

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported): October 26, 2004

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

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

Avid Technology Park, One Park West, Tewksbury, MA	01876
(Address of Principal Executive Offices)	(zip code)

Registrant's telephone number, including area code: (978) 640-6789

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Item 2.02 Disclosure of Results of Operations and Financial Condition

On October 26, 2004, the Registrant announced its financial results for the quarter ended September 30, 2004. The full text of the press release issued in connection with the announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Form 8-K and the Exhibit attached hereto shall not be deemed "filed" for purposes of the Securities Exchange Act of 1934 (the "Exchange Act"), nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

SIGNATURE

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

Date: October 26, 2004

AVID TECHNOLOGY, INC.
(Registrant)

By: /s/ Paul Milbury

Paul Milbury
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT INDEX

Exhibit -----	Description -----
99.1	Press release of the Registrant dated October 26, 2004.

Contact: Dean Ridlon, Investor Relations Director
Phone: 978.640.5309
Email: Investor_Relations@avid.com

Avid Reports Highest Ever Quarterly Revenue and Operating Profit

Tewksbury, MA - October 26, 2004 - Avid Technology, Inc. (NASDAQ: AVID) today reported the highest quarterly GAAP revenue and operating profit in the company's history. Revenues for the three months ended September 30, 2004, were \$147.4 million, a 24% increase over the \$119.1 million in the corresponding quarter in 2003. GAAP operating profit for the third quarter of 2004 was \$18.3 million compared to \$11.6 million for the same quarter in 2003. GAAP net income for the quarter was \$19.0 million, or \$0.54 per diluted share, compared to GAAP net income of \$11.8 million, or \$0.35 per diluted share, for the corresponding quarter in 2003. Excluding a non-recurring tax benefit, acquisition-related stock-based compensation and amortization, and restructuring charges, pro forma non-GAAP net income for the third quarter was \$20.4 million, or \$.58 per diluted share, compared to pro forma non-GAAP net income of \$12.3 million, or \$.37 per diluted share, in the third quarter of 2003.

Revenues for the nine months ended September 30, 2004, were \$414.6 million compared to revenues of \$344.6 million for the same period in 2003. GAAP operating profit for the first nine months of 2004 was \$48.6 million compared to \$24.7 million for the same period in 2003. GAAP net income for the nine months ended September 30, 2004, was \$49.2 million, or \$1.43 per diluted share, compared to GAAP net income of \$25.1 million, or \$0.78 per diluted share, for the same period in 2003. Excluding non-recurring tax benefits, acquisition-related stock-based compensation and amortization, restructuring charges, and expenses related to the settlement of a lawsuit, pro forma non-GAAP net income for the nine months ended September 30, 2004, was \$51.4 million, or \$1.50 per diluted share, compared to \$28.0 million, or \$.87 per diluted share, for the first nine months of 2003.

"This quarter, we posted a 24% year-over-year increase in revenue and a better-than 50% year-over-year increase in earnings per share, reflecting solid performance across the entire business," said David Krall, Avid's president and chief executive officer. "In video postproduction, we more than doubled our year-over-year sales of the Avid DS Nitris family of products, which underscores the strong demand for best-in-class HD tools for television and feature film production. In broadcast, we had our most successful quarter in terms of the total number of deals signed - bringing the total number of Avid digital broadcast conversions either under way or completed to more than 200 and keeping us on track to hit the high end of our target of 80-100 deals for 2004. Lastly, a strong performance in all areas of Digidesign's business, combined with the acquisition of M-Audio - the results of which are included in the last six weeks of the quarter - helped push our year-over-year revenue growth in audio to 60%."

Use of Non-GAAP Financial Measures

The pro forma operating results listed above are "non-GAAP financial measures" under SEC rules. We have included this information because we believe it is a meaningful measure of our normalized operating performance and will assist investors in understanding our results of operations on a comparative basis. This pro forma information supplements, and is not intended to represent a measure of performance in accordance with, disclosures required by GAAP. We use this information internally to help our management more accurately assess the ongoing nature of our operations and measure our performance on a comparative basis.

Conference Call

A conference call to discuss Avid's third quarter 2004 financial results and the company's outlook for the fourth quarter of 2004 and for 2005 will be held today, October 26 at 5:00 p.m. EDT. The call will be open to the public. The conference call can be accessed by dialing (719) 457-2629 and referencing confirmation code 807503. The call and subsequent replay will also be available on Avid's Web site. To listen via this alternative, go to the Investors page under the Company menu at www.avid.com for complete details 10-15 minutes prior to the start of the conference call.

The above release includes a forward-looking statement, as defined by the Private Securities Litigation Reform Act of 1995, about Avid's future performance. There are a number of factors that could cause actual events or results to differ materially from that indicated by such forward-looking statement, such as the competitive market in which Avid operates, market

acceptance of Avid's existing and new products, Avid's ability to anticipate customers' needs and the other factors set forth under the caption "Certain Factors That May Affect Future Results" in Avid's Form 10-Q for the quarter ended June 30, 2004, and other filings with the Securities and Exchange Commission. In addition, the forward-looking statement contained herein represents Avid's estimate only as of today and should not be relied upon as representing the company's estimate as of any subsequent date. While Avid may elect to update this forward-looking statement at some point in the future, Avid specifically disclaims any obligation to do so, even if the estimate changes.

About Avid Technology, Inc.

Avid Technology, Inc. is the world leader in digital nonlinear media creation, management and distribution solutions, enabling film, video, audio, animation, games, and broadcast professionals to work more efficiently, productively, and creatively. For more information about the company's Oscar(R), Grammy(R), and Emmy(R) award-winning products and services, please visit: www.avid.com.

(C) 2004 Avid Technology, Inc. All rights reserved. Avid, Film Composer, Nitris, Avid Xpress, Digidesign, and Pro Tools are either registered trademarks or trademarks of Avid Technology, Inc. in the United States and/or other countries. Avid received an Oscar statuette representing the 1998 Scientific and Technical Award for the concept, design, and engineering of the Avid(R) Film Composer(R) system for motion picture editing. Digidesign, Avid's audio division, received an Oscar statuette representing the 2003 Scientific and Technical Award for the design, development, and implementation of its Pro Tools(R) digital audio workstation. Oscar is a trademark and service mark of the Academy of Motion Picture Arts and Sciences. Emmy is a registered trademark of ATAS/NATAS. Grammy is a trademark of the National Academy of Recording Arts and Sciences, Inc. All other trademarks contained herein are the property of their respective owners.

AVID TECHNOLOGY, INC.
Condensed Consolidated Statements of Operations
(unaudited - in thousands, except per share data)

	GAAP		NON-GAAP	
	Three Months Ended September 30,		Three Months Ended September 30,	
	2004	2003	2004	2003
Revenues	\$147,374	\$119,090	\$147,374	\$119,090
Cost of revenues	62,845	52,784	62,845	52,784
Amortization of intangible assets	127			
Gross profit	84,402	66,306	84,529	66,306
Operating expenses:				
Research and development	23,780	20,706	23,780	20,706
Marketing and selling	33,435	27,959	33,435	27,959
General and administrative	7,386	5,670	7,386	5,670
Stock-based compensation (Note A)	553			
Restructuring and other costs, net		76		
Amortization of intangible assets	988	341		
Total operating expenses	66,142	54,752	64,601	54,335
Operating income	18,260	11,554	19,928	11,971
Interest and other income, net	651	592	651	592
Income before income taxes	18,911	12,146	20,579	12,563
Provision for income taxes	181	300	181	300
Non-recurring tax benefits	(244)			
Net income	\$18,974	\$11,846	\$20,398	\$12,263
Net income per common share - basic	\$0.58	\$0.40	\$0.62	\$0.41
Net income per common share - diluted	\$0.54	\$0.35	\$0.58	\$0.37
Weighted average common shares outstanding - basic	32,737	29,865	32,737	29,865
Weighted average common shares outstanding - diluted	35,033	33,380	35,033	33,380

Note

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- A. Stock based compensation, related to stock options issued as part of the acquisition of M-Audio, is comprised of \$99 of Research and development expense, \$154 of Marketing and selling expense, and \$300 of General and administrative expense, based on the departmental classification of the option holders.

Reconciliation of Non-GAAP net income to GAAP net income:

	Three Months Ended September 30,	
	2004	2003
Non-GAAP net income	\$20,398	\$12,263

Stock-based compensation	(553)	
Restructuring and other costs, net		(76)
Amortization of intangible assets	(1,115)	(341)
Tax refunds	244	
	-----	-----
GAAP net income	\$18,974	\$11,846
	=====	=====

AVID TECHNOLOGY, INC.
Condensed Consolidated Statements of Operations
(unaudited - in thousands, except per share data)

	GAAP		NON-GAAP	
	Nine Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Revenues	\$414,634	\$344,584	\$414,634	\$344,584
Cost of revenues	177,943	155,619	177,943	155,619
Amortization of intangible assets	127			
Gross profit	236,564	188,965	236,691	188,965
Operating expenses:				
Research and development	68,996	63,833	68,996	63,833
Marketing and selling	96,945	80,971	96,945	80,971
General and administrative	19,456	16,632	19,456	16,632
Stock-based compensation (Note A)	553			
Restructuring and other costs, net		1,859		
Amortization of intangible assets	1,976	975		
Total operating expenses	187,926	164,270	185,397	161,436
Operating income	48,638	24,695	51,294	27,529
Interest and other income, net	1,736	1,330	1,736	1,330
Legal settlement	(1,050)			
Income before income taxes	49,324	26,025	53,030	28,859
Provision for income taxes	1,581	900	1,581	900
Non-recurring tax benefits	(1,444)			
Net income	\$49,187	\$25,125	\$51,449	\$27,959
Net income per common share - basic	\$1.54	\$0.88	\$1.61	\$0.98
Net income per common share - diluted	\$1.43	\$0.78	\$1.50	\$0.87
Weighted average common shares outstanding - basic	31,857	28,663	31,857	28,663
Weighted average common shares outstanding - diluted	34,374	32,059	34,374	32,059

Note

A. Stock based compensation, related to stock options issued as part of the acquisition of M-Audio, is comprised of \$99 of Research and development expense, \$154 of Marketing and selling expense, and \$300 of General and administrative expense, based on the departmental classification of the option holders.

Reconciliation of Non-GAAP net income to GAAP net income:

	Nine Months Ended September 30,	
	2004	2003
Non-GAAP net income	\$51,449	\$27,959

Stock-based compensation	(553)	
Restructuring and other costs, net		(1,859)
Amortization of intangible assets	(2,103)	(975)
Tax refunds	1,444	
Legal settlement	(1,050)	
	-----	-----
GAAP net income	\$49,187	\$25,125
	=====	=====

AVID TECHNOLOGY, INC.
Condensed Consolidated Balance Sheets
(unaudited - in thousands)

	September 30, 2004	December 31, 2003
	-----	-----
ASSETS:		
Current assets:		
Cash and marketable securities	\$120,082	\$196,309
Accounts receivable, net of allowances of \$9,193 and \$9,161 at September 30, 2004 and December 31, 2003, respectively	94,438	69,230
Inventories	54,913	38,292
Prepaid and other current assets	13,952	13,181
	-----	-----
Total current assets	283,385	317,012
Property and equipment, net	26,558	23,223
Acquisition-related intangible assets, net	215,373	5,150
Other assets	6,361	2,734
	-----	-----
Total assets	\$531,677	\$348,119
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$26,214	\$15,755
Accrued expenses and other current liabilities	69,568	59,709
Deferred revenue and deposits	52,615	44,943
	-----	-----
Total current liabilities	148,397	120,407
Long term liabilities, less current portion	1,818	607
	-----	-----
Total liabilities	150,215	121,014
	-----	-----
Total stockholders' equity	381,462	227,105
	-----	-----
Total liabilities and stockholders' equity	\$531,677	\$348,119
	=====	=====