

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

February 4, 1999

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 4th day of February, 1999.

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 Section 13 or 15 (d) of  
the Securities Exchange Act of 1934

February 4, 1999

(Date of Report; Date of Earliest Event Reported)

AVID TECHNOLOGY, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

0-21174

(Commission File Number)

04-2977748

(IRS Employer Identification No.)

Avid Technology Park, One Park West, Tewksbury, MA 01876

(Address of principal executive offices)

(Zip Code)

(978) 640-6789

(Registrant's telephone number, including area code)

INFORMATION TO BE INCLUDED IN THE REPORT

Item 5. Other Events:

On February 4, 1999, Avid Technology, Inc. issued a press release relating to its results for the fourth quarter of 1998. A copy of the press release is attached hereto as Exhibit 99.1.

Item 7. Exhibits:

EXHIBIT NO.	DESCRIPTION
99.1	Press release issued February 4, 1999

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 thereunto duly authorized.

AVID TECHNOLOGY, INC.

By: /s/ William L. Flaherty

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

Date: February 4, 1999

EXHIBIT INDEX

Exhibit NUMBER	DESCRIPTION	Sequentially NUMBERED PAGE
99.1	Press Release	5



Contacts: Cheryl Reault, Director, Investor Relations 978/640-3563  
Christine Mann, Vice President, Corporate Communications 978/640-5495

FOR IMMEDIATE RELEASE

AVID TECHNOLOGY ANNOUNCES RECORD REVENUE AND OPERATING  
RESULTS FOR THE FOURTH QUARTER 1998

TAX-EFFECTED FOURTH QUARTER INCOME BEFORE ACQUISITION RELATED  
CHARGES RISES 63% TO \$15.2 MILLION OR \$0.57 PER SHARE

TEWKSBURY, Mass. (February 4, 1999) -- Avid Technology, Inc. (NASDAQ: AVID) today reported record revenues and operating results for the fourth quarter ended December 31, 1998. Fourth quarter revenues were a record \$144.6 million compared to \$123.7 million in the fourth quarter 1997. The Company recorded tax-effected fourth quarter income of \$15.2 million or \$.57 per diluted share, before acquisition related charges associated with the third quarter acquisition of Softimage Inc., as compared to \$9.3 million or \$.37 per diluted share in the fourth quarter of 1997.

For the year ended December 31, 1998, revenues were \$482.4 million, also a record, versus \$471.3 million for 1997. The Company reported record tax-effected 1998 income of \$40.1 million or \$1.56 per diluted share, before acquisition related charges associated with the Softimage acquisition, as compared to \$26.4 million or \$1.08 per diluted share for the year ended December 31, 1997.

William J. Miller, Avid's Chairman and CEO, commented, "I am pleased to report record operating results for the fourth quarter. Our strong revenues reflected favorable domestic and European demand for our film and video products and included revenues from several key product releases. Our audio products also experienced record revenue during the fourth quarter reflecting continuing strong demand for our Pro Tools product line. Additionally, gross margin rose to a record 62.5% in the quarter."

"We continued to strengthen our balance sheet," Miller added. "Cash and investments increased by \$13.5 million during the fourth quarter, to end the year at \$111.8 million. This largely reflected strong operating results partly offset by \$10.7 million used to buy back stock as part of our ongoing repurchase program. We also reduced accounts receivable days sales outstanding to 56 days and inventory levels to \$11.1 million at year-end."

"This year reflects significant accomplishments which are critical to Avid's future success. The acquisition of Softimage Inc. brought us both 3-D animation technology and SOFTIMAGE|DS, a product and architecture for television finishing, which is central to our future. We also formed a strategic alliance with Tektronix, Inc. to provide broadcasters with integrated end-to-end solutions as the industry migrates to digital production. Most importantly, we successfully completed the most comprehensive introduction of new products in Avid's history. During the later part of 1998, we launched major new products, including Avid Symphony, SOFTIMAGE|DS 2.1, NewsCutter DV, Avid Xpress for Windows NT and ProTools|24 MIX, in all of our key strategic markets. Avid is now a truly multi-platform company with products to address the full range of customer needs from the consumer to the high-end production studio," Miller concluded.

The Company stated that it is not reporting net income at this time because it is continuing to evaluate the need for possible adjustments to the in-process research and development ("IPR&D") charge taken in the third quarter of 1998. At that time, the Company recorded a one-time pre-tax charge of \$193.7 million for purchased IPR&D in its operating results. This one-time charge was recorded in accordance with U.S. generally accepted accounting principles and established industry practice, and was supported by an independent third party valuation. Since that time, however, the Securities and Exchange Commission ("SEC") has expressed views on valuation methods for purchased IPR&D which differ from prior industry practice. The Company is working closely with its independent auditors to make a determination as to the application of the SEC's recent views to the Company's IPR&D valuation and the resulting effect on the charge taken in the third quarter as well as on the amortization of intangible assets. Any application of the methodology now supported by the SEC would likely result in a significantly lower IPR&D charge for the third quarter of 1998 and the creation of goodwill which would be amortized against earnings beginning with the third quarter. An adjustment to the IPR&D valuation, if any, would have no effect upon the financial condition or liquidity of the Company. The Company will issue a press release announcing its final determination and any resulting accounting adjustments. The Company said its fourth quarter and fiscal year-end 1998 operating results before acquisition related charges are final and will not change.

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Avid Technology, Inc. is an international, industry-leading provider of digital audio and video tools for creating content for information and entertainment applications. The company's products are used by customers ranging from corporate communications professionals to film, television and interactive content producers to broadcast news organizations. For more information, visit Avid's World Wide Web site at [www.avid.com](http://www.avid.com).

Avid and Softimage are registered trademarks and Symphony, NewsCutter, SOFTIMAGE|DS, Pro Tools and Avid Xpress are trademarks of Avid Technology, Inc., or its subsidiaries or divisions.

AVID TECHNOLOGY, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS,  
 BEFORE ACQUISITION RELATED CHARGES  
 (in thousands, except per share data)

	THREE MONTHS ENDED DECEMBER 31,		TWELVE MONTHS ENDED DECEMBER 31,	
	1998	1997	1998	1997
	(unaudited)	(unaudited)	(unaudited)	
Net revenues	\$144,598	\$123,735	\$482,377	\$471,338
Cost of revenues	54,256	54,062	190,249	221,553
Gross profit	90,342	69,673	292,128	249,785
Operating expenses:				
Research and development	25,102	20,160	88,787	73,470
Marketing and selling	36,035	31,301	125,280	120,394
General and administrative	8,618	6,977	28,549	25,808
Total operating expenses	69,755	58,438	242,616	219,672
Operating income before acquisition related charges	20,587	11,235	49,512	30,113
Interest and other income, net	1,371	2,244	8,636	8,125
Income before acquisition related charges and income taxes	21,958	13,479	58,148	38,238
Provision for income taxes, excluding the effect of acquisition related charges	6,807	4,178	18,026	11,854
Tax-effected income before acquisition related charges	\$15,151	\$9,301	\$40,122	\$26,384
Tax-effected income before acquisition related charges per common share - diluted	\$0.57	\$0.37	\$1.56	\$1.08
Weighted average common shares outstanding - diluted	26,703	25,231	25,704	24,325

The results above do not include the effects of the third-quarter 1998 pre-tax charge for IPR&D of \$193.7 million or the amortization of acquired intangible assets related to the Company's purchase of Softimage Inc. See attached press release for further details.