

AVID TECHNOLOGY, INC.
Metropolitan Technology Park
One Park West
Tewksbury, MA 01876

July 6, 1998

OFIS Filer Support
SEC Operations Center
6432 General Green Way
Alexandria, VA 22312-2413

Ladies and Gentlemen:

Pursuant to regulations of the Securities and Exchange Commission, submitted herewith for filing on behalf of Avid Technology, Inc. is the Company's Form 8-K dated the 6th day of July, 1998.

This filing is being effected by direct transmission to the Commission's EDGAR System.

Very truly yours,

/s/ Frederic G. Hammond

Frederic G. Hammond
General Counsel

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTIONS 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): JUNE 15, 1998

AVID TECHNOLOGY, INC.
(Exact Name of Registrant as Specified in Its Charter)

MASSACHUSETTS	0-21174	04-2977748
(State or Other Jurisdiction of Incorporation or Organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

METROPOLITAN TECHNOLOGY PARK, ONE PARK WEST
TEWKSBURY, MASSACHUSETTS
(Address of Principal Executive Offices)

01876
(Zip Code)

978-640-6789

(Registrant's telephone number, including area code)

ITEM 5. OTHER EVENTS.

On June 15, 1998, Avid Technology, Inc. ("Avid") entered into a Stock and Asset Purchase Agreement (the "Agreement") with Microsoft Corporation ("Microsoft") and its wholly owned Canadian subsidiary, Softimage Inc. ("Softimage"). Under the terms of the Agreement, Avid will acquire from Microsoft the outstanding capital stock of Softimage as well as certain assets and rights relating to the Softimage business. The Agreement provides for Avid to pay \$79 million in cash to Microsoft and to issue to Microsoft (i) a subordinated note (the "Note") in the amount of \$5 million, (ii) 2,344,490 shares of Common Stock and (iii) a ten year warrant to purchase 1,155,235 shares of Common Stock at an exercise price of \$47.65 per share. In addition, Avid will issue options, with a nominal exercise price, to Softimage employees to purchase up to 1,911,846 shares of Common Stock ("Avid Options") to replace unvested Microsoft options that will be forfeited in the transaction. The principal amount of the Note would be increased by \$39.71 for each share underlying expired Avid Options. Consummation of the transaction is subject to applicable regulatory and other approvals and conditions.

SIGNATURES

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 hereunto duly authorized.

AVID TECHNOLOGY, INC.

Dated: July 6, 1998

By: /s/ William L. Flaherty

William L. Flaherty
Senior Vice President of
Finance, Chief Financial
Officer and Treasurer