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

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported): **July 27, 2005**

AVID TECHNOLOGY, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

0-21174
(Commission File Number)

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

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

01876
(zip code)

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

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☒ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-
-

Item 1.01. Entry Into a Material Definitive Agreement

2005 Stock Incentive Plan

On April 13, 2005, the Board of Directors of Avid Technology, Inc. (the "Company") adopted, subject to stockholder approval, the 2005 Stock Incentive Plan (the "2005 Plan"). On July 27, 2005, at the 2005 Annual Meeting of Stockholders of the Company, the Company's stockholders approved the 2005 Plan.

Under the 2005 Plan, the Company may issue up to 3,000,000 shares of common stock (subject to adjustment in the event of stock splits and other similar events), \$0.01 par value per share, to employees, officers, directors, consultants and advisors of the Company. Award grants under the 2005 Plan may be made in the form of non-statutory stock options, restricted stock, restricted stock units, stock appreciation rights, incentive stock options intended to qualify under Section 422 of the Internal Revenue Code, and other stock-based awards. The maximum number of shares with respect to which awards may be granted to any participant under the 2005 Plan may not exceed 500,000 shares of common stock per calendar year.

Additional information regarding the 2005 Plan can be found on pages 161 through 166 of the Company's Registration Statement filed on Form S-4 with the Securities and Exchange Commission on April 29, 2005, as amended June 10, 2005 (Commission File No. 333-124475), which description is incorporated by reference herein. Such description is qualified in its entirety by reference to the complete terms and conditions of the 2005 Plan, a copy of which is included as Annex I to the Registration Statement.

Item 5.03: Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

The Company filed a Certificate of Amendment to the Third Amended and Restated Certificate of Incorporation of the Company with the Secretary of State of the State of Delaware on July 27, 2005, increasing the total number of authorized shares of the Company's capital stock from 51,000,000 shares to 101,000,000 shares and increasing the number of authorized shares of the Company's common stock from 50,000,000 shares to 100,000,000 shares. The Certificate of Amendment is attached as Exhibit 3.1 to this Current Report on Form 8-K.

Item 8.01: Other Events

On July 27, 2005, the Company and Pinnacle Systems, Inc. ("Pinnacle") announced that the shareholders of both companies have approved proposals necessary to allow the Company's acquisition of Pinnacle to move forward. The closing of the transaction remains subject to approval by European regulators. The full text of the press release issued in connection with the announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

See Exhibit Index attached hereto.

IMPORTANT ADDITIONAL INFORMATION

The Company has filed with the SEC a Registration Statement on Form S-4 (Commission File No. 333-124475) in connection with the proposed acquisition of Pinnacle by the Company, and the Company and Pinnacle have filed with the SEC and mailed to their respective stockholders a Joint Proxy Statement/Prospectus in connection with the transaction on or about June 16, 2005. The Registration Statement and the Joint Proxy Statement/Prospectus contain important information about the Company, Pinnacle, the transaction and related matters. Investors and security holders are urged to read the Registration Statement and the Joint Proxy Statement/Prospectus carefully.

Investors and security holders are able to obtain free copies of the Registration Statement and the Joint Proxy Statement/Prospectus and other documents filed with the SEC by the Company and Pinnacle through the web site maintained by the SEC at www.sec.gov.

In addition, investors and security holders are able to obtain free copies of the Registration Statement and the Joint Proxy Statement/Prospectus and other documents filed with the SEC from the Company by contacting Dean Ridlon, Investor Relations Director for the Company at telephone number 978.640.5309, or from Pinnacle by contacting Deborah B. Demer of Demer IR Counsel, Inc. at telephone number 925.938.2678, extension 224.

The Company and Pinnacle, and their respective directors and executive officers, may be deemed to be participants in the solicitation of proxies in respect of the transactions contemplated by the merger agreement. Information regarding the Company's directors and executive officers and their interests in the solicitations with respect to the transactions is contained in the Registration Statement and the Joint Proxy Statement/Prospectus filed with the SEC, which are available free of charge as indicated above. Information regarding Pinnacle's directors and executive officers and their interests in the solicitations with respect to the transactions is contained in the Registration Statement and the Joint Proxy Statement/Prospectus filed with the SEC, which are available free of charge as indicated above.

Some statements in this Current Report on Form 8-K may be "forward-looking statements" for the purposes of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those indicated in the forward-looking statements, including but not limited to: (i) the possibility that the transaction will not close or that the closing will be delayed due to antitrust regulatory review or other factors, (ii) the challenges and costs of assimilating the operations and personnel of Pinnacle; (iii) the ability to attract and retain highly qualified

employees; (iv) competitive factors, including pricing pressures; (v) reaction of customers of Pinnacle and the Company and related risks of maintaining pre-existing relationships of Pinnacle; (vi) fluctuating currency exchange rates; (vii) adverse changes in general economic or market conditions, particularly in the content-creation industry; and (viii) other one-time events and other important factors disclosed previously and from time to time in the Company's and Pinnacle's filings with the SEC and more specifically set forth in the Joint Proxy Statement/Prospectus filed with the SEC. The Company disclaims any obligation to update any forward-looking statements after the date of this Current Report on Form 8-K.

SIGNATURE

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

Date: July 27, 2005

AVID TECHNOLOGY, INC.

By: /s/ Paul J. Milbury
Paul J. Milbury
Chief Financial Officer
(Principal Financial Officer)

<u>Exhibit No.</u>	<u>Description</u>
3.1	Certificate of Amendment to the Third Amended and Restated Certificate of Incorporation of the Registrant, dated July 27, 2005
99.1	Press Release issued by the Registrant dated July 27, 2005

**CERTIFICATE OF AMENDMENT
TO THE
THIRD AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
AVID TECHNOLOGY, INC.**

Avid Technology, Inc. (hereinafter called the "Corporation"), organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify as follows:

At a meeting of the Board of Directors of the Corporation a resolution was duly adopted, pursuant to Section 242 of the General Corporation Law of the State of Delaware, setting forth an amendment to the Third Amended and Restated Certificate of Incorporation of the Corporation, as amended to date (the "Certificate of Incorporation"), and declaring said amendment to be advisable. The stockholders of the Corporation duly approved said proposed amendment in accordance with Section 242 of the General Corporation Law of the State of Delaware at a meeting of stockholders held on July 27, 2005. The resolution setting forth the amendment is as follows:

RESOLVED: That the first paragraph of Article FOURTH of the Certificate of Incorporation be and hereby is amended and restated in its entirety so that the same shall read as follows:

FOURTH. The total number of shares of all classes of stock which the Corporation shall have authority to issue is 101,000,000 shares, consisting of (i) 100,000,000 shares of Common Stock, \$.01 par value per share (the "Common Stock"), and (ii) 1,000,000 shares of Preferred Stock, \$.01 par value per share (the "Preferred Stock").

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by its President and Chief Executive Officer on this 27th day of July, 2005.

AVID TECHNOLOGY, INC.

By: /s/ David A. Krall

Name: David A. Krall

Title: President and Chief Executive Officer



Avid and Pinnacle Shareholders Approve Acquisition

Tewksbury, MA, and Mountain View, CA – July 27, 2005 – Avid Technology, Inc. (NASDAQ: AVID) and Pinnacle Systems, Inc. (NASDAQ: PCLE) today announced that the shareholders of both companies have approved proposals necessary to allow Avid's acquisition of Pinnacle to move forward. The closing of the transaction remains subject to approval by European regulators.

"We're looking forward to integrating Pinnacle into the Avid family, and having the shareholders of both companies on board brings us one step closer to putting our combined strategy into action," said David Krall, Avid's president and chief executive officer. "We're eager to complete the deal and begin capitalizing on the many opportunities that lie ahead in both the consumer and professional video industries."

On March 21, 2005, Avid and Pinnacle announced that Avid entered into a definitive agreement to acquire Pinnacle in a cash and stock transaction. Under the terms of the agreement, Pinnacle shareholders will receive .0869 shares of Avid stock and \$1.00 in cash for each Pinnacle share. At closing, it is expected that Avid will issue approximately 6.2 million shares and pay \$71 million in cash.

IMPORTANT ADDITIONAL INFORMATION FILED WITH THE SEC

Avid Technology, Inc. has filed with the SEC a Registration Statement on Form S-4 (Commission File No. 333-124475) in connection with the proposed acquisition of Pinnacle Systems, Inc. by Avid, and Avid and Pinnacle Systems, Inc. have filed with the SEC and mailed to their respective stockholders a Joint Proxy Statement/Prospectus in connection with the transaction on or about June 16, 2005. The Registration Statement and the Joint Proxy Statement/Prospectus contain important information about Avid, Pinnacle, the transaction and related matters. Investors and security holders are urged to read the Registration Statement and the Joint Proxy Statement/Prospectus carefully.

Investors and security holders are able to obtain free copies of the Registration Statement and the Joint Proxy Statement/Prospectus and other documents filed with the SEC by Avid and Pinnacle through the web site maintained by the SEC at www.sec.gov.

In addition, investors and security holders are able to obtain free copies of the Registration Statement and the Joint Proxy Statement/Prospectus and other documents filed with the SEC from Avid by contacting Dean Ridlon, Investor Relations Director for Avid at telephone number 978.640.5309, or from Pinnacle by contacting Deborah B. Demer of Demer IR Counsel, Inc. at telephone number 925.938.2678, extension 224.

Avid and Pinnacle, and their respective directors and executive officers, may be deemed to be participants in the solicitation of proxies in respect of the transactions contemplated by the merger agreement. Information regarding Avid's directors and executive officers and their interests in the solicitations with respect to the transactions is contained in the Registration Statement and the Joint Proxy Statement/Prospectus filed with the SEC, which are available free of charge as indicated above. Information regarding Pinnacle's directors and executive officers and their interests in the solicitations with respect to the transactions is contained in the Registration Statement and the Joint Proxy Statement/Prospectus filed with the SEC, which are available free of charge as indicated above.

Forward-looking Statements

Some statements in this press release may be "forward-looking statements" for the purposes of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those indicated in the forward-looking statements, including but not limited to: (i) the possibility that the transaction will not close or that the closing will be delayed due to antitrust regulatory review or other factors, (ii) the challenges and costs of assimilating the operations and personnel of Pinnacle; (iii) the ability to attract and retain highly qualified employees; (iv) competitive factors, including pricing pressures; (v) reaction of customers of Pinnacle and Avid and related risks of maintaining pre-existing relationships of Pinnacle; (vi) fluctuating currency exchange rates; (vii) adverse changes in general economic or market conditions, particularly in the content-creation industry; and (viii) other one-time events and other important factors disclosed previously and from time to time in Avid's and Pinnacle's filings with the SEC and more specifically set forth in the Joint Proxy Statement/Prospectus filed with the SEC. The parties disclaim any obligation to update any forward-looking statements after the date of this press release.

About Avid Technology, Inc.

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

About Pinnacle Systems, Inc.

Pinnacle Systems provides broadcasters and consumers with cutting-edge digital media creation, storage, and play-back solutions for use at Home, at Work and on the Air. Pinnacle Systems' award winning digital media solutions are in use around the world for broadcast, video editing, DVD and CDR authoring and on the Internet. A recognized industry leader, the company has received nine prestigious Emmy Awards for its technical innovations and carries this commitment throughout all of its product lines.

© 2005 Avid Technology, Inc. All rights reserved. Avid, Digidesign, Film Composer, and Pro Tools are either registered trademarks or trademarks of Avid Technology, Inc. in the United States and/or other countries. Avid received an Oscar statuette representing the 1998 Scientific and Technical Award for the concept, design, and engineering of the Avid® Film Composer® system for motion picture editing. Digidesign, Avid's audio division, received an Oscar statuette representing the 2003 Scientific and Technical Award for the design, development, and implementation of its Pro Tools® digital audio workstation. Oscar is a trademark and service mark of the Academy of Motion Picture Arts and Sciences. Emmy is a registered trademark of ATAS/NATAS. Grammy is a trademark of the National Academy of Recording Arts and Sciences, Inc. All other trademarks contained herein are the property of their respective owners.

Contacts:	Avid press:	Carter Holland, 978/640-3172, carter_holland@avid.com
	Avid investors:	Dean Ridlon, 978/640-5309, dean_ridlon@avid.com
	Pinnacle press:	Toni Werner, 650/237-1610, twerner@pinnaclesys.com
	Pinnacle investors:	Demer IR Counsel, Inc., 925/938-2678 x224
