

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

August 18, 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 18th day of August, 1998.

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

Very truly yours,

/s/ Peter T. Johnson

Peter T. Johnson
Vice President, Chief
Legal Officer

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): AUGUST 3, 1998

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

DELAWARE
(State or Other Jurisdiction
of Incorporation or Organization)

0-21174
(Commission
File Number)

04-2977748
(I.R.S. Employer
Identification No.)

(Address of Principal Executive Offices)

(Zip Code)

978-640-6789

(Registrant's telephone number, including area code)

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

On August 3, 1998, Avid Technology, Inc. ("Avid") acquired from Microsoft Corporation ("Microsoft") all of the outstanding capital stock of, and certain assets relating to the business of, Microsoft's wholly owned Canadian subsidiary, Softimage Inc. ("Softimage"), on the closing of the transactions contemplated in the Stock and Asset Purchase Agreement dated June 15, 1998 among Avid, Microsoft and Softimage. At the closing, Avid paid \$79 million in cash (from its cash balance) to Microsoft and issued to Microsoft (i) a subordinated note (the "Note") in the amount of \$5 million, (ii) 2,344,490 shares of Avid's Common Stock and (iii) a ten-year warrant to purchase 1,155,235 shares of Avid's Common Stock at an exercise price of \$47.65 per share. In addition, Avid agreed to issue options, with a nominal exercise price, to Softimage employees to purchase up to 1,911,846 shares of Avid's Common Stock ("Avid Options") to replace unvested Microsoft options that were forfeited in the transaction. The principal amount of the Note will be increased by \$39.71 for each share underlying forfeited Avid Options. The purchase consideration described above was determined pursuant to an arm's length transaction.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(a) The financial statements of Softimage that are required to be filed pursuant to this item will be filed by amendment on or before October 19, 1998.

(b) The pro forma financial information that is required to be filed pursuant to this item will be filed by amendment on or before October 19, 1998.

(c) Exhibits:

- 2.1 Stock and Asset Purchase Agreement dated June 15, 1998 among Avid, Microsoft and Softimage, which is incorporated herein by reference to Exhibit 2.1 to the registrant's Quarterly Report on Form 10-Q under the Securities Exchange Act of 1934, for the fiscal quarter ended June 30, 1998, as filed with the Commission on August 12, 1998 (Commission File No. 0-21174). Exhibits not filed herewith will be provided to the Securities and Exchange Commission upon request by the Commission.

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.

Date: August 18, 1998

By: /s/ William L. Flaherty

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