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

May 14, 1997

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

Re: Avid Technology, Inc.
File No. 0-21174
QUARTERLY REPORT ON FORM 10-Q

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 Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1997.

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

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1997

Commission File Number 0-21174

AVID TECHNOLOGY, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	04-2977748
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

METROPOLITAN TECHNOLOGY PARK
ONE PARK WEST
TEWKSBURY, MA 01876

(Address of principal executive offices)

Registrant's telephone number, including area code: (508) 640-6789

Indicate by check mark whether the registrant 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).

Yes X No _____

Indicate by check mark whether the registrant has been subject to such filing requirements for the past 90 days.

Yes X No _____

The number of shares outstanding of the registrant's Common Stock as of May 9, 1997 was 23,080,396.

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AVID TECHNOLOGY, INC.

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1997

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ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	Three Months Ended March 31,	
	1997	1996
	(unaudited)	(unaudited)
Net revenues	$108,209	$92,039
Cost of revenues	56,185	52,456
Gross profit	52,024	39,583
Operating expenses:		
Research and development	16,416	17,616
Marketing and selling	28,297	30,433
General and administrative	5,803	5,498
Nonrecurring costs		20,150
Total operating expenses	50,516	73,697
Operating income (loss)	1,508	(34,114)
Interest and other income, net	1,240	587
Income (loss) before income taxes	2,748	(33,527)
Provision for (benefit from) income taxes	962	(10,729)
Net income (loss)	$1,786	$(22,798)
Net income (loss) per common share	$0.08	$(1.08)
Weighted average common and common equivalent shares outstanding	21,750	21,019

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

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

	March 31, 1997	December 31, 1996
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$122,981	$75,795
Marketable securities	17,875	17,248
Accounts receivable, net of allowances of $6,982 and $7,519 in 1997 and 1996, respectively	69,823	86,187
Inventories	24,133	28,359
Deferred tax assets	16,007	15,852
Prepaid expenses	7,471	6,310
Other current assets	1,401	1,947
Total current assets	259,691	231,698
Marketable securities		997
Property and equipment, net	45,935	49,246
Long-term deferred tax assets	15,538	15,538
Other assets	2,851	3,500
Total assets	$324,015	$300,979
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$26,052	$25,332
Current portion of long-term debt	1,406	1,726
Accrued compensation and benefits	8,716	9,085
Accrued expenses	25,417	21,844
Income taxes payable	7,980	3,258
Deferred revenues	23,488	25,133
Total current liabilities	93,059	86,378
Long-term debt, less current portion	985	1,186
Commitments and contingencies		
Stockholders' equity:		
Preferred stock		
Common stock	230	213
Additional paid-in capital	228,262	212,474
Retained earnings	3,237	1,451
Cumulative translation adjustment	(1,749)	(724)
Net unrealized gains (losses) on marketable securities	(9)	1
Total stockholders' equity	229,971	213,415
Total liabilities and stockholders' equity	$324,015	$300,979

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

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

	Three Months Ended March 31,	
	1997 (unaudited)	1996 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$1,786	$(22,798)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,427	6,730
Provision for doubtful accounts	479	920
Changes in deferred tax assets	(155)	(10,729)
Provision for product transition costs, non-cash portion		9,427
Provision for other nonrecurring costs, non-cash portion		1,659
Loss on disposal of equipment	504	
Changes in operating assets and liabilities:		
Accounts receivable	14,500	13,004
Inventories	5,985	(15,869)
Prepaid expenses and other current assets	(744)	1,031
Accounts payable	876	(7,894)
Accrued expenses and income taxes payable	7,294	3,256
Deferred revenues	(1,172)	281
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	35,780	(20,982)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capitalized software development costs	(107)	(398)
Purchases of property and equipment and other assets	(3,869)	(7,498)
Proceeds from disposal of equipment	316	
Purchases of marketable securities	(8,983)	(8,119)
Proceeds from sales of marketable securities	9,343	28,640
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(3,300)	12,625
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of long-term debt	(521)	(335)
Proceeds from issuance of common stock	15,806	1,574
NET CASH PROVIDED BY FINANCING ACTIVITIES	15,285	1,239
Effects of exchange rate changes on cash and cash equivalents	(579)	21
Net increase (decrease) in cash and cash equivalents	47,186	(7,097)
Cash and cash equivalents at beginning of period	75,795	32,847
Cash and cash equivalents at end of period	$122,981	$25,750

Supplemental disclosure of non-cash transactions:
For the three months ended March 31, 1996:
Acquisition of equipment under capital lease obligations.....$186

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

PART I. FINANCIAL INFORMATION
ITEM 1D. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. FINANCIAL INFORMATION

The accompanying condensed consolidated financial statements include the accounts of Avid Technology, Inc. and its wholly owned subsidiaries ("the Company"). The interim financial statements are unaudited. However, in the opinion of management, the condensed consolidated financial statements include all adjustments, consisting of only normal, recurring adjustments, necessary for their fair presentation. Interim results are not necessarily indicative of results expected for a full year. The accompanying unaudited condensed 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, the financial position, and cash flows of the Company, in conformity with generally accepted accounting principles. The Company filed audited consolidated financial statements for the year ended December 31, 1996 on Form 10-K which included all information and footnotes necessary for such presentation .

The Company's preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure 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 included in these financial statements include accounts receivable and sales allowances, inventory valuation and income tax valuation allowances. Actual results could differ from those estimates.

2. NET INCOME (LOSS) PER COMMON SHARE

Net income per common share is based upon the weighted average number of common and common equivalent shares outstanding during the period. Common equivalent shares are included in the per share calculations where the effect of their inclusion would be dilutive. Net loss per common share is based upon the weighted average number of common shares outstanding during the period. Common equivalent shares result from the assumed exercise of outstanding stock options, the proceeds of which are then assumed to have been used to repurchase outstanding common stock using the treasury stock method. Fully diluted net income per share is not materially different from the reported primary net income per share for all periods presented.

In February 1997, The Financial Accounting Standards Board issued Statement on Financial Accounting Standards No. 128, Earnings per Share (SFAS 128). SFAS 128 simplifies the computation of earnings per share (EPS) by replacing the presentation of primary EPS with a presentation of basic EPS. Basic EPS includes no dilution and is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution of securities that could share in the earnings of an entity, similar to fully diluted EPS. SFAS 128 is effective for financial statements issued for periods ending after December 15, 1997, including interim periods, earlier application is not permitted. SFAS 128 requires restatement of all prior period earnings per share data.

Had the Company computed earnings per share consistent with the provisions of SFAS 128, basic and diluted EPS would have been $0.08 and $(1.08) for the three-month periods ended March 31, 1997 and March 31, 1996, respectively.

3. INVENTORIES

Inventories consist of the following (in thousands):

	March 31, 1997	December 31, 1996
Raw materials	$14,067	$19,182
Work in process	1,073	870
Finished goods	8,993	8,307
	$24,133	$28,359

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following (in thousands):

	March 31, 1997	December 31, 1996
Computer and video equipment	$69,681	$68,171
Office equipment	4,452	4,233
Furniture and fixtures	7,210	6,915
Leasehold improvements	12,443	12,962
	93,786	92,281
Less accumulated depreciation and amortization	47,851	43,035
	$45,935	$49,246

5. LINE OF CREDIT

The Company has an unsecured line of credit agreement with a group of banks which provides for up to $35.0 million in revolving credit. The original expiration date of June 30, 1996 has been extended to June 28, 1997. The Company has begun negotiations to amend and extend the unsecured line of credit agreement beyond June 28, 1997. Under the terms of the agreement, as amended in June 1996, the Company must pay a quarterly commitment fee, calculated based on the debt service ratio of the Company and ranges from .25% to .40% on the $35.0 million line. The interest rate to be paid on any outstanding borrowings is contingent upon the financial performance of the Company and ranges from LIBOR plus 1.25% to LIBOR plus 1.75%. Additionally, the Company is required to maintain certain financial ratios and covenants over the life of the agreement, including a restriction on the payment of dividends. The Company had no borrowings against this facility as of March 31, 1997.

Two of the Company's European subsidiaries have unsecured overdraft facilities that permit aggregate borrowings of $200,000 and DM800,000. No borrowings were outstanding under these facilities as of March 31, 1997.

6. NONRECURRING COSTS

In the first quarter of 1996, the Company recorded a nonrecurring charge of $20.2 million. Included in this charge was $7.0 million associated with restructuring, consisting of approximately $5.0 million of costs related to staff reductions of approximately 70 employees, primarily in the U.S., and associated write-offs of fixed assets, and $2.0 million related to the decision to discontinue development of certain products and projects. Included in this $7.0 million were approximately $5.0 million of cash payments consisting of $3.6 million of salaries and related severance costs and $1.4 million of other staff reduction and discontinued development costs. The non-cash charges of $2.0 million recorded during 1996 consists primarily of $1.5 million for the write-off of fixed assets. Also included in this $20.2 million nonrecurring charge was $13.2 million related to product transition costs associated with the transition from NuBus to PCI bus technology in some of the Company's product lines. As of December 31, 1996, the Company had completed the related restructuring and product transition actions.

7. CONTINGENCIES

On June 7, 1995, the Company filed a patent infringement complaint in the United States District Court for the District of Massachusetts against Data Translation, Inc., a Marlboro, Massachusetts-based company. Avid is seeking judgment against Data Translation that, among other things, Data Translation has willfully infringed Avid's patent number 5,045,940, entitled "Video/Audio Transmission System and Method." Avid is also seeking an award of treble damages together with prejudgment interest and costs, Avid's costs and reasonable attorneys' fees, and an injunction to prohibit further infringement by Data Translation. The litigation has been temporarily stayed pending a decision by the U.S. Patent and Trademark Office on a reissue patent application based on the issued patent.

In December 1995, six purported shareholder class action complaints were filed in the United States District Court for the District of Massachusetts naming the Company and certain of its underwriters and officers and directors as defendants. On July 31, 1996, the six actions were consolidated into two lawsuits: one brought under the 1934 Securities Exchange Act (the "`34 Act suit") and one under the 1933 Securities Act (the "`33 Act suit"). Principal allegations contained in the two complaints include claims that the defendants violated federal securities laws and state common law by allegedly making false and misleading statements and by allegedly failing to disclose material

information that was required to be disclosed, purportedly causing the value of the Company's stock to be artificially inflated. The `34 Act suit was brought on behalf of all persons who bought the Company's stock between July 26, 1995 and December 20, 1995. The `33 Act suit was brought on behalf of persons who bought the Company's stock pursuant to its September 21, 1995 public offering. Both complaints seek unspecified damages for the decline of the value of the Company's stock during the applicable period. A motion to dismiss both the `34 Act and the `33 Act suit was filed on October 18, 1996. Plaintiffs filed oppositions to both motions on December 13, 1996. The defendants' Reply Briefs were filed and the Court heard oral argument on all pending motions on January 28 and 29, 1997. Both motions have been taken under advisement by the court. Although the Company believes that it and the other defendants have meritorious defenses to the allegations made by the plaintiffs and intends to contest these lawsuits vigorously, an adverse resolution of this litigation could have a material adverse effect on the Company's consolidated financial position or results of operations in the period in which the litigation is resolved. A reasonable estimate of the Company's potential loss for damages cannot be made at this time. No costs have been accrued for this possible loss contingency.

On March 11, 1996, the Company was named as defendant in a patent infringement suit filed in the United States District Court for the Western District of Texas by Combined Logic Company, a California partnership located in Beverly Hills, California. On May 16, 1996, the suit was transferred to the United States District Court for the Southern District of New York on motion by the Company. The complaint alleges infringement by Avid of U.S. patent number 4,258,385, issued in 1981, and seeks injunctive relief, treble damages and costs, and attorneys' fees. The Company believes that it has meritorious defenses to the complaint and intends to contest it vigorously. However, an adverse resolution of this litigation could have an adverse effect on the Company's consolidated financial position or results of operations in the period in which the litigation is resolved.

On April 23, 1996, the Company was named as defendant in a patent infringement suit filed in the United States District Court for the District of Massachusetts by Data Translation, Inc., of Marlboro, Massachusetts. The complaint alleged infringement by the Company of U.S. patent number 5,488,695 and seeks injunctive relief, treble damages and costs, and attorneys' fees. In April 1997, the litigation was dismissed with prejudice by agreement of the parties. No monies were paid and no other consideration (except for dismissal of claims of each party) is being exchanged by the parties in connection with the dismissal.

The Company also receives inquiries from time to time with regard to additional possible patent infringement claims. These inquiries are generally referred to counsel and are in various stages of discussion. If any infringement is determined to exist, the Company may seek licenses or settlements. In addition, from time to time as a normal incidence of the nature of the Company's business, various claims, charges, and litigation have been asserted or commenced against the Company arising from or related to contractual or employee relations or product performance. Management does not believe these claims would have a material adverse effect on the financial position or results of operations of the Company.

The Company has entered into employment agreements with certain officers of the Company that provide for severance pay and benefits, including vesting of options during the severance period, as defined in the agreement. Under the terms of the agreements, these officers receive 100% of such severance benefits if they are involuntarily terminated. Such agreements are effective for two years and are automatically extended for successive one year periods after the second anniversary, unless 30 days advance written notice is given by either party. The Company has also entered into change in control employment agreements with certain officers of the Company. As defined in the agreements, a change in control includes, but is not limited to: a third person or entity becomes the beneficial owner of 30% or more of the Company's common stock, the shareholders approve any plan or proposal for the liquidation or dissolution of the Company, or within a twenty-four month period a majority of the members of the Company's Board of Directors cease to continue as members of the board unless their successors are each approved by at least two-thirds of the Company's directors. If at any time within two years of the change in control, the officer's employment is terminated by the Company for any reason other than cause or by the officer for good reason, as such terms are defined in the agreement, then the employee is entitled to receive severance payments equal to two times salary plus an amount equal to compensation earned under the management incentive compensation plan during the previous two years as well as accelerated vesting of options.

8. CAPITAL STOCK

On March 24, 1997, the Company issued 1,552,632 shares of its common stock to Intel Corporation in exchange for approximately $14.8 million in cash. The Company plans to use the net proceeds for working capital and other general

corporate purposes.

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

OVERVIEW

The text of this document may include forward-looking statements. Actual results may differ materially from those described herein, depending on such factors as are described herein, including under "Certain Factors That May Affect Future Results."

The Company was founded in 1987 to develop and market digital video editing systems for the production and post production markets. The Company shipped its first product, the Avid/1 Media Composer system, in the fourth quarter of 1989. The Company is currently selling Media Composer system version 6.5. In 1992, the Company began shipping its AudioVision product to the digital audio editing segment of the post production market, and in 1993 introduced Film Composer for the film editing market and a line of disk-based capture, editing, and playback products for the broadcast news industry. In 1994, the Company acquired two businesses, SofTECH Systems, Inc. and the newsroom systems division of Basys Automation Systems, Inc., to expand its presence in the newsroom computer systems market. In January 1995, the Company completed its merger with Digidesign, Inc. ("Digidesign"). The Digidesign merger added digital audio production software and related application lines. Pro Tools, the most significant product line acquired in the merger, is marketed to audio professionals. The Media Composer and Pro Tools product lines, together with add-on software, storage devices, and associated maintenance fees, have accounted for a substantial majority of the Company's revenues to date. In March 1995, the Company acquired Elastic Reality, Inc., a developer of digital image manipulation software, and Parallax Software Limited and 3 Space Software Limited, together developers of paint and compositing software. Today, Avid's graphics and effects products resulting from these acquisitions include Media Illusion, Matador, and Elastic Reality. These graphics and effects products are sold primarily to the film and video production and post-production markets. In June 1996, the Company began selling MCXpress for Macintosh and for Windows NT; these products are targeted primarily for use by video editors in corporations and institutions.

RESULTS OF OPERATIONS

Net Revenues

The Company's net revenues have been derived mainly from the sales of disk-based digital, nonlinear media editing systems and related peripherals, licensing of related software, and sales of software maintenance contracts. Net revenues increased by $16.2 million (17.6%) to $108.2 million in the quarter ended March 31, 1997 from $92.0 million in the same quarter of last year. The increase in net revenues was primarily the result of worldwide growth in unit sales of the Media Composer product line and of digital audio products and to a lesser extent, to the increase in sales of other products. In March 1996 and in May 1996, the Company began shipments of the Media Composer and Pro Tools product lines, respectively, for use on PCI-based computers. In June 1996, the Company began selling MCXpress for Macintosh and for Windows NT. The Company began shipping Version 6.5 for its Media Composer family of systems in December 1996. To date, product returns of all products have been immaterial.

International sales (sales to customers outside the U.S. and Canada) accounted for approximately 48.4% of the Company's first quarter 1997 and 1996 net revenues. International sales increased by 17.6% in the first quarter of 1997 compared to the same period in 1996. The increase in international sales in 1997 was attributable primarily to higher unit sales of the Media Composer and Pro Tools product lines in Europe and Asia Pacific.

Gross Profit

Cost of revenues consists primarily of costs associated with the acquisition of components; the assembly, test, and distribution of finished products; provisions for inventory obsolescence; warehousing; shipping; and post-sales customer support costs. The resulting gross profit fluctuates based on factors such as the mix of products sold, the cost and proportion of third-party hardware included in the systems sold by the Company, the distribution channels through which products are sold, the timing of new product introductions, the offering of product upgrades, price discounts and other sales promotion programs, and sales of aftermarket hardware products. Gross margin increased to 48.1% in the first quarter of 1997 compared to 43.0% in the first quarter of

1996. This increase was primarily due to improved manufacturing efficiencies. In addition, gross margin in the first quarter of 1996 was reduced by certain accrued costs for sales promotions for upgrading certain NuBus-based Media Composer systems to PCI-based systems. The upgrades for which these costs were accrued were completed in 1996. The Company expects that gross margins during 1997 will be slightly above 1996 levels, but will continue to be lower than 1995 and 1994 gross margins.

Research and Development

Research and development expenses decreased $1.2 million (6.8%) in the first quarter of 1997 compared to the same period in 1996. The decrease was primarily due to the inclusion of product marketing costs in marketing and selling expenses rather than research and development expenses which more appropriately reflects the current activities of that function. Research and development expenses decreased as a percentage of net revenues to 15.2% in the first quarter of 1997 compared to 19.1% during the same period in 1996. This decrease was primarily due to the increase in net revenues in the first quarter of 1997 compared to 1996. The Company capitalized software development costs of approximately $107,000 and $398,000 in the first quarter of 1997 and 1996, respectively. These amounts represent 0.6% and 2.2% of total research and development costs during the first quarter of 1997 and 1996, respectively. These costs will be amortized into cost of revenues over the estimated life of the related products, generally 12 to 24 months. Amortization totaled approximately $429,000 and $608,000 in the first quarter of 1997 and 1996, respectively. The capitalized software development costs are associated primarily with enhancements to Media Composer and Pro Tools software, as well as the development of software to be used in other products.

Marketing and Selling

Marketing and selling expenses decreased by $2.1 million (7.0%) in the first quarter of 1997 compared to the same period in 1996 primarily due to the effect of the restructuring of the Company's sales and marketing operations during the first quarter of 1997. The Company is shifting its primary distribution emphasis from a direct sales force to indirect sales channels, which reduced certain costs, including direct sales compensation and office overhead expenses in the first quarter of 1997. Marketing and selling expenses decreased as a percentage of net revenues to 26.1% in the first quarter of 1997 as compared to 33.1% in the same period in 1996. This decrease was primarily due to the increase in net revenues in the first quarter of 1997 compared to 1996.

General and Administrative

General and administrative expenses increased by $305,000 (5.5%) in the first quarter of 1997 compared to the same period in 1996. This increase in general and administrative expenses was primarily due to higher compensation-related costs as compared to the first quarter of 1996. General and administrative expenses decreased as a percentage of net revenues to 5.4% in the first quarter of 1997 compared to 6.0% in the same period for 1996 primarily due to the increase in net revenues in the first quarter of 1997 compared to 1996.

Nonrecurring Costs

During the first quarter of 1996, the Company recorded charges for nonrecurring costs consisting of $7.0 million for restructuring charges related to February 1996 staffing reductions of approximately 70 employees primarily in the U.S., the Company's concurrent decision to discontinue certain products and development projects, and $13.2 million for product transition costs in connection with the transition from NuBus to PCI bus technology in certain of its product lines. The Company has completed the related restructuring actions. Included in the $7.0 million for restructuring charges were approximately $5.0 million of cash payments and $2.0 million of non-cash charges.

Interest and Other Income, Net

Interest and other income, net consists primarily of interest income, other income and interest expense. Interest and other income, net for the first quarter in 1997 increased $653,000 as compared to the same period in 1996. This increase in interest and other income, net was primarily due to higher cash and investment balances, and to a lesser extent to higher interest rates, in the first quarter of 1997 compared to the first quarter of 1996.

Provision for (Benefit from) Income Taxes

The Company's effective tax rate was 35% for the first quarter of 1997, compared to 32% for the first quarter of 1996. The 1996 effective tax rate is different than the Federal statutory rate of 35% primarily due to the impact of the Company's foreign subsidiaries.

Net Income (Loss) per Common Share

Net income per common share is based upon the weighted average number of common and common equivalent shares outstanding during the period. Common equivalent shares are included in the per share calculations where the effect of their inclusion would be dilutive. Net loss per common share is based upon the weighted average number of common shares outstanding during the period. Common equivalent shares result from the assumed exercise of outstanding stock options, the proceeds of which are then assumed to have been used to repurchase outstanding common stock using the treasury stock method. Fully diluted net income per share is not materially different from the reported primary net income per share for all periods presented.

In February 1997, The Financial Accounting Standards Board issued Statement on Financial Accounting Standards No. 128, Earnings per Share (SFAS 128). SFAS 128 simplifies the computation of earnings per share (EPS) by replacing the presentation of primary EPS with a presentation of basic EPS. Basic EPS includes no dilution and is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution of securities that could share in the earnings of an entity, similar to fully diluted EPS. SFAS 128 is effective for financial statements issued for periods ending after December 15, 1997, including interim periods, earlier application is not permitted. SFAS 128 requires restatement of all prior period earnings per share data.

Had the Company computed earnings per share consistent with the provisions of SFAS 128, basic and diluted EPS would have been $0.08 and $(1.08) for the three-month periods ended March 31, 1997 and March 31, 1996, respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Company funded its operations to date through private sales of equity securities and public offerings of equity securities in 1993, 1995 and 1997 which generated net proceeds to the Company of approximately $66.6 million, $88.2 million and $14.8 million respectively, as well as through cash flows from operations. As of March 31, 1997, the Company's principal sources of liquidity included cash, cash equivalents, and marketable securities totaling approximately $140.9 million.

The Company's operating activities generated cash of $35.8 million in the first quarter of 1997 compared to using cash of $21.0 million in the first quarter of 1996. Cash was generated during the first quarter of 1997 primarily from collections in accounts receivable and reductions in inventory. In the first quarter of 1996, cash was used primarily to fund the increases in inventories and to reduce accounts payable.

The Company purchased $3.9 million of property and equipment and other assets during the first quarter of 1997, compared to $7.5 million in the same period in 1996 . These purchases included primarily the purchase of equipment for hardware and software for the Company's information systems and equipment to support research and development activities.

The Company has an unsecured line of credit agreement with a group of banks which provided for up to $35.0 million in revolving credit. The agreement, as amended, has been extended to June 28, 1997. The Company has begun negotiations to amend and extend the unsecured line of credit agreement beyond June 28, 1997. Under the terms of the agreement, as amended in June 1996, the Company must pay a quarterly commitment fee calculated based on the debt service ratio of the Company and ranges from .25% to .40% on the $35.0 million line. The interest rate to be paid on any outstanding borrowings is contingent upon the financial performance of the Company and ranges from LIBOR plus 1.25% to LIBOR plus 1.75%. Additionally, the Company is required to maintain certain financial ratios and covenants over the life of the agreement, including a restriction on the payment of dividends. The Company has in certain prior periods been in default of certain financial covenants. On these occasions, the defaults have been waived by the banks. There can be no assurance that the Company will not default in future periods or that, if in default, it will be able to obtain such waivers. The Company had no borrowings against the line and was not in default of any financial covenants as of March 31, 1997. The Company believes existing cash and marketable securities, internally generated funds and available borrowings under its bank credit line will be sufficient to meet the Company's cash requirements, including capital expenditures, at least through the end of 1997. In the event the Company requires additional financing the Company believes that it would be able to obtain such financing; however, there can be no assurance that it would be successful in doing so, or that it could do so on terms favorable to the Company.

CERTAIN FACTORS THAT MAY AFFECT FUTURE RESULTS

A number of uncertainties exist that could affect the Company's future operating results, including, without limitation, the following:

The Company's gross margin has fluctuated, and may continue to fluctuate, based on factors such as the mix of products sold, cost and the proportion of third-party hardware included in the systems sold by the Company, the distribution channels through which products are sold, the timing of new product introductions, the offering of product and platform upgrades, price discounts and other sales promotion programs, the volume of sales of aftermarket hardware products, the costs of swapping or fixing products released to the market with errors or flaws, provisions for inventory obsolescence, allocations of overhead costs to manufacturing and customer support costs to cost of goods, sales of third-party computer hardware to its distributors, and competitive pressure on selling prices of products. The Company's systems and software products typically have higher gross margins than storage devices and product upgrades. Gross profit varies from product to product depending primarily on the proportion and cost of third-party hardware included in each product. The Company, from time to time, adds functionality and features to its systems. If such additions are accomplished through the use of more, or more costly, third-party hardware, and if the Company does not increase the price of such systems to offset these increased costs, the Company's gross margins on such systems would be adversely affected.

The Company has recently initiated steps designed to shift an increasing proportion of its sales through indirect channels such as distributors and resellers. The Company expects that this shift will result in an increase in the number of software and circuit board "kits" sold through indirect channels in comparison with turnkey systems consisting of CPUs, monitors, and peripheral devices including accompanying software and circuit boards sold by the Company through its direct sales force to customers. Therefore, to the extent the Company increases its sales through indirect channels, its revenue per unit sale will be less than it would have been had the same sale been made directly by the Company. In the event the Company is unable to increase the volume of sales in order to offset this decrease in revenue per sale or is unable to reduce its costs associated with such sales, profits could be adversely affected.

In 1995, the Company shipped server-based, all-digital broadcast newsroom systems to a limited number of beta sites. These systems incorporate a variety of the Company's products, as well as a significant amount of hardware purchased from third parties, including computers purchased from Silicon Graphics, Inc. ("SGI"). Because some of the technology and products in these systems were new and untested in live broadcast environments at the time that such systems were originally installed, the Company provided greater than normal discounts to these initial customers. In addition, because some of the technology and products in these systems were new and untested in live broadcast environments at the time that such systems were originally installed, the Company has incurred unexpected delays and greater than expected costs in completing and supporting these initial installations to customers' satisfaction. As a result, the Company expects that it will report, in the aggregate, a loss on these sales, when all revenues and costs are recognized. The Company has recognized approximately $6.1 million in revenues from these initial installations and approximately $6.6 million of related costs. In future quarters, the Company expects to recognize an additional $1.6 million in revenues associated with the remaining initial installations. The Company has provided a reserve for estimated costs in excess of anticipated revenues. Revenues and costs are recognized upon acceptance of the systems by customers. The Company is unable to determine whether and when the systems will be accepted. There can be no assurance that the remaining initial installations will be accepted by customers or that the Company will not incur further costs in completing the installations. If customers do not accept these systems, the Company could face additional costs associated with reducing the value of the inventory included in the systems. The Company's overall gross margin percentage will be reduced in any quarter or quarters in which the remaining initial installations are recognized or written off. In 1996 and the first quarter of 1997, the Company installed additional server-based, all-digital broadcast newsroom systems at other customer sites. The Company believes that such installations, when and if fully recognized as revenue on customer acceptance, would be profitable. However, the Company is unable to determine whether and when the systems will be accepted. In any event, the Company believes that because of the high proportion of third-party hardware, including computers and storage devices, included in such systems, that the gross margins on such sales would be lower than the gross margins generally on the Company's other systems.

The Company's operating expense levels are based, in part, on its expectations of future revenues. In recent quarters, 40% or more of the Company's revenues for a quarter have been recorded in the third month of the quarter. Further, in many cases, quarterly operating expense levels cannot be reduced rapidly in the event that quarterly revenue levels fail to meet internal expectations. Therefore, if quarterly revenue levels fail to meet internal expectations, the Company's operating results would be adversely affected and there can be no assurance that the Company would be able to operate profitably. Reductions of certain operating expenses, if incurred, in the face of lower than expected revenues could involve material one-time charges associated with reductions in

headcount, trimming product lines, eliminating facilities and offices, and of writing off certain assets.

The Company has significant deferred tax assets in the accompanying balance sheets. The deferred tax assets reflect the net tax effects of tax credit and operating loss carryforwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Although realization is not assured, management believes it is more likely than not that all of the deferred tax asset will be realized. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income are reduced.

The Company has expanded its product line to address the digital media production needs of the television broadcast news market and the emerging market for multimedia production tools, including the corporate and industrial user market. The Company has limited experience in serving these markets, and there can be no assurance that the Company will be able to develop such products successfully, that such products will achieve widespread customer acceptance, or that the Company will be able to develop distribution and support channels to serve these markets. A significant portion of the Company's future growth will depend on customer acceptance in these and other new markets. Any failure of such products to achieve market acceptance, additional costs and expenses incurred by the Company to improve market acceptance of such products and to develop new distribution and support channels, or the withdrawal from the market of such products or of the Company from such new markets could have a material adverse effect on the Company's business and results of operations.

The Company's products operate primarily only on Apple computers. Apple has recently been suffering business and financial difficulties. In consideration of these difficulties, there can be no assurance that customers will not delay purchases of Apple-based products, or purchase competitor's products based on non-Apple computers, that Apple will continue to develop and manufacture products suitable for the Company's existing and future markets or that the Company will be able to secure an adequate supply of Apple computers, the occurrence of any of which could have a material adverse effect on the Company's business and results of operations.

The Company is also dependent on a number of other suppliers as sole source vendors of certain other key components of its products and systems. Products purchased by the Company from sole source vendors include computers from Apple and SGI; video compression chips manufactured by C-Cube Microsystems; a small computer systems interface ("SCSI") accelerator board from ATTO Technology; a 3D digital video effects board from Pinnacle Systems; and application specific integrated circuits ("ASIC") from AMI and LSI Logic. The Company purchases these sole source components pursuant to purchase orders placed from time to time. The Company also manufactures certain circuit boards under license from Truevision, Inc. The Company generally does not carry significant inventories of these sole source components and has no guaranteed supply arrangements. No assurance can be given that sole source suppliers will devote the resources necessary to support the enhancement or continued availability of such components or that any such supplier will not encounter technical, operating or financial difficulties that might imperil the Company's supply of such sole source components. While the Company believes that alternative sources of supply for sole source components could be developed, or systems redesigned to permit the use of alternative components, its business and results of operations would be materially affected if it were to encounter an untimely or extended interruption in its sources of supply.

The Company has from time to time developed new products, or upgraded existing products that incorporate advances in enabling technologies. The Company believes that further advances will occur in such enabling technologies, including microprocessors, computers, operating systems, bus architectures, storage devices, and digital media formats. The Company may be required, based on market demand, to upgrade existing products or develop other products that incorporate these further advances. In particular, the Company believes that it will be necessary to develop additional products which operate using Intel Architecture "(IA)"-based computers and the Windows NT operating system. There can be no assurance that customers will not defer purchases of existing Apple-based products in anticipation of the release of IA-based, NT-based products, that the Company will be successful in developing additional IA-based, NT-based or other new products or that they will gain market acceptance, if developed. Any deferral by customers of purchases of existing Apple-based products, failure by the Company to develop such products in a timely way or to gain market acceptance for them could have a material adverse effect on the Company's business and results of operations.

The markets for digital media editing and production systems are intensely competitive and subject to rapid change. The Company encounters competition in the film, video and audio production and post-production, television broadcast news, and multimedia tools markets, including the corporate and industrial user

market. Many current and potential competitors of the Company have substantially greater financial, technical and marketing resources than the Company. Such competitors may use these resources to lower their product costs and thus be able to lower prices to levels at which the Company could not operate profitably. Further, such competitors may be able to develop products comparable or superior to those of the Company or adapt more quickly than the Company to new technologies or evolving customer requirements. Accordingly, there can be no assurance that the Company will be able to compete effectively in its target markets or that future competition will not adversely affect its business and results of operations.

The Company is involved in various legal proceedings, including patent and securities litigation; an adverse resolution of any such proceedings could have a material adverse effect on the Company's business and results of operations. See Note 7 to Condensed Consolidated Financial Statements (unaudited), and PART II ITEM 1,"LEGAL PROCEEDINGS". This litigation has been described in previously filed reports on Form 10-Q and 10-K.

PART II. OTHER INFORMATION
ITEM 1. LEGAL PROCEEDINGS

DATA TRANSLATION, INC.

On April 23, 1996, the Company was named as defendant in a patent infringement suit filed in the United States District Court for the District of Massachusetts by Data Translation, Inc., of Marlboro, Massachusetts. The complaint alleged infringement by the Company of U.S. patent number 5,488,695 and seeks injunctive relief, treble damages and costs, and attorneys' fees. In April 1997, the litigation was dismissed with prejudice by agreement of the parties. No monies were paid and no other consideration (except for dismissal of claims of each party) is being exchanged by the parties in connection with the dismissal.

OTHER

The Company also receives inquiries from time to time with regard to additional possible patent infringement claims. These inquiries are generally referred to counsel and are in various stages of discussion. If any infringement is determined to exist, the Company may seek licenses or settlements. In addition, from time to time as a normal incidence of the nature of the Company's business, various claims, charges, and litigation have been asserted or commenced against the Company arising from or related to contractual or employee relations or product performance. Management does not believe these claims would have a material adverse effect on the financial position or results of operations of the Company.

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

10.1	Common Stock Purchase Agreement between Avid Technology, Inc. and Intel Corporation dated as of March 22, 1997
10.2	Investor Rights Agreement between Avid Technology, Inc. and Intel Corporation dated as of March 22, 1997
10.3	1997 Stock Incentive Plan
10.4	1997 Avid Profit Sharing Program
10.5	1997 Variable Compensation Program
10.6	Form of Employment Agreement between the Company and certain Executive Officers
10.7	Form of Change-in-Control Employment Agreement between the Company and certain Executive Officers
11	Statement Regarding Supplemental Computation of Per Share Earnings
27	Financial Data Schedule

(b) REPORTS ON FORM 8-K. For the fiscal quarter ended March 31, 1997, the Company filed no Current Reports on Form 8-K.

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.

Date: May 14, 1997 By: /S/ WILLIAM L. FLAHERTY

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

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
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Exibit 10.1

AVID TECHNOLOGY, INC.

COMMON STOCK PURCHASE AGREEMENT

This Common Stock Purchase Agreement (this "Agreement") is made and entered into as of March 22, 1997, by and between AVID TECHNOLOGY, INC., a Delaware corporation (the "Company"), and INTEL CORPORATION, a Delaware corporation (the "Investor").

R E C I T A L

WHEREAS, the Company desires to sell to the Investor, and the Investor desires to purchase from the Company, shares of the Company's Common Stock, $0.01 par value per share ("Common Stock"), on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing recital, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. AGREEMENT TO PURCHASE AND SELL STOCK

1.1 AUTHORIZATION
As of the Closing (as defined below), the Company's Board of Directors will have authorized the issuance, pursuant to the terms and conditions of this Agreement, of 1,552,632 shares (the "Purchase Shares") of the Company's Common Stock.

1.2 AGREEMENT TO PURCHASE AND SELL COMMON STOCK
The Company hereby agrees to sell to the Investor at the Closing, and the Investor agrees to purchase from the Company at the Closing, the Purchased Shares at a price per share equal to the Per Share Purchase Price.

1.3 PER SHARE PURCHASE PRICE
The "Per Share Purchase Price" shall be $9.50 per share.

2. CLOSING

2.1 THE CLOSING
The purchase and sale of the Purchased Shares will take place at the offices of Venture Law Group, A Professional Corporation, 2800 Sand Hill Road, Menlo Park, California 94025 at 10:00 a.m. California time, within three (3) business days after the conditions set forth in Articles 5 and 6 have been satisfied, or at such other time and place as the Company and the Investor mutually agree upon (which time and place are referred to in this Agreement as the "Closing"). At the Closing, the Company will send to the Investor via appropriate overnight courier mutually agreeable to the Company and the Investor, a certificate representing the Purchased Shares, and will cause the delivery of such certificate to the Investor on the first business day following the Closing, against delivery to the Company by the Investor at the Closing of the full purchase price of the Purchased Shares, paid by wire transfer of funds to the Company.

3. REPRESENTATlONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to the Investor that the statements in this Section 3 are true and correct, except as set forth in the SEC Documents or the Disclosure Letter from the Company dated March 22, 1997 (the "Disclosure Letter").

3.1 ORGANIZATION, GOOD STANDING AND QUALIFICATION
The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all corporate power and authority required to (a) carry on its business as presently conducted, and (b) enter into this Agreement, the Investor Rights Agreement (as defined in Section 5.8) and the Development Agreement (as defined in Section 5.9) and to consummate the transactions contemplated hereby and thereby. The Company is qualified to do business and is in good standing in each jurisdiction in which the failure to so qualify would have a Material Adverse Effect. As used in this Agreement, "Material Adverse Effect" means a material adverse effect on, or a material adverse change in, or a group of such effects on or changes in, the business, operations, financial condition, results of operations, assets or liabilities of the Company and its subsidiaries taken as a whole.

3.2 CAPITALIZATION
As of the date of this Agreement the capitalization of the Company is as follows:

(a) Preferred Stock
A total of 1,000,000 authorized shares of Preferred Stock, $0.01 par value per share (the "Preferred Stock"), none of which is issued or outstanding.

(b) Common Stock
A total of 50,000,000 authorized shares of Common Stock, $0.01 par value, of which 21,450,894 shares are issued and outstanding as of March 17, 1997. All of such outstanding shares are validly issued, fully paid and non-assessable. No such outstanding shares were issued in violation of any preemptive right.

(c) Options, Warrants, Reserved Shares
Except for the plans set forth in the SEC Documents (as defined below) (the "Plans"), there are no outstanding options, warrants, rights (including conversion or preemptive rights) or agreements for the purchase or acquisition from the Company of any shares of its capital stock or any securities convertible into or ultimately exchangeable or exercisable for any shares of the Company's capital stock. Except for any stock repurchase rights of the Company under its plans described in the SEC Documents, no shares of the Company's outstanding capital stock, or stock issuable upon exercise, conversion or exchange of any outstanding options, warrants or rights, or other stock issuable by the Company, are subject to any rights of first refusal or other rights to purchase such stock (whether in favor of the Company or any other person), pursuant to any agreement, commitment or other obligation of the Company.

3.3 SUBSIDIARIES
The Company does not presently own or control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association or other entity other than as set forth in the SEC Documents (the "Subsidiaries"). The Company holds of record or beneficially all of the issued and outstanding capital stock of each of the Subsidiaries.

3.4 DUE AUTHORIZATION
All corporate action on the part of the Company, its officers, directors and shareholders necessary for the authorization, execution, delivery of, and the performance of all obligations of the Company under, this Agreement, the Investor Rights Agreement and the Development Agreement, and the authorization, issuance, reservation for issuance and delivery of all of the Purchased Shares being sold under this Agreement has been taken or will be taken prior to the Closing, and this Agreement constitutes, and the Investor Rights Agreement and the Development Agreement when executed, will constitute, valid and legally binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as may be limited by (i) applicable bankruptcy, insolvency, reorganization or others laws of general application relating to or affecting the enforcement of creditors' rights generally, (ii) the effect of rules of law governing the availability of equitable remedies and (iii) the fact that any indemnification or contribution provision contained in the Investor Rights Agreement or this Agreement may be unenforceable insofar as the enforceability of such provision may be sought under federal or state securities laws.

3.5 VALID ISSUANCE OF STOCK

(a) The Purchased Shares, when issued, sold and delivered in accordance with the terms of this Agreement for the consideration provided for herein, will be duly and validly issued, fully paid and nonassessable.

(b) Based in part on the representations made by the investors in Section 4 hereof, the Purchased Shares will be issued in compliance with the registration and prospectus delivery requirements of the Securities Act of 1933, as amended (the "1933 Act"), or in compliance with applicable exemptions therefrom, and the registration and qualification requirements of all applicable securities laws of the states of the United States.

3.6 GOVERNMENTAL CONSENTS
No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state or local governmental authority on the part of the Company is required in connection with the consummation of the transactions contemplated by this Agreement, except for the filing of such qualifications or filings under the 1933 Act and the regulations thereunder and all applicable state securities laws as may be required in connection with the transactions contemplated by this Agreement. All such qualifications and filings will, in the case of qualifications, be effective on the Closing and will, in the case of filings, be made within the time prescribed by law.

3.7 NON-CONTRAVENTION
The execution, delivery and performance of this Agreement, the Investor Rights Agreement and the Development Agreement by the Company, and the consummation by the Company of the transactions contemplated hereby and thereby, do not and will not (i) contravene or conflict with the Certificate of Incorporation or

Bylaws of the Company; (ii) constitute a material violation of any provision of any federal, state, local or foreign law binding upon or applicable to the Company; or (iii) constitute a default or require any consent under, give rise to any right of termination, cancellation or acceleration of, or to a loss of any benefit to which the Company is entitled under, or result in the creation or imposition of any lien, claim or encumbrance on any assets of the Company under, any contract to which the Company is a party or any permit, license or similar right relating to the Company or by which the Company may be bound or affected in such a manner as would have a Material Adverse Effect.

3.8 LITIGATION

There is no action, suit, proceeding, claim, arbitration or investigation ("Action") pending: (a) against the Company, its activities, properties or assets or, to the best of the Company's knowledge, against any officer, director or employee of the Company in connection with such officer's, director's or employee's relationship with, or actions taken on behalf of, the Company which is reasonably likely to have a Material Adverse Effect, or (b) that seeks to prevent, enjoin, alter or delay the transactions contemplated by this Agreement, the Investor Rights Agreement or the Development Agreement. Except as individually or in the aggregate is not reasonably likely to have a Material Adverse Effect (i) there is no Action pending or, to the best of the Company's knowledge, threatened, relating to the current or prior employment of any of the Company's current or former employees or consultants, their use in connection with the Company's business of any information, technology or techniques allegedly proprietary to any of their former employers, clients or other parties, or their obligations under any agreements with prior employers, clients or other parties; and (ii) the Company is not a party to or subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality.

3.9 INTELLECTUAL PROPERTY

(a) Ownership or Right to Use

To the best of the Company's knowledge, the Company has sole title to and owns, or is licensed or otherwise possesses legally enforceable rights to use, all patents or patent applications, software, know-how, registered or unregistered trademarks and service marks and any applications therefore, registered or unregistered copyrights, trade names, and any applications therefore, trade secrets or other confidential or proprietary information ("Intellectual Property") necessary to enable the Company to carry on its business as currently conducted or proposed to be conducted under the Development Agreement, except where any deficiency therein would not have a Material Adverse Effect. For so long as Investor holds all the Purchased Shares, the Company covenants that it will, where the Company in the exercise of its good faith judgment deems it appropriate, use reasonable business efforts to seek copyright and patent registration, and other appropriate intellectual property protection, for Intellectual Property of the Company.

(b) Licenses; Other Agreements

The Company has not granted to any third party any exclusive licenses (whether such exclusivity is temporary or permanent) to any material portion of the Intellectual Property of the Company. To the best of the Company's knowledge, there are not outstanding any licenses or agreements of any kind relating to any Intellectual Property of the Company, except for agreements with OEM's and other customers of the Company entered into in the ordinary course of the Company's business, where a breach thereof would have a Material Adverse Effect. The Company is not obligated to pay any royalties or other payments to third parties with respect to the marketing, sale, distribution, manufacture, license or use of any Intellectual Property, except as the Company may be so obligated in the ordinary course of its business or where the failure to make such payments would not have a Material Adverse Effect.

(c) No Infringement

To the best of the Company's knowledge, the Company has not violated or infringed and is not currently violating or infringing, and the Company has not received any communications alleging that the Company (or any of its employees or consultants) has violated or infringed, any Intellectual Property of any other person or entity, to the extent that any such violation or infringement, either individually or together with all other such violations and infringements, would have a Material Adverse Effect.

(d) Employees and Consultants

To the best of the Company's knowledge, no employee of or consultant to the Company is in default under any term of any employment contract, agreement or arrangement relating to Intellectual Property of the Company or any non-competition arrangement, other contract, or any restrictive covenant relating to the Intellectual Property of the Company, which default would have a Material Adverse Effect.

3.10 COMPLIANCE WITH LAW AND CHARTER DOCUMENTS

The Company is not in violation or default of any provisions of its Certificate

of Incorporation or Bylaws, both as amended, and except for any violations that would not, either individually or in the aggregate, have a Material Adverse Effect. The Company has complied and is in compliance with all applicable statutes, laws, and regulations and executive orders of the United States of America and all states, foreign countries and other governmental bodies and agencies having jurisdiction over the Company's business or properties except where such noncompliance would not, either individually or in the aggregate, have a Material Adverse Effect.

3.11 TITLE TO PROPERTY AND ASSETS

The properties and assets of the Company which are owned by the Company are owned free and clear of all mortgages, deeds of trust, liens, charges, encumbrances and security interests except for statutory liens for the payment of current taxes that are not yet delinquent and liens and encumbrances and security interests that arise in the ordinary course of business and do not affect material properties and assets of the Company in a way reasonably likely to have Material Adverse Effect. With respect to the property and assets it leases, the Company is in compliance with such leases in all material respects.

3.12 REGISTRATION RIGHTS

Except as provided in the Investor Rights Agreement effective upon the Closing, the Company is not currently subject to any grant or agreement to grant to any person or entity any rights (including piggyback registration rights) to have any securities of the Company registered with the United States Securities and Exchange Commission ("SEC") or any other governmental authority.

3.13 SEC DOCUMENTS

(a) The Company has furnished to the Investor on or prior to the date hereof copies of its Annual Report on Form 10-K for the fiscal year ended December 31, 1996 ("Form 10-K"), and all other registration statements, reports and proxy statements filed by the Company with the Securities and Exchange Commission ("Commission") on or after December 31, 1996 (the Form 10-K and such registration statements, reports and proxy statements, are collectively referred to herein as the "SEC Documents"). Each of the SEC Documents, as of the respective date thereof, did not, and each of the registration statements, reports and proxy statements filed by the Company with the Commission after the date hereof and prior to the Closing will not, as of the date thereof, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, except as may have been corrected in a subsequent SEC Document. The Company is not a party to any material contract, agreement or other arrangement which was required to have been filed as an exhibit to the SEC Documents that is not so filed.

(b) Since December 31, 1996, the Company has duly filed with the Commission all registration statements, reports and proxy statements required to be filed by it under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the 1933 Act. The audited and unaudited consolidated financial statements of the Company included in the SEC Documents filed prior to the date hereof fairly present, in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis (except as may be indicated in the notes thereto), the consolidated financial position of the Company and its consolidated subsidiaries as at the date thereof and the consolidated results of their operations and cash flows for the periods then ended.

(c) Except as and to the extent reflected or reserved against in the Company's Financial Statements (including the notes thereto), the Company has no material liabilities (whether accrued or unaccrued, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined or determinable) other than: (i) liabilities incurred in the ordinary course of business since the Balance Sheet Date that are consistent with the Company's past practices, (ii) liabilities with respect to agreements to which the Investor is a party, and (iii) other Liabilities that either individually or in the aggregate, would not result in a Material Adverse Effect.

3.14 ABSENCE OF CERTAIN CHANGES SINCE BALANCE SHEET DATE

Since December 31, 1996, the business and operations of the Company have been conducted in all material respects in the ordinary course consistent with past practice, and there has not been:

(a) any declaration, setting aside or payment of any dividend or other distribution of the assets of the Company with respect to any shares of capital stock of the Company, or any repurchase, redemption or other acquisition by the Company or any subsidiary of the Company of any outstanding shares of the Company's capital stock;

(b) any damage, destruction or loss, whether or not covered by insurance, except for such occurrences that have not resulted, and are not expected to result, in a Material Adverse Effect;

(c) any waiver by the Company of a valuable right or of a material debt owed to it, except for such waivers that have not resulted, and are not expected to result, in a Material Adverse Effect;

(d) any material change or amendment to, or any waiver of any material rights under, a material contract or arrangement by which the Company or any of its assets or properties is bound or subject, except for changes, amendments, or waivers that are expressly provided for or disclosed in this Agreement or that have not resulted, and are not expected to result, in a Material Adverse Effect;

(e) any change by the Company in its accounting principles, methods or practices or in the manner it keeps its accounting books and records, except any such change required by a change in GAAP; and

(f) any other event or condition of any character, except for such events and conditions that have not resulted, and are not expected to result, in a Material Adverse Effect.

3.15 TAX MATTERS

The Company and each of its subsidiaries have filed all material tax returns required to be filed, which returns are true and correct in all material respects, and neither the Company nor any of its subsidiaries is in default in the payment of any taxes, including penalties and interest, assessments, fees and other charges, shown thereon due or otherwise assessed, other than those being contested in good faith and for which adequate reserves have been provided or those currently payable without interest which were payable pursuant to said returns or any assessments with respect thereto.

3.16 REAL PROPERTY HOLDING CORPORATION STATUS

Since its inception the Company has not been a "United States real property holding corporation", as defined in Section 897(c)(2) of the U.S. Internal Revenue Code of 1986, as amended, and in Section 1.897-2(b) of the Treasury Regulations issued thereunder (the "Regulations"), and the Company has filed with the Internal Revenue Service all statements, if any, with its United States income tax returns which are required under Section 1.897-2(h) of the Regulations.

3.17 FULL DISCLOSURE

The information contained in this Agreement, the Disclosure Letter and the SEC Documents with respect to the business, operations, assets, results of operations and financial condition of the Company, and the transactions contemplated by this Agreement, the Investor Rights Agreement and the Development Agreement, are true and complete in all material respects and do not omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

4. REPRESENTATIONS, WARRANTIES AND CERTAIN AGREEMENTS OF THE INVESTOR

The Investor hereby represents and warrants to the Company, and agrees that:

4.l AUTHORIZATION

This Agreement and the Investor Rights Agreement have been duly authorized by all necessary corporate action on the part of the Investor. This Agreement and the Investor Rights Agreement constitute the Investor's valid and legally binding obligations, enforceable in accordance with their respective terms, except as may be limited by (a) applicable bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights generally and (b) the effect of rules of law governing the availability of equitable remedies. The Investor has full corporate power and authority to enter into this Agreement and the Investor Rights Agreement

4.2 PURCHASE FOR OWN ACCOUNT

The Purchased Shares are being acquired for investment for the Investors own account, not as a nominee or agent, and not with a view to the public resale or distribution thereof within the meaning of the 1933 Act, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. The Investor also represents that it has not been formed for the specific purpose of acquiring the Purchased Shares.

4.3 DISCLOSURE OF INFORMATION

The Investor has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the Purchased Shares to be purchased by the Investor under this Agreement. The Investor further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Purchased Shares and to obtain additional information (to the extent the Company possessed such information or could acquire it without

unreasonable effort or expense) necessary to verify any information furnished to the investor or to which the Investor had access. The foregoing, however, does not in any way limit or modify the representations and warranties made by the Company in Article 3.

4.4 INVESTMENT EXPERIENCE

The Investor understands that the purchase of the Purchased Shares involves substantial risk. The Investor: (a) has experience as an investor in securities of companies and acknowledges that it is able to fend for itself, can bear the economic risk of its investment in the Purchased Shares and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of this investment in the Purchased Shares and protecting its own interests in connection with this investment and/or (b) has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables the Investor to be aware of the character, business acumen and financial circumstances of such persons.

4.5 ACCREDITED INVESTOR STATUS

The Investor is an "accredited investor" within the meaning of Regulation D promulgated under the 1933 Act.

4.6 RESTRICTED SECURITIES

The Investor understands that the Purchased Shares to be purchased by the Investor hereunder are characterized as "restricted securities" under the 1933 Act inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under the 1933 Act and applicable regulations thereunder such securities may be resold without registration under the 1933 Act only in certain limited circumstances. The Investor is familiar with Rule 144 of the SEC, as presently in effect, and understands the resale limitations imposed thereby and by the 1933 Act. The Investor understands that the Company is under no obligation to register any of the securities sold hereunder except as provided in the Investor Rights Agreement.

4.7 FURTHER LIMITATIONS ON DISPOSITION

Without in any way limiting the representations set forth above, the Investor further agrees not to make any disposition of all or any portion of the Purchased Shares unless and until:

(a) there is then in effect a registration statement under the 1933 Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(b) the Investor has notified the Company of the proposed disposition and has furnished the Company with a statement of the circumstances surrounding the proposed disposition, and the Investor has furnished the Company, at the expense of the Investor or its transferee, with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration of such securities under the 1933 Act.

Notwithstanding the provisions of paragraphs (a) and (b) of this Section 4.7, no such registration statement or opinion of counsel will be required for any transfer of any Purchased Shares in compliance with SEC Rule 144, Rule 144A or Rule 145(d), or if such transfer otherwise is exempt, in the view of the Company's legal counsel, from the registration requirements of the 1933 Act.

4.8 LEGENDS

Certificates evidencing the Purchased Shares will bear each of the legends set forth below:

(a) THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

(b) Any Legends Required By Any Applicable State Securities Laws The legend set forth in Section 4.8(a) hereof will be removed by the Company from any certificate evidencing Purchased Shares upon delivery to the Company of an opinion of counsel, reasonably satisfactory to the Company, that such security can be freely transferred pursuant to Rule 144(k) without a registration statement being in effect and that such transfer will not jeopardize the exemption or exemptions from registration pursuant to which the Company issued the Purchased Shares.

5. CONDITIONS TO THE INVESTOR'S OBLIGATIONS AT CLOSING

The obligations of the Investor under Sections l and 2 of this Agreement are subject to the fulfillment or waiver, on or before the Closing, of each of the following conditions:

5.1 REPRESENTATIONS AND WARRANTIES TRUE

Except for representations and warranties expressed to be as of a specified date (which shall be true and correct as of such date), each of the representations and warranties of the Company contained in Section 3 will be true and correct on and as of the date hereof and on and as of the date of the Closing, except as set forth in the Disclosure Letter, as amended through the Closing, with the same effect as though such representations and warranties had been made as of the Closing.

5.2 PERFORMANCE

The Company will have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing and will have obtained all approvals, consents and qualifications necessary to complete the purchase and sale described herein.

5.3 COMPLIANCE CERTIFICATE

The Company will have delivered to the Investor at the Closing a certificate signed on its behalf by its Chief Executive Officer or Chief Financial Officer certifying that the conditions specified in Sections 5.1 and 5.2 hereof have been fulfilled.

5.4 SECURITIES EXEMPTIONS

The offer and sale of the Purchased Shares to the Investor pursuant to this Agreement will be exempt from the registration requirements of the 1933 Act and the registration and/or qualification requirements of all applicable state securities laws.

5.5 PROCEEDINGS AND DOCUMENTS

All corporate and other proceedings in connection with the transactions contemplated at the Closing and all documents incident thereto will be reasonably satisfactory in form and substance to the Investor, and the Investor will have received all such counterpart originals and certified or other copies of such documents as it may reasonably request. Such documents shall include (but not be limited to) the following:

(a) Certified Charter Documents

A copy of (i) the Certificate of Incorporation certified as of a recent date by the Secretary of State of Delaware as a complete and correct copy thereof, and (ii) the Bylaws of the Company (as amended through the date of the Closing) certified by the Secretary of the Company as true and correct copies thereof as of the Closing.

(b) Board Resolutions

A copy, certified by the Secretary of the Company, of the resolutions of the Board of Directors of the Company providing for the approval of this Agreement, the Investor Rights Agreement and the Development Agreement and the issuance of the Purchased Shares and the other matters contemplated hereby.

5.6 OPINION OF COMPANY COUNSEL

The Investor will have received an opinion on behalf of the Company, dated as of the date of the Closing, from Hale and Dorr, in form and substance reasonably satisfactory to the Investor.

5.7 INVESTOR RIGHTS AGREEMENT

The Company will have executed and delivered the Investor Rights Agreement substantially in the form attached to this Agreement as Exhibit A (the "Investor Rights Agreement").

5.8 DEVELOPMENT AGREEMENT

The Company will have executed and delivered the Software and Hardware Development, License and Distribution Agreement (the "Development Agreement") in a form reasonably satisfactory to the Investor.

5.9 NO MATERIAL ADVERSE EFFECT

Between the date hereof and the Closing, there shall not have occurred any Material Adverse Effect.

6. CONDITIONS TO THE COMPANY'S OBLIGATIONS AT CLOSING

The obligations of the Company to the Investor under this Agreement are subject to the fulfillment or waiver on or before the Closing (defined in Section 2.1), of each of the following conditions:

6.1 REPRESENTATIONS AND WARRANTIES TRUE

The representations and warranties of the Investor contained in Section 4 will be true and correct on and as of the date hereof and on and as of the date of the Closing with the same effect as though such representations and warranties had been made as of the Closing.

6.2 PAYMENT OF PURCHASE PRICE
The Investor will have delivered to the Company the full purchase price of the Purchased Shares as specified in Section 1.2.

6.3 SECURITIES EXEMPTIONS
The offer and sale of the Purchased Shares to the Investor pursuant to this Agreement will be exempt from the registration requirements of the 1933 Act and the registration and/or qualification requirements of all applicable state securities laws.

6.4 PROCEEDINGS AND DOCUMENTS
All corporate and other proceedings in connection with the transactions contemplated at the Closing and all documents incident thereto will be reasonably satisfactory in form and substance to the Company and to the Company's legal counsel, and the Company will have received all such counterpart originals and certified or other copies of such documents as it may reasonably request.

6.5 INVESTOR RIGHTS AGREEMENT
The Investor will have executed and delivered the Investor Rights Agreement.

6.6 DEVELOPMENT AGREEMENT
Investor will have executed and delivered the Development Agreement.

7. INDEMNIFICATION

7.1 AGREEMENT TO INDEMNIFY

(a) Company Indemnity
The Investor, its Affiliates and Associates, and each officer, director, shareholder, employer, representative and agent of any of the foregoing (collectively, the "Investor Indemnitees") shall each be indemnified and held harmless to the extent set forth in this Section 7 by the Company with respect to any and all Damages (as defined below) incurred by any Investor Indemnitee as a proximate result of any inaccuracy or misrepresentation in, or breach of, any representation, warranty, covenant or agreement made by the Company in this Agreement or the Investor Rights Agreement (including any Exhibits and Schedules hereto).

(b) Investor Indemnity
The Company, its respective Affiliates and Associates, and each officer, director, shareholder, employer, representative and agent of any of the foregoing (collectively, the "Company Indemnitees") shall each be indemnified and held harmless to the extent set forth in this Section 7, by the Investor, in respect of any and all Damages incurred by any Company Indemnitee as a result of any inaccuracy or misrepresentation in, or breach of, any representation, warranty, covenant or agreement made by the Investor in this Agreement or the Investor Rights Agreement.

(c) Equitable Relief
Nothing set forth in this Section 7 shall be deemed to prohibit or limit any Investor Indemnitee's or Company Indemnitee's right at any time before, on or after the Closing Date, to seek injunctive or other equitable relief for the failure of any Indemnifying Party to perform or comply with any covenant or agreement contained herein.

7.2 SURVIVAL
All representations and warranties of the Investor and the Company contained herein or in the Investor Rights Agreement, and all claims of any Investor Indemnitee or Company Indemnitee in respect of any inaccuracy or misrepresentation in or breach thereof, shall survive the Closing until the second anniversary of the date of this Agreement, regardless of whether the applicable statute of limitations, including extensions thereof, may expire (except to the extent any such covenant or agreement shall expire by its terms). All covenants and agreements of the Investor and the Company contained herein or in the Investor Rights Agreement shall survive the Closing in perpetuity (except to the extent any such covenant or agreement shall expire by its terms). All claims of any Investor Indemnitee or Company Indemnitee in respect of any breach of such covenants or agreements shall survive the Closing until the expiration of two years following the non-breaching party's obtaining actual knowledge of such breach.

7.3 CLAIMS FOR INDEMNIFICATION
If any Investor Indemnitee or Company Indemnitee (an "Indemnitee") shall believe that such Indemnitee is entitled to indemnification pursuant to this

Section 7 in respect of any Damages, such Indemnitee shall give the appropriate Indemnifying Party (which for purposes hereof, in the case of an Investor Indemnitee, means the Company, and in the case of a Company Indemnitee, means the Investor) prompt written notice thereof. Any such notice shall set forth in reasonable detail and to the extent then known the basis for such claim for indemnification. The failure of such Indemnitee to give notice of any claim for indemnification promptly shall not adversely affect such Indemnitee's right to indemnity hereunder except to the extent that such failure adversely affects the right of the Indemnifying Party to assert any reasonable defense to such claim. Each such claim for indemnity shall expressly state that the Indemnifying Party shall have only the twenty (20) business day period referred to in the next sentence to dispute or deny such claim. The Indemnifying Party shall have twenty (20) business days following its receipt of such notice either (a) to acquiesce in such claim by giving such Indemnitee written notice of such acquiescence or (b) to object to the claim by giving such Indemnitee written notice of the objection. If Indemnifying Party does not object thereto within such twenty (20) business day period, such Indemnitee shall be entitled to be indemnified for all Damages reasonably and proximately incurred by such Indemnitee in respect of such claim. If the Indemnifying Party objects to such claim in a timely manner, the senior management of the Company and the Investor shall meet to attempt to resolve such dispute. If the dispute cannot be resolved by the senior management either party may make a written demand for formal dispute resolution and specify therein the scope of the dispute. Within thirty days after such written notification, the parties agree to meet for one day with an impartial mediator and consider dispute resolution alternatives other than litigation. If an alternative method of dispute resolution is not agreed upon within thirty days after the one day mediation, either party may begin litigation proceedings. Nothing in this section shall be deemed to require arbitration.

7.4 DEFENSE OF CLAIMS

In connection with any claim that may give rise to indemnity under this Section 7 resulting from or arising out of any claim or Proceeding against an Indemnitee by a person or entity that is not a party hereto, the Indemnifying Party may but shall not be obligated to (unless such Indemnitee elects not to seek indemnity hereunder for such claim), upon written notice to the relevant Indemnitee, assume the defense of any such claim or proceeding if the Indemnifying Party with respect to such claim or Proceeding acknowledges to the Indemnitee the Indemnitee's right to indemnity pursuant hereto to the extent provided herein (as such claim may have been modified through written agreement of the parties or arbitration hereunder) and provides assurances, satisfactory to such Indemnitee, that the Indemnifying Party will be financially able to satisfy such claim to the extent provided herein if such claim or Proceeding is decided adversely; provided, however, that nothing set forth herein shall be deemed to require the Indemnifying Party to waive any crossclaims or counterclaims the Indemnifying Party may have against the Indemnified Party for damages. The Indemnified Party shall be entitled to retain separate counsel, reasonably acceptable to the Indemnifying Party, if the Indemnified Counsel shall determine, upon the written advice of counsel, that claims of or defenses available to the Indemnifying Party and the Indemnified Party in connection with such Proceeding may differ. The Indemnifying Party shall be obligated to pay the reasonable fees and expenses of such separate counsel to the extent the Indemnified Party is entitled to indemnification by the Indemnifying Party with respect to such claim or Proceeding under this Section 7.4. If the Indemnifying Party assumes the defense of any such claim or Proceeding, the Indemnifying Party shall select counsel reasonably acceptable to such Indemnitee to conduct the defense of such claim or Proceeding, shall take all steps necessary in the defense or settlement thereof and shall at all times diligently and promptly pursue the resolution thereof. If the Indemnifying Party shall have assumed the defense of any claim or Proceeding in accordance with this Section 7.4, the Indemnifying Party shall be authorized to consent to a settlement of, or the entry of any judgment arising from, any such claim or Proceeding, but only with the prior written consent of such Indemnitee, which consent shall not be unreasonably withheld; provided, however, that the Indemnifying Party shall pay or cause to be paid all amounts arising out of such settlement or judgment concurrently with the effectiveness thereof; provided, further, that the Indemnifying Party shall not be authorized to encumber any of the assets of any Indemnitee or to agree to any restriction that would apply to any Indemnitee or to its conduct of business; and provided, further, that a condition to any such settlement shall be a complete release of such Indemnitee and its Affiliates, directors, officers, employees and agents with respect to such claim, including any reasonably foreseeable collateral consequences hereof. Such Indemnitee shall be entitled to participate in (but not control) the defense of any such action, with its own counsel and at its own expense. Each Indemnitee shall, and shall cause each of its Affiliates, directors, officers, employees and agents to, cooperate fully with the Indemnifying Party in the defense of any claim or Proceeding being defended by the Indemnifying Party pursuant to this Section 7.4. If the Indemnifying Party does not assume the defense of any claim or Proceeding resulting therefrom in accordance with the terms of this Section 7.4, such Indemnitee may defend against such claim or Proceeding in such manner as it may deem appropriate, including settling such claim or proceeding after

giving notice of the same to the Indemnifying Party, on such terms as such Indemnitee may deem appropriate, but only with the prior written consent of Indemnitee which consent shall not be unreasonably withheld. If any Indemnifying Party seeks to question the manner in which such Indemnitee defended such claim or Proceeding or the amount of or nature of any such settlement, such Indemnifying Party shall have the burden to prove by a preponderance of the evidence that such Indemnitee did not defend such claim or Proceeding in a reasonably prudent manner.

7.5 CERTAIN DEFINITIONS

As used in this Section 7, (a) "Affiliate" means, with respect to any person or entity, any person or entity directly or indirectly controlling, controlled by or under direct or indirect common control with such other person or entity; (b) "Associate" means, when used to indicate a relationship with any person or entity, (l) any other person or entity of which such first person or entity is an officer, director or partner or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of equity securities, membership interests or other comparable ownership interests issued by such other person or entity, (2) any trust or other estate in which such first person or entity has a ten percent (10%) or more beneficial interest or as to which such first person or entity serves as trustee or in a similar fiduciary capacity, and (3) any relative or spouse of such first person or entity who has the same home as such first person or entity or who is a director or officer of such first person or entity; (c) "Damages" means all demands, claims, actions or causes of action, assessments, losses, damages, costs, expenses, liabilities, judgments, awards, fines, response costs, sanctions, taxes, penalties, charges and amounts paid in settlement, including reasonable out-of-pocket costs, fees and expenses (including reasonable costs, fees and expenses of attorneys, accountants and other agents of, or other parties retained by, such party), and (d) "Proceeding" means any action, suit, hearing, arbitration, audit, proceeding (public or private) or investigation that is brought or initiated by or against any federal, state, local or foreign governmental authority or any other person or entity.

7.6 LIMITATIONS ON INDEMNITIES

Notwithstanding any other provision in this Section 7, neither party shall have any obligation to indemnify the other party under Section 7.1 unless the aggregate for all such claims exceeds $500,000, in which case to the full extent of Damages (including such initial $500,000) up to a maximum aggregate indemnity of $14,750,000. NEITHER PARTY TO THIS AGREEMENT NOR ANY OF ITS AFFILIATES SHALL BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES SUFFERED BY A PARTY OR ITS AFFILIATES WITH RESPECT TO ANY TERM OR THE SUBJECT MATTER OF THIS AGREEMENT.

8. STANDSTILL

The Investor hereby agrees that the Investor (together with all of its subsidiaries in which Investor owns beneficially or of record a majority of the outstanding Voting Stock of such subsidiary ("Majority Owned Subsidiaries")) shall not acquire "beneficial ownership" (as defined in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended) of any Voting Stock (as defined below), any securities convertible into or exchangeable for Voting Stock, or any other right to acquire Voting Stock (except, in any case, by way of stock dividends or other distributions or offerings made available to holders of any Voting Stock generally) without the prior written consent of the Company, if the effect of such acquisition would be to increase the Voting Power of all Voting Stock then beneficially owned by the Investor or which it has a right to acquire (together with all Majority Owned Subsidiaries) to a percentage greater than nineteen and ninety-nine one hundredths percent (19.99%) (the "Standstill Percentage") of the Total Voting Power (as defined below) of the Company at the time in effect; provided that:

(a) The Investor may acquire Voting Stock without regard to the foregoing limitation, and such limitation shall be suspended, but not terminated, if and for as long as (i) a tender or exchange offer is made and is not withdrawn or terminated by another person or group to purchase or exchange for cash or other consideration any Voting Stock that, if accepted or if otherwise successful, would result in such person or group beneficially owning or having the right to acquire shares of Voting Stock with aggregate Voting Power of more than nineteen and ninety-nine one hundredths percent (19.99%) of the Total Voting Power of the Company then in effect (not counting for these purposes any shares of Voting Stock of the Company originally acquired (where such Shares or shares exchanged with the Company in respect thereof, are still held) by such person or group from the Investor or any Majority Owned Subsidiary), and such offer is not withdrawn or terminated prior to the Investor making an offer to acquire Voting Stock or acquiring Voting Stock; provided, however, that the foregoing standstill limitation will be reinstated once any such tender or exchange offer is withdrawn or terminated, (ii) another person or group hereafter acquires Voting Stock with aggregate Voting Power of twenty percent (20%) or more of the Total Voting Power of the Company then in effect (not counting for these purposes any shares of Voting Stock of

the Company originally acquired (where such Shares or shares exchanged with the Company in respect thereof, are still held) by such person or group from the Investor or any Majority Owned Subsidiary), where such person or group files a Schedule 13D (under the rules promulgated under Section 13(d) under the Securities and Exchange Act of 1934, as such rules and section are in effect on the date hereof), or other similar or successor schedule or form, indicating that such person's or group's holdings equal or exceed twenty percent (20%); provided, however, that the foregoing standstill limitation will be reinstated once the percentage of Total Voting Power beneficially owned by such other person or group falls below twenty percent (20%); (iii) another person or group hereafter acquires Voting Stock that results in such person or group being required to file a Schedule 13G, or other similar or successor schedule or form, indicating that such other person or group beneficially owns or has the right to acquire Voting Stock with aggregate Voting Power equal to or more than twenty percent (20%) of the Total Voting Power of the Company (not counting for these purposes any shares of Voting Stock of the Company originally acquired (where such Shares or shares exchanged with the Company in respect thereof, are still held) by such person or group from the Investor or any Majority Owned Subsidiary); provided, however, that the foregoing standstill limitation will be reinstated once the percentage of Total Voting Power beneficially owned by such other person or group falls below twenty percent (20%); or (iv) another person or group orally or in writing contacts the Company and advises the Company of such person's or group's intention to commence a tender or exchange offer that, if so commenced, would result in a suspension pursuant to clause (i) above (e.g., a "bear hug" offer) and such contact by such person or group is publicly disclosed or otherwise becomes publicly known; provided, further, that if such a bear hug offer is not publicly disclosed or known to the public then the Company shall notify Investor of such bear hug and from time to time of its ongoing status (which information Investor shall treat as confidential); provided, however, that the foregoing standstill limitation will be reinstated if such intention is withdrawn in writing or other reasonable evidence of such withdrawal is provided to the Investor. The Company shall notify the Investor in writing of the occurrence of any event described in clauses (i) through (iv) of the immediately preceding sentence as soon as practicable following the Company's becoming aware of any such event, and in any case, shall provide the Investor written notice of any such event within two (2) business days of the Company's being aware of the occurrence of any such event.

(b) The Investor will not be obliged to dispose of any Voting Stock to the extent that the aggregate percentage of the Total Voting Power of the Company represented by Voting Stock beneficially owned by the Investor or which the Investor has a right to acquire is increased beyond the Standstill Percentage (i) as a result of a recapitalization of the Company or a repurchase or exchange of securities by the Company or any other action taken by the Company or its affiliates; (ii) as the result of acquisitions of Voting Stock made during the period when the Investor's "standstill" obligations are suspended pursuant to Section 8.1(a); (iii) as a result of an equity index transaction, provided that Investor shall not vote such shares; (iv) by way of stock dividends or other distributions or rights or offerings made available to holders of shares of Voting Stock generally; (v) with the consent of a simple majority of the independent authorized members of the Company's Board of Directors; or (vi) as part of a transaction on behalf of Investor's Defined Benefit Pension Plan, Profit Sharing Retirement Plan, 401(k) Savings Plan, Sheltered Employee Retirement Plan and Sheltered Employee Retirement Plan Plus, or any successor or additional retirement plans thereto (collectively, the "Retirement Plans") where the Company's shares in such Retirement Plans are voted by a trustee for the benefit of Investor employees or, for those Retirement Plans where Investor controls voting, where Investor agrees not to vote any shares of such Retirement Plan Voting Stock that would cause Investor to exceed the Standstill Percentage.

(c) As used in this Section 8, (i) the term "Voting Stock" means the Common Stock and any other securities issued by the Company having the ordinary power to vote in the election of directors of the Company (other than securities having such power only upon the happening of a contingency that has not occurred), (ii) the term "Voting Power" of any Voting Stock means the number of votes such Voting Stock is entitled to cast for directors of the Company at any meeting of shareholders of the Company, and (ii) the term "Total Voting Power" means the total number of votes which may be cast in the election of directors of the Company at any meeting of shareholders of the Company if all Voting Stock was represented and voted to the fullest extent possible at such meeting, other than votes that may be cast only upon the happening of a contingency that has not occurred. For purposes of this Section 8, the Investor shall not be deemed to have beneficial ownership of any Voting Stock held by a pension plan or other employee benefit program of the Investor if the Investor does not have the power to control the investment decisions of such plan or program.

9. MISCELLANEOUS

9.1 SUCCESSORS AND ASSIGNS

Neither party may assign this Agreement or any rights hereunder without the consent of the other party except to a Majority Owned Subsidiary. In the event of a permitted assignment, the terms and conditions of this Agreement will inure to the benefit of and be binding upon the respective successors and assigns of the parties.

9.2 GOVERNING LAW

This Agreement will be governed by and construed under the internal laws of the State of Delaware as applied to agreements among Delaware residents entered into and to be performed entirely within Delaware, without reference to principles of conflict of laws or choice of laws.

9.3 COUNTERPARTS

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

9.4 HEADINGS

The headings and captions used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement. All references in this Agreement to sections, paragraphs, exhibits and schedules will, unless otherwise provided, refer to sections and paragraphs hereof and exhibits and schedules attached hereto, all of which exhibits and schedules are incorporated herein by this reference.

9.5 NOTICES

Any notice required or permitted under this Agreement will be given in writing, shall be effective when received, and shall in any event be deemed received and effectively given upon personal delivery to the party to be notified or three (3) business days after deposit with the United States Post Office, by registered or certified mail, postage prepaid, or one (1) business day after deposit with a nationally recognized courier service such as Federal Express for next business day delivery, or one (1) business day after facsimile with copy delivered by registered or certified mail, postage prepaid and addressed to the party to be notified at the address indicated for such party on the signature page hereof or at such other address as the Investor or the Company may designate by giving at least ten (10) days advance written notice pursuant to this Section 9.5.

9.6 NO FINDER'S FEES

Each party represents that it neither is nor will be obligated for any finder's or broker's fee or commission in connection with this transaction. The Investor will indemnify and hold harmless the Company from any liability for any commission or compensation in the nature of a finders' or broker's fee for which the Investor or any of its officers, partners, employees or consultants, or representatives is responsible. The Company will indemnify and hold harmless the Investor from any liability for any commission or compensation in the nature of a finder's or broker's fee for which the Company or any of its officers, employees or consultants or representatives is responsible.

9.7 AMENDMENTS AND WAIVERS

This Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Investor. Any amendment or waiver effected in accordance with this Section 9.7 will be binding upon the Investor, the Company and their respective successors and assigns.

9.8 SEVERABILITY

If any provision of this Agreement is held to be unenforceable under applicable law, such provision will be excluded from this Agreement and the balance of the Agreement will be interpreted as if such provision were so excluded and will be enforceable in accordance with its terms.

9.9 ENTIRE AGREEMENT

This Agreement and the Investor Rights Agreement, together with all Exhibits and schedules hereto, constitutes the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes any and all prior negotiations, correspondence, agreements, understandings duties or obligations between the parties with respect to the subject matter hereof.

9.10 FURTHER ASSURANCES

From and after the date of this Agreement upon the request of the Investor or the Company, the Company and the Investor will execute and deliver such instruments, documents or other writings as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Agreement.

9.11 MEANING OF INCLUDE AND INCLUDING

Whenever in this Agreement the word "include" or "including" is used, it shall be deemed to mean "include, without limitation" or "including, without limitation," as the case may be, and the language following "include" or "including" shall not be deemed to set forth an exhaustive list.

9.12 FEES, COSTS, AND EXPENSES

All fees, costs and expenses (including attorneys' fees and expenses) incurred by either party hereto in connection with the preparation, negotiation and execution of this Agreement, the Investor Rights Agreement and the Development Agreement and the consummation of the transactions contemplated hereby and thereby, shall be the sole and exclusive responsibility of such party.

9.13 LIMITATION

The entire liability of either party to the other party shall not exceed the aggregate amount of consideration received by the Company for the Purchased Shares pursuant to Section 1 of this Agreement.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

AVID TECHNOLOGY, INC.	INTEL CORPORATION
By: /S/ WILLIAM L. FLAHERTY	By: /S/ ARVIND SODHANI
Name: William L. Flaherty	Name: Arvind Sodhani
Title: Senior Vice President of Finance and Chief Financial Officer	Title:
Address: Metropolitan Technology Park One Park West Tewksbury, Massachusetts 01878	Address: Mail Stop: SC4-210 2200 Mission College Boulevard Santa Clara, California 95052
Attention: General Counsel	Attention: Treasurer
Telephone No.: (508) 640-6789	Telephone No.: (408) 765-1240
Facsimile No.: (508) 851-7216	Facsimile No.: (408) 765-6038
	with a copy to
	Address: SC4-203 2200 Mission College Blvd. Santa Clara, California 95052
	Attention: General Counsel
	Telephone: (408) 765-1125
	Facsimile No.: (408) 765-5859

Exhibit 10.2

INVESTOR RIGHTS AGREEMENT

This Investor Rights Agreement (the "Agreement") is made and entered into as of March 22, 1997 by and among Avid Technology, Inc., a Delaware corporation (the "Company"), and Intel Corporation, a Delaware corporation ("Stockholder").

RECITALS

A. The Company and Stockholder have entered into a Common Stock Purchase Agreement dated as of March 22, 1997 (the "Purchase Agreement") pursuant to which Stockholder has agreed to purchase 1,552,632 shares of the Company's Common Stock, par value $0.01 per share ("Common Stock").

B. The execution and delivery of this Agreement by the parties hereto is a condition precedent to the obligations of the parties under the Purchase Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained herein, the parties hereto agree as follows:

1. DEFINITIONS

For the purposes of this Agreement, the following terms have the meanings indicted below:

1933 ACT. The Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, as in effect from time to time.

1934 ACT. The Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, as in effect from time to time.

BUSINESS DAY. Each weekday that is not a day on which banking institutions in New York are authorized or obligated by law or executive order to close.

COMMISSION. The United States Securities and Exchange Commission.

HOLDER. Any person owning Registrable Securities who is a party to this Agreement, and any transferee thereof in accordance with Section 7 or 11 of this Agreement.

PROSPECTUS. The prospectus included in any Registration Statement, as amended or supplemented by any prospectus supplement (including, without limitation, any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement), and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

REGISTER, REGISTRATION AND REGISTERED. A registration effected by preparing and filing a registration statement or similar document with the Commission in compliance with the 1933 Act, and the declaration or ordering of effectiveness of such registration statement or document.

REGISTRABLE SECURITIES. The shares of Common Stock issued to Stockholder pursuant to the Purchase Agreement and any securities that may be issued by the Company or any successor to the Company from time to time with respect to, in exchange for, or in replacement of such shares of Common Stock, including, without limitation, securities issued as a stock dividend on or pursuant to a stock split of such shares of Common Stock; provided, however, that those shares as to which the following apply shall cease to be Registrable Securities when: (a) a Registration Statement with respect to the sale of such Registrable Securities shall have become effective under the 1933 Act and such Registrable Securities shall have been disposed of under such Registration Statement; (b) such Registrable Securities shall have become transferable, or have become eligible and remain eligible for transfer (whether or not so transferred), in accordance with Rule 144(k), or any successor rule or provision, under the 1933 Act; (c) such Registrable Securities shall have been transferred in a transaction in which the Holder's rights and obligations under this Agreement were not assigned in accordance with this Agreement; (d) such Registrable Securities shall have ceased to be outstanding; or (e) such Registrable Securities shall have been sold pursuant to Rule 144.

REGISTRATION EXPENSES. All expenses incident to the Company's performance of or compliance with Sections 2 and 4 hereof, including, without limitation, all registration and filing fees (including filing fees with respect to the Commission and to the National Association of Securities Dealers, Inc. and

listing fees of the Nasdaq National Market), all fees and expenses of complying with state securities or "blue sky" laws (including fees and disbursements of underwriters' counsel in connection with any "blue sky" memorandum or survey, but excluding any fees and expenses for foreign qualification in such jurisdictions), all printing expenses, all registrars' and transfer agents' fees and all fees and disbursements of the Company's counsel and independent public accountants; provided, however, that Registration Expenses shall not include the fees and expenses of more than one counsel to the holders of Registrable Securities, or underwriters' discounts and commissions, or brokerage fees, associated with the sale of the Registrable Securities.

REGISTRATION STATEMENT. A registration statement prepared and filed with the Commission in compliance with the 1933 Act.

SELLER. Any person, including any Holder, selling any Registrable Securities in an offering of any Registrable Securities of the Company pursuant to this Agreement.

SELLING EXPENSES. All applicable discounts and commissions, brokerage fees, transfer taxes and any fees and disbursements of more than one counsel or any accountants or other advisors for the Sellers of the Registrable Securities being registered.

2. "PIGGY-BACK" REGISTRATION RIGHTS

If at any time the Company shall determine to register pursuant to an underwritten public offering under the 1933 Act any of its Common Stock for its own account, or the account of other stockholders of the Company desiring to sell "restricted securities" of the Company (as defined in Rule 144 of the 1933 Act) pursuant to an underwritten public offering, it shall send to the Holder written notice of such determination and, if within 15 calendar days after receipt of such notice, Holder shall so request in writing, the Company shall include in such registration statement all or any part of the Registrable Securities the Holder requests to be registered. This right shall not apply to a registration of shares of Common Stock on Form S-8 or Form S-4 (or their then equivalents) relating to shares of Common Stock to be issued by the Company in connection with any acquisition of any entity or business, or shares of Common Stock issuable in connection with any stock option, stock purchase plan or other employee benefit plan.

If, in connection with any offering involving an underwriting of Common Stock to be issued for the account of the Company or selling securityholders, the managing underwriter shall impose a limitation on the number of shares of such Common Stock which may be included in any such registration statement because, in its judgment, such limitation is necessary to effect an orderly public distribution of the Common Stock and to maintain a stable market for the securities of the Company, then the Company shall be obligated to include in such registration statement only such limited portion of the stock with respect to which the Holder has requested inclusion hereunder, on a pro rata basis based on the number of shares of Common Stock owned by the Holder and all other selling securityholders, other than securityholders whose shares are to be included in such registration statement pursuant to the exercise of demand registration rights under any agreement with the Company (a "Demand Securityholder"); provided, however, there shall be no reduction in the number of shares included therein by the Company, or if such registration statement is filed at the request of a Demand Securityholder, by such Demand Securityholder.

3. SHELF REGISTRATION

3.1 UNDERTAKING TO REGISTER

As soon as practicable but in any event within 150 days following the Closing (as that term is defined in the Purchase Agreement), upon written request of Stockholder, the Company will use its commercially reasonable best efforts to prepare, file and have declared effective a registration statement under the Securities Act to register all of the Registrable Securities for resale in the public market in brokerage transactions or transactions with market makers, in block trades, and in privately negotiated transactions.

3.2 SELLING PROCEDURES; SUSPENSION

(a) Except in the event that paragraph (b) below applies, the Company shall (i) if deemed necessary by the Company, prepare and file from time to time with the Commission a post-effective amendment to the Registration Statement or a supplement to the related Prospectus or a supplement or amendment to any document incorporated therein by reference or file any other required document so that such Registration Statement will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and so that, as thereafter delivered to purchasers of the Registrable Securities being sold thereunder, such Prospectus will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or

necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (ii) provide the Holders of the Registrable Securities copies of any documents filed pursuant to Section 3.2(a)(i); and (iii) inform each Holder that the Company has complied with its obligations in Section 3.2(a)(i) (or that, if the Company has filed a post-effective amendment to the Registration Statement which has not yet been declared effective, the Company will notify each such Holder to that effect, will use its best efforts to secure the effectiveness of such post-effective amendment and will immediately notify each such Holder pursuant to Section 3.2(a)(i) hereof when the amendment has become effective).

(b) In the event (i) of any request by the Commission or any other federal or state governmental authority during the period of effectiveness of the Registration Statement for amendments or supplements to a Registration Statement or related Prospectus or for additional information; (ii) of the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose; (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; (iv) of any event or circumstance which necessitates the making of any changes in the Registration Statement or Prospectus, or any document incorporated or deemed to be incorporated therein by reference, so that, in the case of the Registration Statement, it will not contain any untrue statement of a material fact or any omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the Prospectus, it will not contain any untrue statement of a material fact or any omission to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or (v) that, in the reasonable, good faith judgment of the Company's Board of Directors, upon the advice of counsel, (A) the offering of securities pursuant thereto would materially and adversely affect (i) a pending or scheduled public offering or private placement of the Company's securities, (ii) a pending or proposed acquisition, merger, consolidation, reorganization, restructuring or similar transaction of or by the Company or other material corporate activity or transaction, (iii) bona fide negotiations, discussions or proposals with respect to any of the foregoing, or (iv) the position or strategy of the Company in connection with any pending or threatened litigation, claim, assessment or government investigation and (B) in the event sales of Registrable Securities were made under the Registration Statement and disclosure of all material information with respect to the applicable circumstance(s) described in subparagraph (A) had not been made, such circumstances could reasonably be expected to cause a violation of the 1933 Act or the 1934 Act (each a "Suspension Event"); then, subject to paragraph (d) below, the Company shall deliver a certificate in writing to the Holders (the "Suspension Notice") to the effect of the foregoing and, upon receipt of such Suspension Notice, each such Holder will refrain from selling any Registrable Securities pursuant to the Registration Statement (a "Suspension") until such Holder's receipt of copies of the supplemented or amended Prospectus provided for in Section 3.2(a)(i) hereof, or until it is advised in writing by the Company that the Prospectus may be used, and has received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in such Prospectus.

(c) In the event of any Suspension, or any delay in effecting the Registration under Section 3.2 above, the Company will use its best efforts to ensure that the use of the Prospectus so suspended or delayed may be commenced or resumed, as the case may be, and that the Suspension will terminate and the Holder's ability to sell pursuant to the Prospectus so suspended will commence or resume, as the case may be, as soon as practicable and, in the case of a pending development, filing or event referred to in Section 3.2(b)(iv) or (v) hereof, as soon, in the judgment of the Company's Board of Directors (in accordance with the provisions of Section 3.2), as disclosure of such pending development, filing or event would not have a material adverse effect on the Company's ability to consummate the transaction, if any, contemplated by such development, filing or event. Notwithstanding any other provision of this Agreement, the Company shall have the right to cause a maximum of two (2) Suspensions pursuant to Section 3.2(b)(iv) and (v), neither of which may be within 45 days of the other, as provided above (including for this purpose a delay in effecting the Registration pursuant to Section 3.2 above) during any 12-month period after the initial effective date of the Registration Statement, and the total number of days for which all Suspensions (including for this purpose a delay in effecting the Registration Statement pursuant to Section 3.2 above) during any 12-month period shall not exceed 90 days in the aggregate; provided that no such individual Suspension may be in effect for more than 60 days.

(d) The Company will use its commercially reasonable best efforts to maintain the effectiveness of any registration statement pursuant to which any of the

Registrable Securities are being offered for (i) up to 120 days, (or such shorter period of time as the underwriters need to complete the distribution of the registered offering in any Company-primary or secondary offering), in the case of a registration pursuant to Section 2, or (ii) in the case of a "shelf' Registration Statement pursuant to Section 3.1 until the date on which each Holder may sell all Registrable Securities then held by such Holder without restriction by the volume limitations of Rule 144(e). The Company from time to time will amend or supplement such Registration Statement and the Prospectus contained therein to the extent necessary to comply with the 1933 Act and any applicable state securities statue or regulation

3.3 UNDERWRITING AGREEMENT

If in connection with any proposed distribution by the Holder under the "piggy back" registration referred to in Section 2, the Company in its discretion shall determine that it is in the best interests of the Company to effect distribution by means of an underwriting, the Company shall promptly notify the Holder of such determination. In such event, in addition to the limitations set forth in Section 2, the right of Holder to participate in such distribution shall be conditioned upon such Holder's participation in the underwriting arrangements required by this Section 3.3, including without limitation, the requirement that the Holder enter into an underwriting agreement and a lock-up agreement (for a period determined by the managing underwriter not to exceed the period agreed to by all directors and officers of the Company), each in customary form with the managing underwriter selected for the underwriting by the Company.

4. EXPENSES

The Company will pay all Registration Expenses in connection with the registration of Registrable Securities effected by the Company pursuant to Section 4; provided that Holder shall pay the first $50,000 of Registration Expenses applicable to registrations of Holder's shares of Common Stock under this Agreement. Holders of Registrable Securities registered pursuant to this Agreement shall pay all Selling Expenses with each such Holder bearing a pro rata portion of the Selling Expenses based upon the number of Registrable Securities registered by each such Holder.

5. EXPIRATION OF REGISTRATION RIGHTS

The obligations of the Company under Section 2 of this Agreement to register the Registrable Securities shall expire and terminate at the earlier of (a) three years following the Closing or (b) such time as the Holder shall be entitled or eligible to sell all such securities without restriction and without a need for the filing of a registration statement under the Securities Act, including without limitation, for any resales of restricted securities made pursuant to Rule 144(k) as promulgated by the Securities and Exchange Commission. The determination as to whether the Holder is entitled or eligible to sell all Registrable Securities without the need for registration under the Securities Act shall be based on a written opinion of counsel that registration of the Registrable Securities is not required under the Securities Act, sufficient to permit the transfer agent to transfer such securities upon a sale by the Holder. The obligations of the Company under Section 3 of this Agreement shall expire at the time specified in Section 3.2(d)(ii).

6. REGISTRATION PROCEDURES

In connection with the registration of Registrable Securities under this Agreement, and subject to the other provisions of this Agreement, the Company shall:

(a) use its commercially reasonable best efforts to cause the Registration Statement filed in accordance with Section 2 or Section 3 to become effective as soon as practicable after the date of filing thereof;

(b) prepare and file with the Commission such amendments and supplements to such Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement continuously effective for the shorter of (i) the duration of its registration obligations, or (ii) until there are no Registrable Securities outstanding, and to comply with the provisions of the 1933 Act with respect to the disposition of the Registrable Securities;

(c) furnish to each Seller of such Registrable Securities such number of copies of the Prospectus included in such Registration Statement as such Seller may reasonably request in order to facilitate the sale or disposition of such Registrable Securities;

(d) use its commercially reasonable best efforts to register or qualify all securities covered by such Registration Statement under such other securities or "blue sky" laws of such jurisdictions as each Seller shall reasonably request, and do any and all other acts and things that may be necessary to

enable such Seller to consummate the disposition in such jurisdictions of its Registrable Securities covered by such Registration Statement, except that the Company shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction wherein it is not so qualified, or to subject itself to taxation in respect of doing business in any such jurisdiction, or to consent to general service of process in any such jurisdiction;

(e) notify each Seller of Registrable Securities covered by such Registration Statement, at any time when a Prospectus relating thereto is required to be delivered under the 1933 Act, of the happening of any event as a result of which the Prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing or if it is necessary to amend or supplement such Prospectus to comply with the law, and at the request of any such Seller, prepare and furnish to such Seller a reasonable number of copies of a supplement to or an amendment of such Prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities or securities, such Prospectus, as amended or supplemented, will comply with the law;

(f) use its best efforts to qualify such securities for inclusion in the Nasdaq National Market, and provide a transfer agent and registrar for such Registrable Securities not later than the effective date of such Registration Statement; and

(g) issue to any person to which any Holder of Registrable Securities may sell such Registrable Securities in connection with such registration certificates evidencing such Registrable Securities without any legend restricting the transferability of the Registrable Securities (unless otherwise required by law).

7. 1934 ACT REGISTRATION

The Company shall timely file with the Commission such information as the Commission may prescribe under Section 13 or 15(d) of the 1934 Act and shall use its best efforts to take all action and make all filings of information referenced in Rule 144(c) as may be required as a condition to the availability of Rule 144 under the 1933 Act (or any successor exemptive rule hereinafter in effect) with respect to such Common Stock. The Company shall furnish to any holder of Registrable Securities forthwith upon request (i) a written statement by the Company as to its compliance with the reporting requirements of Rule 144(c), (ii) a copy of the most recent annual or quarterly report of the Company as filed with the Commission, and (iii) such other publicly-filed reports and documents as a holder may reasonably request in availing itself of any rule or regulation of the Commission allowing a holder to sell any such Registrable Securities without registration.

8. STOCKHOLDER INFORMATION

It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Agreement that all Holders of Registrable Securities shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such Registrable Securities as shall be reasonably required to effect the registration of their Registrable Securities and to execute such documents in connection with such registration as the Company may reasonably request.

9. INDEMNIFICATION AND CONTRIBUTION

In the event any Registrable Securities are included in a Registration Statement under Sections 2 and 3:

(a) The Company will indemnify and hold harmless each Seller, the officers, directors, partners, agents and employees of each Seller, any underwriter (as defined in the 1933 Act) for such Seller and each person, if any, who controls such Seller or underwriter within the meaning of the 1933 Act or the 1934 Act, against any losses, claims, damages or liabilities (joint or several) to which they may become subject under the 1933 Act, the 1934 Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively, a "Violation"): (i) any untrue statement or alleged untrue statement of a material fact contained in such Registration Statement, including any preliminary Prospectus or final Prospectus contained therein or any amendments or supplements thereto; (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; or (iii) any violation or alleged violation by the Company of the 1933 Act, the 1934 Act, any state securities law or any rule or regulation promulgated under the 1933

Act, the 1934 Act or any state securities law; and the Company will reimburse each such Seller, officer, director, partner, agent, employee, underwriter or controlling person for any reasonable legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this Section 9(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld or delayed), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation (i) which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Seller, underwriter or controlling person or (ii) which is based upon any information in a Prospectus that has been amended or supplemented if such Seller had been notified of such amendment or supplement and the use of such amendment or supplement by the Seller would have avoided the Violation.

(b) Each Seller will indemnify and hold harmless the Company, each of its officers, directors, partners, agents or employees, each person, if any, who controls the Company within the meaning of the 1933 Act, any underwriter and any other Seller or any of its directors, officers, partners, agents or employees or any person who controls such Seller, against any losses, claims, damages or liabilities joint or several) to which the Company or any such director, officer, partner, agent, employee, controlling person or underwriter, or other such Seller or director, officer, partner, agent, employee or controlling person may become subject, under the 1933 Act, the 1934 Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Seller expressly for use in connection with such registration; and each such Seller will reimburse any reasonable legal or other expenses reasonably incurred by the Company or any such director, officer, partner, agent, employee, controlling person or underwriter, other Seller, officer, director, partner, agent, employee or controlling person in connection with investigating or defending any such loss, claim, damage, liability or action. Notwithstanding anything contained in this Agreement to the contrary, the indemnity agreement contained in this Section 9(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Seller, which consent shall not be unreasonably withheld or delayed; provided further, that the aggregate liability of each Seller in connection with any sale of Registrable Securities pursuant to a Registration Statement in which a Violation occurred shall be limited to the net proceeds from such sale.

(c) Promptly after receipt by an indemnified party under this Section 6 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 9, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel selected by the indemnifying party and reasonably acceptable to the indemnified party; provided, however, that an indemnified party shall have the right to retain its own counsel, with the reasonable fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing or conflicting interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, to the extent prejudicial to its ability to defend such action, shall relieve such indemnifying party of liability to the indemnified party under this Section 9 to the extent of such prejudice, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 9.

(d) If recovery is not available under the foregoing indemnification provisions of this Section 9, for any reason other than as specified therein, the parties entitled to indemnification by the terms thereof shall be entitled to contribution to liabilities and expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying parties and the indemnified parties, except to the extent that contribution is not permitted under Section 11(f) of the 1933 Act. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, the parties' relative knowledge and access to information concerning the matter with respect to which the claim was asserted, the opportunity to correct and prevent any statement or omission and any other equitable considerations appropriate under the circumstances, including, without

limitation, whether any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company, on the one hand, or by the Holder of Registrable Securities, on the other hand. The Company and Stockholders of the Registrable Securities covered by such Registration Statement agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation. No seller of Registrable Securities covered by such Registration Statement or person controlling such Seller shall be obligated to make any contribution hereunder which in the aggregate exceeds the net proceeds of the securities sold by such seller, less the aggregate amount of any damages which such seller and its controlling persons have otherwise been required to pay in respect of the same claim or any substantially similar claim. The obligations of such Stockholders to contribute are several in proportion to their respective ownership of the Registrable Securities covered by such Registration Statement and not joint. Notwithstanding the foregoing, in no event shall any contribution by a Holder under this Section 9(d) exceed the net proceeds from the offering received by such Holder.

10. TRANSFERABILITY

Each Holder agrees that he will not make any disposition of all or any portion of the Registrable Securities (a) except in a registered public offering pursuant to the rights granted in this Agreement; or (b) until (i) such Holder shall have furnished the Company with a statement of the circumstances surrounding the proposed disposition and (ii) if reasonably requested by the Company, such Holder shall have furnished the Company with an opinion of counsel, reasonably satisfactory to counsel for the Company, that such disposition will not require registration of such Registrable Securities or such transaction under the 1933 Act or applicable state securities laws.

11. COVENANTS

11.1 BOARD OBSERVERSHIP

During the "Development Period" (as defined in that certain Software and Hardware Development, License and Distribution Agreement dated as of March 21, 1997 between the Company and Stockholder (the "Development Agreement")), Stockholder shall be entitled to appoint a non-voting observer to the Company's Board of Directors who is reasonably acceptable to the Company; and such observer shall be entitled to attend all meetings of the Company's Board of Directors and committees thereof (other than the audit, nominations and governance and compensation committees as conducted under their current charters) and shall receive notice of all meetings and all materials furnished to members of the Company's Board of Directors in their capacities as such, unless the Chairman of the Board of the Company shall reasonably determine that delivery of such materials to Stockholder is detrimental to the Company. Stockholder acknowledges its intent (without an obligation) that the observer be the same person for purposes of providing continuity. Upon the request of the Chairman of the Company, the observer will excuse himself from any portion of the Board or committee meetings if the Chairman of the Board of the Company shall reasonably determine that the observer's presence is detrimental to the Company. The materials furnished to Stockholder and the discussions and presentations in connection with or at such meetings shall be considered confidential information not to be disclosed to any third party unless such information is generally available to the public or disclosure is required by law.

11.2 LIMITATIONS

During the Development Period, without the prior written consent of Stockholder, the Company will not enter into any agreement or obligation that could reasonably be anticipated to prevent the Company from meeting the milestones listed in an Exhibit to the Development Agreement.

12. MISCELLANEOUS

12.1 AMENDMENTS AND WAIVERS

Any provision of this Agreement may be amended and the observance thereof may only be waived (either generally or in a particular instance and either retroactively or prospectively), with the written consent of the Company and the Holders of a majority of the Registrable Securities then outstanding. Any amendment or waiver effected in accordance with this Section 12.1 shall be binding upon each Holder of Registrable Securities at the time outstanding, each future Holder of Registrable Securities, and the Company.

12.2 NOTICES

Any notice required or permitted under this Agreement will be given in writing, shall be effective when received, and shall in any event be deemed received and effectively given upon personal delivery to the party to be notified or three (3) business days after deposit with the United States Post Office, by registered or certified mail, postage prepaid, or one (1) business day after deposit with a nationally recognized courier service such as Federal Express

for next business day delivery, or one (1) business day after facsimile with copy delivered by registered or certified mail, postage prepaid and addressed to the party to be notified at the address indicated for such party on the signature page hereof or at such other address as the Shareholder or the Company may designate by giving at least ten (10) days advance written notice pursuant to this Section 12.2

12.3 GOVERNING LAW
This Agreement shall for all purposes be governed by and construed in accordance with the internal laws of the State of Delaware without regard to conflicts-of-laws principles. The parties hereto agree to submit to the jurisdiction of the federal and state courts of the County of Santa Clara in the State of California with respect to the breach or interpretation of this Agreement or the enforcement of any and all rights, duties, liabilities, obligations, powers and other relations between parties arising under this Agreement.

12.4 SEVERABILITY
If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excised from this Agreement, and the remainder of this Agreement shall be interpreted as if such provision were so excised and shall be enforceable in accordance with its remaining terms.

12.5 COUNTERPARTS
This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

12.6 EFFECTIVENESS
Any other provision of this Agreement to the contrary notwithstanding, neither party to this Agreement shall have any obligation to the other under this Agreement unless and until the Closing under the Common Stock Purchase Agreement between the parties dated March 22, 1997 shall have occurred.

12.7 ASSIGNMENT
The rights set forth in this Agreement are not transferable except to a person controlling, controlled by, or under common control with Holder. All transferees shall agree in writing to be bound by all of the provisions of this Agreement. A Holder shall promptly advise the Company in writing of the identity and address of any person to whom it transferred its registration rights hereunder.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Investor Rights Agreement as of the date first above written.

AVID TECHNOLOGY, INC.

By: /S/ WILLIAM L. FLAHERTY

Name: William L. Flaherty

Title: Senior Vice President of Finance and Chief Financial Officer

Address: Metropolitan Technology Park
One Park West
Tewksbury, Massachusetts 01878

Attention: General Counsel

Telephone No.: (508) 640-6789

Facsimile No.: (508) 851-7216

INTEL CORPORATION

By: /S/ ARVIND SODHANI

Name: Arvind Sodhani

Title:

Address: Mail Stop: SC4-210
2200 Mission College Boulevard
Santa Clara, California 95052

Attention: Treasurer

Telephone No.: (408) 765-1240

Facsimile No.: (408) 765-6038

with a copy to

Address: SC4-203
2200 Mission College Blvd.

Santa Clara, California 95052

Attention: General Counsel

Telephone: (408) 765-1125

Facsimile No.: (408) 765-5859

[Signature Page to Investor Rights Agreement]

Exhibit 10.3

AVID TECHNOLOGY, INC.

1997 STOCK INCENTIVE PLAN

1. PURPOSE

The purpose of this 1997 Stock Incentive Plan (the "Plan") of Avid Technology, Inc., a Delaware corporation (the "Company"), is to advance the interests of the Company's stockholders by enhancing the Company's ability to attract, retain and motivate persons who make (or are expected to make) important contributions to the Company by providing such persons with equity ownership opportunities and performance-based incentives and thereby better aligning the interests of such persons with those of the Company's stockholders. Except where the context otherwise requires, the term "Company" shall include any present or future subsidiary corporations of Avid Technology, Inc. as defined in Section 424(f) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

2. ELIGIBILITY

All of the Company's employees, officers, directors, consultants and advisors are eligible to be granted options, restricted stock, or other stock-based awards (each, an "Award") under the Plan. Any person who has been granted an Award under the Plan shall be deemed a "Participant".

3. ADMINISTRATION, DELEGATION

(a) Administration By Board of Directors
The Plan will be administered by the Board of Directors of the Company (the "Board"). The Board shall have authority to grant Awards and to adopt, amend and repeal such administrative rules, guidelines and practices relating to the Plan as it shall deem advisable. The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem expedient to carry the Plan into effect and it shall be the sole and final judge of such expediency. All decisions by the Board shall be made in the Board's sole discretion and shall be final and binding on all persons having or claiming any interest in the Plan or in any Award. No director or person acting pursuant to the authority delegated by the Board shall be liable for any action or determination relating to or under the Plan made in good faith.

(b) Delegation to Executive Officers
To the extent permitted by applicable law, the Board may delegate to one or more executive officers of the Company the power to make Awards and exercise such other powers under the Plan as the Board may determine, provided that the Board shall fix the maximum number of shares subject to Awards and the maximum number of shares for any one Participant to be made by such executive officers.

(c) Appointment of Committees
To the extent permitted by applicable law, the Board may delegate any or all of its powers under the Plan to one or more committees or subcommittees of the Board (a "Committee"). All references in the Plan to the "Board" shall mean the Board or a Committee of the Board or the executive officer referred to in Section 3(b) to the extent that the Board's powers or authority under the Plan have been delegated to such Committee or executive officer.

4. STOCK AVAILABLE FOR AWARDS

(a) Number of Shares
Subject to adjustment under Section 4(c), Awards may be made under the Plan for up to 1,000,000 shares of Common Stock, $.01 par value per share, of the Company (the "Common Stock"). If any Award expires or is terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part or results in any Common Stock not being issued, the unused Common Stock covered by such Award shall again be available for the grant of Awards under the Plan, subject, however, in the case of Incentive Stock Options (as hereinafter defined), to any limitation required under the Code. Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

(b) Per-Participant Limit
Subject to adjustment under Section 4(c), for Awards granted after the Common Stock is registered under the Securities Exchange Act of 1934 (the "Exchange Act"), the maximum number of shares with respect to which an Award may be granted to any Participant under the Plan shall be 300,000 per calendar year. The Per-Participant limit described in this Section 4(b) shall be construed and applied consistently with Section 162(m) of the Code.

(c) Adjustment to Common Stock
In the event of any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off or other similar change in capitalization or event, or any distribution to holders of Common Stock other than a normal cash dividend, (i) the number and class of securities available under this Plan, (ii) the number and class of security and exercise price per share subject to each outstanding Option, (iii) the repurchase price per security subject to each outstanding Restricted Stock Award, and (iv) the terms of each other outstanding stock-based Award shall be appropriately adjusted by the Company (or substituted Awards may be made, if applicable) to the extent the Board shall determine, in good faith, that such an adjustment (or substitution) is necessary and appropriate. If this Section 4(c) applies and Section 8(e)(1) also applies to any event, Section 8(e)(1) shall be applicable to such event, and this Section 4(c) shall not be applicable.

5. STOCK OPTIONS

(a) General
The Board may grant options to purchase Common Stock (each, an "Option") and determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option, including conditions relating to applicable federal or state securities laws, as it considers necessary or advisable. An Option which is not intended to be an Incentive Stock Option (as hereinafter defined) shall be designated a "Nonstatutory Stock Option".

(b) Incentive Stock Options
An Option that the Board intends to be an "incentive stock option" as defined in Section 422 of the Code (an "Incentive Stock Option") shall only be granted to employees of the Company and shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. The Company shall have no liability to a Participant, or any other party, if an Option (or any part thereof) which is intended to be an Incentive Stock Option is not an Incentive Stock Option.

(c) Exercise Price
The Board shall establish the exercise price at the time each Option is granted and specify it in the applicable option agreement.

(d) Duration of Options
Each Option shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable option agreement.

(e) Exercise of Option
Options may be exercised only by delivery to the
Company of a written notice of exercise signed by the proper person together with payment in full as specified in Section 5(f) for the number of shares for which the Option is exercised.

(f) Payment Upon Exercise
Common Stock purchased upon the exercise of an Option granted under the Plan shall be paid for as follows:

(1) in cash or by check, payable to the order of the Company;

(2)except as the Board may otherwise provide in an Option, delivery of an irrevocable and unconditional undertaking by a credit worthy broker to deliver promptly to the Company sufficient funds to pay the exercise price, or delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a credit worthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price;

(3)to the extent permitted by the Board and explicitly provided in the Option (i) by delivery of shares of Common Stock owned by the Participant valued at their fair market value as determined by the Board in good faith ("Fair Market Value"), which Common Stock was owned by the Participant at least six months prior to such delivery, (ii) by delivery of a promissory note of the Participant to the Company on terms determined by the Board, or (iii) by payment of such other lawful consideration as the Board may determine; or

(4)any combination of the above permitted forms of payment.

6. RESTRICTED STOCK

(a) Grants
The Board may grant Awards entitling recipients to acquire shares of Common Stock, subject to the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price (or to require forfeiture of such shares if issued at no cost) from the recipient in the event that conditions specified by the Board in the applicable Award are not

satisfied prior to the end of the applicable restriction period or periods established by the Board for such Award (each, "Restricted Stock Award"). The Company may issue Restricted Stock Awards for up to a maximum of 500,000 shares of Common Stock under this Plan (as adjusted pursuant to Section 4(c) and net of any Restricted Stock Awards forfeited under this Plan).

(b) Terms and Conditions
The Board shall determine the terms and conditions of any such Restricted Stock Award, including the conditions for repurchase (or forfeiture) and the issue price, if any. Any stock certificates issued in respect of a Restricted Stock Award shall be registered in the name of the Participant and, unless otherwise determined by the Board, deposited by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). At the expiration of the applicable restriction periods, the Company (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or if the Participant has died, to the beneficiary designated, in a manner determined by the Board, by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant's death (the "Designated Beneficiary"). In the absence of an effective designation by a Participant, Designated Beneficiary shall mean the Participant's estate.

7. OTHER STOCK-BASED AWARDS

The Board shall have the right to grant other Awards based upon the Common Stock having such terms and conditions as the Board may determine, including the grant of shares based upon certain conditions, the grant of securities convertible into Common Stock and the grant of stock appreciation rights.

8. GENERAL PROVISIONS APPLICABLE TO AWARDS

(a) Transferability of Awards
Except as the Board may otherwise determine or provide in an Award, Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the life of the Participant, shall be exercisable only by the Participant. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees.

(b) Documentation
Each Award under the Plan shall be evidenced by a written instrument in such form as the Board shall determine. Each Award may contain terms and conditions in addition to those set forth in the Plan.

(c) Board Discretion
Except as otherwise provided by the Plan, each type of Award may be made alone in addition or in relation to any other type of Award. The terms of each type of Award need not be identical, and the Board need not treat Participants uniformly.

(d) Termination of Status
The Board shall determine the effect on an Award of the disability, death, retirement, authorized leave of absence or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, the Participant's legal representative, conservator, guardian or Designated Beneficiary may exercise rights under the Award.

(e) Acquisition Events

(1) Consequences of Acquisition Events. Upon the occurrence of an Acquisition Event (as defined below), or the execution by the Company of any agreement with respect to an Acquisition Event, the Board shall take any one or more of the following actions with respect to then outstanding Awards: (i) provide that outstanding Options shall be assumed, or equivalent Options shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), provided that any such Options substituted for Incentive Stock Options shall satisfy, in the determination of the Board, the requirements of Section 424(a) of the Code; (ii) upon written notice to the Participants, provide that all then unexercised Options will become exercisable in full as of a specified date (the "Acceleration Date") prior to the Acquisition Event and will terminate immediately prior to the consummation of such Acquisition Event, except to the extent exercised by the Participants between the Acceleration Date and the consummation of such Acquisition Event; (iii) in the event of an Acquisition Event under the terms of which holders of Common Stock will receive upon consummation thereof a cash payment for each share of Common Stock surrendered pursuant to such Acquisition Event (the "Acquisition Price"), provide that all outstanding Options shall terminate upon consummation of such Acquisition Event and each Participant shall receive, in exchange therefor, a cash payment equal to the amount (if any) by which (A) the Acquisition Price multiplied by the number of shares of Common Stock subject to such outstanding Options (whether or not then exercisable), exceeds

(B) the aggregate exercise price of such Options; (iv) provide that all Restricted Stock Awards then outstanding shall become free of all restrictions prior to the consummation of the Acquisition Event; and (v) provide that any other stock-based Awards outstanding (A) shall become exercisable, realizable or vested in full, or shall be free of all conditions or restrictions, as applicable to each such Award, prior to the consummation of the Acquisition Event, or (B), if applicable, shall be assumed, or equivalent Awards shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof).

An "Acquisition Event" shall mean: (a) any merger or consolidation which results in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or acquiring entity) less than 50% of the combined voting power of the voting securities of the Company or such surviving or acquiring entity outstanding immediately after such merger or consolidation; (b) any sale of all or substantially all of the assets of the Company; (c) the complete liquidation of the Company; or (d) the acquisition of "beneficial ownership" (as defined in Rule 13d-3 under the Exchange Act) of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities (other than through a merger or consolidation or an acquisition of securities directly from the Company) by any "person", as such term is used in Sections 13(d) and 14(d) of the Exchange Act other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportion as their ownership of stock of the Company.

(2)Assumption of Options Upon Certain Events. The Board may grant Awards under the Plan in substitution for stock and stock-based awards held by employees of another corporation who become employees of the Company as a result of a merger or consolidation of the employing corporation with the Company or the acquisition by the Company of property or stock of the employing corporation. The substitute Awards shall be granted on such terms and conditions as the Board considers appropriate in the circumstances.

(f) Withholding
Each Participant shall pay to the Company, or make provision satisfactory to the Board for payment of, any taxes required by law to be withheld in connection with Awards to such Participant no later than the date of the event creating the tax liability. The Board may allow Participants to satisfy such tax obligations in whole or in part in shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their Fair Market Value. The Company may, to the extent permitted by law, deduct any such tax obligations from any payment of any kind otherwise due to a Participant.

(g) Amendment of Award
The Board may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefore another Award of the same or a different type, changing the date of exercise or realization, and converting an Incentive Stock Option to a Nonstatutory Stock Option, provided that the Participant's consent to such action shall be required unless the Board determines that the action, taking into account any related action, would not materially and adversely affect the Participant.

(h) Conditions of Delivery Stock
The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

(i) Acceleration
The Board may at any time provide that any Options shall become immediately exercisable in full or in part, that any Restricted Stock Awards shall be free of all restrictions or that any other stock-based Awards may become exercisable in full or in part or free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be.

9. MISCELLANEOUS

(a) No Right to Employment or Other Status
No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company

expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Award.

(b) No Rights As Stockholder
Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to an Award until becoming the record holder of such shares.

(c) Effective Date and Term of Plan
The Plan shall become effective on the date on which it is adopted by the Board, but no Award granted to a Participant designated as subject to Section 162(m) by the Board shall become exercisable, vested or realizable, as applicable to such Award, unless and until the Plan has been approved by the Company's stockholders. No Awards shall be granted under the Plan after the completion of ten years from the earlier of (i) date on which the Plan was adopted by the Board or (ii) the date the Plan was approved by the Company's stockholders, but Awards previously granted may extend beyond that date.

(d) Amendment of Plan
The Board may amend, suspend or terminate the Plan or any portion thereof at any time, provided that no Award granted to a Participant designated as subject to Section 162(m) by the Board after the date of such amendment shall become exercisable, realizable or vested, as applicable to such Award (to the extent that such amendment to the Plan was required to grant such Award to a particular Participant), unless and until such amendment shall have been approved by the Company's stockholders.

(e) Stockholder Approval
For purposes of this Plan, stockholder approval shall mean approval by a vote of the stockholders in accordance with the requirements of Section 162(m) of the Code.

(f) Governing Law
The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware, without regard to any applicable conflicts of law.

1997 AVID PROFIT SHARING PROGRAM

PROFIT SHARING PLAN

In view of the considerable efforts by employees to return Avid to profitability and strong shareholder returns, the Board of Directors have adopted a Profit Sharing Plan. The 100% payout threshold will be at a Return On Invested Capital (ROIC) level set by the Board of Directors. The minimum payout threshold will also be set by the Board of Directors, as a percentage of the plan target.

Achieving a 100% payout will allow Avid to achieve extremely competitive total cash compensation figures for our employees, and above plan performance will allow for significant upside potential.

HOW DOES THE PLAN WORK?

On a yearly basis, at achievement of the targeted performance that has been set, the plan will pay 5% of your annual base salary.

The plan begins to pay at a percentage of the performance ROIC target. The Board of Directors may adopt a cap equal to a multiple of the performance target.

The profit sharing plan will continue to be based on Avid's Return on Invested Capital (also known as ROIC). ROIC is a key measure of how efficiently a company is operating, and what kind of return it is providing to its investors. ROIC is influenced by both the profitability that a company has, and how effectively it is managing its balance sheet.

HOW IS ROIC CALCULATED?

ROIC is basically a three-part equation: 1) how much pre-tax profit does a company earn on its sales; 2) how much sales are generated by the assets we use; and 3) how is the return affected by the taxes that we pay.

The simple formula is:

$$\frac{\text{After-Tax Net Income}}{\text{Invested Capital (Stockholders Equity minus Cash)}} = \text{ROIC}$$

HOW CAN WE ALL IMPROVE ROIC?

HOW CAN WE INFLUENCE ROIC? THERE ARE TWO WAYS --

1) IMPROVING PROFITABILITY BY --

1) Reducing Operating Expenses
2) Increasing Gross Margin

2) IMPROVING THE BALANCE SHEET BY:

A) Decreasing our receivables
B) Decreasing our inventory
C) Decreasing our fixed assets

WHAT SHOULD YOU FOCUS ON??

Identify the areas that you and your department can control or impact -- and take action!

Lead by example -- don't focus on what others are responsible for.

Act like we are one team.

Believe others are making the best decisions for their respective areas.

PLAN GUIDELINES

PLAN ELIGIBILITY -- Eligible employees will include all employees who are not currently covered by an incentive plan. Those not eligible include Vice Presidents, Directors, Sr. Consulting Engineers, Digidesign employees, incentivized field sales employees, and international employees covered by an incentive plan. All other employees are eligible.

PLAN PAYMENTS -- Final results will be available after the company reports its

Q4 earnings. If we successfully achieve the results necessary to generate a payout, the payment would occur thereafter.

NEW HIRE ELIGIBILITY -- Employees hired after January 1, 1997, but BEFORE October 1, 1997, will be eligible to participate in the plan on a pro-rated basis. Employees hired on or after October 1, 1997 will be eligible to participate in the plan beginning January 1, 1998.

SALARY CHANGES -- Any salary changes that occur over the course of the year will be pro-rated.

IMPACT OF INDIVIDUAL PERFORMANCE ON AWARD SIZE -- Your award will be based 100% on the company's performance for 1997.

Exhibit 10.5

1997 VARIABLE COMPENSATION PROGRAM

The 1997 Variable Compensation Program will be similar in design to the 1996 program, which was based on Return on Invested Capital (ROIC), a very accepted and popular metric in the investment community shown to have a high correlation to shareholder value.

Achieving a 100% payout will allow Avid to achieve competitive total cash compensation figures for our senior management team, and above plan performance will allow for significant upside potential.

TARGET AWARDS

The target variable compensation award is the award which Avid's senior management will receive if Avid meets its R.O.I.C. objective set by the Board of Directors. The target award can be expressed as either a dollar amount, or as a percentage of base salary. For example, if salary is $100,000 per year and the variable compensation target is 20%, the variable compensation target will be $20,000 for the year.

HOW THE VARIABLE COMPENSATION PROGRAM IS FUNDED

The overall program, for all vice presidents, directors and senior consulting engineers, is funded based on Corporate Return on Invested Capital thresholds, targets and corporate levels set by the Board of Directors.

PLAN COMPONENTS

The plan for 1997 is based on corporate ROIC, with a group/individual performance multiplier of 0.75 to 1.5 times the calculated award as determined by the group senior executive.

PRORATED AWARDS

Individual awards will be prorated under the following circumstances:

1) Any salary changes throughout the year will be prorated averaged? For example, if a base salary was $100,000 at the beginning of the year and there is a 5% raise effective July 1, the prorated salary for variable compensation purposes would be $102,500 (($100,000+$105,000)/2).

2) If the hire date is after January 1, the variable compensation award will be prorated for that portion of the fiscal year worked for Avid. For example, if the employee was hired July 1, 1997, s/he would receive 50% of the calculated variable compensation award.

3) If a manager was promoted to the director level after January 1, the variable compensation award will be prorated for that portion of the fiscal year s/he was in a director level position. For example, if s/he was promoted July 1, 1997, s/he would receive 50% of the calculated variable compensation award at the director rate and salary.

PLAN PAYOUT

The plan payout will be determined after audited financial numbers for 1997 are determined and released. Plan payout is expected to occur in February. Employees must be employed by Avid at the time the plan payout to receive their incentive compensation award.

EMPLOYMENT AGREEMENT

CONFIDENTIAL

Date
Executive Officer
Title

Continuity of management of Avid Technology, Inc. is a critical factor to the continued growth and success of Avid. The Avid Board of Directors believes that it is in the best interest of the Company to reinforce and encourage the continued attention and dedication of key members of management to their assigned duties.

In consideration of the mutual promises contained in this letter, it is hereby agreed that Avid shall provide to you, and that you shall receive from Avid, the benefits set forth in this letter ("Agreement") if your employment with Avid, and its subsidiaries and affiliates, is terminated during the term of this Agreement.

1. PURPOSE

This Agreement establishes certain basic terms and conditions relating to your employment with Avid, and special arrangements relating to the termination of your employment with Avid, for any reason other than: (i) your retirement; (ii) your becoming totally and permanently disabled under the Avid long-term disability plan or policy; or (iii) your death. This Agreement supersedes all prior agreements with Avid related to this subject matter, and the special severance benefits provided under this Agreement are to be provided instead of any other Avid severance arrangements. The Avid severance policies and practices are superseded except to the extent incorporated herein. Notwithstanding the foregoing, neither your termination of employment nor anything contained in this Agreement shall have any affect upon your rights under any tax qualified "pension benefit plan", as such term is defined in the Employee Retirement Income Security Act of 1974, as amended (ERISA); or any other "welfare benefit plan" as defined in ERISA, including by way of illustration and not limitation, any medical surgical or hospitalization benefit coverage or long-term disability benefit coverage; or under any non-qualified deferred compensation arrangement, including by way of illustration and not limitation, any stock incentive plan, non-qualified pension plan, or phantom stock plan.

2. EMPLOYMENT

Avid agrees that, during the term of this Agreement, you will be employed with Avid, in your present position or in a position that is comparable to your present position in compensation, responsibility and stature and for which you are suited by education and background and that:

(a) you are, and will continue to be, eligible to participate in any employee benefit plan of Avid in accordance with its terms; and

(b) you will be entitled to the same treatment under any generally applicable employment policy or practice as any other member of Senior Management (defined as positions reporting to the Chief Executive Officer, or other such Vice Presidents as applicable) whose position in the organization is comparable to yours, except when plan provisions explicitly prohibit such treatment.

Those plans, practices, and policies that generally apply to other members of Senior Management will be referred to in this Agreement as your "Employment Benefits." Examples of Employment Benefits include medical and dental insurance, life insurance, disability coverage, etc. Your Employment Benefits may be modified from time to time after the date hereof without violation of this Agreement if the changes apply generally to other members of management.

3. TERM OF AGREEMENT

This Agreement is effective on Date, (the "Effective Date") and shall terminate on the second anniversary of the Effective Date. The term shall be automatically extended for successive one year periods after the second anniversary, unless 30 days advance written notice is given by you or by Avid terminating this Agreement as of any anniversary date.

4. TERMINATION OF EMPLOYMENT

Your employment may be terminated in accordance with any of the following paragraphs, but only upon one (1) month's advance written notice (which period

shall be referred to in this Agreement as the "Notice Period"):

(a) Involuntary Termination
Avid may terminate your employment without Cause. In such an event, you shall continue to receive your full salary and Employment Benefits during the Notice Period. The expiration of the Notice Period shall be your "Date of Termination." Upon your Date of Termination, you shall be entitled to those benefits provided under Section 5.

(b) Involuntary Termination for Cause
Avid may terminate your employment for "Cause" with written notice setting forth the Cause for termination. "Cause" means a willful engaging in gross misconduct materially and demonstrably injurious to Avid or the willful and continued failure by you substantially to perform your duties with the Company (other than any such failure resulting from your incapacity due to physical or mental illness after a written demand for substantial performance is delivered to you by the CEO or the Board which specifically identifies the manner in which the CEO or the Board believes that you have not substantially performed your duties.. "Willful" means an act or omission in bad faith and without reasonable belief that such act or omission was in or not opposed to the best interests of Avid.

(c) Voluntary Termination
You may voluntarily terminate your employment. In such an event, you shall continue to receive your full salary and Employment Benefits during the Notice Period provided you satisfactorily perform your duties during the Notice Period unless relieved of those duties by Avid. The expiration of the Notice Period is your "Voluntary Date of Termination." Upon your Voluntary Date of Termination, you shall only be provided those benefits under Section 6.

5. SPECIAL SEVERANCE BENEFITS

If your employment with Avid is involuntarily terminated in accordance with Section 4(a), then you shall receive the following benefits:

(a) your base salary shall be continued in effect for a period of twelve (12) months from your Date of Termination (hereinafter called your "Severance Pay Period"); provided that you may, at any time during the Notice Period, request a single lump-sum payment of the aggregate salary payable in accordance with this paragraph 5(a), such payment to be delivered to you within ten (10) business days of your Date of Termination. Avid will also pay you, during the months thirteen through twenty-four following termination, on a semi-monthly basis, the amount by which your monthly base salary at the time of termination exceeds your monthly compensation from your new employer;

(b) you will receive an incentive compensation payment within ten (10) days of your Date of Termination in one lump-sum in an amount equal to your target award for the calendar year immediately preceding the calendar year in which your Date of Termination occurs. There is no right to any pro-rated incentive compensation in respect of the year of termination;

(c) notwithstanding any provision to the contrary in any Avid stock plan, or under the terms of any grant, award agreement or form for exercising any right under any such plan, you shall have the right to continued vesting of any stock options outstanding and unexercised as of the first day of your Notice Period until the first to occur of the first anniversary of your Date of Termination or the date the award expires by its terms.

(d) your Employment Benefits shall be continued during your Severance Pay Period, subject to the right of Avid to make any changes to your Employment Benefits permitted in accordance with Section 2; provided, however, that you shall not:

(i) accumulate vacation pay for periods after your Date of Termination;

(ii) first qualify for sickness and accident plan benefits by reason of an accident occurring or a sickness first manifesting itself after your Date of Termination; or

(iii) be eligible to continue to make any contributions to any Internal Revenue Code 401(k) plan maintained by Avid or qualify for a share of any employer contribution made to any tax qualified defined contribution plan.

(e) you shall qualify for full COBRA health benefit continuation coverage upon the expiration of your Severance Pay Period;

(f) you shall be entitled to full executive outplacement assistance with an agency selected by Avid; and

(g) you may qualify to commence long-term disability benefits if a qualifying disability should occur during your Severance Pay Period.

6. BENEFITS UPON VOLUNTARY TERMINATION OR TERMINATION FOR CAUSE

Upon your Date of Termination for Cause in accordance with Section 4(b) or your Voluntary Date of Termination in accordance with Section 4(c), all benefits under this Agreement will be void. In such an event, you shall be eligible for any benefits provided in accordance with the plans and practices of Avid which are applicable to employees generally.

7. CONFIDENTIALITY

The provisions of the Employee Invention and Non-Disclosure Agreement between you and Avid shall continue in full force and effect.

8. CONFLICTS OF INTEREST

You agree for so long as you are employed by Avid to avoid dealings and situations which would create the potential for a conflict of interest with Avid. In this regard, you agree to comply with the Avid policy regarding conflicts of interest.

9. RELATIONSHIP TO CHANGE-IN-CONTROL AGREEMENT

In the event you become entitled to any benefits under the Change-in-Control Employment Agreement between you and Avid, then this agreement is void and of no effect.

10. COVENANT NOT TO COMPETE AND NOT TO SOLICIT

During the term of this Agreement, and for a period of two (2) years following the termination of your employment for any reason other than as set forth in Section 4(b), you agree you will not engage in any business which competes or plans to compete with Avid in the business of the development, manufacture, promotion, distribution or sale of digital film, video or audio editing systems or products. The foregoing shall include, without limitation, Data Translation, Discrete Logic, FAST Technology, Lightworks and Immix.

You also agree that, for a period of two (2) years from the effective date of your termination, you will not solicit the employment, either as an employee or as an independent contractor, including through any agency or new employer or otherwise, of any person who at any time during the one year preceding such solicitation was an employee or independent contractor of Avid or any Avid affiliate.

11. NOTICE

Notice required or permitted under this Agreement shall be in writing and shall be deemed to have been given when delivered or mailed by the United States certified mail, return receipt requested, postage prepaid, in a properly addressed envelope. Notices to Avid shall be addressed to the Corporate Secretary.

12. MODIFICATION; WAIVER; SUCCESSORS

No provision of this Agreement may be waived, modified, or discharged except pursuant to a written instrument signed by you and the Chief Executive Officer of Avid. This agreement is binding upon any successor to all or substantially all business or assets of Avid.

13. VALIDITY; COUNTERPARTS

This agreement shall be governed by and construed under the laws of the Commonwealth of Massachusetts. The validity or enforceability of any provision hereof shall not affect the validity or enforceability of any other provision hereof. This Agreement may be executed in one or more counterparts, each of which together will constitute one and the same instrument.

Accepted and Agreed
to this date of
_____, 1997

_____
(name)

Sincerely,

By:_____
William J. Miller
Chief Executive Officer

Exhibit 10.7

CHANGE-IN-CONTROL EMPLOYMENT AGREEMENT

Date
Executive Officer
Title

The Board of Directors (the "Board") of Avid Technology, Inc. (the "Company") recognizes that your contributions to the past and future growth and success of the Company have been and will be substantial and the Board desires to assure the Company of your continued services for the benefit of the Company, particularly in the face of a change-in-control of the Company.

This letter agreement ("Agreement") therefore sets forth those benefits which the Company will provide to you in the event your employment within the Company is terminated after a "Change in Control of the Company" (as defined in paragraph 2 (I)) under the circumstances described below.

1. TERM

If a Change in Control of the Company should occur while you are still an employee of the Company, then this agreement shall continue in effect from the date of such Change in Control of the Company for so long as you remain an employee of the Company, but in no event for more than three full calendar years following a Change in Control of the Company; provided, however, that the expiration of the term of this Agreement shall not adversely affect your rights under this Agreement which have accrued prior to such expiration. If no Change in Control of the Company occurs before your status as an employee of the Company is terminated, this Agreement shall expire on such date. Prior to a Change in Control of the Company, your employment may be terminated by the Company with or without Cause (as defined in Paragraph 3(iii)), and/or this Agreement may be terminated by the Company, at any time upon written notice to you and, in either or both such events, you shall not be entitled to any of the benefits provided hereunder; provided, however, that the Company may not terminate this agreement following the occurrence of a Potential Change in Control of the Company (as defined in Paragraph 2(ii)) unless (a) at least one year has expired since the most recent event or transaction constituting a Potential Change in Control of the Company and (b) in respect of a Potential Change in Control of the Company which previously occurred, no facts or circumstances continue to exist which, if initially occurring at the time any termination of this Agreement is to occur, would constitute a Potential Change in Control of the Company.

2. CHANGE IN CONTROL; POTENTIAL CHANGE IN CONTROL

(i) For purposes of this Agreement, a "Change in Control of the Company" shall be deemed to have occurred if (A) there shall be consummated (I) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation, or pursuant to which shares of the Company's Common Stock would be converted in whole or in part into cash, securities, or other property, other than a merger of the Company in which the holders of the Company's Common Stock immediately prior to the merger continue to hold at least 50% of the outstanding voting securities of the surviving corporation, or (II) any sale, lease, exchange or transfer (in one transaction or a series of related transactions) of all or substantially all assets of the Company, or (B) the shareholders of the Company shall approve any plan or proposal for the liquidation or dissolution of the Company, or (C) any "person" (as such term is used in Sections 13(d)(3) and 14 (d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than the Company or a subsidiary thereof or any employee benefit plan sponsored by the Company or a subsidiary thereof or a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock in the Company, shall become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing in special circumstances) having the right to vote in the election of directors ("Voting Shares"), as a result of a tender or exchange offer, open market purchases, privately negotiated purchases or otherwise, or (D) at any time during a period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company shall cease for any reason to continue at least a majority thereof, unless the election or the nomination for election by the Company's shareholders of each new director during such two-year period was approved by a vote of at least two-thirds of the directors, or (E) any other event shall occur that would be required to be reported in response to item 6(e) (or any successor provision) of Schedule 14A of Regulation 14A promulgated under the Exchange Act.

(ii) For purposes of this agreement, a ""Potential Change in Control of the

Company" shall be deemed to have occurred if (A) the Company shall enter into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company, or (B) any person shall publicly announce an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company, or (C) the Company shall receive any written communication from any third party or third parties, acting as principal or as authorized representative of a disclosed principal, which is publicly disclosed and proposes (or indicates a desire to engage in discussions relating to the possibility of or with a view toward) a transaction the consummation of which would result in the occurrence of a Change in Control of the Company, or (D) any "person" (as such term is used in Sections 13(d)(3) and 14 (d)(2) of the Securities Exchange Act of 1934, other than the Company or a subsidiary thereof or any employee benefit plan sponsored by the Company or a subsidiary thereof or a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock in the Company, shall (I) become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act), (II) disclose directly or indirectly to the Company or publicly a plan or intention to become the beneficial owner or (E) any person described in clause (D) above who becomes the beneficial owner, directly or indirectly, of voting shares representing 20.0% or more of the combined voting power of the Company's then outstanding Voting Shares shall increase his beneficial ownership of such securities by 5% or more over the percentage acquired in the transaction which previously gave rise to the occurrence of a Potential Change in Control of the Company. Notwithstanding the foregoing, any event or transaction which would otherwise constitute a Potential Change in Control of the Company shall not constitute a Potential Change in Control of the Company if the negotiations or other actions leading to such event or transaction were initiated by the Company (it being understood that the occurrence of such a Company-initiated event or transaction shall not affect the existence of any Potential Change in Control of the Company resulting from any other event or transaction).

3. TERMINATION FOLLOWING CHANGE IN CONTROL

If a Change in Control of the Company shall have occurred while you are still an employee of the Company, you shall be entitled to the payments and benefits provided in paragraph 4 hereof upon the subsequent termination of your employment within two (2) full calendar years of such Change in Control, by you or by the Company unless such termination is (a) because of your death, "Disability" or "Retirement" (as defined below) (b) by the Company for "Cause" (as defined below), or (c) by you other than for "Good Reason" (as defined below) in any of which events you shall not be entitled to receive benefits under this agreement.

(i) "Disability". If, as a result of your incapacity due to physical or mental illness, you shall have been deemed "disabled" by the institution appointed by the Company to administer the Company's Long-Term Disability Plan (or successor plan) because you shall have been absent from your duties with the Company on a full-time basis for six months and shall not have returned to full-time performance of your duties within thirty days after written notice is given you, the Company may terminate this Agreement for "Disability."

(ii) "Retirement". Retirement shall mean the voluntary termination by you of your employment for other than "Good Reason" (as defined below) which termination qualifies as retirement in accordance with any retirement arrangement previously established; provided, however, that no mandatory retirement, in accordance with any retirement arrangement, shall constitute Retirement for purposes of this Agreement, unless you have previously consented thereto in writing.

(iii) "Cause". For the purposes of this Agreement, the Company shall have "Cause" to terminate your employment only upon

(A) the willful and continued failure by you substantially to perform your duties with the Company (other than any such failure resulting from your incapacity due to physical or mental illness or any failure resulting from your terminating your employment with the Company for "Good Reason" (as defined below)) after a written demand for substantial performance is delivered to you by the Board which specifically identifies the manner in which the Board believes that you have not substantially performed your duties, or

(B) the willful engaging by you in gross misconduct materially and demonstrably injurious to the Company.

For purposes of this paragraph, no act, or failure to act, on your part shall be considered "willful" unless done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interests of the Company. Not withstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to you a copy of a resolution duly adopted by the

affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for that purpose (after at least 20 days prior notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that in the good faith opinion of the Board you failed to perform your duties or engaged in misconduct as set forth in clause (A) or (B) of this paragraph 3(iii) and that you did not correct such failure or cease such misconduct after being requested to do so by the Board.

(iv) "Good Reason". You may terminate your employment for Good Reason. For purpose of this Agreement, "Good Reason" shall mean:

(A) the assignment to you of any duties materially inconsistent with, or any material diminution of, your positions, duties, responsibilities, and status with the Company immediately prior to a Change in Control of the Company, or a material change in your titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of you from, or any failure to reelect you to, any such positions;

(B) a reduction by the Company in your base salary in effect immediately prior to a Change in Control of the Company or a failure by the Company to increase your base salary (within fifteen months of your last increase) in an amount which is substantially similar, on a percentage basis, to the average percentage increase in base salary for all officers of the Company during the twelve months preceding your increase;

(C) the failure by the Company to continue in effect any life insurance, health or accident or disability plan in which you are participating or are eligible to participate at the time of a Change in Control of the Company (or plans providing you with substantially similar benefits), except as otherwise required in terms of such plans as in effect at the time of any Change in Control of the Company or the taking of any action by the Company which would adversely affect your participation in or materially reduce your benefits under any of such plans or deprive you of any material fringe benefits enjoyed by you at the time of a Change in Control of the Company or the failure by the Company to provide you with the number of paid vacation days to which you are entitled in accordance with the vacation policies of the Company in effect at the time of a Change in Control of the Company;

(D) the failure by the Company to pay you an award under the Company's Executive and Senior Management Incentive Plan or a successor plan in the amount at least equal to that last paid to you under said plan prior to a Change in Control of the Company or the failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Executive and Senior Management Incentive Compensation Plan and the right to receive performance awards and similar incentive compensation benefits) in which you are participating at the time of a Change in Control of the Company (or to substitute and continue other plans or arrangements providing you with substantially similar benefits) or the taking of any action by the Company which would otherwise adversely affect your benefits under any such plan;

(E) the relocation of the Company's principal executive offices to a location outside the greater Boston metropolitan area, or the Company's requiring you to be based anywhere other than the Company's principal executive offices except for required travel on the Company's business to an extent substantially consistent with your business travel obligations immediately prior to a Change in Control of the Company, or, in the event you consent to any such relocation of the Company's principal executive offices, the failure by the Company to pay (or reimburse you for) all reasonable moving expenses incurred by you relating to a change of your principal residence and secondary residence, if any, in connection with such relocation and to indemnify you against any loss (defined as the difference between the actual sales price, net of brokerage fees, of such residence and the higher of (a) your aggregate investment in such residence or (b) the fair market value of such residence as determined the Company's real estate appraiser, realized in the sale of such residence in connection with any such change in residence, it being understood that you shall also be reimbursed by the Company for the amount of any federal or state income tax attributable to such payment or reimbursement pursuant to the provisions hereof;

(F) any material breach by the Company of any provision of this Agreement (including, without limitation, paragraph 6); or

(G) any purported termination of your employment by the Company which is not effected pursuant to a Notice of Termination satisfying the requirements of subparagraph (v) below (and, if applicable, subparagraph (iii) above); and for purposes of this Agreement, no such purported termination shall be effective.

(v) Notice of Termination
Any termination by the Company pursuant to subparagraphs (i), (ii) or (iii)

above or by you pursuant to subparagraph (iv) above shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your termination under the provision so indicated.

(vi) Date of Termination
"Date of Termination" shall mean

(A) if this Agreement is terminated for Disability, thirty days after Notice of Termination is given (provided that you shall not have returned to the performance of your duties on a full-time basis during such thirty-day period),

(B) if your employment is terminated pursuant to subparagraph (iv) above, the date specified in the Notice of Termination,

(C) if your employment is terminated for any other reason, the date on which a Notice of Termination is given (or, if a Notice of Termination is not given, the date of such termination), and

(D) if you are entitled to compensation pursuant to paragraph 6, the date determined pursuant to such paragraph.

4. COMPENSATION DURING DISABILITY OR UPON TERMINATION

(i) If, after a Change in Control of the Company, you shall fail to perform your duties hereunder as a result of incapacity due to physical or mental illness, you shall continue to receive your full base salary twice a month at the rate then in effect and any awards under the Executive and Senior Management Incentive Plan or any successor plan shall continue to accrue and to be paid during such period until your employment is terminated (and for any longer period as may be provided under applicable plans); provided, however, in the event the Company makes no interim individual accruals for the Executive and Senior Management Compensation Plan or any successor plan in respect of any period for which no award has been made under such Plan because of such termination of this Agreement or of employment, you shall receive payment in the amount equal to the product of (a) the amount awarded to you under such Plan or any successor plan during the period most recently ended, multiplied by (b) a fraction (hereinafter the "Partial Service Fraction""), the numerator of which is the whole and partial months of service completed in the current period, and the denominator of which is the number of months in the period most recently ended for which an award was made.

(ii) If, after a Change in Control of the Company, your employment shall be terminated for Cause, the Company shall pay you for your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given and the Company shall have no further obligations to you under this Agreement.

(iii) If, after a Change in Control if the Company, the Company shall terminate your employment, other than pursuant to paragraph 3(i), 3(ii) or 3(iii) hereof or by reason of death, or you shall terminate your employment for Good Reason or you shall be entitled to payments pursuant to paragraph 6, then

(A) The Company shall pay you as severance pay (and without regard to the provisions of any benefit plan) in a lump sum in cash on the fifth day following the Date of Termination, the following amounts:

(x) your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given and an amount equal to the amount, if any, of any incentive compensation awards which have not been paid but which have been earned by you under the Executive and Senior Management Incentive Compensation Plan or any successor plan (including awards which have been deferred, except to the extent such awards have been transferred, prior to a Change in Control of the Company, by the Company to a trustee in an irrevocable trust) it being understood that you shall have earned in each year for which an award shall be payable an amount equal to the product of (a) the amount awarded you under such Plan or any successor plan during the period most recently ended, multiplied by (b) the Partial Service Fraction; and

(y) an amount equal to the product of (a) the sum of your annual base salary at the highest rate in effect during the twelve (12) month period immediately preceding the Date of Termination plus the amount of the highest award to you under the Executive and Senior Management Incentive Compensation Plan or any successor plan during the twenty-four (24) month period ended on the Date of Termination, multiplied by (b) the number two (2);

(B) Accelerated vesting of any stock options that were granted under the Stock Option Plan, or any successor plan, provided that if such vesting acceleration would disqualify the change in control from being accounted for as a pooling of interests and such accounting treatment would otherwise be available, such vesting will not be accelerated.

(iv) You shall not be required to mitigate the amount of any payment provided for in this paragraph 4 or in paragraphs 6 or 16 by seeking other employment or otherwise, nor shall the amount of any payment provided for in this paragraph 4 be reduced by any compensation earned by you as the result of employment by another employer after the Date of Termination, or otherwise.

(v) The Provisions of this Agreement and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish your existing rights, or rights which would accrue solely as a result of the passage of time, under any employee benefit plan of the Company, any employment agreement or other contract, plan or arrangement of the Company, except to the extent necessary to prevent double payment under any other severance plan or program of the Company in effect at the Date of Termination.

5. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment or distribution by the Company to or for the your benefit (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 5) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code or any interest or penalties are incurred by you with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then you shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after the payment by you of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest an penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, you retain an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Not withstanding the foregoing provisions of this Section 5(a), if it shall be determined that you are entitled to a Gross-Up Payment, but that you, after taking into account the Payments and the Gross-Up Payment, would not receive a net after-tax benefit of at least $50,000 (taking into account both income taxes and any Excise Tax) as compared to the net after-tax proceeds to you resulting from an elimination of the Gross-Up Payment and a reduction of the Payments, in an aggregate, to an amount (the "Reduced Amount") such that the receipt of Payments would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to you and the Payments, in the aggregate, shall be reduced to the Reduced Amount.

(b) Subject to the provisions of Section 5(a), all determinations required to be made under this Section 5, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Coopers and Lybrand or such other certified public accounting firm as may be designated by the Company (the "Accounting Firm") which shall provide detailed supporting calculations to both the Company and you within 15 business days of the receipt of notice from you that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity, or group affecting the Change of Control, the Company shall appoint another nationally recognized accounting firm to make the determinations required hereunder.

All fees and expenses of the Accounting Firm shall be borne by the Company. Any Gross-Up Payment, as determined pursuant to this Section 5, shall be paid by the Company to you within ten business days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and you. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 5(c) and you thereafter are required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for your benefit.

(c) You shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practical but no later than ten business days after you are informed in writing of such a claim and shall apprise the Company of the nature of the claim and the date on which such claim is requested to be paid. The Executive shall not pay such

claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies you in writing prior to the expiration of such period that it desires to contest such claim, you shall:

(i) give the Company any information reasonably requested by the Company relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order to effectively contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold you harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the on the foregoing provisions of this Section 5(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct you to pay the tax claimed and sue for a refund or to contest the claim in any permissible manner, and you agree to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs you to pay such claim and sue for a refund, the Company shall advance the amount of such payment to you, on an interest-free basis, and shall indemnify and hold the you harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for your taxable year with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and you shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or other taxing authority.

(d) If, after the receipt by you of an amount advanced by the Company pursuant to Section 5(c), you become entitled to receive any refund with respect to such a claim, you shall (subject to the Company's complying with the requirements of Section 5(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by you of an amount advanced by the Company pursuant to Section 5(c), a determination is made that you shall not be entitled to any refund with respect to such claim any the Company does not notify you in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

6. SUCCESSOR'S BINDING AGREEMENT

(i) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business and/or the assets of the Company, by agreement in form and substance satisfactory to you, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle you to compensation from the Company in the same amount and on the same terms as you would be entitled hereunder if you terminated your employment for Good Reason (whether or not you terminate your employment), except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as herein defined before defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this paragraph 6 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law. If you received payments pursuant to this paragraph 6 prior to termination

of your employment, you shall not be entitled to any benefits hereunder at the time of any subsequent termination of your employment.

(ii) This Agreement shall inure to the benefit of, and be enforceable by, your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die while any amounts would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there be no such designee, to your estate.

7. EMPLOYMENT

In consideration of the foregoing obligations of the Company, you agree to be bound by the terms and conditions of this Agreement and to remain in the employ of the Company during any period following the announcement by any person of any proposed transaction or transactions which, if effected, would result in a Change in Control of the Company until a Change in Control of the Company has taken place, or in the opinion of the Board, such person has abandoned or terminated its efforts to effect a Change in Control of the Company. Subject to the foregoing, nothing contained in this Agreement shall impair or interfere in any way with your right to terminate your employment or the right of the Company to terminate your employment with or without Cause prior to a Change in Control of the Company. Nothing contained in this Agreement shall be construed as a contract of employment between the Company and you or as a right for you to continue in the employ of the Company, or as a limitation on the right of the Company to discharge you with or without Cause prior to a Change in Control of the Company.

8. COMPETITIVE ACTIVITY

If your employment terminates under circumstances that entitle you to receive benefits under this Agreement (as described in the first sentence of paragraph 3 of this Agreement), then, unless the Company materially breaches this Agreement, you agree that, for a period of one year from the effective Date of Termination, you will not engage in any business which competes or plans to compete with the Company in the business of the development, manufacture, promotion, distribution or sale of digital film, video or audio editing systems or products. The foregoing shall include, without limitation, Data Translation, Discrete Logic, FAST Technology, Lightworks and Immix.

You also agree that, for a period of one year from the effective Date of Termination, you will not solicit the employment, either as an employee or as an independent contractor, including through any agency or new employer or otherwise, of any person who at any time during the one year preceding such solicitation was an employee or independent contractor of the Company or any of the Company's affiliates.

9. INJUNCTIVE RELIEF

You acknowledge and agree that the remedy of the Company at law for any breach of the covenants and agreements contained in paragraph 8 of this Agreement will be inadequate, and that the Company shall be entitled to injunctive relief against any such breach or threatened breach. You represent and agree that such injunctive relief shall not prohibit you from earning a livelihood acceptable to you.

10. NOTICE

For the purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all other notices to the Company should be directed to the attention to the Corporate Secretary of the Company, or to such address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. INDEMNIFICATION

The Company will indemnify you to the extent set forth in the Certificate of Incorporation and By-laws of the Company as in effect on the date of the Change in Control of the Company.

12. FURTHER ASSURANCES

Each party hereto agrees to furnish and execute such 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.

13. MISCELLANEOUS

No provision of this Agreement may be modified, waived, or discharged unless such waiver, modification, or discharge is agreed to in writing signed by you and such officer as may be specifically designated by the Board of Directors of the Company. 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. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the Commonwealth of Massachusetts.

14. VALIDITY

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

15. 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.

16. LEGAL FEES AND EXPENSES

In addition to any other benefits to which you may be entitled hereunder, the Company shall pay all reasonable legal fees and expenses which you may incur as a result of the Company's contesting the validity, enforceability or your interpretation of, or determination under, this Agreement or otherwise as a result of any termination as a result of which you are entitled to the benefits set forth in this Agreement.

If this Agreement correctly sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this Agreement which will then constitute our agreement on this subject.

Sincerely,

Avid Technology, Inc.

By:

- ---------------------------------
William J. Miller

I acknowledge receipt and agree with the foregoing terms and conditions.

- ---------------------------------
Executive Officer

Date: _____

Encl.: one copy of this letter

cc: Frederic Hammond, Esq.
Mark Borden, Esq.

Exhibit 11

STATEMENT REGARDING SUPPLEMENTAL COMPUTATION OF EARNINGS PER SHARE

	Historical	
	Primary	Fully Diluted
For the three months ended March 31, 1997:		
Weighted average number of common shares outstanding	21,550,171	21,550,171
Common stock equivalents	200,306	314,573
	21,750,477	21,864,744
Net income	$1,786,000	$1,786,000
Net income per common share	$0.08	$0.08
For the three months ended March 31, 1996:		
Weighted average number of common shares outstanding	21,019,279	21,019,279
Net income (loss)	$(22,798,000)	$(22,798,000)
Net income (loss) per common share	$(1.08)	$(1.08)

THIS SCHEDULE CONTAINS SUMMARY INFORMATION EXTRACTED FROM THE CONDENSED CONSOLIDATED BALANCE SHEET ON THE FORM 10-Q FOR THE PERIOD ENDED MARCH 31, 1997 AND THE CONDENSED CONSOLIDATED STATEMENT OF INCOME AS FILED ON THE FORM 10-Q FOR THE PERIOD ENDED MARCH 31, 1997 (UNAUDITED) AND IS QUALIFIED IN ITS ENTIRITY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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3-MOS
DEC-31-1997
JAN-01-1997
MAR-31-1997
122,981
17,875
76,805
6,982
24,133
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93,786
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.08