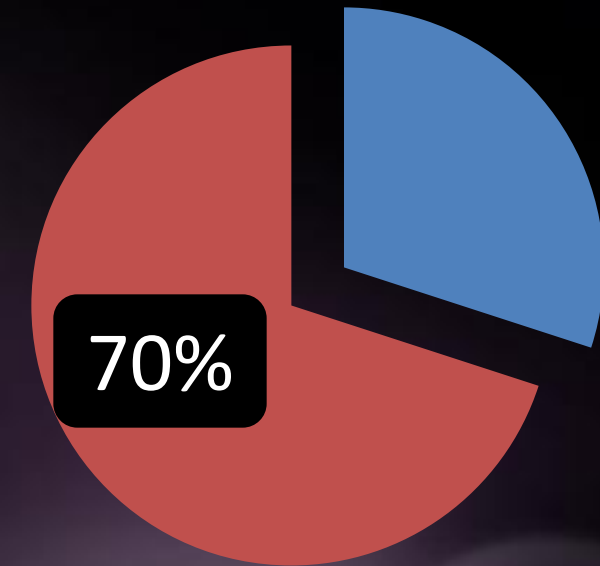
- 1000s of programming hours
- Millions of assets to manage
- International distribution
- More content for less



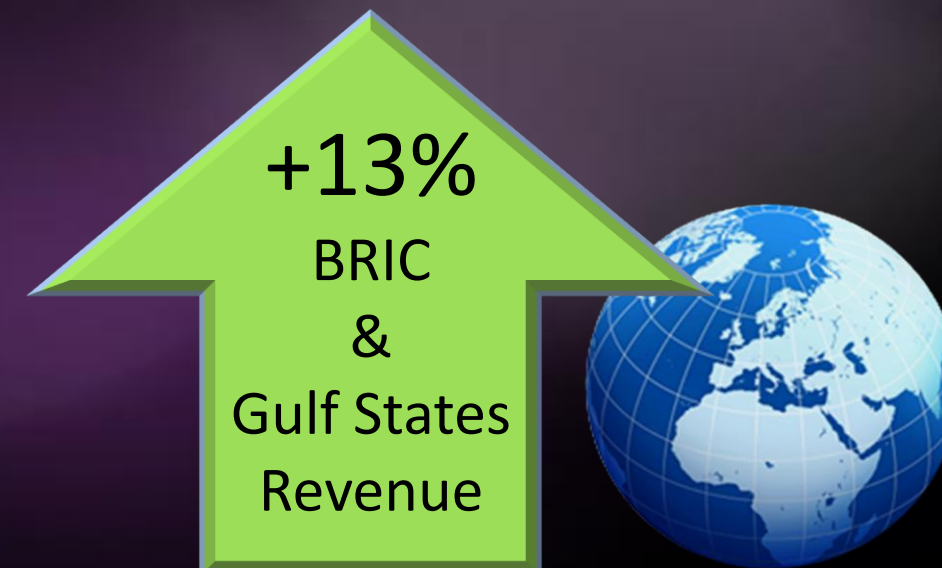
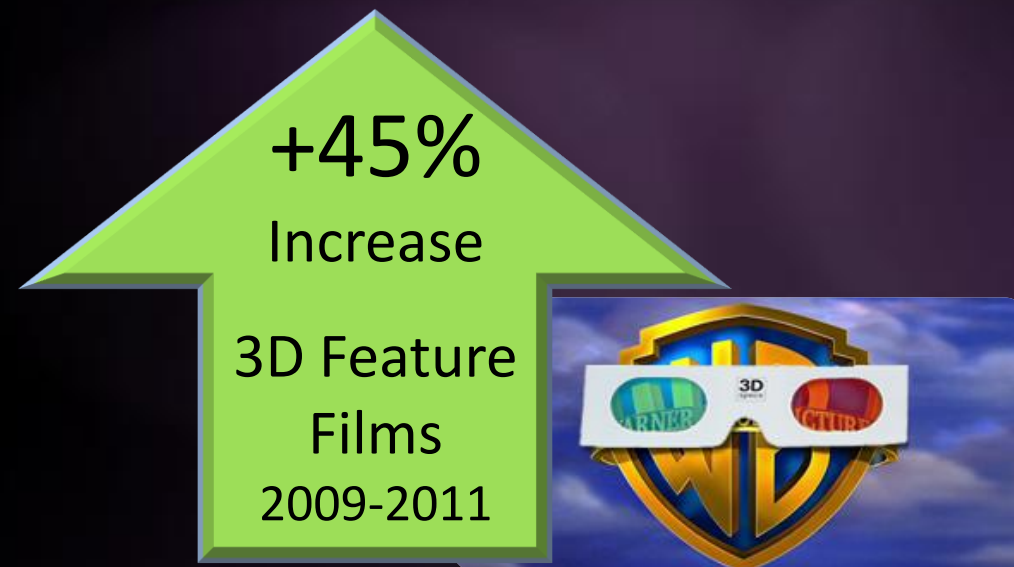
# Macro Drivers



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



Global Broadcasters not HD



# Enterprise market leadership



- Award winning content creation tools
- Best of breed open workflows
  - Over 750 Interplay installations to date
- We continue to invest in technology to maximize opportunity



Avid Media Access

The image shows a screenshot of the Avid Media Access software interface. It features a timeline at the top with a timecode of 01:00:46:11. Below the timeline are several tracks labeled V1, A1, and A2, each containing video and audio clips. The interface is dark-themed with various icons and controls.

Integrated Media Enterprise

The image shows a screenshot of the Integrated Media Enterprise software interface. It features a large, curved, cylindrical display showing a collage of various images, including a classical building, a person, and a landscape. The interface is dark-themed with various icons and controls.



Uniquely  
positioned to win

# Market Dynamics



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



# Uniquely positioned to win

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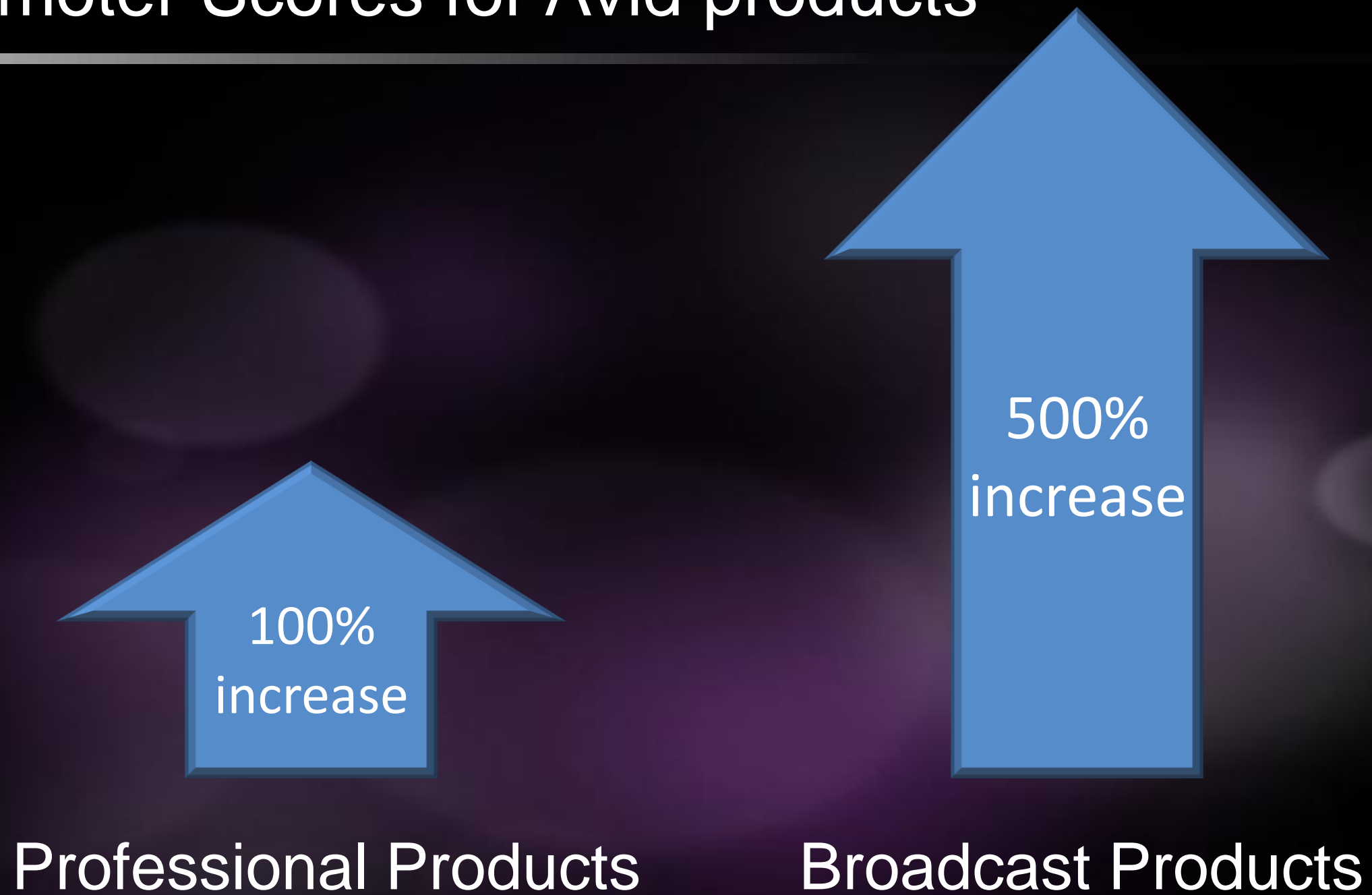


- We're collaborating with our customers
- Our “flagship” products empower individuals to create
- Our workflows and infrastructure empower growth

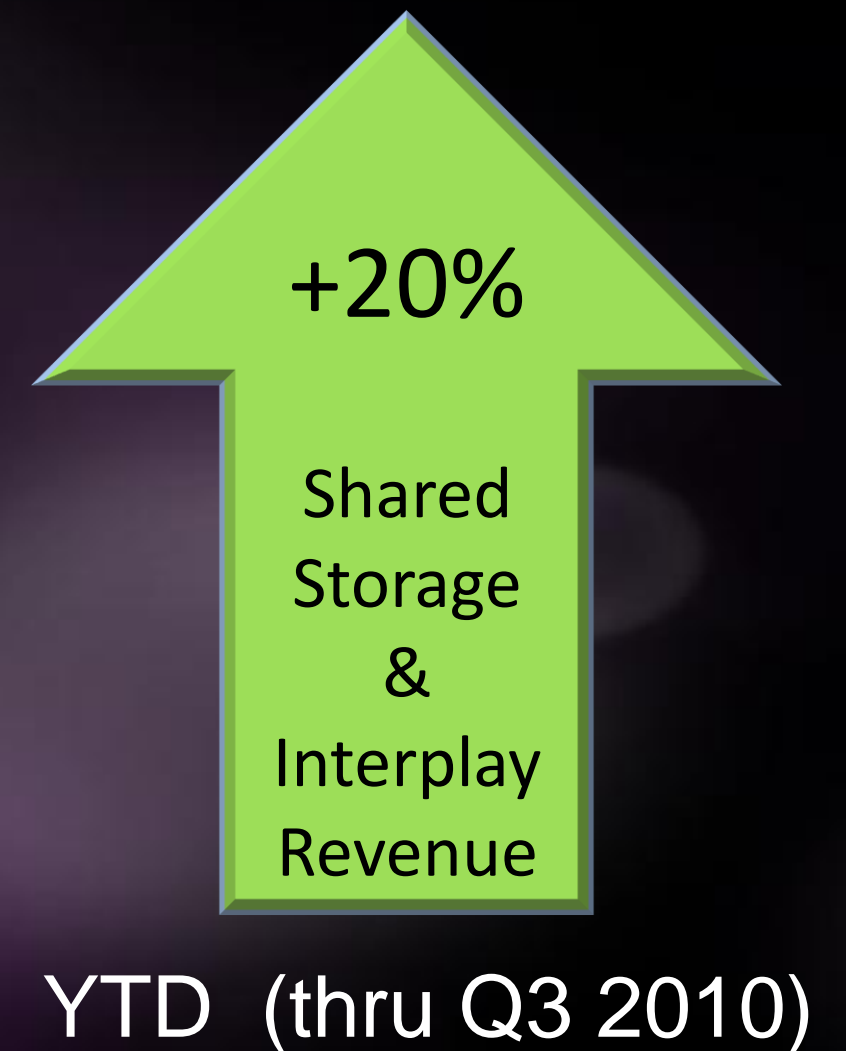
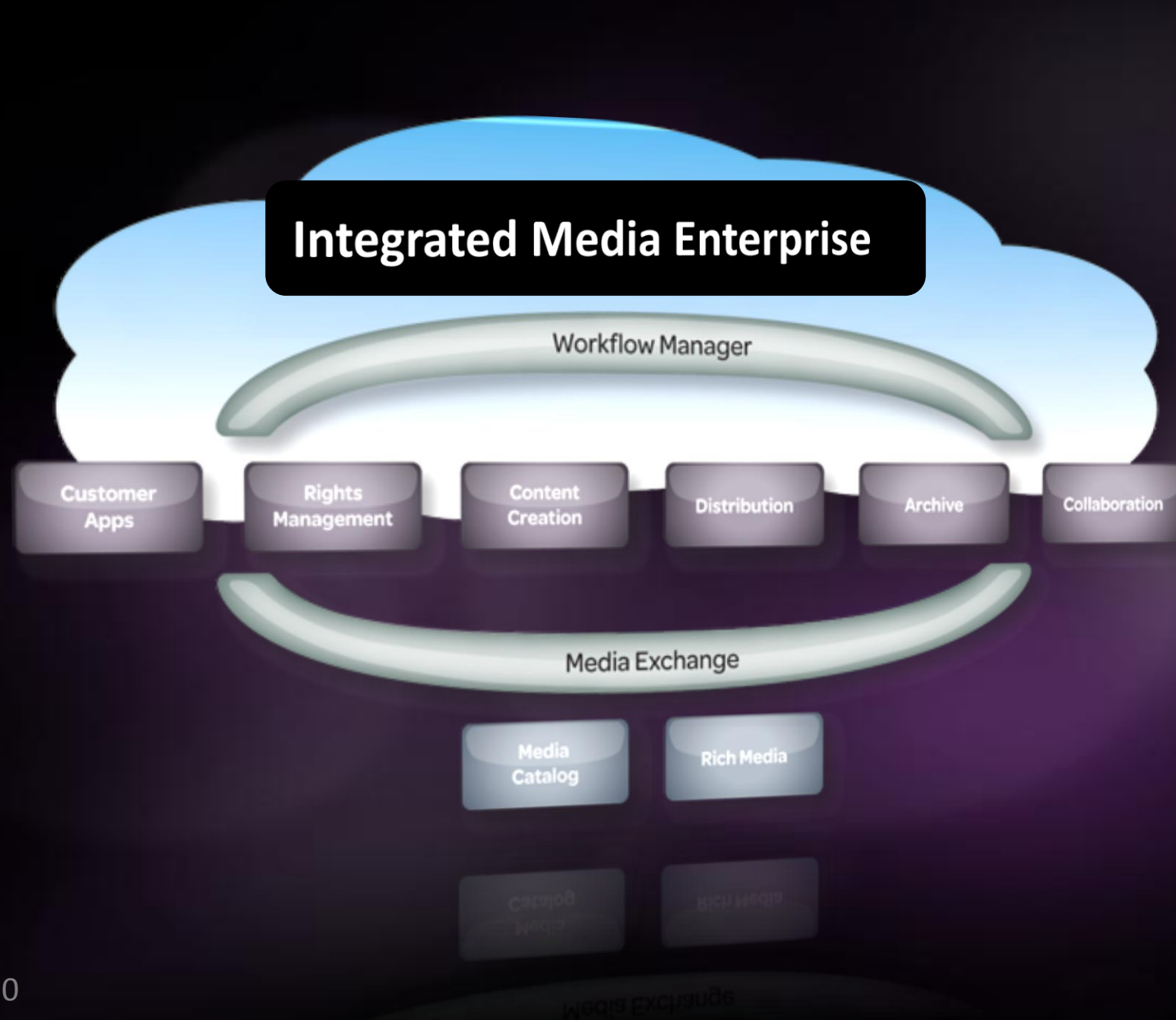


# Net Promoter Scores for Avid products

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# Workflows and infrastructure





# Live Sound



YTD (thru Q3 2010)



# Media Composer Family



+9%

Media  
Composer  
Family  
Revenue

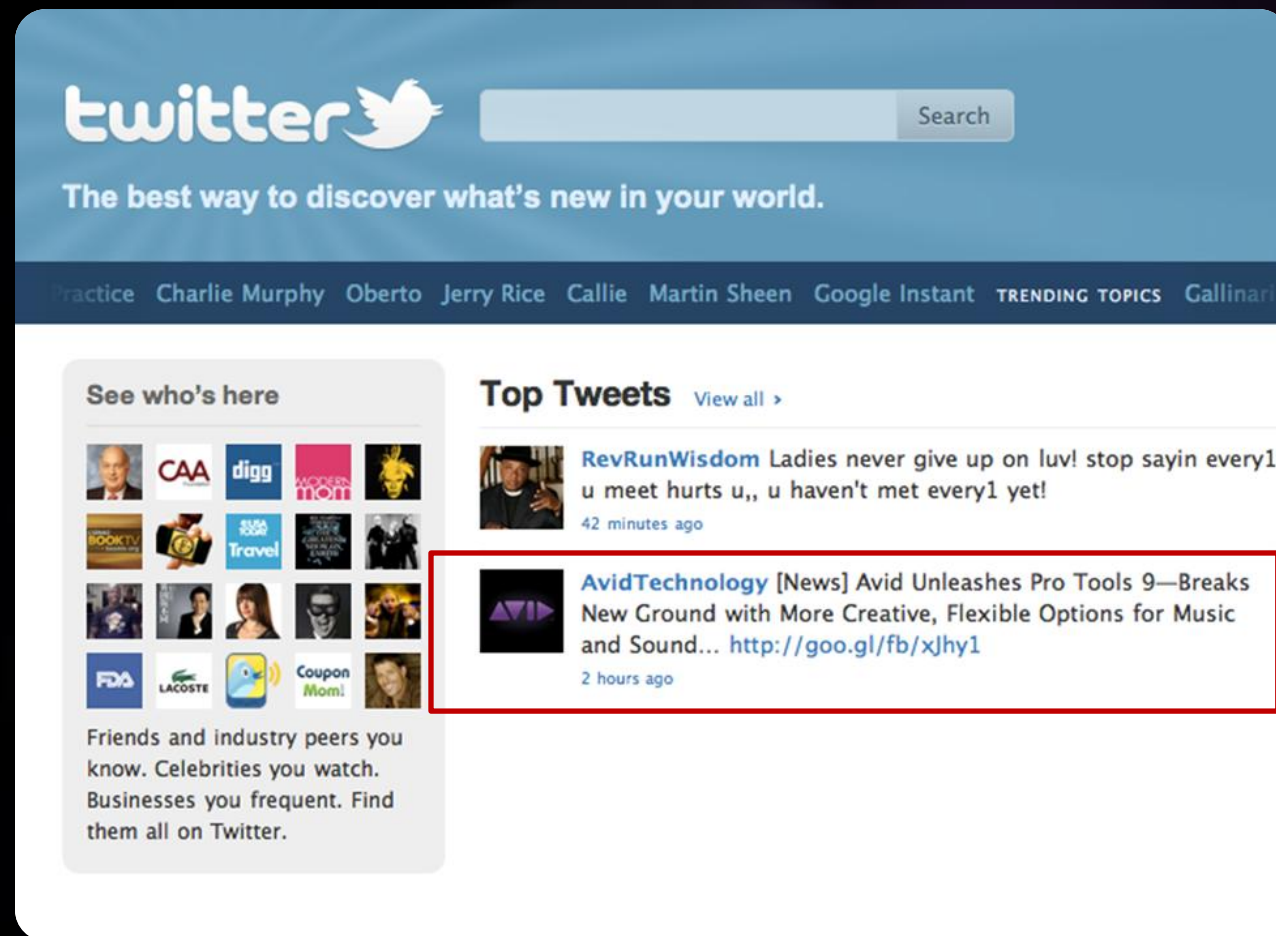
YTD (thru Q3 2010)

+7%  
CAGR  
Video  
NLE  
Market

2009 - 2016

Source - Frost and Sullivan

# Pro Tools 9 launch



## After day 1

- Over 70,000 web page visits
- Google Top 10 Search
- Top Tweet on Twitter

## After day 5

- Over 250,000 web page visits

# Pro Tools launch

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What people were saying

*“You have forever changed my life.”*

*“HD on my laptop, WOOHOOO!”*

*“I’m starting to fall in love with Avid.”*

*“What we’ve all been waiting for”*

*“Goodbye Cubase, Goodbye Logic, this is it!”*

*“My studio will be ohhh-mazing!!!”*





# Driving growth



# Driving growth

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- The right markets
- The right products and solutions
- The right distribution strategy

# Summary

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- The media explosion is happening now
- Avid is uniquely positioned to capitalize and help key markets succeed
- We continue to invest in our growth
- We are seeing positive results





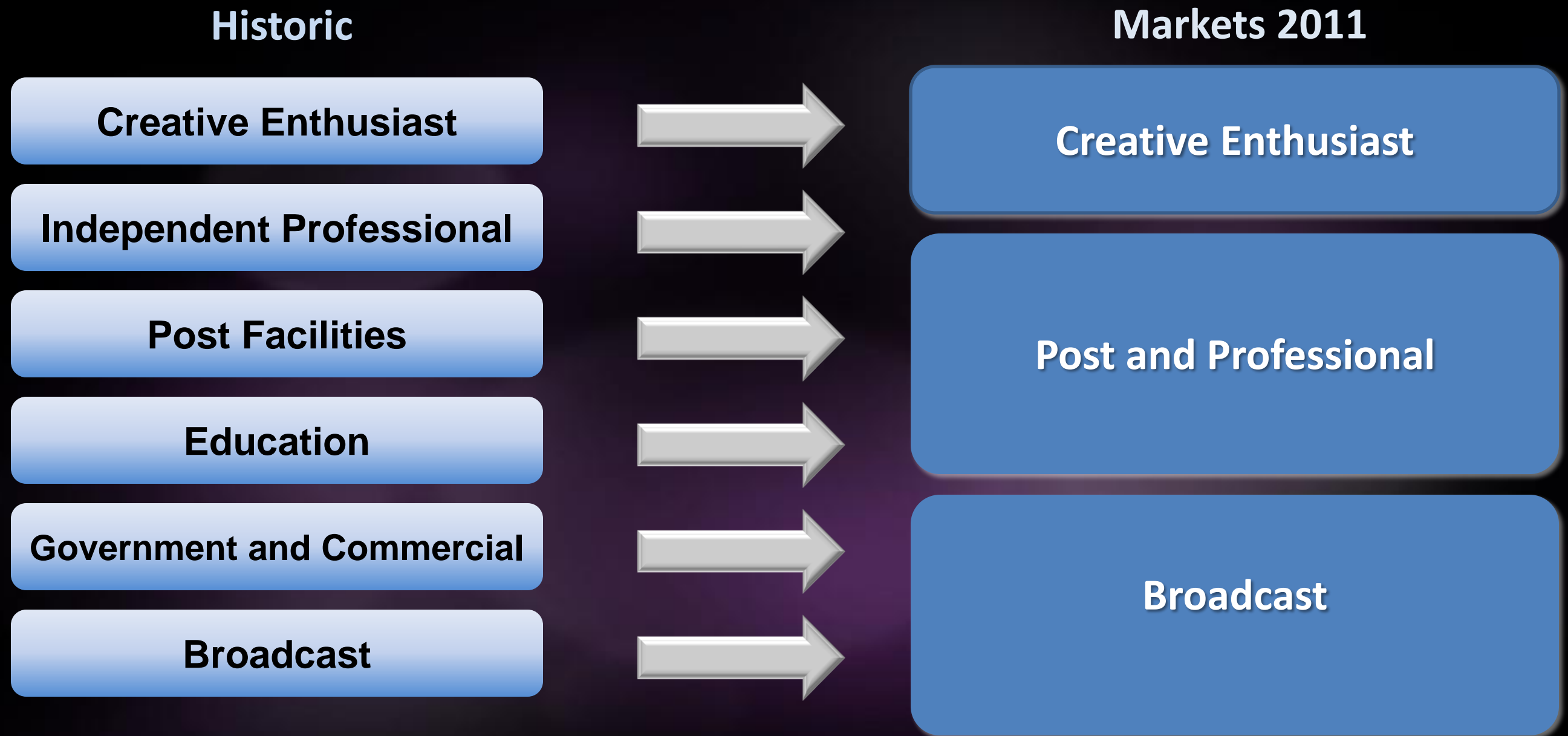
Our customers





# The right markets

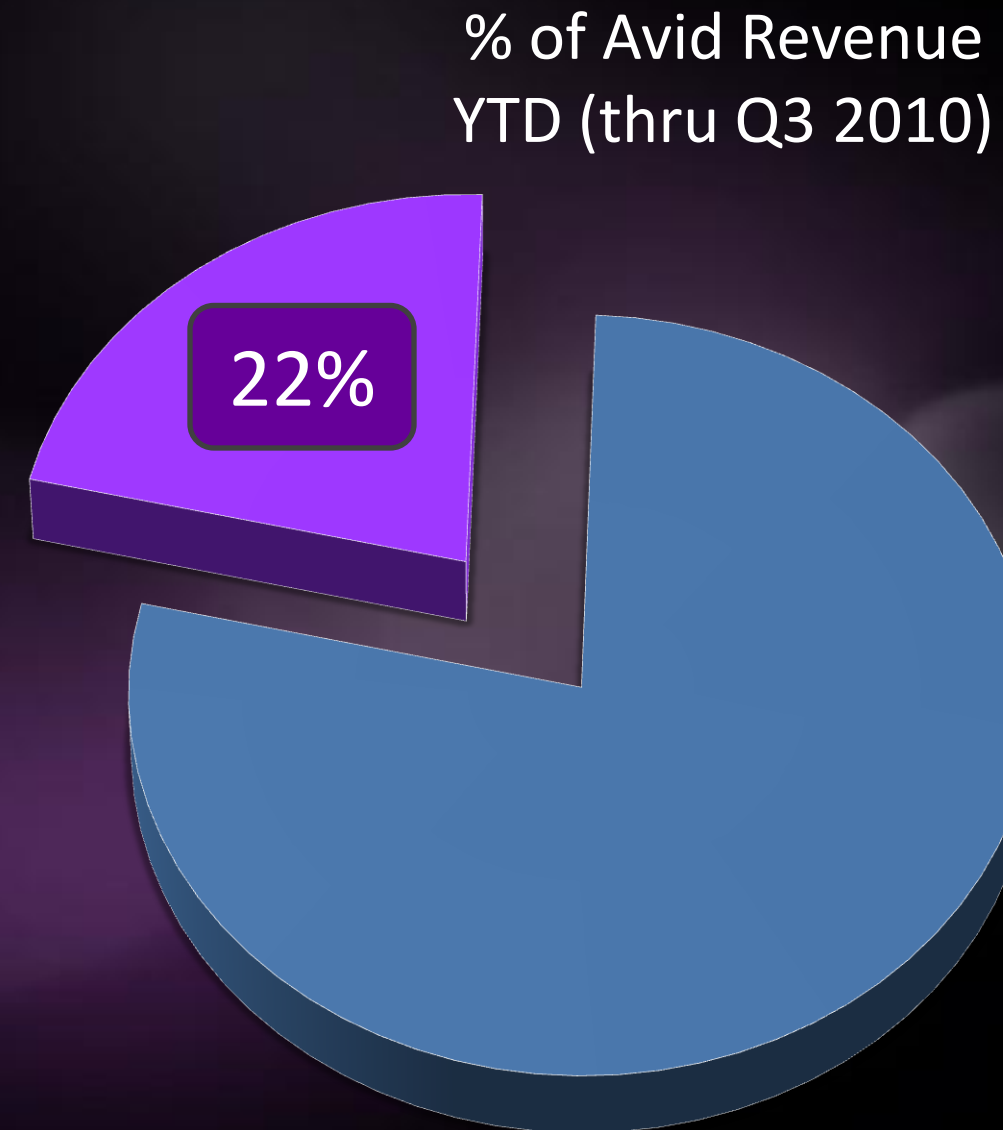
# Go-to-market Approach



# Creative Enthusiast



- \$700M market opportunity
- 3-5% CAGR 2010-2012
- 22% of Avid's revenue



# Creative Enthusiast



- People who create and share audio and video media
  - Home video makers
  - Aspiring musicians
  - DJs
  - Serious hobbyists
- **Value Proposition**
  - *Create and share media content like a pro*



# Creative Enthusiast



- **How we'll win**

- Deepen partnerships with retail channel
- Accelerate expansion into e-tail
- Bundle products for easy-to-use solutions
- Focus on up-sell and cross-sell opportunities

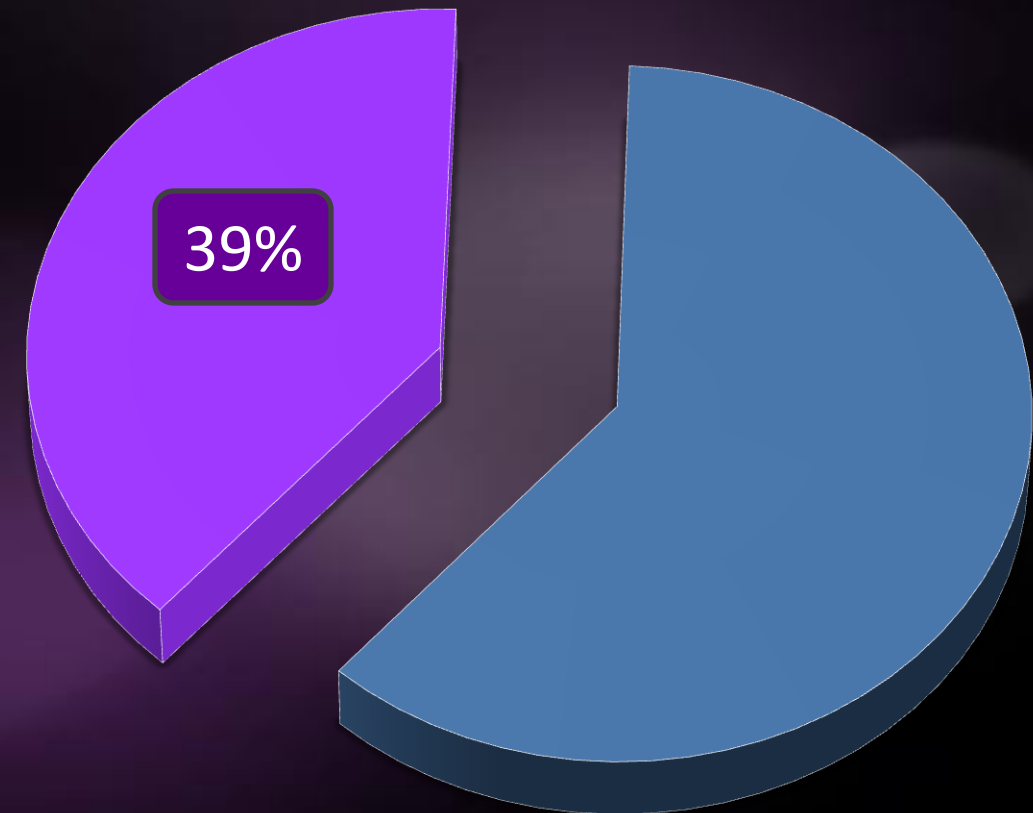


# Post and Professional



- \$3.1B market opportunity
- 5-6% CAGR 2010-2012
- 39% of Avid's revenue

% of Avid Revenue  
YTD (thru Q3 2010)





# Post and Professional



- Individuals and businesses who focus on creating and distributing entertainment media
  - Educators and students
  - Enterprise content creators
  - Independent editors and audio engineers
  - Post facilities
  - Musicians and composers
- **Avid Value Proposition**
  - *The most innovative set of tools to take your creativity to the highest levels*



# Post and Professional



- **How we'll win**

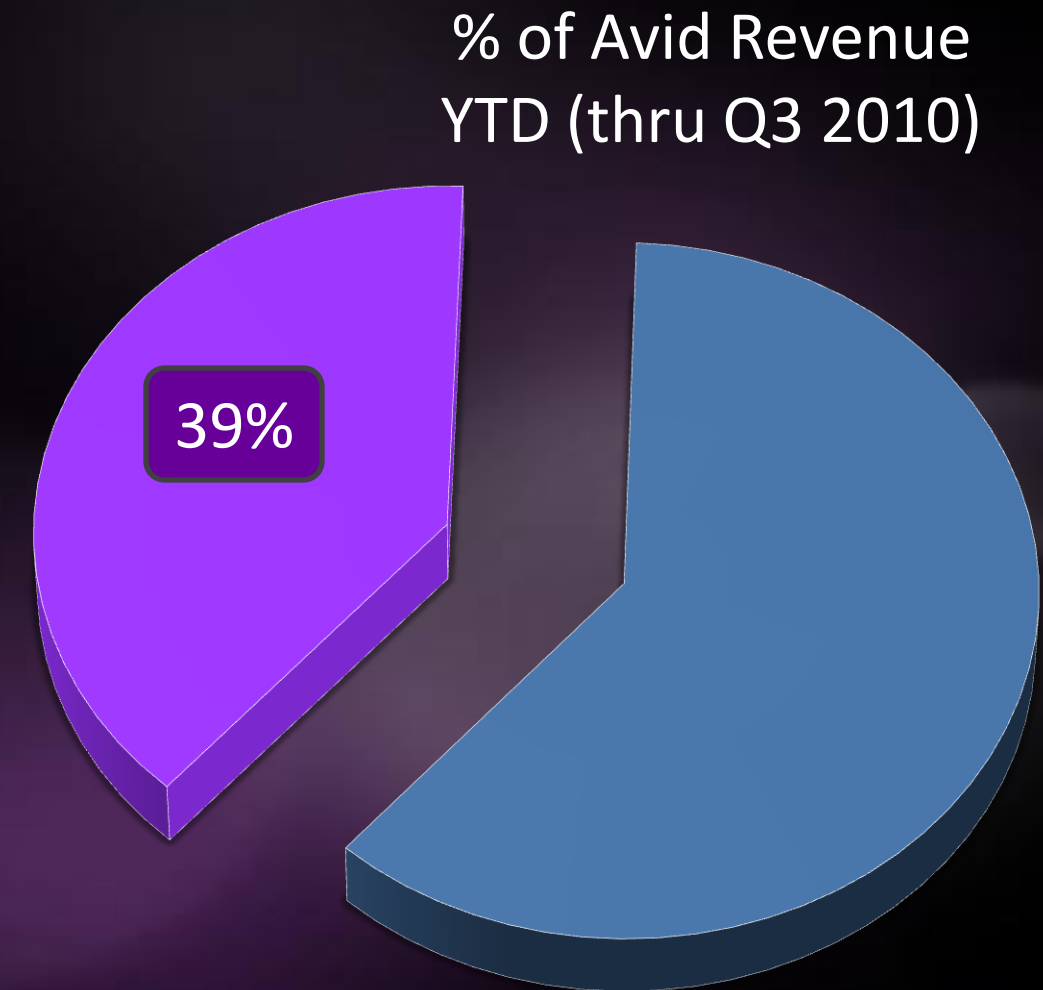
- Lead in workflow innovation, openness, and interoperability
- Increase share of education and independent professionals
- Leverage channels
- Advanced solutions for video editing and audio
- Focus on emerging markets







- \$2.4B market opportunity
- 6-8% CAGR 2010-2012
- 39% of Avid's revenue



# Broadcast



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

- **Avid Value Proposition**

- *Run your operation more efficiently and get the most out of your media assets*



# Broadcast



- **How we'll win**
  - Reliable end-to-end open solutions
  - Deliver on the Integrated Media Enterprise
  - Penetrate emerging markets



NationalTele@nsultants®





# Summary





# Integrated Media Enterprise

# Enterprise media explosion



- Content coming from everywhere
- 1000s of programming hours
- Millions of assets to manage
- International distribution
- More content for less



# Our customers used to work this way...



Linear Workflow



But it's all different now. Today customers are faced with...





# Customers are at a critical crossroad, driven by business need

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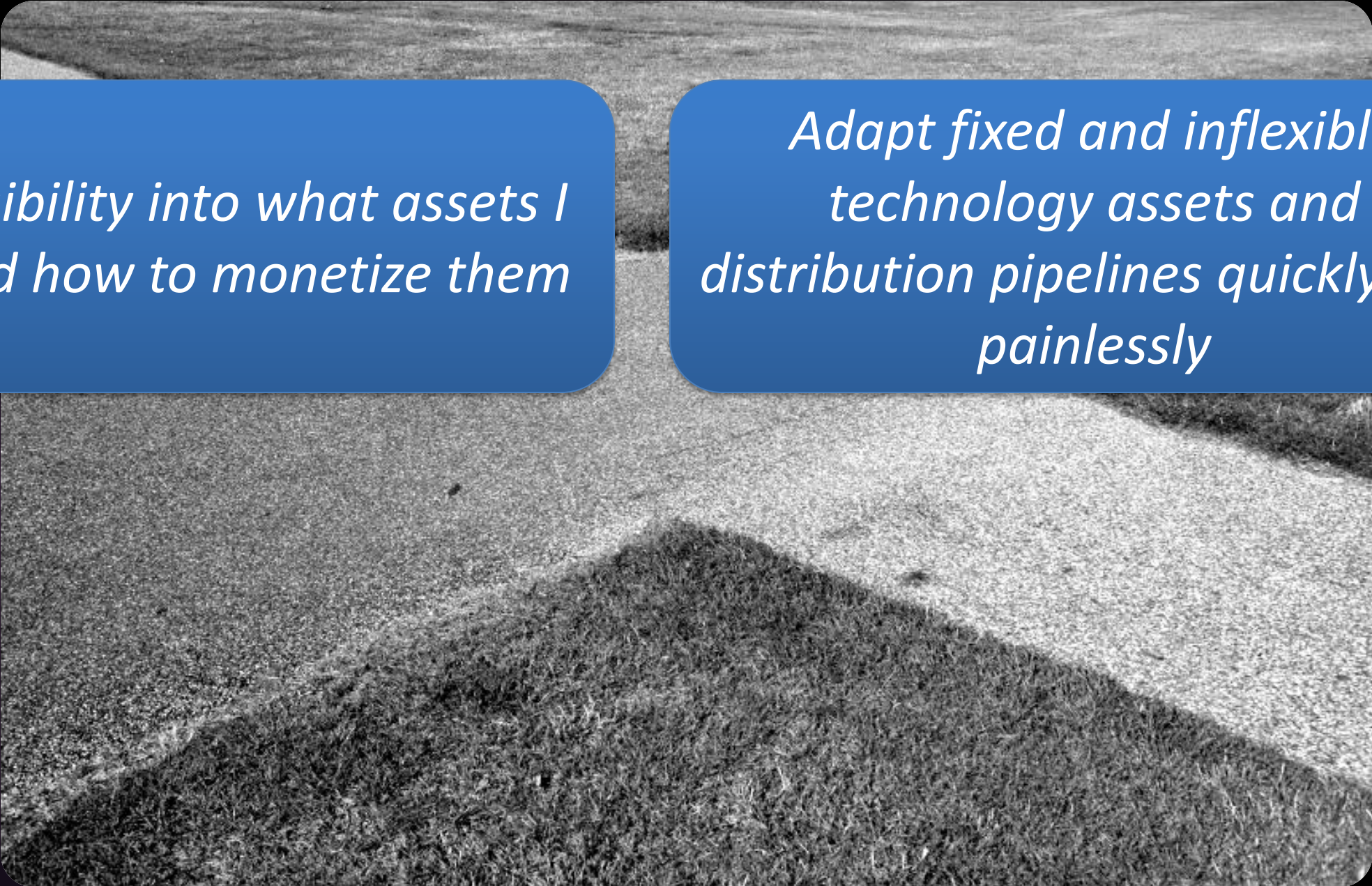
# Customers are at a critical crossroad, driven by business need



*Gain visibility into what assets I own and how to monetize them*



# Customers are at a critical crossroad, driven by business need


A black and white photograph of a road that splits into two paths, one leading towards the horizon and the other curving downwards into a grassy field, symbolizing a critical crossroad.

*Gain visibility into what assets I own and how to monetize them*

*Adapt fixed and inflexible technology assets and distribution pipelines quickly and painlessly*



# Customers are at a critical crossroad, driven by business need

A black and white photograph of a road that splits into two paths, one leading towards the horizon and the other branching off to the right, set against a grassy field.

*Gain visibility into what assets I own and how to monetize them*

*Adapt fixed and inflexible technology assets and distribution pipelines quickly and painlessly*

*Use technology to create new business models that break down the silos to improve integration and collaboration*



# Customers are at a critical crossroad, driven by business need



*Gain visibility into what assets I own and how to monetize them*

*Adapt fixed and inflexible technology assets and distribution pipelines quickly and painlessly*

*Use technology to create new business models that break down the silos to improve integration and collaboration*

*Re-shape how I manage teams and workflows in a global environment*

# Customer path forward: Integrated Media Enterprise

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Get a clear picture of what they own and what it's worth



Promote collaboration across their entire business



Respond to new business opportunities quickly



# The Integrated Media Enterprise

Workflow Manager

Customer Apps

Rights  
Management

Content  
Creation

Distribution

Archive

Collaboration

Media Exchange

Media Catalog

Rich Media

# Customers and partners realizing value from IME today



“By building an *integrated media enterprise*, Avid is empowering organizations to *dramatically improve business processes, increase revenues and be more competitive.*”

Mike Lavonen  
Head of Programming  
YLE



- IME foundation implemented
- Leveraging media across enterprise
- ZDF significantly increased the proportion of assets that they re-used from their archive for their daily programming
- ZDF now saves money for every minute reused since they don't have the expense for new production or buying content



# IME opportunity accelerating



## New product releases deliver openness and interoperability

Interplay MAM



ISIS 5000





## Strategic Partnerships



*“Being as dynamic as the Media & Entertainment market is today, it’s refreshing to hear an industry leader such as Avid is adopting new and open strategies to meet the needs of this changing market.”*

Hossein ZiaShakeri,  
Sr. Vice President, Spectra Logic





A black and white photograph of a baseball field, showing the grass and the base paths. The image is used as a background for the title text.

# Integrated Media Enterprise



# The right technology and solutions





# Making it easy

flexible

open

advantaged

# Redefining audio



Pro Tools<sup>®</sup> 9



Pro Tools Mbox



Omni



Pro Tools  
Native card



# Redefining audio

“The pace of innovation and product development here has just taken off like a rocket.”

-Jonathan Wales  
Sound Re-recording Mixer  
The Last Exorcism, Memento

“In the last year, both dealing with the people at Avid and seeing what’s going on with the products, it’s almost a renaissance.”

-Andrew Scheps  
Mixer, Producer  
U2, Red Hot Chili Peppers

# Audio creation



Axiom Keyboards



GSR Loudspeakers





# Video innovation



## 3D Stereoscopic



## Web -based Editing



# File based workflows



Avid Media Access



ISIS 5000



Interplay MAM

# Open workflows





# Open workflows



Media  
Composer



3<sup>rd</sup> Party Software



Pro Tools



## EUCON Protocol

Apple  
Steinberg  
MOTU  
Propellerhead  
Appleton Live  
Apogee  
Metric Halo  
Tools On Air  
more



Artist Controller



S5 Console



Artist Controller





# Making it easy

flexible

open

advantaged



# Making it easy

“It’s nice to know that when we come back to Avid and say: these are the problems that need to be solved, now we’re actually getting the solutions. That’s very exciting.”

-Jonathan Wales  
Sound Re-recording Mixer  
The Last Exorcism, Momento



# The right distribution strategy

# Multiple Sales Channels



Creative  
Enthusiasts

Avid Web Store  
Etailers  
Retailers



Post and  
Professionals

Direct Sales  
Value Added Resellers  
Distributors  
Indirect Resellers



Broadcast

Direct Sales  
Systems Integrators  
Value Added Resellers



# Avid Channel Network (ACN) complements field resources

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- Avid Strategic Account Managers work with ACN Systems Integrators
- Avid Partner Account Manager's focus on developing resources and skills for our ACN Value Added Resellers
- Avid Distribution Account Managers drive our ACN distribution, indirect and specialty partners
- Avid Retail Account Managers drive Avid's Etail, Ecommerce and Retail partners



- Opportunity
  - Audio market coverage highly fragmented
  - Avid moving over 1000 partners to distribution
  - Best Buy investing in Music Instrument (MI) market
- Results
  - Avid Retail Account Manager develops two year strategy matching Best Buy
  - MI SWAS store count increasing to 104 locations in 2010
  - MI Core store count increasing to 900+ locations by early 2011
  - Training critical component to initiative's success
  - YoY audio sell-through has doubled



# Professional VAR Channel



- Opportunity
  - Streamlining channel coverage model creates increasing opportunity for ACN professional resellers in Southern California
  - Resellers required to make investments in sales and technical resources
  - Avid providing dedicated resources for elite professional resellers
- Results
  - Six new reps in territory
  - Regional revenue up 36% YoY



# Post and Professional



- Opportunity
  - Rainbow Networks interested in Media Asset Management to complement existing Interplay PAM deployment
  - Utilize experience gained in small MAM deployment at Fuse TV
- Results
  - Avid Professional Services delivered RFP stressing unique strengths of solution and company
  - Proof of Concept was delivered demonstrating improvements across PAM /MAM
  - Open nature of solution allowed Avid to act as prime integrating 3<sup>rd</sup> party products
  - Only Avid could deliver both the creative and business solution requirements





# Broadcast



- Opportunity
  - Sharjah TV in the U.A.E embraced file based workflows requiring complete upgrade of their existing broadcast facility
  - Avid is cornerstone of solution providing ingest, editorial, news, storage, and playout; other vendors also part of solution
- Results
  - ACN partner and Systems Integrator, Salam Media Cast manages project on behalf of Sharjah.
  - Avid Professional Services team delivers to SMC open, file based workflow for news and post production
  - Avid's revenue is 40% of total SMC project



# Emerging Markets



- Focus on BRIC, Gulf States
- China Opportunity
  - 470 regional and city broadcaster investing in broadcast solutions
  - Need additional resellers to drive business
- Results
  - Fujian TV, GuangXi TV, PTS all invested in end-to-end Avid workflows
  - Business closed by three different resellers



# E-tail and E-commerce



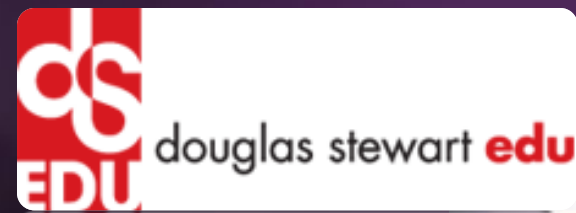
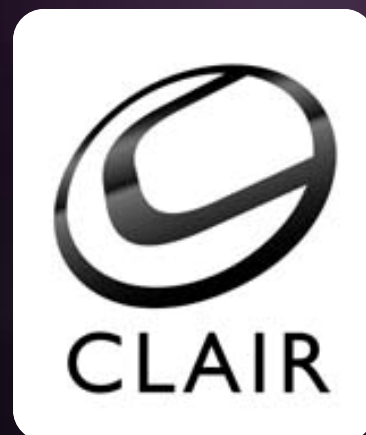
- Avid drives online commerce through partners and own online store
- e-tail partner revenue growing faster than “brick and mortar” revenue
- Increasing investments in our own store fronts
- Extend community to commerce
- Expand use of Virtual Stock Distribution Program globally



# Market focused initiatives



- Live Sound, Education and US Federal Government offer unique opportunities
- Dedicated sales team and partners
- Compelling education and government pricing





# Sales model drives our customers' success

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- Continue enhancing ACN program
- Match sales and channel resources to market segments, driving market segment specialization, additional “feet on street”
- Equip field with new lead generation, account and partner management tools improving productivity per head
- Continue to grow capacity and capability of sales resources



# Financial Overview

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# Financial overview

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- Review of 2010 year-to-date results
- Operating leverage
- Outlook for 2010 & 2011

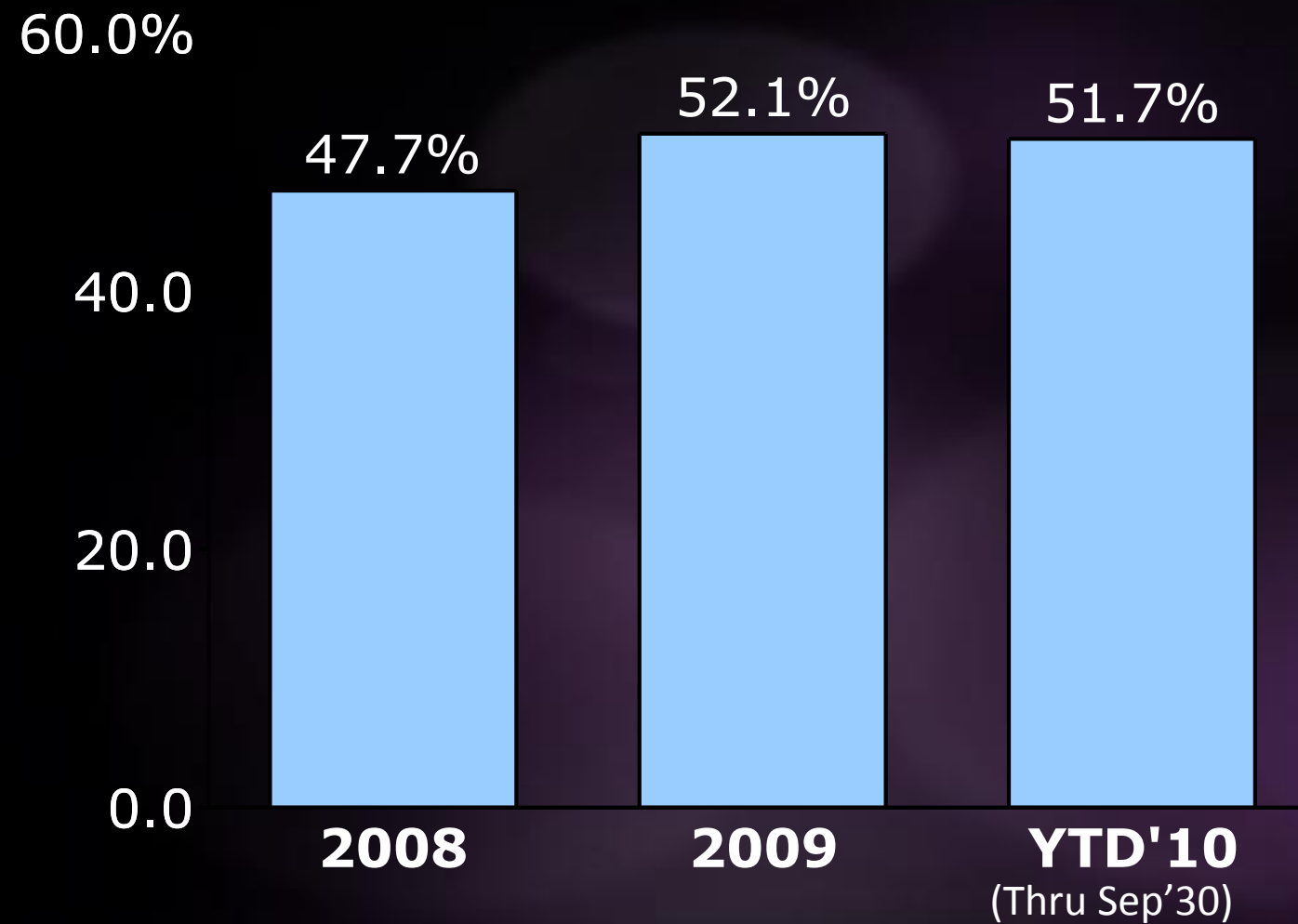


# Revenue results



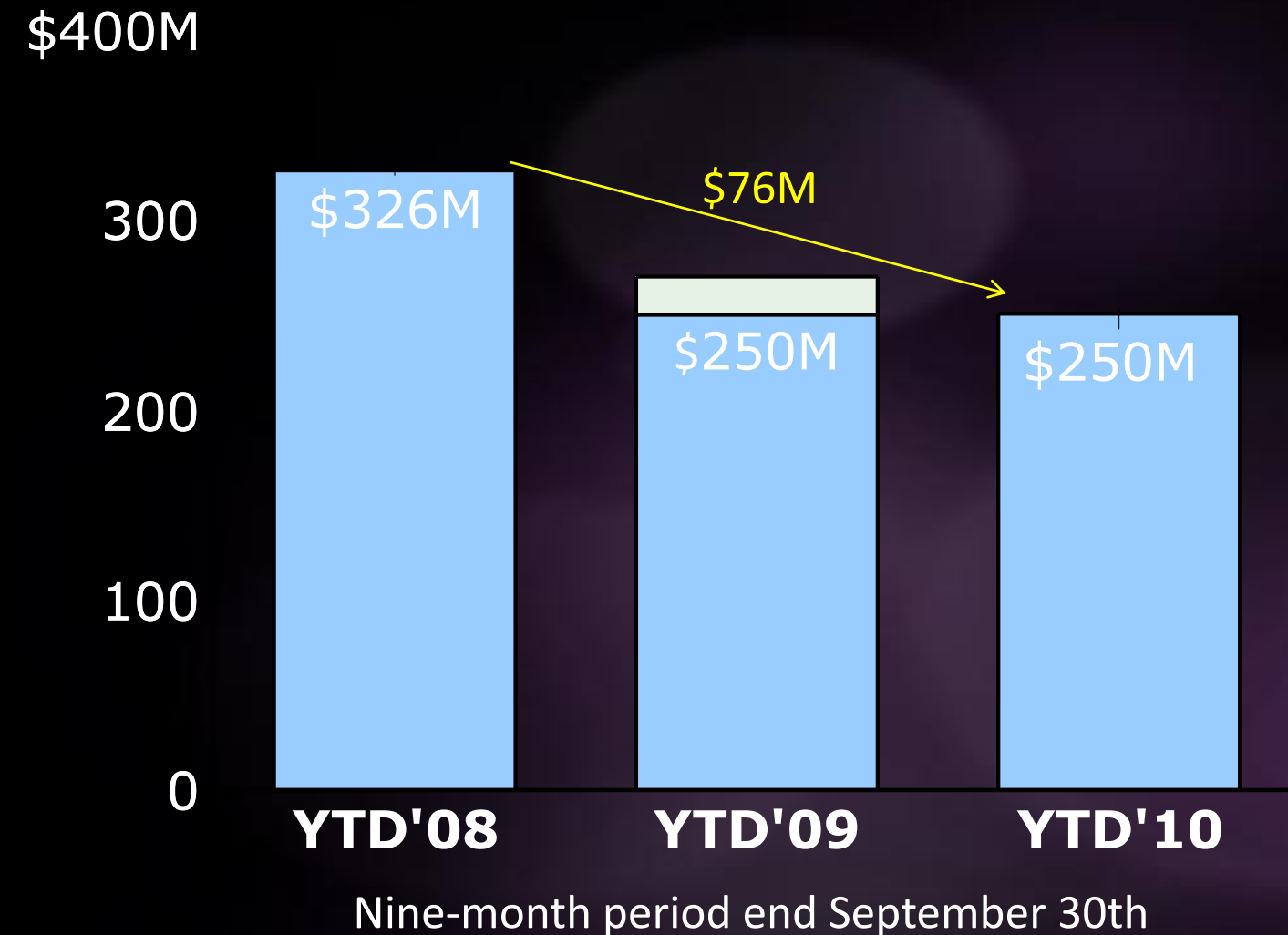
- Revenue up 6.4% YoY
- Growth in Video (+3.4%) & Audio (+10.6%)
- Modest adverse CX impact YoY
- Organic growth + M&A
- M&A: media asset mgt & digital consoles
- Supply chain challenges impacted YTD revenue

# 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

# 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 normal pay practices and M&A expense
- Continue to improve productivity to lower our expense base

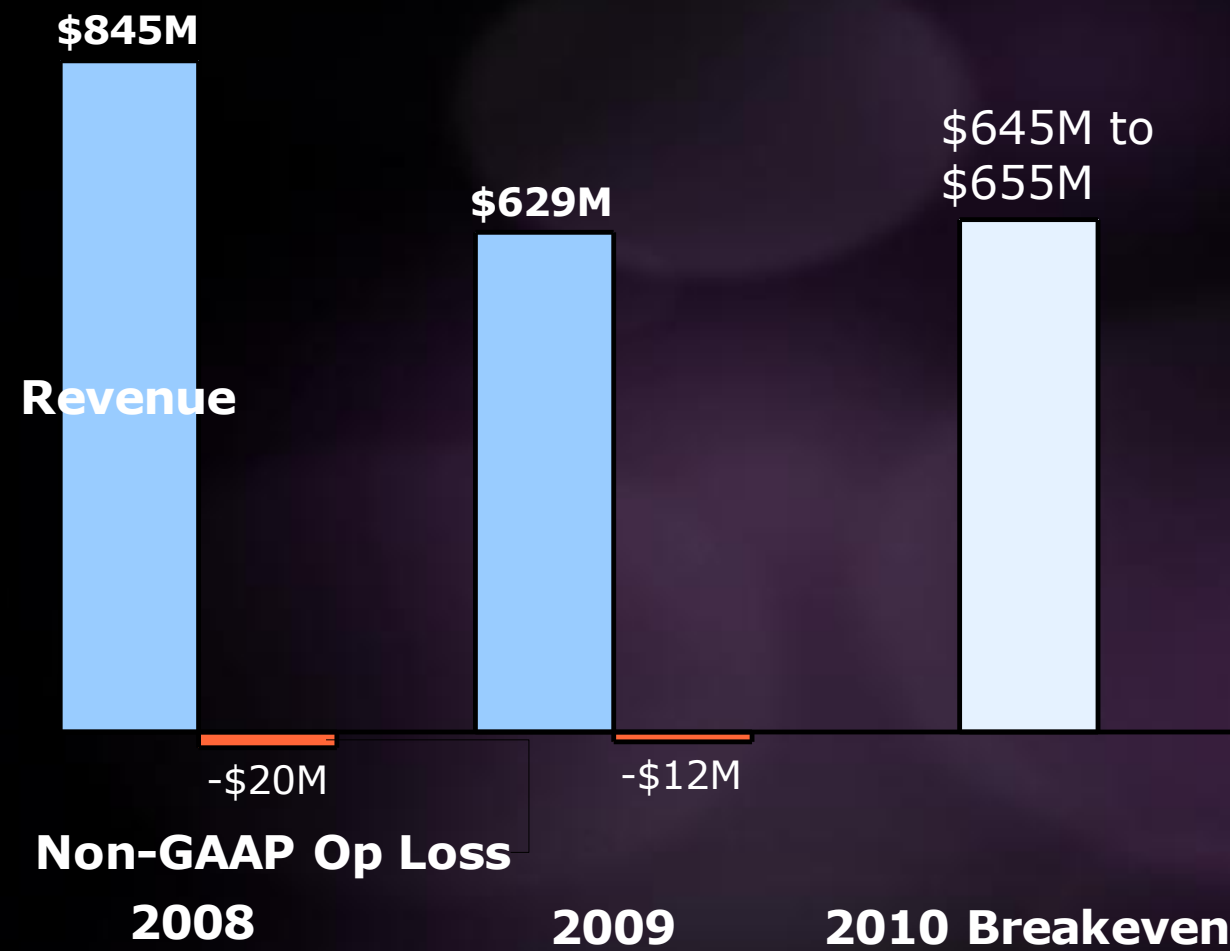
# Non-GAAP operating loss



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

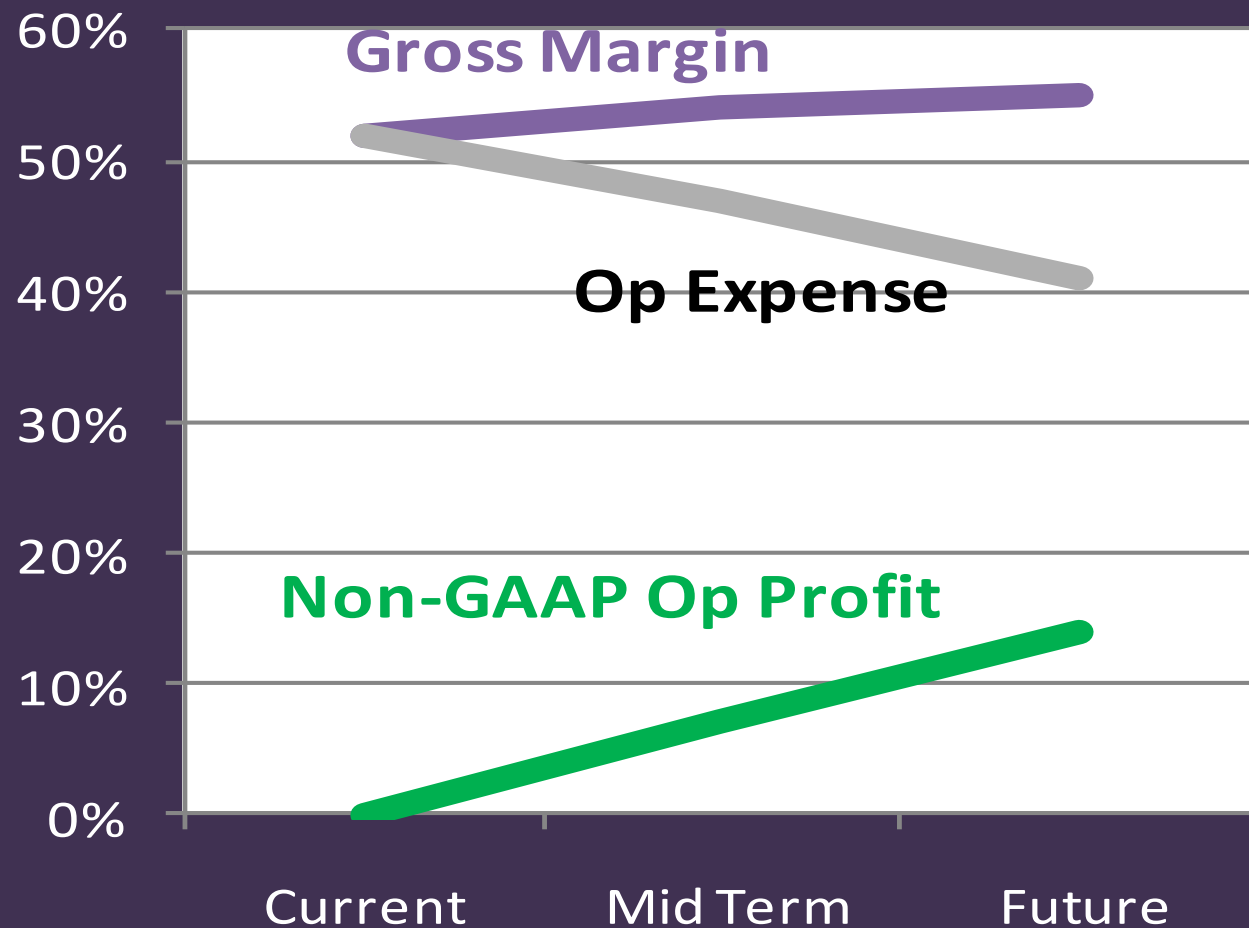


# Business model transformation



- Annual non-GAAP breakeven point lowered by more than \$200 million in revenue from 2008
- 2010 non-GAAP operating margin breakeven at annual revenue of \$645 to \$655 million
- After breakeven each incremental revenue dollar will flow 50% to the non-GAAP operating profit line

# Operating leverage



- Longer-term goal is mid-teen non-GAAP operating margins
- Assumes revenue growth and improvements to business model
- Target is to make meaningful progress in 2011
- Continue focus on reduced infrastructure and improved gross margin
- NOL carry-forward will minimize tax impact

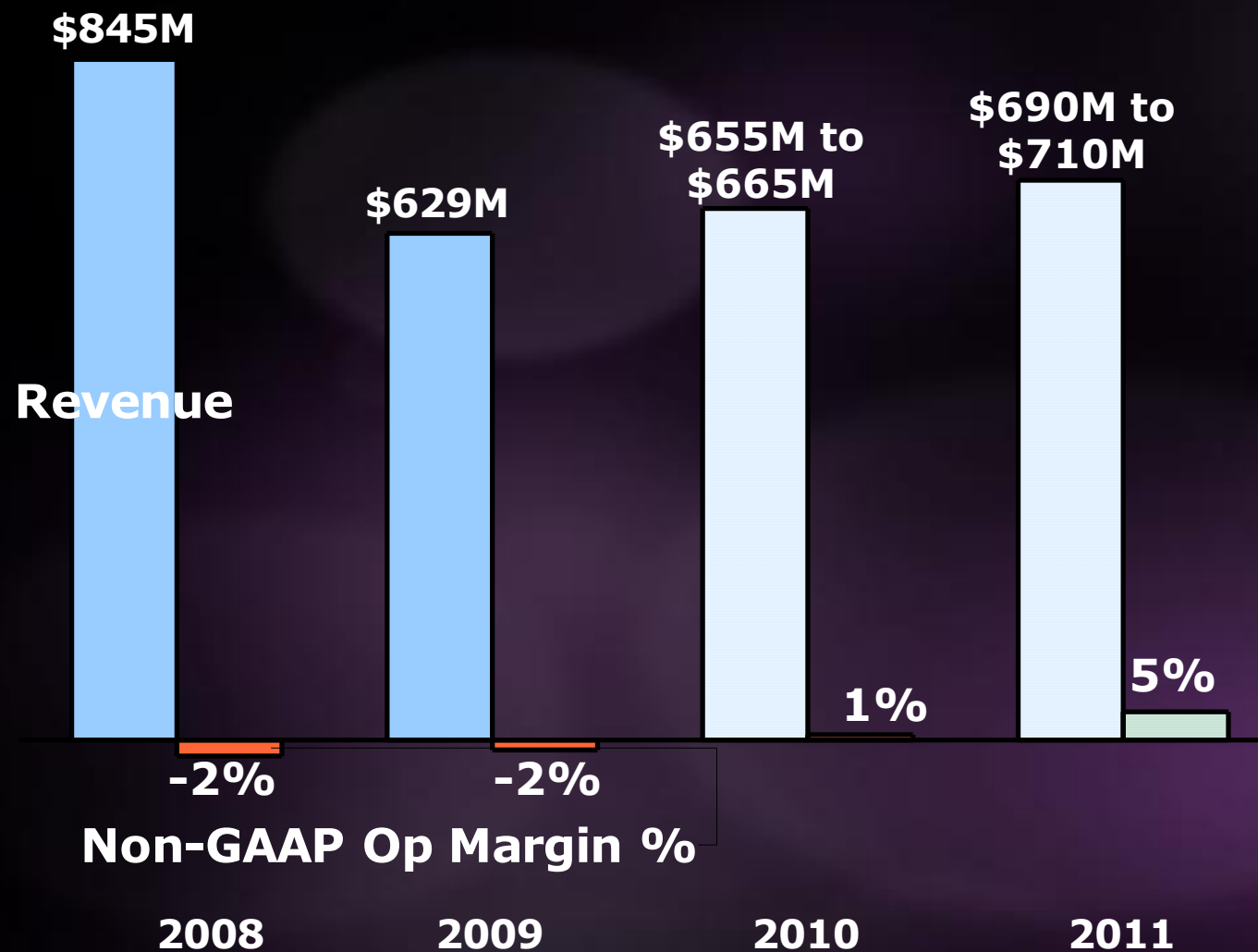
# Expectations for 2010

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- Revenue of \$655 - \$665 million for full year of 2010
- Non-GAAP operating profit for fiscal 2010 of approximately 1% of revenue
- Non-GAAP taxes and net interest expense of \$8 to \$10 million
- The non-GAAP results would exclude GAAP costs of \$37 - \$40 million which include:
  - Restructuring and other charges
  - Stock based compensation
  - Amortization of intangible assets
  - Acquisition related costs
  - Gain or loss on certain asset sales
  - Legal settlement costs
  - Related tax adjustments

# Expectations for 2011



- Revenue range of \$690 to \$710 million
- Continued focus on operational improvements:
  - Gross margin up versus 2010
  - Modest changes in OpEx
  - Fine-tune business model
- Annualized non-GAAP operating profit target of 5% of revenue
- Taxes/interest of \$10 – \$13 million
- The Non-GAAP excludes GAAP cost of \$32 - \$37 million



# Financial summary

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- Near the end of 'get healthy' phase
- Positive signs our markets are stabilizing
- Positioned 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

# Final Summary

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- The media explosion is happening now
- Avid is uniquely positioned to capitalize and help key markets succeed
- We continue to invest in our growth
- We are seeing positive results

