

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

November 13, 2002

Securities and Exchange Commission
450 Fifth Street, N.W.
Judiciary Plaza
Washington, DC 20549

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 September 30, 2002.

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

Very truly yours,

/s/ Carol E. Kazmer

Carol E. Kazmer
General Counsel

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 SEPTEMBER 30, 2002

Commission File Number 0-21174

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

DELAWARE
(State or other jurisdiction of
incorporation or organization)

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

AVID TECHNOLOGY PARK
ONE PARK WEST
TEWKSBURY, MA 01876
(Address of principal executive offices)

Registrant's telephone number, including area code: (978) 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 November 5, 2002 was 26,526,815.

AVID TECHNOLOGY, INC.

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2002

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PART I. FINANCIAL INFORMATION
ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002 (unaudited)	2001 (unaudited)	2002 (unaudited)	2001 (unaudited)
Net revenues	\$107,832	\$102,281	\$305,935	\$329,849
Cost of revenues	53,222	50,444	153,528	160,473
Gross profit	54,610	51,837	152,407	169,376
Operating expenses:				
Research and development	20,916	19,630	61,145	64,785
Marketing and selling	25,677	27,614	75,418	88,880
General and administrative	5,454	5,299	14,985	17,699
Restructuring and other costs, net		8,303	(327)	8,549
Amortization of acquisition-related intangible assets	257	5,088	861	30,640
Total operating expenses	52,304	65,934	152,082	210,553
Operating income (loss)	2,306	(14,097)	325	(41,177)
Other income (expense), net	259	605	(192)	3,996
Income (loss) before income taxes	2,565	(13,492)	133	(37,181)
Provision for income taxes	300	700	1,400	2,300
Net income (loss)	\$2,265	(\$14,192)	(\$1,267)	(\$39,481)
Net income (loss) per common share - basic	\$0.09	(\$0.55)	(\$0.05)	(\$1.55)
Net income (loss) per common share - diluted	\$0.09	(\$0.55)	(\$0.05)	(\$1.55)
Weighted average shares outstanding - basic	26,287	25,745	26,064	25,513
Weighted average shares outstanding - diluted	26,550	25,745	26,064	25,513

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

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

	September 30, 2002	December 31, 2001
	----- (unaudited)	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$55,867	\$45,613
Marketable securities	22,368	27,348
Accounts receivable, net of allowances of \$11,552 and \$11,497 at September 30, 2002 and December 31, 2001, respectively	62,330	78,010
Inventories	29,864	21,690
Deferred tax assets, net	745	695
Prepaid expenses	6,195	6,722
Other current assets	3,674	3,440
	-----	-----
Total current assets	181,043	183,518
Property and equipment, net	24,352	27,164
Acquisition-related intangible assets, net	1,520	3,462
Goodwill	1,087	-
Other assets	669	1,662
	-----	-----
Total assets	\$208,671	\$215,806
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$26,340	\$19,076
Accrued compensation and benefits	12,695	13,023
Accrued expenses and other current liabilities	22,550	26,125
Income taxes payable	8,686	10,932
Deferred revenues	30,489	28,872
	-----	-----
Total current liabilities	100,760	98,028
Long-term debt and other liabilities (Note 6)	-	13,020
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock		
Common stock	266	266
Additional paid-in capital	355,860	357,446
Accumulated deficit	(238,292)	(235,926)
Treasury stock	(3,368)	(8,035)
Deferred compensation	(343)	(1,294)
Accumulated other comprehensive loss	(6,212)	(7,699)
	-----	-----
Total stockholders' equity	107,911	104,758
	-----	-----
Total liabilities and stockholders' equity	\$208,671	\$215,806
	=====	=====

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

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

	Nine Months Ended 2002	September 30, 2001
	----- (unaudited)	----- (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	(\$1,267)	(\$39,481)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	9,821	42,242
Provision for doubtful accounts	1,350	1,867
Compensation from stock grants and options	901	2,178
Equity in income of non-consolidated companies	(158)	(1,164)
Gain on sale of businesses	(327)	(2,272)
Write-down of investment in non-consolidated company	1,000	1,100
Changes in operating assets and liabilities, net of effects of acquisition:		
Accounts receivable	16,183	24,045
Inventories	(8,027)	(331)
Prepaid expenses and other current assets	669	(40)
Accounts payable	7,123	(12,158)
Income taxes payable	(2,378)	(817)
Accrued expenses, compensation and benefits and other current liabilities	(3,744)	(6,190)
Deferred revenues	1,458	(1,349)
NET CASH PROVIDED BY OPERATING ACTIVITIES	22,604	7,630
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(7,117)	(9,448)
Payments for other long-term assets	(130)	(361)
Dividends from non-consolidated company	59	
Payments for business acquisition, net of cash acquired		(5,439)
Payments on note issued in connection with acquisition	(13,020)	
Collections of notes receivable from sale of business	327	333
Purchases of marketable securities	(16,173)	(17,728)
Proceeds from sales of marketable securities	21,099	22,305
NET CASH USED IN INVESTING ACTIVITIES	(14,955)	(10,338)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of common stock for treasury		(4,155)
Proceeds from issuance of common stock	2,032	5,289
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,032	1,134
Effects of exchange rate changes on cash and cash equivalents	573	(297)
Net increase (decrease) in cash and cash equivalents	10,254	(1,871)
Cash and cash equivalents at beginning of period	45,613	64,875
Cash and cash equivalents at end of period	\$55,867	\$63,004

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 (collectively, "Avid" or the "Company"). These 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, 2001 on Form 10-K, which included all information and footnotes necessary for such presentation.

The Company's preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 reflected 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 SHARE

Basic and diluted net income (loss) per share were as follows (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Net income (loss)	\$2,265	(\$14,192)	(\$1,267)	(\$39,481)
Weighted average common shares outstanding - basic	26,287	25,745	26,064	25,513
Weighted average potential common stock	263			
Weighted average common shares outstanding - diluted	26,550	25,745	26,064	25,513
Basic net income (loss) per share	\$0.09	(\$0.55)	(\$0.05)	(\$1.55)
Diluted net income (loss) per share	\$0.09	(\$0.55)	(\$0.05)	(\$1.55)

Common stock options and warrants that were considered anti-dilutive securities and excluded from the diluted net income (loss) per share calculations were as follows, on a weighted-average basis:

	8,330	9,034	8,907	9,010
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For the three and nine months ended September 30, 2002 and 2001, certain stock options and warrants have been excluded from the diluted net income (loss) per share calculation as their effect would be anti-dilutive. For periods that the Company reports a net loss, all potential common stock is considered anti-dilutive; for periods when the Company reports net income, only potential common shares with purchase prices in excess of the Company's average common stock fair value for the related period are considered anti-dilutive.

3. INVENTORIES

Inventories consisted of the following (in thousands):

	September 30, 2002	December 31, 2001
Raw materials	\$13,705	\$13,043
Work in process	2,648	2,553
Finished goods	13,511	6,094
	-----	-----
	\$29,864	\$21,690
	=====	=====

As of September 30, 2002 and December 31, 2001, the finished goods inventory included deferred costs of \$3.9 million and \$1.5 million, respectively, associated with product shipped to customers for which revenue had not yet been recognized.

4. INVESTMENT IN JOINT VENTURE AND ACQUISITIONS

In January 1999, Avid and Tektronix, Inc. established a 50/50 owned and funded newsroom computer system joint venture, AvStar Systems LLC ("AvStar"). The joint venture was dedicated to providing the next generation of newsroom computer systems products by combining both companies' newsroom computer systems technologies and certain personnel. In September 1999, Tektronix transferred its interest in AvStar to a third party, The Grass Valley Group, Inc. (now a unit of Thomson Multimedia). In September 2000, AvStar began doing business as iNews, LLC ("iNews").

The Company's investment in the joint venture was accounted for under the equity method of accounting. The pro rata share of earnings of the joint venture recorded by the Company during the nine-month period ended September 30, 2001, related to iNews operating results for the fourth quarter of 2000, was approximately \$1.1 million. In January 2001, the Company acquired Grass Valley Group's 50% interest in iNews for approximately \$6.0 million. This acquisition was accounted for under the purchase method of accounting. Accordingly, the assets and liabilities that represented the acquired 50% interest were recorded in the Company's financial statements as of the acquisition date based on their fair values, while the assets and liabilities that represented Avid's investment in the joint venture were recorded as of the acquisition date based on the book values of the joint venture's assets and liabilities without adjustment. Since the acquisition date, operating results of iNews have been included in the

consolidated operating results of the Company. The purchase price of \$6.0 million was initially allocated to net tangible assets of \$1.7 million, completed technologies of \$2.5 million and work force of \$1.8 million. The Company recorded amortization of these intangible assets of \$0.2 million and \$0.6 million in the three- and nine-month periods ended September 30, 2002, respectively, and \$0.5 million and \$1.2 million in the three- and nine-month periods ended September 30, 2001, respectively. In connection with the adoption of SFAS 142, the Company reclassified the remaining acquired work force balance, of \$1.1 million, to goodwill on January 1, 2002 (see Note 5).

5. GOODWILL AND INTANGIBLE ASSETS

In June 2001, the FASB issued Statement of Accounting Standard No. 142 ("SFAS 142"), "Goodwill and Other Intangible Assets." SFAS 142, which supersedes APB Opinion No. 17 "Intangible Assets", addresses how acquired goodwill and other intangible assets should be accounted for in financial statements subsequent to their initial recognition. The provisions of SFAS 142 (1) prohibit the amortization of goodwill and indefinite-lived intangible assets, (2) require that goodwill and indefinite-lived intangible assets be tested annually for impairment (and in interim periods if certain events occur indicating that the carrying value of goodwill and/or indefinite-lived intangible assets may be impaired), (3) require that "reporting units" be identified for the purposes of assessing potential future impairments of goodwill and (4) remove the forty-year limitation on the amortization period of intangible assets that have finite lives. SFAS No. 142 requires that goodwill not be amortized but rather be tested for impairment at the reporting unit level at least annually and more frequently upon the occurrence of certain events. Additionally, SFAS 142 provides guidance about how to determine and measure goodwill impairment and requires disclosure of information about goodwill and other intangible assets in the years subsequent to their acquisition.

In connection with its adoption of SFAS 142 on January 1, 2002, the Company reclassified the remaining value of acquired work force from the iNews acquisition, of \$1.1 million, to goodwill and, as a result, ceased amortizing this amount; prior to this reclassification, the Company had no unamortized goodwill.

SFAS 142 requires the Company to test all existing goodwill for impairment as of January 1, 2002, on a reporting unit basis. SFAS 142 prescribes a two-phase process of impairment testing of goodwill. The first phase, which under SFAS 142's transitional guidance was required to be completed by June 30, 2002, tests for impairment by comparing the fair value of each reporting unit with its book value. The second phase, which under SFAS 142's transitional guidance is required to be completed by December 31, 2002, is not necessary if the fair value of each reporting unit exceeds its book value, as tested in the first phase. If the second phase is necessary the impairment of goodwill is measured by comparing the fair value of each reporting unit's goodwill with the related carrying amount of the goodwill. A reporting unit is an operating segment, as defined by SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information", or one level below an operating segment. Upon adoption of SFAS 142, the Company determined that its reporting units are its two operating segments, Video and Film Editing and Effects, and Professional Audio. The Company completed the first phase of the impairment analysis during the second quarter of 2002 and found no instances of impairment of its recorded goodwill as of January 1, 2002. Additional impairment analyses will be completed at least annually, including as of December 31, 2002, or more frequently when events and circumstances indicate that the recorded goodwill might be impaired.

Finite-lived intangible assets at September 30, 2002 and December 31, 2001 consisted only of completed technologies with a gross carrying amount of \$3.9 million and \$6.5 million, respectively. The related accumulated amortization was \$2.4 million and \$3.1 million at September 30, 2002 and December 31, 2001, respectively. Completed technologies are amortized on a straight-line basis over periods ranging from 3 to 4.5 years. The Company expects amortization of these intangible assets to be approximately \$0.3 million for the remainder of 2002, \$1.0 million during 2003, and \$0.2 million during 2004.

The following summary reflects the pro forma results of operations as if SFAS 142 had been retroactively applied as of January 1, 2001 (in thousands, except per share amounts):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2002	2001	2002	2001
Reported net income (loss)	\$2,265	(\$14,192)	(\$1,267)	(\$39,481)
Goodwill amortization, net of tax		3,238		23,062
Amortization of work force, net of tax		989		2,790
Pro forma net income (loss)	\$2,265	(\$9,965)	(\$1,267)	(\$13,629)
Basic net income (loss) per share:				
As reported	\$0.09	(\$0.55)	(\$0.05)	(\$1.55)
Pro forma	\$0.09	(\$0.39)	(\$0.05)	(\$0.53)
Weighted average common shares outstanding - basic	26,287	25,745	26,064	25,513
Diluted net income (loss) per share:				
As reported	\$0.09	(\$0.55)	(\$0.05)	(\$1.55)
Pro forma	\$0.09	(\$0.39)	(\$0.05)	(\$0.53)
Weighted average common shares outstanding - diluted	26,550	25,745	26,064	25,513

6. LONG-TERM DEBT AND OTHER LIABILITIES

In connection with the acquisition of Softimage Inc. ("Softimage") from Microsoft Corporation ("Microsoft") in 1998, Avid issued a \$5.0 million subordinated note (the "Note") to Microsoft. The principal amount of the Note, including any adjustments relative to unvested Avid stock options forfeited by Softimage employees plus all unpaid accrued interest, was due on June 15, 2003. The Note bore interest at 9.5% per year, payable quarterly. Through December 31, 2001, the Note had been increased by approximately \$16.0 million for forfeited Avid stock options. During 1999, the Company made a principal payment of \$8.0 million. On February 6, 2002, the Company made a payment of approximately \$13.0 million in full satisfaction of the Company's outstanding note to Microsoft. The Company made cash payments for interest during the three-month period ended September 30, 2001 of \$0.3 million. The Company made cash payments for interest during the nine-month periods ended September 30, 2002 and 2001 of \$20,000 and \$0.9 million, respectively.

7. COMMITMENTS AND CONTINGENCIES

On June 7, 1995, Avid filed a patent infringement complaint in the United States District Court for the District of Massachusetts against Data Translation, Inc. (now known as Media 100), a Marlboro, Massachusetts-based company. Avid is seeking judgment against Media 100 that, among other things, Media 100 willfully infringed Avid's U.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 Media 100. On January 16, 1998, the litigation was dismissed without prejudice (with leave to refile), pending a decision by the U.S. Patent and Trademark Office on a reissue patent application based on the issued patent.

On March 11, 1996, Avid was named as a 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, and seeks injunctive relief, treble damages and costs, and attorneys' fees. Avid 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. No costs have been accrued for this possible loss contingency.

In March 1999, Avid and Tektronix, Inc. were sued by Glen Holly Entertainment, Inc., a Tektronix distributor, claiming that Tektronix's discontinuance of the Tektronix Lightworks product line was the result of a strategic alliance by Tektronix and Avid. Glen Holly raised antitrust and common law claims against the Company and Tektronix, and sought lost future profits, treble damages, attorneys' fees, and interest. The anti trust claims against the Company and Tektronix were dismissed by the United States District Court for the District of California on March 23, 2001, and the remaining common law claim against Avid was dismissed by stipulation and court order on April 6, 2001. Glen Holly is appealing the lower court's decision. Avid views the complaint and appeal as without merit and intends to defend itself 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. No costs have been accrued for this possible loss contingency.

Avid receives inquiries from time to time with regard to possible patent infringement claims. If any infringement should be found to exist, the Company may seek licenses or settlements. In addition, 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, intellectual property rights or product performance. Management does not believe these claims will have a material adverse effect on the financial position or results of operations of the Company.

8. COMPREHENSIVE INCOME (LOSS)

Total comprehensive income (loss), net of taxes, consists of net income (loss), the net changes in foreign currency translation adjustment and the net

unrealized gains and losses on available-for-sale securities. The following is a summary of the Company's comprehensive income (loss), net of taxes (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Net income (loss)	\$2,265	(\$14,192)	(\$1,267)	(\$39,481)
Foreign currency translation adjustment	(563)	1,365	1,478	(1,023)
Unrealized gains (losses) on securities	(5)	(1,736)	9	(2,280)
Total comprehensive income (loss)	\$1,697	(\$14,563)	\$220	(\$42,784)

9. SEGMENT INFORMATION

The Company's organizational structure is based on strategic business units that offer various products to the principle markets in which the Company's products are sold. These business units equate to two reportable segments: Video and Film Editing and Effects, and Professional Audio. The following is a summary of the Company's operations by operating segment (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Video and Film Editing and Effects:				
Net revenues	\$73,821	\$76,807	\$203,797	\$244,047
Operating loss	(\$1,768)	(\$2,650)	(\$11,465)	(\$10,662)
Professional Audio:				
Net revenues	\$34,011	\$25,474	\$102,138	\$85,802
Operating income	\$4,331	\$1,944	\$12,324	\$8,674
Combined Segments:				
Net revenues	\$107,832	\$102,281	\$305,935	\$329,849
Operating income (loss)	\$2,563	(\$706)	\$859	(\$1,988)

The following table reconciles operating income (loss) for reportable segments to total consolidated operating income (loss) (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Total operating income (loss) for reportable segments	\$2,563	(\$706)	\$859	(\$1,988)
Unallocated amounts:				
Amortization of acquisition-related intangible assets	(257)	(5,088)	(861)	(30,640)
Restructuring and other costs, net		(8,303)	327	(8,549)
Consolidated operating income (loss)	\$2,306	(\$14,097)	\$325	(\$41,177)

10. RESTRUCTURING AND OTHER COSTS, NET

During the nine months ended September 30, 2001, the Company implemented restructuring plans resulting in the termination of 194 employees. The Company incurred charges of approximately \$10.1 million under these plans, which included \$7.5 million for severance and related costs of the terminated employees and \$2.6 million for facility vacancy costs, including a non-cancelable lease commitment and a non-cash charge relating to the disposition of leasehold improvements.

The following table sets forth the activity in the restructuring accrual accounts for the nine months ended September 30, 2002 (in thousands):

	Employee Related	Facilities Related	Total
	-----	-----	-----
Accrual balance at December 31, 2001	\$1,471	\$3,619	\$5,090
Non-cash charges		(1,100)	(1,100)
Cash payments	(834)	(519)	(1,353)
Revisions of estimated liabilities	70	(70)	-
	-----	-----	-----
Accrual balance at September 30, 2002	\$707	\$1,930	\$2,637
	=====	=====	=====

The Company expects that the majority of the remaining \$0.7 million employee-related accrual balance will be expended over the next three months and will be funded from working capital. The majority of the facilities-related accrual represents estimated losses on subleases of space vacated as part of various restructuring actions. The leases extend through 2010 unless the Company is able to negotiate an earlier termination.

In December 1999, the Company entered into an agreement to sell its Italian subsidiary to a third party, which established the entity as a distributor of Avid products. The sale was completed in the first quarter of 2000. In 1999, the Company incurred and recorded a loss of approximately \$2.0 million relating to the sale, including a reserve of \$1.0 million for the Company's guarantee of the new entity's line of credit with a bank and \$0.8 million for loans extended to the buyers in connection with the transaction. The line of credit guarantee ended on January 31, 2001 without requiring any cash payment by Avid. Accordingly, in the quarter ended March 31, 2001, the Company recorded a credit of \$1.0 million associated with the reversal of the reserve, which was included under the caption restructuring and other costs, net, where the charge had originally been recorded. In addition, in the quarter ended June 30, 2002, the Company received a payment of \$0.3 million under the note received as partial consideration from the buyers of the Italian subsidiary. The Company also received a payment of \$0.3 million under the note in the quarter ended June 30, 2001. These payments were recorded as credits to restructuring and other costs, net, since the note was fully reserved when received. The payment received in the quarter ended June 30, 2002 satisfied the remaining balance of the note in full.

In addition, in the quarter ended September 30, 2001, the Company recorded a credit of \$0.2 million to restructuring and other costs, net, associated with a reduction in its estimated liability for executive severance related to a charge initially recorded in 1999.

11. RECENT ACCOUNTING PRONOUNCEMENTS

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS 146") which nullifies EITF Issue No. 94-3 "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred, whereas EITF No 94-3 had allowed the liability to be recorded at the commitment date of an exit plan. The Company is required to adopt the provisions of SFAS 146 effective for exit or disposal activities initiated after December 31, 2002, and is currently evaluating the impact of adoption of this statement.

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

OVERVIEW

The Company develops, markets, sells and supports a wide range of software, and hardware and software systems, for digital media production, management and distribution. Digital media are media elements, whether video, audio or graphics, in which the image, sound or picture is recorded and stored as digital values, as opposed to analog, or tape-based, signals. Our product and service offerings enable customers to "Make, Manage and Move Media."

Make Media. To make media, we offer digital, non-linear video and film editing systems to enable customers to edit moving pictures and sound in a faster, easier, more creative, and more cost-effective manner than by use of traditional analog tape-based systems. (Non-linear systems allow editors to access material as needed rather than requiring them to work sequentially.) To complement these non-linear editing systems, we develop and sell a range of image manipulation products that allow users in the video and film post-production and broadcast markets to create graphics and special effects for use in feature films, television shows and advertising, and news programs. The products include 3D and special effects software products from our Softimage subsidiary. We also offer digital audio systems through our Digidesign division. Digidesign's audio systems have applications in music, film, television, video, broadcast, streaming media, and web development. These systems are based upon proprietary Digidesign/Avid audio hardware, software, and control surfaces, and permit users to record, edit, mix, process, and master audio in an integrated manner.

Manage Media. We provide complete network, storage, and database solutions based on our Avid Unity MediaNetwork technology. This technology enables users to share and manage media assets throughout a project or organization. The ability to effectively manage digital media assets is a critical component of success for many broadcast and media companies with multiple product lines and geographic locations. Accordingly, we have designed our products to work together in the network, storage, and database environment, allowing for the sharing of data and increasing the effectiveness of our customers' workflow. Our key technologies help our customers to reduce costs and increase the value of their media assets by letting them easily and quickly "repurpose" or find new uses or markets for their assets.

Move Media. We offer products that allow customers to distribute their final product. For example, we provide technology for playback directly to air for broadcast television applications. In addition, because we believe that the Internet will eventually become a critical content distribution channel, we develop and sell Internet-ready products.

Our products are used worldwide in production and post-production facilities, film studios, network, affiliate, independent and cable television stations, recording studios, advertising agencies, government and educational institutions, corporate communication departments, and by game developers and Internet professionals. Projects produced using our products--from major motion pictures and prime-time television to music, video, and marquee recording artists--have been honored with Oscar(R), Emmy(R), and Grammy(R) awards, as well as a host of other international awards. (Oscar is a registered trademark and service mark of the Academy of Motion Picture Arts and Sciences. Emmy is a registered trademark of ATAS/NATAS. Grammy is a registered trademark of The National Academy of Recording Arts and Sciences, Inc.)

RESULTS OF OPERATIONS

Net Revenues

The Company's net revenues are derived mainly from the sales of computer-based digital, non-linear media editing systems and related peripherals, licensing of related software, and sales of software maintenance contracts. This market has been, and is expected to continue to be, highly competitive. A significant portion of these revenues is generated by sales near the end of each quarter, which can impact our ability to accurately forecast revenues on a quarterly basis. Increasingly, revenues are also being derived from sales of "solutions", encompassing multiple products and networking capabilities that enable users to share and manage media throughout a project or organization. Such solution sales may include training and installation services, as well as workflow management assistance, to be provided either by Avid or a third party. Depending upon the complexity of the arrangement and the level of involvement by Avid, the revenues resulting from these solution sales may be deferred for one or more quarters while the services are being performed.

Net revenues increased by \$5.5 million (5.4%) to \$107.8 million in the quarter ended September 30, 2002 from \$102.3 million for the same quarter in 2001. This increase occurred primarily due to the continued demand for Pro Tools|HD in our Professional Audio ("Audio") segment and to a very successful Media Composer upgrade promotion for our Video and Film Editing and Effects ("Video") segment. The Audio segment also delivered third-party promotional software for which revenue had previously been deferred. We also saw increased demand for our Avid Xpress DV product in the Video segment. These increases were partially offset by decreases in most other Video segment products. Revenue from the combined segments includes a positive currency effect of approximately \$2.4 million in 2002 versus the same period a year ago (assuming prior quarter revenues were expressed at current quarter exchange rates), primarily due to a strengthening of the euro.

Net revenues decreased by \$23.9 million (7.2%) to \$305.9 million for the nine months ended September 30, 2002 from \$329.8 million for the nine months ended September 30, 2001. This decrease occurred across most product families in our Video business, in particular the Media Composer and Avid Xpress systems. We believe that a portion of this decline was due to the general worldwide economic slowdown. More specifically, we believe that a reduction in advertising spending worldwide has had a negative impact on our post-production video business, causing our customers to reduce capital spending pending an upturn in their businesses. Revenue in our Video segment was also adversely impacted by pricing reductions and discounts. Our Audio business contributed favorably to revenues for the nine months ended September 30, 2002 due to strong demand for its new flagship digital audio workstation, Pro Tools|HD, which was introduced in January 2002.

Net revenues derived through indirect channels were approximately 81% of net revenues for the three months ended September 30, 2002, compared to 74% of net revenues for the same period in 2001. Indirect channel revenues were approximately 82% of net revenues for the nine months ended September 30, 2002, compared to approximately 80% for the same period in 2001. In both cases, the

increase was due primarily to the higher proportion of Audio revenue in the current period, which is sold only through indirect channels.

Sales in the Americas accounted for 56% of each of the Company's third quarter 2002 and 2001 net revenues. For each of the nine-month periods ended September 30, 2002 and 2001, sales in the Americas accounted for 55% of net revenues. For the three-month period ended September 30, 2002, Americas sales increased by approximately \$2.9 million or 5.0%, compared to the same period in 2001. For the nine-month period ended September 30, 2002, Americas sales decreased by approximately \$10.0 million or 5.6%, compared to the same period in 2001.

Sales in the Europe and Asia Pacific regions accounted for 44% of each of the Company's third quarter 2002 and 2001 net revenues. For the nine-month periods ended September 30, 2002 and 2001, sales in the Europe and Asia Pacific regions accounted for 45% of net revenues. The combined Europe and Asia Pacific sales in the third quarter of 2002 increased by approximately \$2.7 million or 6.0%, compared to the same period in 2001. For the nine-month period ended September 30, 2002, sales decreased by approximately \$13.9 million or 9.3%, compared to the same period in 2001.

Gross Profit

Cost of revenues consists primarily of costs associated with the procurement of components; the assembly, test and distribution of finished products; warehousing; post-sales customer support costs; royalties for third-party software included in the products; and provisions for inventory obsolescence. The resulting gross profit fluctuates based on factors such as the mix of products sold, the cost and proportion of third-party hardware and software included in the systems sold, the offering of product upgrades, price discounts and other sales promotion programs, the distribution channels through which products are sold, the timing of new product introductions, sales of after market peripheral hardware products such as disk drives, and currency exchange rate fluctuations.

Gross margin decreased to 50.6% in the third quarter of 2002 compared to 50.7% in the same period of 2001. This decrease was primarily due to price reductions and discounting in the Video segment and higher manufacturing costs in the Audio segment, both of which were partially offset by the positive margin impact to Audio of delivering third-party promotional software for which revenue had previously been deferred. Additionally, there was a positive impact from currency exchange rate fluctuations, primarily a strengthening of the euro, for the three-month period ended September 30, 2002, resulting in higher U.S. dollar equivalent revenue.

Gross margin decreased to 49.8% for the nine months ended September 30, 2002 from 51.3% for the same period in 2001. This decrease was primarily due to price reductions and discounting in the Video segment, and a less favorable product mix, both of which were partially offset by the positive margin impact from Audio delivering promotional software for which revenue had previously been deferred.

Research and Development

Research and development expenses increased by \$1.3 million (6.6%) in the third quarter of 2002 compared to the same period in 2001, primarily due to funding from a third-party received in 2001 for a particular project which offset related research and development costs; no third-party funding was

received in 2002. Because the higher net spending occurred in a quarter where revenues also increased, research and development expenses increased only slightly as a percentage of net revenues to 19.4% in the third quarter of 2002, compared to 19.2% in the same quarter of 2001. Research and development expenses decreased by \$3.6 million (5.6%) for the nine months ended September 30, 2002 compared to the same period in 2001. The decrease in the nine-month period ended September 30, 2002 was primarily due to reduced personnel related costs as a result of restructuring actions implemented in late 2001, partially offset by the absence of third-party project funding mentioned above. Despite the lower spending in the nine-month period ended September 30, 2002, research and development expenses increased as a percentage of net revenues (to 20.0%, as compared to 19.6% for the nine months ended September 30, 2001) due to the decrease in revenue for the first three quarters of 2002.

Marketing and Selling

Marketing and selling expenses decreased by \$1.9 million (7.0%) in the third quarter of 2002 compared to the same period in 2001, primarily due to decreases in trade show expenses, provision for bad debt expense and various marketing programs, partially offset by increased employee incentive compensation. Due to the decrease in spending and increase in revenues, marketing and selling expenses decreased as a percentage of net revenues to 23.8% in the third quarter of 2002, compared to 27.0% in the same quarter of 2001. Marketing and selling expenses decreased by \$13.5 million (15.1%) for the nine months ended September 30, 2002 compared to the same period in 2001. The decrease for the nine-month period ended September 30, 2002 was primarily due to reduced personnel-related and travel expenses, various marketing programs, trade show expenses and a positive currency effect, due to the strengthening of the euro. Due to the significantly lower spending in the nine-month period ended September 30, 2002, marketing and selling expenses decreased as a percentage of net revenues to 24.7%, as compared to 26.9% for the nine months ended September 30, 2001, despite the decrease in revenue for the first three quarters of 2002.

General and Administrative

General and administrative expenses increased by \$0.2 million (2.9%) in the third quarter of 2002 compared to the same period in 2001, primarily due to increased personnel-related expenses (including severance payments to former executives of the Company), partially offset by a reduction in outside legal fees. Despite the slight increase in spending, general and administrative expenses decreased as a percentage of net revenue to 5.1% in the third quarter of 2002, compared to 5.2% in the same quarter of 2001, due to the increase in revenue in the third quarter of 2002. General and administrative expenses decreased by \$2.7 million (15.3%) for the nine months ended September 30, 2002 compared to the same period in 2001. For the year-to-date periods, the decrease was primarily due to a reduction in outside legal fees and personnel-related expenditures. Due to the significantly lower spending in the nine-month period ended September 30, 2002, general and administrative expenses decreased as a percentage of net revenues to 4.9%, as compared to 5.4% for the nine months ended September 30, 2001, despite the decrease in revenue for the first three quarters of 2002.

Restructuring and Other Costs, Net

During the nine months ended September 30, 2001, the Company implemented restructuring plans resulting in the termination of 194 employees. The Company incurred charges of approximately \$10.1 million under these plans, which

included \$7.5 million for severance and related costs of the terminated employees and \$2.6 million for facility vacancy costs, including a non-cancelable lease commitment and a non-cash charge relating to the disposition of leasehold improvements.

In December 1999, the Company entered into an agreement to sell its Italian subsidiary to a third party, which established the entity as a distributor of Avid products. The sale was completed in the first quarter of 2000. In 1999, the Company incurred and recorded a loss of approximately \$2.0 million relating to the sale, including a reserve of \$1.0 million for the Company's guarantee of the new entity's line of credit with a bank and \$0.8 million for loans extended to the buyers in connection with the transaction. The line of credit guarantee ended on January 31, 2001 without requiring any cash payment by Avid. Accordingly, in the quarter ended March 31, 2001, the Company recorded a credit of \$1.0 million associated with the reversal of the reserve, which was included under the caption restructuring and other costs, net, where the charge had originally been recorded. In addition, in the quarter ended June 30, 2002, the Company received a payment of \$0.3 million under the note received as partial consideration from the buyers of the Italian subsidiary. The Company also received a payment of \$0.3 million under the note in the quarter ended June 30, 2001. These payments were recorded as credits to restructuring and other costs, net, since the note was fully reserved when received. The payment received in the quarter ended June 30, 2002 satisfied the remaining balance of the note in full.

In addition, in the quarter ended September 30, 2001, the Company recorded a credit of \$0.2 million to restructuring and other costs, net, associated with a reduction in its estimated liability for executive severance related to a charge initially recorded in 1999.

Amortization of Acquisition-Related Intangible Assets

In connection with the August 1998 acquisition of the business of Softimage, the Company allocated \$88.2 million of the total purchase price of \$247.9 million to intangible assets, consisting of completed technologies, work force and trade name, and \$127.8 million to goodwill. During the second and third quarters of 2000 and the first quarter of 2001, the Company recorded additional intangible assets as it acquired three smaller companies: The Motion Factory, Inc., Pluto Technologies International Inc. and iNews, LLC. In connection with these acquisitions, the Company allocated \$6.5 million to intangible assets, consisting of completed technologies and work force. Results for the quarter ended September 30, 2002 and 2001 reflect amortization of \$0.3 million and \$5.1 million, respectively, associated with these acquisition-related intangible assets. Results for the nine-month periods ended September 30, 2002 and 2001 reflect amortization of \$0.9 million and \$30.6 million, respectively, associated with these acquisition-related intangible assets.

As of January 1, 2002, in connection with the adoption of SFAS 142, the Company reclassified \$1.1 million of previously recorded acquired work force to goodwill and, as a result, ceased amortizing this amount. During 2002, the Company recorded no goodwill or acquired work force amortization as compared to approximately \$4.2 million and \$25.9 million in the three- and nine-month periods ended September 30, 2001, respectively.

Other Income (Expense), Net

Other income (expense), net, generally consists primarily of income associated with various non-consolidated companies, interest income, and interest expense. Other income (expense), net, for the third quarter 2002 was \$0.3 million compared to \$0.6 million for the same quarter last year, a decrease of \$0.3 million. The decrease was due primarily to a realized gain associated with the sale of equity securities in the prior-year quarter, as well as a decrease in interest income during 2002 as a result of lower interest rates, partially offset by a decrease in interest expense due to the payment in full of our previously outstanding note to Microsoft. For the nine-month period ended September 30, 2002, other income (expense), net, decreased \$4.2 million to (\$0.2) million as compared to the same period in 2001, primarily due to a gain in 2001 on the sale of Avid Sports LLC equity securities, the absence of any equity in the net income of iNews in the 2002 period as a result of the Company's acquisition of the remaining iNews ownership interest in the first quarter of 2001 and reduced interest income, partially offset by a decrease in interest expense. The Company recorded charges of \$1.0 million and \$1.1 million in the nine months ended September 30, 2002 and 2001, respectively, to write off an impaired investment accounted for under the cost method. The Company considered evidence of recent financing transactions and reviews of operating plans of the underlying entity in our impairment analysis.

Provision for Income Taxes

The Company recorded a tax provision of \$0.3 million for the third quarter of 2002 after recording a tax provision of \$0.6 million and \$0.5 million in the first and second quarters of 2002, respectively. This compares to a tax provision of \$0.7 million recorded in the third quarter of 2001 and \$0.8 million in each of the first two quarters of 2001. In general, these provisions were comprised of taxes payable by the Company's foreign subsidiaries. The tax provision for the third quarter of 2002 also reflects the benefit of an anticipated refund of prior years' U.S. Alternative Minimum Tax. No tax benefit was recorded on the losses generated in the U.S. because utilization of net operating loss carryforwards is not assured.

LIQUIDITY AND CAPITAL RESOURCES

The Company has funded its operations to date through cash flows from operations as well as through both private and public sales of equity securities. As of September 30, 2002, the Company's principal sources of liquidity included cash, cash equivalents and marketable securities totaling approximately \$78.2 million.

With respect to cash flows, net cash provided by operating activities was \$22.6 million for the nine months ended September 30, 2002, compared to \$7.6 million provided by operating activities in the same period of 2001. During the nine months ended September 30, 2002, net cash provided by operating activities primarily reflects the net loss adjusted for depreciation and amortization and other non-cash adjustments, as well as a decrease in accounts receivable and an increase in accounts payable, partly offset by an increase in inventory. During the nine months ended September 30, 2001, net cash provided by operating activities primarily reflects the net loss adjusted for depreciation and amortization and a decrease in accounts receivable, offset by decreases in accrued expenses and accounts payable.

The Company purchased \$7.1 million of property and equipment during the nine months ended September 30, 2002, compared to \$9.4 million in the same period in 2001. The purchases for the nine-month period ended September 30, 2002 primarily reflects hardware and software to support research and development. The purchases for the nine-month period ended September 30, 2001 primarily reflect \$3.4 million of computers, furniture and fixtures purchased in connection with the move of the main Digidesign facility to Daly City, California, as well as hardware and software to support research and development activities and the Company's information systems.

During the nine months ended September 30, 2002, the Company made a cash payment of approximately \$13.0 million in full satisfaction of the Company's outstanding note to Microsoft. During the nine months ended September 30, 2001, the Company made a cash payment, net of cash acquired, of \$5.4 million for the purchase of the remaining 50% of iNews. During the nine months ended September 30, 2002 and 2001, the Company received net proceeds from the maturity and sale of marketable securities of \$4.4 million and \$4.6 million, respectively.

During the nine months ended September 30, 2002 and 2001, the Company received cash proceeds of approximately \$2.0 million and \$5.3 million, respectively, from the issuance of common stock upon stock option exercises and under the Company's employee stock purchase plan.

During 1998, the Company's board of directors authorized the repurchase of up to 3.5 million shares of the Company's common stock. Purchases were made in the open market or in privately negotiated transactions. During the first quarter of 2001, 232,000 shares were repurchased at a cost of approximately \$4.2 million, which completed the stock buyback program. The Company has used, and plans to continue to use, the repurchased shares for reissuance under its employee stock plans.

The Company believes existing cash, cash equivalents, marketable securities and internally generated funds will be sufficient to meet the Company's cash requirements for at least the next 12 months. In the event the Company requires additional financing, the Company believes that it will be able to obtain such financing; however, there can be no assurance that the Company would be successful in doing so, or that the Company could do so on favorable terms.

RECENT ACCOUNTING PRONOUNCEMENTS

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS 146") which nullifies EITF Issue No. 94-3 "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred, whereas EITF No 94-3 had allowed the liability to be recorded at the commitment date of an exit plan. The Company is required to adopt the provisions of SFAS 146 effective for exit or disposal activities initiated after December 31, 2002 and is currently evaluating the impact of adoption of this statement.

CERTAIN FACTORS THAT MAY AFFECT FUTURE RESULTS

Some of the statements in this Form 10-Q relating to our future performance constitute forward-looking statements. Such forward-looking statements are based upon management's current expectations and involve known and unknown risks. Realization of any of these risks may cause actual results to differ materially from the results described in the forward-looking statements. Certain of these risks are as follows:

Our future success will depend in part upon our ability to enhance our existing products and introduce new products in the digital editing market.

Our core digital video and film editing market predominantly uses Avid products, particularly Media Composer, which represents a significant portion of our revenues, and future growth in this market could therefore be limited. Our future growth will depend in part upon our ability to introduce new features and functionality for Media Composer, improve upon its price/performance, respond to competitive offerings, introduce and transition to new products, and adapt to new industry requirements and standards. Any delay or failure to develop these enhancements or to introduce other new products in this market could harm our business and reduce our operating results. At the same time, the introduction and transition to new products could have an impact on the market for our existing products, which could adversely affect our revenues and business.

The broadcast market is large, widely dispersed, and highly competitive, and we may not be successful in growing our customer base or predicting customer demand in this market.

We are currently building our presence in the broadcast market and have augmented our NewsCutter offering with the Avid Unity for News products, and with the server, newsroom, and browser products obtained in the Pluto and iNews acquisitions. The broadcast market is distinguished from our traditional Video business in that turn-key, fully integrated, complex "solutions" (including the configuration of unique workflows), rather than discrete point products, are frequently required by the customer. As a relatively new player in the broadcast market, we may encounter difficulties in establishing ourselves, creating compelling customer solutions, and developing a strong, loyal customer base. As the broadcast market converts from analog to digital, our strategy has been to build our broadcast solutions team in response to customer demand. To the extent that customer demand exceeds our expectations, we may encounter difficulties in the short run meeting our customers' needs. Meanwhile, our competitors may devote greater resources to the broadcast market than we do, or may be able to leverage their market presence more effectively. If we are unsuccessful in capturing a share of this digital broadcast market or in predicting customer demand, our business and revenues could be adversely affected.

We have a significant share of the professional audio market, and therefore growth in this market will depend in part on our ability to successfully introduce new products.

Currently, products of our Digidesign division have captured a significant portion of the professional audio market. Our future success will depend in part upon our ability to offer, on a timely and cost-effective basis, new audio products and enhancements of our existing audio products. The timely development of new or enhanced products is a complex and uncertain process, and we could experience design, manufacturing, marketing, or other difficulties that delay or prevent our development, introduction or marketing of new products or enhancements, which, in turn, could harm our business.

We are expanding our product line and offering solutions to new markets, and our future revenues depend in part on the success of this expansion.

Traditionally, we have been a point product company. Increasingly, we are providing end-to-end solutions for our customers. We are expanding our product line beyond our core video editing market to offer digital media production solutions to the broadcast news market (including cable and Internet news), the on-line film and video finishing market, and the emerging market for multimedia production tools (including the Internet and corporate markets). Because these markets are evolving, we must anticipate our customers' future needs and introduce compelling new products, gain market acceptance, and establish appropriate distribution channels, support, and maintenance. To the extent that our customers' needs are not as we anticipate, we may need to adjust our plans accordingly, which could cause delays, unexpected expenses, and reallocation of our resources, and which in turn could harm our business and reduce our operating results.

Competition in the 3D animation market has increased dramatically since our acquisition of Softimage.

The animation market has changed significantly from the time when we acquired our Softimage subsidiary in August 1998. While Softimage once dominated the higher end of the 3D market (i.e., feature films and other intensive graphics applications), competitors' products have eroded Softimage's market share and have contributed to downward price pressure, which has resulted in reduced margins. In addition, we have experienced delays in introducing new products in the 3D space. Finally, revenues in recent years have been increasingly derived from sales to the games industry and non-traditional markets. If these non-traditional markets were to slow or delay their purchases of 3D tools, our revenues could be adversely affected. To the extent that these factors continue or worsen, our business could suffer.

We use independent firms and contractors to perform some of our product development activities.

Independent firms and contractors, some of whom are located in other countries, perform some of our product development activities. We generally own the software developed by these contractors. The use of independent firms and contractors, especially those located abroad, could expose us to risks related to governmental regulation, intellectual property ownership and rights, exchange rate fluctuation, political instability and unrest, natural disasters, and other risks, which could adversely impact our revenues.

Our products are complex and delays or difficulties in introducing new products could harm our business.

Our future success will depend in part on our ability to offer products that compete favorably with our competitors' products in terms of reliability, performance, ease of use, range of features, product enhancements, reputation, price, and training. Delays or difficulties in product development and introduction may harm our business. Our products are internally complex and, despite extensive testing and quality control, may contain errors or defects.

Such errors or defects could cause us to issue corrective releases and could result in loss of revenues, increased product returns, lack of market acceptance, and damage to our reputation.

New product announcements by our competitors and by us could have the effect of reducing customer demand for our existing products. Some of our new products constitute upgrades of existing products. In the past, we have offered discounts on the price of such upgrades to existing customers, which, where appropriate, have been based upon the return of circuit boards and system keys. To the extent that such circuit boards and system keys are not returned, it can decrease the revenue generated by such new products. New product introductions require us to devote time and resources to training our sales channels in product features and target customers, with the temporary result that the sales channels have less time to devote to selling our products.

Qualifying and supporting our products on multiple computer platforms is time consuming and expensive.

Our software engineers devote significant time and effort to qualify and support our products on various computer platforms, including most notably, Microsoft's Windows and Apple's Macintosh platforms. Computer platform modifications and upgrades require additional time to be spent to ensure that our products will function properly. To the extent that the current configuration of the qualified and supported platforms change or that we need to qualify and support new platforms, we could be required to expend valuable engineering resources, which is likely to adversely affect our operating results.

Our operating results are dependent on several unpredictable factors.

The revenue and gross profit on our products depend on many factors. Such factors include:

- o mix of products sold;
- o the cost and the proportion of third-party hardware included in such products;
- o product distribution channels;
- o timing of new product introductions;
- o product offers and platform upgrades;
- o price discounts and sales promotion programs;
- o volume of sales of aftermarket hardware products;
- o costs of swapping or fixing products released to the market with defects;
- o provisions for inventory obsolescence;
- o allocations of manufacturing overhead and customer support costs to cost of goods;
- o sales of third-party computer hardware to distributors;
- o competitive pressure on product prices;
- o costs incurred in connection with "solution" sales which typically have longer selling and implementation cycles;
- o timing and delivery of "solutions" to customers; and
- o currency fluctuations.

Negative changes in any of these factors could reduce our revenue and gross profit.

Our operating costs are tied to projections of future revenues, which may differ from actual results.

Our operating expense levels are based, in part, on our expectations of future revenues. Such future revenues are difficult to predict. For example, the current worldwide economic slowdown has had an impact on our recent results, and if this slowdown persists, it may continue to lower our revenues. Additionally, a significant portion of our business occurs near the end of each quarter, which can impact our ability to precisely forecast revenues on a quarterly basis. Further, we are generally unable to reduce quarterly operating expense levels rapidly in the event that quarterly revenue levels fail to meet internal expectations. Therefore, if quarterly revenue levels fail to meet internal expectations upon which expense levels are based, our results of operations could be adversely affected.

The markets for our products are competitive, and we expect competition to intensify in the future.

The digital video, audio, and animation markets are competitive, with limited barriers to entry, and are characterized by pressure to reduce prices, incorporate new features, and accelerate the release of new products. Many of our current and potential competitors have substantially greater financial, technical, distribution, support, and marketing resources than we do. Such competitors may use these resources to lower their product costs, allowing them to reduce prices to levels at which we could not operate profitably. Further, such competitors may be able to develop products comparable or superior to ours, or adapt more quickly to new technologies or evolving customer requirements. If we are unable to compete effectively in our target markets, our business and results of operations could suffer.

Poor global macroeconomic conditions could disproportionately impact our industry.

As a result of unfavorable economic conditions and reduced capital spending, our customers in the media, broadcast and content-creation industries have delayed or reduced expenditures. The revenue growth and profitability of our business depends primarily on the overall demand for our products. Softening demand for our products resulting from ongoing economic uncertainty may result in decreased revenues or earnings levels or growth rates. If global economic conditions worsen, demand for our products may weaken, and our business and results of operations could suffer.

We depend on a number of sole source suppliers.

We are dependent on a number of specific suppliers for certain key components of our products. We purchase these sole source components pursuant to purchase orders placed from time to time. We generally do not carry significant inventories of these sole source components and have no guaranteed supply arrangements. If any of our sole source vendors failed to supply or enhance such components, it could imperil our supply of these components. Similarly, if any of our vendors encountered technical, operating or financial difficulties, it might threaten our supply of these components. While we believe that alternative sources of supply for sole source components could be developed, or our products redesigned to permit the use of alternative components, an interruption in our sources of supply could damage our business and negatively affect our operating results.

If we fail to maintain strong relationships with our resellers, distributors, and component suppliers, our ability to successfully deploy our products may be harmed.

We sell many of our products and services indirectly through resellers and distributors. These resellers and distributors typically purchase software and "kits" from us, and other turn-key components from other vendors, in order to produce complete systems for resale. Any disruption to our resellers and distributors, or their third-party suppliers, could reduce our revenues. Moreover, we are increasingly distributing our products directly, which could put us in competition with our resellers and distributors and could adversely affect our revenues.

If we become dependent on third-party hardware for our products, our operating results could be harmed.

Our gross profit margin varies from product to product depending primarily on the proportion and cost of third-party hardware included in each product. From time to time, we add functionality and features to our products. If we effect such additions through the use of more, or more costly, third-party hardware, and do not increase the price of such products to offset these increased costs, then our gross profit margin on these products could decrease.

Our future growth could be harmed if we lose the services of our key personnel.

Our success depends upon the services of a number of key current employees. The loss of the services of one or more of these key employees could harm our business. Our success also depends upon our ability to attract highly skilled new employees. Competition for such employees is intense in the industries and geographic areas in which we operate. If we are unable to compete successfully for such employees, our business could suffer.

Our websites could subject us to legal claims that could harm our business.

Certain of our websites provide interactive information and services to our customers. To the extent that materials may be posted on and/or downloaded from the websites and distributed to others, we may be subject to claims for defamation, negligence, copyright or trademark infringement, personal injury, or other theories of liability based on the nature, content, publication and distribution of such materials. In addition, although we have attempted to limit our exposure by contract, we may also be subject to claims for indemnification by end users in the event that the security of our websites is compromised. As these websites are available on a worldwide basis, the websites could potentially be subject to a wide variety of international laws.

Regulations could be enacted that restrict our Internet initiatives.

As a result of the increasing use and popularity of the Internet, federal, state, and local authorities may adopt new laws and regulations governing the Internet. These laws and regulations may cover issues such as privacy, distribution, and content. The enactment of any additional laws or regulations could impede the growth of the Internet, harm our Internet initiatives, and place additional financial burdens on our business.

We could incur substantial costs protecting our intellectual property or defending against a claim of infringement.

Our ability to compete successfully and achieve future revenue growth will depend, in part, on our ability to protect our proprietary technology and operate without infringing upon the rights of others. We rely upon a combination of patent, copyright, and trademark laws, trade secret, confidentiality procedures, and contractual provisions, as well as hardware security keys, to protect our proprietary technology. However, our means of protecting our proprietary rights may not be adequate. From time to time unauthorized persons have obtained, copied, and used information that we consider proprietary. Policing the unauthorized use of our proprietary technology is costly and time-consuming, and software piracy can be expected to be a persistent problem.

We occasionally receive communications suggesting that our products may infringe the intellectual property rights of others. It is our practice to investigate the factual basis of such communications and negotiate licenses where appropriate. While it may be necessary or desirable in the future to obtain licenses relating to one or more products or relating to current or future technologies, we may be unable to do so on commercially reasonable terms. If we are unable to protect our proprietary technology or unable to negotiate licenses for the use of others' intellectual property, our business could be impaired.

We are currently involved in various legal proceedings, including patent litigation. An adverse resolution of any such proceedings could harm our business and reduce our results of operations. See Note 7, "Commitments and Contingencies" in the Company's unaudited quarterly financial statements.

If we acquire other companies or businesses, we will be subject to risks that could hurt our business.

We periodically acquire businesses, form strategic alliances, or make debt or equity investments. The risks associated with such acquisitions, alliances, and investments include, among others, the difficulty of assimilating the operations and personnel of the target companies, the failure to realize anticipated return on investment, cost savings and synergies, and the diversion of management's time and attention. Such acquisitions, alliances, and investments often involve significant transaction-related costs and could cause short-term disruption to normal operations. If we are unable to overcome or counter these risks, it could undermine our business and lower our operating results.

Our operating results could be harmed by currency fluctuations.

A significant portion of our business is conducted in currencies other than the U.S. dollar. Accordingly, changes in the value of major foreign currencies (including the euro, the British pound, and the Japanese yen) relative to the value of the U.S. dollar could lower future revenues and operating results.

Our stock price may continue to be volatile.

The market price of our common stock has been volatile in the recent past and could fluctuate substantially in the future based upon a number of factors, some of which are beyond our control. These factors include:

- o changes in our quarterly operating results;
- o shortfalls in revenues or earnings compared to securities analysts' expectations;
- o changes in analysts' recommendations or projections;
- o fluctuations in investors' perceptions of us or our competitors;
- o shifts in the markets for our products;
- o development and marketing of products by our competitors;
- o changes in our relationships with suppliers, distributors, resellers, system integrators, or customers; and
- o continuing effects of the worldwide economic downturn.

Further, the stock market has witnessed unusual volatility with respect to the price of equity securities of high technology companies generally, and this volatility has, at times, appeared to be unrelated to any of the factors above.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Market Risk

The Company's primary exposures to market risk are the effect of volatility in currencies on asset and liability positions of our international subsidiaries that are denominated in foreign currencies, and the effect of fluctuations in interest rates earned on our cash equivalents and marketable securities.

Foreign Currency Exchange Risk

The Company derives approximately 50% of its revenues from customers outside the United States. This business is, for the most part, transacted through international subsidiaries and generally in the currency of the end-user customers. This circumstance exposes the Company to risks associated with changes in foreign currency that can impact revenues, net income (loss) and cash flow. The Company enters into foreign currency forward-exchange contracts to hedge the foreign exchange exposure of certain forecasted receivables, payables and cash balances of its foreign subsidiaries. Gains and losses associated with currency rate changes on the contracts are recorded in results of operations, offsetting gains and losses on the related assets and liabilities. The success of this hedging program depends on forecasts of transaction activity in the various currencies. To the extent that these forecasts are over- or understated during the periods of currency volatility, the Company could experience unanticipated currency gains or losses.

At September 30, 2002, the Company had \$32.1 million of forward-exchange contracts outstanding, denominated in euros, Japanese yen, Singapore dollars, Canadian dollars and British pounds, as a hedge against forecasted foreign currency-denominated receivables, payables and cash balances. Net gains of \$0.2 million resulting from forward-exchange contracts were included in the results of operations in the third quarter of 2002, which partially offset net transaction and translation losses on the related assets and liabilities for the same period of \$0.5 million. For the nine-month period ended September 30, 2002, net losses of \$2.8 million resulting from forward-exchange contracts were included in the results of operations and were more than offset by net transaction and translation gains on the related asset and liabilities for the same period of \$3.3 million. A hypothetical 10% change in foreign currency rates would not have a material impact on the Company's results of operations, assuming the above-mentioned forecast of foreign currency exposure is accurate, because the impact on the forward contracts as a result of a 10% change would at least partially offset the impact on the asset and liability positions of the Company's foreign subsidiaries.

Interest Rate Risk

At September 30, 2002, the Company held \$78.2 million in cash, cash equivalents and marketable securities, including short-term government and government agency obligations. Marketable securities are classified as "available for sale" and are recorded on the balance sheet at market value, with any unrealized gain or loss recorded in accumulated other comprehensive income (loss). A hypothetical 10% increase or decrease in interest rates would not have a material impact on the fair market value of these instruments due to their short maturity.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Controls and Procedures. We maintain disclosure controls and procedures designed to ensure that material information related to Avid, including our consolidated subsidiaries, is made known to management on a regular basis. In response to recent legislation and proposed regulations, we reviewed our internal controls structure and our disclosure controls and procedures. We believe our existing controls and procedures are adequate to enable us to comply with our disclosure obligations. We also established a disclosure committee, which consists of members of the Company's senior management, as well as financial and legal professionals.

Changes in Controls and Procedures. There were no significant changes in the Company's internal controls or in other factors that could significantly affect these internal controls after the date of our most recent evaluation.

PART II. OTHER INFORMATION
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) EXHIBITS.
The exhibits listed in the accompanying index to exhibits are filed as part of this Quarterly Report on Form 10-Q.
- (b) REPORTS ON FORM 8-K. For the fiscal quarter ended September 30, 2002, 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: November 13, 2002 By: /s/ Paul J. Milbury

Paul J. Milbury
Chief Financial Officer
(Principal Financial Officer)

Date: November 13, 2002 By: /s/ Carol L. Reid

Carol L. Reid
Vice President and Corporate Controller
(Principal Accounting Officer)

CERTIFICATION

I, David A. Krall, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Avid Technology, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrants' other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined for purposes of Rule 13a-14 under the Securities Exchange Act of 1934, as amended) for the registrant and we have:

- a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report was prepared;
- b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
- c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on the required evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and to the audit committee of the registrant's board of directors (or persons performing the equivalent function):

- a) all significant deficiencies in the design or operation of internal controls that could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 13, 2002

/s/ David A. Krall

David A. Krall
President and Chief Executive Officer
(principal executive officer)

CERTIFICATION

I, Paul J. Milbury, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Avid Technology, Inc. (the "Company");

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrants' other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined for purposes of Rule 13a-14 under the Securities Exchange Act of 1934, as amended) for the registrant and we have:

- a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report was prepared;
- b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
- c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on the required evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and to the audit committee of the registrant's board of directors (or persons performing the equivalent function):

- a) all significant deficiencies in the design or operation of internal controls that could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 13, 2002

/s/ Paul J. Milbury

Paul J. Milbury
Vice President and Chief Financial Officer
(principal financial officer)

EXHIBIT INDEX

Exhibit No.	Description
10.1	Executive Employment Agreement by and between the Company and David A. Krall, dated as of July 24, 2002.
10.2	Executive Employment Agreement by and between the Company and Joseph Bentivegna, dated as of July 24, 2002.
10.3	Executive Employment Agreement by and between the Company and Ethan E. Jacks, dated as of July 24, 2002.
10.4	Executive Employment Agreement by and between the Company and David Lebolt, dated as of July 24, 2002.
10.5	Executive Employment Agreement by and between the Company and Paul Milbury, dated as of July 24, 2002.
10.6	Executive Employment Agreement by and between the Company and Michael Rockwell, dated as of July 24, 2002.
10.7	Executive Employment Agreement by and between the Company and Ann C. Smith, dated as of July 24, 2002.
10.8	Executive Employment Agreement by and between the Company and Charles L. Smith, dated as of July 24, 2002.
10.9	Change-in-Control Agreement by and between the Company and David A. Krall, dated as of July 24, 2002.
10.10	Change-in-Control Agreement by and between the Company and Joseph Bentivegna, dated as of July 24, 2002.
10.11	Change-in-Control Agreement by and between the Company and Ethan E. Jacks, dated as of July 24, 2002.
10.12	Change-in-Control Agreement by and between the Company and David Lebolt, dated as of July 24, 2002.
10.13	Change-in-Control Agreement by and between the Company and Paul Milbury, dated as of July 24, 2002.
10.14	Change-in-Control Agreement by and between the Company and Michael Rockwell, dated as of July 24, 2002.

- 10.15 Change-in-Control Agreement by and between the Company and Ann C. Smith, dated as of July 24, 2002.
- 10.16 Change-in-Control Agreement by and between the Company and Charles L. Smith, dated as of July 24, 2002.
- 99.1 Statement Pursuant to 18 U.S.C.ss.1350, dated as of November 13, 2002

EXECUTIVE EMPLOYMENT AGREEMENT

AVID TECHNOLOGY, INC.

This Employment Agreement ("Agreement") is entered into as of July 24, 2002 (the "Effective Date") between Avid Technology, Inc., a Delaware corporation with its principal executive offices at Avid Technology Park, Tewksbury, Massachusetts (the "Company"), and David A. Krall ("Executive") of 31 Avery Lane, Andover, Massachusetts 01810.

Article 1. Services

1.1. Service. During the Term (as defined below), the Company shall retain the services of Executive to serve as an executive of the Company and the Executive shall devote his time and render services to the Company upon the terms and conditions set forth below.

1.2. Duties. During the Term, Executive agrees to perform such executive duties consistent with his position as may be assigned to him from time to time by the Chief Executive Officer or the Board of Directors and to devote his full working time and attention to such duties.

1.3. No Conflicting Commitments. During the Term, Executive will not undertake any commitments, engage or have an interest in any outside business activities or enter into any consulting agreements which, in the opinion of the Company, conflict with the Company's interests or which might impair the performance of Executive's duties as a full time employee of the Company.

Article 2. Term

2.1. Term. Subject to earlier termination pursuant to the provisions of this Agreement, the term of this Agreement (the "Term") shall commence on the Effective Date and shall continue until terminated by either the Company or the Executive upon at least 12 months' written notice to the other, provided such notice may not be given by the Company prior to 24 months after the Effective Date. Unless the services of the Executive have terminated prior to or upon the end of the Term in accordance with the provisions of this Agreement, from and after the end of the Term, the Executive shall be an employee-at-will.

Article 3. Payments

3.1. Base Compensation. The Company shall pay to Executive a base salary (the "Base Salary") of \$420,000 per annum, payable in regular installments in accordance with the Company's usual payment practices. The Base Salary shall be reviewed by the Board of Director's Compensation Committee during the term of this Agreement and adjusted accordingly at the discretion of the Compensation Committee.

3.2. Incentive Payments. During the time Executive is an employee of the Company he shall be entitled to participate, at the sole discretion of the Board of Directors, in any cash incentive payment or bonus plan established by the Company for its executive officers, as such plan is amended from time to time.

3.3. Fringe Benefits. During the time Executive is an employee hereunder, in addition to Executive's Base Salary and incentive payments or bonuses, if any, the Company shall provide Executive and his dependents medical insurance and such other benefits as are generally made available by the Company to its full-time executive employees, as amended from time to time.

3.4. Participation in Equity Incentive Plans. Executive shall be entitled to participate in the Company's stock option plans during the Term to the extent and in the manner determined by the Company's Board of Directors in its absolute discretion.

Article 4. Termination

4.1. Termination. Executive's employment hereunder shall terminate immediately upon the occurrence of any of the following events:

4.1.1. Executive's death;

4.1.2. Executive's Disability (as defined below);

4.1.3. The termination of Executive's services hereunder by the Company for Cause (as defined below), to be effective immediately upon delivery of notice thereof;

4.1.4. The termination of Executive's services hereunder by the Company, without Cause and not as a result of Executive's death or Disability, to be effective immediately upon delivery of notice thereof; or

4.1.5. The termination of Executive's services hereunder by Executive without Good Reason (as defined below) to be effective thirty (30) days after Executive delivers prior written notice thereof from Executive to the Company.

4.1.6. The termination of Executive's services hereunder by Executive with Good Reason (as defined below), to be effective thirty (30) days after Executive delivers prior written notice thereof from Executive to the Company.

"Cause" shall mean (i) Executive's material failure to perform (other than by reason of death or Disability) his duties and responsibilities as assigned by the Chief Executive Officer or Board in accordance with Section 1.2 above, which is not remedied after thirty (30) days' written notice from the Company (if such failure is susceptible to cure), (ii) a breach of any of the provisions of this Agreement or the invention and non-disclosure agreement between the Executive and the Company, which is not cured after ten (10) days' written notice from the Company (if such breach is susceptible to cure), (iii) a serious and material violation of Company policy (for purposes of this clause any violation of the Company's Conflict of Interest policy shall be deemed serious and material), which is not cured after ten (10) days' written notice from the Company (if such breach is susceptible to cure), (iv) fraud, embezzlement or other material dishonesty with respect to the Company, or (v) commission of a felony or any other crime involving fraud, dishonesty or moral turpitude. Notwithstanding the foregoing, "Cause" shall not include any failure to achieve results as a result of factors or events beyond the reasonable control of the Executive.

"Disability" shall mean the Executive's absence from the full-time performance of his duties with the Company for 9 months as a result of incapacity due to mental or physical illness, as a result of which the Executive is deemed "disabled" by the institution appointed by the Company to administer its long-term disability plan (or any successor plan).

"Good Reason" shall mean (i) a material reduction in the nature of Executive's duties or the scope of Executive's responsibility from those in effect on the date of this Agreement, without Executive's express written consent; (ii) a reduction in Executive's Base Salary as in effect on the date hereof or as the same may be increased from time to time, without Executive's express written consent, other than a reduction which is part of an across-the-board proportionate reduction in the salaries of all senior executives of the Company imposed because the Company is experiencing financial hardship (provided such reduction is not more than 20% and does not continue for more than 12 months); (iii) the Company's requiring Executive to be based anywhere other than within fifty (50) miles of Employee's office location as in effect on the date hereof, without Executive's express written consent; and (iv) any material breach of this Agreement by the Company; provided, however, that a termination for Good Reason by Executive can only occur only (i) if Executive has given the Company a notice of intent to terminate for Good Reason at least ten (10) days before giving the termination notice described in Section 4.1.6 above and the Company has not cured the cause for Good Reason within that ten (10) day period, and (ii) such notice is given within 90 days after the occurrence of the event giving rise to Good Reason.

4.2. Adjustments Upon Termination.

4.2.1. If Executive's services to the Company terminate pursuant to Sections 4.1.1 or 4.1.2 hereof, (a) the Company shall continue to make payments to Executive or Executive's heirs, successors or legal representatives, as the case may be, in accordance with Section 3.1 hereof until twelve (12) months after the date of such death or Disability (less the amount of any payments made to the Executive under any long-term disability plan of the Company) and (b) 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, any stock options or restricted stock awards held by Executive as of the date of death or Disability shall become exercisable or vested, as the case may be, as to an additional number of shares equal to the number that would have been exercisable or vested as of the end of the 12 month period immediately following the date of death or Disability. The Company shall have no other liability or obligation under this Agreement to Executive's executors, legal representatives, administrators, heirs or assigns or any other person claiming under or through Executive.

4.2.2. If Executive's services to the Company terminate pursuant to Section 4.1.3 or 4.1.5 hereof, (a) all payments and benefits provided to Executive under this Agreement shall cease as of the effective date of such termination, except that Executive shall be entitled to any amounts earned, accrued or owing but not yet paid under Section 3.1 above and any benefits due in accordance with the terms of any applicable benefits plans and programs of the Company and (b) all vesting of all stock options then held by the Executive shall immediately cease as of the date of such termination.

4.2.3. If Executive's services to the Company terminate pursuant to Section 4.1.4 or 4.1.6 hereof, (a) the Company shall continue to make payments to Executive in accordance with Section 3.1 hereof (i) until twelve (12) months after the effective date of such termination (the "Severance Pay Period") and (ii) during the months from thirteen (13) to twenty-four (24) months after the Effective Date of such termination, to the extent (but only to the extent) the Executive's monthly Base Salary at the time of termination exceeds Executive's monthly compensation from his new employer, (b) the Company shall pay Executive incentive compensation for the year in which the Termination occurred, in the amount of Executive's target award multiplied by the applicable actual plan payout factor and pro rated by the number of months Executive is employed by the Company during the year of Termination; the bonus will be paid in a lump sum on or about the date on which the Company pays bonuses to senior executives who remain employed with the Company, (c) the Company shall continue to provide Executive with benefits in accordance with Section 3.3 hereof throughout the Severance Pay Period, (d) the Company shall provide Executive with outplacement benefits in accordance with the Company's then-current executive outplacement program, and (e) 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, any stock options or restricted stock awards held by Executive as of the Date of Termination shall become exercisable or vested, as the case may be, as to an additional number of shares equal to the number that would have been exercisable or vested as of the end of the 12 month period immediately following the Date of Termination; provided, however, that in order to be eligible to receive any of the salary or benefits under this Section 4.2.3, Executive shall be required to sign a general release of claims against the Company, excluding any claims concerning the Company's obligations under this Agreement. Nothing in this Agreement shall be construed to extend the time period within which any option may be exercised beyond the period specified in the applicable stock plan or under the terms of any grant, award agreement or form for exercising any right under any such plan. No other payments or benefits shall be due under this Agreement to Executive, but Executive shall be entitled to any benefits accrued or earned in accordance with the terms of any applicable benefit plans and programs of the Company.

Article 5. Non-Competition and Non-Solicitation

5.1. Non-Competition and Non-Solicitation. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company and accordingly agrees that during the Term and for a period of one (1) year after the effective date of termination of Executive's employment hereunder:

5.1.1. Executive will not engage in any activity which is competitive with any business which is now, or is at any time during Executive's employment with the Company, conducted by the Company, including without limitation becoming an employee, investor (except for passive investments of not more than one percent (1%) of the outstanding shares of, or any other equity interest in,

a company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), officer, agent, partner or director of, or other participant in, any firm, person or other entity in any geographic area that 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, special effects, 3D or newsroom automation systems or products or other business in which the Company is engaged or plans to engage at the time of Executive's termination. Without limiting the foregoing, the parties agree that the following businesses are, as of the date of this Agreement, competitive with the Company: Adobe, Apple, Autodesk/Discreet Logic, Euphonics, Fairlight, Mackie, Media 100, MOTU, Newtek, Pinnacle Systems, Quantel, SGI/Alias Wavefront, Sony, Steinberg, Thomson/The Grass Valley Group, and all subsidiaries and affiliates of the foregoing companies.

5.1.2. Executive will not directly or indirectly assist others in engaging in any of the activities in which Executive is prohibited to engage by Section 5.1.1 above.

5.1.3. Executive will not directly or indirectly (a) induce any employee of the Company to engage in any activity in which Executive is prohibited from engaging by Section 5.1.1 above or to terminate his or her employment with the Company, or (b) employ or offer employment to any person who was employed by the Company unless such person shall have ceased to be employed by the Company for a period of at least one (1) year.

5.2. Reasonableness of Restrictions. It is expressly understood and agreed that (a) although Executive and the Company consider the restrictions contained in this Article 5 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Article 5 is unenforceable, such restriction shall not be rendered void but shall be deemed to be enforceable to such maximum extent as such court may judicially determine or indicate to be enforceable and (b) if any restriction contained in this Agreement is determined to be unenforceable and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

5.3. Remedies for Breach. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of this Section 5 would be inadequate and, in recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining orders, temporary or permanent injunctions or any other equitable remedy which may then be available. Notwithstanding any provision of this Agreement to the contrary, upon the occurrence of any breach of Section 5.1, if Executive is employed by the Company, the Company may immediately terminate the employment of Executive for Cause in accordance with Section 4.1.3, and, whether or not Executive is employed by the Company, the Company shall immediately cease to have any obligations to make payments to Executive under this Agreement.

5.4. Survivorship. Notwithstanding the termination of this Agreement or Executive's services hereunder for any reason, this Article 5 shall survive any such termination.

Article 6. Miscellaneous

6.1. Obligation of Successors. Subject to Section 6.4, any successor to substantially all of the Company's assets and business, and any successor to substantially all of the assets of the division of the Company in which Executive is employed, whether by merger, consolidation, purchase of assets or otherwise, shall succeed to the rights and obligations of the Company hereunder.

6.2. Notice. All notices required or permitted hereunder shall be in writing and deemed effectively given (i) when delivered in person, (ii) on the third business day after mailing by registered or certified mail, postage prepaid, (iii) on the next business day after delivery to an air courier for next day delivery, paid by the sender, or (iv) when sent by telecopy or facsimile transmission during normal business hours (9:00 a.m. to 5:00 p.m.) where the recipient is located (or if sent after such hours, as of commencement of the next business day), followed within twenty-four hours by notification pursuant to any of the foregoing methods of delivery, in all cases addressed to the other party hereto as follows:

(a) If to the Company:

Avid Technology, Inc.
Avid Technology Park
One Park West
Tewksbury, MA 01876
Attention: Vice President, Human Resources
Facsimile: (978) 640-0065

(b) If to Executive:

David A. Krall
31 Avery Lane
Andover, MA 01810

or at such other address or addresses as either party shall designate to the other in accordance with this Section 6.2.

6.3. Survivorship. The respective rights and obligations of the parties under this Agreement shall survive any termination of Executive's employment to the extent necessary to the intended preservation of such rights and obligations.

6.4. Complete Agreement; Amendments. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all prior agreements between the parties with respect to the subject matter hereof, except for the Change in Control Agreement between Executive and the Company dated July 24, 2002, as it may be amended from time to time (the "Change in Control Agreement"). This Agreement shall terminate upon the occurrence of a Change in Control (as defined in the Change in Control Agreement) during the term of the Change in Control Agreement. It may not be modified or amended except upon written amendment approved by the Company's Chief Executive Officer and executed by a duly authorized officer of the Company and by Executive.

6.5. Applicable Law. This Agreement shall be interpreted in accordance with the laws of the Commonwealth of Massachusetts and the parties hereby submit to the jurisdiction of the courts of that state.

6.6. Severability. If any one or more of the provisions of this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, it shall not affect any other term or provision of this Agreement. If any provision in this Agreement shall be held to be excessively broad, it shall be construed by limiting it so as to be enforceable to the extent compatible with applicable law.

6.7. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, assigns and personal representatives, except that the duties, responsibilities and rights of Executive under this Agreement are of a personal nature and shall not be assignable or delegatable in whole or in part by Executive, except to the extent that the rights of Executive hereunder may be enforceable by his heirs, executors, administrators or legal representatives.

6.8. Captions. Captions of sections have been added only for convenience and shall not be deemed to be a part of this Agreement.

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Agreement as of the date first above written.

Avid Technology, Inc.

By: /s/ Paul J. Milbury

Paul J. Milbury
Chief Financial Officer

/s/ David A. Krall

David A. Krall, individually

EXECUTIVE EMPLOYMENT AGREEMENT

AVID TECHNOLOGY, INC.

This Employment Agreement ("Agreement") is entered into as of July 24, 2002 (the "Effective Date") between Avid Technology, Inc., a Delaware corporation with its principal executive offices at Avid Technology Park, Tewksbury, Massachusetts (the "Company"), and Joseph Bentivegna ("Executive") of 1 Whistler Lane, Southborough, Massachusetts 01772.

Article 1. Services

1.1. Service. During the Term (as defined below), the Company shall retain the services of Executive to serve as an executive of the Company and the Executive shall devote his time and render services to the Company upon the terms and conditions set forth below.

1.2. Duties. During the Term, Executive agrees to perform such executive duties consistent with his position as may be assigned to him from time to time by the Chief Executive Officer or the Board of Directors and to devote his full working time and attention to such duties.

1.3. No Conflicting Commitments. During the Term, Executive will not undertake any commitments, engage or have an interest in any outside business activities or enter into any consulting agreements which, in the opinion of the Company, conflict with the Company's interests or which might impair the performance of Executive's duties as a full time employee of the Company.

Article 2. Term

2.1. Term. Subject to earlier termination pursuant to the provisions of this Agreement, the term of this Agreement (the "Term") shall commence on the Effective Date and shall continue until terminated by either the Company or the Executive upon at least 12 months' written notice to the other, provided such notice may not be given by the Company prior to 24 months after the Effective Date. Unless the services of the Executive have terminated prior to or upon the end of the Term in accordance with the provisions of this Agreement, from and after the end of the Term, the Executive shall be an employee-at-will.

Article 3. Payments

3.1. Base Compensation. The Company shall pay to Executive a base salary (the "Base Salary") of \$280,000 per annum, payable in regular installments in accordance with the Company's usual payment practices. The Base Salary shall be reviewed by the Board of Director's Compensation Committee during the term of this Agreement and adjusted accordingly at the discretion of the Compensation Committee.

3.2. Incentive Payments. During the time Executive is an employee of the Company he shall be entitled to participate, at the sole discretion of the Board of Directors, in any cash incentive payment or bonus plan established by the Company for its executive officers, as such plan is amended from time to time.

3.3. Fringe Benefits. During the time Executive is an employee hereunder, in addition to Executive's Base Salary and incentive payments or bonuses, if any, the Company shall provide Executive and his dependents medical insurance and such other benefits as are generally made available by the Company to its full-time executive employees, as amended from time to time.

3.4. Participation in Equity Incentive Plans. Executive shall be entitled to participate in the Company's stock option plans during the Term to the extent and in the manner determined by the Company's Board of Directors in its absolute discretion.

Article 4. Termination

4.1. Termination. Executive's employment hereunder shall terminate immediately upon the occurrence of any of the following events:

4.1.1. Executive's death;

4.1.2. Executive's Disability (as defined below);

4.1.3. The termination of Executive's services hereunder by the Company for Cause (as defined below), to be effective immediately upon delivery of notice thereof;

4.1.4. The termination of Executive's services hereunder by the Company, without Cause and not as a result of Executive's death or Disability, to be effective immediately upon delivery of notice thereof; or

4.1.5. The termination of Executive's services hereunder by Executive without Good Reason (as defined below) to be effective thirty (30) days after Executive delivers prior written notice thereof from Executive to the Company.

4.1.6. The termination of Executive's services hereunder by Executive with Good Reason (as defined below), to be effective thirty (30) days after Executive delivers prior written notice thereof from Executive to the Company.

"Cause" shall mean (i) Executive's material failure to perform (other than by reason of death or Disability) his duties and responsibilities as assigned by the Chief Executive Officer or Board in accordance with Section 1.2 above, which is not remedied after thirty (30) days' written notice from the Company (if such failure is susceptible to cure), (ii) a breach of any of the provisions of this Agreement or the invention and non-disclosure agreement between the Executive and the Company, which is not cured after ten (10) days' written notice from the Company (if such breach is susceptible to cure), (iii) a serious and material violation of Company policy (for purposes of this clause any violation of the Company's Conflict of Interest policy shall be deemed serious and material), which is not cured after ten (10) days' written notice from the Company (if such breach is susceptible to cure), (iv) fraud, embezzlement or other material dishonesty with respect to the Company, or (v) commission of a felony or any other crime involving fraud, dishonesty or moral turpitude. Notwithstanding the foregoing, "Cause" shall not include any failure to achieve results as a result of factors or events beyond the reasonable control of the Executive.

"Disability" shall mean the Executive's absence from the full-time performance of his duties with the Company for 9 months as a result of incapacity due to mental or physical illness, as a result of which the Executive is deemed "disabled" by the institution appointed by the Company to administer its long-term disability plan (or any successor plan).

"Good Reason" shall mean (i) a material reduction in the nature of Executive's duties or the scope of Executive's responsibility from those in effect on the date of this Agreement, without Executive's express written consent; (ii) a reduction in Executive's Base Salary as in effect on the date hereof or as the same may be increased from time to time, without Executive's express written consent, other than a reduction which is part of an across-the-board proportionate reduction in the salaries of all senior executives of the Company imposed because the Company is experiencing financial hardship (provided such reduction is not more than 20% and does not continue for more than 12 months); (iii) the Company's requiring Executive to be based anywhere other than within fifty (50) miles of Employee's office location as in effect on the date hereof, without Executive's express written consent; and (iv) any material breach of this Agreement by the Company; provided, however, that a termination for Good Reason by Executive can only occur only (i) if Executive has given the Company a notice of intent to terminate for Good Reason at least ten (10) days before giving the termination notice described in Section 4.1.6 above and the Company has not cured the cause for Good Reason within that ten (10) day period, and (ii) such notice is given within 90 days after the occurrence of the event giving rise to Good Reason.

4.2. Adjustments Upon Termination.

4.2.1. If Executive's services to the Company terminate pursuant to Sections 4.1.1 or 4.1.2 hereof, (a) the Company shall continue to make payments to Executive or Executive's heirs, successors or legal representatives, as the case may be, in accordance with Section 3.1 hereof until twelve (12) months after the date of such death or Disability (less the amount of any payments made to the Executive under any long-term disability plan of the Company) and (b) 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, any stock options or restricted stock awards held by Executive as of the date of death or Disability shall become exercisable or vested, as the case may be, as to an additional number of shares equal to the number that would have been exercisable or vested as of the end of the 12 month period immediately following the date of death or Disability. The Company shall have no other liability or obligation under this Agreement to Executive's executors, legal representatives, administrators, heirs or assigns or any other person claiming under or through Executive.

4.2.2. If Executive's services to the Company terminate pursuant to Section 4.1.3 or 4.1.5 hereof, (a) all payments and benefits provided to Executive under this Agreement shall cease as of the effective date of such termination, except that Executive shall be entitled to any amounts earned, accrued or owing but not yet paid under Section 3.1 above and any benefits due in accordance with the terms of any applicable benefits plans and programs of the Company and (b) all vesting of all stock options then held by the Executive shall immediately cease as of the date of such termination.

4.2.3. If Executive's services to the Company terminate pursuant to Section 4.1.4 or 4.1.6 hereof, (a) the Company shall continue to make payments to Executive in accordance with Section 3.1 hereof until twelve (12) months after the effective date of such termination (the "Severance Pay Period"), (b) the Company shall pay Executive incentive compensation for the year in which the Termination occurred, in the amount of Executive's target award multiplied by the applicable actual plan payout factor and pro rated by the number of months Executive is employed by the Company during the year of Termination; the bonus will be paid in a lump sum on or about the date on which the Company pays bonuses to senior executives who remain employed with the Company, (c) the Company shall continue to provide Executive with benefits in accordance with Section 3.3 hereof throughout the Severance Pay Period, (d) the Company shall provide Executive with outplacement benefits in accordance with the Company's then-current executive outplacement program, and (e) 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, any stock options or restricted stock awards held by Executive as of the Date of Termination shall become exercisable or vested, as the case may be, as to an additional number of shares equal to the number that would have been exercisable or vested as of the end of the 12 month period immediately following the Date of Termination; provided, however, that in order to be eligible to receive any of the salary or benefits under this Section 4.2.3, Executive shall be required to sign a general release of claims against the Company, excluding any claims concerning the Company's obligations under this Agreement. Nothing in this Agreement shall be construed to extend the time period within which any option may be exercised beyond the period specified in the applicable stock plan or under the terms of any grant, award agreement or form for exercising any right under any such plan. No other payments or benefits shall be due under this Agreement to Executive, but Executive shall be entitled to any benefits accrued or earned in accordance with the terms of any applicable benefit plans and programs of the Company.

Article 5. Non-Competition and Non-Solicitation

5.1. Non-Competition and Non-Solicitation. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company and accordingly agrees that during the Term and for a period of one (1) year after the effective date of termination of Executive's employment hereunder:

5.1.1. Executive will not engage in any activity which is competitive with any business which is now, or is at any time during Executive's employment with the Company, conducted by the Company, including without limitation becoming an employee, investor (except for passive investments of not more than one percent (1%) of the outstanding shares of, or any other equity interest in, a company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), officer, agent, partner or director of, or other participant in, any firm, person or other entity in any geographic area that 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, special effects, 3D or newsroom automation systems or products or other business in which the Company is engaged or plans to engage at the time of Executive's termination. Without limiting the foregoing, the parties agree that the following businesses are, as of the date of this Agreement, competitive with the Company: Adobe, Apple, Autodesk/Discreet Logic, Euphonics, Fairlight, Mackie, Media 100, MOTU, Newtek, Pinnacle Systems, Quantel, SGI/Alias Wavefront, Sony, Steinberg, Thomson/The Grass Valley Group, and all subsidiaries and affiliates of the foregoing companies.

5.1.2. Executive will not directly or indirectly assist others in engaging in any of the activities in which Executive is prohibited to engage by Section 5.1.1 above.

5.1.3. Executive will not directly or indirectly (a) induce any employee of the Company to engage in any activity in which Executive is prohibited from engaging by Section 5.1.1 above or to terminate his or her employment with the Company, or (b) employ or offer employment to any person who was employed by the Company unless such person shall have ceased to be employed by the Company for a period of at least one (1) year.

5.2. Reasonableness of Restrictions. It is expressly understood and agreed that (a) although Executive and the Company consider the restrictions contained in this Article 5 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Article 5 is unenforceable, such restriction shall not be rendered void but shall be deemed to be enforceable to such maximum extent as such court may judicially determine or indicate to be enforceable and (b) if any restriction contained in this Agreement is determined to be unenforceable and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

5.3. Remedies for Breach. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of this Section 5 would be inadequate and, in recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining orders, temporary or permanent injunctions or any other equitable remedy which may then be available. Notwithstanding any provision of this Agreement to the contrary, upon the occurrence of any breach of Section 5.1, if Executive is employed by the Company, the Company may immediately terminate the employment of Executive for Cause in accordance with Section 4.1.3, and, whether or not Executive is employed by the Company, the Company shall immediately cease to have any obligations to make payments to Executive under this Agreement.

5.4. Survivorship. Notwithstanding the termination of this Agreement or Executive's services hereunder for any reason, this Article 5 shall survive any such termination.

Article 6. Miscellaneous

6.1. Obligation of Successors. Subject to Section 6.4, any successor to substantially all of the Company's assets and business, and any successor to substantially all of the assets of the division of the Company in which Executive is employed, whether by merger, consolidation, purchase of assets or otherwise, shall succeed to the rights and obligations of the Company hereunder.

6.2. Notice. All notices required or permitted hereunder shall be in writing and deemed effectively given (i) when delivered in person, (ii) on the third business day after mailing by registered or certified mail, postage prepaid, (iii) on the next business day after delivery to an air courier for next day delivery, paid by the sender, or (iv) when sent by telecopy or facsimile transmission during normal business hours (9:00 a.m. to 5:00 p.m.) where the recipient is located (or if sent after such hours, as of commencement of the next business day), followed within twenty-four hours by notification pursuant to any of the foregoing methods of delivery, in all cases addressed to the other party hereto as follows:

(a) If to the Company:

Avid Technology, Inc.
Avid Technology Park
One Park West
Tewksbury, MA 01876
Attention: Vice President, Human Resources
Facsimile: (978) 640-0065

(b) If to Executive:

Joseph Bentivegna
1 Whistler Lane
Southborough, MA 01772

or at such other address or addresses as either party shall designate to the other in accordance with this Section 6.2.

6.3. Survivorship. The respective rights and obligations of the parties under this Agreement shall survive any termination of Executive's employment to the extent necessary to the intended preservation of such rights and obligations.

6.4. Complete Agreement; Amendments. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all prior agreements between the parties with respect to the subject matter hereof, except for the Change in Control Agreement between Executive and the Company dated July 24, 2002, as it may be amended from time to time (the "Change in Control Agreement"). This Agreement shall terminate upon the occurrence of a Change in Control (as defined in the Change in Control Agreement) during the term of the Change in Control Agreement. It may not be modified or amended except upon written amendment approved by the Company's Chief Executive Officer and executed by a duly authorized officer of the Company and by Executive.

6.5. Applicable Law. This Agreement shall be interpreted in accordance with the laws of the Commonwealth of Massachusetts and the parties hereby submit to the jurisdiction of the courts of that state.

6.6. Severability. If any one or more of the provisions of this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, it shall not affect any other term or provision of this Agreement. If any provision in this Agreement shall be held to be excessively broad, it shall be construed by limiting it so as to be enforceable to the extent compatible with applicable law.

6.7. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, assigns and personal representatives, except that the duties, responsibilities and rights of Executive under this Agreement are of a personal nature and shall not be assignable or delegatable in whole or in part by Executive, except to the extent that the rights of Executive hereunder may be enforceable by his heirs, executors, administrators or legal representatives.

6.8. Captions. Captions of sections have been added only for convenience and shall not be deemed to be a part of this Agreement.

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Agreement as of the date first above written.

Avid Technology, Inc.

By: /s/ David A. Krall

David A. Krall
Chief Executive Officer

/s/ Joseph Bentivegna

Joseph Bentivegna, individually

EXECUTIVE EMPLOYMENT AGREEMENT

AVID TECHNOLOGY, INC.

This Employment Agreement ("Agreement") is entered into as of July 24, 2002 (the "Effective Date") between Avid Technology, Inc., a Delaware corporation with its principal executive offices at Avid Technology Park, Tewksbury, Massachusetts (the "Company"), and Ethan E. Jacks ("Executive") of 86 Concord Road, Weston, Massachusetts 02493.

Article 1. Services

1.1. Service. During the Term (as defined below), the Company shall retain the services of Executive to serve as an executive of the Company and the Executive shall devote his time and render services to the Company upon the terms and conditions set forth below.

1.2. Duties. During the Term, Executive agrees to perform such executive duties consistent with his position as may be assigned to him from time to time by the Chief Executive Officer or the Board of Directors and to devote his full working time and attention to such duties.

1.3. No Conflicting Commitments. During the Term, Executive will not undertake any commitments, engage or have an interest in any outside business activities or enter into any consulting agreements which, in the opinion of the Company, conflict with the Company's interests or which might impair the performance of Executive's duties as a full time employee of the Company.

Article 2. Term

2.1. Term. Subject to earlier termination pursuant to the provisions of this Agreement, the term of this Agreement (the "Term") shall commence on the Effective Date and shall continue until terminated by either the Company or the Executive upon at least 12 months' written notice to the other, provided such notice may not be given by the Company prior to 24 months after the Effective Date. Unless the services of the Executive have terminated prior to or upon the end of the Term in accordance with the provisions of this Agreement, from and after the end of the Term, the Executive shall be an employee-at-will.

Article 3. Payments

3.1. Base Compensation. The Company shall pay to Executive a base salary (the "Base Salary") of \$285,000 per annum, payable in regular installments in accordance with the Company's usual payment practices. The Base Salary shall be reviewed by the Board of Director's Compensation Committee during the term of this Agreement and adjusted accordingly at the discretion of the Compensation Committee.

3.2. Incentive Payments. During the time Executive is an employee of the Company he shall be entitled to participate, at the sole discretion of the Board of Directors, in any cash incentive payment or bonus plan established by the Company for its executive officers, as such plan is amended from time to time.

3.3. Fringe Benefits. During the time Executive is an employee hereunder, in addition to Executive's Base Salary and incentive payments or bonuses, if any, the Company shall provide Executive and his dependents medical insurance and such other benefits as are generally made available by the Company to its full-time executive employees, as amended from time to time.

3.4. Participation in Equity Incentive Plans. Executive shall be entitled to participate in the Company's stock option plans during the Term to the extent and in the manner determined by the Company's Board of Directors in its absolute discretion.

Article 4. Termination

4.1. Termination. Executive's employment hereunder shall terminate immediately upon the occurrence of any of the following events:

4.1.1. Executive's death;

4.1.2. Executive's Disability (as defined below);

4.1.3. The termination of Executive's services hereunder by the Company for Cause (as defined below), to be effective immediately upon delivery of notice thereof;

4.1.4. The termination of Executive's services hereunder by the Company, without Cause and not as a result of Executive's death or Disability, to be effective immediately upon delivery of notice thereof; or

4.1.5. The termination of Executive's services hereunder by Executive without Good Reason (as defined below) to be effective thirty (30) days after Executive delivers prior written notice thereof from Executive to the Company.

4.1.6. The termination of Executive's services hereunder by Executive with Good Reason (as defined below), to be effective thirty (30) days after Executive delivers prior written notice thereof from Executive to the Company.

"Cause" shall mean (i) Executive's material failure to perform (other than by reason of death or Disability) his duties and responsibilities as assigned by the Chief Executive Officer or Board in accordance with Section 1.2 above, which is not remedied after thirty (30) days' written notice from the Company (if such failure is susceptible to cure), (ii) a breach of any of the provisions of this Agreement or the invention and non-disclosure agreement between the Executive and the Company, which is not cured after ten (10) days' written notice from the Company (if such breach is susceptible to cure), (iii) a serious and material violation of Company policy (for purposes of this clause any violation of the Company's Conflict of Interest policy shall be deemed serious and material), which is not cured after ten (10) days' written notice from the Company (if such breach is susceptible to cure), (iv) fraud, embezzlement or other material dishonesty with respect to the Company, or (v) commission of a felony or any other crime involving fraud, dishonesty or moral turpitude. Notwithstanding the foregoing, "Cause" shall not include any failure to achieve results as a result of factors or events beyond the reasonable control of the Executive.

"Disability" shall mean the Executive's absence from the full-time performance of his duties with the Company for 9 months as a result of incapacity due to mental or physical illness, as a result of which the Executive is deemed "disabled" by the institution appointed by the Company to administer its long-term disability plan (or any successor plan).

"Good Reason" shall mean (i) a material reduction in the nature of Executive's duties or the scope of Executive's responsibility from those in effect on the date of this Agreement, without Executive's express written consent; (ii) a reduction in Executive's Base Salary as in effect on the date hereof or as the same may be increased from time to time, without Executive's express written consent, other than a reduction which is part of an across-the-board proportionate reduction in the salaries of all senior executives of the Company imposed because the Company is experiencing financial hardship (provided such reduction is not more than 20% and does not continue for more than 12 months); (iii) the Company's requiring Executive to be based anywhere other than within fifty (50) miles of Employee's office location as in effect on the date hereof, without Executive's express written consent; and (iv) any material breach of this Agreement by the Company; provided, however, that a termination for Good Reason by Executive can only occur only (i) if Executive has given the Company a notice of intent to terminate for Good Reason at least ten (10) days before giving the termination notice described in Section 4.1.6 above and the Company has not cured the cause for Good Reason within that ten (10) day period, and (ii) such notice is given within 90 days after the occurrence of the event giving rise to Good Reason.

4.2. Adjustments Upon Termination.

4.2.1. If Executive's services to the Company terminate pursuant to Sections 4.1.1 or 4.1.2 hereof, (a) the Company shall continue to make payments to Executive or Executive's heirs, successors or legal representatives, as the case may be, in accordance with Section 3.1 hereof until twelve (12) months after the date of such death or Disability (less the amount of any payments made to the Executive under any long-term disability plan of the Company) and (b) 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, any stock options or restricted stock awards held by Executive as of the date of death or Disability shall become exercisable or vested, as the case may be, as to an additional number of shares equal to the number that would have been exercisable or vested as of the end of the 12 month period immediately following the date of death or Disability. The Company shall have no other liability or obligation under this Agreement to Executive's executors, legal representatives, administrators, heirs or assigns or any other person claiming under or through Executive.

4.2.2. If Executive's services to the Company terminate pursuant to Section 4.1.3 or 4.1.5 hereof, (a) all payments and benefits provided to Executive under this Agreement shall cease as of the effective date of such termination, except that Executive shall be entitled to any amounts earned, accrued or owing but not yet paid under Section 3.1 above and any benefits due in accordance with the terms of any applicable benefits plans and programs of the Company and (b) all vesting of all stock options then held by the Executive shall immediately cease as of the date of such termination.

4.2.3. If Executive's services to the Company terminate pursuant to Section 4.1.4 or 4.1.6 hereof, (a) the Company shall continue to make payments to Executive in accordance with Section 3.1 hereof until twelve (12) months after the effective date of such termination (the "Severance Pay Period"), (b) the Company shall pay Executive incentive compensation for the year in which the Termination occurred, in the amount of Executive's target award multiplied by the applicable actual plan payout factor and pro rated by the number of months Executive is employed by the Company during the year of Termination; the bonus will be paid in a lump sum on or about the date on which the Company pays bonuses to senior executives who remain employed with the Company, (c) the Company shall continue to provide Executive with benefits in accordance with Section 3.3 hereof throughout the Severance Pay Period, (d) the Company shall provide Executive with outplacement benefits in accordance with the Company's then-current executive outplacement program, and (e) 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, any stock options or restricted stock awards held by Executive as of the Date of Termination shall become exercisable or vested, as the case may be, as to an additional number of shares equal to the number that would have been exercisable or vested as of the end of the 12 month period immediately following the Date of Termination; provided, however, that in order to be eligible to receive any of the salary or benefits under this Section 4.2.3, Executive shall be required to sign a general release of claims against the Company, excluding any claims concerning the Company's obligations under this Agreement. Nothing in this Agreement shall be construed to extend the time period within which any option may be exercised beyond the period specified in the applicable stock plan or under the terms of any grant, award agreement or form for exercising any right under any such plan. No other payments or benefits shall be due under this Agreement to Executive, but Executive shall be entitled to any benefits accrued or earned in accordance with the terms of any applicable benefit plans and programs of the Company.

Article 5. Non-Competition and Non-Solicitation

5.1. Non-Competition and Non-Solicitation. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company and accordingly agrees that during the Term and for a period of one (1) year after the effective date of termination of Executive's employment hereunder:

5.1.1. Executive will not engage in any activity which is competitive with any business which is now, or is at any time during Executive's employment with the Company, conducted by the Company, including without limitation becoming an employee, investor (except for passive investments of not more than one percent (1%) of the outstanding shares of, or any other equity interest in, a company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), officer, agent, partner or director of, or other participant in, any firm, person or other entity in any geographic area that 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, special effects, 3D or newsroom automation systems or products or other business in which the Company is engaged or plans to engage at the time of Executive's termination. Without limiting the foregoing, the parties agree that the following businesses are, as of the date of this Agreement, competitive with the Company: Adobe, Apple, Autodesk/Discreet Logic, Euphonics, Fairlight, Mackie, Media 100, MOTU, Newtek, Pinnacle Systems, Quantel, SGI/Alias Wavefront, Sony, Steinberg, Thomson/The Grass Valley Group, and all subsidiaries and affiliates of the foregoing companies.

5.1.2. Executive will not directly or indirectly assist others in engaging in any of the activities in which Executive is prohibited to engage by Section 5.1.1 above.

5.1.3. Executive will not directly or indirectly (a) induce any employee of the Company to engage in any activity in which Executive is prohibited from engaging by Section 5.1.1 above or to terminate his or her employment with the Company, or (b) employ or offer employment to any person who was employed by the Company unless such person shall have ceased to be employed by the Company for a period of at least one (1) year.

5.2. Reasonableness of Restrictions. It is expressly understood and agreed that (a) although Executive and the Company consider the restrictions contained in this Article 5 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Article 5 is unenforceable, such restriction shall not be rendered void but shall be deemed to be enforceable to such maximum extent as such court may judicially determine or indicate to be enforceable and (b) if any restriction contained in this Agreement is determined to be unenforceable and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

5.3. Remedies for Breach. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of this Section 5 would be inadequate and, in recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining orders, temporary or permanent injunctions or any other equitable remedy which may then be available. Notwithstanding any provision of this Agreement to the contrary, upon the occurrence of any breach of Section 5.1, if Executive is employed by the Company, the Company may immediately terminate the employment of Executive for Cause in accordance with Section 4.1.3, and, whether or not Executive is employed by the Company, the Company shall immediately cease to have any obligations to make payments to Executive under this Agreement.

5.4. Survivorship. Notwithstanding the termination of this Agreement or Executive's services hereunder for any reason, this Article 5 shall survive any such termination.

Article 6. Miscellaneous

6.1. Obligation of Successors. Subject to Section 6.4, any successor to substantially all of the Company's assets and business, and any successor to substantially all of the assets of the division of the Company in which Executive is employed, whether by merger, consolidation, purchase of assets or otherwise, shall succeed to the rights and obligations of the Company hereunder.

6.2. Notice. All notices required or permitted hereunder shall be in writing and deemed effectively given (i) when delivered in person, (ii) on the third business day after mailing by registered or certified mail, postage prepaid, (iii) on the next business day after delivery to an air courier for next day delivery, paid by the sender, or (iv) when sent by telecopy or facsimile transmission during normal business hours (9:00 a.m. to 5:00 p.m.) where the recipient is located (or if sent after such hours, as of commencement of the next business day), followed within twenty-four hours by notification pursuant to any of the foregoing methods of delivery, in all cases addressed to the other party hereto as follows:

(a) If to the Company:

Avid Technology, Inc.
Avid Technology Park
One Park West
Tewksbury, MA 01876
Attention: Vice President, Human Resources
Facsimile: (978) 640-0065

(b) If to Executive:

Ethan E. Jacks
86 Concord Road
Weston, MA 02493

or at such other address or addresses as either party shall designate to the other in accordance with this Section 6.2.

6.3. Survivorship. The respective rights and obligations of the parties under this Agreement shall survive any termination of Executive's employment to the extent necessary to the intended preservation of such rights and obligations.

6.4. Complete Agreement; Amendments. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all prior agreements between the parties with respect to the subject matter hereof, except for the Change in Control Agreement between Executive and the Company dated July 24, 2002, as it may be amended from time to time (the "Change in Control Agreement"). This Agreement shall terminate upon the occurrence of a Change in Control (as defined in the Change in Control Agreement) during the term of the Change in Control Agreement. It may not be modified or amended except upon written amendment approved by the Company's Chief Executive Officer and executed by a duly authorized officer of the Company and by Executive.

6.5. Applicable Law. This Agreement shall be interpreted in accordance with the laws of the Commonwealth of Massachusetts and the parties hereby submit to the jurisdiction of the courts of that state.

6.6. Severability. If any one or more of the provisions of this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, it shall not affect any other term or provision of this Agreement. If any provision in this Agreement shall be held to be excessively broad, it shall be construed by limiting it so as to be enforceable to the extent compatible with applicable law.

6.7. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, assigns and personal representatives, except that the duties, responsibilities and rights of Executive under this Agreement are of a personal nature and shall not be assignable or delegatable in whole or in part by Executive, except to the extent that the rights of Executive hereunder may be enforceable by his heirs, executors, administrators or legal representatives.

6.8. Captions. Captions of sections have been added only for convenience and shall not be deemed to be a part of this Agreement.

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Agreement as of the date first above written.

Avid Technology, Inc.

By: /s/ David A. Krall

David A. Krall
Chief Executive Officer

/s/ Ethan E. Jacks

Ethan E. Jacks, individually

EXECUTIVE EMPLOYMENT AGREEMENT

AVID TECHNOLOGY, INC.

This Employment Agreement ("Agreement") is entered into as of July 24, 2002 (the "Effective Date") between Avid Technology, Inc., a Delaware corporation with its principal executive offices at Avid Technology Park, Tewksbury, Massachusetts (the "Company"), and David Lebolt ("Executive") of 461 Second Street, #220, San Francisco, California 94107.

Article 1. Services

1.1. Service. During the Term (as defined below), the Company shall retain the services of Executive to serve as an executive of the Company and the Executive shall devote his time and render services to the Company upon the terms and conditions set forth below.

1.2. Duties. During the Term, Executive agrees to perform such executive duties consistent with his position as may be assigned to him from time to time by the Chief Executive Officer or the Board of Directors and to devote his full working time and attention to such duties.

1.3. No Conflicting Commitments/Dedication of Services. During the Term, Executive will devote Executive's entire productive time, ability and attention to the business of the Company. Executive will also not, without the Company's prior written consent, directly or indirectly engage in any employment, consulting, or other activity that would conflict with Executive's employment obligations to the Company (including Executive's duty of loyalty to the Company), the Company's business interests, or which might impair the performance of Executive's duties as a full time employee of the Company.

Article 2. Term

2.1. Term. Subject to earlier termination pursuant to the provisions of this Agreement, the term of this Agreement (the "Term") shall commence on the Effective Date and shall continue until terminated by either the Company or the Executive upon at least 12 months' written notice to the other, provided such notice may not be given by the Company prior to 24 months after the Effective Date. Unless the services of the Executive have terminated prior to or upon the end of the Term in accordance with the provisions of this Agreement, from and after the end of the Term, the Executive shall be an employee-at-will.

Article 3. Payments

3.1. Base Compensation. The Company shall pay to Executive a base salary (the "Base Salary") of \$290,000 per annum, payable in regular installments in accordance with the Company's usual payment practices. The Base Salary shall be reviewed by the Board of Director's Compensation Committee during the term of this Agreement and adjusted accordingly at the discretion of the Compensation Committee.

3.2. Incentive Payments. During the time Executive is an employee of the Company, he shall be entitled to participate, at the sole discretion of the Board of Directors, in any cash incentive payment or bonus plan established by the Company for its executive officers, as such plan is amended from time to time.

3.3. Fringe Benefits. During the time Executive is an employee hereunder, in addition to Executive's Base Salary and incentive payments or bonuses, if any, the Company shall provide Executive and his dependents medical insurance and such other benefits as are generally made available by the Company to its full-time executive employees, as amended from time to time.

3.4. Participation in Equity Incentive Plans. Executive shall be entitled to participate in the Company's stock option plans during the Term to the extent and in the manner determined by the Company's Board of Directors in its absolute discretion.

Article 4. Termination

4.1. Termination. Executive's employment hereunder shall terminate immediately upon the occurrence of any of the following events:

4.1.1. Executive's death;

4.1.2. Executive's Disability (as defined below);

4.1.3. The termination of Executive's services hereunder by the Company for Cause (as defined below), to be effective immediately upon delivery of notice thereof;

4.1.4. The termination of Executive's services hereunder by the Company, without Cause and not as a result of Executive's death or Disability, to be effective immediately upon delivery of notice thereof; or

4.1.5. The termination of Executive's services hereunder by Executive without Good Reason (as defined below) to be effective thirty (30) days after Executive delivers prior written notice thereof from Executive to the Company.

4.1.6. The termination of Executive's services hereunder by Executive with Good Reason (as defined below), to be effective thirty (30) days after Executive delivers prior written notice thereof from Executive to the Company.

"Cause" shall mean (i) Executive's material failure to perform (other than by reason of death or Disability, as defined below) his duties and responsibilities as assigned by the Chief Executive Officer or Board in accordance with Section 1.2 above, which is not remedied after thirty (30) days' written notice from the Company (if such failure is susceptible to cure), (ii) a breach of any of the provisions of this Agreement or the invention and non-disclosure agreement between the Executive and the Company, which is not cured after ten (10) days' written notice from the Company (if such breach is susceptible to cure), (iii) a serious and material violation of Company policy (for purposes of this clause any violation of the Company's Conflict of Interest policy shall be deemed serious and material), which is not cured after ten (10) days' written notice from the Company (if such breach is susceptible to cure), (iv) fraud, embezzlement or other material dishonesty with respect to the

Company, or (v) commission of a felony or any other crime involving fraud, dishonesty or moral turpitude. Notwithstanding the foregoing, "Cause" shall not include any failure to achieve results as a result of factors or events beyond the reasonable control of the Executive.

"Disability" shall mean the Executive's absence from the full-time performance of his duties with the Company for 9 months as a result of incapacity due to mental or physical illness, as a result of which the Executive is deemed "disabled" by the institution appointed by the Company to administer its long-term disability plan (or any successor plan).

"Good Reason" shall mean (i) a material reduction in the nature of Executive's duties or the scope of Executive's responsibility from those in effect on the date of this Agreement, without Executive's express written consent; (ii) a reduction in Executive's Base Salary as in effect on the date hereof or as the same may be increased from time to time, without Executive's express written consent, other than a reduction which is part of an across-the-board proportionate reduction in the salaries of all senior executives of the Company imposed because the Company is experiencing financial hardship (provided such reduction is not more than 20% and does not continue for more than 12 months); (iii) the Company's requiring Executive to be based anywhere other than within fifty (50) miles of Employee's office location as in effect on the date hereof, without Executive's express written consent; and (iv) any material breach of this Agreement by the Company; provided, however, that a termination for Good Reason by Executive can only occur only (i) if Executive has given the Company a notice of intent to terminate for Good Reason at least ten (10) days before giving the termination notice described in Section 4.1.6 above and the Company has not cured the cause for Good Reason within that ten (10) day period, and (ii) such notice is given within 90 days after the occurrence of the event giving rise to Good Reason.

4.2. Adjustments Upon Termination.

4.2.1. If Executive's services to the Company terminate pursuant to Sections 4.1.1 or 4.1.2 hereof, (a) the Company shall continue to make payments to Executive or Executive's heirs, successors or legal representatives, as the case may be, in accordance with Section 3.1 hereof until twelve (12) months after the date of such death or Disability (less the amount of any payments made to the Executive under any long-term disability plan of the Company) and (b) 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, any stock options or restricted stock awards held by Executive as of the date of death or Disability shall become exercisable or vested, as the case may be, as to an additional number of shares equal to the number that would have been exercisable or vested as of the end of the 12 month period immediately following the date of death or Disability. The Company shall have no other liability or obligation under this Agreement to Executive's executors, legal representatives, administrators, heirs or assigns or any other person claiming under or through Executive.

4.2.2. If Executive's services to the Company terminate pursuant to Section 4.1.3 or 4.1.5 hereof, (a) all payments and benefits provided to Executive under this Agreement shall cease as of the effective date of such termination, except that Executive shall be entitled to any amounts earned, accrued or owing but not yet paid under Section 3.1 above and any benefits due in accordance with the terms of any applicable benefits plans and programs of the Company and (b) all vesting of all stock options then held by the Executive shall immediately cease as of the date of such termination.

4.2.3. If Executive's services to the Company terminate pursuant to Section 4.1.4 or 4.1.6 hereof, (a) the Company shall continue to make payments to Executive in accordance with Section 3.1 hereof until twelve (12) months after the effective date of such termination (the "Severance Pay Period"), (b) the Company shall pay Executive incentive compensation for the year in which the Termination occurred, in the amount of Executive's target award multiplied by the applicable actual plan payout factor and pro rated by the number of months Executive is employed by the Company during the year of Termination; the bonus will be paid in a lump sum on or about the date on which the Company pays bonuses to senior executives who remain employed with the Company, (c) the Company shall continue to provide Executive with benefits in accordance with Section 3.3 hereof throughout the Severance Pay Period, (d) the Company shall provide Executive with outplacement benefits in accordance with the Company's then-current executive outplacement program, and (e) 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, any stock options or restricted stock awards held by Executive as of the Date of Termination shall become exercisable or vested, as the case may be, as to an additional number of shares equal to the number that would have been exercisable or vested as of the end of the 12 month period immediately following the Date of Termination; provided, however, that in order to be eligible to receive any of the salary or benefits under this Section 4.2.3, Executive shall be required to sign a general release of claims against the Company, excluding any claims concerning the Company's obligations under this Agreement. Nothing in this Agreement shall be construed to extend the time period within which any option may be exercised beyond the period specified in the applicable stock plan or under the terms of any grant, award agreement or form for exercising any right under any such plan. No other payments or benefits shall be due under this Agreement to Executive, but Executive shall be entitled to any benefits accrued or earned in accordance with the terms of any applicable benefit plans and programs of the Company.

Article 5. Non-Competition and Non-Solicitation

5.1. Non-Competition and Non-Solicitation. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company and accordingly agrees to the following:

5.1.1. During the term of employment with the Company, Executive will have access to and become acquainted with information of a confidential, proprietary or secret nature which is or may be either applicable to, or related in any way to, the present or future business of the Company, the research and development or investigation of the Company, or the business of any customer of the Company. For example, trade secret information includes, but is not limited to, devices, secret inventions, processes and compilations of information, records, specifications and information concerning customers or vendors. Executive agrees to not disclose any of the above-mentioned trade secrets, directly or indirectly, or use them in any way, either during the term of this Agreement or at any time thereafter, except as required in the course of employment with the Company. Executive also agrees to abide by the Company's policies and regulations, as established from time to time for the protection of its trade secret information. Without limiting the foregoing, the parties agree

that the following businesses are, as of the date of this Agreement, competitive with the Company: Adobe, Apple, Autodesk/Discreet Logic, Euphonics, Fairlight, Mackie, Media 100, MOTU, Newtek, Pinnacle Systems, Quantel, SGI/Alias Wavefront, Sony, Steinberg, Thomson/The Grass Valley Group, and all subsidiaries and affiliates of the foregoing companies. As such, any use of or disclosure by Executive of the Company's confidential, proprietary, or trade secret information to such businesses would constitute unfair competition, which is prohibited under this Agreement, as well as by law.

5.1.2. Executive also hereby agrees to disclose to the Company any and all inventions, discoveries, improvements, trade secrets, formulas, techniques, processes, and know-how, whether or not patentable and whether or not reduced to practice, made or conceived by Executive, either solely or in conjunction with others, during the period of Executive's employment with the Company, which relate to or result from the actual or demonstrably anticipated business, work or research in development of the Company, or which result, to any extent, from use of the Company's premises or property, or are suggested by any task assigned to Executive or any work performed by Executive for or on behalf of the Company. Executive also acknowledges and agrees that all such inventions shall be the sole property of the Company and Executive hereby assigns to the Company Executive's entire right and interest in all the inventions; provided, however, that such assignment does not apply to any invention which qualifies fully under the provision of section 2870 of the California Labor Code.

5.1.3. Executive will not directly or indirectly assist others in engaging in any of the activities in which Executive is prohibited to engage by Sections 5.1.1 and 5.1.2 above.

5.1.4. Executive will not directly or indirectly (a) induce any employee of the Company to engage in any activity in which Executive is prohibited from engaging by Sections 5.1.1 and 5.1.2 above or to terminate his or her employment with the Company, or (b) employ or offer employment to any person who was employed by the Company unless such person shall have ceased to be employed by the Company for a period of at least one (1) year.

5.2. Reasonableness of Restrictions. It is expressly understood and agreed that (a) although Executive and the Company consider the restrictions contained in this Article 5 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Article 5 is unenforceable, such restriction shall not be rendered void but shall be deemed to be enforceable to such maximum extent as such court may judicially determine or indicate to be enforceable and (b) if any restriction contained in this Agreement is determined to be unenforceable and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

5.3. Remedies for Breach. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of this Section 5 would be inadequate and, in recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining orders, temporary or permanent injunctions or any other equitable remedy which may then be available. Notwithstanding any provision of this Agreement to the contrary, upon the occurrence of any breach of Section 5.1, if Executive is employed by the Company, the Company may immediately terminate the employment of Executive for Cause in accordance with Section 4.1.3, and, whether or not Executive is employed by the Company, the Company shall immediately cease to have any obligations to make payments to Executive under this Agreement.

5.4. Survivorship. Notwithstanding the termination of this Agreement or Executive's services hereunder for any reason, this Article 5 shall survive any such termination.

Article 6. Miscellaneous

6.1. Obligation of Successors. Subject to Section 6.4, any successor to substantially all of the Company's assets and business, and any successor to substantially all of the assets of the division of the Company in which Executive is employed, whether by merger, consolidation, purchase of assets or otherwise, shall succeed to the rights and obligations of the Company hereunder.

6.2. Notice. All notices required or permitted hereunder shall be in writing and deemed effectively given (i) when delivered in person, (ii) on the third business day after mailing by registered or certified mail, postage prepaid, (iii) on the next business day after delivery to an air courier for next day delivery, paid by the sender, or (iv) when sent by telecopy or facsimile transmission during normal business hours (9:00 a.m. to 5:00 p.m.) where the recipient is located (or if sent after such hours, as of commencement of the next business day), followed within twenty-four hours by notification pursuant to any of the foregoing methods of delivery, in all cases addressed to the other party hereto as follows:

(a) If to the Company:

Avid Technology, Inc.
Avid Technology Park
One Park West
Tewksbury, MA 01876
Attention: Vice President, Human Resources
Facsimile: (978) 640-0065

(b) If to Executive:

David Lebolt
461 Second Street, #220
San Francisco, CA 94107

or at such other address or addresses as either party shall designate to the other in accordance with this Section 6.2.

6.3. Survivorship. The respective rights and obligations of the parties under this Agreement shall survive any termination of Executive's employment to the extent necessary to the intended preservation of such rights and obligations.

6.4. Complete Agreement; Amendments. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all prior agreements between the parties with respect to the subject matter hereof, except for the Change in Control Agreement between Executive and the Company dated July 24, 2002, as it may be amended from time to time (the "Change in Control Agreement"). This Agreement shall terminate upon the occurrence of a Change in Control (as defined in the Change in Control Agreement) during the term of the Change in Control Agreement. It may not be modified or amended except upon written amendment approved by the Company's Chief Executive Officer and executed by a duly authorized officer of the Company and by Executive.

6.5. Applicable Law. This Agreement shall be interpreted in accordance with the laws of the Commonwealth of Massachusetts and the parties hereby submit to the jurisdiction of the courts of that state.

6.6. Severability. If any one or more of the provisions of this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, it shall not affect any other term or provision of this Agreement. If any provision in this Agreement shall be held to be excessively broad, it shall be construed by limiting it so as to be enforceable to the extent compatible with applicable law.

6.7. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, assigns and personal representatives, except that the duties, responsibilities and rights of Executive under this Agreement are of a personal nature and shall not be assignable or delegatable in whole or in part by Executive, except to the extent that the rights of Executive hereunder may be enforceable by his heirs, executors, administrators or legal representatives.

6.8. Captions. Captions of sections have been added only for convenience and shall not be deemed to be a part of this Agreement.

* * *

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Agreement as of the date first above written.

Avid Technology, Inc.

By: /s/ David A. Krall

David A. Krall
Chief Executive Officer

/s/ David Lebolt

David Lebolt, individually

EXECUTIVE EMPLOYMENT AGREEMENT

AVID TECHNOLOGY, INC.

This Employment Agreement ("Agreement") is entered into as of July 24, 2002 (the "Effective Date") between Avid Technology, Inc., a Delaware corporation with its principal executive offices at Avid Technology Park, Tewksbury, Massachusetts (the "Company"), and Paul J. Milbury ("Executive") of 163 Suffolk Road, Chestnut Hill, Massachusetts 02467.

Article 1. Services

1.1. Service. During the Term (as defined below), the Company shall retain the services of Executive to serve as an executive of the Company and the Executive shall devote his time and render services to the Company upon the terms and conditions set forth below.

1.2. Duties. During the Term, Executive agrees to perform such executive duties consistent with his position as may be assigned to him from time to time by the Chief Executive Officer or the Board of Directors and to devote his full working time and attention to such duties.

1.3. No Conflicting Commitments. During the Term, Executive will not undertake any commitments, engage or have an interest in any outside business activities or enter into any consulting agreements which, in the opinion of the Company, conflict with the Company's interests or which might impair the performance of Executive's duties as a full time employee of the Company.

Article 2. Term

2.1. Term. Subject to earlier termination pursuant to the provisions of this Agreement, the term of this Agreement (the "Term") shall commence on the Effective Date and shall continue until terminated by either the Company or the Executive upon at least 12 months' written notice to the other, provided such notice may not be given by the Company prior to 24 months after the Effective Date. Unless the services of the Executive have terminated prior to or upon the end of the Term in accordance with the provisions of this Agreement, from and after the end of the Term, the Executive shall be an employee-at-will.

Article 3. Payments

3.1. Base Compensation. The Company shall pay to Executive a base salary (the "Base Salary") of \$300,000 per annum, payable in regular installments in accordance with the Company's usual payment practices. The Base Salary shall be reviewed by the Board of Director's Compensation Committee during the term of this Agreement and adjusted accordingly at the discretion of the Compensation Committee.

3.2. Incentive Payments. During the time Executive is an employee of the Company he shall be entitled to participate, at the sole discretion of the Board of Directors, in any cash incentive payment or bonus plan established by the Company for its executive officers, as such plan is amended from time to time.

3.3. Fringe Benefits. During the time Executive is an employee hereunder, in addition to Executive's Base Salary and incentive payments or bonuses, if any, the Company shall provide Executive and his dependents medical insurance and such other benefits as are generally made available by the Company to its full-time executive employees, as amended from time to time.

3.4. Participation in Equity Incentive Plans. Executive shall be entitled to participate in the Company's stock option plans during the Term to the extent and in the manner determined by the Company's Board of Directors in its absolute discretion.

Article 4. Termination

4.1. Termination. Executive's employment hereunder shall terminate immediately upon the occurrence of any of the following events:

4.1.1. Executive's death;

4.1.2. Executive's Disability (as defined below);

4.1.3. The termination of Executive's services hereunder by the Company for Cause (as defined below), to be effective immediately upon delivery of notice thereof;

4.1.4. The termination of Executive's services hereunder by the Company, without Cause and not as a result of Executive's death or Disability, to be effective immediately upon delivery of notice thereof; or

4.1.5. The termination of Executive's services hereunder by Executive without Good Reason (as defined below) to be effective thirty (30) days after Executive delivers prior written notice thereof from Executive to the Company.

4.1.6. The termination of Executive's services hereunder by Executive with Good Reason (as defined below), to be effective thirty (30) days after Executive delivers prior written notice thereof from Executive to the Company.

"Cause" shall mean (i) Executive's material failure to perform (other than by reason of death or Disability) his duties and responsibilities as assigned by the Chief Executive Officer or Board in accordance with Section 1.2 above, which is not remedied after thirty (30) days' written notice from the Company (if such failure is susceptible to cure), (ii) a breach of any of the provisions of this Agreement or the invention and non-disclosure agreement between the Executive and the Company, which is not cured after ten (10) days' written notice from the Company (if such breach is susceptible to cure), (iii) a serious and material violation of Company policy (for purposes of this clause any violation of the Company's Conflict of Interest policy shall be deemed serious and material), which is not cured after ten (10) days' written notice from the Company (if such breach is susceptible to cure), (iv) fraud, embezzlement or other material dishonesty with respect to the Company, or (v) commission of a felony or any other crime involving fraud, dishonesty or moral turpitude. Notwithstanding the foregoing, "Cause" shall not include any failure to achieve results as a result of factors or events beyond the reasonable control of the Executive.

"Disability" shall mean the Executive's absence from the full-time performance of his duties with the Company for 9 months as a result of incapacity due to mental or physical illness, as a result of which the Executive is deemed "disabled" by the institution appointed by the Company to administer its long-term disability plan (or any successor plan).

"Good Reason" shall mean (i) a material reduction in the nature of Executive's duties or the scope of Executive's responsibility from those in effect on the date of this Agreement, without Executive's express written consent; (ii) a reduction in Executive's Base Salary as in effect on the date hereof or as the same may be increased from time to time, without Executive's express written consent, other than a reduction which is part of an across-the-board proportionate reduction in the salaries of all senior executives of the Company imposed because the Company is experiencing financial hardship (provided such reduction is not more than 20% and does not continue for more than 12 months); (iii) the Company's requiring Executive to be based anywhere other than within fifty (50) miles of Employee's office location as in effect on the date hereof, without Executive's express written consent; and (iv) any material breach of this Agreement by the Company; provided, however, that a termination for Good Reason by Executive can only occur only (i) if Executive has given the Company a notice of intent to terminate for Good Reason at least ten (10) days before giving the termination notice described in Section 4.1.6 above and the Company has not cured the cause for Good Reason within that ten (10) day period, and (ii) such notice is given within 90 days after the occurrence of the event giving rise to Good Reason.

4.2. Adjustments Upon Termination.

4.2.1. If Executive's services to the Company terminate pursuant to Sections 4.1.1 or 4.1.2 hereof, (a) the Company shall continue to make payments to Executive or Executive's heirs, successors or legal representatives, as the case may be, in accordance with Section 3.1 hereof until twelve (12) months after the date of such death or Disability (less the amount of any payments made to the Executive under any long-term disability plan of the Company) and (b) 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, any stock options or restricted stock awards held by Executive as of the date of death or Disability shall become exercisable or vested, as the case may be, as to an additional number of shares equal to the number that would have been exercisable or vested as of the end of the 12 month period immediately following the date of death or Disability. The Company shall have no other liability or obligation under this Agreement to Executive's executors, legal representatives, administrators, heirs or assigns or any other person claiming under or through Executive.

4.2.2. If Executive's services to the Company terminate pursuant to Section 4.1.3 or 4.1.5 hereof, (a) all payments and benefits provided to Executive under this Agreement shall cease as of the effective date of such termination, except that Executive shall be entitled to any amounts earned, accrued or owing but not yet paid under Section 3.1 above and any benefits due in accordance with the terms of any applicable benefits plans and programs of the Company and (b) all vesting of all stock options then held by the Executive shall immediately cease as of the date of such termination.

4.2.3. If Executive's services to the Company terminate pursuant to Section 4.1.4 or 4.1.6 hereof, (a) the Company shall continue to make payments to Executive in accordance with Section 3.1 hereof until twelve (12) months after the effective date of such termination (the "Severance Pay Period"), (b) the Company shall pay Executive incentive compensation for the year in which the Termination occurred, in the amount of Executive's target award multiplied by the applicable actual plan payout factor and pro rated by the number of months Executive is employed by the Company during the year of Termination; the bonus will be paid in a lump sum on or about the date on which the Company pays bonuses to senior executives who remain employed with the Company, (c) the Company shall continue to provide Executive with benefits in accordance with Section 3.3 hereof throughout the Severance Pay Period, (d) the Company shall provide Executive with outplacement benefits in accordance with the Company's then-current executive outplacement program, and (e) 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, any stock options or restricted stock awards held by Executive as of the Date of Termination shall become exercisable or vested, as the case may be, as to an additional number of shares equal to the number that would have been exercisable or vested as of the end of the 12 month period immediately following the Date of Termination; provided, however, that in order to be eligible to receive any of the salary or benefits under this Section 4.2.3, Executive shall be required to sign a general release of claims against the Company, excluding any claims concerning the Company's obligations under this Agreement. Nothing in this Agreement shall be construed to extend the time period within which any option may be exercised beyond the period specified in the applicable stock plan or under the terms of any grant, award agreement or form for exercising any right under any such plan. No other payments or benefits shall be due under this Agreement to Executive, but Executive shall be entitled to any benefits accrued or earned in accordance with the terms of any applicable benefit plans and programs of the Company.

Article 5. Non-Competition and Non-Solicitation

5.1. Non-Competition and Non-Solicitation. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company and accordingly agrees that during the Term and for a period of one (1) year after the effective date of termination of Executive's employment hereunder:

5.1.1. Executive will not engage in any activity which is competitive with any business which is now, or is at any time during Executive's employment with the Company, conducted by the Company, including without limitation becoming an employee, investor (except for passive investments of not more than one percent (1%) of the outstanding shares of, or any other equity interest in, a company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), officer, agent, partner or director of, or other participant in, any firm, person or other entity in any geographic area that 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, special effects, 3D or newsroom automation systems or products or other business in which the Company is engaged or plans to engage at the time of Executive's termination. Without limiting the foregoing, the parties agree that the following businesses are, as of the date of this Agreement, competitive with the Company: Adobe, Apple, Autodesk/Discreet Logic, Euphonics, Fairlight, Mackie, Media 100, MOTU, Newtek, Pinnacle Systems, Quantel, SGI/Alias Wavefront, Sony, Steinberg, Thomson/The Grass Valley Group, and all subsidiaries and affiliates of the foregoing companies.

5.1.2. Executive will not directly or indirectly assist others in engaging in any of the activities in which Executive is prohibited to engage by Section 5.1.1 above.

5.1.3. Executive will not directly or indirectly (a) induce any employee of the Company to engage in any activity in which Executive is prohibited from engaging by Section 5.1.1 above or to terminate his or her employment with the Company, or (b) employ or offer employment to any person who was employed by the Company unless such person shall have ceased to be employed by the Company for a period of at least one (1) year.

5.2. Reasonableness of Restrictions. It is expressly understood and agreed that (a) although Executive and the Company consider the restrictions contained in this Article 5 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Article 5 is unenforceable, such restriction shall not be rendered void but shall be deemed to be enforceable to such maximum extent as such court may judicially determine or indicate to be enforceable and (b) if any restriction contained in this Agreement is determined to be unenforceable and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

5.3. Remedies for Breach. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of this Section 5 would be inadequate and, in recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining orders, temporary or permanent injunctions or any other equitable remedy which may then be available. Notwithstanding any provision of this Agreement to the contrary, upon the occurrence of any breach of Section 5.1, if Executive is employed by the Company, the Company may immediately terminate the employment of Executive for Cause in accordance with Section 4.1.3, and, whether or not Executive is employed by the Company, the Company shall immediately cease to have any obligations to make payments to Executive under this Agreement.

5.4. Survivorship. Notwithstanding the termination of this Agreement or Executive's services hereunder for any reason, this Article 5 shall survive any such termination.

Article 6. Miscellaneous

6.1. Obligation of Successors. Subject to Section 6.4, any successor to substantially all of the Company's assets and business, and any successor to

substantially all of the assets of the division of the Company in which Executive is employed, whether by merger, consolidation, purchase of assets or otherwise, shall succeed to the rights and obligations of the Company hereunder.

6.2. Notice. All notices required or permitted hereunder shall be in writing and deemed effectively given (i) when delivered in person, (ii) on the third business day after mailing by registered or certified mail, postage prepaid, (iii) on the next business day after delivery to an air courier for next day delivery, paid by the sender, or (iv) when sent by telecopy or facsimile transmission during normal business hours (9:00 a.m. to 5:00 p.m.) where the recipient is located (or if sent after such hours, as of commencement of the next business day), followed within twenty-four hours by notification pursuant to any of the foregoing methods of delivery, in all cases addressed to the other party hereto as follows:

(a) If to the Company:

Avid Technology, Inc.
Avid Technology Park
One Park West
Tewksbury, MA 01876
Attention: Vice President, Human Resources
Facsimile: (978) 640-0065

(b) If to Executive:

Paul J. Milbury
163 Suffolk Road
Chestnut Hill, MA 02467

or at such other address or addresses as either party shall designate to the other in accordance with this Section 6.2.

6.3. Survivorship. The respective rights and obligations of the parties under this Agreement shall survive any termination of Executive's employment to the extent necessary to the intended preservation of such rights and obligations.

6.4. Complete Agreement; Amendments. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all prior agreements between the parties with respect to the subject matter hereof, except for the Change in Control Agreement between Executive and the Company dated July 24, 2002, as it may be amended from time to time (the "Change in Control Agreement"). This Agreement shall terminate upon the occurrence of a Change in Control (as defined in the Change in Control Agreement) during the term of the Change in Control Agreement. It may not be modified or amended except upon written amendment approved by the Company's Chief Executive Officer and executed by a duly authorized officer of the Company and by Executive.

6.5. Applicable Law. This Agreement shall be interpreted in accordance with the laws of the Commonwealth of Massachusetts and the parties hereby submit to the jurisdiction of the courts of that state.

6.6. Severability. If any one or more of the provisions of this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, it shall not affect any other term or provision of this Agreement. If any provision in this Agreement shall be held to be excessively broad, it shall be construed by limiting it so as to be enforceable to the extent compatible with applicable law.

6.7. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, assigns and personal representatives, except that the duties, responsibilities and rights of Executive under this Agreement are of a personal nature and shall not be assignable or delegatable in whole or in part by Executive, except to the extent that the rights of Executive hereunder may be enforceable by his heirs, executors, administrators or legal representatives.

6.8. Captions. Captions of sections have been added only for convenience and shall not be deemed to be a part of this Agreement.

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Agreement as of the date first above written.

Avid Technology, Inc.

By: /s/ David A. Krall

David A. Krall
Chief Executive Officer

/s/ Paul J. Milbury

Paul J. Milbury, individually

EXECUTIVE EMPLOYMENT AGREEMENT

AVID TECHNOLOGY, INC.

This Employment Agreement ("Agreement") is entered into as of July 24, 2002 (the "Effective Date") between Avid Technology, Inc., a Delaware corporation with its principal executive offices at Avid Technology Park, Tewksbury, Massachusetts (the "Company"), and Michael Rockwell ("Executive") of 50 Hidden Road, Andover, Massachusetts 01810.

Article 1. Services

1.1. Service. During the Term (as defined below), the Company shall retain the services of Executive to serve as an executive of the Company and the Executive shall devote his time and render services to the Company upon the terms and conditions set forth below.

1.2. Duties. During the Term, Executive agrees to perform such executive duties consistent with his position as may be assigned to him from time to time by the Chief Executive Officer or the Board of Directors and to devote his full working time and attention to such duties.

1.3. No Conflicting Commitments. During the Term, Executive will not undertake any commitments, engage or have an interest in any outside business activities or enter into any consulting agreements which, in the opinion of the Company, conflict with the Company's interests or which might impair the performance of Executive's duties as a full time employee of the Company.

Article 2. Term

2.1. Term. Subject to earlier termination pursuant to the provisions of this Agreement, the term of this Agreement (the "Term") shall commence on the Effective Date and shall continue until terminated by either the Company or the Executive upon at least 12 months' written notice to the other, provided such notice may not be given by the Company prior to 24 months after the Effective Date. Unless the services of the Executive have terminated prior to or upon the end of the Term in accordance with the provisions of this Agreement, from and after the end of the Term, the Executive shall be an employee-at-will.

Article 3. Payments

3.1. Base Compensation. The Company shall pay to Executive a base salary (the "Base Salary") of \$250,000 per annum, payable in regular installments in accordance with the Company's usual payment practices. The Base Salary shall be reviewed by the Board of Director's Compensation Committee during the term of this Agreement and adjusted accordingly at the discretion of the Compensation Committee.

3.2. Incentive Payments. During the time Executive is an employee of the Company he shall be entitled to participate, at the sole discretion of the Board of Directors, in any cash incentive payment or bonus plan established by the Company for its executive officers, as such plan is amended from time to time.

3.3. Fringe Benefits. During the time Executive is an employee hereunder, in addition to Executive's Base Salary and incentive payments or bonuses, if any, the Company shall provide Executive and his dependents medical insurance and such other benefits as are generally made available by the Company to its full-time executive employees, as amended from time to time.

3.4. Participation in Equity Incentive Plans. Executive shall be entitled to participate in the Company's stock option plans during the Term to the extent and in the manner determined by the Company's Board of Directors in its absolute discretion.

Article 4. Termination

4.1. Termination. Executive's employment hereunder shall terminate immediately upon the occurrence of any of the following events:

4.1.1. Executive's death;

4.1.2. Executive's Disability (as defined below);

4.1.3. The termination of Executive's services hereunder by the Company for Cause (as defined below), to be effective immediately upon delivery of notice thereof;

4.1.4. The termination of Executive's services hereunder by the Company, without Cause and not as a result of Executive's death or Disability, to be effective immediately upon delivery of notice thereof; or

4.1.5. The termination of Executive's services hereunder by Executive without Good Reason (as defined below) to be effective thirty (30) days after Executive delivers prior written notice thereof from Executive to the Company.

4.1.6. The termination of Executive's services hereunder by Executive with Good Reason (as defined below), to be effective thirty (30) days after Executive delivers prior written notice thereof from Executive to the Company.

"Cause" shall mean (i) Executive's material failure to perform (other than by reason of death or Disability) his duties and responsibilities as assigned by the Chief Executive Officer or Board in accordance with Section 1.2 above, which is not remedied after thirty (30) days' written notice from the Company (if such failure is susceptible to cure), (ii) a breach of any of the provisions of this Agreement or the invention and non-disclosure agreement between the Executive and the Company, which is not cured after ten (10) days' written notice from the Company (if such breach is susceptible to cure), (iii) a serious and material violation of Company policy (for purposes of this clause any violation of the Company's Conflict of Interest policy shall be deemed serious and material), which is not cured after ten (10) days' written notice from the Company (if such breach is susceptible to cure), (iv) fraud, embezzlement or other material dishonesty with respect to the Company, or (v) commission of a felony or any other crime involving fraud, dishonesty or moral turpitude. Notwithstanding the foregoing, "Cause" shall not include any failure to achieve results as a result of factors or events beyond the reasonable control of the Executive.

"Disability" shall mean the Executive's absence from the full-time performance of his duties with the Company for 9 months as a result of incapacity due to mental or physical illness, as a result of which the Executive is deemed "disabled" by the institution appointed by the Company to administer its long-term disability plan (or any successor plan).

"Good Reason" shall mean (i) a material reduction in the nature of Executive's duties or the scope of Executive's responsibility from those in effect on the date of this Agreement, without Executive's express written consent; (ii) a reduction in Executive's Base Salary as in effect on the date hereof or as the same may be increased from time to time, without Executive's express written consent, other than a reduction which is part of an across-the-board proportionate reduction in the salaries of all senior executives of the Company imposed because the Company is experiencing financial hardship (provided such reduction is not more than 20% and does not continue for more than 12 months); (iii) the Company's requiring Executive to be based anywhere other than within fifty (50) miles of Employee's office location as in effect on the date hereof, without Executive's express written consent; and (iv) any material breach of this Agreement by the Company; provided, however, that a termination for Good Reason by Executive can only occur only (i) if Executive has given the Company a notice of intent to terminate for Good Reason at least ten (10) days before giving the termination notice described in Section 4.1.6 above and the Company has not cured the cause for Good Reason within that ten (10) day period, and (ii) such notice is given within 90 days after the occurrence of the event giving rise to Good Reason.

4.2. Adjustments Upon Termination.

4.2.1. If Executive's services to the Company terminate pursuant to Sections 4.1.1 or 4.1.2 hereof, (a) the Company shall continue to make payments to Executive or Executive's heirs, successors or legal representatives, as the case may be, in accordance with Section 3.1 hereof until twelve (12) months after the date of such death or Disability (less the amount of any payments made to the Executive under any long-term disability plan of the Company) and (b) 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, any stock options or restricted stock awards held by Executive as of the date of death or Disability shall become exercisable or vested, as the case may be, as to an additional number of shares equal to the number that would have been exercisable or vested as of the end of the 12 month period immediately following the date of death or Disability. The Company shall have no other liability or obligation under this Agreement to Executive's executors, legal representatives, administrators, heirs or assigns or any other person claiming under or through Executive.

4.2.2. If Executive's services to the Company terminate pursuant to Section 4.1.3 or 4.1.5 hereof, (a) all payments and benefits provided to Executive under this Agreement shall cease as of the effective date of such termination, except that Executive shall be entitled to any amounts earned, accrued or owing but not yet paid under Section 3.1 above and any benefits due

in accordance with the terms of any applicable benefits plans and programs of the Company and (b) all vesting of all stock options then held by the Executive shall immediately cease as of the date of such termination.

4.2.3. If Executive's services to the Company terminate pursuant to Section 4.1.4 or 4.1.6 hereof, (a) the Company shall continue to make payments to Executive in accordance with Section 3.1 hereof until twelve (12) months after the effective date of such termination (the "Severance Pay Period"), (b) the Company shall pay Executive incentive compensation for the year in which the Termination occurred, in the amount of Executive's target award multiplied by the applicable actual plan payout factor and pro rated by the number of months Executive is employed by the Company during the year of Termination; the bonus will be paid in a lump sum on or about the date on which the Company pays bonuses to senior executives who remain employed with the Company, (c) the Company shall continue to provide Executive with benefits in accordance with Section 3.3 hereof throughout the Severance Pay Period, (d) the Company shall provide Executive with outplacement benefits in accordance with the Company's then-current executive outplacement program, and (e) 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, any stock options or restricted stock awards held by Executive as of the Date of Termination shall become exercisable or vested, as the case may be, as to an additional number of shares equal to the number that would have been exercisable or vested as of the end of the 12 month period immediately following the Date of Termination; provided, however, that in order to be eligible to receive any of the salary or benefits under this Section 4.2.3, Executive shall be required to sign a general release of claims against the Company, excluding any claims concerning the Company's obligations under this Agreement. Nothing in this Agreement shall be construed to extend the time period within which any option may be exercised beyond the period specified in the applicable stock plan or under the terms of any grant, award agreement or form for exercising any right under any such plan. No other payments or benefits shall be due under this Agreement to Executive, but Executive shall be entitled to any benefits accrued or earned in accordance with the terms of any applicable benefit plans and programs of the Company.

Article 5. Non-Competition and Non-Solicitation

5.1. Non-Competition and Non-Solicitation. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company and accordingly agrees that during the Term and for a period of one (1) year after the effective date of termination of Executive's employment hereunder:

5.1.1. Executive will not engage in any activity which is competitive with any business which is now, or is at any time during Executive's employment with the Company, conducted by the Company, including without limitation becoming an employee, investor (except for passive investments of not more than one percent (1%) of the outstanding shares of, or any other equity interest in, a company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), officer, agent, partner or director of, or other participant in, any firm, person or other entity in any geographic area that 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, special effects, 3D or newsroom automation systems or products or other business in which the Company is engaged or plans to engage at the time of Executive's termination. Without limiting the foregoing, the parties agree that the following businesses are, as of the date of this Agreement, competitive with the Company: Adobe, Apple, Autodesk/Discreet Logic, Euphonics, Fairlight, Mackie, Media 100, MOTU, Newtek, Pinnacle Systems, Quantel, SGI/Alias Wavefront, Sony, Steinberg, Thomson/The Grass Valley Group, and all subsidiaries and affiliates of the foregoing companies.

5.1.2. Executive will not directly or indirectly assist others in engaging in any of the activities in which Executive is prohibited to engage by Section 5.1.1 above.

5.1.3. Executive will not directly or indirectly (a) induce any employee of the Company to engage in any activity in which Executive is prohibited from engaging by Section 5.1.1 above or to terminate his or her employment with the Company, or (b) employ or offer employment to any person who was employed by the Company unless such person shall have ceased to be employed by the Company for a period of at least one (1) year.

5.2. Reasonableness of Restrictions. It is expressly understood and agreed that (a) although Executive and the Company consider the restrictions contained in this Article 5 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Article 5 is unenforceable, such restriction shall not be rendered void but shall be deemed to be enforceable to such maximum extent as such court may judicially determine or indicate to be enforceable and (b) if any restriction contained in this Agreement is determined to be unenforceable and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

5.3. Remedies for Breach. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of this Section 5 would be inadequate and, in recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining orders, temporary or permanent injunctions or any other equitable remedy which may then be available. Notwithstanding any provision of this Agreement to the contrary, upon the occurrence of any breach of Section 5.1, if Executive is employed by the Company, the Company may immediately terminate the employment of Executive for Cause in accordance with Section 4.1.3, and, whether or not Executive is employed by the Company, the Company shall immediately cease to have any obligations to make payments to Executive under this Agreement.

5.4. Survivorship. Notwithstanding the termination of this Agreement or Executive's services hereunder for any reason, this Article 5 shall survive any such termination.

Article 6. Miscellaneous

6.1. Obligation of Successors. Subject to Section 6.4, any successor to substantially all of the Company's assets and business, and any successor to

substantially all of the assets of the division of the Company in which Executive is employed, whether by merger, consolidation, purchase of assets or otherwise, shall succeed to the rights and obligations of the Company hereunder.

6.2. Notice. All notices required or permitted hereunder shall be in writing and deemed effectively given (i) when delivered in person, (ii) on the third business day after mailing by registered or certified mail, postage prepaid, (iii) on the next business day after delivery to an air courier for next day delivery, paid by the sender, or (iv) when sent by telecopy or facsimile transmission during normal business hours (9:00 a.m. to 5:00 p.m.) where the recipient is located (or if sent after such hours, as of commencement of the next business day), followed within twenty-four hours by notification pursuant to any of the foregoing methods of delivery, in all cases addressed to the other party hereto as follows:

(a) If to the Company:

Avid Technology, Inc.
Avid Technology Park
One Park West
Tewksbury, MA 01876
Attention: Vice President, Human Resources
Facsimile: (978) 640-0065

(b) If to Executive:

Michael Rockwell
50 Hidden Road
Andover, MA 01810

or at such other address or addresses as either party shall designate to the other in accordance with this Section 6.2.

6.3. Survivorship. The respective rights and obligations of the parties under this Agreement shall survive any termination of Executive's employment to the extent necessary to the intended preservation of such rights and obligations.

6.4. Complete Agreement; Amendments. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all prior agreements between the parties with respect to the subject matter hereof, except for the Change in Control Agreement between Executive and the Company dated July 24, 2002, as it may be amended from time to time (the "Change in Control Agreement"). This Agreement shall terminate upon the occurrence of a Change in Control (as defined in the Change in Control Agreement) during the term of the Change in Control Agreement. It may not be modified or amended except upon written amendment approved by the Company's Chief Executive Officer and executed by a duly authorized officer of the Company and by Executive.

6.5. Applicable Law. This Agreement shall be interpreted in accordance with the laws of the Commonwealth of Massachusetts and the parties hereby submit to the jurisdiction of the courts of that state.

6.6. Severability. If any one or more of the provisions of this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, it shall not affect any other term or provision of this Agreement. If any provision in this Agreement shall be held to be excessively broad, it shall be construed by limiting it so as to be enforceable to the extent compatible with applicable law.

6.7. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, assigns and personal representatives, except that the duties, responsibilities and rights of Executive under this Agreement are of a personal nature and shall not be assignable or delegatable in whole or in part by Executive, except to the extent that the rights of Executive hereunder may be enforceable by his heirs, executors, administrators or legal representatives.

6.8. Captions. Captions of sections have been added only for convenience and shall not be deemed to be a part of this Agreement.

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Agreement as of the date first above written.

Avid Technology, Inc.

By: /s/ David A. Krall

David A. Krall
Chief Executive Officer

/s/ Michael Rockwell

Michael Rockwell, individually

EXECUTIVE EMPLOYMENT AGREEMENT

AVID TECHNOLOGY, INC.

This Employment Agreement ("Agreement") is entered into as of July 24, 2002 (the "Effective Date") between Avid Technology, Inc., a Delaware corporation with its principal executive offices at Avid Technology Park, Tewksbury, Massachusetts (the "Company"), and Ann C. Smith ("Executive") of 59 Wild Road Drive, Andover, Massachusetts 01810.

Article 1. Services

1.1. Service. During the Term (as defined below), the Company shall retain the services of Executive to serve as an executive of the Company and the Executive shall devote his time and render services to the Company upon the terms and conditions set forth below.

1.2. Duties. During the Term, Executive agrees to perform such executive duties consistent with his position as may be assigned to him from time to time by the Chief Executive Officer or the Board of Directors and to devote his full working time and attention to such duties.

1.3. No Conflicting Commitments. During the Term, Executive will not undertake any commitments, engage or have an interest in any outside business activities or enter into any consulting agreements which, in the opinion of the Company, conflict with the Company's interests or which might impair the performance of Executive's duties as a full time employee of the Company.

Article 2. Term

2.1. Term. Subject to earlier termination pursuant to the provisions of this Agreement, the term of this Agreement (the "Term") shall commence on the Effective Date and shall continue until terminated by either the Company or the Executive upon at least 12 months' written notice to the other, provided such notice may not be given by the Company prior to 24 months after the Effective Date. Unless the services of the Executive have terminated prior to or upon the end of the Term in accordance with the provisions of this Agreement, from and after the end of the Term, the Executive shall be an employee-at-will.

Article 3. Payments

3.1. Base Compensation. The Company shall pay to Executive a base salary (the "Base Salary") of \$225,000 per annum, payable in regular installments in accordance with the Company's usual payment practices. The Base Salary shall be reviewed by the Board of Director's Compensation Committee during the term of this Agreement and adjusted accordingly at the discretion of the Compensation Committee.

3.2. Incentive Payments. During the time Executive is an employee of the Company he shall be entitled to participate, at the sole discretion of the Board of Directors, in any cash incentive payment or bonus plan established by the Company for its executive officers, as such plan is amended from time to time.

3.3. Fringe Benefits. During the time Executive is an employee hereunder, in addition to Executive's Base Salary and incentive payments or bonuses, if any, the Company shall provide Executive and his dependents medical insurance and such other benefits as are generally made available by the Company to its full-time executive employees, as amended from time to time.

3.4. Participation in Equity Incentive Plans. Executive shall be entitled to participate in the Company's stock option plans during the Term to the extent and in the manner determined by the Company's Board of Directors in its absolute discretion.

Article 4. Termination

4.1. Termination. Executive's employment hereunder shall terminate immediately upon the occurrence of any of the following events:

4.1.1. Executive's death;

4.1.2. Executive's Disability (as defined below);

4.1.3. The termination of Executive's services hereunder by the Company for Cause (as defined below), to be effective immediately upon delivery of notice thereof;

4.1.4. The termination of Executive's services hereunder by the Company, without Cause and not as a result of Executive's death or Disability, to be effective immediately upon delivery of notice thereof; or

4.1.5. The termination of Executive's services hereunder by Executive without Good Reason (as defined below) to be effective thirty (30) days after Executive delivers prior written notice thereof from Executive to the Company.

4.1.6. The termination of Executive's services hereunder by Executive with Good Reason (as defined below), to be effective thirty (30) days after Executive delivers prior written notice thereof from Executive to the Company.

"Cause" shall mean (i) Executive's material failure to perform (other than by reason of death or Disability) his duties and responsibilities as assigned by the Chief Executive Officer or Board in accordance with Section 1.2 above, which is not remedied after thirty (30) days' written notice from the Company (if such failure is susceptible to cure), (ii) a breach of any of the provisions of this Agreement or the invention and non-disclosure agreement between the Executive and the Company, which is not cured after ten (10) days' written notice from the Company (if such breach is susceptible to cure), (iii) a serious and material violation of Company policy (for purposes of this clause any violation of the Company's Conflict of Interest policy shall be deemed serious and material), which is not cured after ten (10) days' written notice from the Company (if such breach is susceptible to cure), (iv) fraud, embezzlement or other material dishonesty with respect to the Company, or (v) commission of a felony or any other crime involving fraud, dishonesty or moral turpitude. Notwithstanding the foregoing, "Cause" shall not include any failure to achieve results as a result of factors or events beyond the reasonable control of the Executive.

"Disability" shall mean the Executive's absence from the full-time performance of his duties with the Company for 9 months as a result of incapacity due to mental or physical illness, as a result of which the Executive is deemed "disabled" by the institution appointed by the Company to administer its long-term disability plan (or any successor plan).

"Good Reason" shall mean (i) a material reduction in the nature of Executive's duties or the scope of Executive's responsibility from those in effect on the date of this Agreement, without Executive's express written consent; (ii) a reduction in Executive's Base Salary as in effect on the date hereof or as the same may be increased from time to time, without Executive's express written consent, other than a reduction which is part of an across-the-board proportionate reduction in the salaries of all senior executives of the Company imposed because the Company is experiencing financial hardship (provided such reduction is not more than 20% and does not continue for more than 12 months); (iii) the Company's requiring Executive to be based anywhere other than within fifty (50) miles of Employee's office location as in effect on the date hereof, without Executive's express written consent; and (iv) any material breach of this Agreement by the Company; provided, however, that a termination for Good Reason by Executive can only occur only (i) if Executive has given the Company a notice of intent to terminate for Good Reason at least ten (10) days before giving the termination notice described in Section 4.1.6 above and the Company has not cured the cause for Good Reason within that ten (10) day period, and (ii) such notice is given within 90 days after the occurrence of the event giving rise to Good Reason.

4.2. Adjustments Upon Termination.

4.2.1. If Executive's services to the Company terminate pursuant to Sections 4.1.1 or 4.1.2 hereof, (a) the Company shall continue to make payments to Executive or Executive's heirs, successors or legal representatives, as the case may be, in accordance with Section 3.1 hereof until twelve (12) months after the date of such death or Disability (less the amount of any payments made to the Executive under any long-term disability plan of the Company) and (b) 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, any stock options or restricted stock awards held by Executive as of the date of death or Disability shall become exercisable or vested, as the case may be, as to an additional number of shares equal to the number that would have been exercisable or vested as of the end of the 12 month period immediately following the date of death or Disability. The Company shall have no other liability or obligation under this Agreement to Executive's executors, legal representatives, administrators, heirs or assigns or any other person claiming under or through Executive.

4.2.2. If Executive's services to the Company terminate pursuant to Section 4.1.3 or 4.1.5 hereof, (a) all payments and benefits provided to Executive under this Agreement shall cease as of the effective date of such termination, except that Executive shall be entitled to any amounts earned, accrued or owing but not yet paid under Section 3.1 above and any benefits due

in accordance with the terms of any applicable benefits plans and programs of the Company and (b) all vesting of all stock options then held by the Executive shall immediately cease as of the date of such termination.

4.2.3. If Executive's services to the Company terminate pursuant to Section 4.1.4 or 4.1.6 hereof, (a) the Company shall continue to make payments to Executive in accordance with Section 3.1 hereof until twelve (12) months after the effective date of such termination (the "Severance Pay Period"), (b) the Company shall pay Executive incentive compensation for the year in which the Termination occurred, in the amount of Executive's target award multiplied by the applicable actual plan payout factor and pro rated by the number of months Executive is employed by the Company during the year of Termination; the bonus will be paid in a lump sum on or about the date on which the Company pays bonuses to senior executives who remain employed with the Company, (c) the Company shall continue to provide Executive with benefits in accordance with Section 3.3 hereof throughout the Severance Pay Period, (d) the Company shall provide Executive with outplacement benefits in accordance with the Company's then-current executive outplacement program, and (e) 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, any stock options or restricted stock awards held by Executive as of the Date of Termination shall become exercisable or vested, as the case may be, as to an additional number of shares equal to the number that would have been exercisable or vested as of the end of the 12 month period immediately following the Date of Termination; provided, however, that in order to be eligible to receive any of the salary or benefits under this Section 4.2.3, Executive shall be required to sign a general release of claims against the Company, excluding any claims concerning the Company's obligations under this Agreement. Nothing in this Agreement shall be construed to extend the time period within which any option may be exercised beyond the period specified in the applicable stock plan or under the terms of any grant, award agreement or form for exercising any right under any such plan. No other payments or benefits shall be due under this Agreement to Executive, but Executive shall be entitled to any benefits accrued or earned in accordance with the terms of any applicable benefit plans and programs of the Company.

Article 5. Non-Competition and Non-Solicitation

5.1. Non-Competition and Non-Solicitation. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company and accordingly agrees that during the Term and for a period of one (1) year after the effective date of termination of Executive's employment hereunder:

5.1.1. Executive will not engage in any activity which is competitive with any business which is now, or is at any time during Executive's employment with the Company, conducted by the Company, including without limitation becoming an employee, investor (except for passive investments of not more than one percent (1%) of the outstanding shares of, or any other equity interest in, a company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), officer, agent, partner or director of, or other participant in, any firm, person or other entity in any geographic area that 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, special effects, 3D or newsroom automation systems or products or other business in which the Company is engaged or plans to engage at the time of Executive's termination. Without limiting the foregoing, the parties agree that the following businesses are, as of the date of this Agreement, competitive with the Company: Adobe, Apple, Autodesk/Discreet Logic, Euphonics, Fairlight, Mackie, Media 100, MOTU, Newtek, Pinnacle Systems, Quantel, SGI/Alias Wavefront, Sony, Steinberg, Thomson/The Grass Valley Group, and all subsidiaries and affiliates of the foregoing companies.

5.1.2. Executive will not directly or indirectly assist others in engaging in any of the activities in which Executive is prohibited to engage by Section 5.1.1 above.

5.1.3. Executive will not directly or indirectly (a) induce any employee of the Company to engage in any activity in which Executive is prohibited from engaging by Section 5.1.1 above or to terminate his or her employment with the Company, or (b) employ or offer employment to any person who was employed by the Company unless such person shall have ceased to be employed by the Company for a period of at least one (1) year.

5.2. Reasonableness of Restrictions. It is expressly understood and agreed that (a) although Executive and the Company consider the restrictions contained in this Article 5 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Article 5 is unenforceable, such restriction shall not be rendered void but shall be deemed to be enforceable to such maximum extent as such court may judicially determine or indicate to be enforceable and (b) if any restriction contained in this Agreement is determined to be unenforceable and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

5.3. Remedies for Breach. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of this Section 5 would be inadequate and, in recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining orders, temporary or permanent injunctions or any other equitable remedy which may then be available. Notwithstanding any provision of this Agreement to the contrary, upon the occurrence of any breach of Section 5.1, if Executive is employed by the Company, the Company may immediately terminate the employment of Executive for Cause in accordance with Section 4.1.3, and, whether or not Executive is employed by the Company, the Company shall immediately cease to have any obligations to make payments to Executive under this Agreement.

5.4. Survivorship. Notwithstanding the termination of this Agreement or Executive's services hereunder for any reason, this Article 5 shall survive any such termination.

Article 6. Miscellaneous

6.1. Obligation of Successors. Subject to Section 6.4, any successor to substantially all of the Company's assets and business, and any successor to

substantially all of the assets of the division of the Company in which Executive is employed, whether by merger, consolidation, purchase of assets or otherwise, shall succeed to the rights and obligations of the Company hereunder.

6.2. Notice. All notices required or permitted hereunder shall be in writing and deemed effectively given (i) when delivered in person, (ii) on the third business day after mailing by registered or certified mail, postage prepaid, (iii) on the next business day after delivery to an air courier for next day delivery, paid by the sender, or (iv) when sent by telecopy or facsimile transmission during normal business hours (9:00 a.m. to 5:00 p.m.) where the recipient is located (or if sent after such hours, as of commencement of the next business day), followed within twenty-four hours by notification pursuant to any of the foregoing methods of delivery, in all cases addressed to the other party hereto as follows:

(a) If to the Company:

Avid Technology, Inc.
Avid Technology Park
One Park West
Tewksbury, MA 01876
Attention: Vice President, Human Resources
Facsimile: (978) 640-0065

(b) If to Executive:

Ann C. Smith
59 Wild Rose Drive
Andover, MA 01810

or at such other address or addresses as either party shall designate to the other in accordance with this Section 6.2.

6.3. Survivorship. The respective rights and obligations of the parties under this Agreement shall survive any termination of Executive's employment to the extent necessary to the intended preservation of such rights and obligations.

6.4. Complete Agreement; Amendments. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all prior agreements between the parties with respect to the subject matter hereof, except for the Change in Control Agreement between Executive and the Company dated July 24, 2002, as it may be amended from time to time (the "Change in Control Agreement"). This Agreement shall terminate upon the occurrence of a Change in Control (as defined in the Change in Control Agreement) during the term of the Change in Control Agreement. It may not be modified or amended except upon written amendment approved by the Company's Chief Executive Officer and executed by a duly authorized officer of the Company and by Executive.

6.5. Applicable Law. This Agreement shall be interpreted in accordance with the laws of the Commonwealth of Massachusetts and the parties hereby submit to the jurisdiction of the courts of that state.

6.6. Severability. If any one or more of the provisions of this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, it shall not affect any other term or provision of this Agreement. If any provision in this Agreement shall be held to be excessively broad, it shall be construed by limiting it so as to be enforceable to the extent compatible with applicable law.

6.7. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, assigns and personal representatives, except that the duties, responsibilities and rights of Executive under this Agreement are of a personal nature and shall not be assignable or delegatable in whole or in part by Executive, except to the extent that the rights of Executive hereunder may be enforceable by his heirs, executors, administrators or legal representatives.

6.8. Captions. Captions of sections have been added only for convenience and shall not be deemed to be a part of this Agreement.

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Agreement as of the date first above written.

Avid Technology, Inc.

By: /s/ David A. Krall

David A. Krall
Chief Executive Officer

/s/ Ann C. Smith

Ann C. Smith, individually

EXECUTIVE EMPLOYMENT AGREEMENT

AVID TECHNOLOGY, INC.

This Employment Agreement ("Agreement") is entered into as of July 24, 2002 (the "Effective Date") between Avid Technology, Inc., a Delaware corporation with its principal executive offices at Avid Technology Park, Tewksbury, Massachusetts (the "Company"), and Charles L. Smith ("Executive") of 7 Porter Road, Andover, Massachusetts 01810.

Article 1. Services

1.1. Service. During the Term (as defined below), the Company shall retain the services of Executive to serve as an executive of the Company and the Executive shall devote his time and render services to the Company upon the terms and conditions set forth below.

1.2. Duties. During the Term, Executive agrees to perform such executive duties consistent with his position as may be assigned to him from time to time by the Chief Executive Officer or the Board of Directors and to devote his full working time and attention to such duties.

1.3. No Conflicting Commitments. During the Term, Executive will not undertake any commitments, engage or have an interest in any outside business activities or enter into any consulting agreements which, in the opinion of the Company, conflict with the Company's interests or which might impair the performance of Executive's duties as a full time employee of the Company.

Article 2. Term

2.1. Term. Subject to earlier termination pursuant to the provisions of this Agreement, the term of this Agreement (the "Term") shall commence on the Effective Date and shall continue until terminated by either the Company or the Executive upon at least 12 months' written notice to the other, provided such notice may not be given by the Company prior to 24 months after the Effective Date. Unless the services of the Executive have terminated prior to or upon the end of the Term in accordance with the provisions of this Agreement, from and after the end of the Term, the Executive shall be an employee-at-will.

Article 3. Payments

3.1. Base Compensation. The Company shall pay to Executive a base salary (the "Base Salary") of \$300,000 per annum, payable in regular installments in accordance with the Company's usual payment practices. The Base Salary shall be reviewed by the Board of Director's Compensation Committee during the term of this Agreement and adjusted accordingly at the discretion of the Compensation Committee.

3.2. Incentive Payments. During the time Executive is an employee of the Company he shall be entitled to participate, at the sole discretion of the Board of Directors, in any cash incentive payment or bonus plan established by the Company for its executive officers, as such plan is amended from time to time.

3.3. Fringe Benefits. During the time Executive is an employee hereunder, in addition to Executive's Base Salary and incentive payments or bonuses, if any, the Company shall provide Executive and his dependents medical insurance and such other benefits as are generally made available by the Company to its full-time executive employees, as amended from time to time.

3.4. Participation in Equity Incentive Plans. Executive shall be entitled to participate in the Company's stock option plans during the Term to the extent and in the manner determined by the Company's Board of Directors in its absolute discretion.

Article 4. Termination

4.1. Termination. Executive's employment hereunder shall terminate immediately upon the occurrence of any of the following events:

4.1.1. Executive's death;

4.1.2. Executive's Disability (as defined below);

4.1.3. The termination of Executive's services hereunder by the Company for Cause (as defined below), to be effective immediately upon delivery of notice thereof;

4.1.4. The termination of Executive's services hereunder by the Company, without Cause and not as a result of Executive's death or Disability, to be effective immediately upon delivery of notice thereof; or

4.1.5. The termination of Executive's services hereunder by Executive without Good Reason (as defined below) to be effective thirty (30) days after Executive delivers prior written notice thereof from Executive to the Company.

4.1.6. The termination of Executive's services hereunder by Executive with Good Reason (as defined below), to be effective thirty (30) days after Executive delivers prior written notice thereof from Executive to the Company.

"Cause" shall mean (i) Executive's material failure to perform (other than by reason of death or Disability) his duties and responsibilities as assigned by the Chief Executive Officer or Board in accordance with Section 1.2 above, which is not remedied after thirty (30) days' written notice from the Company (if such failure is susceptible to cure), (ii) a breach of any of the provisions of this Agreement or the invention and non-disclosure agreement between the Executive and the Company, which is not cured after ten (10) days' written notice from the Company (if such breach is susceptible to cure), (iii) a serious and material violation of Company policy (for purposes of this clause any violation of the Company's Conflict of Interest policy shall be deemed serious and material), which is not cured after ten (10) days' written notice from the Company (if such breach is susceptible to cure), (iv) fraud, embezzlement or other material dishonesty with respect to the Company, or (v) commission of a felony or any other crime involving fraud, dishonesty or moral turpitude. Notwithstanding the foregoing, "Cause" shall not include any failure to achieve results as a result of factors or events beyond the reasonable control of the Executive.

"Disability" shall mean the Executive's absence from the full-time performance of his duties with the Company for 9 months as a result of incapacity due to mental or physical illness, as a result of which the Executive is deemed "disabled" by the institution appointed by the Company to administer its long-term disability plan (or any successor plan).

"Good Reason" shall mean (i) a material reduction in the nature of Executive's duties or the scope of Executive's responsibility from those in effect on the date of this Agreement, without Executive's express written consent; (ii) a reduction in Executive's Base Salary as in effect on the date hereof or as the same may be increased from time to time, without Executive's express written consent, other than a reduction which is part of an across-the-board proportionate reduction in the salaries of all senior executives of the Company imposed because the Company is experiencing financial hardship (provided such reduction is not more than 20% and does not continue for more than 12 months); (iii) the Company's requiring Executive to be based anywhere other than within fifty (50) miles of Employee's office location as in effect on the date hereof, without Executive's express written consent; and (iv) any material breach of this Agreement by the Company; provided, however, that a termination for Good Reason by Executive can only occur only (i) if Executive has given the Company a notice of intent to terminate for Good Reason at least ten (10) days before giving the termination notice described in Section 4.1.6 above and the Company has not cured the cause for Good Reason within that ten (10) day period, and (ii) such notice is given within 90 days after the occurrence of the event giving rise to Good Reason.

4.2. Adjustments Upon Termination.

4.2.1. If Executive's services to the Company terminate pursuant to Sections 4.1.1 or 4.1.2 hereof, (a) the Company shall continue to make payments to Executive or Executive's heirs, successors or legal representatives, as the case may be, in accordance with Section 3.1 hereof until twelve (12) months after the date of such death or Disability (less the amount of any payments made to the Executive under any long-term disability plan of the Company) and (b) 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, any stock options or restricted stock awards held by Executive as of the date of death or Disability shall become exercisable or vested, as the case may be, as to an additional number of shares equal to the number that would have been exercisable or vested as of the end of the 12 month period immediately following the date of death or Disability. The Company shall have no other liability or obligation under this Agreement to Executive's executors, legal representatives, administrators, heirs or assigns or any other person claiming under or through Executive.

4.2.2. If Executive's services to the Company terminate pursuant to Section 4.1.3 or 4.1.5 hereof, (a) all payments and benefits provided to Executive under this Agreement shall cease as of the effective date of such termination, except that Executive shall be entitled to any amounts earned, accrued or owing but not yet paid under Section 3.1 above and any benefits due

in accordance with the terms of any applicable benefits plans and programs of the Company and (b) all vesting of all stock options then held by the Executive shall immediately cease as of the date of such termination.

4.2.3. If Executive's services to the Company terminate pursuant to Section 4.1.4 or 4.1.6 hereof, (a) the Company shall continue to make payments to Executive in accordance with Section 3.1 hereof until twelve (12) months after the effective date of such termination (the "Severance Pay Period"), (b) the Company shall pay Executive incentive compensation for the year in which the Termination occurred, in the amount of Executive's target award multiplied by the applicable actual plan payout factor and pro rated by the number of months Executive is employed by the Company during the year of Termination; the bonus will be paid in a lump sum on or about the date on which the Company pays bonuses to senior executives who remain employed with the Company, (c) the Company shall continue to provide Executive with benefits in accordance with Section 3.3 hereof throughout the Severance Pay Period, (d) the Company shall provide Executive with outplacement benefits in accordance with the Company's then-current executive outplacement program, and (e) 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, any stock options or restricted stock awards held by Executive as of the Date of Termination shall become exercisable or vested, as the case may be, as to an additional number of shares equal to the number that would have been exercisable or vested as of the end of the 12 month period immediately following the Date of Termination; provided, however, that in order to be eligible to receive any of the salary or benefits under this Section 4.2.3, Executive shall be required to sign a general release of claims against the Company, excluding any claims concerning the Company's obligations under this Agreement. Nothing in this Agreement shall be construed to extend the time period within which any option may be exercised beyond the period specified in the applicable stock plan or under the terms of any grant, award agreement or form for exercising any right under any such plan. No other payments or benefits shall be due under this Agreement to Executive, but Executive shall be entitled to any benefits accrued or earned in accordance with the terms of any applicable benefit plans and programs of the Company.

Article 5. Non-Competition and Non-Solicitation

5.1. Non-Competition and Non-Solicitation. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company and accordingly agrees that during the Term and for a period of one (1) year after the effective date of termination of Executive's employment hereunder:

5.1.1. Executive will not engage in any activity which is competitive with any business which is now, or is at any time during Executive's employment with the Company, conducted by the Company, including without limitation becoming an employee, investor (except for passive investments of not more than one percent (1%) of the outstanding shares of, or any other equity interest in, a company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), officer, agent, partner or director of, or other participant in, any firm, person or other entity in any geographic area that 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, special effects, 3D or newsroom automation systems or products or other business in which the Company is engaged or plans to engage at the time of Executive's termination. Without limiting the foregoing, the parties agree that the following businesses are, as of the date of this Agreement, competitive with the Company: Adobe, Apple, Autodesk/Discreet Logic, Euphonics, Fairlight, Mackie, Media 100, MOTU, Newtek, Pinnacle Systems, Quantel, SGI/Alias Wavefront, Sony, Steinberg, Thomson/The Grass Valley Group, and all subsidiaries and affiliates of the foregoing companies.

5.1.2. Executive will not directly or indirectly assist others in engaging in any of the activities in which Executive is prohibited to engage by Section 5.1.1 above.

5.1.3. Executive will not directly or indirectly (a) induce any employee of the Company to engage in any activity in which Executive is prohibited from engaging by Section 5.1.1 above or to terminate his or her employment with the Company, or (b) employ or offer employment to any person who was employed by the Company unless such person shall have ceased to be employed by the Company for a period of at least one (1) year.

5.2. Reasonableness of Restrictions. It is expressly understood and agreed that (a) although Executive and the Company consider the restrictions contained in this Article 5 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Article 5 is unenforceable, such restriction shall not be rendered void but shall be deemed to be enforceable to such maximum extent as such court may judicially determine or indicate to be enforceable and (b) if any restriction contained in this Agreement is determined to be unenforceable and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

5.3. Remedies for Breach. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of this Section 5 would be inadequate and, in recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining orders, temporary or permanent injunctions or any other equitable remedy which may then be available. Notwithstanding any provision of this Agreement to the contrary, upon the occurrence of any breach of Section 5.1, if Executive is employed by the Company, the Company may immediately terminate the employment of Executive for Cause in accordance with Section 4.1.3, and, whether or not Executive is employed by the Company, the Company shall immediately cease to have any obligations to make payments to Executive under this Agreement.

5.4. Survivorship. Notwithstanding the termination of this Agreement or Executive's services hereunder for any reason, this Article 5 shall survive any such termination.

Article 6. Miscellaneous

6.1. Obligation of Successors. Subject to Section 6.4, any successor to substantially all of the Company's assets and business, and any successor to

substantially all of the assets of the division of the Company in which Executive is employed, whether by merger, consolidation, purchase of assets or otherwise, shall succeed to the rights and obligations of the Company hereunder.

6.2. Notice. All notices required or permitted hereunder shall be in writing and deemed effectively given (i) when delivered in person, (ii) on the third business day after mailing by registered or certified mail, postage prepaid, (iii) on the next business day after delivery to an air courier for next day delivery, paid by the sender, or (iv) when sent by telecopy or facsimile transmission during normal business hours (9:00 a.m. to 5:00 p.m.) where the recipient is located (or if sent after such hours, as of commencement of the next business day), followed within twenty-four hours by notification pursuant to any of the foregoing methods of delivery, in all cases addressed to the other party hereto as follows:

(a) If to the Company:

Avid Technology, Inc.
Avid Technology Park
One Park West
Tewksbury, MA 01876
Attention: Vice President, Human Resources
Facsimile: (978) 640-0065

(b) If to Executive:

Charles L. Smith
7 Porter Road
Andover, MA 01810

or at such other address or addresses as either party shall designate to the other in accordance with this Section 6.2.

6.3. Survivorship. The respective rights and obligations of the parties under this Agreement shall survive any termination of Executive's employment to the extent necessary to the intended preservation of such rights and obligations.

6.4. Complete Agreement; Amendments. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all prior agreements between the parties with respect to the subject matter hereof, except for the Change in Control Agreement between Executive and the Company dated July 24, 2002, as it may be amended from time to time (the "Change in Control Agreement"). This Agreement shall terminate upon the occurrence of a Change in Control (as defined in the Change in Control Agreement) during the term of the Change in Control Agreement. It may not be modified or amended except upon written amendment approved by the Company's Chief Executive Officer and executed by a duly authorized officer of the Company and by Executive.

6.5. Applicable Law. This Agreement shall be interpreted in accordance with the laws of the Commonwealth of Massachusetts and the parties hereby submit to the jurisdiction of the courts of that state.

6.6. Severability. If any one or more of the provisions of this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, it shall not affect any other term or provision of this Agreement. If any provision in this Agreement shall be held to be excessively broad, it shall be construed by limiting it so as to be enforceable to the extent compatible with applicable law.

6.7. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, assigns and personal representatives, except that the duties, responsibilities and rights of Executive under this Agreement are of a personal nature and shall not be assignable or delegatable in whole or in part by Executive, except to the extent that the rights of Executive hereunder may be enforceable by his heirs, executors, administrators or legal representatives.

6.8. Captions. Captions of sections have been added only for convenience and shall not be deemed to be a part of this Agreement.

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Agreement as of the date first above written.

Avid Technology, Inc.

By: /s/ David A. Krall

David A. Krall
Chief Executive Officer

/s/ Charles L. Smith

Charles L. Smith, individually

Date: July 24, 2002

David A. Krall
Avid Technology, Inc.
Avid Technology Park
One Park West
Tewksbury, MA 01876

The Board of Directors (the "Board") of Avid Technology, Inc. ("Avid" or the "Company") recognizes that your contributions to the future growth and success of the Company 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 two full calendar years following such 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(ii)), 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 only if any of the following events occur:

(a) The acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"))(a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (D) any acquisition by any corporation pursuant to a transaction which satisfies the criteria set forth in clauses (A) and (B) of subparagraph (c) of this Paragraph 2(i); or

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequently to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 40% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, of the corporation resulting from such Business Combination (which as used in this Paragraph 2(i)(c) shall include, without limitation, a corporation which as a result of such transaction owns all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be and (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination, or the combined voting power of the then-outstanding voting securities of such corporation.

(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 a merger, acquisition or similar 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 actions which if consummated would constitute a 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 24 months after such Change in Control, by you or by the Company unless such termination is (a) because of your death, (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 nine (9) 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 your employment for Disability.

(ii) "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 Company which specifically identifies the manner in which the Company 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, or

(C) an act by you of fraud, embezzlement or other material dishonesty with respect to the Company, or

(D) commission of a felony or any other crime involving fraud, dishonesty or moral turpitude.

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.

(iii) "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;

(B) a reduction by the Company in your base salary in effect immediately prior to a Change in Control of the Company (other than the reduction of up to 5% for a period of not more than six months which is part of an across the board proportionate reduction in the salaries of other peer executives of the Company imposed because the Company is experiencing financial hardship);

(C) the failure by the Company to maintain your participation in any life insurance, medical, health and accident, disability and vacation plan or policy of the Company on terms not less favorable than those provided by the Company to other peer executives of the Company;

(D) the failure by the Company to maintain your participation in a bonus or incentive plan that provides for an annual target bonus not lower than your target bonus (at a payout factor of one) for the fiscal year in which the Change in Control of the Company occurs;

(E) any requirement by the Company that (i) the location of which you perform your principal duties for the Company be changed to a new location that is more than 50 miles from the location at which you perform your principal duties for the Company at the time of the Change in Control of the Company or (ii) you are required to travel on an overnight basis to a significantly greater extent than you were required to so travel prior to the Change in Control of the Company;

(F) any material breach by the Company of any provision of this Agreement (including, without limitation, Paragraph 6), which is not cured within 30 days after written notice thereof; 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 (iv) below (and, if applicable, subparagraph (ii) above); and for purposes of this Agreement, no such purported termination shall be effective.

(iv) Notice of Termination. Any termination by the Company pursuant to subparagraphs (i) or (ii) above or by you pursuant to subparagraph (iii) 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.

(v) 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 (iii) above, the date specified in the Notice of Termination, and

(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).

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 Disability, you shall continue to receive your full base salary twice a month at the rate then in effect and any awards under the Executive/Senior Management Variable Compensation Plan or any successor plan shall continue to accrue and to be paid during such period until your employment is terminated (and, if the Company maintains a Long Term Disability Plan, you shall be eligible for coverage thereunder in accordance with the terms thereof and subject to the satisfaction of all applicable conditions, including without limitation, the timely filing of a notice of claim); provided, however, in the event the Company makes no interim individual accruals for the Executive/Senior Management Variable Compensation Plan or any successor plan in respect of any period for which no award has been made under such Plan you shall receive payment during such period of Disability 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, within two years after a Change in Control of the Company, the Company shall terminate your employment, other than pursuant to Paragraph 3(i) or 3(ii) hereof or by reason of death, or if you shall terminate your employment for Good Reason:

(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 no more than 30 days following the Date of Termination, the following amounts:

- (x) the sum of (A) your accrued but unpaid base salary through the Date of Termination, (B) the product of (x) the greater of your highest annual bonus earned in the two most recent full fiscal years preceding the Date of Termination and your target bonus award (at a payout factor of one) for the fiscal year in which the Date of Termination occurs, and (y) a fraction, the numerator of which is the number of days in the then current fiscal year through the Date of Termination, and the denominator of which is 365 and (C) the amount of any compensation previously deferred by you (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not previously paid (the sum of the amounts described in clauses (A), (B), and (C) shall be hereinafter referred to as the "Accrued Obligations"); and
- (y) the amount equal to one and a half (1.5) times (or, in the case of death, one (1) times) the sum of your annual base salary at the highest rate in effect during the 12 months preceding the Date of Termination and the greater of your highest annual bonus earned in the two most recent full fiscal years preceding the Date of Termination and your target bonus award (at a payout factor of one) for the fiscal year in which the Date of Termination occurs.

(B) For a twenty-four (24) month period after such termination, the Company shall arrange to provide you with life, dental, accident and group health insurance benefits substantially similar to those that you were receiving immediately prior to such termination to the extent that the Company's plans then permit the Company to provide you with such benefits. Notwithstanding the foregoing, the Company shall not provide any such benefits to you to the extent that an equivalent benefit is received by you from another employer during such period, and you shall report any such benefit actually received by you to the Company;

(C) Notwithstanding anything to the contrary in the applicable stock option or restricted stock agreement, the exercisability of all outstanding stock options and restricted stock awards then held by you for the purchase of common stock of the Company (or securities exchanged for such common stock in connection with the Change in Control of the Company) shall accelerate in full and you shall be entitled to exercise any such options until 24 months after the Date of Termination; and

(D) You shall be entitled to full executive outplacement assistance with an agency selected by the Company.

(iv) You shall not be required to mitigate the amount of any payment provided for in this Paragraph 4 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) Nothing in this Agreement shall prevent or limit your continuing or future participation in any plan, program, policy or practice provided by the Company to its employees and for which you may qualify nor, subject to Paragraph 11 hereof, shall anything herein limit or otherwise affect such rights as you may have under any contract or agreement between you and the Company; provided, however, that to the extent you are entitled to receive any payments hereunder upon termination of your employment, you shall not be entitled to any payments under any severance plan, program, policy or practice of the Company then in effect.

5. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(i) 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 and/or any acceleration of vesting of any options or restricted stock awards (whether paid or payable or distributed or distributable or provided pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Paragraph 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 and 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. Notwithstanding the foregoing provisions of this Paragraph 5(i), 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.

(ii) Subject to the provisions of Paragraph 5(i), all determinations required to be made under this Paragraph 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 PricewaterhouseCoopers LLP 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 Paragraph 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 Paragraph 5(iii) 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.

(iii) 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. You shall not pay such claim prior to the expiration of the 30-day period following the date on which you give 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:

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

(B) 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,

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

(D) 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 of the foregoing provisions of this Paragraph 5(iii), 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.

(iv) If, after the receipt by you of an amount advanced by the Company pursuant to Paragraph 5(iii), 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 Paragraph 5(iii)) 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 Paragraph 5(iii), 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, 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. As used in this Agreement, "Company" shall mean the Company as defined above 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.

(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. COMPETITIVE ACTIVITY.

(i) Unless the Company materially breaches this Agreement, you agree you will not for a period of one (1) year after termination of your employment with the Company, engage in any activity which is competitive with any business which is now, or is at any time during your employment with the Company, conducted by the Company, including without limitation becoming an employee, investor (except for passive investments of not more than one percent (1%) of the outstanding shares of, or any other equity interest in, a company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), officer, agent, partner or director of, or other participant in, any firm, person or other entity in any geographic area that 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, special effects, 3D or newsroom automation systems or products or other business in which the Company is engaged or plans to engage at the time of your termination. Without limiting the foregoing, the parties agree that the following businesses are, as of the date of this Agreement, competitive with the Company: Adobe, Apple, Autodesk/Discreet Logic, Euphonics, Fairlight, Mackie, Media 100, MOTU, Newtek, Pinnacle Systems, Quantel, SGI/Alias Wavefront, Sony, Steinberg, Thomson/The Grass Valley Group, and all subsidiaries and affiliates of the foregoing companies.

(ii) You will not directly or indirectly assist others in engaging in any of the activities in which you are prohibited to engage by paragraph 7(i) above.

(iii) You will not directly or indirectly (a) induce any employee of the Company to engage in any activity in which you are prohibited from engaging by paragraph 7(i) above or to terminate your employment with the Company, or (b) employ or offer employment to any person who was employed by the Company unless such person shall have ceased to be employed by the Company for a period of at least one (1) year.

8. 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 7 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.

9. 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.

10. 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.

11. ENTIRE AGREEMENT.

This Agreement represents the entire agreement of the parties with respect to the subject matter hereof and supersedes any other agreement between the parties with respect to such subject matter, including without limitations, the Employment Agreement dated July 24, 2002.

12. 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.

13. 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.

14. MISCELLANEOUS.

(i) 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.

(ii) 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.

(iii) The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Massachusetts.

(iv) 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.

(v) The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

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: /s/ Paul J. Milbury

Paul J. Milbury
Chief Financial Officer

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

/s/ David A. Krall

David A. Krall

Date: July 24, 2002

Joseph Bentivegna
Avid Technology, Inc.
Avid Technology Park
One Park West
Tewksbury, MA 01876

The Board of Directors (the "Board") of Avid Technology, Inc. ("Avid" or the "Company") recognizes that your contributions to the future growth and success of the Company 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 two full calendar years following such 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(ii)), 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 only if any of the following events occur:

(a) The acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"))(a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (D) any acquisition by any corporation pursuant to a transaction which satisfies the criteria set forth in clauses (A) and (B) of subparagraph (c) of this Paragraph 2(i); or

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequently to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation or sale or other

disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 40% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, of the corporation resulting from such Business Combination (which as used in this Paragraph 2(i)(c) shall include, without limitation, a corporation which as a result of such transaction owns all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be and (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination, or the combined voting power of the then-outstanding voting securities of such corporation.

(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 a merger, acquisition or similar 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 actions which if consummated would constitute a 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 24 months after such Change in Control, by you or by the Company unless such termination is (a) because of your death, (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 nine (9) 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 your employment for Disability.

(ii) "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 Company which specifically identifies the manner in which the Company 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, or

(C) an act by you of fraud, embezzlement or other material dishonesty with respect to the Company, or

(D) commission of a felony or any other crime involving fraud, dishonesty or moral turpitude.

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.

(iii) "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;

(B) a reduction by the Company in your base salary in effect immediately prior to a Change in Control of the Company (other than the reduction of up to 5% for a period of not more than six months which is part of an across the board proportionate reduction in the salaries of other peer executives of the Company imposed because the Company is experiencing financial hardship);

(C) the failure by the Company to maintain your participation in any life insurance, medical, health and accident, disability and vacation plan or policy of the Company on terms not less favorable than those provided by the Company to other peer executives of the Company;

(D) the failure by the Company to maintain your participation in a bonus or incentive plan that provides for an annual target bonus not lower than your target bonus (at a payout factor of one) for the fiscal year in which the Change in Control of the Company occurs;

(E) any requirement by the Company that (i) the location of which you perform your principal duties for the Company be changed to a new location that is more than 50 miles from the location at which you perform your principal duties for the Company at the time of the Change in Control of the Company or (ii) you are required to travel on an overnight basis to a significantly greater extent than you were required to so travel prior to the Change in Control of the Company;

(F) any material breach by the Company of any provision of this Agreement (including, without limitation, Paragraph 6), which is not cured within 30 days after written notice thereof; 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 (iv) below (and, if applicable, subparagraph (ii) above); and for purposes of this Agreement, no such purported termination shall be effective.

(iv) Notice of Termination. Any termination by the Company pursuant to subparagraphs (i) or (ii) above or by you pursuant to subparagraph (iii) 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.

(v) 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 (iii) above, the date specified in the Notice of Termination, and

(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).

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 Disability, you shall continue to receive your full base salary twice a month at the rate then in effect and any awards under the Executive/Senior Management Variable Compensation Plan or any successor plan shall continue to accrue and to be paid during such period until your employment is terminated (and, if the Company maintains a Long Term Disability Plan, you shall be eligible for coverage thereunder in accordance with the terms thereof and subject to the satisfaction of all applicable conditions, including without limitation, the timely filing of a notice of claim); provided, however, in the event the Company makes no interim individual accruals for the Executive/Senior Management Variable Compensation Plan or any successor plan in respect of any period for which no award has been made under such Plan you shall receive payment during such period of Disability 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, within two years after a Change in Control of the Company, the Company shall terminate your employment, other than pursuant to Paragraph 3(i) or 3(ii) hereof or by reason of death, or if you shall terminate your employment for Good Reason:

(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 no more than 30 days following the Date of Termination, the following amounts:

- (x) the sum of (A) your accrued but unpaid base salary through the Date of Termination, (B) the product of (x) the greater of your highest annual bonus earned in the two most recent full fiscal years preceding the Date of Termination and your target bonus award (at a payout factor of one) for the fiscal year in which the Date of Termination occurs, and (y) a fraction, the numerator of which is the number of days in the then current fiscal year through the Date of Termination, and the denominator of which is 365 and (C) the amount of any compensation previously deferred by you (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not previously paid (the sum of the amounts described in clauses (A), (B), and (C) shall be hereinafter referred to as the "Accrued Obligations"); and
- (y) the amount equal to one and a half (1.5) times (or, in the case of death, one (1) times) the sum of your annual base salary at the highest rate in effect during the 12 months preceding the Date of Termination and the greater of your highest annual bonus earned in the two most recent full fiscal years preceding the Date of Termination and your target bonus award (at a payout factor of one) for the fiscal year in which the Date of Termination occurs.

(B) For a twenty-four (24) month period after such termination, the Company shall arrange to provide you with life, dental, accident and group health insurance benefits substantially similar to those that you were receiving immediately prior to such termination to the extent that the Company's plans then permit the Company to provide you with such benefits. Notwithstanding the foregoing, the Company shall not provide any such benefits to you to the extent that an equivalent benefit is received by you from another employer during such period, and you shall report any such benefit actually received by you to the Company;

(C) Notwithstanding anything to the contrary in the applicable stock option or restricted stock agreement, the exercisability of all outstanding stock options and restricted stock awards then held by you for the purchase of common stock of the Company (or securities exchanged for such common stock in connection with the Change in Control of the Company) shall accelerate in full and you shall be entitled to exercise any such options until 24 months after the Date of Termination; and

(D) You shall be entitled to full executive outplacement assistance with an agency selected by the Company.

(iv) You shall not be required to mitigate the amount of any payment provided for in this Paragraph 4 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) Nothing in this Agreement shall prevent or limit your continuing or future participation in any plan, program, policy or practice provided by the Company to its employees and for which you may qualify nor, subject to Paragraph 11 hereof, shall anything herein limit or otherwise affect such rights as you may have under any contract or agreement between you and the Company; provided, however, that to the extent you are entitled to receive any payments hereunder upon termination of your employment, you shall not be entitled to any payments under any severance plan, program, policy or practice of the Company then in effect.

5. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(i) 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 and/or any acceleration of vesting of any options or restricted stock awards (whether paid or payable or distributed or distributable or provided pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Paragraph 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 and 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. Notwithstanding the foregoing provisions of this Paragraph 5(i), 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.

(ii) Subject to the provisions of Paragraph 5(i), all determinations required to be made under this Paragraph 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 PricewaterhouseCoopers LLP 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 Paragraph 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 Paragraph 5(iii) 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.

(iii) 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. You shall not pay such claim prior to the expiration of the 30-day period following the date on which you give 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:

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

(B) 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,

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

(D) 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 of the foregoing provisions of this Paragraph 5(iii), 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.

(iv) If, after the receipt by you of an amount advanced by the Company pursuant to Paragraph 5(iii), 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 Paragraph 5(iii)) 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 Paragraph 5(iii), 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, 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. As used in this Agreement, "Company" shall mean the Company as defined above 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.

(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. COMPETITIVE ACTIVITY.

(i) Unless the Company materially breaches this Agreement, you agree you will not for a period of one (1) year after termination of your employment with the Company, engage in any activity which is competitive with any business which is now, or is at any time during your employment with the Company, conducted by the Company, including without limitation becoming an employee, investor (except for passive investments of not more than one percent (1%) of the outstanding shares of, or any other equity interest in, a company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), officer, agent, partner or director of, or other participant in, any firm, person or other entity in any geographic area that 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, special effects, 3D or newsroom automation systems or products or other business in which the Company is engaged or plans to engage at the time of your termination. Without limiting the foregoing, the parties agree that the following businesses are, as of the date of this Agreement, competitive with the Company: Adobe, Apple, Autodesk/Discreet Logic, Euphonics, Fairlight, Mackie, Media 100, MOTU, Newtek, Pinnacle Systems, Quantel, SGI/Alias Wavefront, Sony, Steinberg, Thomson/The Grass Valley Group, and all subsidiaries and affiliates of the foregoing companies.

(ii) You will not directly or indirectly assist others in engaging in any of the activities in which you are prohibited to engage by paragraph 7(i) above.

(iii) You will not directly or indirectly (a) induce any employee of the Company to engage in any activity in which you are prohibited from engaging by paragraph 7(i) above or to terminate your employment with the Company, or (b) employ or offer employment to any person who was employed by the Company unless such person shall have ceased to be employed by the Company for a period of at least one (1) year.

8. 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 7 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.

9. 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.

10. 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.

11. ENTIRE AGREEMENT.

This Agreement represents the entire agreement of the parties with respect to the subject matter hereof and supersedes any other agreement between the parties with respect to such subject matter, including without limitations, the Employment Agreement dated July 24, 2002.

12. 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.

13. 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.

14. MISCELLANEOUS.

(i) 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.

(ii) 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.

(iii) The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Massachusetts.

(iv) 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.

(v) The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

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: /s/ David A. Krall

David A. Krall
Chief Executive Officer

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

/s/ Joseph Bentivegna

Joseph Bentivegna

Date: July 24, 2002

Ethan E. Jacks
Avid Technology, Inc.
Avid Technology Park
One Park West
Tewksbury, MA 01876

The Board of Directors (the "Board") of Avid Technology, Inc. ("Avid" or the "Company") recognizes that your contributions to the future growth and success of the Company 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 two full calendar years following such 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(ii)), 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 only if any of the following events occur:

(a) The acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"))(a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (D) any acquisition by any corporation pursuant to a transaction which satisfies the criteria set forth in clauses (A) and (B) of subparagraph (c) of this Paragraph 2(i); or

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequently to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation or sale or other

disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 40% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, of the corporation resulting from such Business Combination (which as used in this Paragraph 2(i)(c) shall include, without limitation, a corporation which as a result of such transaction owns all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be and (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination, or the combined voting power of the then-outstanding voting securities of such corporation.

(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 a merger, acquisition or similar 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 actions which if consummated would constitute a 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 24 months after such Change in Control, by you or by the Company unless such termination is (a) because of your death, (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 nine (9) 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 your employment for Disability.

(ii) "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 Company which specifically identifies the manner in which the Company 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, or

(C) an act by you of fraud, embezzlement or other material dishonesty with respect to the Company, or

(D) commission of a felony or any other crime involving fraud, dishonesty or moral turpitude.

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.

(iii) "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;

(B) a reduction by the Company in your base salary in effect immediately prior to a Change in Control of the Company (other than the reduction of up to 5% for a period of not more than six months which is part of an across the board proportionate reduction in the salaries of other peer executives of the Company imposed because the Company is experiencing financial hardship);

(C) the failure by the Company to maintain your participation in any life insurance, medical, health and accident, disability and vacation plan or policy of the Company on terms not less favorable than those provided by the Company to other peer executives of the Company;

(D) the failure by the Company to maintain your participation in a bonus or incentive plan that provides for an annual target bonus not lower than your target bonus (at a payout factor of one) for the fiscal year in which the Change in Control of the Company occurs;

(E) any requirement by the Company that (i) the location of which you perform your principal duties for the Company be changed to a new location that is more than 50 miles from the location at which you perform your principal duties for the Company at the time of the Change in Control of the Company or (ii) you are required to travel on an overnight basis to a significantly greater extent than you were required to so travel prior to the Change in Control of the Company;

(F) any material breach by the Company of any provision of this Agreement (including, without limitation, Paragraph 6), which is not cured within 30 days after written notice thereof; 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 (iv) below (and, if applicable, subparagraph (ii) above); and for purposes of this Agreement, no such purported termination shall be effective.

(iv) Notice of Termination. Any termination by the Company pursuant to subparagraphs (i) or (ii) above or by you pursuant to subparagraph (iii) 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.

(v) 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 (iii) above, the date specified in the Notice of Termination, and

(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).

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 Disability, you shall continue to receive your full base salary twice a month at the rate then in effect and any awards under the Executive/Senior Management Variable Compensation Plan or any successor plan shall continue to accrue and to be paid during such period until your employment is terminated (and, if the Company maintains a Long Term Disability Plan, you shall be eligible for coverage thereunder in accordance with the terms thereof and subject to the satisfaction of all applicable conditions, including without limitation, the timely filing of a notice of claim); provided, however, in the event the Company makes no interim individual accruals for the Executive/Senior Management Variable Compensation Plan or any successor plan in respect of any period for which no award has been made under such Plan you shall receive payment during such period of Disability 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, within two years after a Change in Control of the Company, the Company shall terminate your employment, other than pursuant to Paragraph 3(i) or 3(ii) hereof or by reason of death, or if you shall terminate your employment for Good Reason:

(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 no more than 30 days following the Date of Termination, the following amounts:

- (x) the sum of (A) your accrued but unpaid base salary through the Date of Termination, (B) the product of (x) the greater of your highest annual bonus earned in the two most recent full fiscal years preceding the Date of Termination and your target bonus award (at a payout factor of one) for the fiscal year in which the Date of Termination occurs, and (y) a fraction, the numerator of which is the number of days in the then current fiscal year through the Date of Termination, and the denominator of which is 365 and (C) the amount of any compensation previously deferred by you (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not previously paid (the sum of the amounts described in clauses (A), (B), and (C) shall be hereinafter referred to as the "Accrued Obligations"); and
- (y) the amount equal to one and a half (1.5) times (or, in the case of death, one (1) times) the sum of your annual base salary at the highest rate in effect during the 12 months preceding the Date of Termination and the greater of your highest annual bonus earned in the two most recent full fiscal years preceding the Date of Termination and your target bonus award (at a payout factor of one) for the fiscal year in which the Date of Termination occurs.

(B) For a twenty-four (24) month period after such termination, the Company shall arrange to provide you with life, dental, accident and group health insurance benefits substantially similar to those that you were receiving immediately prior to such termination to the extent that the Company's plans then permit the Company to provide you with such benefits. Notwithstanding the foregoing, the Company shall not provide any such benefits to you to the extent that an equivalent benefit is received by you from another employer during such period, and you shall report any such benefit actually received by you to the Company;

(C) Notwithstanding anything to the contrary in the applicable stock option or restricted stock agreement, the exercisability of all outstanding stock options and restricted stock awards then held by you for the purchase of common stock of the Company (or securities exchanged for such common stock in connection with the Change in Control of the Company) shall accelerate in full and you shall be entitled to exercise any such options until 24 months after the Date of Termination; and

(D) You shall be entitled to full executive outplacement assistance with an agency selected by the Company.

(iv) You shall not be required to mitigate the amount of any payment provided for in this Paragraph 4 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) Nothing in this Agreement shall prevent or limit your continuing or future participation in any plan, program, policy or practice provided by the Company to its employees and for which you may qualify nor, subject to Paragraph 11 hereof, shall anything herein limit or otherwise affect such rights as you may have under any contract or agreement between you and the Company; provided, however, that to the extent you are entitled to receive any payments hereunder upon termination of your employment, you shall not be entitled to any payments under any severance plan, program, policy or practice of the Company then in effect.

5. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(i) 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 and/or any acceleration of vesting of any options or restricted stock awards (whether paid or payable or distributed or distributable or provided pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Paragraph 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 and 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. Notwithstanding the foregoing provisions of this Paragraph 5(i), 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.

(ii) Subject to the provisions of Paragraph 5(i), all determinations required to be made under this Paragraph 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 PricewaterhouseCoopers LLP 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 Paragraph 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 Paragraph 5(iii) 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.

(iii) 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. You shall not pay such claim prior to the expiration of the 30-day period following the date on which you give 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:

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

(B) 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,

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

(D) 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 of the foregoing provisions of this Paragraph 5(iii), 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.

(iv) If, after the receipt by you of an amount advanced by the Company pursuant to Paragraph 5(iii), 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 Paragraph 5(iii)) 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 Paragraph 5(iii), 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, 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. As used in this Agreement, "Company" shall mean the Company as defined above 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.

(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. COMPETITIVE ACTIVITY.

(i) Unless the Company materially breaches this Agreement, you agree you will not for a period of one (1) year after termination of your employment with the Company, engage in any activity which is competitive with any business which is now, or is at any time during your employment with the Company, conducted by the Company, including without limitation becoming an employee, investor (except for passive investments of not more than one percent (1%) of the outstanding shares of, or any other equity interest in, a company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), officer, agent, partner or director of, or other participant in, any firm, person or other entity in any geographic area that 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, special effects, 3D or newsroom automation systems or products or other business in which the Company is engaged or plans to engage at the time of your termination. Without limiting the foregoing, the parties agree that the following businesses are, as of the date of this Agreement, competitive with the Company: Adobe, Apple, Autodesk/Discreet Logic, Euphonics, Fairlight, Mackie, Media 100, MOTU, Newtek, Pinnacle Systems, Quantel, SGI/Alias Wavefront, Sony, Steinberg, Thomson/The Grass Valley Group, and all subsidiaries and affiliates of the foregoing companies.

(ii) You will not directly or indirectly assist others in engaging in any of the activities in which you are prohibited to engage by paragraph 7(i) above.

(iii) You will not directly or indirectly (a) induce any employee of the Company to engage in any activity in which you are prohibited from engaging by paragraph 7(i) above or to terminate your employment with the Company, or (b) employ or offer employment to any person who was employed by the Company unless such person shall have ceased to be employed by the Company for a period of at least one (1) year.

8. 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 7 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.

9. 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.

10. 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.

11. ENTIRE AGREEMENT.

This Agreement represents the entire agreement of the parties with respect to the subject matter hereof and supersedes any other agreement between the parties with respect to such subject matter, including without limitations, the Employment Agreement dated July 24, 2002.

12. 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.

13. 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.

14. MISCELLANEOUS.

(i) 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.

(ii) 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.

(iii) The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Massachusetts.

(iv) 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.

(v) The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

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: /s/ David A. Krall

David A. Krall
Chief Executive Officer

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

/s/ Ethan E. Jacks

Ethan E. Jacks

Date: July 24, 2002

David Lebolt
Avid Technology, Inc.
Avid Technology Park
One Park West
Tewksbury, MA 01876

The Board of Directors (the "Board") of Avid Technology, Inc. ("Avid" or the "Company") recognizes that your contributions to the future growth and success of the Company 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 two full calendar years following such 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(ii)), 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 only if any of the following events occur:

(a) The acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"))(a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (D) any acquisition by any corporation pursuant to a transaction which satisfies the criteria set forth in clauses (A) and (B) of subparagraph (c) of this Paragraph 2(i); or

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequently to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation or sale or other

disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 40% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, of the corporation resulting from such Business Combination (which as used in this Paragraph 2(i)(c) shall include, without limitation, a corporation which as a result of such transaction owns all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be and (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination, or the combined voting power of the then-outstanding voting securities of such corporation.

(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 a merger, acquisition or similar 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 actions which if consummated would constitute a 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 24 months after such Change in Control, by you or by the Company unless such termination is (a) because of your death, (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 nine (9) 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 your employment for Disability.

(ii) "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 Company which specifically identifies the manner in which the Company 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, or

(C) an act by you of fraud, embezzlement or other material dishonesty with respect to the Company, or

(D) commission of a felony or any other crime involving fraud, dishonesty or moral turpitude.

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.

(iii) "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;

(B) a reduction by the Company in your base salary in effect immediately prior to a Change in Control of the Company (other than the reduction of up to 5% for a period of not more than six months which is part of an across the board proportionate reduction in the salaries of other peer executives of the Company imposed because the Company is experiencing financial hardship);

(C) the failure by the Company to maintain your participation in any life insurance, medical, health and accident, disability and vacation plan or policy of the Company on terms not less favorable than those provided by the Company to other peer executives of the Company;

(D) the failure by the Company to maintain your participation in a bonus or incentive plan that provides for an annual target bonus not lower than your target bonus (at a payout factor of one) for the fiscal year in which the Change in Control of the Company occurs;

(E) any requirement by the Company that (i) the location of which you perform your principal duties for the Company be changed to a new location that is more than 50 miles from the location at which you perform your principal duties for the Company at the time of the Change in Control of the Company or (ii) you are required to travel on an overnight basis to a significantly greater extent than you were required to so travel prior to the Change in Control of the Company;

(F) any material breach by the Company of any provision of this Agreement (including, without limitation, Paragraph 6), which is not cured within 30 days after written notice thereof; 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 (iv) below (and, if applicable, subparagraph (ii) above); and for purposes of this Agreement, no such purported termination shall be effective.

(iv) Notice of Termination. Any termination by the Company pursuant to subparagraphs (i) or (ii) above or by you pursuant to subparagraph (iii) 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.

(v) 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 (iii) above, the date specified in the Notice of Termination, and

(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).

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 Disability, you shall continue to receive your full base salary twice a month at the rate then in effect and any awards under the Executive/Senior Management Variable Compensation Plan or any successor plan shall continue to accrue and to be paid during such period until your employment is terminated (and, if the Company maintains a Long Term Disability Plan, you shall be eligible for coverage thereunder in accordance with the terms thereof and subject to the satisfaction of all applicable conditions, including without limitation, the timely filing of a notice of claim); provided, however, in the event the Company makes no interim individual accruals for the Executive/Senior Management Variable Compensation Plan or any successor plan in respect of any period for which no award has been made under such Plan you shall receive payment during such period of Disability 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, within two years after a Change in Control of the Company, the Company shall terminate your employment, other than pursuant to Paragraph 3(i) or 3(ii) hereof or by reason of death, or if you shall terminate your employment for Good Reason:

(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 no more than 30 days following the Date of Termination, the following amounts:

(x) the sum of (A) your accrued but unpaid base salary through the Date of Termination, (B) the product of (x) the greater of your highest annual bonus earned in the two most recent full fiscal years preceding the Date of Termination and your target bonus award (at a payout factor of one) for the fiscal year in which the Date of Termination occurs, and (y) a fraction, the numerator of which is the number of days in the then current fiscal year through the Date of Termination, and the denominator of which is 365 and (C) the amount of any compensation previously deferred by you (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not previously paid (the sum of the amounts described in clauses (A), (B), and (C) shall be hereinafter referred to as the "Accrued Obligations"); and

(y) the amount equal to one and a half (1.5) times (or, in the case of death, one (1) times) the sum of your annual base salary at the highest rate in effect during the 12 months preceding the Date of Termination and the greater of your highest annual bonus earned in the two most recent full fiscal years preceding the Date of Termination and your target bonus award (at a payout factor of one) for the fiscal year in which the Date of Termination occurs.

(B) For a twenty-four (24) month period after such termination, the Company shall arrange to provide you with life, dental, accident and group health insurance benefits substantially similar to those that you were receiving immediately prior to such termination to the extent that the Company's plans then permit the Company to provide you with such benefits. Notwithstanding the foregoing, the Company shall not provide any such benefits to you to the extent that an equivalent benefit is received by you from another employer during such period, and you shall report any such benefit actually received by you to the Company;

(C) Notwithstanding anything to the contrary in the applicable stock option or restricted stock agreement, the exercisability of all outstanding stock options and restricted stock awards then held by you for the purchase of common stock of the Company (or securities exchanged for such common stock in connection with the Change in Control of the Company) shall accelerate in full and you shall be entitled to exercise any such options until 24 months after the Date of Termination; and

(D) You shall be entitled to full executive outplacement assistance with an agency selected by the Company.

(iv) You shall not be required to mitigate the amount of any payment provided for in this Paragraph 4 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) Nothing in this Agreement shall prevent or limit your continuing or future participation in any plan, program, policy or practice provided by the Company to its employees and for which you may qualify nor, subject to Paragraph 11 hereof, shall anything herein limit or otherwise affect such rights as you may have under any contract or agreement between you and the Company; provided, however, that to the extent you are entitled to receive any payments hereunder upon termination of your employment, you shall not be entitled to any payments under any severance plan, program, policy or practice of the Company then in effect.

5. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(i) 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 and/or any acceleration of vesting of any options or restricted stock awards (whether paid or payable or distributed or distributable or provided pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Paragraph 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 and 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. Notwithstanding the foregoing provisions of this Paragraph 5(i), 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.

(ii) Subject to the provisions of Paragraph 5(i), all determinations required to be made under this Paragraph 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 PricewaterhouseCoopers LLP 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 Paragraph 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 Paragraph 5(iii) 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.

(iii) 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. You shall not pay such claim prior to the expiration of the 30-day period following the date on which you give 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:

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

(B) 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,

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

(D) 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 of the foregoing provisions of this Paragraph 5(iii), 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.

(iv) If, after the receipt by you of an amount advanced by the Company pursuant to Paragraph 5(iii), 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 Paragraph 5(iii)) 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 Paragraph 5(iii), 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, 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. As used in this Agreement, "Company" shall mean the Company as defined above 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.

(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. DEDICATION OF SERVICES, NON-DISCLOSURE OF TRADE SECRETS, DISCLOSURE AND ASSIGNMENT OF INVENTIONS, SOLICITATION AND PROHIBITED COMPETITIVE ACTIVITY.

(i) Dedication of Services. You agree that while you are employed by the Company that you shall devote your entire productive time, ability and attention to the business of the Company. You further agree that during the period of employment by the Company, you will not, without the Company's prior written consent, directly or indirectly engage in any employment, consulting, or other activity that would conflict with your employment obligations to the Company, including your duty of loyalty to the Company.

(ii) Agreement Not to Disclose or Use Confidential, Proprietary Information or Trade Secrets. During the term of employment with the Company, you will have access to and become acquainted with information of a confidential, proprietary or secret nature which is or may be either applicable to, or related in any way to, the present or future business of the Company, the research and development or investigation of the Company, or the business of any customer of the Company. For example, trade secret information includes, but is not limited to, devices, secret inventions, processes and compilations of information, records, specifications and information concerning customers or vendors. You agree to not disclose any of the above-mentioned trade secrets, directly or indirectly, or use them in any way, either during the term of this Agreement or at any time thereafter, except as required in the course of employment with the Company. You also agree to abide by the Company's policies and regulations, as established from time to time for the protection of its trade secret information. Without limiting the foregoing, the parties agree that the following businesses are, as of the date of this Agreement, competitive with the Company: Adobe, Apple, Autodesk/Discreet Logic, Euphonics, Fairlight, Mackie, Media 100, MOTU, Newtek, Pinnacle Systems, Quantel, SGI/Alias Wavefront, Sony, Steinberg, Thomson/The Grass Valley Group, and all subsidiaries and affiliates of the foregoing companies. As such, any use of or disclosure by you of the Company's confidential, proprietary, or trade secret information to such businesses would constitute unfair competition, which is prohibited under this Agreement, as well as by law.

(iii) Disclosure and Assignment of Inventions. You hereby agree to disclose to the Company any and all inventions, discoveries, improvements, trade secrets, formulas, techniques, processes, and know-how, whether or not patentable and whether or not reduced to practice, made or conceived by you, either solely or in conjunction with others, during the period of your employment with the Company, which relate to or result from the actual or demonstrably anticipated business, work or research in development of the Company, or which result, to any extent, from use of the Company's premises or property, or are suggested by any task assigned to you or may work performed by you for or on behalf of the Company.

You acknowledge and agree that all such inventions shall be the sole property of the Company and you hereby assign to the Company your entire right and interest in all the inventions; provided, however, that such assignment does not apply to any invention which qualifies fully under the provision of section 2870 of the California Labor Code.

(iv) You will not directly or indirectly assist others in engaging in any of the activities in which you are prohibited to engage by paragraphs 7(i) and 7(ii) above.

(v) You will not directly or indirectly (a) induce any employee of the Company to engage in any activity in which you are prohibited from engaging by paragraphs 7(i) and 7(ii) above or to terminate their employment with the Company, or (b) employ or offer employment to any person who was employed by the Company unless such person shall have ceased to be employed by the Company for a period of at least one (1) year.

8. 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 7 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.

9. 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.

10. 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.

11. ENTIRE AGREEMENT.

This Agreement represents the entire agreement of the parties with respect to the subject matter hereof and supersedes any other agreement between the parties with respect to such subject matter, including without limitations, the Employment Agreement dated July 24, 2002.

12. 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.

13. 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.

14. MISCELLANEOUS.

(i) 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.

(ii) 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.

(iii) The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California.

(iv) 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.

(v) The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

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: /s/ David A. Krall

David A. Krall
Chief Executive Officer

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

/s/ David Lebolt

David Lebolt

Date: July 24, 2002

Paul J. Milbury
Avid Technology, Inc.
Avid Technology Park
One Park West
Tewksbury, MA 01876

The Board of Directors (the "Board") of Avid Technology, Inc. ("Avid" or the "Company") recognizes that your contributions to the future growth and success of the Company 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 two full calendar years following such 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(ii)), 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 only if any of the following events occur:

(a) The acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"))(a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (D) any acquisition by any corporation pursuant to a transaction which satisfies the criteria set forth in clauses (A) and (B) of subparagraph (c) of this Paragraph 2(i); or

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequently to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation or sale or other

disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 40% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, of the corporation resulting from such Business Combination (which as used in this Paragraph 2(i)(c) shall include, without limitation, a corporation which as a result of such transaction owns all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be and (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination, or the combined voting power of the then-outstanding voting securities of such corporation.

(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 a merger, acquisition or similar 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 actions which if consummated would constitute a 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 24 months after such Change in Control, by you or by the Company unless such termination is (a) because of your death, (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 nine (9) 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 your employment for Disability.

(ii) "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 Company which specifically identifies the manner in which the Company 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, or

(C) an act by you of fraud, embezzlement or other material dishonesty with respect to the Company, or

(D) commission of a felony or any other crime involving fraud, dishonesty or moral turpitude.

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.

(iii) "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;

(B) a reduction by the Company in your base salary in effect immediately prior to a Change in Control of the Company (other than the reduction of up to 5% for a period of not more than six months which is part of an across the board proportionate reduction in the salaries of other peer executives of the Company imposed because the Company is experiencing financial hardship);

(C) the failure by the Company to maintain your participation in any life insurance, medical, health and accident, disability and vacation plan or policy of the Company on terms not less favorable than those provided by the Company to other peer executives of the Company;

(D) the failure by the Company to maintain your participation in a bonus or incentive plan that provides for an annual target bonus not lower than your target bonus (at a payout factor of one) for the fiscal year in which the Change in Control of the Company occurs;

(E) any requirement by the Company that (i) the location of which you perform your principal duties for the Company be changed to a new location that is more than 50 miles from the location at which you perform your principal duties for the Company at the time of the Change in Control of the Company or (ii) you are required to travel on an overnight basis to a significantly greater extent than you were required to so travel prior to the Change in Control of the Company;

(F) any material breach by the Company of any provision of this Agreement (including, without limitation, Paragraph 6), which is not cured within 30 days after written notice thereof; 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 (iv) below (and, if applicable, subparagraph (ii) above); and for purposes of this Agreement, no such purported termination shall be effective.

(iv) Notice of Termination. Any termination by the Company pursuant to subparagraphs (i) or (ii) above or by you pursuant to subparagraph (iii) 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.

(v) 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 (iii) above, the date specified in the Notice of Termination, and

(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).

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 Disability, you shall continue to receive your full base salary twice a month at the rate then in effect and any awards under the Executive/Senior Management Variable Compensation Plan or any successor plan shall continue to accrue and to be paid during such period until your employment is terminated (and, if the Company maintains a Long Term Disability Plan, you shall be eligible for coverage thereunder in accordance with the terms thereof and subject to the satisfaction of all applicable conditions, including without limitation, the timely filing of a notice of claim); provided, however, in the event the Company makes no interim individual accruals for the Executive/Senior Management Variable Compensation Plan or any successor plan in respect of any period for which no award has been made under such Plan you shall receive payment during such period of Disability 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, within two years after a Change in Control of the Company, the Company shall terminate your employment, other than pursuant to Paragraph 3(i) or 3(ii) hereof or by reason of death, or if you shall terminate your employment for Good Reason:

(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 no more than 30 days following the Date of Termination, the following amounts:

- (x) the sum of (A) your accrued but unpaid base salary through the Date of Termination, (B) the product of (x) the greater of your highest annual bonus earned in the two most recent full fiscal years preceding the Date of Termination and your target bonus award (at a payout factor of one) for the fiscal year in which the Date of Termination occurs, and (y) a fraction, the numerator of which is the number of days in the then current fiscal year through the Date of Termination, and the denominator of which is 365 and (C) the amount of any compensation previously deferred by you (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not previously paid (the sum of the amounts described in clauses (A), (B), and (C) shall be hereinafter referred to as the "Accrued Obligations"); and
- (y) the amount equal to one and a half (1.5) times (or, in the case of death, one (1) times) the sum of your annual base salary at the highest rate in effect during the 12 months preceding the Date of Termination and the greater of your highest annual bonus earned in the two most recent full fiscal years preceding the Date of Termination and your target bonus award (at a payout factor of one) for the fiscal year in which the Date of Termination occurs.

(B) For a twenty-four (24) month period after such termination, the Company shall arrange to provide you with life, dental, accident and group health insurance benefits substantially similar to those that you were receiving immediately prior to such termination to the extent that the Company's plans then permit the Company to provide you with such benefits. Notwithstanding the foregoing, the Company shall not provide any such benefits to you to the extent that an equivalent benefit is received by you from another employer during such period, and you shall report any such benefit actually received by you to the Company;

(C) Notwithstanding anything to the contrary in the applicable stock option or restricted stock agreement, the exercisability of all outstanding stock options and restricted stock awards then held by you for the purchase of common stock of the Company (or securities exchanged for such common stock in connection with the Change in Control of the Company) shall accelerate in full and you shall be entitled to exercise any such options until 24 months after the Date of Termination; and

(D) You shall be entitled to full executive outplacement assistance with an agency selected by the Company.

(iv) You shall not be required to mitigate the amount of any payment provided for in this Paragraph 4 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) Nothing in this Agreement shall prevent or limit your continuing or future participation in any plan, program, policy or practice provided by the Company to its employees and for which you may qualify nor, subject to Paragraph 11 hereof, shall anything herein limit or otherwise affect such rights as you may have under any contract or agreement between you and the Company; provided, however, that to the extent you are entitled to receive any payments hereunder upon termination of your employment, you shall not be entitled to any payments under any severance plan, program, policy or practice of the Company then in effect.

5. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(i) 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 and/or any acceleration of vesting of any options or restricted stock awards (whether paid or payable or distributed or distributable or provided pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Paragraph 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 and 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. Notwithstanding the foregoing provisions of this Paragraph 5(i), 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.

(ii) Subject to the provisions of Paragraph 5(i), all determinations required to be made under this Paragraph 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 PricewaterhouseCoopers LLP 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 Paragraph 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 Paragraph 5(iii) 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.

(iii) 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. You shall not pay such claim prior to the expiration of the 30-day period following the date on which you give 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:

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

(B) 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,

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

(D) 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 of the foregoing provisions of this Paragraph 5(iii), 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.

(iv) If, after the receipt by you of an amount advanced by the Company pursuant to Paragraph 5(iii), 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 Paragraph 5(iii)) 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 Paragraph 5(iii), 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, 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. As used in this Agreement, "Company" shall mean the Company as defined above 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.

(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. COMPETITIVE ACTIVITY.

(i) Unless the Company materially breaches this Agreement, you agree you will not for a period of one (1) year after termination of your employment with the Company, engage in any activity which is competitive with any business which is now, or is at any time during your employment with the Company, conducted by the Company, including without limitation becoming an employee, investor (except for passive investments of not more than one percent (1%) of the outstanding shares of, or any other equity interest in, a company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), officer, agent, partner or director of, or other participant in, any firm, person or other entity in any geographic area that 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, special effects, 3D or newsroom automation systems or products or other business in which the Company is engaged or plans to engage at the time of your termination. Without limiting the foregoing, the parties agree that the following businesses are, as of the date of this Agreement, competitive with the Company: Adobe, Apple, Autodesk/Discreet Logic, Euphonics, Fairlight, Mackie, Media 100, MOTU, Newtek, Pinnacle Systems, Quantel, SGI/Alias Wavefront, Sony, Steinberg, Thomson/The Grass Valley Group, and all subsidiaries and affiliates of the foregoing companies.

(ii) You will not directly or indirectly assist others in engaging in any of the activities in which you are prohibited to engage by paragraph 7(i) above.

(iii) You will not directly or indirectly (a) induce any employee of the Company to engage in any activity in which you are prohibited from engaging by paragraph 7(i) above or to terminate your employment with the Company, or (b) employ or offer employment to any person who was employed by the Company unless such person shall have ceased to be employed by the Company for a period of at least one (1) year.

8. 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 7 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.

9. 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.

10. 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.

11. ENTIRE AGREEMENT.

This Agreement represents the entire agreement of the parties with respect to the subject matter hereof and supersedes any other agreement between the parties with respect to such subject matter, including without limitations, the Employment Agreement dated July 24, 2002.

12. 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.

13. 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.

14. MISCELLANEOUS.

(i) 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.

(ii) 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.

(iii) The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Massachusetts.

(iv) 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.

(v) The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

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: /s/ David A. Krall

David A. Krall
Chief Executive Officer

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

/s/ Paul J. Milbury

Paul J. Milbury

Date: July 24, 2002

Michael Rockwell
Avid Technology, Inc.
Avid Technology Park
One Park West
Tewksbury, MA 01876

The Board of Directors (the "Board") of Avid Technology, Inc. ("Avid" or the "Company") recognizes that your contributions to the future growth and success of the Company 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 two full calendar years following such 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(ii)), 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 only if any of the following events occur:

(a) The acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"))(a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (D) any acquisition by any corporation pursuant to a transaction which satisfies the criteria set forth in clauses (A) and (B) of subparagraph (c) of this Paragraph 2(i); or

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequently to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation or sale or other

disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 40% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, of the corporation resulting from such Business Combination (which as used in this Paragraph 2(i)(c) shall include, without limitation, a corporation which as a result of such transaction owns all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be and (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination, or the combined voting power of the then-outstanding voting securities of such corporation.

(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 a merger, acquisition or similar 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 actions which if consummated would constitute a 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 24 months after such Change in Control, by you or by the Company unless such termination is (a) because of your death, (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 nine (9) 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 your employment for Disability.

(ii) "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 Company which specifically identifies the manner in which the Company 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, or

(C) an act by you of fraud, embezzlement or other material dishonesty with respect to the Company, or

(D) commission of a felony or any other crime involving fraud, dishonesty or moral turpitude.

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.

(iii) "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;

(B) a reduction by the Company in your base salary in effect immediately prior to a Change in Control of the Company (other than the reduction of up to 5% for a period of not more than six months which is part of an across the board proportionate reduction in the salaries of other peer executives of the Company imposed because the Company is experiencing financial hardship);

(C) the failure by the Company to maintain your participation in any life insurance, medical, health and accident, disability and vacation plan or policy of the Company on terms not less favorable than those provided by the Company to other peer executives of the Company;

(D) the failure by the Company to maintain your participation in a bonus or incentive plan that provides for an annual target bonus not lower than your target bonus (at a payout factor of one) for the fiscal year in which the Change in Control of the Company occurs;

(E) any requirement by the Company that (i) the location of which you perform your principal duties for the Company be changed to a new location that is more than 50 miles from the location at which you perform your principal duties for the Company at the time of the Change in Control of the Company or (ii) you are required to travel on an overnight basis to a significantly greater extent than you were required to so travel prior to the Change in Control of the Company;

(F) any material breach by the Company of any provision of this Agreement (including, without limitation, Paragraph 6), which is not cured within 30 days after written notice thereof; 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 (iv) below (and, if applicable, subparagraph (ii) above); and for purposes of this Agreement, no such purported termination shall be effective.

(iv) Notice of Termination. Any termination by the Company pursuant to subparagraphs (i) or (ii) above or by you pursuant to subparagraph (iii) 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.

(v) 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 (iii) above, the date specified in the Notice of Termination, and

(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).

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 Disability, you shall continue to receive your full base salary twice a month at the rate then in effect and any awards under the Executive/Senior Management Variable Compensation Plan or any successor plan shall continue to accrue and to be paid during such period until your employment is terminated (and, if the Company maintains a Long Term Disability Plan, you shall be eligible for coverage thereunder in accordance with the terms thereof and subject to the satisfaction of all applicable conditions, including without limitation, the timely filing of a notice of claim); provided, however, in the event the Company makes no interim individual accruals for the Executive/Senior Management Variable Compensation Plan or any successor plan in respect of any period for which no award has been made under such Plan you shall receive payment during such period of Disability 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, within two years after a Change in Control of the Company, the Company shall terminate your employment, other than pursuant to Paragraph 3(i) or 3(ii) hereof or by reason of death, or if you shall terminate your employment for Good Reason:

(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 no more than 30 days following the Date of Termination, the following amounts:

(x) the sum of (A) your accrued but unpaid base salary through the Date of Termination, (B) the product of (x) the greater of your highest annual bonus earned in the two most recent full fiscal years preceding the Date of Termination and your target bonus award (at a payout factor of one) for the fiscal year in which the Date of Termination occurs, and (y) a fraction, the numerator of which is the number of days in the then current fiscal year through the Date of Termination, and the denominator of which is 365 and (C) the amount of any compensation previously deferred by you (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not previously paid (the sum of the amounts described in clauses (A), (B), and (C) shall be hereinafter referred to as the "Accrued Obligations"); and

(y) the amount equal to one and a half (1.5) times (or, in the case of death, one (1) times) the sum of your annual base salary at the highest rate in effect during the 12 months preceding the Date of Termination and the greater of your highest annual bonus earned in the two most recent full fiscal years preceding the Date of Termination and your target bonus award (at a payout factor of one) for the fiscal year in which the Date of Termination occurs.

(B) For a twenty-four (24) month period after such termination, the Company shall arrange to provide you with life, dental, accident and group health insurance benefits substantially similar to those that you were receiving immediately prior to such termination to the extent that the Company's plans then permit the Company to provide you with such benefits. Notwithstanding the foregoing, the Company shall not provide any such benefits to you to the extent that an equivalent benefit is received by you from another employer during such period, and you shall report any such benefit actually received by you to the Company;

(C) Notwithstanding anything to the contrary in the applicable stock option or restricted stock agreement, the exercisability of all outstanding stock options and restricted stock awards then held by you for the purchase of common stock of the Company (or securities exchanged for such common stock in connection with the Change in Control of the Company) shall accelerate in full and you shall be entitled to exercise any such options until 24 months after the Date of Termination; and

(D) You shall be entitled to full executive outplacement assistance with an agency selected by the Company.

(iv) You shall not be required to mitigate the amount of any payment provided for in this Paragraph 4 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) Nothing in this Agreement shall prevent or limit your continuing or future participation in any plan, program, policy or practice provided by the Company to its employees and for which you may qualify nor, subject to Paragraph 11 hereof, shall anything herein limit or otherwise affect such rights as you may have under any contract or agreement between you and the Company; provided, however, that to the extent you are entitled to receive any payments hereunder upon termination of your employment, you shall not be entitled to any payments under any severance plan, program, policy or practice of the Company then in effect.

5. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(i) 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 and/or any acceleration of vesting of any options or restricted stock awards (whether paid or payable or distributed or distributable or provided pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Paragraph 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 and 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. Notwithstanding the foregoing provisions of this Paragraph 5(i), 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.

(ii) Subject to the provisions of Paragraph 5(i), all determinations required to be made under this Paragraph 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 PricewaterhouseCoopers LLP 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 Paragraph 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 Paragraph 5(iii) 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.

(iii) 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. You shall not pay such claim prior to the expiration of the 30-day period following the date on which you give 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:

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

(B) 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,

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

(D) 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 of the foregoing provisions of this Paragraph 5(iii), 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.

(iv) If, after the receipt by you of an amount advanced by the Company pursuant to Paragraph 5(iii), 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 Paragraph 5(iii)) 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 Paragraph 5(iii), 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, 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. As used in this Agreement, "Company" shall mean the Company as defined above 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.

(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. COMPETITIVE ACTIVITY.

(i) Unless the Company materially breaches this Agreement, you agree you will not for a period of one (1) year after termination of your employment with the Company, engage in any activity which is competitive with any business which is now, or is at any time during your employment with the Company, conducted by the Company, including without limitation becoming an employee, investor (except for passive investments of not more than one percent (1%) of the outstanding shares of, or any other equity interest in, a company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), officer, agent, partner or director of, or other participant in, any firm, person or other entity in any geographic area that 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, special effects, 3D or newsroom automation systems or products or other business in which the Company is engaged or plans to engage at the time of your termination. Without limiting the foregoing, the parties agree that the following businesses are, as of the date of this Agreement, competitive with the Company: Adobe, Apple, Autodesk/Discreet Logic, Euphonics, Fairlight, Mackie, Media 100, MOTU, Newtek, Pinnacle Systems, Quantel, SGI/Alias Wavefront, Sony, Steinberg, Thomson/The Grass Valley Group, and all subsidiaries and affiliates of the foregoing companies.

(ii) You will not directly or indirectly assist others in engaging in any of the activities in which you are prohibited to engage by paragraph 7(i) above.

(iii) You will not directly or indirectly (a) induce any employee of the Company to engage in any activity in which you are prohibited from engaging by paragraph 7(i) above or to terminate your employment with the Company, or (b) employ or offer employment to any person who was employed by the Company unless such person shall have ceased to be employed by the Company for a period of at least one (1) year.

8. 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 7 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.

9. 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.

10. 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.

11. ENTIRE AGREEMENT.

This Agreement represents the entire agreement of the parties with respect to the subject matter hereof and supersedes any other agreement between the parties with respect to such subject matter, including without limitations, the Employment Agreement dated July 24, 2002.

12. 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.

13. 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.

14. MISCELLANEOUS.

(i) 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.

(ii) 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.

(iii) The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Massachusetts.

(iv) 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.

(v) The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

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: /s/ David A. Krall

David A. Krall
Chief Executive Officer

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

/s/ Michael Rockwell

Michael Rockwell

Date: July 24, 2002

Ann C. Smith
Avid Technology, Inc.
Avid Technology Park
One Park West
Tewksbury, MA 01876

The Board of Directors (the "Board") of Avid Technology, Inc. ("Avid" or the "Company") recognizes that your contributions to the future growth and success of the Company 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 two full calendar years following such 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(ii)), 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 only if any of the following events occur:

(a) The acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"))(a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (D) any acquisition by any corporation pursuant to a transaction which satisfies the criteria set forth in clauses (A) and (B) of subparagraph (c) of this Paragraph 2(i); or

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequently to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation or sale or other

disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 40% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, of the corporation resulting from such Business Combination (which as used in this Paragraph 2(i)(c) shall include, without limitation, a corporation which as a result of such transaction owns all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be and (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination, or the combined voting power of the then-outstanding voting securities of such corporation.

(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 a merger, acquisition or similar 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 actions which if consummated would constitute a 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 24 months after such Change in Control, by you or by the Company unless such termination is (a) because of your death, (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 nine (9) 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 your employment for Disability.

(ii) "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 Company which specifically identifies the manner in which the Company 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, or

(C) an act by you of fraud, embezzlement or other material dishonesty with respect to the Company, or

(D) commission of a felony or any other crime involving fraud, dishonesty or moral turpitude.

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.

(iii) "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;

(B) a reduction by the Company in your base salary in effect immediately prior to a Change in Control of the Company (other than the reduction of up to 5% for a period of not more than six months which is part of an across the board proportionate reduction in the salaries of other peer executives of the Company imposed because the Company is experiencing financial hardship);

(C) the failure by the Company to maintain your participation in any life insurance, medical, health and accident, disability and vacation plan or policy of the Company on terms not less favorable than those provided by the Company to other peer executives of the Company;

(D) the failure by the Company to maintain your participation in a bonus or incentive plan that provides for an annual target bonus not lower than your target bonus (at a payout factor of one) for the fiscal year in which the Change in Control of the Company occurs;

(E) any requirement by the Company that (i) the location of which you perform your principal duties for the Company be changed to a new location that is more than 50 miles from the location at which you perform your principal duties for the Company at the time of the Change in Control of the Company or (ii) you are required to travel on an overnight basis to a significantly greater extent than you were required to so travel prior to the Change in Control of the Company;

(F) any material breach by the Company of any provision of this Agreement (including, without limitation, Paragraph 6), which is not cured within 30 days after written notice thereof; 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 (iv) below (and, if applicable, subparagraph (ii) above); and for purposes of this Agreement, no such purported termination shall be effective.

(iv) Notice of Termination. Any termination by the Company pursuant to subparagraphs (i) or (ii) above or by you pursuant to subparagraph (iii) 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.

(v) 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 (iii) above, the date specified in the Notice of Termination, and

(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).

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 Disability, you shall continue to receive your full base salary twice a month at the rate then in effect and any awards under the Executive/Senior Management Variable Compensation Plan or any successor plan shall continue to accrue and to be paid during such period until your employment is terminated (and, if the Company maintains a Long Term Disability Plan, you shall be eligible for coverage thereunder in accordance with the terms thereof and subject to the satisfaction of all applicable conditions, including without limitation, the timely filing of a notice of claim); provided, however, in the event the Company makes no interim individual accruals for the Executive/Senior Management Variable Compensation Plan or any successor plan in respect of any period for which no award has been made under such Plan you shall receive payment during such period of Disability 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, within two years after a Change in Control of the Company, the Company shall terminate your employment, other than pursuant to Paragraph 3(i) or 3(ii) hereof or by reason of death, or if you shall terminate your employment for Good Reason:

(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 no more than 30 days following the Date of Termination, the following amounts:

(x) the sum of (A) your accrued but unpaid base salary through the Date of Termination, (B) the product of (x) the greater of your highest annual bonus earned in the two most recent full fiscal years preceding the Date of Termination and your target bonus award (at a payout factor of one) for the fiscal year in which the Date of Termination occurs, and (y) a fraction, the numerator of which is the number of days in the then current fiscal year through the Date of Termination, and the denominator of which is 365 and (C) the amount of any compensation previously deferred by you (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not previously paid (the sum of the amounts described in clauses (A), (B), and (C) shall be hereinafter referred to as the "Accrued Obligations"); and

(y) the amount equal to one and a half (1.5) times (or, in the case of death, one (1) times) the sum of your annual base salary at the highest rate in effect during the 12 months preceding the Date of Termination and the greater of your highest annual bonus earned in the two most recent full fiscal years preceding the Date of Termination and your target bonus award (at a payout factor of one) for the fiscal year in which the Date of Termination occurs.

(B) For a twenty-four (24) month period after such termination, the Company shall arrange to provide you with life, dental, accident and group health insurance benefits substantially similar to those that you were receiving immediately prior to such termination to the extent that the Company's plans then permit the Company to provide you with such benefits. Notwithstanding the foregoing, the Company shall not provide any such benefits to you to the extent that an equivalent benefit is received by you from another employer during such period, and you shall report any such benefit actually received by you to the Company;

(C) Notwithstanding anything to the contrary in the applicable stock option or restricted stock agreement, the exercisability of all outstanding stock options and restricted stock awards then held by you for the purchase of common stock of the Company (or securities exchanged for such common stock in connection with the Change in Control of the Company) shall accelerate in full and you shall be entitled to exercise any such options until 24 months after the Date of Termination; and

(D) You shall be entitled to full executive outplacement assistance with an agency selected by the Company.

(iv) You shall not be required to mitigate the amount of any payment provided for in this Paragraph 4 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) Nothing in this Agreement shall prevent or limit your continuing or future participation in any plan, program, policy or practice provided by the Company to its employees and for which you may qualify nor, subject to Paragraph 11 hereof, shall anything herein limit or otherwise affect such rights as you may have under any contract or agreement between you and the Company; provided, however, that to the extent you are entitled to receive any payments hereunder upon termination of your employment, you shall not be entitled to any payments under any severance plan, program, policy or practice of the Company then in effect.

5. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(i) 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 and/or any acceleration of vesting of any options or restricted stock awards (whether paid or payable or distributed or distributable or provided pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Paragraph 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 and 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. Notwithstanding the foregoing provisions of this Paragraph 5(i), 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.

(ii) Subject to the provisions of Paragraph 5(i), all determinations required to be made under this Paragraph 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 PricewaterhouseCoopers LLP 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 Paragraph 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 Paragraph 5(iii) 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.

(iii) 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. You shall not pay such claim prior to the expiration of the 30-day period following the date on which you give 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:

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

(B) 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,

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

(D) 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 of the foregoing provisions of this Paragraph 5(iii), 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.

(iv) If, after the receipt by you of an amount advanced by the Company pursuant to Paragraph 5(iii), 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 Paragraph 5(iii)) 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 Paragraph 5(iii), 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, 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. As used in this Agreement, "Company" shall mean the Company as defined above 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.

(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. COMPETITIVE ACTIVITY.

(i) Unless the Company materially breaches this Agreement, you agree you will not for a period of one (1) year after termination of your employment with the Company, engage in any activity which is competitive with any business which is now, or is at any time during your employment with the Company, conducted by the Company, including without limitation becoming an employee, investor (except for passive investments of not more than one percent (1%) of the outstanding shares of, or any other equity interest in, a company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), officer, agent, partner or director of, or other participant in, any firm, person or other entity in any geographic area that 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, special effects, 3D or newsroom automation systems or products or other business in which the Company is engaged or plans to engage at the time of your termination. Without limiting the foregoing, the parties agree that the following businesses are, as of the date of this Agreement, competitive with the Company: Adobe, Apple, Autodesk/Discreet Logic, Euphonics, Fairlight, Mackie, Media 100, MOTU, Newtek, Pinnacle Systems, Quantel, SGI/Alias Wavefront, Sony, Steinberg, Thomson/The Grass Valley Group, and all subsidiaries and affiliates of the foregoing companies.

(ii) You will not directly or indirectly assist others in engaging in any of the activities in which you are prohibited to engage by paragraph 7(i) above.

(iii) You will not directly or indirectly (a) induce any employee of the Company to engage in any activity in which you are prohibited from engaging by paragraph 7(i) above or to terminate your employment with the Company, or (b) employ or offer employment to any person who was employed by the Company unless such person shall have ceased to be employed by the Company for a period of at least one (1) year.

8. 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 7 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.

9. 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.

10. 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.

11. ENTIRE AGREEMENT.

This Agreement represents the entire agreement of the parties with respect to the subject matter hereof and supersedes any other agreement between the parties with respect to such subject matter, including without limitations, the Employment Agreement dated July 24, 2002.

12. 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.

13. 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.

14. MISCELLANEOUS.

(i) 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.

(ii) 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.

(iii) The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Massachusetts.

(iv) 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.

(v) The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

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: /s/David A.Krall

David A. Krall
Chief Executive Officer

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

/s/ Ann C. Smith

Ann C. Smith

Date: July 24, 2002

Charles L. Smith
Avid Technology, Inc.
Avid Technology Park
One Park West
Tewksbury, MA 01876

The Board of Directors (the "Board") of Avid Technology, Inc. ("Avid" or the "Company") recognizes that your contributions to the future growth and success of the Company 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 two full calendar years following such 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(ii)), 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 only if any of the following events occur:

(a) The acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"))(a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (D) any acquisition by any corporation pursuant to a transaction which satisfies the criteria set forth in clauses (A) and (B) of subparagraph (c) of this Paragraph 2(i); or

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequently to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation or sale or other

disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 40% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, of the corporation resulting from such Business Combination (which as used in this Paragraph 2(i)(c) shall include, without limitation, a corporation which as a result of such transaction owns all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be and (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination, or the combined voting power of the then-outstanding voting securities of such corporation.

(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 a merger, acquisition or similar 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 actions which if consummated would constitute a 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 24 months after such Change in Control, by you or by the Company unless such termination is (a) because of your death, (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 nine (9) 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 your employment for Disability.

(ii) "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 Company which specifically identifies the manner in which the Company 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, or

(C) an act by you of fraud, embezzlement or other material dishonesty with respect to the Company, or

(D) commission of a felony or any other crime involving fraud, dishonesty or moral turpitude.

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.

(iii) "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;

(B) a reduction by the Company in your base salary in effect immediately prior to a Change in Control of the Company (other than the reduction of up to 5% for a period of not more than six months which is part of an across the board proportionate reduction in the salaries of other peer executives of the Company imposed because the Company is experiencing financial hardship);

(C) the failure by the Company to maintain your participation in any life insurance, medical, health and accident, disability and vacation plan or policy of the Company on terms not less favorable than those provided by the Company to other peer executives of the Company;

(D) the failure by the Company to maintain your participation in a bonus or incentive plan that provides for an annual target bonus not lower than your target bonus (at a payout factor of one) for the fiscal year in which the Change in Control of the Company occurs;

(E) any requirement by the Company that (i) the location of which you perform your principal duties for the Company be changed to a new location that is more than 50 miles from the location at which you perform your principal duties for the Company at the time of the Change in Control of the Company or (ii) you are required to travel on an overnight basis to a significantly greater extent than you were required to so travel prior to the Change in Control of the Company;

(F) any material breach by the Company of any provision of this Agreement (including, without limitation, Paragraph 6), which is not cured within 30 days after written notice thereof; 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 (iv) below (and, if applicable, subparagraph (ii) above); and for purposes of this Agreement, no such purported termination shall be effective.

(iv) Notice of Termination. Any termination by the Company pursuant to subparagraphs (i) or (ii) above or by you pursuant to subparagraph (iii) 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.

(v) 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 (iii) above, the date specified in the Notice of Termination, and

(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).

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 Disability, you shall continue to receive your full base salary twice a month at the rate then in effect and any awards under the Executive/Senior Management Variable Compensation Plan or any successor plan shall continue to accrue and to be paid during such period until your employment is terminated (and, if the Company maintains a Long Term Disability Plan, you shall be eligible for coverage thereunder in accordance with the terms thereof and subject to the satisfaction of all applicable conditions, including without limitation, the timely filing of a notice of claim); provided, however, in the event the Company makes no interim individual accruals for the Executive/Senior Management Variable Compensation Plan or any successor plan in respect of any period for which no award has been made under such Plan you shall receive payment during such period of Disability 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, within two years after a Change in Control of the Company, the Company shall terminate your employment, other than pursuant to Paragraph 3(i) or 3(ii) hereof or by reason of death, or if you shall terminate your employment for Good Reason:

(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 no more than 30 days following the Date of Termination, the following amounts:

(x) the sum of (A) your accrued but unpaid base salary through the Date of Termination, (B) the product of (x) the greater of your highest annual bonus earned in the two most recent full fiscal years preceding the Date of Termination and your target bonus award (at a payout factor of one) for the fiscal year in which the Date of Termination occurs, and (y) a fraction, the numerator of which is the number of days in the then current fiscal year through the Date of Termination, and the denominator of which is 365 and (C) the amount of any compensation previously deferred by you (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not previously paid (the sum of the amounts described in clauses (A), (B), and (C) shall be hereinafter referred to as the "Accrued Obligations"); and

(y) the amount equal to one and a half (1.5) times (or, in the case of death, one (1) times) the sum of your annual base salary at the highest rate in effect during the 12 months preceding the Date of Termination and the greater of your highest annual bonus earned in the two most recent full fiscal years preceding the Date of Termination and your target bonus award (at a payout factor of one) for the fiscal year in which the Date of Termination occurs.

(B) For a twenty-four (24) month period after such termination, the Company shall arrange to provide you with life, dental, accident and group health insurance benefits substantially similar to those that you were receiving immediately prior to such termination to the extent that the Company's plans then permit the Company to provide you with such benefits. Notwithstanding the foregoing, the Company shall not provide any such benefits to you to the extent that an equivalent benefit is received by you from another employer during such period, and you shall report any such benefit actually received by you to the Company;

(C) Notwithstanding anything to the contrary in the applicable stock option or restricted stock agreement, the exercisability of all outstanding stock options and restricted stock awards then held by you for the purchase of common stock of the Company (or securities exchanged for such common stock in connection with the Change in Control of the Company) shall accelerate in full and you shall be entitled to exercise any such options until 24 months after the Date of Termination; and

(D) You shall be entitled to full executive outplacement assistance with an agency selected by the Company.

(iv) You shall not be required to mitigate the amount of any payment provided for in this Paragraph 4 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) Nothing in this Agreement shall prevent or limit your continuing or future participation in any plan, program, policy or practice provided by the Company to its employees and for which you may qualify nor, subject to Paragraph 11 hereof, shall anything herein limit or otherwise affect such rights as you may have under any contract or agreement between you and the Company; provided, however, that to the extent you are entitled to receive any payments hereunder upon termination of your employment, you shall not be entitled to any payments under any severance plan, program, policy or practice of the Company then in effect.

5. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(i) 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 and/or any acceleration of vesting of any options or restricted stock awards (whether paid or payable or distributed or distributable or provided pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Paragraph 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 and 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. Notwithstanding the foregoing provisions of this Paragraph 5(i), 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.

(ii) Subject to the provisions of Paragraph 5(i), all determinations required to be made under this Paragraph 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 PricewaterhouseCoopers LLP 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 Paragraph 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 Paragraph 5(iii) 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.

(iii) 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. You shall not pay such claim prior to the expiration of the 30-day period following the date on which you give 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:

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

(B) 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,

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

(D) 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 of the foregoing provisions of this Paragraph 5(iii), 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.

(iv) If, after the receipt by you of an amount advanced by the Company pursuant to Paragraph 5(iii), 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 Paragraph 5(iii)) 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 Paragraph 5(iii), 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, 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. As used in this Agreement, "Company" shall mean the Company as defined above 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.

(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. COMPETITIVE ACTIVITY.

(i) Unless the Company materially breaches this Agreement, you agree you will not for a period of one (1) year after termination of your employment with the Company, engage in any activity which is competitive with any business which is now, or is at any time during your employment with the Company, conducted by the Company, including without limitation becoming an employee, investor (except for passive investments of not more than one percent (1%) of the outstanding shares of, or any other equity interest in, a company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), officer, agent, partner or director of, or other participant in, any firm, person or other entity in any geographic area that 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, special effects, 3D or newsroom automation systems or products or other business in which the Company is engaged or plans to engage at the time of your termination. Without limiting the foregoing, the parties agree that the following businesses are, as of the date of this Agreement, competitive with the Company: Adobe, Apple, Autodesk/Discreet Logic, Euphonics, Fairlight, Mackie, Media 100, MOTU, Newtek, Pinnacle Systems, Quantel, SGI/Alias Wavefront, Sony, Steinberg, Thomson/The Grass Valley Group, and all subsidiaries and affiliates of the foregoing companies.

(ii) You will not directly or indirectly assist others in engaging in any of the activities in which you are prohibited to engage by paragraph 7(i) above.

(iii) You will not directly or indirectly (a) induce any employee of the Company to engage in any activity in which you are prohibited from engaging by paragraph 7(i) above or to terminate your employment with the Company, or (b) employ or offer employment to any person who was employed by the Company unless such person shall have ceased to be employed by the Company for a period of at least one (1) year.

8. 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 7 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.

9. 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.

10. 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.

11. ENTIRE AGREEMENT.

This Agreement represents the entire agreement of the parties with respect to the subject matter hereof and supersedes any other agreement between the parties with respect to such subject matter, including without limitations, the Employment Agreement dated July 24, 2002.

12. 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.

13. 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.

14. MISCELLANEOUS.

(i) 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.

(ii) 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.

(iii) The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Massachusetts.

(iv) 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.

(v) The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

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: /s/ David A. Krall

David A. Krall
Chief Executive Officer

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

/s/ Charles L. Smith

Charles L. Smith

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of Avid Technology, Inc. (the "Company") for the period ended September 30, 2002, as filed with the Securities Exchange Commission on the date hereof (the "Report"), the undersigned, David A. Krall, Chief Executive Officer of the Company, and Paul J. Milbury, Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 13, 2002

/s/ David A. Krall

David A. Krall
Chief Executive Officer

Dated: November 13, 2002

/s/ Paul J. Milbury

Paul J. Milbury
Chief Financial Officer