



## Avid Closes 2003 with Highest Ever Quarterly and Annual Net Income

TEWKSBURY, Mass.--(BUSINESS WIRE)--Jan. 29, 2004--Avid Technology, Inc. (NASDAQ: AVID) today reported record earnings for the fourth quarter and year ended December 31, 2003. Net income for the fourth quarter was \$15.8 million, or \$.47 per diluted share, on revenues of \$127.3 million. This compares to net income of \$4.3 million, or \$.15 per diluted share, on revenues of \$112.8 million for the corresponding quarter in 2002.

Net income for the year ended December 31, 2003 was \$40.9 million, or \$1.25 per diluted share, on revenues of \$471.9 million. This compares to net income of \$3.0 million, or \$.11 per diluted share, on revenues of \$418.7 million reported for 2002.

Avid's revenues increased by 13% year-over-year for both the fourth quarter and the full year. Gross margins for the fourth quarter of 2003 were 57.8%, more than two percentage points higher than the third quarter of 2003 and more than five points higher than the fourth quarter of 2002. Included in the fourth quarter of 2003's operating expenses is a \$1.3 million non-cash charge related to vacating real estate subject to long-term leases in the San Francisco area.

"Our strong fourth quarter results cap off an extremely successful year for Avid," said David Krall, Avid's president and chief executive officer. "Our net income for both the fourth quarter and the full year was our highest ever. We achieved double-digit percentage growth, year-over-year, in our quarterly revenue for both our video and audio segments, resulting in our highest annual revenue growth since 1995. At the same time, we more than doubled our cash balance during the year to nearly \$200 million at year-end. Since then, we have used some of these cash reserves to acquire NXN Software AG, which we closed on January 26, 2004. We also increased our stockholders' equity from \$123.6 million as of December 31, 2002, to \$227.1 million as of December 31, 2003."

Krall continued, "These results come at the end of a year in which we delivered some of the most ground-breaking products in our 16-year history, including the new Avid DNA™ family. We're very pleased with our accomplishments on both the product and financial levels, and we believe that our commitment to technological innovation will continue to drive our success in the future."

### Conference Call

A conference call to discuss Avid's fourth quarter 2003 financial results and the company's outlook for 2004 will be held today, January 29 at 5:00 p.m. EST. The call will be open to the public. The conference call can be accessed by dialing (719) 457-2617 and referencing confirmation code 728235. The call and subsequent replay will also be available on Avid's Web site. To listen via this alternative, go to the Investors page under the Company menu at [www.avid.com](http://www.avid.com) for complete details 10-15 minutes prior to the start of the conference call.

The above release includes a forward-looking statement, as defined by the Private Securities Litigation Reform Act of 1995, about Avid's future performance. There are a number of factors that could cause actual events or results of operations to differ materially from that indicated by such forward-looking statement, such as continued market acceptance of Avid's products, further weakening of worldwide economic conditions, and the other factors set forth under the caption "Certain Factors That May Affect Future Results" in Avid's Form 10-Q for the quarter ended September 30, 2003, and other filings with the Securities and Exchange Commission. In addition, the forward-looking statement contained herein represents 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 this forward-looking statement 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 news 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](http://www.avid.com).

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AVID TECHNOLOGY, INC.

Condensed Consolidated Balance Sheets  
(in thousands)

	Dec. 31, 2003	Dec. 31, 2002
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<b>ASSETS:</b>		
Current assets:		
Cash and marketable securities	\$196,309	\$89,034
Accounts receivable, net of allowances of \$9,161 and \$10,614 at December 31, 2003 and 2002, respectively	69,230	65,942
Inventories	38,292	38,047
Prepaid and other current assets	13,181	11,919
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Total current assets	317,012	204,942
Property and equipment, net	23,223	25,731
Acquisition-related intangible assets, net	5,151	2,600
Other assets	2,733	2,530
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Total assets	\$348,119	\$235,803
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>		
Current liabilities:		
Accounts payable	\$15,755	\$24,297
Accrued expenses and other current liabilities	59,709	51,032
Deferred revenues	44,943	35,483
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Total current liabilities	120,407	110,812
Long term liabilities, less current portion	607	1,427
Total stockholders' equity	227,105	123,564
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Total liabilities and stockholders' equity	\$348,119	\$235,803
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AVID TECHNOLOGY, INC.

Condensed Consolidated Statements of Operations  
(in thousands, except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
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	2003	2002	2003	2002
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	(unaudited) (unaudited)			
Net revenues	\$127,328	\$112,784	\$471,912	\$418,719

Cost of revenues	53,754	53,708	209,373	207,236
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Gross profit	73,574	59,076	262,539	211,483
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Operating expenses:				
Research and development	21,719	21,201	85,552	82,346
Marketing and selling	28,733	25,343	109,704	100,761
General and administrative	6,576	4,834	23,208	19,819
Restructuring and other costs, net	1,335	3,250	3,194	2,923
Amortization of acquisition-related intangible assets	341	293	1,316	1,153
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Total operating expenses	58,704	54,921	222,974	207,002
Operating income	14,870	4,155	39,565	4,481
Interest and other income (expense), net	544	411	1,874	218
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Income before income taxes	15,414	4,566	41,439	4,699
Provision for (benefit from) income taxes	(350)	300	550	1,700
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Net income	\$15,764	\$4,266	\$40,889	\$2,999
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Net income per common share - basic	\$0.51	\$0.16	\$1.40	\$0.11
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Net income per common share - diluted	\$0.47	\$0.15	\$1.25	\$0.11
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Weighted average common shares outstanding - basic	30,764	26,738	29,192	26,306
	=====	=====	=====	=====
Weighted average common shares outstanding - diluted	33,864	28,268	32,653	26,860
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