UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

(Mark One)

S **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2010

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________ to __________

Commission File Number: 0-21174

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Avid Technology, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**04-2977748** (I.R.S. Employer Identification No.)

One Park West
Tewksbury, Massachusetts 01876
(Address of Principal Executive Offices, Including Zip Code)

(978) 640-6789
(Registrant's Telephone Number, Including Area Code)

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Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes S No ☐

Indicate by check mark whether the registrant has submitted and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer £	Accelerated Filer S
Non-accelerated Filer £ (Do not check if smaller reporting company)	Smaller Reporting Company £

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No S

The number of shares outstanding of the registrant's Common Stock as of May 4, 2010 was 38,033,911.

AVID TECHNOLOGY, INC.

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2010

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This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and Section 27A of the Securities Act of 1933, as amended, or the Securities Act. For this purpose, any statements contained in this quarterly report regarding our strategy, future plans or operations, financial position, future revenues, projected costs, prospects, and objectives of management, other than statements of historical facts, may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes," "anticipates," "plans," "expects" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We cannot guarantee that we actually will achieve the plans, intentions or expectations expressed or implied in forward-looking statements. There are a number of factors that could cause actual events or results to differ materially from those indicated or implied by such forward-looking statements, many of which are beyond our control, including the factors discussed in Part I - Item 1A under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2009, and as referenced in Part II - Item 1A of this report. In addition, the forward-looking statements contained herein represent our estimates only as of the date of this filing and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update these forward-looking statements at some point in the future, we specifically disclaim any obligation to do so, whether to reflect actual results, changes in assumptions, changes in other factors affecting such forward-looking statements or otherwise.

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AVID TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands except per share data, unaudited)

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Net revenues:		
Products	$ 128,679	$ 123,641
Services	27,277	27,988
Total net revenues	155,956	151,629
Cost of revenues:		
Products	63,269	61,248
Services	14,040	15,839
Amortization of intangible assets	966	520
Restructuring costs	—	799
Total cost of revenues	78,275	78,406
Gross profit	77,681	73,223
Operating expenses:		
Research and development	30,151	31,051
Marketing and selling	41,746	40,781
General and administrative	14,602	15,113
Amortization of intangible assets	2,857	2,375
Restructuring costs, net	1,340	4,222
Total operating expenses	90,696	93,542
Operating loss	(13,015)	(20,319)
Interest income	135	264
Interest expense	(209)	(50)
Other income (expense), net	74	(61)
Loss before income taxes	(13,015)	(20,166)
Provision for (benefit from) income taxes, net	467	(2,889)
Net loss	$ (13,482)	$ (17,277)
Net loss per common share – basic and diluted	$ (0.36)	$ (0.47)
Weighted-average common shares outstanding – basic and diluted	37,516	37,130

The accompanying notes are an integral part of the condensed consolidated financial statements.

AVID TECHNOLOGY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, unaudited)

	March 31, 2010	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 73,735	$ 91,517
Marketable securities	500	17,360
Accounts receivable, net of allowances of $14,498 and $16,347 at March 31, 2010 and December 31, 2009, respectively	84,257	79,741
Inventories	71,794	77,243
Deferred tax assets, net	1,818	770
Prepaid expenses	10,076	7,789
Other current assets	21,063	22,516
Total current assets	263,243	296,936
Property and equipment, net	52,708	37,217
Intangible assets, net	36,585	29,235
Goodwill	230,777	227,195
Other assets	9,640	20,455
Total assets	$ 592,953	$ 611,038
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 33,431	$ 30,230
Accrued compensation and benefits	25,160	25,281
Accrued expenses and other current liabilities	40,856	55,591
Income taxes payable	3,610	3,228
Deferred revenues	45,621	39,107
Total current liabilities	148,678	153,437
Long-term liabilities	16,282	14,483
Total liabilities	164,960	167,920
Contingencies (Note 13)		
Stockholders' equity:		
Common stock	423	423
Additional paid-in capital	994,700	992,489
Accumulated deficit	(464,048)	(444,661)
Treasury stock at cost, net of reissuances	(106,099)	(112,389)
Accumulated other comprehensive income	3,017	7,256
Total stockholders' equity	427,993	443,118
Total liabilities and stockholders' equity	$ 592,953	$ 611,038

The accompanying notes are an integral part of the condensed consolidated financial statements.

AVID TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, unaudited)

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Cash flows from operating activities:		
Net loss	$ (13,482)	$ (17,277)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	8,303	7,750
(Recovery of) provision for doubtful accounts	(170)	1,011
Non-cash provision for restructuring	—	925
(Gain) loss on disposal of fixed assets	(13)	79
Compensation expense from stock grants and options	3,322	4,148
Changes in deferred tax assets and liabilities, excluding initial effects of acquisitions	—	(372)
Changes in operating assets and liabilities, excluding initial effects of acquisitions:		
Accounts receivable	(4,605)	19,735
Inventories	5,703	(334)
Prepaid expenses and other current assets	(690)	7,216
Accounts payable	2,803	(5,442)
Accrued expenses, compensation and benefits and other liabilities	(15,453)	(20,830)
Income taxes payable	205	(2,957)
Deferred revenues	7,560	(4,444)
Net cash used in operating activities	(6,517)	(10,792)
Cash flows from investing activities:		
Purchases of property and equipment	(10,009)	(3,637)
Decrease (increase) in other long-term assets	281	(571)
Payments for business acquisitions, net of cash acquired	(16,087)	—
Purchases of marketable securities	(1,750)	(29,993)
Proceeds from sales of marketable securities	18,605	22,340
Proceeds from notes receivable	—	732
Net cash used in investing activities	(8,960)	(11,129)
Cash flows from financing activities:		
Payments related to the issuance of common stock under employee stock plans, net	(727)	(602)
Net cash used in financing activities	(727)	(602)
Effect of exchange rate changes on cash and cash equivalents	(1,578)	(1,118)
Net decrease in cash and cash equivalents	(17,782)	(23,641)
Cash and cash equivalents at beginning of period	91,517	121,792
Cash and cash equivalents at end of period	$ 73,735	$ 98,151

The accompanying notes are an integral part of the condensed consolidated financial statements.

1. FINANCIAL INFORMATION

The accompanying condensed consolidated financial statements include the accounts of Avid Technology, Inc. and its wholly owned subsidiaries (collectively, "Avid" or the "Company"). These financial statements are unaudited. However, in the opinion of management, the condensed consolidated financial statements reflect all normal and recurring adjustments necessary for their fair statement. Interim results are not necessarily indicative of results expected for a full year. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions for Form 10-Q and therefore do not include all information and footnotes necessary for a complete presentation of operations, financial position and cash flows of the Company in conformity with generally accepted accounting principles. The accompanying condensed consolidated balance sheet as of December 31, 2009 was derived from Avid's audited consolidated financial statements, but does not include all disclosures required by generally accepted accounting principles. The Company filed audited consolidated financial statements for the year ended December 31, 2009 in its 2009 Annual Report on Form 10-K, which included all information and footnotes necessary for such presentation. The financial statements contained in this Form 10-Q should be read in conjunction with the audited consolidated financial statements in the Form 10-K.

The Company's preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. The most significant estimates reflected in these financial statements include revenue recognition, stock-based compensation, accounts receivable and sales allowances, inventory valuation, goodwill and intangible asset valuations, fair value measurements and income tax asset valuation allowances. Actual results could differ from the Company's estimates.

In the later part of 2009, the Company completed the reorganization of its business around functional groups rather than product categories. The Company's evaluation of the discrete financial information that is regularly reviewed by the chief operating decision makers determined that the Company now has only one reportable segment. Effective January 1, 2010, the Company began reporting based on a single reportable segment and has reclassified its 2009 segment reporting to conform to the 2010 presentation. The change to the current presentation did not affect the Company's consolidated operating results. See Note 15 for the Company's segment reporting for the three-month periods ended March 31, 2010 and 2009.

The Company evaluated subsequent events to determine if any event since March 31, 2010, the date of these financial statements, required disclosure in these statements. The evaluation determined that the Company's acquisition of Euphonix, Inc. on April 21, 2010 should be disclosed in these financial statements (see Note 18). The Company further determined that no other recognized or unrecognized subsequent events required recognition or disclosure.

2. NET INCOME (LOSS) PER COMMON SHARE

Net income (loss) per common share is presented for both basic earnings (loss) per share ("Basic EPS") and diluted earnings (loss) per share ("Diluted EPS"). Basic EPS is based on the weighted-average number of common shares outstanding during the period, excluding non-vested restricted stock held by employees. Diluted EPS is based on the weighted-average number of common shares and potential common shares outstanding during the period.

The following table sets forth (in thousands) potential common shares, on a weighted-average basis, that were considered anti-dilutive securities and excluded from the Diluted EPS calculations either because the sum of the exercise price per share and the unrecognized compensation cost per share was greater than the average market price of the Company's common stock for the relevant period, or because they were considered contingently issuable. The contingently issuable potential common shares result from certain stock options and restricted stock units granted to the Company's executive officers that vest based on performance and market conditions.

	Three Months Ended March 31,	
	2010	**2009**
Options	4,368	4,287
Non-vested restricted stock and restricted stock units	514	956
Anti-dilutive potential common shares	4,882	5,243

During periods of net loss, certain potential common shares that would otherwise be included in the Diluted EPS calculation are excluded because the effect would be anti-dilutive. The following table sets forth (in thousands) common stock equivalents that were excluded from the calculation of Diluted EPS due to the net loss for the relevant period.

	Three Months Ended March 31,	
	2010	**2009**
Options	10	10
Non-vested restricted stock and restricted stock units	37	2
Anti-dilutive common stock equivalents	47	12

3. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") topic 820, *Fair Value Measurements*, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and requires certain disclosures about fair value measurements. FASB ASC topic 820 also establishes a fair value hierarchy that requires the use of observable market data, when available, and prioritizes the inputs to valuation techniques used to measure fair value in the following categories:

- Level 1 – Quoted unadjusted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all observable inputs and significant value drivers are observable in active markets.
- Level 3 – Model-derived valuations in which one or more significant inputs or significant value drivers are unobservable, including assumptions developed by the Company.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

On a recurring basis, the Company measures certain financial assets and liabilities at fair value, including cash equivalents, marketable securities and foreign currency forward contracts. All of the Company's financial assets and liabilities were classified as either Level 1 or Level 2 in the fair value hierarchy at March 31, 2010. Instruments valued using quoted market prices in active markets and classified as Level 1 are primarily money market securities and deferred compensation investments. Investments valued based on other observable inputs and classified as Level 2 include foreign currency contracts and a municipal bond.

The following table summarizes the Company’s fair value hierarchy for financial assets and liabilities measured at fair value on a recurring basis at March 31, 2010 (in thousands):

	March 31, 2010	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:				
Available for sale securities	$ 556	$ 56	$ 500	$ —
Deferred compensation plan investments	870	870	—	—
Foreign currency forward contracts	601	—	601	—
Financial Liabilities:				
Deferred compensation plan	$ 870	$ 870	$ —	$ —
Foreign currency forward contracts	150	—	150	—

The following table summarizes the costs (amortized costs of debt instruments) and fair values of the Company’s available for sale securities at March 31, 2010 (in thousands):

	Costs	Net Unrealized Gains (Losses)	Fair Values
Money market	$ 56	$ —	$ 56
Municipal bond	500	—	500
	$ 556	$ —	$ 556

All available for sale securities held at March 31, 2010 had effective maturities of less than one year. All income generated from these investments has been recorded as interest income. The Company calculates realized gains and losses on a specific identification basis. Realized gains and losses from the sale of marketable securities were not material for the three months ended March 31, 2010. There were no available for sale securities with unrealized losses at March 31, 2010.

The Company used the following valuation techniques to determine fair values of its investment instruments:

- *Money Market:* The fair value of the Company’s money market fund investment was determined using the unadjusted quoted price from an active market of identical assets.
- *Municipal Bond:* The determination of the fair value of the municipal bond included the use of observable inputs from market sources and incorporating relative credit information, observed market movements and sector news into a pricing model.

The fair values of our foreign currency forward contracts are measured at fair value on a recurring basis based on the changes in fair value of the foreign currency forward contracts. See Note 4 for further information on the Company’s foreign currency forward contracts.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

The following table summarizes the Company’s fair value hierarchy for assets and liabilities measured at fair value on a nonrecurring basis during the three months ended March 31, 2010 (in thousands):

	Three Months Ended March 31, 2010	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Related Expenses
Liabilities:					
Facilities-related restructuring accruals	$ 801	$ —	$ 801	$ —	$ 801

The Company typically uses the following valuation techniques to determine fair values of assets and liabilities measured on a nonrecurring basis:

- *Goodwill:* When performing goodwill impairment tests, the Company estimates the fair value of its reporting units using an income approach, which is generally a discounted cash flow methodology that includes assumptions for, among other things, forecasted revenues, gross profit margins, operating profit margins, working capital cash flow, growth rates, income tax rates, expected tax benefits and long-term discount rates, all of which require significant judgments by management. The Company also considers comparable market data based on multiples of revenue as well as the reconciliation of the Company's market capitalization to the total fair value of its reporting units. If the estimated fair value of any reporting unit is less that its carrying value, an impairment exists.
- *Intangible Assets:* When performing an intangible asset impairment test, the Company estimates the fair value of the asset using a discounted cash flow methodology, which includes assumptions for, among other things, budgets and economic projections, market trends, product development cycles and long-term discount rates. If the estimated fair value of the asset is less that its carrying value, an impairment exists.
- *Facilities-Related Restructuring Accruals:* During the three months ended March 31, 2010, the Company recorded accruals associated with exiting all or portions of certain leased facilities. The Company estimates the fair value of such liabilities, which are discounted to net present value at an assumed risk-free interest rate, based on observable inputs, including the remaining payments required under the existing lease agreements, utilities costs based on recent invoice amounts, and potential sublease receipts based on quoted market prices for similar sublease arrangements.

4. FOREIGN CURRENCY FORWARD CONTRACTS

The Company has significant international operations and, therefore, the Company's revenues, earnings, cash flows and financial position are exposed to foreign currency risk from foreign-currency-denominated receivables, payables and sales transactions, as well as net investments in foreign operations. The Company derives more than half of its revenues from customers outside the United States. This business is, for the most part, transacted through international subsidiaries and generally in the currency of the end-user customers. Therefore, the Company is exposed to the risks that changes in foreign currency could adversely affect its revenues, net income and cash flow. To hedge against the foreign exchange exposure of certain forecasted receivables, payables and cash balances of foreign subsidiaries, the Company enters into short-term foreign currency forward contracts. There are two objectives of the Company's foreign currency forward contract program: (1) to offset any foreign exchange currency risk associated with cash receipts expected to be received from the Company's customers over the next 30-day period and (2) to offset the impact of foreign currency exchange on the Company's net monetary assets denominated in currencies other than the functional currency of the legal entity. These forward contracts typically mature within 30 days of execution.

The changes in fair value of the foreign currency forward contracts intended to offset foreign currency exchange risk on forecasted cash flows and net monetary assets are recorded as gains or losses in the Company's statement of operations in the period of change, because they do not meet the criteria of FASB ASC topic 815, *Derivatives and Hedging*, to be treated as hedges for accounting purposes.

The following table sets forth the effect of the Company's foreign currency forward contracts recorded as marketing and selling expenses in the Company's statements of operations during the three-month periods ended March 31, 2010 and 2009 (in thousands):

	Net Gain Recorded in Operating Expenses	
	Three Months Ended March 31,	
Derivatives Not Designated as Hedging Instruments under ASC Topic 815	**2010**	**2009**
Foreign currency forward contracts	$276	$1,824

At March 31, 2010 and December 31, 2009, the Company had foreign currency forward contracts outstanding with notional values of $34.9 million and $46.2 million, respectively, as hedges against forecasted foreign-currency-denominated receivables, payables and cash balances. The following table sets forth the balance sheet locations and fair values of the Company's foreign currency forward contracts at March 31, 2010 and December 31, 2009 (in thousands):

Derivatives Not Designated as Hedging Instruments under ASC Topic 815	Balance Sheet Location	Fair Value at March 31, 2010	Fair Value at December 31, 2009
Financial assets:			
Foreign currency forward contracts	Other current assets	$601	$1,162
Financial liabilities:			
Foreign currency forward contracts	Accrued expenses and other current liabilities	$150	$546

See Note 3 for additional information on the fair value measurements for all financial assets and liabilities, including derivative assets and derivative liabilities, that are measured at fair value on a recurring basis.

5. ACQUISITIONS

Blue Order Solutions AG

On January 5, 2010, the Company acquired all the outstanding shares of Blue Order Solutions AG ("Blue Order"), a Germany-based developer and provider of workflow and media asset management solutions, for cash, net of cash acquired, of $16.1 million. A preliminary allocation of the purchase price performed during the three months ended March 31, 2010, allocated the purchase price as follows: $1.2 million to net assets acquired, $11.8 million to amortizable identifiable intangible assets, ($0.6) million to net deferred tax liabilities and the remaining $3.7 million to goodwill. The goodwill, which is not deductible for tax purposes, reflects the value of the assembled workforce and the synergies the Company expects to realize by incorporating Blue Order's workflow and media asset management technology into future solutions offered to customers.

The amortizable identifiable intangible assets acquired include developed technology of $5.9 million, customer relationships of $3.9 million, non-compete agreements of $1.6 million, and trademarks and trade names of $0.4 million. The Company used the income approach to determine the values of the identifiable intangible assets. The income approach presumes that the value of an asset can be estimated by the net economic benefit to be received over the life of the asset discounted to present value. The weighted-average discount rate (or rate of return) used to determine the value of Blue Order's intangible assets was 21% and the effective tax rate used was 35%.

The values of the customer relationships, non-compete agreements, and trademarks and trade names are being amortized on a straight-line basis over their estimated useful lives of three years, three years and two years, respectively. The value of the developed technology is being amortized over the greater of the amount calculated using the ratio of current quarter revenues to the total of current quarter and anticipated future revenues, and the straight-line method, over the estimated useful life of three and one-half years. The weighted-average amortization period for these amortizable identifiable intangible assets is approximately 3.2 years. Amortization expense for Blue Order intangibles totaled $0.9 million for the three-month period ended March 31, 2010.

The Company is continuing its evaluation of the information necessary to determine the fair value of the acquired assets and liabilities of Blue Order. Once this evaluation is complete, which in no event will occur more than one year from the date of acquisition, the Company will finalize the purchase price allocation.

The results of operations of Blue Order have been included in the results of operations of the Company since the date of acquisition. The Company's results of operations giving effect to the Blue Order acquisition as if it had occurred at the beginning of 2009 would not differ materially from reported results.

MaxT Systems Inc.

On July 31, 2009, the Company acquired all the outstanding shares of MaxT Systems Inc. ("MaxT"), a Canada-based developer of server-based media management and editing technology, for cash, net of cash acquired, of $4.4 million. The Company's allocation of the purchase price resulted in $3.3 million allocated to amortizable identifiable intangible assets and the remaining $1.1 million to goodwill. In addition, the Company recorded related net deferred tax liabilities of $0.8 million, increasing the goodwill to $1.9 million. The goodwill, which reflects the value of the assembled workforce and the synergies the Company expects to realize by incorporating MaxT's media management and editing technology into future solutions offered to customers, is not deductible for tax purposes.

The results of operations of MaxT have been included in the results of operations of the Company since the date of acquisition. The Company's results of operations giving effect to the MaxT acquisition as if it had occurred at the beginning of 2009 would not differ materially from reported results.

6. GOODWILL AND INTANGIBLE ASSETS

Goodwill

Goodwill resulting from the Company's acquisitions consisted of the following at March 31, 2010 and December 31, 2009 (in thousands):

	March 31, 2010 (a)	December 31, 2009
Goodwill	$ 402,677	$ 399,095
Accumulated impairment losses	(171,900)	(171,900)
	$ 230,777	$ 227,195

(a) The $3.6 million increase in goodwill from December 31, 2009 to March 31, 2010 was the result of the addition of $3.7 million related to the January 2010 acquisition of Blue Order, partially offset by foreign currency translation adjustments of approximately $0.1 million. See Note 5 for further information regarding the goodwill related to the Blue Order acquisition.

Identifiable Intangible Assets

Identifiable intangible assets resulting from the Company's acquisitions consisted of the following at March 31, 2010 and December 31, 2009 (in thousands):

	March 31, 2010			December 31, 2009		
	Gross (a)	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Completed technologies and patents	$ 73,826	$ (65,636)	$ 8,190	$ 68,186	$ (64,609)	$ 3,577
Customer relationships	67,323	(42,145)	25,178	63,653	(40,221)	23,432
Trade names	14,209	(12,411)	1,798	13,800	(11,668)	2,132
License agreements	560	(560)	—	560	(560)	—
Non-compete agreements	1,655	(236)	1,419	162	(68)	94
	$ 157,573	$ (120,988)	$ 36,585	$ 146,361	$ (117,126)	$ 29,235

(a) The March 31, 2010 gross amounts include the addition of $11.8 million for intangible assets related to the January 2010 acquisition of Blue Order, partially offset by foreign currency translation adjustments of approximately $0.6 million. See Note 5 for further information regarding the identifiable intangible assets acquired from Blue Order.

Amortization expense related to all intangible assets in the aggregate was $3.8 million and $2.9 million for the three-month periods ended March 31, 2010 and 2009, respectively. The Company expects amortization of these intangible assets to be approximately $9 million for the remainder of 2010, $11 million in 2011, $7 million in 2012, $4 million in 2013, $2 million in 2014, $2 million in 2015 and $2 million thereafter.

7. ACCOUNTS RECEIVABLE

Accounts receivable, net of allowances, consisted of the following at March 31, 2010 and December 31, 2009 (in thousands):

	March 31, 2010	December 31, 2009
Accounts receivable	$ 98,755	$ 96,088
Less:		
Allowance for doubtful accounts	(2,592)	(3,219)
Allowance for sales returns and rebates	(11,906)	(13,128)
	$ 84,257	$ 79,741

The accounts receivable balances at March 31, 2010 and December 31, 2009 excluded approximately $17.4 million and $17.3 million, respectively, for large solution sales and certain distributor sales that were invoiced, but for which revenues had not yet been recognized and payments were not then due.

8. INVENTORIES

Inventories consisted of the following at March 31, 2010 and December 31, 2009 (in thousands):

	March 31, 2010	December 31, 2009
Raw materials	$ 13,609	$ 14,592
Work in process	4,871	5,624
Finished goods	53,314	57,027
	$ 71,794	$ 77,243

At March 31, 2010 and December 31, 2009, the finished goods inventory included inventory at customer locations of $11.0 million and $10.6 million, respectively, associated with products shipped to customers for which revenues had not yet been recognized.

9. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consisted of the following at March 31, 2010 and December 31, 2009 (in thousands):

	March 31, 2010	December 31, 2009
Computer and video equipment and software	$ 120,839	$ 115,248
Manufacturing tooling and testbeds	6,727	6,428
Office equipment	3,392	3,404
Furniture and fixtures	10,251	10,378
Leasehold improvements	44,763	31,777
	185,972	167,235
Accumulated depreciation and amortization	(133,264)	(130,018)
	$ 52,708	$ 37,217

10. LONG-TERM LIABILITIES

Long-term liabilities consisted of the following at March 31, 2010 and December 31, 2009 (in thousands):

	March 31, 2010	December 31, 2009
Long-term deferred tax liabilities, net	$ 3,818	$ 2,519
Long-term deferred revenue	8,357	7,296
Long-term deferred rent	1,875	1,974
Long-term accrued restructuring	2,232	2,694
	$ 16,282	$ 14,483

11. ACCOUNTING FOR STOCK-BASED COMPENSATION

Stock Incentive Plans

Under its stock incentive plans, the Company may grant stock awards or options to purchase the Company's common stock to employees, officers, directors (subject to certain restrictions) and consultants, generally at the market price on the date of grant. The options become exercisable over various periods, typically four years for employees and one year for non-employee directors, and have a maximum term of seven years. Restricted stock and restricted stock unit awards typically vest over four years. At March 31, 2010, 4,849,842 shares were available for issuance under the Company's Amended and Restated 2005 Stock Incentive Plan, including 900,100 shares that may alternatively be issued as awards of restricted stock or restricted stock units.

The Company records stock-based compensation cost for stock-based awards over the requisite service periods for the individual awards, which generally equal the vesting periods. Stock-compensation expense is recognized using the straight-line attribution method. The Company uses the Black-Scholes option pricing model to estimate the fair value of stock option grants with time-based vesting. The Black-Scholes model relies on a number of key assumptions to calculate estimated fair values. The fair values of restricted stock awards with time-based vesting, including restricted stock and restricted stock units, are based on the intrinsic values of the awards at the date of grant.

The following table sets forth the weighted-average key assumptions and fair value results for stock options with time-based vesting granted during the three-month periods ended March 31, 2010 and 2009:

	Three Months Ended March 31,	
	2010	2009
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	1.73%	1.48%
Expected volatility	47.0%	58.6%
Expected life (in years)	4.53	4.55
Weighted-average fair value of options granted	$5.66	$4.83

The Company also issues stock option grants or restricted stock awards with vesting based on market conditions, specifically Avid's stock price, or a combination of performance and market conditions. The compensation costs and derived service periods for such grants are estimated using the Monte Carlo valuation method. For stock option grants with vesting based on a combination of performance and market conditions, the compensation costs are also estimated using the Black-Scholes valuation method factored for the estimated probability of achieving the performance goals, and compensation costs for these grants are recorded based on the higher estimate for each vesting tranche. For restricted stock unit grants with vesting based on a combination of performance and market conditions, the compensation costs are also estimated based on the intrinsic values of the awards at the date of grant factored for the estimated probability of achieving the performance goals, and compensation costs for these grants are also recorded based on the higher estimate for each vesting tranche. For each stock option grant and restricted stock award with vesting based on a combination of performance and market conditions where vesting will occur if either condition is met, the related compensation costs are recognized over the shorter of the derived service period or implicit service period.

The following table sets forth the weighted-average key assumptions and fair value results for stock options with vesting based on market conditions or a combination of performance and market conditions granted during the three-month periods ended March 31, 2010 and 2009:

	Three Months Ended March 31,	
	2010	2009
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	3.33%	3.10%
Expected volatility	47.9%	59.2%
Expected life (in years)	4.01	4.08
Weighted-average fair value of options granted	$4.81	$4.22

The following table sets forth the weighted-average key assumptions and fair value results for restricted stock units with vesting based on market conditions or a combination of performance and market conditions granted during the three-month period ended March 31, 2010:

	Three Months Ended March 31, 2010
Expected dividend yield	0.00%
Risk-free interest rate	4.18%
Expected volatility	47.0%
Expected life (in years)	4.48
Weighted-average fair value of awards granted	$10.79

No restricted stock units with vesting based on market conditions or a combination of performance and market conditions were granted during the three-month period ended March 31, 2009.

During the three months ended March 31, 2010, the Company modified the vesting terms of certain outstanding stock options that had vesting based on market conditions. The modifications, which affected 16 employees, provide that the vesting of the underlying shares can also occur based on the achievement of certain additional performance-based criteria and resulted in a total incremental compensation charge of $0.9 million, which is being recognized over the remaining derived service period of the stock options. The incremental compensation costs for the option modifications were based on the excess fair values of the modified options immediately after the modification, which were estimated using the Black Scholes valuation method factored for the estimated probability of achieving the performance goals, compared to the fair values immediately before the modification estimated using the Monte Carlo valuation method.

The Company estimates forfeiture rates at the time awards are made based on historical turnover rates and applies these rates in the calculation of estimated compensation cost. At March 31, 2010, the Company's annualized estimated forfeiture rates were 0% for non-employee director awards, and 10% for both executive management staff and other employee awards.

The following table summarizes changes in the Company's stock options outstanding during the three-month period ended March 31, 2010:

	Stock Options			
	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (in thousands)
Options outstanding at December 31, 2009	4,290,422	$21.80		
Granted	586,560	$13.76		
Exercised	(8,865)	$11.96		
Forfeited or expired	(170,040)	$19.76		
Options outstanding at March 31, 2010 (a)	4,698,077	$20.89	5.54 years	$1,540
Options vested at March 31, 2010 or expected to vest	3,911,258	$21.34	5.51 years	$1,235
Options exercisable at March 31, 2010	1,160,056	$29.37	4.56 years	$228

(a) Options outstanding at March 31, 2010 included 1,707,405 options that had vesting based on either market conditions or a combination of performance and market conditions.

The aggregate intrinsic values of stock options exercised during the three-month periods ended March 31, 2010 and 2009 were approximately $21 thousand and $11 thousand, respectively. Cash amounts received from the exercise of stock options were $106 thousand and $46 thousand for the three-month periods ended March 31, 2010 and 2009, respectively. The Company did not realize any actual tax benefit from the tax deductions for stock option exercises during the three-month periods ended March 31, 2010 and 2009 due to the full valuation allowance on the Company's U.S. deferred tax assets.

The following table summarizes changes in the Company's non-vested restricted stock units during the three-month period ended March 31, 2010:

	Non-Vested Restricted Stock Units			
	Shares	Weighted-Average Grant-Date Fair Value	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (in thousands)
Non-vested at December 31, 2009	643,355	$25.14		
Granted (a)	234,500	$13.87		
Vested	(231,546)	$27.11		
Forfeited	(22,344)	$27.27		
Non-vested at March 31, 2010 (b)	623,965	$20.10	2.21 years	$8,592
Expected to vest	500,476	$20.74	2.01 years	$6,892

(a) Restricted stock units granted during the three months ended March 31, 2010 included 215,000 units that had vesting based on either market conditions or a combination of performance and market conditions.

(b) Non-vested restricted stock units at March 31, 2010 included 219,800 units that had vesting based on either market conditions or a combination of performance and market conditions.

The following table summarizes changes in the Company's non-vested restricted stock during the three-month period ended March 31, 2010:

	Non-Vested Restricted Stock			
	Shares	Weighted-Average Grant-Date Fair Value	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (in thousands)
Non-vested at December 31, 2009	50,000	$25.41		
Granted	—	—		
Vested	(6,250)	$25.41		
Forfeited	—	—		
Non-vested at March 31, 2010	43,750	$25.41	1.72 years	$602

Stock Option Purchase

In June 2009, the Company completed a cash tender offer for certain employee stock options. The tender offer applied to 547,133 outstanding stock options having an exercise price equal to or greater than $40.00 per share and granted under the Company's Amended and Restated 2005 Stock Incentive Plan, Amended and Restated 1999 Stock Option Plan (including the U.K. sub-plan), 1998 Stock Option Plan, 1997 Stock Option Plan, 1997 Stock Incentive Plan, as amended, and 1994 Stock Option Plan, as amended. Members of the Company's Board of Directors, officers who file reports under Section 16(a) of the Securities Exchange Act of 1934 and members of the Company's executive staff were not eligible to participate in this offer. Under the offer, eligible options with exercise prices equal to or greater than $40.00 and less than $50.00 per share were eligible to receive a cash payment of $1.50 per share, and eligible options with exercise prices equal to or greater than $50.00 per share were eligible to receive a cash payment of $1.00 per share.

Options to purchase a total of 419,042 shares of the Company's common stock, of which 366,769 shares became available for future grant, were tendered under the offer for an aggregate purchase price of approximately $0.5 million paid in exchange for the cancellation of the eligible options. As a result of the tender offer, the Company incurred stock-based compensation charges of approximately $0.1 million in its condensed consolidated statements of operations during the second quarter of 2009. This was the first time the Company offered to purchase outstanding stock options in exchange for cash, and there is no current intent to make another such offer in the future.

Employee Stock Purchase Plan

The Company's Second Amended and Restated 1996 Employee Stock Purchase Plan (the "ESPP") offers Avid shares for purchase at a price equal to 85% of the closing price on the applicable offering period termination date. Shares issued under the ESPP are considered compensatory under FASB ASC subtopic 718-50, *Compensation-Stock Compensation: Employee Stock Purchase Plans*. Accordingly, the Company is required to assign fair value to, and record compensation expense for, shares issued from the ESPP.

The following table sets forth the weighted-average key assumptions and fair value results for shares issued under the ESPP for the three-month periods ended March 31, 2010 and 2009:

	Three Months Ended March 31,	
	2010	2009
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	0.84%	1.98%
Expected volatility	48.1%	50.9%
Expected life (in years)	0.24	0.25
Weighted-average fair value of shares issued	$2.08	$2.43

Under the ESPP, the Company issued 28,308 shares at $10.74 per share and 37,559 shares at $8.51 per share during the three months ended March 31, 2010 and 2009, respectively. At March 31, 2010, 816,166 shares remained available for issuance under the ESPP.

Stock-Based Compensation

Stock-based compensation was included in the following captions in the Company's condensed consolidated statements of operations for the three-month period ended March 31, 2010 and 2009 (in thousands):

	Three Months Ended March 31,	
	2010	2009
Cost of product revenues	$ 189	$ 350
Cost of services revenues	253	390
Research and development expenses	651	470
Marketing and selling expenses	968	821
General and administrative expenses	1,261	2,117
Total stock-based compensation	$ 3,322	$ 4,148

At March 31, 2010, the Company had $28.6 million of unrecognized compensation costs before forfeitures related to non-vested stock-based compensation awards granted under its stock-based compensation plans.

12. STOCK REPURCHASES

In April 2007, the Company initiated a stock repurchase program that ultimately authorized the repurchase of up to $200 million of the Company's common stock through transactions on the open market, in block trades or otherwise. At March 31, 2010, $80.3 million remained available for future stock repurchases under the program. The stock repurchase program is funded through working capital and has no expiration date. No shares of common stock have been repurchased under this program since March 2008.

During the three months ended March 31, 2010, the Company repurchased 1,982 shares of restricted stock from an employee to pay required withholding taxes upon the vesting of restricted stock.

At March 31, 2010 and December 31, 2009, treasury shares held by the Company totaled 4,670,671 shares and 4,852,738 shares, respectively.

13. CONTINGENCIES

The Company receives inquiries from time to time claiming possible patent infringement by the Company. If any infringement is determined to exist, the Company may seek licenses or settlements. In addition, as a normal incidence of the nature of the Company's business, various claims, charges and litigation have been asserted or commenced from time to time against the Company arising from or related to matters such as contractual or employee relations, intellectual property rights and product performance. Settlements related to any such claim are generally included in the "general and administrative expenses" caption in the Company's consolidated statements of operations. Management generally does not believe these claims will have a material adverse effect on the financial position or results of operations of the Company.

On May 24, 2007, David Engelke and Bryan Engelke filed a complaint against our Pinnacle subsidiary in Pinellas County (Florida) Circuit Court, claiming that the Engelkes are entitled to indemnification for damages and accrued interest awarded against them in litigation with a third party of $9 million, currently under appeal. In addition, the Engelkes are seeking damages for the alleged breach of certain contracts by Pinnacle and attorneys' fees estimated to be approximately $6 million. The Engelkes' suit against Pinnacle is expected to go to trial in September 2010. We believe that the Engelkes' claims are without merit and intend to vigorously defend these claims. Because we cannot predict the outcome of this action at this time, no costs have been accrued for any loss contingency.

From time to time, the Company provides indemnification provisions in agreements with customers covering potential claims by third parties of intellectual property infringement. These agreements generally provide that the Company will indemnify customers for losses incurred in connection with an infringement claim brought by a third party with respect to the Company's products. These indemnification provisions generally offer coverage for infringement claims based upon the products covered by the agreement. The maximum potential amount of future payments the Company could be required to make under these indemnification provisions is theoretically unlimited; however, to date, the Company has not incurred material costs related to these indemnification provisions. As a result, the Company believes the estimated fair value of these indemnification provisions is minimal.

As permitted under Delaware law and pursuant to the Company's Third Amended and Restated Certificate of Incorporation, as amended, the Company is obligated to indemnify its current and former officers and directors for certain events that occur or occurred while the officer or director is or was serving in such capacity. The term of the indemnification period is for each respective officer's or director's lifetime. The maximum potential amount of future payments the Company could be required to make under these indemnification obligations is unlimited; however, the Company has mitigated the exposure through the purchase of directors and officers insurance, which is intended to limit the risk and, in most cases, enable the Company to recover all or a portion of any future amounts paid. As a result of this insurance coverage, the Company believes the estimated fair value of these indemnification obligations is minimal.

The Company has three standby letters of credit at a bank that are used as security deposits in connection with the Company's recently leased Burlington, Massachusetts office space. In the event of default on the underlying leases, the landlords would, at March 31, 2010, be eligible to draw against the letters of credit to a maximum of $2.6 million in the aggregate. The letters of credit are subject to aggregate reductions of approximately $0.4 million at the end of each of the second, third and fifth years, provided the Company is not in default of the underlying leases and meets certain financial performance conditions. In no case will the letters of credit amounts be reduced to below $1.3 million in the aggregate throughout the lease periods, all of which extend to May 2020. At March 31, 2010, the Company was not in default of any of the underlying leases.

The Company also has a standby letter of credit at a bank that is used as a security deposit in connection with the Company's Daly City, California office space lease. In the event of default on this lease, the landlord would, at March 31, 2010, be eligible to draw against this letter of credit to a maximum of $0.8 million. The letter of credit will remain in effect at $0.8 million throughout the remaining lease period, which extends to September 2014. At March 31, 2010, the Company was not in default of this lease.

The Company has in the past, through third parties, provided lease financing options to its customers, including end users and, on a limited basis, resellers. This program was terminated by mutual agreement among the parties in the fourth quarter of 2008; however, balances outstanding as of the termination date continue to be collected by the third-party lessors as they become due. During the terms of these leases, which are generally three years, and until all remaining outstanding balances are collected, the Company may remain liable for any unpaid principal balance upon default by the customer, but such liability is limited in the aggregate based on a percentage of initial amounts funded or, in certain cases, amounts of unpaid balances. At March 31, 2010 and December 31, 2009, the Company's maximum recourse exposure totaled approximately $2.2 million and $2.5 million, respectively. The Company recorded revenues from these transactions upon the shipment of products, provided that all other revenue recognition criteria, including collectibility being reasonably assured, were met. The Company maintains a reserve for estimated losses under this program based on historical default rates applied to the amount outstanding at period end. At March 31, 2010 and December 31, 2009, the Company's accruals for estimated losses were $1.2 million and $1.3 million, respectively.

The Company provides warranties on externally sourced and internally developed hardware. For internally developed hardware and in cases where the warranty granted to customers for externally sourced hardware is greater than that provided by the manufacturer, the Company records an accrual for the related liability based on historical trends and actual material and labor costs. The warranty period for the Company's products is generally 90 days to one year, but can extend up to five years depending on the manufacturer's warranty or local law.

The following table sets forth activity for the Company's product warranty accrual for the three-month periods ended March 31, 2010 and 2009 (in thousands):

	Three Months Ended March 31,	
	2010	2009
Accrual balance at beginning of period	$ 4,454	$ 5,193
Accruals for product warranties	1,098	1,468
Cost of warranty claims	(1,269)	(1,701)
Accrual balance at end of period	$ 4,283	$ 4,960

14. COMPREHENSIVE LOSS

Total comprehensive loss, net of taxes, consists of net loss and the net changes in foreign currency translation adjustment and net unrealized gains and losses on available-for-sale securities and other investments. The following is a summary of the Company's comprehensive loss for the three-month periods ended March 31, 2010 and 2009 (in thousands):

	Three Months Ended March 31,	
	2010	2009
Net loss	$ (13,482)	$ (17,277)
Net changes in:		
Foreign currency translation adjustment	(4,235)	(3,921)
Unrealized losses on investments	(4)	(41)
Total comprehensive loss	$ (17,721)	$ (21,239)

15. SEGMENT INFORMATION

During 2009, the Company was organized into two business units, Video and Audio, which were also its reportable segments. In the later part of 2009, the Company completed the reorganization of its business around functional groups rather than product categories. The Company's evaluation of the discrete financial information that is regularly reviewed by the chief operating decision makers determined that the Company now has one reportable segment. Effective January 1, 2010, the Company began reporting based on a single reportable segment and has reclassified its 2009 segment reporting to conform to the 2010 presentation. The change to the current presentation did not affect the Company's consolidated operating results.

The following is a summary of the Company's revenues by type for the three-month periods ended March 31, 2010 and 2009 (in thousands):

	Three Months Ended March 31,	
	2010	2009
Video product revenues	$ 58,135	$ 60,555
Video services revenues	26,218	26,947
	84,353	87,502
Audio product revenues:	70,544	63,086
Audio services revenues	1,059	1,041
	71,603	64,127
Total net revenues	$ 155,956	$ 151,629

16. RESTRUCTURING COSTS AND ACCRUALS

In October 2008, the Company initiated a company-wide restructuring plan (the "Plan") that included a reduction in force of approximately 500 positions, including employees related to product line divestitures, and the closure of all or parts of some facilities worldwide. The Plan is intended to improve operational efficiencies and bring costs in line with expected revenues. In connection with the Plan, during the fourth quarter of 2008 the Company recorded restructuring charges of $20.4 million related to employee termination costs and $0.5 million for the closure of three small facilities. In addition, as a result of the decision to sell the PCTV product line, the Company recorded a non-cash restructuring charge of $1.9 million in cost of revenues related to the write-down of inventory.

During the first six months of 2009, the Company recorded new restructuring charges totaling $8.2 million under the Plan, of which $3.1 million related to employee termination costs; $4.3 million related to the closure of all or part of nine facilities; and $0.8 million, recorded in cost of revenues, related to the write-down of PCTV inventory not included in assets held-for-sale. During the third and fourth quarters of 2009, as a result of the expanded use of offshore development resources for R&D projects and our desire to better align our 2010 cost structure with revenue expectations, the Company initiated new restructuring actions under the Plan resulting in additional restructuring charges totaling $18.9 million. The third and fourth quarter charges included $11.7 million related to an additional reduction in force of approximately 320 positions and $7.2 million, including non-cash charges of $2.2 million for the write-off of fixed assets, primarily related to the closure of one floor of our Daly City, California facility. Also during 2009, the Company recorded additional charges of $0.8 million for revised estimates of severance obligations previously recorded under the Plan and restructuring recoveries of ($0.2) million for revised estimates of previously initiated restructuring plans.

During the first three months of 2010, the Company recorded new restructuring charges under the Plan totaling $0.8 million resulting from the closure of all or part of four additional facilities. Also during the first three months of 2010, the Company recorded additional charges of $0.5 million for revised estimates of severance obligations previously recorded under the Plan. In connection with restructuring actions taken under the Plan, the Company has incurred or expects to incur total restructuring charges of approximately $53 million.

The Company recorded the employee-related restructuring charges as an ongoing benefit arrangement in accordance with FASB ASC topic 712, *Compensation – Nonretirement Postemployment Benefits*, and the facility-related restructuring charges in accordance with the guidance of FASB ASC topic 420, *Liabilities: Exit or Disposal Cost Obligations*. Restructuring charges and accruals require significant estimates and assumptions, including sub-lease income assumptions. These estimates and assumptions are monitored on at least a quarterly basis for changes in circumstances and any corresponding adjustments to the accrual are recorded in the Company's statement of operations in the period when such changes are known.

In connection with the 2005 Pinnacle acquisition, the Company recorded restructuring accruals related to severance agreements and lease or other contract terminations in accordance with the then current accounting guidance of Emerging Issues Task Force Issue No. 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination*. At March 31, 2010, the restructuring accrual balance related to the Pinnacle acquisition totaled approximately $0.3 million.

The following table sets forth the activity in the restructuring accruals for the three months ended March 31, 2010 (in thousands):

	Non-Acquisition-Related Restructuring Liabilities		Acquisition-Related Facilities Restructuring Liabilities	
	Employee-Related	Facilities-Related & Other		Total
Accrual balance at December 31, 2009	$ 9,234	$ 7,261	$ 472	$ 16,967
New restructuring charges – operating expenses	—	801	—	801
Revisions of estimated liabilities	490	49	—	539
Accretion	—	72	5	77
Cash payments for employee-related charges	(5,292)	—	—	(5,292)
Cash payments for facilities, net of sublease income	—	(1,420)	(101)	(1,521)
Foreign exchange impact on ending balance	(194)	(18)	(30)	(242)
Accrual balance at March 31, 2010	$ 4,238	$ 6,745	$ 346	$ 11,329

The employee-related accruals at March 31, 2010 represent severance and outplacement costs to former employees that will be paid out within the next twelve months and are, therefore, included in the caption "accrued expenses and other current liabilities" in the Company's consolidated balance sheet at March 31, 2010.

The facilities-related accruals at March 31, 2010 represent estimated losses, net of subleases, on space vacated as part of the Company's restructuring actions. The leases, and payments against the amounts accrued, will extend through 2017 unless the Company is able to negotiate earlier terminations. Of the total facilities-related accruals, $4.9 million is included in the caption "accrued expenses and other current liabilities" and $2.2 million is included in the caption "long-term liabilities" in the Company's consolidated balance sheet at March 31, 2010.

17. RECENT ACCOUNTING PRONOUNCEMENTS

In October 2009, the FASB issued Accounting Standards Update No. 2009-13, *Multiple-Deliverable Revenue Arrangements*, an amendment to FASB ASC topic 605, *Revenue Recognition*, and Accounting Standards Update No. 2009-14, *Certain Revenue Arrangements That Include Software Elements*, an amendment to FASB ASC subtopic 985-605, *Software – Revenue Recognition* (the "Updates"). The Updates provide guidance on arrangements that include software elements, including tangible products that have software components that are essential to the functionality of the tangible product and will no longer be within the scope of the software revenue recognition guidance, and software-enabled products that will now be subject to other relevant revenue recognition guidance. The Updates also provide authoritative guidance on revenue arrangements with multiple deliverables that are outside the scope of the software revenue recognition guidance. Under the new guidance, when vendor-specific objective evidence or third-party evidence of fair value for deliverables in an arrangement cannot be determined, a best estimate of the selling price is required to separate deliverables and allocate arrangement consideration using the relative selling price method. The Updates also include new disclosure requirements on how the application of the relative selling price method affects the timing and amount of revenue recognition. The Updates must be adopted in the same period using the same transition method and are effective prospectively, with retrospective adoption permitted, for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, or January 1, 2011 for Avid. Early adoption is also permitted; however, early adoption during an interim period requires retrospective application from the beginning of the fiscal year. The Company is currently assessing the timing and method of adoption, as well as the possible impact of this guidance on its financial position and results of operations.

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (now codified within FASB ASC topic 810, *Consolidation*). This guidance requires an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as one with the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and the obligation to absorb losses of the entity that could potentially be significant to the variable interest. The Company adopted this guidance on January 1, 2010. As the Company does not currently have any interest in variable interest entities, adoption had no impact on the Company's financial position or results of operations.

18. SUBSEQUENT EVENT

On April 21, 2010, the Company acquired Euphonix, Inc. ("Euphonix"), a California-based provider of large-format digital audio consoles, media controllers and peripherals, for total consideration of approximately $17.6 million. The consideration included cash of $12.6 million and the issuance of 327,439 shares of common stock valued at $5 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EXECUTIVE OVERVIEW

Our Company

We create digital audio and video technology used to make the most listened to, most watched and most loved media in the world – from the most prestigious and award-winning feature films, music recordings, television shows, live concert tours and news broadcasts, to music and movies made at home. Our influential and pioneering solutions include Media Composer, Pro Tools, Avid Unity, Interplay, Oxygen 8, Sibelius and Pinnacle Studio. Our mission is to inspire passion, unleash creativity and enable our customers to realize their dreams in a digital world. Anyone who enjoys movies, television or music has almost certainly experienced the work of content creators who use our solutions to bring their creative visions to life.

We operate our business based on the following five customer-centric strategic principles:

- ***Drive customer success.*** We are committed to making each and every customer successful. Period. It's that simple.
- ***From enthusiasts to the enterprise.*** Whether performing live or telling a story to sharing a vision or broadcasting the news – we create products to support our customers at all stages.
- ***Fluid, dependable workflows.*** Reliability. Flexibility. Ease of Use. High Performance. We provide best-in-class workflows to make our customers more productive and competitive.
- ***Collaborative support.*** For the individual user, the workgroup, a community or the enterprise, we enable a collaborative environment for success.
- ***Avid optimized in an open ecosystem.*** Our products are innovative, reliable, integrated and best-of-breed. We work in partnership with a third-party community resulting in superior interoperability.

We are deeply committed to the long-term success of our company and that of our customers. In 2008, we initiated a significant transformation of our business that included, among other things, establishing a new management team, developing a new corporate strategy, restructuring our internal organization, improving operational efficiencies, divesting non-core product lines and reducing the size of our workforce. We have established a strategic and organizational foundation from which we are positioned to build momentum in our core business and expand our operating margins with the ultimate goal of sustainable growth. As part of our business transformation, in the later part of 2009 we completed a reorganization of our business around functional groups rather than product categories. As a result, effective January 1, 2010, we commenced reporting based on a single reportable segment.

We routinely post important information for investors on the Investors page of our website at www.avid.com.

Financial Summary

Our revenues for the three months ended March 31, 2010 were $156.0 million, an increase of 2.9% compared to the same period last year, with revenues from audio products and services increasing by 11.7%, and revenues from video products and services decreasing by 3.6%. Overall, product revenues increased by 4.1% and services revenues decreased by 2.5%. Our gross margin percentage increased to 49.8% from 48.3% for the comparable 2009 period, largely driven by a 5.1% improvement in our services gross margin percentage. The gross margin increase was primarily the result of improved efficiencies resulting from our transition to a single company-wide production and delivery organization.

Our operating expenses for the three months ended March 31, 2010 were $90.7 million, compared to $93.5 million for the same period in 2009. This decrease was primarily attributable to our business transformation and a restructuring plan initiated in the fourth quarter of 2008. To date, this restructuring plan has resulted in charges related to a reduction in force of approximately 820 positions, including employees associated with product line divestitures, and the closure of all or parts of 18 facilities worldwide. Cash expenditures resulting from restructuring obligations totaled approximately $6.8 million during the first three months of 2010. We may engage in additional cost reduction programs in the future, including restructuring actions, as a result of changing economic conditions.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our management's discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. We make estimates and assumptions in the preparation of our consolidated financial statements that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. However, actual results may differ from these estimates.

We believe that our critical accounting policies are those related to revenue recognition and allowances for product returns and exchanges; stock-based compensation; the valuation of business combinations, goodwill and intangible assets; divestitures; and income tax assets and liabilities. We believe these policies are critical because they most significantly affect the portrayal of our financial condition and results of operations and involve our most difficult and subjective estimates and judgments. Our critical accounting policies may be found in our 2009 Annual Report on Form 10-K in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," under the heading "Critical Accounting Policies and Estimates."

RESULTS OF OPERATIONS

Net Revenues

Our net revenues are derived mainly from sales of computer-based digital, nonlinear media-editing and finishing systems and related peripherals, including shared-storage systems, software licenses, and related professional services and maintenance contracts.

	Three Months Ended March 31, 2010 and 2009 (dollars in thousands)					
	2010 Net Revenues	% of Consolidated Net Revenues	2009 Net Revenues	% of Consolidated Net Revenues	Change	% Change in Revenues
Video product revenues	$ 58,135	37.3%	$ 60,555	39.9%	$ (2,420)	(4.0%)
Video services revenues	26,218	16.8%	26,947	17.8%	(729)	(2.7%)
	84,353	54.1%	87,502	57.7%	(3,149)	(3.6%)
Audio product revenues	70,544	45.2%	63,086	41.6%	7,458	11.8%
Audio services revenues	1,059	0.7%	1,041	0.7%	18	1.7%
	71,603	45.9%	64,127	42.3%	7,476	11.7%
Total net revenues	$ 155,956	100.0%	$ 151,629	100.0%	$ 4,327	2.9%

The overall 2.9% increase in our revenues was largely driven by increased revenues from our audio products. This increase was partially offset by decreased revenues from both our video products and services offerings. During the first three months of 2010, compared to the first three months of 2009, favorable currency exchange rates also contributed to our overall revenue growth.

The increase in revenues from our audio products was primarily the result of increased revenues for most of our audio product lines, which we believe largely resulted from sales promotions for certain higher-end audio products offered during the first three months of 2010, as well as increased consumer spending during that period. During the first quarter of 2010, compared to the same period in 2009, revenues from our professional audio products and our live system VENUE product line were strong, as were consumer sales of our musical instrument and speaker offerings.

The decrease in revenues from our video products was primarily the result of lower sales volumes of our broadcast news products, which we believe was the result of continued pressure on spending in some segments of the broadcast industry. This decrease was partially offset by increased revenues from strong sales of our ISIS shared storage systems and Interplay production and media-asset management products in the first quarter of 2010.

Services revenues are derived primarily from maintenance contracts and to a lesser extent professional and installation services and training. The decrease in video services revenues was largely the result of our decision to end the maintenance service offerings for certain previously discontinued product lines.

Net revenues derived through indirect channels were 70% of our net revenues for the three-month period ended March 31, 2010, compared to 67% for the same period in 2009.

Sales to customers outside the United States accounted for 58% of our net revenues for the three-month period ended March 31, 2010, compared to 55% for the same period in 2009.

Gross Margin

Cost of revenues consists primarily of costs associated with:

- the procurement of components;
- the assembly, testing and distribution of finished products;
- warehousing;
- customer support costs related to maintenance contract revenues and other services; and
- royalties for third-party software and hardware included in our products.

Cost of revenues also includes amortization of technology, which represents the amortization of developed technology assets acquired in business combinations. Amortization of technology is described further in the "Amortization of Intangible Assets" section below. Cost of revenues for the three-month period ended March 31, 2009 included a charge of $0.8 million for the write-down of inventory related to the 2008 divestiture of our PCTV product line.

Gross margins fluctuate based on factors such as the mix of products and services sold, the cost and proportion of third-party hardware and software included in the products sold, the offering of product upgrades, price discounts and other sales promotion programs, the distribution channels through which products are sold, the timing of new product introductions and currency exchange rate fluctuations.

	Three Months Ended March 31, 2010 and 2009 (dollars in thousands)				
	2010	Gross Margin %	2009	Gross Margin %	Change in Gross Margin %
Cost of products revenues	$ 63,269	50.8%	$ 61,248	50.5%	0.3%
Cost of services revenues	14,040	48.5%	15,839	43.4%	5.1%
Amortization of intangible assets	966	–	520	–	–
Restructuring costs	–	–	799	–	–
Total	$ 78,275	49.8%	$ 78,406	48.3%	1.5%

The 1.5% improvement in our total gross margin was largely driven by decreased services costs and the increase in our total revenues. The decrease in services costs resulted in a 5.1% improvement in services gross margin percentage and was largely the result of the improved efficiencies resulting from our transition to a single company-wide production and delivery organization.

Research and Development

Research and development expenses include costs associated with the development of new products and the enhancement of existing products, and consist primarily of employee salaries and benefits, facilities costs, depreciation, costs for consulting and temporary employees, and prototype and other development expenses.

	Three Months Ended March 31, 2010 and 2009 (dollars in thousands)			
	2010 Expenses	2009 Expenses	Change	% Change
Research and development	$ 30,151	$ 31,051	$ (900)	(2.9%)
As a percentage of net revenues	19.3%	20.5%	(1.2%)	

The decrease in research and development, or R&D, expenses for the three-month period ended March 31, 2010, compared to the same period in 2009, was primarily due to our increased use of offshore development resources. The increased use of offshore development resources resulted in lower facilities and information technology infrastructure costs of $1.0 million and a decrease in personnel-related expenses of $0.6 million, partially offset by a $0.9 million increase in consulting and outside services costs.

The decrease in R&D expenses as a percentage of revenues was the result of both the decrease in R&D expenses and the increase in revenues for the 2010 period compared to the same period in 2009.

Marketing and Selling

Marketing and selling expenses consist primarily of employee salaries and benefits for selling, marketing and pre-sales customer support personnel; commissions; travel expenses; advertising and promotional expenses; and facilities costs.

	Three Months Ended March 31, 2010 and 2009 (dollars in thousands)			
	2010 Expenses	2009 Expenses	Change	% Change
Marketing and selling	$ 41,746	$ 40,781	$ 965	2.4%
As a percentage of net revenues	26.8%	26.9%	(0.1%)	

The increase in marketing and selling expenses for the three-month period ended March 31, 2010, compared to the same period in 2009, was largely due to increased personnel-related costs, higher consulting and outside services costs and less favorable foreign exchange translations, partially offset by lower tradeshow and other promotional expenses and a decrease in bad debt expense. Personnel-related costs increased by $1.7 million, primarily resulting from higher compensation and benefits costs, while consulting and outside services costs increased by $0.4 million. During the first three months of 2010, net foreign exchange gains (specifically, remeasurement gains and losses on net monetary assets denominated in foreign currencies, offset by non-designated foreign currency hedging gains and losses), which are included in marketing and selling expenses, were $0.3 million, compared to gains of $1.8 million for the 2009 period, resulting in a $1.5 million decrease in the offset to expense. Tradeshow and other promotional expenses decreased by $1.6 million, while bad debt expense decreased by $1.2 million. The decrease in bad debt expense was primarily the result of a lease default in the first quarter of 2009, which initiated an increase in our lease recourse reserves during that period.

The decrease in marketing and selling expenses as a percentage of revenues for the three-month period ended March 31, 2010 was the result of the increase in revenues for the period compared to the same period in 2009.

General and Administrative

General and administrative expenses consist primarily of employee salaries and benefits for administrative, executive, finance and legal personnel; audit, legal and strategic consulting fees; and insurance, information systems and facilities costs. Information systems and facilities costs reported within general and administrative expenses are net of allocations to other expenses categories.

	Three Months Ended March 31, 2010 and 2009 (dollars in thousands)			
	2010 Expenses	2009 Expenses	Change	% Change
General and administrative	$ 14,602	$ 15,113	$ (511)	(3.4%)
As a percentage of net revenues	9.4%	10.0%	(0.6%)	

The decrease in general and administrative expenses for the three-month period ended March 31, 2010, compared to the same period in 2009, was due to lower personnel-related expenses and a decrease in facilities and information technology infrastructure costs, partially offset by increased costs related to our acquisition activities. Personnel-related costs decreased by $0.8 million, primarily resulting from reduced headcount, and facilities and information technology infrastructure costs decreased by $0.2 million. Costs related to our acquisition activities increased by $0.7 million.

The decrease in general and administrative expenses as a percentage of revenues was the result of both the decrease in general and administrative expenses and the increase in revenues for the 2010 period compared to the same period in 2009.

Amortization of Intangible Assets

Intangible assets result from acquisitions and include developed technology, customer-related intangibles, trade names and other identifiable intangible assets with finite lives. With the exception of developed technology, these intangible assets are amortized using the straight-line method. Developed technology is amortized using the greater of (1) the amount calculated using the ratio of current quarter revenues to the total of current quarter and anticipated future revenues over the estimated useful life of the developed technology and (2) the straight-line method, over each developed technology's remaining useful life. Amortization of developed technology is recorded within cost of revenues. Amortization of customer-related intangibles, trade names and other identifiable intangible assets is recorded within operating expenses.

	Three Months Ended March 31, 2010 and 2009 (dollars in thousands)			
	2010	2009	Change	% Change
Amortization of intangible assets recorded in cost of revenues	$ 966	$ 520	$ 446	85.8%
Amortization of intangible assets recorded in operating expenses	2,857	2,375	482	20.3%
Total amortization of intangible assets	$ 3,823	$ 2,895	$ 928	32.1%
Total amortization of intangible assets as a percentage of net revenues	2.5%	1.9%	0.6%	

For the three-month period ended March 31, 2010, compared to the same period in 2009, the increases in amortization of intangible assets recorded in both cost of revenues and operating expenses were primarily the result of the amortization of intangible assets related to our acquisitions of Blue Order Solutions AG in January 2010 and MaxT Systems Inc. in July 2009. See Notes 5 and 6 to our unaudited condensed consolidated financial statements included in Item 1 of this report for further information on our acquisition-related identifiable intangible assets.

Restructuring Costs, Net

In October 2008, we initiated a company-wide restructuring plan that included a reduction in force of approximately 500 positions, including employees related to our product line divestitures, and the closure of all or parts of some of our worldwide facilities. The restructuring plan is intended to improve operational efficiencies and bring our costs in line with expected revenues. In connection with the plan, during the fourth quarter of 2008, we recorded restructuring charges of $20.4 million related to employee termination costs and $0.5 million for the closure of three small facilities. In addition, as a result of the decision to sell the PCTV product line, we recorded a non-cash restructuring charge of $1.9 million in cost of revenues related to the write-down of inventory.

During 2009, we recorded restructuring charges of $27.7 million, of which $27.9 million related to this plan and a recovery of ($0.2) million was the result of revised estimates for amounts recorded under previous restructuring plans. Charges under the plan included new restructuring charges of $27.1 million and revisions to previously recorded estimates under the plan of $0.8 million. The new restructuring charges included $14.8 million related to employee termination costs, including those for approximately 320 additional employees; $11.5 million related to the closure of all or part of eleven facilities; and $0.8 million, recorded in cost of revenues, related to the write-down of PCTV inventory. The charges resulting from the reduction in force of 320 additional employees were recorded in the third and fourth quarters and were primarily the result of the expanded use of offshore development resources for R&D projects and our desire to better align our 2010 cost structure with revenue expectations.

During the first three months of 2010, we recorded new restructuring charges totaling $0.8 million as a result of the closure of all or part of four additional facilities. Also during the first quarter of 2010, we recorded charges of $0.5 million as a result of increased estimates for previously recorded severance obligations.

Interest and Other Income (Expense), Net

Interest and other income (expense), net, generally consists of interest income and interest expense.

	Three Months Ended March 31, 2010 and 2009 (dollars in thousands)			
	2010	2009	Change	% Change
Interest and other income (expense), net	$ —	$ 153	$ (153)	(100%)
As a percentage of net revenues	0.0%	0.1%	(0.1%)	

The decrease in interest and other income (expense), net for the three-month period ended March 31, 2010, compared to the same period in 2009, was primarily the result of lower interest rates paid on lower average cash balances, as well as an increase in interest expense during the 2010 period.

Provision for (Benefit from) Income Taxes, Net

	Three Months Ended March 31, 2010 and 2009 (dollars in thousands)		
	2010	2009	Change
Provision for (benefit from) income taxes, net	$ 467	$ (2,889)	$ 3,356
As a percentage of net revenues	0.3%	(1.9%)	2.2%

Our effective tax rate, which represents a tax provision as a percentage of loss before income taxes, was 4% for the three-month period ended March 31, 2010. Our effective tax rate, which represents a tax benefit as a percentage of loss before income taxes, was 14% for the three-month period ended March 31, 2009. The change from a tax benefit to a tax provision was the result of foreign operating profits for the three-month period ended March 31, 2010, compared to foreign operating losses recorded in the same period in 2009. Additionally, in the three-month period ended March 31, 2009, there was a discrete tax benefit of $0.4 million resulting from the utilization of unused R&D tax credits. The change in the effective tax rates resulted from a large tax benefit recorded on the foreign operating losses for the three-month period ended March 31, 2009, compared to a small tax provision recorded on foreign operating profits for the three-month period ended March 31, 2010. No tax benefit is provided for losses generated in the United States due to the full valuation allowance on our U.S. deferred tax assets.

The tax rate in each period is affected by net changes in the valuation allowance against our deferred tax assets. Excluding the impact of our valuation allowance, our effective tax rates would have been 64% and 41%, respectively, for the three-month periods ended March 31, 2010 and 2009. These rates differ from the Federal statutory rate of 35% primarily due to the mix of income and losses in foreign jurisdictions, which have tax rates that differ from the statutory rate.

LIQUIDITY AND CAPITAL RESOURCES

Current Cash Flows and Commitments

We have funded our operations in recent years through cash flows from operations as well as from the proceeds of the issuance of common stock under our employee stock plans. At March 31, 2010, our principal sources of liquidity included cash, cash equivalents and marketable securities totaling $74.2 million.

Net cash used in operating activities was ($6.5) million for the three months ended March 31, 2010, compared to ($10.8) million used in operating activities for the same period in 2009. For the three months ended March 31, 2010, net cash used in operating activities primarily reflected our net loss adjusted for depreciation and amortization and stock-based compensation expense, as well as changes in working capital items, in particular a decrease in accrued liabilities and an increase in accounts receivable, partially offset by an increase in deferred revenues and a decrease in inventories. For the three months ended March 31, 2009, net cash used in operating activities primarily reflected our net loss adjusted for depreciation and amortization and stock-based compensation expense, as well as changes in working capital items, in particular decreases in accrued liabilities, accounts payable and deferred revenues, partially offset by decreases in accounts receivable and prepaid expenses.

Accrued liabilities decreased by $14.9 million during the first three months of 2010 as a result of cash expenditures related to restructuring obligations of $6.8 million, as well as payments for other obligations accrued at December 31, 2009. In connection with restructuring activities during 2010 and prior periods, at March 31, 2010, we had restructuring accruals of $4.2 million and $7.1 million related to severance and lease obligations, respectively. Our future cash obligations for leases for which we have vacated the underlying facilities total approximately $12.3 million. The lease accruals represent the present value of the excess of our lease commitments on the vacated space over expected payments to be received on subleases of the relevant facilities. The lease payments will be made over the remaining terms of the leases, which have varying expiration dates through 2017, unless we are able to negotiate earlier terminations. The severance payments will be made during the next twelve months. All payments related to restructuring actions are expected to be funded through working capital. See Note 16 of the unaudited condensed consolidated financial statements in Item 1 of this report for the restructuring costs and accruals activity for the three months ended March 31, 2010.

Accounts receivable increased by $4.5 million to $84.3 million at March 31, 2010 from $79.7 million at December 31, 2009. These balances are net of allowances for sales returns, bad debts and customer rebates, all of which we estimate and record based primarily on historical experience. Days sales outstanding in accounts receivable, or DSO, was 49 days at March 31, 2010, compared to 41 days at December 31, 2009. During the first quarter of 2010, our account receivable aging improved slightly, and we consider the DSO of 49 days to be consistent with our historical performance.

Deferred revenues increased by $6.5 million to $45.6 million at March 31, 2010, from $39.1 million at December 31, 2009. This increase was largely the result of an increase in deferrals related to maintenance contracts, primarily resulting from the timing of contract renewals.

At March 31, 2010 and December 31, 2009, we held inventories in the amounts of $71.8 million and $77.2 million, respectively. These balances included stockroom, spares and demonstration equipment inventories at various locations, as well as inventory at customer sites related to shipments for which we had not yet recognized revenue. We review all inventory balances regularly for excess quantities or potential obsolescence and make appropriate adjustments as needed to write down the inventories to reflect their estimated realizable value. We source inventory products and components pursuant to purchase orders placed from time to time.

Net cash flow used in investing activities was ($9.0) million for the three months ended March 31, 2010, compared to ($11.1) million for the same period in 2009. The net cash flow used in investing activities for the three months ended March 31, 2010 primarily reflected $16.1 million paid to acquire Blue Order and $10.0 million used for the purchase of property and equipment, partially offset by net proceeds of $16.9 million resulting from the timing of the sale and purchase of marketable securities. The net cash flow used in investing activities for the three months ended March 31, 2009 primarily reflected net purchases of $7.7 million resulting from the timing of the sale and purchase of marketable securities, as well as $3.6 million used for the purchase of property and equipment. Our purchases of property and equipment typically consist of computer hardware and software to support our R&D activities and information systems. The increase in property and equipment purchases in the 2010 period primarily resulted from leasehold improvement, furniture and equipment costs associated with the scheduled relocation of our corporate offices to Burlington, Massachusetts in June 2010.

During the three months ended March 31, 2010, cash used in financing activities was ($0.7) million, compared to ($0.6) million for the same period in 2009. In both periods, the amounts used primarily reflected costs associated with tax withholding obligations resulting from the issuance of common stock under employee stock plans.

We believe that our existing cash, cash equivalents, marketable securities and funds generated from operations will be sufficient to meet our operating cash requirements for at least the next twelve months. Our cash requirements vary depending on factors such as our growth, capital expenditures, acquisitions of businesses or technologies and obligations under restructuring programs. In the event that we require additional financing, we believe that we will be able to obtain such financing; however, there can be no assurance that we would be successful in doing so or that we could do so on favorable terms.

Fair Value Measurements

We value our cash and investment instruments using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. See Notes 3 and 4 to our unaudited condensed consolidated financial statements included in Item 1 of this report for the disclosure of the fair values and the inputs used to determine the fair values of our financial assets and financial liabilities.

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 17 to our unaudited condensed consolidated financial statements included in Item 1 of this report for disclosure of the impact that recent accounting pronouncements have had or may have on our consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Foreign Currency Exchange Risk

We have significant international operations and, therefore, our revenues, earnings, cash flows and financial position are exposed to foreign currency risk from foreign-currency-denominated receivables, payables, sales transactions and net investments in foreign operations.

We derive more than half of our revenues from customers outside the United States. This business is, for the most part, transacted through international subsidiaries and generally in the currency of the end-user customers. Therefore, we are exposed to the risks that changes in foreign currency could adversely affect our revenues, net income and cash flow. To hedge against the foreign exchange exposure of certain forecasted receivables, payables and cash balances, we enter into short-term foreign currency forward contracts. There are two objectives of our foreign currency forward-contract program: (1) to offset any foreign exchange currency risk associated with cash receipts expected to be received from our customers over the next 30-day period and (2) to offset the impact of foreign currency exchange on our net monetary assets denominated in currencies other than the functional currency of the legal entity. These forward contracts typically mature within 30 days of execution. We record gains and losses associated with currency rate changes on these contracts in results of operations, offsetting gains and losses on the related assets and liabilities. The success of this hedging program depends on forecasts of transaction activity in the various currencies and contract rates versus financial statement rates. To the extent these forecasts are overstated or understated during periods of currency volatility, we could experience unanticipated currency gains or losses.

At March 31, 2010, we had foreign currency forward contracts outstanding with an aggregate notional value of $34.9 million, denominated in the euro, British pound, Japanese yen and Canadian dollar, as a hedge against actual and forecasted foreign-currency-denominated receivables, payables and cash balances. The mark-to-market effect associated with foreign currency forward contracts was a net unrealized gain of $0.5 million at March 31, 2010. For the three months ended March 31, 2010, net gains of $1.4 million resulting from forward contracts and $1.1 million of net transaction and remeasurement losses on the related assets and liabilities were included in our results of operations.

As it relates to our use of foreign currency forward contracts, a hypothetical 10% change in foreign currency rates would not have a material impact on our financial position, assuming the above-mentioned forecast of foreign currency exposure is accurate, because the impact on the forward contracts as a result of a 10% change would at least partially offset the impact on the asset and liability positions of our foreign subsidiaries.

Interest Rate Risk

At March 31, 2010, we held $74.2 million in cash, cash equivalents and marketable securities, including a municipal, bond and a money market fund investment. Marketable securities are classified as "available for sale" and are recorded on the balance sheet at market value, with any unrealized gain or loss recorded in other comprehensive income (loss). A hypothetical 10% increase or decrease in interest rates would not have a material impact on the fair market value of these instruments due to their short maturities.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2010. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Security and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of March 31, 2010, our chief executive officer and chief financial officer concluded that, as of that date, our disclosure controls and procedures were effective at the reasonable assurance level.

No change in our internal control over financial reporting occurred during the fiscal quarter ended March 31, 2010 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in legal proceedings from time to time arising from the normal course of business activities, including but not limited to claims of alleged infringement of intellectual property rights and commercial, employment, piracy prosecution and other matters. We do not believe these matters will have a material adverse effect on our financial position or results of operations. However, our financial position or results of operations may be negatively affected by the unfavorable resolution of one or more of these proceedings.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described in Part I - Item 1A under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2009 in addition to the other information included or incorporated by reference in this quarterly report before making an investment decision regarding our common stock. If any of these risks actually occurs, our business, financial condition or operating results would likely suffer, possibly materially, the trading price of our common stock could decline, and you could lose part or all of your investment.

During the three months ended March 31, 2010, there were no material changes to the risk factors that were disclosed in Part 1 - Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2009.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

The following table is a summary of our stock repurchases during the three months ended March 31, 2010:

Period	Total Number of Shares Repurchased(a)	Average Price Paid Per Share	Total Number of Shares Repurchased as Part of the Publicly Announced Program	Dollar Value of Shares That May Yet be Purchased Under the Program(b)
January 1 – January 31, 2010	–	$ –	–	$ 80,325,905
February 1 – February 28, 2010	–	–	–	80,325,905
March 1 – March 31, 2010	1,982	14.17	–	80,325,905
	1,982	$ 14.17	–	$ 80,325,905

(a) In March 2010, we repurchased 1,982 shares of restricted stock from an employee to pay required withholding taxes upon the vesting of restricted stock.

(b) In April 2007, we initiated a stock repurchase program that ultimately authorized the repurchase of up to $200 million of our common stock through transactions on the open market, in block trades or otherwise. At March 31, 2010, $80.3 million remained available for future stock repurchases under the program. The stock repurchase program is funded through working capital and has no expiration date. The last repurchase of shares of our common stock under this program was in March 2008.

ITEM 5. OTHER INFORMATION

We held our annual meeting of stockholders on May 4, 2010. At the meeting, Robert M. Bakish, Gary G. Greenfield and Louis Hernandez, Jr. were re-elected as Class II Directors for terms expiring at our 2013 annual meeting. The vote with respect to each nominee is set forth below:

	Votes For	Votes Against	Votes Abstaining
Mr. Bakish	31,948,162	133,383	8,483
Mr. Greenfield	27,561,746	4,523,744	4,538
Mr. Hernandez	24,426,233	7,656,764	7,031

The additional directors whose terms of office continued after the meeting were George H. Billings, Elizabeth M. Daley, Nancy Hawthorne, Youngme E. Moon, David B. Mullen and John H. Park.

In addition, the stockholders ratified the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2010 by a vote of 36,121,179 shares for, 26,343 shares against and 17,333 shares abstaining.

ITEM 6. EXHIBITS

The list of exhibits, which are filed or furnished with this report or which are incorporated herein by reference, is set forth in the Exhibit Index immediately preceding the exhibits and is incorporated herein by reference.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 7, 2010	By: /s/ Ken Sexton Ken Sexton Executive Vice President, Chief Financial Officer and Chief Administrative Officer *(Principal Financial Officer)*

EXHIBIT INDEX

			Incorporated by Reference		
Exhibit No.	Description	Filed with this Form 10-Q	Form or Schedule	SEC Filing Date	SEC File Number
3.1	Amended and Restated By-Laws of the Registrant, as amended		10-K	March 16, 2010	000-21174
#10.1	2010 Executive Bonus Plan		8-K	February 12, 2010	000-21174
#10.2	Executive Employment Agreement dated March 15, 2010 between the Registrant and Martin Vann	X			
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
32.1	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			

Management contract or compensatory plan identified pursuant to Item 15(a)3.

EXHIBIT 10.2

EXECUTIVE EMPLOYMENT AGREEMENT

AVID TECHNOLOGY, INC.

This Executive Employment Agreement (this "Agreement") is entered into as of March 15, 2010 (the "Effective Date"), by and between Avid Technology, Inc., a Delaware corporation with its principal executive offices at Avid Technology Park, One Park West, Tewksbury, Massachusetts 01876 (the "Company"), and Martin Vann ("Executive").

Article 1. Services

1.1. Service. During the Term (as defined below), Executive shall serve as Senior Vice President of Worldwide Sales and Professional Services upon the terms and conditions set forth below.

1.2. Duties. During the Term, Executive agrees to perform such executive duties consistent with his position as may be assigned to him from time to time by the Board of Directors of the Company (the "Board" or "Board of Directors"), the Chief Executive Officer, the Chief Administrative Officer or the Chief Operating Officer and to devote his full working time and attention to such duties.

1.3. No Conflicting Commitments. During the Term, Executive will not undertake any commitments, engage or have an interest in any outside business activities or enter into any consulting agreements which, in the good faith determination of the Chief Executive Officer, conflict with the Company's interests or which might reasonably be expected to impair the performance of Executive's duties as a full-time employee of the Company. Notwithstanding the foregoing, Executive may pursue personal interests (including, without limitation, industry, civic and charitable activities) and attend to his personal investments, so long as such activities do not interfere with the performance of his duties hereunder.

Article 2. Term

2.1. Term. The term of this Agreement (the "Term") shall commence on the Effective Date and shall expire on March 15, 2013 unless the Term is:

2.1.1 extended pursuant to the provisions of this Section 2.1; or

2.1.2 terminated when the Executive's employment terminates pursuant to Section 4.1 hereof;

provided, however, that notwithstanding the foregoing, the Term shall continue to automatically be extended for periods of one (1) year so long as neither party provides written notice to the other of its intent to terminate by a date which is at least one hundred and eighty (180) days prior to the then-current expiration date of the Agreement, and, provided further, that (i) in the event that a Change-in-Control of the Company (as defined in Section 4.2.2) should occur during the twelve (12) months prior to the end of the then-current Term and Executive is still an employee of the Company at that time, then the Term shall be deemed to expire on the date that is twelve (12) months after the date of such Change-in-Control of the Company, (ii) in the event a Potential Change-in-Control Period (as defined in Section 4.2.6) exists within the twelve (12) months prior to the end of the then-current Term and Executive is still an employee of the Company as of that date, the Term shall be deemed to expire on the date that is twelve (12) months after the commencement of such Potential Change-in-Control Period and (iii) the expiration of the Term shall not adversely affect Executive's rights under this Agreement which have accrued prior to such expiration. For the avoidance of doubt, if a Potential Change-in-Control Period shall commence in the twelve (12) months prior to the end of the then-current Term and a Change-in-Control of the Company shall also occur during such twelve (12) month period, and if Executive is still an employee of the Company on the date of the Change-in-Control of the Company, the Term shall be deemed to expire twelve (12) months after the date of such Change-in-Control. Unless the services of the Executive have terminated prior to or upon the end of the Term in accordance with the provisions of this Agreement, from and after the end of the Term, Executive shall be an employee-at-will.

Article 3. Payments

3.1. Base Compensation. During the Term, the Company shall pay Executive an annual base salary (the “Base Salary”) of Three Hundred Sixty-Nine Thousand Three Hundred Dollars ($369,300), payable in regular installments in accordance with the Company’s usual payment practices. The Base Salary shall be reviewed by the Compensation Committee of the Board (the “Compensation Committee”) during the Term.

3.2. Incentive Payments. During the Term, Executive shall be eligible to participate in an annual performance bonus plan approved by the Compensation Committee for the Company’s executive officers (as such plan is amended from time to time, the “Annual Incentive Bonus”), pursuant to which Executive shall be eligible to receive a target annual bonus, in an amount approved by the Compensation Committee in its sole discretion, equal to a percentage of his then Base Salary. For 2010, Executive’s target annual bonus under the Annual Incentive Plan is equal to 26.7% of his 2010 Base Salary (the “Target Bonus”). Executive shall also be eligible to participate in other cash incentive plans as approved from time to time by the Compensation Committee.

3.3. Benefits; Expenses. During the Term, the Company shall provide Executive and his dependents with medical insurance and such other cash and noncash benefits, on the same terms and conditions, as amended from time to time, as are generally made available by the Company to its full-time executive officers. Executive shall be entitled to four (4) weeks of paid vacation per year. The Company shall pay, or reimburse Executive for, all business expenses incurred by Executive which are related to the performance of Executive's duties, subject to timely submission by Executive of payment or reimbursement requests and appropriate documentation, in accordance with the Company’s reimbursement policies.

3.4. Participation in Equity Incentive Plans. During the Term, Executive shall be entitled to participate in the Company’s stock incentive plans to the extent and in the manner determined by the Board of Directors or the Compensation Committee in its absolute discretion.

Article 4. Termination

4.1. Termination. Executive’s employment hereunder shall terminate upon the occurrence of any of the following events:

4.1.1. Immediately upon the Executive’s death;

4.1.2. The termination of the Executive’s employment by the Company for Disability (as defined below), to be effective immediately upon delivery of notice thereof;

4.1.3. The termination of Executive’s employment by the Company for Cause (as defined below), to be effective immediately upon delivery of notice thereof;

4.1.4. The termination of Executive’s employment by the Company without Cause and not as a result of Executive’s death or Disability, to be effective thirty (30) days after the Company delivers written notice thereof to the Executive;

4.1.5. The termination of Executive’s employment by Executive without Good Reason (as defined below), to be effective thirty (30) days after Executive delivers written notice thereof from Executive to the Company; or

4.1.6. The termination of Executive’s employment by Executive with Good Reason (as defined below), to be effective as set forth below.

4.2. For purposes of this Agreement, the following definitions shall apply:

4.2.1. "Cause" shall mean (i) Executive's continued failure to perform (other than by reason of death or illness or other physical or mental incapacity) his duties and responsibilities as assigned by the Chief Executive Officer, Chief Administrative Officer, Chief Operating Officer or Board in accordance with Section 1.2 above, which is not remedied after thirty (30) days' written notice from the Company (if such failure is susceptible to cure), (ii) a breach by the Executive of this Agreement or any other material written agreement between Executive and the Company, which is not cured after ten (10) days' written notice from the Company (if such breach is susceptible to cure), (iii) Executive's gross negligence or willful misconduct, (iv) Executive's material violation of a material Company policy (for purposes of this clause, the Company's Code of Business Conduct and Ethics shall be deemed a material Company policy), which is not cured after ten (10) days' written notice from the Company (if such violation is susceptible to cure), (v) fraud, embezzlement or other material dishonesty with respect to the Company, (vi) conviction of a crime constituting a felony (which shall not include any crime or offense related to traffic infractions or as a result of vicarious liability) or conviction of any other crime involving fraud, dishonesty or moral turpitude or (vii) failing or refusing to cooperate, as reasonably requested in writing by the Company, in any internal or external investigation of any matter in which the Company has a material interest (financial or otherwise) in the outcome of the investigation.

4.2.2. "Change-in-Control of the Company" shall be deemed to have occurred only if any of the following events occur:

(i) The acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (a) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (b) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this section, the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (D) any acquisition pursuant to a transaction which satisfies the criteria set forth in clauses (a) and (b) of Section 4.2.2(iii); or

(ii) Individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the operating assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (a) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 40% of, respectively, the then-outstanding shares of common stock (or other equity interests, in the case of an entity other than a corporation), and the combined voting power of the then-outstanding voting securities of the corporation or other entity resulting from such Business Combination (which as used in this section shall include, without limitation, a corporation or other entity which as a result of such transaction owns all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, and (b) no Person (excluding any corporation or other entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then outstanding shares of common stock (or other equity interests, in the case of an entity other than a corporation) of the corporation or other entity resulting from such Business Combination, or the combined voting power of the then-outstanding voting securities of such corporation or other entity;

provided, however, that as used in Sections 2.1.2, 4.2.6, 4.3 and Article 5, a "Change-in-Control of the Company" shall be deemed to occur only if any of the foregoing events occur and such event that occurs is a "change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation" as defined in Treasury Reg. § 1.409A-3(i)(5).

4.2.3. "Date of Termination" shall mean the date of Executive's "separation from service" with the Company, as determined under Treasury Reg. § 1.409A-1(h).

4.2.4. "Disability" shall mean Executive's absence from the full-time performance of his duties with the Company for more than one hundred and eighty (180) days during a three hundred and sixty-five (365) day period as a result of incapacity due to mental or physical illness, as a result of which Executive is deemed "disabled" by the institution appointed by the Company to administer its long-term disability plan (or any successor plan).

4.2.5. "Good Reason" shall mean any material breach of this Agreement by the Company or the occurrence of any one or more of the following without Executive's prior express written consent: (i) a material diminution in Executive's authority, duties or responsibility from those in effect as of the Effective Date; (ii) a material diminution in Executive's Base Salary as in effect on the Effective Date or as may be increased from time to time, other than a reduction which is part of an across-the board proportionate reduction in the salaries of all senior executives of the Company imposed because the Company is experiencing financial hardship (provided such reduction is not more than twenty percent (20%) and does not continue for more than twelve (12) months); and (iii) a material change in Executive's office location (it being agreed that as of the Effective Date such office location shall be deemed to be Tewksbury, Massachusetts); provided, however, that a termination for Good Reason by Executive can occur only if (a) Executive has given the Company a written notice of the existence of a condition giving rise to Good Reason within ninety (90) days after the initial occurrence of the condition giving rise to Good Reason and (b) the Company has not cured the condition giving rise to Good Reason within thirty (30) days after receipt of such notice. A termination for Good Reason shall occur thirty (30) days after the end of such thirty (30) day cure period.

4.2.6. A "Potential Change-in-Control Period" shall be deemed to exist (i) commencing upon the date on which the Company shall have announced that it has entered into a merger, acquisition or similar agreement, the consummation of which would result in the occurrence of a Change-in-Control of the Company and ending on the earlier of (a) the date on which the transaction governed by such agreement has been consummated or (b) the Company shall have announced that it has terminated such agreement, or (ii) commencing on the date on which any Person shall publicly announce an intention to take actions which if consummated would constitute a Change-in-Control of the Company and ending on the earlier of (a) the date on which such actions have caused the consummation of a Change-in-Control of the Company or (b) such Person shall publicly announce the termination of its intentions to take such actions.

4.2.7. "Pro Ration Percentage" shall mean the amount, expressed as a percentage, equal to the number of days in the then current fiscal year through the Date of Termination, divided by three hundred and sixty-five (365).

4.2.8. "Termination Bonus Amount" shall mean the greater of (i) Executive's highest Annual Incentive Bonus earned in the two most recent full fiscal years preceding the Date of Termination, or (ii) One Hundred percent (100%) of Executive's Base Salary in effect as of the Date of Termination.

4.3. Adjustments Upon Termination.

4.3.1. Death or Disability. If during the Term, Executive's employment with the Company terminates pursuant to Section 4.1.1 or Section 4.1.2, subject to the general release requirement in Section 4.5, the Company shall pay to Executive or Executive's heirs, successors or legal representatives, as the case may be, Executive's Base Salary in effect as of the date Executive's employment with the Company terminates (less, in the case of a termination of employment as a result of Disability, the amount of any payments made to the Executive under any long-term disability plan of the Company). Such payments shall be made in accordance with Section 3.1 over the 12-month period that commences on the Date of Termination; provided that if termination of employment due to death or Disability occurs after a Change-in-Control of the Company, the total of such payments shall be made in a lump sum within thirty (30) days following the Date of Termination. Notwithstanding any provision to the contrary in any Company stock plan, or under the terms of any grant, award agreement or form for exercising any right under any such plan, any stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights or other equity participation rights held by Executive as of the date of death or Disability shall become exercisable or vested, as the case may be, with respect to all time-based awards as to an additional number of shares equal to the number that would have been exercisable or vested as of the end of the twelve (12) month period immediately following the Date of Termination, but all performance-based vesting awards that have not vested as of such Date of Termination shall be forfeited as of such date.

4.3.2. With Cause or Without Good Reason. If Executive's employment with the Company terminates pursuant to Section 4.1.3 or Section 4.1.5, (i) all payments and benefits provided to Executive under this Agreement shall cease as of the Date of Termination, except that Executive shall be entitled to any amounts earned, accrued or owing but not yet paid under Section 3.1 and any benefits due in accordance with the terms of any applicable benefit plans and programs of the Company and (ii) all vesting of all stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights or other equity participation rights then held by the Executive shall immediately cease as of the date Executive's employment with the Company terminates.

4.3.3. Without Cause or with Good Reason Other than during a Potential Change-in-Control Period or After a Change-in-Control of the Company. If Executive's employment with the Company terminates pursuant to Section 4.1.4 or Section 4.1.6, other than during a Potential Change-in-Control period or within twelve (12) months after a Change-in-Control of the Company, subject to the general release requirement in Section 4.5:

(i) Within thirty (30) days following the Date of Termination, the Company shall pay Executive in a lump sum in cash the sum of (a) any accrued but unpaid Base Salary through the Date of Termination, plus (b) the Annual Incentive Bonus for the fiscal year preceding the fiscal year in which the Date of Termination occurs, if earned and unpaid, plus (c) any accrued but unused vacation pay;

(ii) The Company shall pay Executive, as severance pay, his Base Salary in effect as of the Date of Termination in accordance with Section 3.1 for twelve (12) months after the Date of Termination (the "Severance Pay Period");

(iii) The Company shall pay Executive the Annual Incentive Bonus for the year in which the Date of Termination occurred, in the amount of Executive's Target Bonus multiplied by the applicable actual plan payout factor and pro rated by the number of months Executive was employed by the Company during the year of the Date of Termination; provided, however, that any individual performance component of such payout factor shall be determined by the Compensation Committee or the Chief Executive Officer, as it or he deems appropriate under the circumstances in its or his sole discretion; and provided further, that such Annual Incentive Bonus will be paid only if the Company pays bonuses, on account of the year in which the Date of Termination occurred, to executives who remain employed with the Company and will be paid in a lump sum on or about the date on which the Company pays bonuses to executives who remain employed with the Company;

(iv) If Executive is eligible to receive and elects to continue receiving any group medical, dental and vision insurance coverage under COBRA, the Company shall reimburse the monthly COBRA premium in an amount equal to the portion of such premium that the Company pays on behalf of active and similarly situated employees receiving the same type of coverage until the earlier of (a) the end of the Severance Pay Period or (b) the date on which Executive becomes eligible to receive group medical, dental and vision insurance benefits from another employer that are substantially equivalent to those provided by the Company as of the Date of Termination (Executive agrees to notify the Company in writing promptly upon becoming eligible to receive such group medical, dental and vision insurance from another employer);

(v) The Company shall provide Executive, at the Company's sole cost, with executive outplacement assistance in accordance with the Company's then-current executive outplacement program, provided that no outplacement benefits shall be provided after the end of the first calendar year following the calendar year in which the Date of Termination occurs;

(vi) Notwithstanding any provision to the contrary in any Company stock plan, or under the terms of any grant, award agreement or form for exercising any right under any such plan, any stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights or other equity participation rights held by Executive as of the Date of Termination become exercisable or vested, as the case may be, with respect to all time-based vesting awards as to an additional number of shares equal to the number that would have been exercisable or vested as of the end of the twelve (12) month period immediately following the Date of Termination, but all performance-based vesting awards that have not vested as of the Date of Termination shall be forfeited as of such date except that if the Date of Termination takes place after December 31 of a calendar year during the Term but prior to the computation of ROE with respect to such calendar year, a determination will be made as to the additional number of shares, if any, to be vested as a result of such ROE computation, prior to the forfeiture of the remaining unvested shares; and

(viii) Executive shall be entitled to exercise any such options or other awards or equity participation rights until the earlier of (a) 12 months after the Date of Termination and (b) the expiration date, if any, of such options, other awards or equity participation rights, but all performance-based vesting awards that have not vested as of the Date of Termination shall be forfeited as of such date. No other payments or benefits shall be due under this Agreement to Executive, but Executive shall be entitled to any benefits accrued or earned in accordance with the terms of any applicable benefit plans and programs of the Company.

4.3.4. Without Cause or with Good Reason After a Change-in-Control of the Company. If, within twelve (12) months after a Change-in-Control of the Company, Executive shall terminate Executive's employment pursuant to Section 4.1.6 or the Company shall terminate Executive's employment pursuant to Section 4.1.4, then in any such event, subject to the general release requirement in Section 4.5:

(i) The Company shall pay Executive as severance pay (without regard to the provisions of any benefit plan) in a lump sum in cash no more than thirty (30) days following the Date of Termination, the following amounts:

(a) the sum of (A) Executive's accrued but unpaid Base Salary through the Date of Termination, plus (B) the Annual Incentive Bonus for the fiscal year preceding the fiscal year in which the Date of Termination occurs, if earned and unpaid, plus (C) the product of (1) Executive's Termination Bonus Amount, and (2) the Pro Ration Percentage, plus (D) any accrued but unused vacation pay; and

(b) the amount equal to one and a half (1.5) times the sum of (A) Executive's Base Salary in effect as of the Date of Termination, plus (B) Executive's Termination Bonus Amount.

(ii) If Executive is eligible to receive and elects to continue receiving any group medical, dental and vision insurance coverage under COBRA, the Company shall reimburse the monthly COBRA premium (on a fully grossed up basis, if such reimbursement is taxable to Executive) in an amount equal to the portion of such premium that the Company pays on behalf of active and similarly situated employees receiving the same type of coverage until the earlier of (a) the date that is eighteen (18) months after the Date of Termination or (b) the date on which Executive becomes eligible to receive group medical, dental and vision insurance benefits from another employer that are substantially equivalent (including, without limitation, equivalent as to benefits, premiums and co-pay amounts) to those provided by the Company as of the Date of Termination (Executive agrees to notify the Company in writing promptly upon becoming eligible to receive such group medical, dental and vision insurance from another employer)

(iii) Notwithstanding anything to the contrary in the applicable stock option or restricted stock unit agreement (including, without limitation, the agreements evidencing the Stock Option and the Restricted Stock Unit Grant), the exercisability of all outstanding stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights and other equity participation rights then held by Executive with respect to the common stock of the Company (or securities exchanged for such common stock in connection with the Change-in-Control of the Company) shall accelerate in full and Executive shall be entitled to exercise any such options or other awards or equity appreciation rights until eighteen (18) months after the Date of Termination; and

(iv) The Company shall provide Executive, at the Company's sole cost, with executive outplacement assistance in accordance with the Company's then-current executive outplacement program, provided that no outplacement benefits shall be provided after the end of the second calendar year following the calendar year in which the Date of Termination occurs.

4.3.5. Without Cause or with Good Reason During a Potential Change-in-Control Period. If, during the existence of a Potential Change-in-Control Period, Executive shall terminate Executive's employment pursuant to Section 4.1.6 or the Company shall terminate Executive's employment pursuant to Section 4.1.4, then in any such event, subject to the general release requirement in Section 4.5, Executive shall receive the payments, benefits and rights set forth in Sections 4.3.4, except that any amounts payable pursuant to Section 4.3.4(i)(b) shall be paid over the eighteen (18) month period that commences on the Date of Termination, if such date occurs more than thirty (30) days prior to the Change-in-Control of the Company that is the subject of the Potential Change-in-Control Period; otherwise, such amount shall be paid in a lump sum on the date that such Change-in-Control of the Company occurs. Notwithstanding the foregoing, if the Change-in-Control of the Company (that is the subject of the Potential Change-in-Control Period) occurs more than thirty (30) days after the Date of Termination, and payments of the amount payable pursuant to Section 4.3.4(i)(b) have begun over an 18-month period, pursuant to the preceding sentence, the balance of the amount payable pursuant to Section 4.3.4(i)(b) shall be paid to Executive in a lump sum on the date such Change-in-Control of the Company occurs.

4.4. Section 409A.

4.4.1. Payments to Executive under this Article 4 shall be bifurcated into two portions, consisting of a portion that does not constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code and a portion that does constitute nonqualified deferred compensation. Payments hereunder shall first be made from the portion, if any, that does not consist of nonqualified deferred compensation until it is exhausted and then shall be made from the portion that does constitute nonqualified deferred compensation. However, if Executive is a "specified employee" as defined in Section 409A(a)(2)(B)(i) of the Code, to the extent required by Section 409A of the Code, the commencement of the delivery of any such payments that constitute nonqualified deferred compensation will be delayed to the date that is six (6) months and one (1) day after Executive's Date of Termination (the "Earliest Payment Date"). Any payments that are delayed pursuant to the preceding sentence shall be paid on the Earliest Payment Date. The determination of whether, and the extent to which, any of the payments to be made to Executive hereunder are nonqualified deferred compensation shall be made after the application of all applicable exclusions under Treasury Reg. § 1.409A-1(b)(9). Any payments that are intended to qualify for the exclusion for separation pay due to involuntary separation from service set forth in Treasury Reg. § 1.409A-1(b)(9)(iii) must be paid no later than the last day of the second taxable year of Executive following the taxable year of Executive in which the Date of Termination occurs.

4.4.2. The parties acknowledge and agree that the interpretation of Section 409A of the Code and its application to the terms of this Agreement are uncertain and may be subject to change as additional guidance and interpretations become available. Anything to the contrary herein notwithstanding, all benefits or payments provided by the Company to Executive that would be deemed to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code are intended to comply with Section 409A of the Code. If, however, any such benefit or payment is deemed to not comply with Section 409A of the Code, the Company and Executive agree to renegotiate in good faith any such benefit or payment (including, without limitation, as to the timing of any severance payments payable hereof) so that either (i) Section 409A of the Code will not apply or (ii) compliance with Section 409A of the Code will be achieved; provided, however, that any deferral of payments or other benefits shall be only for such time period as may be required to comply with Section 409A; and provided, further, that payments or other benefits that occur as a result of the application of this section shall themselves comply with Section 409A of the Code.

4.5. General Release. In order to be eligible to receive any of the salary or benefits under Article 4 hereof, Executive (or his personal representative, if applicable) shall be required to execute and deliver to the Company (without subsequent revocation) a general release of claims against the Company, excluding any claims concerning the Company's obligations under this Agreement in a form provided by and reasonably satisfactory to the Company which shall contain a release of claims by Executive substantially in the form attached hereto as Exhibit A, and shall be required to sign such other agreements as executive employees of the Company are generally required to sign if Executive shall not have already done so, provided, however, that such other agreements do not cause any changes to the provisions herein or in any restricted stock, restricted stock unit, stock option or similar compensatory or benefit agreement between the Executive and the Company. The Company shall have no other liability or obligation under this Agreement to Executive's executors, legal representatives, administrators, heirs or assigns or any other person claiming under or through Executive.

Article 5. Non-Competition and Non-Solicitation

5.1. Non-Competition and Non-Solicitation. Executive acknowledges the highly competitive nature of the businesses of the Company and accordingly agrees that while Executive is employed by the Company and for a period of the longer of (i) one year after the Date of Termination, in the case of a termination other than within 12 months after a Change-in-Control of the Company, and (ii) 18 months after the Date of Termination in the case of a termination within 12 months after a Change-in-Control of the Company:

5.1.1. Executive will not perform services for or own an interest in (except for investments of not more than five percent (5%) of the equity interest in a company or entity in which Executive does not actively participate in management) any firm, person or other entity that competes or plans to compete in any geographic area with the Company in the business of the development, manufacture, promotion, distribution or sale of digital film, video or audio production tools, including, but not limited to, editing, live sound, broadcast or newsroom products or automation systems, content-creation tools, media storage, computer graphics or on-air graphics, or other business or services in which the Company is engaged or plans (as evidenced by consideration by the Company's executive staff or by the Board) to engage at the time Executive's employment with the Company terminates.

5.1.2. Executive will not directly or indirectly assist others in engaging in any of the activities in which Executive is prohibited to engage by Section 5.1.1.

5.1.3. Executive will not directly or indirectly either alone or in association with others (i) solicit or employ, or permit any organization directly or indirectly controlled by Executive to solicit or employ, any person who was employed by the Company or was engaged as an independent contractor at any time within six months prior to such solicitation or employment, or (ii) solicit, hire or engage as an independent contractor, or permit any organization directly or indirectly controlled by Executive to solicit, hire or engage as an independent contractor, any person who was employed by the Company or was engaged as an independent contractor at any time within six months prior to such solicitation, hiring or engagement or (iii) solicit, or permit any organization directly or indirectly controlled by Executive, to solicit any person who is an employee of the Company to leave the employ of the Company.

5.1.4. Executive will not directly or indirectly either alone or in association with others solicit, or permit any organization directly or indirectly controlled by Executive to solicit, any current or future customer or supplier of the Company to cease doing business in whole or in part with the Company or otherwise adversely modify his, her or its business relationship with the Company.

5.2. Reasonableness of Restrictions. It is expressly understood and agreed that (i) although Executive and the Company consider the restrictions contained in this Article 5 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Article 5 is unenforceable, such restriction shall not be rendered void but shall be deemed to be enforceable to such maximum extent as such court may determine or indicate to be enforceable and (ii) if any restriction contained in this Agreement is determined to be unenforceable and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any other restrictions contained herein.

5.3. Remedies for Breach. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of this Article 5 would be inadequate and, in recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining orders, temporary or permanent injunctions or any other equitable remedy which may then be available. In addition, in the event of a breach of Article 5 which is not remedied after ten (10) days' written notice from the Company (if such breach is susceptible to cure), whether or not Executive is employed by the Company, the Company shall cease to have any obligations to make payments to Executive under this Agreement (except for payments, if any, earned prior to such breach).

Article 6. Assignment of Inventions and Non-Disclosure

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Article 7. Miscellaneous

7.1. Surrender of Equity Award. Executive agrees for consideration of $10 to surrender all rights title and interest in the option to purchase 50,000 shares of the Company's common stock that was granted to the Executive on August 19, 2009 effective the Effective Date. Executive acknowledges that he has no right, title or interest in any shares represented by such option after the Effective Date. Executive further acknowledges and agrees that he shall be solely responsible for reporting and paying any and all taxes, if any, arising from or relating to such option and the rescission thereof.

7.2. Indemnification Executive shall be entitled to indemnification as set forth in Article Eleventh of the Company's Certificate of Incorporation, a copy of which has been provided to Executive. A directors' and officers' liability insurance policy (or policies) shall be kept in place, during the Term of this Agreement and thereafter until at least the fourth anniversary of the date the Agreement is terminated for any reason, providing coverage to Executive that is no less favorable to him in any respect (including, without limitation, with respect to scope, exclusions, amounts and deductibles) than the coverage then being provided to any other present or former officer or director of the Company.

7.3. No Mitigation. The Company agrees that, except as specifically set forth in Section 4.3.3(iv) and Section 4.3.4(ii) regarding COBRA premium reimbursement, (i) if Executive's employment is terminated during the term of this agreement, Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to Executive by the Company and (ii) the amount of any payment provided hereunder shall not be reduced by any compensation earned by Executive.

7.4. Obligation of Successors. Any successor to substantially all of the Company's assets and business, whether by merger, consolidation, purchase of assets or otherwise, shall succeed to the rights and obligations of the Company hereunder. As used in this Agreement, "Company" shall mean the Company as defined above and any successor to substantially all of its assets and business or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

7.5. Notice. All notices required or permitted hereunder shall be in writing and deemed effectively given (i) when delivered in person, (ii) on the third business day after mailing by registered or certified mail, postage prepaid, (iii) on the next business day after delivery to an air courier for next day delivery, paid by the sender, or (iv) when sent by telecopy or facsimile transmission during normal business hours (9:00 a.m. to 5:00 p.m.) where the recipient is located (or if sent after such hours, as of commencement of the next business day), followed within twenty-four (24) hours by notification pursuant to any of the foregoing methods of delivery, in all cases addressed to the other party hereto as follows:

(a) If to the Company:

Avid Technology, Inc.
One Park West
Tewksbury, MA 01876
Attention: General Counsel
Facsimile: (978) 548-4639

(b) If to Executive:

Martin Vann
84 Beard Way
Needham, MA 02492

or at such other address or addresses as either party shall designate to the other in accordance with this section.

7.6. Survival. The respective rights and obligations of the parties under this Agreement shall survive any termination of Executive's employment to the extent necessary to the intended preservation of such rights and obligations. Notwithstanding the termination of this Agreement or Executive's services hereunder for any reason, Article 5 shall survive any such termination.

7.7. Complete Agreement; Amendments. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all prior agreements between the parties with respect to the subject matter hereof, including, but not limited to, the Offer Letter dated May 29, 2008 by and between the Company and the Executive. This Agreement may not be modified or amended except upon written amendment approved by the Compensation Committee, and executed by a duly authorized officer of the Company and by Executive. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any time prior or subsequent time. Notwithstanding the foregoing, the Company may unilaterally modify or amend this Agreement if such modification or amendment is approved by the Compensation Committee and made to all other executive employment agreements entered into between the Company and its then-current executive officers.

7.8. Applicable Law. This Agreement shall be interpreted in accordance with the laws of the Commonwealth of Massachusetts (without reference to the conflicts of laws provisions thereof) and the parties hereby submit to the jurisdiction of the courts of that state.

7.9. Waiver of Jury Trial. Executive hereby irrevocably waives any right to a trial by jury in any action, suit, or other legal proceeding arising under or relating to any provision of this Agreement.

7.10. Severability. If any non-material provision of this Agreement shall be held invalid or unenforceable, it shall be deemed to be deleted or qualified so as to be enforceable or valid to the maximum extent permitted by law, and the remaining provisions shall continue in full force and effect.

7.11. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, assigns and personal representatives, except that the duties, responsibilities and rights of Executive under this Agreement are of a personal nature and shall not be assignable or delegatable in whole or in part by Executive, except to the extent that the rights of Executive hereunder may be enforceable by his heirs, executors, administrators or legal representatives. If Executive should die while any amounts would still be payable to Executive hereunder if Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee or other designee or, if there be no such designee, to Executive's estate.

7.12. Captions. Captions of sections have been added only for convenience and shall not be deemed to be a part of this Agreement.

7.13. Withholding. The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

7.14. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one in the same instrument.

7.15. Non-Disparagement. Executive will not disparage the Company or any of its directors, officers, agents or employees or otherwise take any action which could reasonably be expected to adversely affect the reputation of the Company or the personal or professional reputation of any of the Company's directors, officers, agents or employees. Nothing in this paragraph will prevent Executive from disclosing any information to his attorneys or in response to a lawful subpoena or court order requiring disclosure of information.

7.16. Further Assurances. Each party agrees to furnish and execute additional forms and documents, and to take such further action, as shall be reasonable and customarily required in connection with the performance of this Agreement or the payment of benefits hereunder. In addition, following the termination of Executive's employment with the Company, Executive shall reasonably cooperate with the Company to effect a smooth transition with respect to any activities Executive engaged in on behalf of the Company, at the Company's behest, and otherwise in the conduct of Executive's activities as an employee of the Company, including, without limitation, providing the Company with (or directing the Company to the location of) business records and other information relating to the Company's business.

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Executive Employment Agreement as of the date first above written.

Avid Technology, Inc.

By: /s/ Ken Sexton
Name: Ken Sexton
Title: Executive Vice President, Chief Financial Officer and Chief Administrative Officer

/s/ Martin Vann
Martin Vann

Exhibit A

Release provision pursuant to Section 4.5 of the Executive Employment Agreement

In consideration of the payment of the severance benefits, which the Executive acknowledges he would not otherwise be entitled to receive, the Executive hereby fully, forever, irrevocably and unconditionally releases, remises and discharges the Company, its officers, directors, stockholders, corporate affiliates, subsidiaries, parent companies, agents and employees (each in their individual and corporate capacities, and collectively referred to hereinafter as the "Released Parties") from any and all claims, charges, complaints, demands, actions, causes of action, suits, rights, debts, sums of money, costs, accounts, reckonings, covenants, contracts, agreements, promises, doings, omissions, damages, executions, obligations, liabilities, penalties and expenses (including attorneys' fees and costs), of every kind and nature that the Executive ever had or now has against any or all of the Released Parties, whether existing or contingent, known or unknown, including but not limited to: any and all claims arising out of or relating to Executive's employment with and/or separation from any of the Released Parties or arising out of your relation in any capacity to any of the Released Parties; any and all claims under any Federal, state, or local constitution, law, or regulation; any and all wage and hour claims and claims for discrimination, harassment, or retaliation (including claims of age discrimination under the Age Discrimination in Employment Act, 29 U.S.C. §621 et seq. or any other law prohibiting age discrimination); any and all common law claims including, but not limited to, actions in defamation, intentional infliction of emotional distress, misrepresentation, fraud, wrongful discharge, and breach of contract; and any and all claims to any non-vested ownership interest in the Company, contractual or otherwise. This release is intended to be all encompassing and to act as a full and total release of all claims, whether specifically enumerated above or not, that Executive may have or have had against any or all of the Released Parties up to the date Executive signs this Agreement, but nothing in this Agreement prevents Executive from filing a charge with, cooperating with, or participating in any proceeding before the Equal Employment Opportunity Commission or a state fair employment practices agency (except that Executive acknowledges that he may not be able to recover any monetary benefits in connection with any such claim, charge or proceeding and provided further, however, that nothing herein is intended to be construed as releasing the Company from any obligation set forth in this Agreement.

The Executive acknowledges that he has been given at least twenty-one (21) days to consider this Agreement and that the Company advised him to consult with any attorney of his own choosing prior to signing this Agreement. The Executive further acknowledges that he may revoke this Agreement for a period of seven (7) days after the execution of this Agreement, and the Agreement shall not be effective or enforceable until the expiration of this seven (7) day revocation period. The Executive understands and agrees that by entering into this Agreement he is waiving any and all rights or claims he might have under the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act, and that he has received consideration beyond that to which he was previously entitled.

EXHIBIT 31.1

CERTIFICATION

I, Gary G. Greenfield, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Avid Technology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2010

/s/ Gary G. Greenfield
Gary G. Greenfield
Chairman of the Board of Directors,
Chief Executive Officer and President
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Ken Sexton, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Avid Technology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2010

/s/ Ken Sexton
Ken Sexton
Executive Vice President, Chief Financial Officer
and Chief Administrative Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Avid Technology, Inc. (the "Company") for the quarter ended March 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Gary G. Greenfield, Chairman of the Board of Directors, Chief Executive Officer and President of the Company, and Ken Sexton, Executive Vice President, Chief Financial Officer and Chief Administrative Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2010	/s/ Gary G. Greenfield Gary G. Greenfield Chairman of the Board of Directors, Chief Executive Officer and President *(Principal Executive Officer)*
Date: May 7, 2010	/s/ Ken Sexton Ken Sexton Executive Vice President, Chief Financial Officer and Chief Administrative Officer *(Principal Financial and Accounting Officer)*