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

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2013

OR

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

FOR THE TRANSITION PERIOD FROM __________ TO __________

Commission File Number: 0-21174

Avid Technology, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**04-2977748**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

75 Network Drive
Burlington, Massachusetts 01803
(Address of Principal Executive Offices, Including Zip Code)

(978) 640-6789
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) 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) and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No x

Indicate by check mark whether the registrant has submitted and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐	Accelerated Filer x
Non-accelerated Filer ☐ (Do not check if smaller reporting company)	Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No x

The number of shares outstanding of the registrant's Common Stock as of August 29, 2014 was 39,159,269.

AVID TECHNOLOGY, INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2013

TABLE OF CONTENTS

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For this purpose, any statements contained in this Form 10-Q that relate to future results or events are forward-looking statements.

Forward-looking statements include, but are not limited to, statements regarding:

- our ability to mitigate and remediate effectively the material weaknesses in our internal controls over financial reporting;
- the development, marketing and selling of new products and services;
- our ability to successfully implement our *Avid Everywhere* strategic plan;
- anticipated trends relating to our sales, financial condition or results of operations;
- our goal of expanding our market positions;
- our capital resources and the adequacy thereof;
- the anticipated trends and development of our markets and the success of our products in these markets;
- our plans regarding the relisting of our common stock on The NASDAQ Stock Market, or NASDAQ, and the liquidity of our stock;
- the risk of restatement of our financial statements;
- the anticipated performance of our products;
- business strategies and market positioning;
- the impact and costs and expenses of any litigation and government inquiries we may be subject to now or in the future;
- the effect of the continuing worldwide macroeconomic uncertainty on our business and results of operation;
- estimated asset and liability values and amortization of our intangible assets;
- our compliance with covenants contained in our indebtedness;
- changes in inventory levels;
- seasonal factors;
- plans regarding repatriation of foreign earnings;
- transactions and valuations of investments and derivative instruments; and
- fluctuations in foreign exchange and interest rates.

Forward-looking statements may be identified by use of forward-looking words, such as “anticipate,” “believe,” “confidence,” “could,” “estimate,” “expect,” “feel,” “intend,” “may,” “plan,” “should,” “seek,” “will” and “would,” or similar expressions. Actual results and events in future periods may differ materially from those expressed or implied by these forward-looking statements. There are a number of factors that could cause actual events or results to differ materially from those indicated or implied by forward-looking statements, many of which are beyond our control, including the risk factors discussed in Part I - Item 1A under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2013. In addition, the forward-looking statements contained in this Form 10-Q represent our estimates only as of the date of this filing and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update these forward-looking statements at some point in the future, we specifically disclaim any obligation to do so, whether to reflect actual results, changes in assumptions, changes in other factors affecting such forward-looking statements or otherwise.

We own or have rights to trademarks and service marks that we use in connection with the operation of our business. Avid is a trademark of Avid Technology, Inc. Other trademarks, logos, and slogans registered or used by us and subsidiaries in the United States and other countries include, but are not limited to, the following: Avid Everywhere, Avid Motion Graphics, AirSpeed, EUCON, Fast Track, iNEWS, Interplay, ISIS, Avid MediaCentral, Mbox, Media Composer, NewsCutter, Nitris, Pro Tools, Sibelius and Symphony. Other trademarks appearing in this Form 10-Q are the property of their respective owners.

PART I - FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012 (Restated)	2013	2012 (Restated)
Net revenues:				
Products	$ 99,858	$ 124,991	$ 198,576	$ 252,697
Services	41,487	40,485	78,840	71,930
Total net revenues	141,345	165,476	277,416	324,627
Cost of revenues:				
Products	38,902	50,983	75,917	96,465
Services	15,392	16,329	30,668	30,740
Amortization of intangible assets	501	644	1,152	1,294
Total cost of revenues	54,795	67,956	107,737	128,499
Gross profit	86,550	97,520	169,679	196,128
Operating expenses:				
Research and development	23,847	26,261	47,454	52,721
Marketing and selling	33,903	42,282	67,812	84,155
General and administrative	16,131	13,351	31,728	27,699
Amortization of intangible assets	658	1,106	1,321	2,717
Restructuring costs, net	1,918	14,437	2,191	14,881
Total operating expenses	76,457	97,437	150,506	182,173
Operating income	10,093	83	19,173	13,955
Interest income	122	16	195	145
Interest expense	(374)	(407)	(709)	(750)
Other income, net	5	12	9	32
Income (loss) from continuing operations before income taxes	9,846	(296)	18,668	13,382
Provision for income taxes, net	669	(936)	1,226	1,736
Income from continuing operations, net of tax	9,177	640	17,442	11,646
Discontinued operations:				
Income from divested operations	—	2,773	—	7,832
Income from discontinued operations	—	2,773	—	7,832
Net income	$ 9,177	$ 3,413	$ 17,442	$ 19,478
Income per common share – basic:				
Income per share from continuing operations, net of tax – basic	$ 0.24	$ 0.02	$ 0.45	$ 0.30
Income per share from discontinued operations – basic	—	0.07	—	0.20
Net income per common share – basic	$ 0.24	$ 0.09	$ 0.45	$ 0.50
Income per common share – diluted:				
Income per share from continuing operations, net of tax – diluted	$ 0.23	$ 0.02	$ 0.45	$ 0.30
Income per share from discontinued operations – diluted	—	0.07	—	0.20
Net income per common share – diluted	$ 0.23	$ 0.09	$ 0.45	$ 0.50
Weighted-average common shares outstanding – basic	39,040	38,778	39,009	38,720
Weighted-average common shares outstanding – diluted	39,069	38,798	39,061	38,759

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

AVID TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	**2012 (Restated)**	**2013**	**2012 (Restated)**
Net income	$ 9,177	$ 3,413	$ 17,442	$ 19,478
Other comprehensive loss:				
Foreign currency translation adjustments	(1,095)	(3,242)	(3,706)	(1,094)
Comprehensive income	$ 8,082	$ 171	$ 13,736	$ 18,384

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

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

	June 30, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 56,104	$ 70,390
Accounts receivable, net of allowances of $16,775 and $20,977 at June 30, 2013 and December 31, 2012, respectively	55,647	67,956
Inventories	63,247	69,143
Deferred tax assets, net	547	586
Prepaid expenses	8,838	9,060
Other current assets	19,025	19,950
Total current assets	203,408	237,085
Property and equipment, net	37,444	41,441
Intangible assets, net	6,528	9,217
Long-term deferred tax assets, net	2,729	2,825
Other long-term assets	2,666	3,793
Total assets	$ 252,775	$ 294,361
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 28,703	$ 35,425
Accrued compensation and benefits	22,774	25,177
Accrued expenses and other current liabilities	31,658	34,003
Income taxes payable	6,964	7,969
Deferred tax liabilities, net	193	203
Deferred revenues	222,446	230,305
Total current liabilities	312,738	333,082
Long-term deferred tax liabilities, net	687	713
Long-term deferred revenue	291,538	328,180
Other long-term liabilities	15,538	17,978
Total liabilities	620,501	679,953
Contingencies (Note 10)		
Stockholders' deficit:		
Common stock	423	423
Additional paid-in capital	1,040,980	1,039,562
Accumulated deficit	(1,340,238)	(1,357,679)
Treasury stock at cost, net of reissuances	(72,830)	(75,542)
Accumulated other comprehensive income	3,939	7,644
Total stockholders' deficit	(367,726)	(385,592)
Total liabilities and stockholders' deficit	$ 252,775	$ 294,361

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

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

	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012 (Restated)
Cash flows from operating activities:		
Net income	$ 17,442	$ 19,478
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	11,800	14,516
Provision for (recovery of) doubtful accounts	30	(96)
Gain on sales of assets	(125)	(252)
Stock-based compensation expense	4,185	7,405
Non-cash interest expense	147	147
Foreign currency transaction gains	(84)	(1,819)
Provision for deferred taxes	9	823
Changes in operating assets and liabilities:		
Accounts receivable	12,277	12,262
Inventories	5,896	22,638
Prepaid expenses and other current assets	1,225	(1,242)
Accounts payable	(6,661)	(3,531)
Accrued expenses, compensation and benefits and other liabilities	(6,516)	4,916
Income taxes payable	(680)	2,274
Deferred revenues	(44,501)	(44,756)
Net cash (used in) provided by operating activities	(5,556)	32,763
Cash flows from investing activities:		
Purchases of property and equipment	(5,290)	(5,023)
Proceeds from sale of assets	125	—
Increase in other long-term assets	(18)	(30)
Net cash used in investing activities	(5,183)	(5,053)
Cash flows from financing activities:		
Proceeds from the issuance of common stock under employee stock plans	177	573
Common stock repurchases for tax withholdings for net settlement of equity awards	(232)	(493)
Proceeds from revolving credit facilities	—	1,000
Payments on revolving credit facilities	—	(1,000)
Net cash (used in) provided by financing activities	(55)	80
Effect of exchange rate changes on cash and cash equivalents	(3,492)	(1,262)
Net (decrease) increase in cash and cash equivalents	(14,286)	26,528
Cash and cash equivalents at beginning of period	70,390	32,855
Cash and cash equivalents at end of period	$ 56,104	$ 59,383
Supplemental information:		
Cash paid for income taxes, net of refunds	$ 893	$ 1,916
Cash paid for interest	562	573

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

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 reflect all normal and recurring adjustments necessary for their fair statement. Interim results are not necessarily indicative of results expected for any other interim period or a full year. The accompanying unaudited condensed consolidated 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, comprehensive income, financial position and cash flows of the Company in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The accompanying condensed consolidated balance sheet as of December 31, 2012 was derived from the Company’s audited consolidated financial statements but does not include all disclosures required by U.S. GAAP for annual financial statements. The Company’s audited consolidated financial statements as of and for the year ended December 31, 2012 are included in its Annual Report on Form 10-K for the year ended December 31, 2013, which includes all information and footnotes necessary for such presentation. The financial statements contained in this Form 10-Q should be read in conjunction with the audited consolidated financial statements in the Form 10-K.

The Company’s preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from the Company’s estimates.

The Company has generally funded operations in recent years through the use of existing cash balances and cash flows from operations, which have been supplemented from time to time with borrowings under credit facilities. At December 31, 2013, the Company’s principal sources of liquidity included cash and cash equivalents totaling $48.2 million and available borrowings under the Company’s credit facilities. Cash used in operating activities aggregated $9.1 million for the year ended December 31, 2013. This cash use reflected significant spending on restatement-related activities, restructuring related activities and executive management changes of $13.2 million, $13.2 million and $2.4 million, respectively. The spending associated with the restatement and restructuring activities is expected to materially abate by the end of 2014. The spending associated with the executive management changes was substantially completed in 2013.

The Company’s cash requirements vary depending on factors such as the growth of the business, changes in working capital, capital expenditures, acquisitions of businesses or technologies and obligations under restructuring programs. Management expects to operate the business and execute its strategic initiatives principally with funds generated from operations and the Company’s external sources of credit under the credit facilities. Management anticipates that the Company will have sufficient internal and external sources of liquidity to fund operations and anticipated working capital and other expected cash needs for at least the next twelve months as well as for the foreseeable future.

Subsequent Events

On October 1, 2010, Avid Technology, Inc. and certain of its subsidiaries (the “Borrowers”) entered into a credit agreement with Wells Fargo Capital Finance LLC (“Wells Fargo”) that established two revolving credit facilities with combined maximum availability of up to $60 million for borrowings and letter of credit guarantees (the “Credit Agreement”). On August 29, 2014, the Company entered into an amendment (the “Amendment”) to its Credit Agreement with Wells Fargo. The Amendment (i) extended the maturity of the Credit Agreement from October 1, 2014 to October 1, 2015, (ii) changed the maximum amounts available under each of the revolving credit facilities, (iii) and added certain covenants, as described below.

Under the Amendment, the maximum amount available for Avid Technology, Inc., (“Avid Technology”) was increased to $45 million (from $40 million) and the maximum amount available for its subsidiary Avid Technology International B.V. (“Avid Europe”) was decreased to $15 million (from $20 million). The maximum amount available under the combined credit facilities continues to be $60 million, subject to certain limitations on borrowing and other terms and conditions as provided in the Credit Agreement.

The Amendment further limits the Company’s ability to access borrowings under the credit facilities if (i) EBITDA (as defined in the Amendment) of $33.8 million is not achieved for the year ending December 31, 2014, or (ii) capital expenditures (as defined in the Amendment) exceed $16.0 million for the year ending December 31, 2014.

The Company evaluated subsequent events through the date of issuance of these financial statements and except for the subsequent events disclosed above and in Note 10, no other recognized or unrecognized subsequent events required recognition or disclosure in these financial statements.

Recent Accounting Pronouncements To Be Adopted

On May 28, 2014, the Financial Accounting Standards Board (the “FASB”) and the International Accounting Standards Board (the “IASB”) issued substantially converged final standards on revenue recognition. The FASB's Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, was issued in three parts: (a) Section A, “Summary and Amendments That Create Revenue from Contracts with Customers (Topic 606) and Other Assets and Deferred Costs-Contracts with Customers (Subtopic 340-40),” (b) Section B, “Conforming Amendments to Other Topics and Subtopics in the Codification and Status Tables” and (c) Section C, “Background Information and Basis for Conclusions.” The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance.

The new revenue recognition guidance becomes effective for the Company on January 1, 2017, and early adoption is not permitted. Entities have the option of using either a full retrospective or a modified approach to adopt the guidance in the ASU. The Company has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its consolidated financial statements and related disclosures.

2. RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS

Background

In early 2013, during the course of the Company’s review of its financial results for the fourth quarter and full year of 2012, management identified a historical practice of the Company making available, at no charge to its customers, minor feature and/or compatibility enhancements, as well as bug fixes on a when-and-if-available basis (collectively, “Software Updates”) that management has concluded meets the definition of post-contract customer support (“PCS”) under U.S. GAAP. The business practice of providing Software Updates at no charge for many of the Company’s products creates an implicit obligation and an additional undelivered element for each impacted arrangement (referred to as “Implied Maintenance Release PCS”). The Company’s identification of this additional undelivered element in substantially all of its customer arrangements has a significant impact on the historical revenue recognition policies because this element had not been previously accounted for in any period.

As a result of the foregoing and as explained more fully below, the Company has restated its financial statements for the three and six months ended June 30, 2012.

Restatement Adjustments

<u>Revenue Recognition</u>

The failure to identify and account for the existence of Implied Maintenance Release PCS resulted in errors in the timing of revenue recognition reported in the Company’s previously issued consolidated financial statements. Historically, the Company generally recognized revenue upon product shipment or over the period services and post-contract customer support were provided (assuming other revenue recognition conditions were met). As described more fully in the Company’s policy for “Revenue Recognition” in Note A to the Consolidated Financial Statements in Item 8 of the Company’s Annual Report on Form 10-K for the year ended December 31, 2013, the existence of Implied Maintenance Release PCS in a customer arrangement requires recognition of some or all arrangement consideration, depending on GAAP applicable to the deliverables, over the period of time that the Implied Maintenance Release PCS is delivered, which is after product delivery or services are rendered and is generally after several years. The errors in the timing of revenue recognition have been corrected in the restated condensed consolidated financial statements. The significant change in the pattern of revenue recognition also had indirect impacts on revenue related accounts, such as sales return allowances and, as discussed further below, non-revenue accounts such as stock-based compensation and income taxes, which have also been restated in the restated condensed consolidated financial statements.

Restructuring

The Company also identified an overstatement of a severance costs accrual of $1.4 million due to an incorrect estimate originally recorded in the three months ended June 30, 2012.

Stock-Based Compensation

As a result of the change in the timing of revenue recognition described above, the timing and amount of stock-based compensation expense attributable to performance-based awards, where expected vesting was based on profitability, also changed. Due to the restated historical financial statements, many of the performance-based awards have vested earlier than originally estimated.

Other Adjustments

In addition to correcting the restatement adjustments described above, the Company also recorded other adjustments for other errors identified during the restatement process, including reclassifications between cost of sales and operating expenses, as well as errors in inventories and accrued liabilities. The provision for income taxes has been adjusted to reflect the changes in quarterly income before taxes.

Discontinued Operations

On July 2, 2012, the Company exited its consumer business through the sale of the assets of that business in two separate transactions. As described further in Note 7, the disposition of the consumer business qualified for presentation as discontinued operations; therefore, these financial statements have been retrospectively adjusted for all periods presented to report the consumer business as a discontinued operation. In the previously issued financial statements, the sale of the consumer business was incorrectly included in continuing operations.

Adjustments to Condensed Consolidated Statement of Operations

The following tables present the impact of the financial statement adjustments on the Company's previously reported condensed consolidated statements of operations for the three and six months ended June 30, 2012 (in thousands except per share data):

	Three Months Ended June 30, 2012				
	As Previously Reported	**Revenue Restatement Adjustments**	**Other Restatement Adjustments**	**Discontinued Operations**	**As Restated**
Net revenues:					
Products	$ 123,026	$ 25,270	$ —	$ (23,305)	$ 124,991
Services	34,405	6,080	—	—	40,485
Total net revenues	157,431	31,350	—	(23,305)	165,476
Cost of revenues:					
Products	69,275	—	(262)	(18,030)	50,983
Services	14,325	—	2,004	—	16,329
Amortization of intangible assets	644	—	—	—	644
Total cost of revenues	84,244	—	1,742	(18,030)	67,956
Gross profit	73,187	31,350	(1,742)	(5,275)	97,520
Operating expenses:					
Research and development	26,896	—	142	(777)	26,261
Marketing and selling	43,454	—	(16)	(1,156)	42,282
General and administrative	13,905	—	15	(569)	13,351
Amortization of intangible assets	1,105	—	1	—	1,106
Restructuring costs, net	15,841	—	(1,404)	—	14,437
Gain on sale of assets	9,951	—	—	(9,951)	—
Total operating expenses	111,152	—	(1,262)	(12,453)	97,437
Operating (loss) income	(37,965)	31,350	(480)	7,178	83
Interest income	14	—	2	—	16
Interest expense	(405)	—	(2)	—	(407)
Other income	12	—	—	—	12
Loss from continuing operations before income taxes	(38,344)	31,350	(480)	7,178	(296)
Provision for (benefit from) income taxes, net	903	—	(1,839)	—	(936)
(Loss) income from continuing operations, net of tax	(39,247)	31,350	1,359	7,178	640
Discontinued operations:					
Income from divested operations	—	—	—	2,773	2,773
Income from discontinued operations	$ —	$ —	$ —	$ 2,773	$ 2,773
Net (loss) income	$ (39,247)	$ 31,350	$ 1,359	$ 9,951	$ 3,413
(Loss) income per common share – basic and diluted:					
(Loss) income per share from continuing operations, net of tax – basic and diluted	$ (1.01)				$ 0.02
Income per share from discontinued operations – basic and diluted	—				0.07
Net (loss) income per common share – basic and diluted	$ (1.01)				$ 0.09
Weighted-average common shares outstanding – basic	38,778				38,778
Weighted-average common shares outstanding – diluted	38,778				38,778

	Six Months Ended June 30, 2012				
	As Previously Reported	Revenue Restatement Adjustments	Other Restatement Adjustments	Discontinued Operations	As Restated
Net revenues:					
Products	$ 242,964	$ 55,834	$ —	$ (46,101)	$ 252,697
Services	66,607	5,323	—	—	71,930
Total net revenues	309,571	61,157	—	(46,101)	324,627
Cost of revenues:					
Products	130,483	—	(753)	(33,265)	96,465
Services	27,042	—	3,698		30,740
Amortization of intangible assets	1,294	—	—	—	1,294
Total cost of revenues	158,819	—	2,945	(33,265)	128,499
Gross profit	150,752	61,157	(2,945)	(12,836)	196,128
Operating expenses:					
Research and development	54,377	—	(102)	(1,554)	52,721
Marketing and selling	89,380	—	(2,913)	(2,312)	84,155
General and administrative	28,544	—	293	(1,138)	27,699
Amortization of intangible assets	2,717	—	—	—	2,717
Restructuring costs, net	16,009	—	(1,128)	—	14,881
Gain on sale of assets	9,951	—	—	(9,951)	—
Total operating expenses	200,978	—	(3,850)	(14,955)	182,173
Operating (loss) income	(50,226)	61,157	905	2,119	13,955
Interest income	115	—	30	—	145
Interest expense	(720)	—	(30)	—	(750)
Other income	32	—	—	—	32
(Loss) income from continuing operations before income taxes	(50,799)	61,157	905	2,119	13,382
Provision for income taxes, net	1,426	—	310	—	1,736
(Loss) income from continuing operations, net of tax	(52,225)	61,157	595	2,119	11,646
Discontinued operations:					
Income from divested operations	—	—	—	7,832	7,832
Income from discontinued operations	—	—	—	7,832	7,832
Net (loss) income	$ (52,225)	$ 61,157	$ 595	$ 9,951	$ 19,478
(Loss) income per common share – basic and diluted:					
(Loss) income per share from continuing operations, net of tax – basic and diluted	$ (1.35)				$ 0.30
Income per share from discontinued operations – basic and diluted	—				0.20
Net (loss) income per common share – basic and diluted	$ (1.35)				$ 0.50
Weighted-average common shares outstanding – basic	38,720				38,720
Weighted-average common shares outstanding – diluted	38,720				38,759

Adjustments to Condensed Consolidated Statement of Cash Flows

The following table presents the impact of the financial statement adjustments on the Company's previously reported condensed consolidated statement of cash flows for the six months ended June 30, 2012 (in thousands):

	Six Months Ended June 30, 2012				
	As Previously Reported	Revenue Restatement Adjustments	Other Restatement Adjustments	Discontinued Operations	As Restated
Cash flows from operating activities:					
Net (loss) income	$ (52,225)	61,157	$ 595	9,951	$ 19,478
Adjustments to reconcile net (loss) income to net cash provided by operating activities:					
Depreciation and amortization	16,184	—	(1,668)	—	14,516
Recovery of doubtful accounts	(62)	—	(34)	—	(96)
Non-cash provision for restructuring	2,633	—	(2,633)	—	—
Non-cash provision for allowances related to divestitures	2,848	—	(2,848)	—	—
Gain on sale of assets	(256)	—	4	—	(252)
Loss on divestiture	9,951	—	—	(9,951)	—
Stock-based compensation expense	5,374	—	2,031	—	7,405
Non-cash interest expense	73	—	74	—	147
Foreign currency transaction gains	(848)	—	(971)	—	(1,819)
Provision for deferred taxes	823	—	—	—	823
Changes in operating assets and liabilities:					
Accounts receivable	12,317	(3,230)	3,175	—	12,262
Inventories	20,967	—	1,671	—	22,638
Prepaid expenses and other current assets	(2,317)	—	1,075	—	(1,242)
Accounts payable	(3,531)	—	—	—	(3,531)
Accrued expenses, compensation and benefits and other liabilities	5,060	—	(144)	—	4,916
Income taxes payable	2,170	—	104	—	2,274
Deferred revenues	13,171	(57,927)	—	—	(44,756)
Net cash provided by operating activities	32,332	—	431	—	32,763
Cash flows from investing activities:					
Purchases of property and equipment	(5,237)	—	214	—	(5,023)
Increase in other long-term assets	(161)	—	131	—	(30)
Net cash used in investing activities	(5,398)	—	345	—	(5,053)
Cash flows from financing activities:					
Proceeds from issuance of common stock under employee stock plans	80	—	493	—	573
Common stock repurchases for tax withholdings for net settlement of equity awards	—	—	(493)	—	(493)
Proceeds from revolving credit facilities	1,000	—	—	—	1,000
Payments on revolving credit facilities	(1,000)	—	—	—	(1,000)
Net cash provided by financing activities	80	—	—	—	80
Effect of exchange rate changes on cash and cash equivalents	(486)	—	(776)	—	(1,262)
Net increase in cash and cash equivalents	26,528	—	—	—	26,528
Cash and cash equivalents at beginning of period	32,855	—	—	—	32,855
Cash and cash equivalents at end of period	$ 59,383	$ —	$ —	$ —	$ 59,383

3. NET INCOME PER SHARE

Net income per common share is presented for both basic income per share ("Basic EPS") and diluted income per share ("Diluted EPS"). Basic EPS is based on the weighted-average number of common shares outstanding during the period. Diluted EPS is based on the weighted-average number of common shares and potential common shares outstanding during the period.

The following table sets forth (in thousands) potential common shares, on a weighted-average basis, that were considered anti-dilutive securities and excluded from the diluted earnings per share calculations for the relevant periods either because the sum of the exercise price per share and the unrecognized compensation cost per share was greater than the average market price of the Company's common stock for the relevant period, or because they were considered contingently issuable. The contingently issuable potential common shares result from certain stock options and restricted stock units granted to the Company's executive officers that vest based on performance conditions, market conditions, or a combination of performance or market conditions.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Options	5,386	6,854	5,495	6,249
Non-vested restricted stock units	360	761	407	684
Anti-dilutive potential common shares	5,746	7,615	5,902	6,933

4. FOREIGN CURRENCY CONTRACTS

As a hedge against the foreign exchange exposure of certain forecasted receivables, payables and cash balances of foreign subsidiaries, the Company enters into short-term foreign currency forward contracts. The changes in fair value of the foreign currency forward contracts intended to offset foreign currency exchange risk on cash flows associated with net monetary assets are recorded as gains or losses in the Company's statement of operations in the period of change, because these contracts have not been accounted for as hedges. At June 30, 2013 and December 31, 2012, the Company had foreign currency forward contracts outstanding with aggregate notional values of $30.8 million and $23.6 million, respectively, as hedges against such forecasted foreign-currency-denominated receivables, payables and cash balances. These forward contracts typically mature within 30 days of execution.

The Company may also enter into short-term foreign currency spot and forward contracts as a hedge against the foreign currency exchange risk associated with certain of its net monetary assets denominated in foreign currencies. At June 30, 2013 and December 31, 2012, the Company had such foreign currency contracts with aggregate notional values of $5.1 million and $5.3 million, respectively. The fair values of these foreign currency contracts are also recorded as gains or losses in the Company's statement of operations in the period of change.

The following table sets forth the balance sheet classification and fair values of the Company's foreign currency contracts at June 30, 2013 and December 31, 2012 (in thousands):

Derivatives Not Designated as Hedging Instruments Under Accounting Standards Codification ("ASC") Topic 815	Balance Sheet Classification	Fair Value at June 30, 2013	Fair Value at December 31, 2012
Financial assets:			
Foreign currency contracts	Other current assets	$54	$157
Financial liabilities:			
Foreign currency contracts	Accrued expenses and other current liabilities	$149	$337

The following table sets forth the net foreign exchange losses recorded as marketing and selling expenses in the Company's condensed consolidated statements of operations during the three and six months ended June 30, 2013 and 2012 that resulted from the Company's foreign currency contracts and the revaluation of the related hedged items (in thousands):

Derivatives Not Designated as Hedging Instruments under ASC Topic 815	Net (Loss) Gain Recorded in Marketing and Selling Expenses			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012 (Restated)	2013	2012 (Restated)
Foreign currency contracts and revaluation of hedged items, net	$127	$(306)	$392	$(431)

See Note 5 for additional information on the fair value measurements for all financial assets and liabilities, including derivative assets and derivative liabilities, that are measured at fair value on a recurring basis.

5. FAIR VALUE MEASUREMENTS

Assets and Liabilities Measured at Fair Value on a Recurring Basis

On a recurring basis, the Company measures certain financial assets and liabilities at fair value, including foreign-currency contracts, cash equivalents, marketable securities and insurance contracts held in deferred compensation plans. At June 30, 2013 and December 31, 2012, all of the Company's financial assets and liabilities were classified as either Level 1 or Level 2 in the fair value hierarchy. Assets valued using quoted market prices in active markets and classified as Level 1 are certain deferred compensation investments, primarily money market and mutual funds. Assets and liabilities valued based on other observable inputs and classified as Level 2 are foreign currency contracts and certain deferred compensation investments.

The following tables summarize the Company's fair value hierarchy for its financial assets and liabilities measured at fair value on a recurring basis at June 30, 2013 and December 31, 2012 (in thousands):

		Fair Value Measurements at Reporting Date Using		
	June 30, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:				
Deferred compensation assets	$ 1,695	$ 1,103	$ 592	$ —
Foreign currency contracts	54	—	54	—
Financial Liabilities:				
Foreign currency contracts	$ 149	$ —	$ 149	$ —

		Fair Value Measurements at Reporting Date Using		
	December 31, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:				
Deferred compensation assets	$ 1,680	$ 1,097	$ 583	$ —
Foreign currency contracts	157	—	157	—
Financial Liabilities:				
Foreign currency contracts	$ 337	$ —	$ 337	$ —

The fair values of Level 1 deferred compensation assets are determined using a market approach based on quoted market prices of the underlying securities. The fair values of the Level 2 deferred compensation assets are determined using an income approach based on observable inputs including the prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

The fair values of foreign currency contracts are classified as Level 2 in the fair value hierarchy and are measured at fair value on a recurring basis using an income approach based on observable inputs. The primary inputs used to fair value foreign currency contracts are published foreign currency exchange rates as of the date of valuation. See Note 4 for information on the Company’s foreign currency contracts.

Financial Instruments Not Recorded at Fair Value

The carrying amounts of the Company’s other financial assets and liabilities including cash, accounts receivable, accounts payable and accrued liabilities approximate their respective fair values because of the relatively short period of time between their origination and their expected realization.

6. INVENTORIES

Inventories consisted of the following at June 30, 2013 and December 31, 2012 (in thousands):

	June 30, 2013	December 31, 2012
Raw materials	$ 10,411	$ 11,095
Work in process	191	293
Finished goods	52,645	57,755
Total	$ 63,247	$ 69,143

At June 30, 2013 and December 31, 2012, finished goods inventory included $5.8 million and $3.7 million, respectively, associated with products shipped to customers and deferred labor costs for arrangements where revenue recognition had not yet commenced.

7. DISCONTINUED OPERATIONS

On July 2, 2012, the Company sold a group of consumer audio and video products and certain related intellectual property (the “Consumer Business”) with a negative carrying value of $25.0 million for total consideration of $14.8 million, of which $13.3 million was received during the three months ended September 30, 2012, recording a gain of $38.0 million net of $1.9 million of costs incurred to sell the assets. The audio assets were sold to Numark Industries, L.P. (“Numark”) for $11.8 million. Proceeds of $10.9 million were received from Numark during 2012, with the remaining proceeds held in escrow until a final release date in March 2014. The video assets were sold to Corel Corporation (“Corel”) for $3.0 million. Proceeds of $2.4 million were received from Corel in the third quarter of 2012, with the remaining proceeds held in escrow until a final release date in January 2014. There was no income tax provision related to the discontinued operations in any period presented.

The divestiture of these consumer product lines was intended to:

- allow the Company to focus on the Broadcast and Media market and the Video and Audio Post and Professional market;
- reduce complexity from the Company's operations to improve operational efficiencies; and
- allow the Company to change its cost structure, by moving away from lower growth, lower margin sectors to drive improved financial performance.

The following table presents the results of operations from discontinued operations for the three and six months ended June 30, 2012 (Restated) (in thousands):

	Three Months Ended June 30, 2012	Six Months Ended June 30, 2012
Net revenues	$ 23,305	$ 46,101
Cost of revenues	18,030	33,265
Gross profit	5,275	12,836
Operating expenses	2,502	5,004
Income from divested operations	$ 2,773	$ 7,832

8. INTANGIBLE ASSETS

Amortizing identifiable intangible assets related to the Company's acquisitions or capitalized costs of internally developed or externally purchased software that form the basis for the Company's products consisted of the following at June 30, 2013 and December 31, 2012 (in thousands):

	June 30, 2013			December 31, 2012		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Completed technologies and patents	$ 52,501	$ (52,135)	$ 366	$ 52,720	$ (51,171)	$ 1,549
Customer relationships	49,469	(44,081)	5,388	49,543	(42,828)	6,715
Trade names	5,962	(5,962)	—	5,970	(5,970)	—
Capitalized software costs	5,936	(5,162)	774	5,938	(4,985)	953
Total	$ 113,868	$ (107,340)	$ 6,528	$ 114,171	$ (104,954)	$ 9,217

Amortization expense related all intangible assets in the aggregate was $1.2 million and $2.0 million, respectively, for the three months ended June 30, 2013 and 2012 (Restated), and $2.7 million and $4.6 million, respectively, for the six months ended June 30, 2013 and 2012 (Restated). The Company expects amortization of intangible assets to be $1.6 million for the remainder of 2013, $1.9 million in 2014, $1.8 million in 2015 and $1.2 million in 2016.

9. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consisted of the following at June 30, 2013 and December 31, 2012 (in thousands):

	June 30, 2013	December 31, 2012
Long-term deferred rent	$ 8,376	$ 8,923
Long-term accrued restructuring	3,282	5,119
Long-term deferred compensation	3,880	3,936
Total	$ 15,538	$ 17,978

10. CONTINGENCIES

In March 2013 and May 2013, two purported securities class action lawsuits were filed against the Company and certain of its former executive officers seeking unspecified damages in the U.S. District Court for the District of Massachusetts. In July 2013, the two cases were consolidated and the original plaintiffs agreed to act as co-plaintiffs in the consolidated case. In September 2013, the co-plaintiffs filed a consolidated amended complaint on behalf of those who purchased the Company's common stock between October 23, 2008 and March 20, 2013. The consolidated amended complaint, which named the Company, certain of its current and former executive officers and its former independent accounting firm as defendants, purported to state a claim for violation of federal securities laws as a result of alleged violations of the federal securities laws pursuant to Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. In October 2013, the Company filed a motion to dismiss the consolidated amended complaint, resulting in the dismissal of some of the claims, and the dismissal of Mr. Hernandez and one of the two plaintiffs from the case. The matter is scheduled for trial in March 2015. At this time, the Company believes that a loss related to the consolidated complaint is neither probable nor remote, and based on the information currently available regarding the claims in the consolidated complaint, the Company is unable to determine an estimate, or range of estimates, of potential losses.

In June 2013, a purported stockholder of the Company filed a derivative complaint against the Company as nominal defendant and certain of the Company's current and former directors and officers. The complaints alleged various violations of state law, including breaches of fiduciary duties, waste of corporate assets and unjust enrichment. The derivative complaint sought, inter alia, unspecified monetary judgment, equitable and/or injunctive relief, restitution, disgorgement and a variety of purported corporate governance reforms. On October 30, 2013, the complaint was dismissed without prejudice. On November 26, 2013, the Company's Board of Directors received a letter from the plaintiff in the dismissed derivative suit, demanding that the Company's Board of Directors investigate, address and commence proceedings against certain of the Company's directors, officers, employees and agents based on conduct identified in the dismissed complaint. In December 2013, the Company's Board created a committee to conduct an investigation into the allegations in the demand letter. At this time, the Company believes that a loss related to the demand letter is neither probable nor remote, and based on the information currently available regarding the claims in the demand letter, the Company is unable to determine an estimate, or range of estimates, of potential losses.

In April and May 2013, the Company received a document preservation request and inquiry from the SEC's Division of Enforcement and a federal grand jury subpoena from the Department of Justice requesting certain documents, including in particular documents related to the Company's disclosures regarding its accounting review and financial transactions. The Company has produced documents responsive to such requests and has provided regular updates to the authorities on its accounting evaluation. The Company intends to continue to cooperate fully with the authorities. At this time, the Company believes that a loss related to the inquiries is neither probable nor remote, and based on the information currently available regarding these inquiries, the Company is unable to determine an estimate, or range of estimates, of potential losses.

At June 30, 2013, the Company was subject to various litigations claiming patent infringement by the Company. Some of these legal proceedings may include speculative claims for substantial or indeterminate amounts of damages. If any infringement is determined 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 from time to time against the Company arising from or related to contractual, employee relations, intellectual property rights, product or service performance, or other matters.

The Company considers all claims on a quarterly basis and based on known facts assesses whether potential losses are considered reasonably possible, probable and estimable. Based upon this assessment, the Company then evaluates disclosure requirements and whether to accrue for such claims in its consolidated financial statements.

The Company records a provision for a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These provisions are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case.

At June 30, 2013 and as of the date of filing of these consolidated financial statements, the Company believes that, other than as set forth in this note, no provision for liability nor disclosure is required related to any claims because: (a) there is no reasonable possibility that a loss exceeding amounts already recognized (if any) may be incurred with respect to such claim; (b) a reasonably possible loss or range of loss cannot be estimated; or (c) such estimate is immaterial.

Additionally, the Company provides indemnification to certain customers for losses incurred in connection with intellectual property infringement claims brought by third parties with respect to the Company's products. These indemnification provisions generally offer perpetual coverage for infringement claims based upon the products covered by the agreement and the maximum potential amount of future payments the Company could be required to make under these indemnification provisions is theoretically unlimited. To date, the Company has not incurred material costs related to these indemnification provisions; accordingly, the Company believes the estimated fair value of these indemnification provisions is immaterial. Further, certain of the Company's arrangements with customers include clauses whereby the Company may be subject to penalties for failure to meet certain performance obligations; however, the Company has not recorded any related material penalties to date.

During 2010, the Company's Canadian subsidiary, Avid Technology Canada Corporation, was assessed and paid to the Ministry of Revenue Quebec ("MRQ") approximately CAN $1.7 million for social tax assessments on Canadian employee stock-based compensation related to the Company's stock plans. The payment amounts were recorded in "other current assets" in the Company's consolidated balance sheets at June 30, 2013 and December 31, 2012. During 2013, the Quebec Court of Appeals rendered a judgment against the MRQ in a similar case, and a subsequent appeal by the MRQ was dismissed by the Supreme Court of Canada. As a result, the MRQ filed a Declaration of Settlement related to the Avid case in November 2013, and this matter is considered closed. In December 2013, the MRQ refunded to the Company CAN $1.9 million for tax assessments for 2001 through 2006 and related interest. The tax assessments for 2007 through 2011 are not material and are expected to be refunded with interest during 2014.

The Company has letters of credit at a bank that are used as security deposits in connection with the Company's Burlington, Massachusetts office space. In the event of default on the underlying leases, the landlords would, at June 30, 2013, be eligible to draw against the letters of credit to a maximum of $2.6 million in the aggregate. The letters of credit are subject to aggregate reductions provided the Company is not in default under the underlying leases and meets certain financial performance conditions. In no case will the letters of credit amounts be reduced to below $1.2 million in the aggregate throughout the lease periods, all of which extend to May 2020.

The Company also has a standby letter of credit at a bank that is used as a security deposit in connection with the Company's Daly City, California office space lease. In the event of default on this lease, the landlord would, at June 30, 2013, be eligible to draw against this letter of credit to a maximum of $0.8 million. The letter of credit will remain in effect at this amount throughout the remaining lease period, which extends to September 2014. The Company is not renewing this lease at the end of the term and expects the letter of credit to be released at that time.

The Company has letters of credit totaling approximately $1.8 million that support its ongoing operations. These letters of credit have various terms and expire during 2013 and 2014. Some of the letters of credit may automatically renew based on the terms of the underlying agreements.

The Company provides warranties on externally sourced and internally developed hardware. For internally developed hardware and in cases where the warranty granted to customers for externally sourced hardware is greater than that provided by the manufacturer, the Company records an accrual for the related liability based on historical trends and actual material and labor costs. The following table sets forth the activity in the product warranty accrual account for the three months ended June 30, 2013 and 2012 (in thousands):

	Six Months Ended June 30,	
	2013	2012 (Restated)
Accrual balance at beginning of year	$ 4,476	$ 4,743
Accruals for product warranties	1,531	4,980
Costs of warranty claims	(2,317)	(3,577)
Allocation to divestitures	—	(507)
Accrual balance at end of period	$ 3,690	$ 5,639

The total warranty accrual of $3.7 million is included in the caption "accrued expenses and other current liabilities" in the Company's consolidated balance sheet at June 30, 2013.

11. RESTRUCTURING COSTS AND ACCRUALS

2013 Restructuring Plans

In June 2013, the Company's leadership evaluated the marketing and selling teams and, in an effort to better align sales resources with the Company's strategic goals and enhance its global account team approach, eliminated 31 positions. As a result, the Company recognized related restructuring costs of $1.2 million during the three months ended June 30, 2013.

2012 Restructuring Plan

In June 2012, the Company committed to a series of strategic actions (the "2012 Plan") to focus on the Broadcast and Media market and Video and Audio Post and Professional market and to drive improved operating performance. These actions included the divestiture of certain of the Company's consumer-focused product lines, a rationalization of the business operations and a reduction in force. Actions under the plan included the elimination of approximately 280 positions in June 2012 and the abandonment of one of the Company's facilities in Burlington, Massachusetts and the partial abandonment of facilities in Mountain View and Daly City, California, in September 2012. During 2012, the Company recorded restructuring charges of $13.9 million related to severance costs and $8.6 million for the closure or partial closure of facilities, which included non-cash amounts of $1.4 million for fixed asset write-offs and $1.0 million for deferred rent liability write-offs. The Company substantially completed all actions under the 2012 Plan prior to December 31, 2012.

During the first six months of 2013, the Company recorded revisions totaling $0.8 million, primarily resulting from sublease assumption changes and other lease-related fees.

Prior Year Restructuring Plans

During the first six months of 2012, the Company recorded revisions totaling $0.8 million, primarily resulting from sublease assumption changes related to the abandonment of facilities under the 2008 and 2010 Restructuring Plans.

During the first six months of 2013, the Company recorded revisions totaling $0.2 million, primarily resulting from sublease assumption changes related to the abandonment of facilities under the 2008 and 2010 Restructuring Plans.

Restructuring Summary

The following table sets forth the activity in the restructuring accruals for the six months ended June 30, 2013 (in thousands):

	Non-Acquisition-Related Restructuring Liabilities		Acquisition-Related Restructuring Liabilities		
	Employee-Related	**Facilities/Other-Related**	**Employee-Related**	**Facilities-Related**	**Total**
Accrual balance at December 31, 2012	$ 4,299	$ 10,839	$ —	$ 595	$ 15,733
New restructuring charges – operating expenses	1,233	—	—	—	1,233
Revisions of estimated liabilities	83	875	—	—	958
Accretion	—	257		16	273
Cash payments	(3,744)	(3,446)	—	(225)	(7,415)
Foreign exchange impact on ending balance	(71)	(73)	—	—	(144)
Accrual balance at June 30, 2013	$ 1,800	$ 8,452	$ —	$ 386	$ 10,638

The employee-related accruals at June 30, 2013 represent severance and outplacement costs to former employees that will be paid out within the next twelve months and are, therefore, included in the caption "accrued expenses and other current liabilities" in the Company's consolidated balance sheet at June 30, 2013.

The facilities-related accruals at June 30, 2013 represent contractual lease payments, net of subleases, on space vacated as part of the Company's restructuring actions. The leases, and payments against the amounts accrued, extend through 2021 unless the Company is able to negotiate earlier terminations. Of the total facilities-related accruals, $5.5 million is included in the caption "accrued expenses and other current liabilities" and $3.3 million is included in the caption "other long-term liabilities" in the Company's consolidated balance sheet at June 30, 2013.

12. SEGMENT INFORMATION

The Company's evaluation of the discrete financial information that is regularly reviewed by the chief operating decision makers, which include the Company's chief executive officer and chief financial officer, has determined that the Company has one reportable segment. The following table is a summary of the Company's revenues from continuing operations by type for the three and six months ended June 30, 2013 and 2012 (Restated) (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012 (Restated)	2013	2012 (Restated)
Video products and solutions net revenues	$ 58,062	$ 72,969	$ 116,886	$ 141,562
Audio products and solutions net revenues	41,796	52,022	81,690	111,135
Products and solutions net revenues	99,858	124,991	198,576	252,697
Services net revenues	41,487	40,485	78,840	71,930
Total net revenues	$ 141,345	$ 165,476	$ 277,416	$ 324,627

The following table sets forth the Company's revenues from continuing operations by geographic region for the three and six months ended June 30, 2013 and 2012 (Restated) (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012 (Restated)	2013	2012 (Restated)
Revenues:				
United States	$ 56,110	$ 63,271	$ 106,925	$ 126,405
Other Americas	11,733	11,743	24,836	25,099
Europe, Middle East and Africa	52,230	65,657	103,501	124,382
Asia-Pacific	21,272	24,805	42,154	48,741
Total net revenues	$ 141,345	$ 165,476	$ 277,416	$ 324,627

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

RESTATEMENT OF FINANCIAL STATEMENTS

Background

In early 2013, during the course of the review of our financial results for the fourth quarter and full year of 2012, we identified a historical practice of Avid making available, at no charge to our customers, minor feature and/or compatibility enhancements as well as bug fixes on a when-and-if-available basis, collectively the Software Updates, that we have concluded meet the definition of post-contract customer support, or PCS, under U.S. generally accepted accounting principles, or GAAP. The business practice of providing Software Updates at no charge for many of our products creates an implicit obligation and an additional undelivered element for each impacted arrangement, which we refer to as Implied Maintenance Release PCS. Our identification of this additional undelivered element in substantially all of our customer arrangements has a significant impact on our historical revenue recognition policies because this element had not been previously accounted for in any period.

As a result of the foregoing and as explained in more detail below, we have restated our financial statements for the three and six months ended June 30, 2012 included in this report.

Restatement Adjustments

Revenue Recognition

The failure to identify and account for the existence of Implied Maintenance Release PCS resulted in errors in the timing of revenue recognition reported in our previously issued consolidated financial statements. Historically, we generally recognized revenue upon product shipment or over the period services and post-contract customer support were provided (assuming other revenue recognition conditions were met). As described more fully in our policy for "Revenue Recognition and Allowance for Sales Returns and Exchanges" in the section titled "Critical Accounting Policies and Estimates" in this Item 2, the existence of Implied Maintenance Release PCS in a customer arrangement requires recognition of some or all arrangement consideration, depending on GAAP applicable to the deliverables, over the period of time that the Implied Maintenance Release PCS is delivered, which is after product delivery or services are rendered and is generally several years. The errors in the timing of revenue recognition have been corrected in the restated condensed consolidated financial statements. The significant change in the pattern of revenue recognition also had indirect impacts on revenue-related accounts, such as sales return allowances and, as discussed further below, non-revenue accounts such as stock-based compensation and income taxes, which have also been restated in the restated condensed consolidated financial statements.

Restructuring

We also identified an overstatement of a severance costs accrual of $1.4 million due to an incorrect estimate originally recorded in the three months ended June 30, 2012.

Stock-Based Compensation

As a result of the change in the timing of revenue recognition described above, the timing and amount of stock-based compensation expense attributable to performance-based awards, where expected vesting was based on profitability, also changed. Due to the restated historical financial statements, many of the performance-based awards have vested earlier than originally estimated.

Other Adjustments

In addition to correcting the restatement adjustments described above, we also recorded other adjustments for other errors identified during the restatement process, including reclassifications between cost of sales and operating expenses, as well as errors in inventories and accrued liabilities. The provision for income taxes has been adjusted to reflect the changes in quarterly income before taxes.

Discontinued Operations

On July 2, 2012, we exited our consumer business through the sale of the assets of that business in two separate transactions. As described further in Note 7 to our Condensed Consolidated Financial Statements in Part I - Item 1 of this Form 10-Q, the disposition of the consumer business qualified for presentation as discontinued operations; therefore, our financial statements have been retrospectively adjusted for all periods presented to report the consumer business as a discontinued operation. In the previously issued financial statements, the sale of the consumer business was incorrectly included in continuing operations.

EXECUTIVE OVERVIEW

Our Company

We provide technology products, solutions and services that enable the creation and monetization of audio and video content. Specifically, we develop, market, sell and support software and hardware for digital media content production, management and distribution. Digital media are video, audio or graphic elements in which the image, sound or picture is recorded and stored as digital values, as opposed to analog or tape-based signals. Our products are used in production and post-production facilities; film studios; network, affiliate, independent and cable television stations; recording studios; live-sound performance venues; advertising agencies; government and educational institutions; corporate communication departments; and by independent video and audio creative professionals and enthusiasts. Projects produced using our products include feature films, prime-time television shows, news programs, commercials, music, video and other recordings.

Our mission is to create the most powerful and collaborative media network that enables the creation, distribution and monetization of the most inspiring content in the world. Guided by our *Avid Everywhere* strategic vision, we strive to deliver the industry's most open, innovative and comprehensive media platform connecting content creation with collaboration, asset protection, distribution and consumption for the media in the world-from the most prestigious and award-winning feature films, music recordings, and television shows, to live concerts and news broadcasts.

Avid Everywhere, introduced in April 2013, is our strategic vision for connecting creative professionals and media organizations with their audiences in a more powerful, efficient, collaborative, and profitable way. In April 2014, we unveiled the details of and first product deliverables guided by *Avid Everywhere.* To deliver on this vision, we have developed and continue to advance the *Avid MediaCentral Platform*, a set of modular application suites that together represent an open, integrated, and flexible media production and distribution environment for the media industry. The *Avid MediaCentral Platform* is intended to allow anyone with a creative idea to conceptualize, produce, monetize, and distribute their work for the enjoyment and pleasure of others.

Recent Events

Executive Management Changes

On February 11, 2013, we announced the appointment of Louis Hernandez, Jr. as our President and Chief Executive Officer. Mr. Hernandez has been a member of our Board of Directors since 2008. Most recently, Mr. Hernandez was Chairman of the Board and Chief Executive Officer of Open Solutions, Inc., a technology provider to financial institutions worldwide, which was acquired in January 2013 by Fiserv, Inc. Subsequently, on April 22, 2013, we announced that John W. Frederick had assumed the role of our Executive Vice President, Chief Financial Officer and Chief Administrative Officer. Mr. Frederick had previously joined us as Chief of Staff on February 11, 2013, working on strategic projects as requested by our President and Chief Executive Officer. Prior to that, Mr. Frederick was Corporate Executive Vice President and Chief Financial Officer of Open Solutions, Inc. Also in 2013, we appointed Jeff Rosica, formerly head of Sales and Marketing at Grass Valley, as Senior Vice President of Worldwide Field Operations.

Restatement and Related Matters

As discussed above in "Restatement of Financial Statements" and Note 2 to our Condensed Consolidated Financial Statements in Part I - Item 1 of this Form 10-Q, we have completed the accounting evaluation commenced in early 2013 and have restated our consolidated financial statements as of December 31, 2011 and for the year then ended. As a result of this accounting evaluation and restatement and our subsequent failure to stay current in our SEC reporting obligations, our common stock was suspended from trading on NASDAQ on February 25, 2014 and subsequently delisted. We intend to seek relisting of our common stock on the NASDAQ Global Select Market in connection with becoming current with our SEC reporting obligations. In connection with our announcement of the accounting evaluation, we also became subject to litigation as discussed in Item 1 of Part II of this Form 10-Q. We have also determined that we have material weaknesses in our internal control over financial reporting, as discussed in Part I - Item 4 of this Form 10-Q.

Adoption of New Revenue Recognition Guidance

Prior to our adoption of ASU No. 2009-14, *Certain Revenue Arrangements That Include Software Elements*, *an amendment to ASC Subtopic 985*-605, or ASU No. 2009-14, we primarily recognized revenues using the revenue recognition criteria of Accounting Standards Codification, or ASC, Subtopic 985-605, *Software-Revenue Recognition.* As a result of our adoption of ASU No. 2009-14 on January 1, 2011, a majority of our products are now considered non-software elements under GAAP, which excludes them from the scope of ASC Subtopic 985-605 and includes them within the scope of ASC Topic 605, *Revenue Recognition*. Because we had not been able to establish vendor-specific objective evidence, or VSOE, of fair value for Implied Maintenance Release PCS, as described further below, substantially all revenue arrangements prior to January 1, 2011 were recognized on a ratable basis over the service period of Implied Maintenance Release PCS. Subsequent to January 1, 2011 and the adoption of ASU No. 2009-14, we determine a relative selling price for all elements of the arrangement through the use of best estimated selling price, or BESP, as VSOE and third party evidence, or TPE, are typically not available, resulting in revenue recognition upon delivery of arrangement consideration attributable to product revenue, provided all other criteria for revenue recognition are met, and revenue recognition of Implied Maintenance Release PCS and other service and support elements over time as services are rendered. As a result of the adoption of this standard, we recorded increased revenue from continuing operations and increased net income for 2012 and the first six months of 2013. For transactions occurring after January 1, 2011, our revenue recognition policies have generally resulted in the recognition of approximately 70% of billings as revenue in the year of billing, and prior to January 1, 2011, the previously applied revenue recognition policies resulted in the recognition of approximately 30% of billings as revenue in the year of billing. We expect this trend to continue in future periods.

2012 Divestiture of Consumer Business

On July 2, 2012, we sold, in two separate transactions, a group of consumer audio and video products and certain related intellectual property, or the Consumer Business, with a negative carrying value of $25.0 million for total consideration of $14.8 million, recording a gain of $38.0 million net of $1.9 million of costs incurred to sell the assets.

The divestiture of these consumer product lines was intended to:

- allow us to focus on the Broadcast and Media market and the Video and Audio Post and Professional market;
- reduce complexity from our operations to improve operational efficiencies; and
- allow us to change our cost structure, by moving away from lower growth, lower margin sectors to drive improved financial performance.

Net revenues from these divested product lines totaled approximately $23.3 million and $46.1 million, respectively, during the three and six months ended June 30, 2012. The gain on the divestiture of the consumer business and the related operating results have been classified as discontinued operations in our unaudited condensed consolidated financial statements included in Part I - Item 1 of this Form 10-Q.

Financial Summary

Revenues

Net revenues from continuing operations for the three-month period ended June 30, 2013 were $141.3 million, compared to $165.5 million for the same period in 2012, with product revenues decreasing to 70.6% and services revenues increasing to 29.4% of total net revenues from continuing operations. Net revenues from continuing operations for the six-month period ended June 30, 2013 were $277.4 million, compared to $324.6 million for the same period in 2012, with products revenues decreasing to 71.6% and services revenues increasing to 28.4% of total net revenues from continuing operations. These decreases in revenues from continuing operations were primarily the result of lower amortization of deferred revenues (that is, lower recognition of revenue backlog) attributable to transactions executed on or before December 31, 2010, which, due to the adoption of ASU No. 2009-13, *Multiple-Deliverable Revenue Arrangements, an amendment to ASC Topic 605,* or ASU No. 2009-13, and ASU No. 2009-14 as described further in “Critical Accounting Polices and Estimates,” resulted in many of our product orders qualifying for upfront revenue recognition; whereas, prior to adoption the same orders required ratable recognition over periods of up to eight years. Revenue backlog associated with transactions executed prior to the adoption of ASU No. 2009-13 and ASU No. 2009-14 will continue to decline through 2016, before the balance is largely amortized, contributing less revenue each period. As a result of the change in accounting standards, even with consistent or increasing aggregate order values, we will experience significant declines in revenues, deferred revenues and revenue backlog in the coming years as revenue backlog associated with transactions occurring prior to January 1, 2011 decreases each quarter without being replaced by comparable revenue backlog from new transactions. After consideration of this change in accounting standards, there have been no other significant changes in our revenues.

Gross Margin Percentage

Our gross margin percentage from continuing operations for the three-month period ended June 30, 2013 increased to 61.2%, from 58.9% for the same period in 2012. Our gross margin percentage for continuing operations for the six-month period ended June 30, 2013 increased to 61.2%, from 60.4% for the same period in 2012. As previously discussed, the revenues recognized from the amortization of deferred revenues attributable to transactions executed on or before December 31, 2010 will continue to decline until the deferred revenue balances are largely amortized in 2016. These revenues have 100% margins, because the timing of the recognition of the deferred costs did not change as a result of our restatement, and our gross margin percentages will be negatively impacted year over year as these revenues decline. More than offsetting the declines resulting from deferred revenue amortization is a general improvement in our services and support delivery whereby revenue increased while costs declined.

Operating Expenses

Our total operating expenses from continuing operations for the three-month period ended June 30, 2013 decreased to $76.5 million, from $97.4 million for the same period in 2012. Our total operating expenses from continuing operations for the six-month period ended June 30, 2013 decreased to $150.5 million, from $182.2 million for the same period in 2012. These decreases were largely driven by higher restructuring expenses recorded during the second quarter of 2012, which were not present in the 2013 periods, and lower personnel-related marketing and selling expenses, partially offset by increased general and administrative expenses in 2013 related to the evaluation of, and subsequent financial restatement related to, our historical revenue recognition practices; partially offset by the higher restructuring expenses recorded during the 2012 periods.

Liquidity

At June 30, 2013, our cash balance was $56.1 million, a decrease of $14.3 million from December 31, 2012, and we had no outstanding borrowings against our credit facilities. The decrease in our cash balance was largely the result of professional, legal and consulting fees related to the evaluation of, and subsequent financial restatement related to, our historical revenue recognition practices, as well as restructuring-related expenditures. On August 29, 2014, we entered into an amendment to our Credit Agreement, extending the maturity date from October 1, 2014 to October 1, 2015. For a further discussion of our liquidity and cash flows, please see “Liquidity and Capital Resources.”

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. We regularly reevaluate our estimates and judgments, including those related to the following: revenue recognition and allowances for sales returns and exchanges; stock-based compensation; income tax assets and liabilities; and restructuring charges and accruals. We base our estimates and judgments on historical experience and various other factors we believe to be reasonable under the circumstances, the results of which form the basis for judgments about the carrying values of assets and liabilities and the amounts of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates.

We believe the following critical accounting policies most significantly affect the portrayal of our financial condition and involve our most difficult and subjective estimates and judgments.

Revenue Recognition and Allowance for Sales Returns and Exchanges

General

We commence revenue recognition when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collection is reasonably assured. Generally, the products we sell do not require significant production, modification or customization. Installation of our products is generally routine, consists of implementation and configuration and does not have to be performed by us.

At the time of a sales transaction, we make an assessment of the collectability of the amount due from the customer. Revenues are recognized only if it is reasonably assured that collection will occur. When making this assessment, we consider customer credit-worthiness and historical payment experience. If it is determined from the outset of the arrangement that collection is not reasonably assured, revenues are recognized on a cash basis, provided that all other revenue recognition criteria are satisfied. At the outset of the arrangement, we also assess whether the fee associated with the order is fixed or determinable and free of contingencies or significant uncertainties. When assessing whether the fee is fixed or determinable, we consider the payment terms of the transaction, our collection experience in similar transactions without making concessions, and our involvement, if any, in third-party financing transactions, among other factors. If the fee is not fixed or determinable, revenues are recognized only as payments become due from the customer, provided that all other revenue recognition criteria are met. If a significant portion of the fee is due after our normal payment terms, which are generally 30 days, but can be up to 90 days, after the invoice date, we evaluate whether we have sufficient history of successfully collecting past transactions with similar terms without offering concessions. If that collection history is sufficient, revenues are recognized, or revenue recognition commences, upon delivery of the products, assuming all other revenue recognition criteria are satisfied. If we were to make different judgments or assumptions about any of these matters, it could cause a material increase or decrease in the amount of revenues reported in a particular period.

We often receive multiple purchase orders or contracts from a single customer or a group of related customers that are evaluated to determine if they are, in effect, part of a single arrangement. In situations when we have concluded that two or more orders with the same customer are so closely related that they are, in effect, parts of a single arrangement, we account for those orders as a single arrangement for revenue recognition purposes. In other circumstances, when we have concluded that two or more orders with the same customer are independent buying decisions, such as an earlier purchase of a product and a subsequent purchase of a software upgrade or maintenance contract, we account for those orders as separate arrangements for revenue recognition purposes.

For many of our products, there has been an ongoing practice of Avid making available at no charge to customers minor feature and compatibility enhancements as well as bug fixes on a when-and-if-available basis, or collectively Software Updates, for a period of time after initial sales to end users. The implicit obligation to make such Software Updates available to customers over a period of time represents implied post-contract customer support, which is deemed to be a deliverable in each arrangement and is accounted for as a separate element (referred to by us as Implied Maintenance Release PCS).

We enter into certain contractual arrangements that have multiple elements, one or more of which may be delivered subsequent to the delivery of other elements. These multiple-deliverable arrangements may include products, support, training, professional services and Implied Maintenance Release PCS. In accordance with ASU No. 2009-13, for these multiple-element arrangements, we allocate revenue to each deliverable of the arrangement based on the relative selling prices of the deliverables. In such circumstances, we first determine the selling price of each deliverable based on (i) VSOE of fair value if that exists; (ii) third-party evidence of selling price, or TPE, when VSOE does not exist; or (iii) best estimate of the selling price, or BESP, when neither VSOE nor TPE exists. Revenue is then allocated to the non-software deliverables as a group and to the software deliverables as a group using the relative selling prices of each of the deliverables in the arrangement based on the selling price hierarchy. Our process for determining BESP for deliverables for which VSOE or TPE does not exist involves significant management judgment. In determining BESP, we consider a number of data points, including:

- the pricing established by management when setting prices for deliverables that are intended to be sold on a standalone basis;
- contractually stated prices for deliverables that are intended to be sold on a standalone basis;
- the pricing of standalone sales that may not qualify as VSOE of fair value due to limited volumes or variation in prices; and
- other pricing factors, such as the geographical region in which the products are sold and expected discounts based on the customer size and type.

In determining a BESP for Implied Maintenance Release PCS, which we do not sell separately, we consider (i) the service period for the Implied Maintenance Release PCS, (ii) the differential in value of the Implied Maintenance Release PCS deliverable compared to a full support contract, (iii) the likely list price that would have resulted from our established pricing practices had the deliverable been offered separately, and (iv) the prices a customer would likely be willing to pay.

We estimate the service period of Implied Maintenance Release PCS based on the length of time the product version purchased by the customer is planned to be supported with Software Updates. If facts and circumstances indicate that the original service period of Implied Maintenance Release PCS for a product has changed significantly after original revenue recognition has commenced, we will modify the remaining estimated service period accordingly and recognize the then-remaining deferred revenue balance over the revised service period.

We have established VSOE of fair value for all professional services and training and for some of our support offerings. Our policy for establishing VSOE of fair value consists of evaluating standalone sales, where available, to determine if a substantial portion of the transactions fall within a reasonable range. If a sufficient volume of standalone sales exist and the standalone pricing for a substantial portion of the transactions falls within a reasonable range, management concludes that VSOE of fair value exists.

The following table sets forth our determination of the estimated range of BESP of Implied Maintenance Release PCS, stated as a percentage of the BESP of the underlying product being sold, and the estimated range of service periods of Implied Maintenance Release PCS by product group for all periods presented in the consolidated financial statements.

Product Group	BESP of Implied Maintenance Release PCS (as a % of Product BESP)	Estimated Service Period
Professional video creative tools	1% to 13%	18 to 72 months
Video storage and workflow solutions	1% to 2%	72 months
Media management solutions	1% to 3%	12 to 72 months
Consumer video-editing software	1% to 6%	12 to 36 months
Digital audio software and workstation solutions	1% to 8%	12 to 36 months
Control surfaces, consoles and live-sound systems	1% to 5%	12 to 96 months
Notation software	4% to 8%	12 to 46 months
Consumer audio products	2%	24 months

In accordance with ASU No. 2009-14, we exclude from the scope of software revenue recognition requirements our sales of tangible products that contain both software and non-software components that function together to deliver the essential functionality of the tangible products. We adopted ASU No. 2009-13 and ASU No. 2009-14 prospectively on January 1, 2011 for new and materially modified arrangements originating after December 31, 2010.

Prior to our adoption of ASU No. 2009-14, we primarily recognized revenues using the revenue recognition criteria of Accounting Standards Codification, or ASC, Subtopic 985-605, *Software-Revenue Recognition.* As a result of our adoption of ASU No. 2009-14 on January 1, 2011, a majority of our products are now considered non-software elements under GAAP, which excludes them from the scope of ASC Subtopic 985-605 and includes them within the scope of ASC Topic 605, *Revenue Recognition*. Because we had not been able to establish VSOE of fair value for Implied Maintenance Release PCS, as described further below, substantially all revenue arrangements prior to January 1, 2011 were recognized on a ratable basis over the service period of Implied Maintenance Release PCS. Subsequent to January 1, 2011 and the adoption of ASU No. 2009-14, we determine a relative selling price for all elements of the arrangement through the use of BESP, as VSOE and TPE are typically not available, resulting in revenue recognition upon delivery of arrangement consideration attributable to product revenue, provided all other criteria for revenue recognition are met, and revenue recognition of Implied Maintenance Release PCS and other service and support elements over time as services are rendered.

The timing of revenue recognition of customer arrangements follows a number of different accounting models determined by the characteristics of the arrangement, and that timing can vary significantly from the timing of related cash payments due from customers. One significant factor affecting the timing of revenue recognition is the determination of whether each deliverable in the arrangement is considered to be a software deliverable or a non-software deliverable, as defined under GAAP. For transactions occurring after January 1, 2011, our revenue recognition policies have generally resulted in the recognition of approximately 70% of billings as revenue in the year of billing, and prior to January 1, 2011, the previously applied revenue recognition policies resulted in the recognition of approximately 30% of billings as revenue in the year of billing. We expect this trend to continue in future periods.

Revenue Recognition of Non-Software Deliverables

Revenue from products that are considered non-software deliverables is recognized upon delivery of the product to the customer. Products are considered delivered to the customer once they have been shipped and title and risk of loss has been transferred. For most of our product sales, these criteria are met at the time the product is shipped. Revenue from support that is considered a non-software deliverable is initially deferred and is recognized ratably over the contractual period of the arrangement, which is generally twelve months. Professional services and training services are typically sold to customers on a time and materials basis. Revenue from professional services and training services that are considered non-software deliverables is recognized for these deliverables as services are provided to the customer. Revenue for Implied Maintenance Release PCS that is considered a non-software deliverable is recognized ratably over the service period of Implied Maintenance Release PCS, which ranges from 1 to 8 years.

Revenue Recognition of Software Deliverables

We recognize the following types of elements sold using software revenue recognition guidance: (i) software products and software upgrades, when the software sold in a customer arrangement is more than incidental to the arrangement as a whole and the product does not contain hardware that functions with the software to provide essential functionality, (ii) initial support contracts where the underlying product being supported is considered to be a software deliverable, (iii) support contract renewals, and (iv) professional services and training that relate to deliverables considered to be software deliverables. Because we do not have VSOE of the fair value of our software products, we are permitted to account for our typical customer arrangements that include multiple elements using the residual method. Under the residual method, the VSOE of fair value of the undelivered elements (which could include support, professional services or training, or any combination thereof) is deferred and the remaining portion of the total arrangement fee is recognized as revenue for the delivered elements. If evidence of the VSOE of fair value of one or more undelivered elements does not exist, revenues are deferred and recognized when delivery of those elements occurs or when VSOE of fair value can be established. VSOE of fair value is typically based on the price charged when the element is sold separately to customers. We are unable to use the residual method to recognize revenues for most arrangements that include products that are software deliverables under GAAP since VSOE of fair value does not exist for Implied Maintenance Release PCS elements, which are included in a majority of our arrangements.

For software products that include Implied Maintenance Release PCS, an element for which VSOE of fair value does not exist, revenue for the entire arrangement fee, which could include combinations of product, professional services, training and support, is recognized ratably as a group over the longest service period of any deliverable in the arrangement, with recognition commencing on the date delivery has occurred for all deliverables in the arrangement (or begins to occur in the case of professional services, training and support). Standalone sales of support contracts are recognized ratably over the service period of the product being supported.

From time to time, we offer certain customers free upgrades or specified future products or enhancements. When a software deliverable arrangement contains an Implied Maintenance Release PCS deliverable, revenue recognition of the entire arrangement will only commence when any free upgrades or specified future products or enhancements have been delivered, assuming all other products in the arrangement have been delivered and all services, if any, have commenced.

Other Revenue Recognition Policies

In a limited number of arrangements, the professional services and training to be delivered are considered essential to the functionality of our software products. If services sold in an arrangement are deemed to be essential to the functionality of the software products, the arrangement is accounted for using contract accounting. As we have concluded that we cannot reliably estimate our contract costs, we use the completed contract method of contract accounting. The completed contract method of accounting defers all revenue and costs until the date that the products have been delivered and professional services, exclusive of post-contract customer support, have been completed. Deferred costs related to fully deferred contracts are recorded as a component of inventories in the consolidated balance sheet, and generally all other costs of sales are recognized when revenue recognition commences.

We record a provision for estimated returns and other allowances as a reduction of revenues in the same period that related revenues are recorded. Use of management estimates is required in connection with establishing and maintaining a sales allowance for expected returns and other credits, including rebates and returns. In making these estimates, we analyze historical returns and credits and other relevant factors. While we believe we can make reliable estimates regarding these matters, these estimates are inherently subjective. The amount and timing of our revenues for any period may be affected if actual product returns prove to be materially different from our estimates.

We record as revenues all amounts billed to customers for shipping and handling costs and record the actual shipping costs as a component of cost of revenues. Reimbursements received from customers for out-of-pocket expenses are recorded as revenues, with related costs recorded as cost of revenues. We present revenues net of any taxes collected from customers and remitted to government authorities.

In the consolidated statements of operations, we classify revenues as product revenues or services revenues. For multiple element arrangements that include both product and service elements, including Implied Maintenance Release PCS, we evaluate available indicators of fair value and apply our judgment to reasonably classify the arrangement fee between product revenues and services revenues. The amount of multiple element arrangement fees classified as product and services revenues based on management estimates of fair value when VSOE of fair value for all elements of an arrangement does not exist could differ from amounts classified as product and service revenues if VSOE of fair value for all elements existed.

Stock-Based Compensation

We account for stock-based compensation at fair value. During 2012, we granted both stock options and restricted stock units as part of our key performer stock-based compensation program, and we granted both stock options and restricted stock units to newly hired employees during 2012 and the first two months of 2013. In prior years, we also issued restricted stock, and we refer to restricted stock and restricted stock units collectively as restricted stock awards. The vesting of stock options and restricted stock awards may be based on time, performance, market conditions, or a combination of performance and market conditions. In the future, we may grant stock awards, options, or other equity-based instruments allowed by our stock-based compensation plans, or a combination thereof, as part of our overall compensation strategy.

The fair values of restricted stock and restricted stock unit awards with time-based vesting are based on the intrinsic values of the awards at the date of grant as these awards have a purchase price of $0.01 per share. We generally use the Black-Scholes option pricing model to estimate the fair value of stock option grants with time-based vesting. The Black-Scholes option pricing model relies on a number of key assumptions to calculate estimated fair values. Our assumed dividend yield of zero is based on the fact that we have never paid cash dividends, we have no present intention to pay cash dividends and our current credit agreement precludes us from paying dividends. Our expected stock-price volatility assumption is based on recent (six-month trailing) implied volatility of the traded options. These calculations are performed on exchange-traded options of our common stock based on the implied volatility of long-term (9- to 39-month term) exchange-traded options. We believe that using a forward-looking market-driven volatility assumption will result in the best estimate of expected volatility. The assumed risk-free interest rate is the

U.S. Treasury security rate with a term equal to the expected life of the option. The assumed expected life is based on company-specific historical experience, considering the exercise behavior of past grants and models the pattern of aggregate exercises.

We also issue stock option grants or restricted stock unit awards with vesting based on market conditions, which historically included Avid's stock price; or performance conditions, generally our return on equity or operating margin; or a combination of performance or market conditions. The fair values and derived service periods for all grants that include vesting based on market conditions are estimated using the Monte Carlo valuation method. For stock option grants that include vesting based on performance conditions, the fair values are estimated using the Black-Scholes option pricing model. For restricted stock unit awards that include vesting based on performance conditions, the fair values are estimated based on the intrinsic values of the awards at the date of grant as these awards have a purchase price of $0.01 per share. For stock option grants and restricted stock unit awards with vesting based on a combination of performance or market conditions, compensation costs are recorded based on the higher estimated grant-date fair value for each vesting tranche and factored for the estimated probability of achieving the performance goals. For each stock option grant and restricted stock award with vesting based on a combination of performance or market conditions where vesting will occur if either condition is met, the related compensation costs are recognized over the shorter of the derived service period or implicit service period.

At June 30, 2013, most of the unvested awards that include performance conditions have vesting conditions that are based upon the achievement of a specified return on stockholders' equity. At June 30, 2013, we believe it is probable that these awards will vest, and compensation expense is being recognized over the implied service period.

If factors change and we employ different assumptions to estimate stock-based compensation expense in future periods, including changes in the probability of achieving performance conditions, or we decide to use a different valuation model, the stock-based compensation expense recognized in future periods may differ significantly from what we have recorded in the current period and could materially affect our operating income, net income and earnings per share. It may also result in a lack of comparability with other companies that use different models, methods and assumptions.

Income Tax Assets and Liabilities

We record deferred tax assets and liabilities based on the net tax effects of tax credits, operating loss carryforwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes compared to the amounts used for income tax purposes. We regularly review our deferred tax assets for recoverability with consideration for such factors as historical losses, projected future taxable income and the expected timing of the reversals of existing temporary differences. A valuation allowance is recorded when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Based on the magnitude of our deferred tax assets at June 30, 2013 and our level of historical U.S. losses, we have determined that the uncertainty regarding the realization of these assets is sufficient to warrant the need for a full valuation allowance against our U.S. deferred tax assets. We also determined that a valuation allowance is warranted on a portion of our foreign deferred tax assets.

Our assessment of the valuation allowance on our U.S. and foreign deferred tax assets could change in the future based on our levels of pre-tax income and other tax-related adjustments. Reversal of the valuation allowance in whole or in part would result in a non-cash reduction in income tax expense during the period of reversal. To the extent some or all of our valuation allowance is reversed, future financial statements would reflect an increase in non-cash income tax expense until such time as our deferred tax assets are fully utilized.

The amount of income taxes we pay is subject to our interpretation of applicable tax laws in the jurisdictions in which we file. We have taken and will continue to take tax positions based on our interpretation of such tax laws. There can be no assurance that a taxing authority will not have a different interpretation of applicable law and assess us with additional taxes. Should we be assessed with additional taxes, it could have a negative impact on our results of operations or financial condition.

We account for uncertainty in income taxes recognized in our financial statements by applying a two-step process to determine the amount of tax benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon examination by the taxing authorities, based on the technical merits of the position. If the tax position is deemed more likely than not to be sustained, the tax position is then assessed to determine the amount of benefit to recognize in the financial statements. The amount of the benefit that may be recognized is the largest amount that has a greater than 50% likelihood of being realized upon ultimate settlement. Our provision for income taxes includes the effects of any resulting tax reserves, referred to as unrecognized tax benefits, that are considered appropriate as well as the related net interest and penalties.

Restructuring Charges and Accruals

We recognize facility-related restructuring charges upon exiting all or a portion of a leased facility and meeting cease-use and other requirements. The amount of restructuring charges is based on the fair value of the lease obligation for the abandoned space, which includes a sublease assumption that could be reasonably obtained.

Based on our policies for the calculation and payment of severance benefits, we account for employee-related restructuring charges as an ongoing benefit arrangement in accordance with ASC Topic 712, *Compensation - Nonretirement Postemployment Benefits*. Severance-related charges are accrued when it is determined that a liability has been incurred, which is when the expected severance payments are probable and can be reasonably estimated.

Restructuring charges require significant estimates and assumptions, including sub-lease income and severance period assumptions. Our estimates involve a number of risks and uncertainties, some of which are beyond our control, including future real estate market conditions and our ability to successfully enter into subleases or termination agreements with terms as favorable as those assumed when arriving at our estimates. We monitor these estimates and assumptions on at least a quarterly basis for changes in circumstances and any corresponding adjustments to the accrual are recorded in our statement of operations in the period when such changes are known.

RESULTS OF OPERATIONS

The following table sets forth certain items from our consolidated statements of operations as a percentage of net revenues from continuing operations for the three and six months ended June 30, 2013 and 2012 (Restated):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012 (Restated)	2013	2012 (Restated)
Net revenues:				
Product revenues	70.6 %	75.5 %	71.6 %	77.8 %
Services revenues	29.4 %	24.5 %	28.4 %	22.2 %
Total net revenues	100.0 %	100.0 %	100.0 %	100.0 %
Cost of revenues	38.8 %	41.1 %	38.8 %	39.6 %
Gross margin	61.2 %	58.9 %	61.2 %	60.4 %
Operating expenses:				
Research and development	16.9 %	15.9 %	17.1 %	16.2 %
Marketing and selling	24.0 %	25.6 %	24.4 %	25.9 %
General and administrative	11.4 %	7.9 %	11.4 %	8.5 %
Amortization of intangible assets	0.5 %	0.7 %	0.5 %	0.8 %
Restructuring costs, net	1.4 %	8.7 %	0.8 %	4.6 %
Total operating expenses	54.2 %	58.8 %	54.2 %	56.0 %
Operating income	7.0 %	0.1 %	7.0 %	4.4 %
Interest and other income (expense), net	(0.2)%	(0.2)%	(0.2)%	(0.2)%
Income (loss) from continuing operations before income taxes	6.8 %	(0.1)%	6.8 %	4.2 %
Provision for (benefit from) income taxes, net	0.5 %	(0.6)%	0.4 %	0.5 %
Income from continuing operations, net of tax	6.3 %	0.5 %	6.4 %	3.7 %
Income from discontinued operations	— %	1.7 %	— %	2.4 %
Net income	6.3 %	2.2 %	6.4 %	6.1 %

Net Revenues

Our net revenues are derived mainly from sales of video and audio hardware and software products and solutions for digital media content production, management and distribution, and related professional services and maintenance contracts.

Net Revenues from Continuing Operations for the Three Months Ended June 30, 2013 and 2012 (Restated)

(dollars in thousands)

	2013 Net Revenues	Change $	Change %	2012 Net Revenues (Restated)
Video products and solutions net revenues	$ 58,062	$ (14,907)	(20.4)%	$ 72,969
Audio products and solutions net revenues	41,796	(10,226)	(19.7)%	52,022
Products and solutions net revenues	99,858	(25,133)	(20.1)%	124,991
Services net revenues	41,487	1,002	2.5%	40,485
Total net revenues	$ 141,345	$ (24,131)	(14.6)%	$ 165,476

Net Revenues from Continuing Operations for the Six Months Ended June 30, 2013 and 2012 (Restated)

(dollars in thousands)

	2013 Net Revenues	Change $	Change %	2012 Net Revenues (Restated)
Video products and solutions net revenues	$ 116,886	$ (24,676)	(17.4)%	$ 141,562
Audio products and solutions net revenues	81,690	(29,445)	(26.5)%	111,135
Products and solutions net revenues	198,576	(54,121)	(21.4)%	252,697
Services net revenues	78,840	6,910	9.6%	71,930
Total net revenues	$ 277,416	$ (47,211)	(14.5)%	$ 324,627

The following table sets forth the percentage of our net revenues from continuing operations attributable to geographic regions for the three and six months ended June 30, 2013 and 2012 (Restated):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012 (Restated)	2013	2012 (Restated)
United States	40%	38%	39%	39%
Other Americas	8%	7%	9%	8%
Europe, Middle East and Africa	37%	40%	37%	38%
Asia-Pacific	15%	15%	15%	15%

Video Products and Solutions Revenues

Video products and solutions revenues decreased $14.9 million, or 20%, for the three-month period ended June 30, 2013, compared to the same period in 2012 (Restated), and decreased $24.7 million, or 17.4%, for the six-month period ended June 30, 2013, compared to the same period in 2012 (Restated). For the six-month period ended June 30, 2013, revenues from our video creative tools, storage and workflow solutions, and media management solutions all decreased. For the three-month period ended June 30, 2013, revenues from our media management solutions were increased, while revenues from our video creative tools and storage and workflow solutions decreased. The decrease in total video products and solutions revenues was primarily the result of lower amortization of deferred revenues (that is, lower recognition of revenue backlog) attributable to transactions executed on or before December 31, 2010, which, due to the adoption of ASU No. 2009-13 and ASU No. 2009-14 as described further in “Critical Accounting Polices and Estimates,” resulted in many of our product orders qualifying for upfront revenue recognition; whereas, prior to adoption the same orders required ratable recognition over periods of up to eight years. Revenue backlog associated with transactions executed prior to the adoption of ASU No. 2009-13 and ASU No. 2009-14 will continue to decline through 2016, before the balance is largely amortized, contributing less revenue each period.

As a percentage of revenues from continuing operations, percentages for storage and workflow solutions media management solutions increased, compared to the same periods in 2012 (Restated), while the the percentage for video creative tools decreased in both 2013 periods.

Audio Products and Solutions Revenues

Audio products and solutions revenues decreased $10.2 million, or 20%, for the three-month period ended June 30, 2013, compared to the same period in 2012 (Restated), and decreased $29.4 million, or 26.5%, for the six-month period ended June 30, 2013, compared to the same period in 2012 (Restated). For both the three- and six-month periods ended June 30, 2013, revenues from our digital audio software and workstation solutions and our control surfaces, consoles and live-sound systems decreased. The decrease in total audio products and solutions revenues was primarily the result of lower amortization of deferred revenues (that is, lower recognition of revenue backlog) attributable to transactions executed on or before December 31, 2010, which, due to the adoption of ASU No. 2009-13 and ASU No. 2009-14 as described further in “Critical Accounting Polices and Estimates,” resulted in many of our product orders qualifying for upfront revenue recognition; whereas, prior to adoption the same orders required ratable recognition over periods of up to eight years. Revenue backlog associated with transactions executed prior to the adoption of ASU No. 2009-13 and ASU No. 2009-14 will continue to decline through 2016, before the balance is largely amortized, contributing less revenue each period.

As a percentage of revenues from continuing operations, the percentage for digital audio software and workstation solutions decreased in both 2013 periods, compared to the same periods in 2012 (Restated), while the percentage for control surfaces, consoles and live-sound systems decreased for the six-month period but increased for the three-month period.

Services Revenues

Services revenues are derived primarily from maintenance contracts, as well as professional and integration services and training. Services revenues decreased $1.0 million, or 2.5%, for the three-month period ended June 30, 2013, compared to the same period in 2012 (Restated), and increased $6.9 million, or 9.6%, for the six-month period ended June 30, 2013, compared to the same period in 2012 (Restated). The decrease for the three-month period was primarily the result of decreased professional services revenues and relatively flat maintenance revenues. The increase for the six-month period, was driven by increased maintenance revenues for the 2013 period, partially offset by a decrease in professional services revenues.

Cost of Revenues, Gross Profit and Gross Margin Percentage

Cost of revenues consists primarily of costs associated with:

- the procurement of components and finished goods;
- the assembly, testing and distribution of finished products;
- warehousing;
- customer support costs related to maintenance contract revenues and other services;
- royalties for third-party software and hardware included in our products;
- amortization of technology; and
- providing professional services and training.

Amortization of technology represents the amortization of developed technology assets acquired as part of acquisitions and is described further in the Amortization of Intangible Assets section below.

Costs of Revenues for the Three Months Ended June 30, 2013 and 2012 (Restated)

(dollars in thousands)

	2013 Costs	Change $	Change %	2012 Costs (Restated)
Cost of products revenues	$ 38,902	$ (12,081)	(23.7)%	$ 50,983
Cost of services revenues	15,392	(937)	(5.7)%	16,329
Amortization of intangible assets	501	(143)	(22.2)%	644
Total cost of revenues	54,795	(13,161)	(19.4)%	67,956
Gross profit	$ 86,550	$ (10,970)	(11.2)%	$ 97,520

Costs of Revenues for the Six Months Ended June 30, 2013 and 2012 (Restated)

(dollars in thousands)

	2013 Costs	Change $	Change %	2012 Costs (Restated)
Cost of products revenues	$ 75,917	$ (20,548)	(21.3)%	$ 96,465
Cost of services revenues	30,668	(72)	(0.2)%	30,740
Amortization of intangible assets	1,152	(142)	(11.0)%	1,294
Total cost of revenues	107,737	(20,762)	(16.2)%	128,499
Gross profit	$ 169,679	$ (26,449)	(13.5)%	$ 196,128

Gross Margin Percentage

Gross margin percentage, which is revenues less costs of revenues divided by revenues, 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 aftermarket hardware products such as disk drives and currency exchange-rate fluctuations. The total gross margin percentage for the three-month period ended June 30, 2013 increased to 61.2% from 58.9% for the same period in 2012 (Restated). The total gross margin percentage for the six-month period ended June 30, 2013 increased to 61.2% from 60.4% for the same period in 2012 (Restated). As previously discussed, the revenues recognized from the amortization of deferred revenues (that is, the recognition of revenue backlog) attributable to transactions executed on or before December 31, 2010 will continue to decline until the related deferred revenue balances are largely amortized in 2016. These revenues have 100% margins, because the timing of the recognition of the deferred costs did not change as a result of our restatement, and our gross margin percentages will be negatively impacted year over year as these revenues decline.

Gross Margin % for the Three Months Ended June 30, 2013 and 2012 (Restated)

	2013 Gross Margin %	Increase in Gross Margin %	2012 Gross Margin % (Restated)
Products	61.0%	1.8%	59.2%
Services	62.9%	3.2%	59.7%
Total	61.2%	2.3%	58.9%

Gross Margin % for the Six Months Ended June 30, 2013 and 2012 (Restated)

	2013 Gross Margin %	Increase in Gross Margin %	2012 Gross Margin % (Restated)
Products	61.8%	—%	61.8%
Services	61.1%	3.8%	57.3%
Total	61.2%	0.8%	60.4%

Our products gross margin percentage for the three-month period ended June 30, 2013, compared to the same period in 2012 (Restated), was negatively impacted by the effect of the amortization of our deferred revenue balances as discussed above. Our products gross margin percentage for the six-month period ended June 30, 2013, compared to the same period in 2012 (Restated), was effectively unchanged, but was also negatively impacted by the effect of the amortization of our deferred revenue balances as discussed above.

The increases in our services gross margin percentage for both the three- and six-month periods ended June 30, 2013, compared to the same periods in 2012 (Restated), were primarily driven by increases in services revenues from maintenance contracts, which have higher gross margins than professional services and training; partially offset by decreases in revenues from professional services.

Operating Expenses and Operating Income

Operating Expenses and Operating Income for the Three Months Ended June 30, 2013 and 2012 (Restated)

(dollars in thousands)

	2013 Expenses	Change $	Change %	2012 Expenses (Restated)
Research and development expenses	$ 23,847	$ (2,414)	(9.2)%	$ 26,261
Marketing and selling expenses	33,903	(8,379)	(19.8)%	42,282
General and administrative expenses	16,131	2,780	20.8%	13,351
Amortization of intangible assets	658	(448)	(40.5)%	1,106
Restructuring costs, net	1,918	(12,519)	(86.7)%	14,437
Total operating expenses	$ 76,457	$ (20,980)	(21.5)%	$ 97,437
Operating income	$ 10,093	$ 10,010	(12,060.2)%	$ 83

Operating Expenses and Operating Income for the Six Months Ended June 30, 2013 and 2012 (Restated)

(dollars in thousands)

	2013 Expenses	Change $	Change %	2012 Expenses (Restated)
Research and development expenses	$ 47,454	$ (5,267)	(10.0)%	$ 52,721
Marketing and selling expenses	67,812	(16,343)	(19.4)%	84,155
General and administrative expenses	31,728	4,029	14.5%	27,699
Amortization of intangible assets	1,321	(1,396)	(51.4)%	2,717
Restructuring costs, net	2,191	(12,690)	(85.3)%	14,881
Total operating expenses	$ 150,506	$ (31,667)	(17.4)%	$ 182,173
Operating income	$ 19,173	$ 5,218	37.4%	$ 13,955

Research and Development Expenses

Research and development, or R&D, expenses include costs associated with the development of new products and the enhancement of existing products, and consist primarily of employee salaries and benefits; facilities costs; depreciation; costs for consulting and temporary employees; and prototype and other development expenses. R&D expenses decreased $2.4 million and $5.3 million, or 9.2% and 10.0%, during the three and six months ended June 30, 2013, respectively, compared to the same periods in 2012 (Restated).

Change in Research and Development Expenses for the Three Months Ended June 30, 2013 and 2012 (Restated)

(dollars in thousands)

	2013 (Decrease) Increase From 2012 (Restated)	
	$	**%**
Personnel-related expenses	$ (1,359)	(8.7)%
Facilities and information technology infrastructure costs	(605)	(12.3)%
Consulting and outside services	(470)	(11.9)%
Other expenses	20	1.1 %
Total research and development expenses decrease	$ (2,414)	(9.2)%

Change in Research and Development Expenses for the Six Months Ended June 30, 2013 and 2012 (Restated)

(dollars in thousands)

	2013 (Decrease) Increase From 2012 (Restated)	
	$	**%**
Personnel-related expenses	$ (3,041)	(9.7)%
Consulting and outside services	(1,421)	(17.0)%
Facilities and information technology infrastructure costs	(1,191)	(12.1)%
Other expenses	386	12.4 %
Total research and development expenses decrease	$ (5,267)	(10.0)%

The decreases in personnel-related expenses and facilities and information technology infrastructure costs for both the three- and six-month periods ended June 30, 2013, compared to the same periods in 2012 (Restated), primarily resulted from decreased expenses on lower employee headcount, largely resulting from our restructuring actions in 2012, while the decreases in consulting and outside services were primarily the result of a reduction in the use of contract employees and services during the first half of 2013.

Marketing and Selling Expenses

Marketing and selling expenses consist primarily of employee salaries and benefits for selling, marketing and pre-sales customer support personnel; commissions; travel expenses; advertising and promotional expenses; and facilities costs. Marketing and selling costs decreased $8.4 million and $16.3 million, or 19.8% and 19.4%, during the three and six months ended June 30, 2013, respectively, compared to the same periods in 2012 (Restated).

Change in Marketing and Selling Expenses for the Three Months Ended June 30, 2013 and 2012 (Restated)

(dollars in thousands)

	2013 (Decrease) Increase From 2012 (Restated)	
	$	**%**
Personnel-related expenses	$ (5,518)	(14.1)%
Consulting and outside services	(1,862)	(37.1)%
Tradeshow and other promotional expenses	(663)	(16.4)%
Foreign exchange (gains) losses	(436)	(140.0)%
Other expenses	100	1.6 %
Total marketing and selling expenses decrease	$ (8,379)	(19.8)%

Change in Marketing and Selling Expenses for the Six Months Ended June 30, 2013 and 2012 (Restated)

(dollars in thousands)

	2013 (Decrease) Increase From 2012 (Restated)	
	$	**%**
Personnel-related expenses	$ (11,270)	(14.4)%
Consulting and outside services	(4,163)	(39.7)%
Tradeshow and other promotional expenses	(1,949)	(27.0)%
Foreign exchange (gains) losses	(827)	(190.9)%
Other expenses	1,866	15.1 %
Total marketing and selling expenses decrease	$ (16,343)	(19.4)%

The decreases in personnel-related expenses for both the three- and six-month periods ended June 30, 2013, compared to the same periods in 2012 (Restated), were primarily due to decreased salary and benefit expense on lower headcount and lower sales commissions on lower revenues, resulting from our 2012 restructuring actions, as well as lower stock-based compensation and incentive-compensation expense. The lower consulting and outside services costs for both periods resulted from lower 2013 costs related to long-term sales and marketing strategy planning.

General and Administrative Expenses

General and administrative expenses consist primarily of employee salaries and benefits for administrative, executive, finance and legal personnel; audit, legal and strategic consulting fees; and insurance, information systems and facilities costs. Information systems and facilities costs reported within general and administrative expenses are net of allocations to other expenses categories. General and administrative expenses increased $2.8 million and $4.0 million, or 20.8% and 14.5%, during the three and six months ended June 30, 2013, respectively, compared to the same periods in 2012 (Restated), primarily as a result of increased costs from to the evaluation of, and subsequent financial restatement related to, our historical accounting treatment related to bug fixes, upgrades and enhancements to certain products and increased related legal expenses, partially offset by savings resulting from our 2012 restructuring actions and improved organizational efficiencies following our 2012 consumer business divestiture.

Change in General and Administrative Expenses for the Three Months Ended June 30, 2013 and 2012 (Restated)

(dollars in thousands)

	2013 Increase (Decrease) From 2012 (Restated)	
	$	**%**
Consulting and outside services expenses	$ 4,808	268.5 %
Personnel-related expenses	(733)	(10.0)%
Divestiture-related expenses	(533)	(100.0)%
Facilities and information technology infrastructure costs	(462)	(16.5)%
Other expenses	(300)	(33.2)%
Total general and administrative expenses decrease	$ 2,780	20.8 %

Change in General and Administrative Expenses for the Six Months Ended June 30, 2013 and 2012 (Restated)

(dollars in thousands)

	2013 Increase (Decrease) From 2012 (Restated)	
	$	**%**
Consulting and outside services expenses	$ 5,346	112.6 %
Personnel-related expenses	509	3.4 %
Divestiture-related expenses	(994)	(99.7)%
Facilities and information technology infrastructure costs	(751)	(13.3)%
Other expenses	(81)	(5.5)%
Total general and administrative expenses decrease	$ 4,029	14.5 %

The increases in consulting and outside services costs for both the three- and six-month periods ended June 30, 2013, compared to the same periods in 2012 (Restated), were primarily the result of the significantly increased audit, legal and other professional fees for outside services incurred during 2013 from the evaluation of, and subsequent financial restatement related to, our historical accounting treatment related to bug fixes, upgrades and enhancements to certain products and increased related legal expenses. The increase in personnel-related expenses for the six-month period ended June 30, 2013 was primarily due to higher accruals for incentive-based compensation, as well as costs related to our management transition. The decrease in personnel-related expenses for the three-month period was primarily the result of lower stock-based compensation in the 2013 period, as well as a decrease in salary expenses on lower headcount. The decreases in facilities and information technology infrastructure costs for both 2013 periods were primarily due to employee headcount reductions and facilities closures resulting from our 2012 restructuring actions and improved organizational efficiencies following our 2012 consumer business divestiture, while the decrease in divestiture-related expenses was primarily the result of certain costs related to our 2012 consumer business divestiture, which were not present in the 2013 periods.

Amortization of Intangible Assets

Intangible assets result from acquisitions and include developed technology, customer-related intangibles, trade names and other identifiable intangible assets with finite lives. These intangible assets are amortized using the straight-line method over the estimated useful lives of such assets, which are generally two years to twelve years. Amortization of developed technology is recorded within cost of revenues. Amortization of customer-related intangibles, trade names and other identifiable intangible assets is recorded within operating expenses.

Change in Amortization of Intangible Assets for the Three Months Ended June 30, 2013 and 2012 (Restated)

(dollars in thousands)

	2013 Decrease From 2012 (Restated)	
	$	%
Amortization of intangible assets recorded in cost of revenues	$ (143)	(22.2)%
Amortization of intangible assets recorded in operating expenses	(448)	(40.5)%
Total amortization of intangible assets	$ (591)	(33.8)%

Change in Amortization of Intangible Assets for the Six Months Ended June 30, 2013 and 2012 (Restated)

(dollars in thousands)

	2013 Decrease From 2012 (Restated)	
	$	%
Amortization of intangible assets recorded in cost of revenues	$ (142)	(11.0)%
Amortization of intangible assets recorded in operating expenses	(1,396)	(51.4)%
Total amortization of intangible assets	$ (1,538)	(38.3)%

The decreases in amortization of intangible assets recorded in cost of revenues for both the three- and six-month periods ended June 30, 2013, compared to the same periods in 2012 (Restated), were primarily the result of certain acquired technology-related intangible assets becoming fully amortized. The decreases in amortization of intangible assets recorded in operating expenses for both the three- and six-month periods ended June 30, 2013, compared to the same periods in 2012 (Restated), were primarily the result of certain acquired intangible assets becoming fully amortized.

The unamortized balance of our identifiable intangible assets was $6.5 million at June 30, 2013. We expect amortization of our intangible assets to be approximately $1.6 million during the remainder of 2013, $1.9 million in 2014, $1.8 million in 2015, $1.2 million in 2016. See Note 8, Intangible Assets, to our Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q for further information regarding our identifiable intangible assets.

Restructuring Costs, Net

2013 Restructuring Plans

In June 2013, our leadership evaluated the marketing and selling teams and, in an effort to better align sales resources with our strategic goals and enhance our global account team approach, eliminated 31 positions. As a result, we recognized related restructuring costs of $1.2 million during the three months ended June 30, 2013.

2012 Restructuring Plan

In June 2012, we committed to a series of strategic actions, or the 2012 Plan, to focus on our Broadcast and Media market and Video and Audio Post and Professional market and to drive improved operating performance. These actions included the divestiture of certain of our consumer-focused product lines, a rationalization of the business operations and a reduction in force. Actions under the 2012 Plan included the elimination of approximately 280 positions in June 2012 and the abandonment of one of our facilities in Burlington, Massachusetts and partial abandonment of facilities in Mountain View and Daly City, California in September 2012. We recorded restructuring charges of $13.9 million related to severance costs in June 2012 and $8.6 million for the closure or partial closure of facilities in September 2012, which included $1.0 million for deferred rent liability write-offs. We substantially completed all actions under the 2012 Plan prior to December 31, 2012.

During the first six months of 2013, we recorded revisions totaling $0.8 million, primarily resulting from sublease assumption changes and other lease-related fees.

Prior Year Restructuring Plans

During the first six months of 2012, we recorded revisions totaling $0.8 million, primarily resulting from sublease assumption changes related to the abandonment of facilities under the 2008 and 2010 Restructuring Plans.

During the first six months of 2013, we recorded revisions totaling $0.2 million, primarily resulting from sublease assumption changes related to the abandonment of facilities under the 2008 and 2010 Restructuring Plans.

Interest and Other Income (Expense), Net

Interest and other income (expense), net, generally consists of interest income and interest expense.

Interest and Other Income (Expense) for the Three Months Ended June 30, 2013 and 2012 (Restated)

(dollars in thousands)

	2013 Income (Expense)	Change $	Change %	2012 Income (Expense) (Restated)
Interest income	$ 122	$ 106	662.5%	$ 16
Interest expense	(374)	33	8.1%	(407)
Other income (expense), net	5	(7)	(58.3)%	12
Total interest and other income (expense), net	$ (247)	$ 132	34.8%	$ (379)

Interest and Other Income (Expense) for the Six Months Ended June 30, 2013 and 2012 (Restated)

(dollars in thousands)

	2013 Income (Expense)	Change $	Change %	2012 Income (Expense) (Restated)
Interest income	$ 195	$ 50	34.5%	$ 145
Interest expense	(709)	41	5.5%	(750)
Other income (expense), net	9	(23)	(71.9)%	32
Total interest and other income (expense), net	$ (505)	$ 68	11.9%	$ (573)

The changes in interest and other income (expense), net for both the three- and six-month periods ended June 30, 2013, compared to the same periods in 2012 (Restated), were primarily the result of increased interest income.

Provision for (Benefit from) Income Taxes, Net

Provision for Income Taxes, Net for the Three Months Ended June 30, 2013 and 2012 (Restated)

(dollars in thousands)

	2013 Provision	Change $	Change %	2012 Benefit
Provision for (benefit from) income taxes, net	$ 669	$ 1,605	171.5%	$ (936)

Provision for Income Taxes, Net for the Six Months Ended June 30, 2013 and 2012 (Restated)

(dollars in thousands)

	2013	Change		2012
	Provision	$	%	Provision
Provision for income taxes, net	$ 1,226	$ (510)	(29.4)%	$ 1,736

Our effective tax rate, which represents our tax provision (benefit) as a percentage of income (loss) before tax, was 6.6% and 13.0%, respectively, for the six-month periods ended June 30, 2013 and 2012 (Restated). Our provision for income taxes for the 2013 six-month period decreased by approximately $0.5 million from the same 2012 period, primarily as a result of changes in the jurisdictional mix of earnings and overall lower profitability of the business. During the six-month period ended June 30, 2013, there were no significant discrete items that impacted the tax provision. By comparison, during the six-month period ended June 30, 2012 (Restated), there was a net discrete tax expense of approximately $0.1 million, which is primarily comprised of a $2.0 million withholding tax liability on a Canadian dividend, a $1.4 million tax provision associated with an Irish income tax audit, a $0.5 million tax provision associated with a change in our indefinite reinvestment assertion with respect to a Canadian subsidiary, and the establishment of a valuation allowance against certain foreign deferred tax assets of $0.4 million, largely offset by a $3.8 million benefit for a refund claim related to a previously accrued Canadian withholding tax liability and a $0.6 million benefit for the release of a tax reserve. No benefit is provided for losses generated in the United States and certain foreign jurisdictions, including Ireland, due to the full valuation allowance on the respective deferred tax assets.

We have significant net deferred tax assets that are primarily a result of tax credits and operating loss carryforwards. The realization of the net deferred tax assets is dependent upon the generation of sufficient future taxable income in the applicable tax jurisdictions. We regularly review our deferred tax assets for recoverability with consideration for such factors as historical losses, projected future taxable income, the expected timing of the reversals of existing temporary differences, and tax planning strategies. Accounting Standards Codification, or ASC, Topic 740, *Income Taxes*, requires us to record a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Based on our level of deferred tax assets at June 30, 2013 and our level of historical U.S. and certain foreign losses, we have determined that the uncertainty regarding the realization of these assets is sufficient to warrant the need for a full valuation allowance against our U.S. deferred tax assets and certain foreign deferred tax assets.

We file in multiple tax jurisdictions and from time to time are subject to audit in these tax jurisdictions, but we believe that we are adequately reserved for any potential exposures. ASC Topic 740 requires that a tax position must be more likely than not to be sustained before being recognized in the financial statements. It also requires the accrual of interest and penalties as applicable on unrecognized tax positions. At June 30, 2013, our unrecognized tax benefits and related accrued interest and penalties totaled $23.7 million, of which $0.9 million would affect our effective tax rate if recognized. At December 31, 2012, our unrecognized tax benefits and related accrued interest and penalties totaled $22.6 million, of which $0.9 million would affect our effective tax rate if recognized. The increase in our unrecognized tax benefits since December 31, 2012 was the result of a $1.1 million increase related to uncertain tax positions embedded in our foreign tax loss carryforwards. This increase did not have an impact on the effective tax rate because we had previously maintained a full valuation allowance on the tax loss carryforwards.

Discontinued Operations

On July 2, 2012, we sold, in two separate transactions, a group of consumer audio and video products and certain related intellectual property, or the Consumer Business, with a negative carrying value of $25.0 million for total consideration of $14.8 million, of which $13.3 million was received during the three months ended September 30, 2012, recording a gain of $38.0 million net of $1.9 million of costs incurred to sell the assets. The audio assets were sold for $11.8 million. Proceeds of $10.9 million were received during 2012, with the remaining proceeds held in escrow until a final release date in March 2014. The video assets were sold for $3.0 million. Proceeds of $2.4 million were received during the third quarter of 2012, with the remaining proceeds held in escrow until a final release date in January 2014.

The following table presents the results of operations from discontinued operations for the three and six months ended June 30, 2012 (in thousands):

	Three Months Ended June 30, 2012	Six Months Ended June 30, 2012
Net revenues	23,305	46,101
Cost of revenues	18,030	33,265
Gross profit	5,275	12,836
Operating expenses	2,502	5,004
Income from divested operations	$ 2,773	$ 7,832

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Sources of Cash

We have generally funded our operations in recent years through the use of existing cash balances, which we have supplemented from time to time since the fourth quarter of 2010 with borrowings under our credit facilities. At June 30, 2013, our principal sources of liquidity included cash and cash equivalents totaling $56.1 million and available borrowings under our credit facilities as discussed below.

At June 30, 2013, our working capital was $(109.3) million, compared to $(96.0) million at December 31, 2012. Our working capital deficit at both dates was was largely due to the significant level of deferred revenues recorded, which consist of service obligations that do not represent meaningful cash requirements. As a result of the application of the relevant revenue recognition guidance, we have deferred a significant portion of revenues from sales transactions occurring prior to 2011 to subsequent periods and recorded them as deferred revenues. A significant portion of the deferred revenues balances related to the 2011 and prior periods has been recognized since 2011, and most of the remainder will be recognized into revenues through 2016. We have experienced a decrease in cash during 2013 due to significantly higher outside professional fees and consultant costs resulting from the evaluation of our current and historical accounting treatment related to bug fixes, upgrades and enhancements to certain products and the related restatement of our financial statements.

Our cash requirements vary depending on factors such as the growth of our business, changes in working capital, capital expenditures, our acquisition of businesses or technologies and obligations under restructuring programs. We believe that we have sufficient cash, cash equivalents, funds generated from operations and funds available under our credit facilities to meet our operational and strategic objectives for at least the next twelve months, as well as for the foreseeable future.

On October 1, 2010, we entered into a Credit Agreement with Wells Fargo Capital Finance LLC, or Wells Fargo, that established two revolving credit facilities with combined maximum availability of up to $60 million for borrowings or letter of credit guarantees. The actual amount of credit available to us will vary depending upon changes in the level of the respective accounts receivable and inventory, and is subject to other terms and conditions. On August 29, 2014, we entered into an amendment to our Credit Agreement that extended the maturity date from October 1, 2014 to October 1, 2015, at which time Wells Fargo’s commitments to provide additional credit will terminate and all outstanding borrowings must be repaid. Prior to the maturity of the credit facilities, any amounts borrowed may be repaid and, subject to the terms and conditions of the Credit Agreement, reborrowed in whole or in part without penalty.

The Credit Agreement contains customary representations and warranties, covenants, mandatory prepayments, and events of default under which our payment obligations may be accelerated, including guarantees and liens on substantially all of our assets to secure their obligations under the Credit Agreement. The Credit Agreement requires that Avid Technology, Inc., our parent company, maintain liquidity (comprised of unused availability under its portion of the credit facilities plus certain unrestricted cash and cash equivalents) of $10.0 million, at least $5.0 million of which must be from unused availability under its portion of the credit facilities, and our subsidiary, Avid Technology International B.V., or Avid Europe, is required to maintain liquidity (comprised of unused availability under the Avid Europe portion of the credit facilities plus certain unrestricted cash and cash equivalents) of $5.0 million, at least $2.5 million of which must be from unused availability under the Avid Europe portion of the credit facilities. The Credit Agreement further limits our ability to access borrowings under the credit facilities in the event capital expenditures, as defined in the Credit Agreement, exceed $16.0 million for the year ending December 31, 2014 or

EBITDA (as defined in the Amendment) of $33.8 million for the year ending December 31, 2014 is not achieved. Interest accrues on outstanding borrowings under the credit facilities at a rate of either LIBOR plus 2.75% or a base rate (as defined in the Credit Agreement) plus 1.75%, at the option of Avid Technology, Inc. or Avid Europe, as applicable. We must also pay Wells Fargo a monthly unused line fee at a rate of 0.625% per annum. Any borrowings under the credit facilities are secured by a lien on substantially all the assets of Avid Technology and Avid Europe. See Note 1, "Financial Information - Subsequent Events," to our Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q for further detail on the amendment to our Credit Agreement.

During the six months ended June 30, 2013, we did not borrow against our credit facilities, and at June 30, 2013, we had no outstanding borrowings under the credit facilities. At June 30, 2013, Avid Technology, Inc. and Avid Europe had certain reserves and letters of credit guaranteed under the credit facilities of $3.7 million and $0.7 million, respectively, and available borrowings under the credit facilities of approximately $26.1 million and $16.5 million, respectively, after taking into consideration reserves, outstanding letters of credit and liquidity covenants.

Cash Flows

The following table summarizes our cash flows for the six months ended June 30, 2013 and 2012 (in thousands):

	Six Months Ended June 30,	
	2013	**2012 (Restated)**
Net cash (used in) provided by operating activities	$ (5,556)	$ 32,763
Net cash used in investing activities	(5,183)	(5,053)
Net cash (used in) provided by financing activities	(55)	80
Effect of foreign currency exchange rates on cash and cash equivalents	(3,492)	(1,262)
Net (decrease) increase in cash and cash equivalents	$ (14,286)	$ 26,528

Cash Flows from Operating Activities

Cash used in operating activities aggregated $5.6 million for the six months ended June 30, 2013. This cash use reflected significant spending on restatement related activities, restructuring related activities and executive management change. The spending associated with the restatement related and restructuring activities are expected to materially abate by the end of 2014. The spending associated with the executive management changes will be substantially complete in the fourth quarter of 2013.

Working capital items, excluding cash, decreased by $39.0 million in the aggregate for the six months ended June 30, 2013, reflecting primarily the non-cash amortization of pre-2011 deferred revenues and payments related to pre-2013 restructuring activities, partially offset by improvements in cash collections from accounts receivable, lower cash investments in inventory and the timing of incentive-compensation and other cash payments.

Accounts receivable decreased $12.3 million during the six months ended June 30, 2013, largely reflecting improved cash collections. Accounts receivable balances are net of allowances for sales returns, bad debts and customer rebates, all of which we estimate and record based primarily on historical experience.

Inventories decreased $5.9 million during the six months ended June 30, 2013, reflecting our efforts to further optimize working capital investments through improved supply chain discipline. Inventory includes component parts, finished goods as well as inventory at customer sites related to shipments for which we have not yet recognized revenue. Inventory is sourced from third party suppliers, located primarily in Asia.

Accrued expenses and other liabilities, including accrued payroll and benefits, decreased $4.7 million during the six months ended June 30, 2013, reflecting payments against our restructuring accruals and the timing of payments for incentive-based and other accruals. At June 30, 2013, we had restructuring accruals of $1.8 million and $8.8 million related to severance and lease obligations, respectively. Cash payments resulting from restructuring obligations totaled approximately $7.4 million during the first six months of 2013. See Note 11, Restructuring Costs and Accruals, to our Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q for the activity in the restructuring and other costs accrual during the six months ended June 30, 2013.

Accounts payable decreased $6.7 million during the six months ended June 30, 2013, reflecting decreased inventory purchases and the timing of cash payments to our vendors.

Cash Flows from Investing Activities

For the six months ended June 30, 2013, the net cash flow used in investing activities reflected $5.3 million used for the purchase of property and equipment. Our purchases of property and equipment typically consist of computer hardware and software to support R&D activities and information systems.

Cash Flows from Financing Activities

For the six months ended June 30, 2013, the net cash flow used in financing activities primarily reflected costs associated with tax withholding obligations related to the issuance of common stock upon vesting of restricted stock awards. During the six months ended June 30, 2013, we did not borrow against our credit facilities.

RECENT ACCOUNTING PRONOUNCEMENTS

Recent Accounting Pronouncements To Be Adopted

On May 28, 2014, the Financial Accounting Standards Board, or the FASB, and International Accounting Standards Board, or the IASB, issued substantially converged final standards on revenue recognition. FASB Accounting Standards Update, or ASU, No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, was issued in three parts: (a) Section A, "Summary and Amendments That Create Revenue from Contracts with Customers (Topic 606) and Other Assets and Deferred Costs-Contracts with Customers (Subtopic 340-40)," (b) Section B, "Conforming Amendments to Other Topics and Subtopics in the Codification and Status Tables" and (c) Section C, "Background Information and Basis for Conclusions." The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance.

The new revenue recognition guidance becomes effective for us on January 1, 2017, and early adoption is not permitted. Entities have the option of using either a full retrospective or a modified approach to adopt the guidance in the ASU. We have not yet selected a transition method and are currently evaluating the effect that the updated standard will have on our consolidated financial statements and related disclosures.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Foreign Currency Exchange Risk

We have significant international operations and, therefore, our revenues, earnings, cash flows and financial position are exposed to foreign currency risk from foreign-currency-denominated receivables, payables, sales transactions and net investments in foreign operations. We derive more than half of our 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. Therefore, we are exposed to the risks that changes in foreign currency could adversely affect our revenues, net income and cash flow.

We may use derivatives in the form of foreign currency contracts to manage certain short-term exposures to fluctuations in the foreign currency exchange rates that exist as part of our ongoing international business operations. We do not enter into any derivative instruments for trading or speculative purposes. The success of our hedging programs depends on forecasts of transaction activity in the various currencies and contract rates versus financial statement rates. To the extent these forecasts are overstated or understated during periods of currency volatility, we could experience unanticipated currency gains or losses.

We record all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether we have elected to designate a derivative in a hedging relationship and apply hedge accounting, and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as hedges of the exposure to changes in the fair value of an asset, liability or firm commitment attributable to a particular risk are considered fair value hedges. Derivatives designated and qualifying as hedges of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. We may enter into derivative contracts that are intended to economically hedge certain of our risks, even though we elect not to apply hedge accounting.

In an effort to hedge against the foreign exchange exposure of certain forecasted receivables, intercompany accounts, payables and cash balances, we enter into short-term foreign currency forward contracts. There are two objectives of this foreign currency forward-contract program: (1) to offset any foreign exchange currency risk associated with cash receipts expected to be received from our customers and cash payments expected to be made to our vendors over the next 30-day period and (2) to offset the impact of foreign currency exchange on our net monetary assets denominated in currencies other than the functional currency of the legal entity. These forward contracts typically mature within 30 days of execution. We record gains and losses associated with currency rate changes on these contracts in results of operations, offsetting gains and losses on the related assets and liabilities. At June 30, 2013, we had foreign currency forward contracts outstanding with an aggregate notional value of $30.8 million, denominated in the euro, British pound, Japanese yen, Canadian dollar and Singapore dollar, as a hedge against actual and forecasted foreign-currency-denominated receivables, payables and cash balances. At June 30, 2013, we also had short-term foreign currency spot and forward contracts with an aggregate notional value of $5.1 million, denominated in the euro, Australian dollar and Japanese yen, as a hedge against the foreign currency exchange risk associated with certain of our net monetary assets denominated in foreign currencies.

We have not designated these forward contracts as hedging instruments pursuant to ASC 815, *Derivatives and Hedging* and, accordingly, we recorded the fair value of these contracts at the end of each reporting period in our consolidated balance sheet, with changes in the fair value recorded in our marketing and selling expenses. During the six months ended June 30, 2013 and 2012 (Restated), we recorded net gains (losses) of $0.4 million and $(0.4) million, respectively, that resulted from the gains and losses on our foreign currency contracts and the revaluation of the related hedged items.

A hypothetical change of 10% change in appreciation or depreciation of foreign currency exchange rates from the quoted foreign currency exchange rates at June 30, 2013, would not have a significant impact on our financial position, results of operations or cash flows, assuming the above-mentioned forecasts of foreign currency exposure are accurate, because the impact on the foreign currency contracts as a result of a 10% change would at least partially offset the impact on the revenues and asset and liability positions of our foreign subsidiaries.

Interest Rate Risk

At June 30, 2013, we held $56.1 million in cash and cash equivalents. Due to the short maturities on any instruments held, a hypothetical 10% increase or decrease in interest rates would not have a material impact on our financial position, results of operations or cash flows. In 2010, we established revolving credit facilities that allow us to borrow up to $60 million. At June 30, 2013, we had no outstanding borrowings under the credit facilities. A hypothetical 10% increase or decrease in interest rates paid on outstanding borrowings under the credit line would not have a material impact on our financial position, results of operations or cash flows.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation and supervision of our Chief Executive Officer and Chief Financial Officer, is responsible for our disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified under SEC rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management, including the Chief Executive Officer and the Chief Financial Officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures as of June 30, 2013. Based on this evaluation, our management concluded that as of June 30, 2013 these disclosure controls and procedures were not effective at the reasonable assurance level as a result of the material weaknesses in our internal control over financial reporting, which are described in Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2013. As discussed below, our internal control over financial reporting is an integral part of our disclosure controls and procedures.

Changes in Internal Control over Financial Reporting

Under applicable SEC rules (Exchange Act Rules 13a-15(c) and 15d-15(c)) management is required to evaluate any changes in internal control over financial reporting that occurred during each fiscal quarter that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. As discussed in Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2013, we have undertaken a broad range of remedial procedures to address the material weaknesses in our internal control over financial reporting. These remedial procedures entailed significant changes in our internal control over financial reporting throughout the course of the year ended December 31, 2013.

Inherent Limitation on the Effectiveness of Internal Controls

The effectiveness of any system of internal control over financial reporting is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, any system of internal control over financial reporting can only provide reasonable, not absolute, assurances. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business, but cannot assure that such improvements will be sufficient to provide us with effective internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In March 2013 and May 2013, two purported securities class action lawsuits were filed against us and certain of our former executive officers seeking unspecified damages in the U.S. District Court for the District of Massachusetts. In July 2013, the two cases were consolidated and the original plaintiffs agreed to act as co-plaintiffs in the consolidated case. In September 2013, the co-plaintiffs filed a consolidated amended complaint on behalf of those who purchased our common stock between October 23, 2008 and March 20, 2013. The consolidated amended complaint, which named us, certain of our current and former executive officers and our former independent accounting firm as defendants, purported to state a claim for violation of federal securities laws as a result of alleged violations of the federal securities laws pursuant to Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. In October 2013, we filed a motion to dismiss the consolidated amended complaint, resulting in the dismissal of some of the claims, and the dismissal of Mr. Hernandez and one of the two plaintiffs from the case. The matter is scheduled for trial in March 2015.

In June 2013, a purported stockholder of the Company filed a derivative complaint against us as nominal defendant and certain of our current and former directors and officers in the U.S. District Court for the District of Massachusetts. The complaints alleged various violations of state law, including breaches of fiduciary duties, waste of corporate assets and unjust enrichment. The derivative complaint sought, *inter alia*, a monetary judgment, equitable and/or injunctive relief, restitution, disgorgement and a variety of purported corporate governance reforms. On October 30, 2013, the complaint was dismissed without prejudice. On November 26, 2013, our Board received a letter from the plaintiff in the dismissed derivative suit, demanding that our Board investigate, address and commence proceedings against certain of our directors, officers, employees and agents based on conduct identified in the dismissed complaint. In December 2013, our Board created a committee to conduct an investigation into the allegations in the demand letter.

In April and May 2013, we received a document preservation request and inquiry from the SEC Division of Enforcement and a federal grand jury subpoena from the Department of Justice requesting certain documents, including in particular documents related to our disclosures regarding our accounting review and revenue transactions. We have produced documents responsive to such requests and have provided regular updates to the authorities on our accounting evaluation. We intend to continue to cooperate fully with the authorities. We cannot predict or determine the timing or outcome of these inquiries, the ultimate cost of responding to the inquiries or the impact, if any, of the inquiries on our financial position, results of operations or cash flows. However, although there can be no assurance, we believe that, based on information currently available, the outcome of these inquiries will not have a material adverse impact on our overall operations, financial condition or liquidity.

Our industry is characterized by the existence of a large number of patents and frequent claims and litigation regarding patent and other intellectual property rights. In addition to the legal proceedings described above, we are involved in legal proceedings from time to time arising from the normal course of business activities, including claims of alleged infringement of intellectual property rights and contractual, commercial, employee relations, product or service performance, or other matters. We do not believe these matters will have a material adverse effect on our financial position or results of operations. However, the outcome of legal proceedings and claims brought against us is subject to significant uncertainty. Therefore, our financial position or results of operations may be negatively affected by the unfavorable resolution of one or more of these proceedings for the period in which a matter is resolved. See Part I - Item 1A under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2013. Our results could be materially adversely affected if we are accused of, or found to be, infringing third parties’ intellectual property rights.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described in Part I - Item 1A under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2013 in addition to the other information included or incorporated by reference in this Form 10-Q before making an investment decision regarding our common stock. If any of these risks actually occurs, our business, financial condition or operating results would likely suffer, possibly materially, the trading price of our common stock could decline, and you could lose part or all of your investment.

ITEM 6. EXHIBITS

The list of exhibits, which are filed or furnished with this report or are incorporated herein by reference, is set forth in the Exhibit Index immediately preceding the exhibits and is incorporated herein by reference.

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 thereunto duly authorized.

AVID TECHNOLOGY, INC.
(Registrant)

Date: September 11, 2014	By:	/s/ John W. Frederick
	Name:	John W. Frederick
	Title:	Executive Vice President, Chief Financial Officer and Chief Administrative Officer

EXHIBIT INDEX

Exhibit No.	Description	Filed with this Form 10-Q	Incorporated by Reference: Form or Schedule	Incorporated by Reference: SEC Filing Date	Incorporated by Reference: SEC File Number
#10.1	Consulting and Separation Agreement dated April 22, 2013 between the Registrant and Kenneth A. Sexton	X			
#10.2	Amended and Restated Executive Employment Agreement dated April 22, 2013 between the Registrant and John Frederick	X			
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
32.1	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			
*100.INS	XBRL Instance Document	X			
*100.SCH	XBRL Taxonomy Extension Schema Document	X			
*100.CAL	XBRL Taxonomy Calculation Linkbase Document	X			
*100.DEF	XBRL Taxonomy Definition Linkbase Document	X			
*100.LAB	XBRL Taxonomy Label Linkbase Document	X			
*100.PRE	XBRL Taxonomy Presentation Linkbase Document	X			

Management contract or compensatory plan identified pursuant to Item 15(a)3.

* Pursuant to Rule 406T of Regulation S-T, XBRL (Extensible Business Reporting Language) information is deemed not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934 and otherwise is not subject to liability under these sections.

EXHIBIT 10.1

SEPARATION AND CONSULTING AGREEMENT

SEPARATION AND CONSULTING AGREEMENT (this "*Agreement*") made and entered into by and between Avid Technology, Inc., a Delaware corporation (the "*Company*") and Kenneth A. Sexton (the "*Executive*" and together with the Company, the "*Parties*"), dated as of April 22, 2013 (the "*Transition Date*").

WHEREAS, the Executive is employed as Executive Vice President, Chief Financial Officer and Chief Administrative Officer of the Company pursuant to an Amended and Restated Executive Employment Agreement entered into as of December 20, 2010 (the "*Employment Agreement*"); and

WHEREAS, the Executive and the Company have mutually determined that it is an appropriate time for the Executive's employment to terminate and for the Company to transition to a new Executive Vice President, Chief Financial Officer and Chief Administrative Officer and therefore wish to set forth the terms of such termination and transition; and

WHEREAS, the Executive and the Company wish to set forth the consequences of such termination under the Employment Agreement; and

WHEREAS, the Executive and the Company wish to provide for the Executive's ongoing assistance to the Company as a consultant during the Consulting Period (as defined below).

NOW, THEREFORE, in order to provide for an orderly transition and in consideration of the foregoing premises and the mutual promises, terms, provisions and conditions set forth in this Agreement, the parties hereby agree as follows:

1. Resignation; Consulting Period; Consulting Fees.

(a) Effective as of the Transition Date, the Executive's employment with the Company and each of its affiliates shall terminate. In furtherance thereof, the Executive hereby resigns (i) his position as Executive Vice President, Chief Financial Officer and Chief Administrative Officer, (ii) his employment with the Company and (iii) any other position that he holds with the Company and any affiliate of the Company, in each case effective as of the Transition Date. The Executive and the Company each hereby waive any advance notice period which otherwise may have been required in connection with the Executive's termination of employment. Except as provided in Section 2 hereof, the Executive shall not be entitled to severance payments or severance benefits upon the termination of his employment.

(b) For the period commencing on the Transition Date and ending on September 30, 2013 (the "*Initial Consulting Period*") the Executive shall commit 45% of his working time to providing services to the Company as a non-employee consultant, which services shall consist of assisting the Company (i) with the ongoing accounting evaluation, (ii) the transition of duties to the Company's new Executive Vice President, Chief Financial Officer and Chief Administrative Officer, (iii) with specific projects as directed by the Company's new Executive Vice President, Chief Financial Officer and Chief Administrative Officer.

The Executive shall also provide assistance with respect to any investigative, administrative or regulatory proceeding as requested from time to time. The Initial Consulting Period shall be automatically extended unless either party provides 2 weeks' notice prior to the end of the Initial Consulting Period of such Party's intention to end the Consulting Period, and shall then continue until either Party terminates the Consulting Period pursuant to the provisions of Section 1(d). Following the Initial Consulting Period the Executive shall continue to commit 45% of his working time to provide the consulting services, unless the Parties agree otherwise. The period during which the Executive provides such consulting services (including the Initial Consulting Period) is referred to herein as the "*Consulting Period*."

(c) During the Initial Consulting Period, and unless the Parties agree otherwise, following the Initial Consulting Period during the remainder of the Consulting Period, the Company shall pay the Executive a consulting fee of $15,000 per month (such fees, the "*Consulting Fees*"), payable monthly in arrears. The Company shall reimburse the Executive for all reasonable business expenses incurred by the Executive during the Consulting Period in connection with providing the consulting services hereunder, including reasonable expenses incurred in order to be present in the Company's offices in Burlington, Massachusetts, not to exceed $10,000 per month unless otherwise agreed between the Company and the Executive. The Executive shall bill the Company monthly for all such expenses (including providing reasonably required documentation of such expenses), which invoices the Company shall pay in accordance with the Company's expense reimbursement policy (for the avoidance of doubt, the Executive shall have no obligations or rights with respect to Company's corporate apartment which has been in the Executive's use during his employment with the Company). The Company shall not withhold or deduct from the Consulting Fee any amount or amounts in respect of income taxes or other employment taxes of any other nature on behalf of the Executive. The Executive shall be solely responsible for the payment of any Federal, state, local or other income and/or self-employment taxes in respect of the compensation described in this Section 1(c) and shall hold the Company and its affiliates and their officers, directors and employees harmless from any liability arising from the Executive's failure to comply with the foregoing provisions of this sentence.

(d) Either Party may terminate the Consulting Period at any time on 14 days' prior written notice to the other Party. If the Consulting Period is terminated by any Party for any reason, the Executive shall be entitled to (i) payment of the Consulting Fee accrued for the portion of the Consulting Period completed as of the date of termination and (ii) payments for any expenses incurred in accordance with Section 1(c), in each case payable at the regularly scheduled time. Except as set forth in Section 2, upon termination of the Consulting Period, no other payment shall be due hereunder.

(e) It is understood by the Parties hereto that the Executive shall at all times during the Consulting Period be an independent contractor with respect to the Company and there shall not be implied any relationship of employer-employee, partnership, joint venture, principal and agent or the like by the agreements contained herein. The Executive shall not be entitled to participate in any employee benefit plans or other benefits or conditions of employment available to the employees of the Company or its affiliates, except as may be elected by the Executive pursuant to COBRA.

2. **Eligibility for Certain Payments and Benefits**. The Executive is currently party to the Employment Agreement. Provided that the Release (as described in Section 3 below) becomes effective, the Parties agree that the termination of the Executive's employment described in Section 1(a) hereof will be treated as a termination of employment under Section 4.1.4 of the Employment Agreement. Accordingly, provided that the Release (as described in Section 3 below) becomes effective, the Executive will be entitled to the severance payments and benefits described in Section 4.3.3 of the Employment Agreement (the "*Severance Benefits*"), which shall be paid or provided in such amounts and in such manner as is described in Section 4 below.

3. **Release**. Pursuant to the Employment Agreement, in order to receive the Severance Benefits, the Executive is required to execute following the Transition Date a release in favor of the Company in the form attached hereto as Exhibit A (the "*Release*") within twenty one (21) days following the Transition Date and not revoke such a release within seven (7) days from execution. In the event that the Executive does not timely execute the Release or timely revokes the Release, this Agreement shall be null and void, ab initio and the Executive will not be entitled to the Severance Benefits.

4. **Accrued Benefits and Severance Benefits**.

(a) *Accrued Benefits*. The Company shall provide the Executive with the accrued compensation and benefits described in Section 4.3.3(a) of the Employment Agreement following the Transition Date, including accrued and unused vacation as of the Transition Date.

(b) *Salary Continuation*. Subject to the satisfaction of the conditions described in Section 2, the Company shall pay the Executive salary continuation during the twelve (12) month period following the Transition Date as provided in Section 4.3.3(b) of the Employment Agreement, in the aggregate amount of $433,333, in accordance with the payment schedule described in such Section 4.3.3(b).

(c) *Payment in Respect of Bonuses*. Subject to the satisfaction of the conditions described in Section 2, the Executive shall remain eligible for an Annual Incentive Bonus for:

(i) the 2012 calendar year in the amount of $400,000 multiplied by the applicable actual plan payout factor; provided, however that such Annual Incentive Bonus will be paid only if the Company pays bonuses on account of 2012 to executives who remain employed with the Company; and

(ii) the 2013 calendar year in the amount of $400,000 multiplied by the applicable actual plan payout factor and pro-rated by 5/12$^{\text{ths}}$; provided, however that such Annual Incentive Bonus will be paid only if the Company pays bonuses on account of 2013 to executives who remain employed with the Company.

If payable, such bonus amounts will be paid in a lump sum on or about the date on which the Company pays bonuses to executives who remain employed with the Company.

(d) P*ayment in Respect of Section 4.3.3(d)*. Subject to the satisfaction of the conditions described in Section 2, the Company shall pay the Executive the amount of $30,000 in full satisfaction of the Company's obligations set forth in Section 4.3.3(d) of the Employment Agreement.

(e) *Outplacement*. Subject to the satisfaction of the conditions described in Section 2, the Company shall provide the Executive with the outplacement services described in Section 4.3.3(e) of the Employment Agreement, in accordance with the provisions of such section.

(f) *Treatment of Equity Awards*. The Executive's outstanding equity awards shall be treated in the following manner:

(i) *Unvested Time-Vesting Options and Time-Vesting Restricted Stock Units*. Subject to the satisfaction of the conditions described in Section 2, the Executive will become vested in time-vesting stock options and time vesting restricted stock units held by the Executive as of the Transition Date as to an additional number of shares equal to the number that would have been exercisable or vested as of the end of the 13-month period immediately following the Transition Date. Except as set forth in this Paragraph 4(f)(i), each other time-vesting stock option, restricted stock unit or other award or portion thereof that is unvested as of the Transition Date shall be forfeited on the Transition Date

(ii) *Other Equity Awards; Unvested Performance Awards*. Each equity or equity-based award held by the Executive the vesting of which is contingent upon the attainment of performance goals and which is unvested as of the Transition Date, shall be forfeited on the Transition Date.

(iii) *Exercise Period of Vested Options*. All stock options held by the Executive which are vested as of the Transition Date (after giving effect to the vesting described in Paragraph 4(f)(i) hereof) shall remain exercisable for the thirteen (13) month period commencing on the Transition Date (but not beyond the maximum term of such option).

(g) *Other Matters*. The Executive hereby acknowledges that, in connection with his termination of employment with the Company or any event subsequent to such termination, the Executive shall not be entitled to receive from the Company or an affiliate any severance pay or benefits except as described in Section 2 and this Section 4 and that the payments described in this Section 4 are in full satisfaction of the Company’s severance obligations to the Executive. All payments and benefits referenced hereunder other than the Consulting Fee shall be subject to required tax withholding.

5. **Employment Agreement**. This Agreement supersedes the Employment Agreement, except that the provisions of Sections , 4.5, Article V, and Article 6 other than Section 6.7 of the Employment Agreement shall remain in effect in accordance with their terms.

6. **Section 409A**. The Company and the Executive each hereby affirm that it is their mutual view that the provision of payments and benefits described or referenced herein are exempt from or in compliance with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended and the Treasury regulations relating thereto ("*Section 409A*") and that each party’s tax reporting shall be completed in a manner consistent with such view. The Company and the Executive each agree that upon the Transition Date, the Executive will experience a "separation from service" for purposes of Section 409A.

7. **Return of Company Property and Information**. Within five calendar (5) days following the end of the Consulting Period or at such later date as may be agreed to be the Company, Executive shall return to the Company all materials containing Company Information (as defined below), and any copies, duplicates, reproductions or excerpts thereof, including, but not limited to, documents and memoranda, and all other property belonging to Company which in each case is in Executive's possession or control. The term Company Information as used in this Agreement means (a) confidential information including, without limitation, information received from third parties under confidential conditions; and (b) other technical, business or financial information which Company regards as confidential and the use or disclosure of which might reasonably be considered to be contrary to the interests of Company.

8. **Cooperation**. The Executive agrees that, from and after the Transition Date, upon reasonable notice and without the necessity of the Company’s obtaining a subpoena or court order, the Executive shall provide reasonable cooperation in connection with any suit, action or proceeding (or any appeal from any suit, action or proceeding), and any investigation and/or defense of any claims asserted against the Company or any of its affiliates, that relates to events as to which the Executive may have relevant information (including but not limited to furnishing relevant information and materials to the Company or its designee and/or providing testimony at depositions and at trial), provided that the Company shall reimburse the Executive for expenses reasonably incurred in connection with any such cooperation following the Consulting Period, and provided that any such cooperation shall be scheduled to the extent reasonably practicable so as not to unreasonably interfere with the Executive’s business or personal affairs.

9. **Time and Disclosures**. Executive acknowledges that he has been given at least twenty-one (21) days to consider whether to execute this Agreement and the Release.

10. **Executive Acknowledgement**. The Executive acknowledges that:

The Executive has carefully read all provisions of this Agreement and the Release and fully understands what those provisions mean.

The Executive has been advised by the Company of his or her right to review this Agreement with his legal counsel and other advisors prior to executing it.

The Executive is entering into this Agreement of the Executive's own free will and choice, without being pressured, forced or coerced into signing in exchange for good and valuable consideration on the part of the Company. The Executive is in good health and of sound mind, and there is no reason why the Executive would be unable to make a knowing and voluntary decision to agree to this Agreement.

The Executive understands and agrees that if any provision of this Agreement shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid or unenforceable, such judgment shall not affect, impair, or invalidate the remainder of the Agreement, but shall be confined in its operation to the provision of this Agreement directly involved in the controversy in which such judgment shall have been rendered and the remainder of the Agreement shall remain valid and enforceable in accordance with its terms.

11. **No Admission of Wrongdoing**. Nothing herein is to be deemed to constitute an admission of wrongdoing by the Executive, the Company or any of its affiliates.

12. **Entire Agreement**. This Agreement, together with the Employment Agreement, the documents evidencing the awards described in Section 4(f)(i) and any confidentiality, non-disclosure, inventions or similar agreement executed by the Executive with the Company represent the entire agreement of the parties regarding the subject matter hereof. The Executive represents that, in executing this Agreement, the Executive has not relied upon any representation or statement made by the Company or any affiliate of the Company, other than those set forth herein, with regard to the subject matter, basis or effect of this Agreement or otherwise.

THE EXECUTIVE IS ADVISED TO READ THIS DOCUMENT AND THE RELEASE CAREFULLY. THIS DOCUMENT AND THE RELEASE ARE LEGAL DOCUMENTS. THEY INCLUDE AN AGREEMENT BY THE EXECUTIVE TO GIVE UP ALL KNOWN AND UNKNOWN CLAIMS AGAINST THE COMPANY, ITS SUCCESSORS, SUBSIDIARIES AND AFFILIATES (AND THE OTHER RELEASED PARTIES DESCRIBED IN THE RELEASE).

SIGNATURE PAGE FOLLOWS

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

AVID TECHNOLOGY, INC.

By: /s/ Louis Hernandez, Jr. 4/22/13
Name: Louis Hernandez, Jr. Date
Title: Chief Executive Officer and President

Print Name: Louis Hernandez

Kenneth A. Sexton

/s/ Ken Sexton 4/22/13
Date

EXHIBIT A

RELEASE OF CLAIMS

This General Release of Claims (the "*General Release*") is being executed by Kenneth A. Sexton ("*Executive*"), for and in consideration of certain amounts payable under the Amended and Restated Executive Employment Agreement entered into as of December 20, 2010 (the “*Employment Agreement*”) as modified by the Separation and Consulting Agreement entered into between Avid Technology, Inc. (the “*Company*”) and Executive dated as of April 22, 2013 (the “*Transition Agreement*”). Executive agrees as follows:

Executive, on behalf of himself and his agents, heirs, executors, administrators, successors and assigns, hereby releases and forever discharges the Company, and any and all of the affiliates, stockholders, officers, directors, employees, agents, counsel, and successors and assigns of the Company, from any and all complaints, claims, demands, damages, lawsuits, actions, and causes of action which he has or may have against any one or more of them by reason of any event, matter, cause or thing which has occurred prior to the date this General Release is executed by Executive arising from or related to his employment with the Company, or the termination of that employment, including but not limited to: all employment discrimination claims under Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e et seq., the Age Discrimination in Employment Act, 29 U.S.C. § 621 et seq., the Americans With Disabilities Act of 1990, 42 U.S.C., § 12101 et seq., the Equal Pay Act of 1963, 29 U.S.C. § 206(d), the Family and Medical Leave Act, 29 U.S.C. § 2601 et seq., the Massachusetts Fair Employment Practices Act, M.G.L. c.151B, §1 et seq., and any and all other similar applicable federal and state statutes, all as amended; all claims arising out of Section 806 of the Corporate and Criminal Fraud Accountability Act of 2002, 18 U.S.C. § 1681 et seq., the Fair Credit Reporting Act, 15 U.S.C. § 1681 et seq., the Employee Retirement Income Security Act of 1974 (“*ERISA*”), 29 U.S.C. § 1001 et seq., and the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §2101 et seq., all as amended; all claims under the Massachusetts Civil Rights Act, M.G.L. c.12 §§11H and 11I, the Massachusetts Equal Rights Act, M.G.L. c.93 §102 and M.G.L. c.214, §1C, the Massachusetts Labor and Industries Act, M.G.L. c. 149, §1 et seq., and the Massachusetts Privacy Act, M.G.L. c.214, §1B and the Massachusetts Maternity Leave Act , M.G.L. c. 149, §105(d), all as amended; all common law claims including, but not limited to, actions in tort, defamation and breach of contract; all claims to any non-vested ownership interest in the Company, contractual or otherwise, including but not limited to claims to stock or stock options; and any claim or damage (including a claim for retaliation) under any common law theory or any federal, state or local statute or ordinance not expressly referenced above; provided, however, that nothing in this General Release prevents the Executive from filing, cooperating with, or participating in any proceeding before the EEOC or a state Fair Employment Practices Agency (except that the Executive acknowledges that he may not be able to recover any monetary benefits in connection with any such claim, charge or proceeding), and provided further, however, that nothing herein is intended to be construed as releasing the Company from any obligation set forth in the Employment Agreement. Executive further hereby irrevocably and unconditionally waives any and all rights to recover any relief and damages concerning the claims that are lawfully released in this Paragraph. Executive represents and warrants that he has not previously filed or joined in any such claims against the Company or any of its affiliates or subsidiaries, and that he has not given or sold any portion of any claims released herein to anyone else, and that he will indemnify and hold harmless the persons and entities released herein from all liabilities, claims, demands, costs, expenses and/or attorneys' fees incurred as a result of any such assignment or transfer.

Executive acknowledges that this is a General Release, and he agrees and understands that he is specifically releasing all claims under the Age Discrimination in Employment Act, 29 U.S.C. § 621 et seq, as amended by the Older Workers Benefit Protection Act. Executive acknowledges that he has read and understands the foregoing General Release and executes it voluntarily and without coercion. He further acknowledges that he is being advised herein in writing to consult with an attorney prior to executing this General Release, and that he has had more than 21 days within which to consider this General Release. Executive understands that he has seven days following his execution of this General Release to revoke it in writing, and that this General Release is not effective or enforceable until after this seven-day period. For such revocation to be effective, notice must be received at the principal office of the Company, no later than 11:59 p.m. on the seventh calendar day after the date on which Executive has signed this General Release. Executive expressly agrees that, in the event he revokes this General Release, the Company shall not be obligated to pay him any amounts the payment of which is expressly conditioned under the Employment Agreement on the effectiveness of this General Release.

Notwithstanding any other provision of this General Release to the contrary or potentially interpretable to the contrary, it is expressly agreed and understood that the Executive is not releasing hereunder (i) any rights or potential claims for indemnification as otherwise available to Executive as an employee, officer, director, agent or in any other capacity, (ii) any rights or potential claims with respect to any event, matter, cause or thing which occurs after the date that Executive executes this General Release, including without limitation, any such rights or potential claims which arise after the date that Executive executes this General Release with respect to the Employment Agreement or with respect to any other agreement to which the Company and Executive are parties, or (iii) any claims for benefits under employee benefit plans.

IN WITNESS WHEREOF, the Executive has executed this General Release, on the date set forth below (which shall not be on or prior to the Transition Date, as defined in the Transition Agreement).

ACCEPTED AND AGREED TO:

Kenneth A. Sexton

/s/ Ken Sexton

EXHIBIT 10.2

AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT

This Amended and Restated Executive Employment Agreement (this "Agreement") is entered into on April 22, 2013, by and between Avid Technology, Inc., a Delaware corporation (the "Company"), and John W. Frederick ("Executive").

Agreement

In consideration of the mutual promises and covenants herein contained, and for other good and valuable consideration, Executive and the Company, intending to be legally bound, agree as follows:

Article 1.
Services

1.1. Service. As of February 11, 2013 (the "Effective Date") and until April 22, 2013 (the "Transition Date"), Executive shall serve as the Chief of Staff of the Company upon the terms and conditions set forth below. Upon the Transition Date, the Executive shall commence to serve as the Executive Vice President, Chief Financial Officer and Chief Administrative Officer of the Company and shall serve in such role for the remainder of the Term (as defined below).

1.2. Duties. During the Term, Executive agrees to perform such executive duties consistent with the position that he holds at such time as may be assigned to him from time to time by the Chief Executive Officer of the Company (the "CEO") 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 good faith determination of the CEO, conflict with the Company's interests or which might reasonably be expected to impair the performance of Executive's duties as a full-time employee of the Company. Notwithstanding the foregoing, Executive may pursue personal interests (including, without limitation, industry, civic and charitable activities) and attend to his personal investments, so long as such activities do not interfere with the performance of his duties hereunder. For the avoidance of doubt, the parties agree that service on the boards of up to two companies (at least one of which may be public), and as an adviser to one private equity or other investment firm or fund, is not expected to impair the performance of Executive’s duties as a full-time employee of the Company.

Article 2.

Term

2.1. Term. The term of this Agreement (the "Term") shall commence on the Effective Date and shall expire on the fifth anniversary of the Effective Date unless the Term is:

2.1.1. extended pursuant to the provisions of this Section 2.1; or

2.1.2. terminated when Executive's employment terminates pursuant to Section 4.1 hereof;

provided, however, that notwithstanding the foregoing, the Term shall continue to automatically be extended for periods of one (1) year so long as neither party provides written notice to the other of its intent to terminate by a date which is at least one hundred and eighty (180) days prior to the then-current expiration date of this Agreement, and, provided further, that (i) in the event that a Change-in-Control of the Company (as defined in Section 4.2.2) should occur during the twelve (12) months prior to the end of the then-current Term and Executive is still an employee of the Company at that time, then the Term shall be deemed to expire no earlier than the date that is twelve (12) months after the date of such Change-in-Control of the Company, (ii) in the event a Potential Change-in-Control Period (as defined in Section 4.2.6) exists within the twelve (12) months prior to the end of the then-current Term and Executive is still an employee of the Company as of that date, the Term shall be deemed to expire no earlier than the date that is twelve (12) months after the commencement of such Potential Change-in-Control Period and (iii) the expiration of the Term shall not adversely affect Executive's rights under this Agreement which have accrued prior to such expiration (including, for the avoidance of doubt, all severance pay, benefits and other rights that accrue under Article 4 as a result of termination of Executive's employment before the last day of the Term). For the avoidance of doubt, if a Potential Change-in-Control Period shall commence in the twelve (12) months prior to the end of the then-current Term and a Change-in-Control of the Company shall also occur during such twelve (12) month period, and if Executive is still an employee of the Company on the date of the Change-in-Control of the Company, the Term shall be deemed to expire no earlier than twelve (12) months after the date of such Change-in-Control. Unless the services of 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, Executive shall be an employee-at-will.

Article 3.

Payments

3.1. Base Compensation. During the Term, the Company shall pay Executive an annual base salary (the "Base Salary") of Four Hundred and Twenty Five Thousand Dollars ($425,000), payable in regular installments in accordance with the Company's usual payment practices. The Base Salary shall be reviewed by the Compensation Committee (the “Compensation Committee”) of the Company’s Board of Directors (“the Board”) at least annually and increased (but not decreased) accordingly at the discretion of the Compensation Committee.

3.2. Incentive Payments. Commencing with the Company's fiscal year ending December 31, 2013 and thereafter during the remainder of the Term, Executive shall be eligible to participate in an annual performance bonus plan pursuant to which he shall be eligible to receive a target annual bonus (the "Annual Incentive Bonus") equal to One Hundred percent (100%) of his then Base Salary for full attainment of his performance objectives (which may include company-wide objectives), with a maximum annual bonus equal to One Hundred and Thirty Five percent (135%) of his then Base Salary for extraordinary performance on all or nearly all of his pay objectives. The amount of Executive's Annual Incentive Bonus, if any, shall be based on the degree to which Executive's performance objectives for a fiscal year have been met. The Compensation Committee of the Board shall establish Executive's performance objectives for fiscal year 2013 in writing as soon as practicable after the Effective Date. Thereafter, during the Term, Executive's performance objectives for each fiscal year shall be established by the Compensation Committee; provided, that in no event shall the percentages set forth in this Section 3.2 to be used in calculating Executive's Annual Incentive Bonus be reduced. The Compensation Committee of the Board shall determine, for each fiscal year, the extent to which Executive's performance objectives for such fiscal year have been attained and the corresponding amount of the Annual Incentive Bonus, if any, for such fiscal year. Any Annual Incentive Bonus earned by Executive with respect to a fiscal year shall be paid to him promptly after the filing of the Company's Annual Report on Form 10-K for such fiscal year but in no event later than 2.5 months after the end of such fiscal year. The amount of, and Executive's entitlement to receive, the Annual Incentive Bonus for a fiscal year shall be determined without regard to whether Executive is employed on the date that such Annual Incentive Bonus is payable.

3.3. Equity Grant.

3.3.1. Option Grant. Effective as of the Effective Date, pursuant to a stock option agreement, Executive was awarded an option to purchase Four Hundred Sixty-Five Thousand (465,000) shares of Avid Technology, Inc. common stock (the "Stock Option"). The exercise price is the closing price of the stock on the Effective Date (the "Start Price").

a) Sixty Five Thousand (65,000) shares of the Stock Option will vest on a time-based schedule in equal 6.25% increments every three months, with the first vesting date on May 11, 2013 and the last vesting date on February 11, 2017, as long as Executive is employed by the Company on each such vesting date.

b) Four Hundred Thousand (400,000) shares of the Stock Option (the "ROE Option Shares") will vest in accordance with the following table, based upon improvement in the Company's Return on Equity, or ROE (as defined below), in calendar year periods, commencing with calendar year 2013. Improvements for each calendar year shall be measured against a baseline ROE for the 12-month period ended December 31, 2012 ("Baseline").

ROE Percentage Point Improvement in Calendar Year Compared to Baseline	**Percentage of ROE Option Shares to Vest**
14%	100%
12%	90%
10%	75%
8%	60%
6%	45%
4%	30%
2%	15%
0%	0%

The Board (excluding Executive if becomes a member of the Board) shall make the final determination of ROE and the ROE percentage point improvement for purposes hereof for each calendar year no later than the 1st day of March following the end of such calendar year. The determination of ROE shall be derived upon the Company's audited financial statements for the applicable calendar year and the unaudited financial statements for the Baseline period. The ROE Option Shares, if any, that are not vested at the end of the seventh calendar year shall be forfeited.

For the avoidance of doubt, the vested percentage at any time shall not be less than the vested percentage at any prior time. For example, if ROE for 2013 is 4% above the Baseline, 30% of the ROE Option will be vested; if ROE for 2014 is only 2% above the Baseline, the vested percentage shall remain 30%; and if ROE for 2015 is 6% above the Baseline, the vested percentage shall increase to 45% and shall not thereafter be reduced.

"Return on Equity" or "ROE" shall be determined using the Company's non-GAAP net income as published in an earnings release, adding the provision for income taxes and subtracting the non-GAAP related tax adjustments for the applicable period and dividing by the average common stockholder equity during the same period.

3.3.2. Restricted Stock Unit Grant. Effective as of the Effective Date, pursuant to a restricted stock unit agreement, Executive was granted Sixty Five Thousand (65,000) restricted stock units (the "Restricted Stock Unit Grant"), which will vest as to 25% of the units on February 11, 2014 and in equal 6.25% increments every three months thereafter, commencing on May 11, 2014, until fully vested on February 11, 2017, as long as Executive is employed by the Company on each such vesting date.

3.3.3. Representation Regarding Grant Date. The Company represents and warrants that the Company has taken all corporate action necessary to create legally binding rights on the part of Executive, as of the Effective Date, to the Stock Option and the Restricted Stock Unit Grant and that the Effective Date is the grant date for all purposes, including (without limitation) for purposes of Section 409A of the United States Internal Revenue Code of 1986, as amended (the "Code").

3.3.4. Covenant Regarding Registration. The Company warrants that the shares of stock of the Company covered by the Stock Option and the Restricted Stock Unit Grant have been registered under the Securities Act of 1933, as amended, by filing a registration statement or statements on Form S-8. The Company shall use its best efforts to maintain the effectiveness of such registration statement or statements for so long as the Stock Option and Restricted Stock Unit Grant are in effect and for so long as any of the shares of stock covered by the Stock Option and Restricted Stock Unit Grant remain outstanding.

3.4. Benefits; Expenses. During the Term, the Company shall provide Executive and his dependents with medical insurance and such other cash and noncash benefits, on the same terms and conditions, as amended from time to time, as are generally made available by the Company to its full-time executive officers. Executive shall be entitled to four (4) weeks of paid vacation per year. The Company shall pay, or reimburse Executive for, all business expenses incurred by Executive which are related to the performance of Executive's duties, subject to timely submission by Executive of payment or reimbursement requests and appropriate documentation, in accordance with the Company's reimbursement policies.

3.5. Participation in Equity Incentive Plans. During the Term, in addition to the Stock Option and Restricted Stock Unit Grant, Executive shall be entitled to participate in the Company's stock incentive plans to the extent and in the manner determined by the Board of Directors in its absolute discretion.

3.6. Relocation. Executive’s principal place of employment will be at the Company’s corporate headquarters in Burlington, Massachusetts. Recognizing that Executive currently lives in

Maryland, and in lieu of reimbursing relocation expenses, the Company (a) has paid to Executive a lump sum of Fifty Thousand Dollars ($50,000) (as soon as practicable following the date hereof) and (b) shall pay to Executive a monthly allowance of Six Thousand Dollars ($6,000) for travel and living expenses (for which receipts shall not be required). In addition, the Company shall provide Executive an annual allowance of Sixty Two Thousand and Fifty dollars ($62,050), for the purpose of (and contingent upon) obtaining and maintaining an appropriate residence (e.g., hotel or furnished corporate apartment) in the greater Boston area.

3.7. One-Time Bonus. The Company has paid the Executive a bonus of One Hundred Fifty Thousand Dollars ($150,000) (the "Signing Bonus"). If Executive's employment with the Company is terminated prior to the first anniversary of the Effective Date pursuant to either Section 4.1.3 or Section 4.1.5, Executive hereby authorizes the Company to deduct the amount of the Signing Bonus from monies otherwise due to him and to the extent that the bonus is not so repaid in full, he agrees to pay the remaining amount to the Company within 60 days after the effective date of the termination of his employment.

Article 4.

Termination

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

4.1.1. Immediately upon Executive's death;

4.1.2. The termination of Executive's employment by the Company for Disability (as defined below), to be effective immediately upon delivery of notice thereof;

4.1.3. The termination of Executive's employment 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 employment by the Company, without Cause and not as a result of Executive's death or Disability, to be effective 30 days after the Company delivers written notice thereof to Executive;

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

4.1.6. The termination of Executive's employment by Executive with Good Reason (as defined below), to be effective as set forth below.

4.2. For purposes of this Agreement, the following definitions shall apply:

4.2.5. "Cause" shall mean (i) Executive's willful and material failure to perform (other than by reason of death or illness or other physical or mental incapacity) his duties and responsibilities as assigned by the Board in accordance with Section 1.2 above, which is not remedied after 30 days' written notice from the Board (if such failure is susceptible to cure), (ii) a material breach of any of the provisions of this Agreement or any other material written agreement (including the Company's employee nondisclosure and invention assignment agreement) between Executive and the Company, which is not substantially cured after 10 days' written notice from the Board (if such breach is susceptible to cure), (iii) Executive's material violation of a material Company policy (for purposes of this clause, the Company's Conflicts of Interest policy shall be deemed a material policy), which is not cured after 10 days' written notice from the Board (if such violation is susceptible to cure), (iv) fraud, embezzlement or other material dishonesty with respect to the Company, (v) conviction of a crime constituting a felony (which shall not include any crime or offense related to traffic infractions or as a result of vicarious liability) or conviction of any other crime involving fraud, dishonesty or moral turpitude or (vi) failing or refusing to cooperate, as reasonably requested in writing by the Board, in any internal or external investigation of any matter in which the Company has a material (financial or otherwise) in the outcome of the investigation, if such failure is not cured after 30 days' written notice from the Board.

4.2.6. "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 Section 4.2.2, 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 pursuant to a transaction which satisfies the criteria set forth in clauses (A) and (B) of Section 4.2.2(c); or

b) Individuals who, as of the Effective Date, 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 Effective Date 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 operating 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 (or other equity interests, in the case of an entity other than a corporation), and the combined voting power of the then-outstanding voting securities of the corporation or other entity resulting from such Business Combination (which as used in this Section

4.2.2(c) shall include, without limitation, a corporation or other entity 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 or other entity 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 (or other equity interests, in the case of an entity other than a corporation) of the corporation or other entity resulting from such Business Combination, or the combined voting power of the then-outstanding voting securities of such corporation or other entity;

provided, however, that as used in Section 4.3 and Article 5, a "Change-in-Control of the Company" shall be deemed to occur only if any of the foregoing events occur and such event that occurs is a "change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation" as defined in Treasury Reg. § 1.409A-3(i)(5).

4.2.7. "Date of Termination" shall mean the date of Executive's "separation from service" with the Company, as determined under Treasury Reg. § 1.409A-1(h).

4.2.8. "Disability" shall mean Executive's absence from the full-time performance of his duties with the Company for more than 180 days during a 365 day period as a result of incapacity due to mental or physical illness, as a result of which Executive is deemed "disabled" by the institution appointed by the Company to administer its long-term disability plan (or any successor plan).

4.2.9. "Good Reason" shall mean any material breach of this Agreement by the Company and/or the occurrence of any one or more of the following without Executive's prior express written consent: (i) a material diminution in Executive's authority, duties or responsibility from those in effect as of the Effective Date ; (ii) a requirement that Executive report to any person or entity other than the CEO of the Company’s ultimate parent (it being understood that the CEO of the Company’s ultimate parent is currently the CEO of the Company); or (iii) a material change in Executive's office location (it being agreed that as of the Effective Date such office location shall be deemed to be Burlington, Massachusetts); provided, however, that a termination for Good Reason by Executive can occur only if (a) Executive has given the Company a notice of the existence of a condition giving rise to Good Reason within 90 days after the initial occurrence of the condition giving rise to Good Reason and (b) the Company has not cured the condition giving rise to Good Reason within 30 days after receipt of such notice. A termination for Good Reason shall occur 30 days after the end of such 30-day cure period.

4.2.10. A "Potential Change-in-Control Period" shall be deemed to exist (A) commencing upon the date on which the Company shall have announced that it has entered into a merger, acquisition or similar agreement, the consummation of which would result in the occurrence of a Change-in-Control of the Company and ending on the earlier of (x) the date on which the transaction governed by such agreement has been consummated or (y) the date on which the Company shall have announced that it has terminated such agreement, or (B) commencing on the date on which any Person (as defined in Section 4.2.2(a)) shall publicly announce an intention to take actions which if consummated would constitute a Change-in-Control of the Company and ending on the earlier of (x) the date on which such actions have caused the consummation of a Change-in-Control of the Company or (y) the date on which such Person shall publicly announce the termination of its intentions to take such actions.

4.2.11. “Pro-Ration Percentage” shall mean the amount, expressed as a percentage, equal to the number of days in the then-current fiscal year through the date that Executive’s employment with the Company terminates, divided by 365.

4.2.12. "Termination Bonus Amount" shall mean the greater of (i) Executive's highest Annual Incentive Bonus earned in the two most recent full fiscal years preceding the Date of Termination, or (ii) One Hundred Percent (100%) of Executive's Base Salary in effect as of the Date of Termination.

4.3. Adjustments Upon Termination.

4.3.1. Death or Disability. If during the Term, Executive's employment with the Company terminates pursuant to Section 4.1.1 or Section 4.1.2, subject to Section 4.6, the Company shall pay to Executive or Executive's heirs, successors or legal representatives, as the case may be, (i) any accrued but unpaid Base Salary through the date Executive's employment with the Company terminates, plus (ii) any accrued but unused vacation pay plus (iii) an amount equal to Executive's annual Base Salary in effect as of the Date of Termination (less, in the case of a termination of employment as a result of Disability, the amount of any payments owed to Executive under any long-term disability plan of the Company for the first 12 months after the Date of Termination). Such amount shall be paid in a lump sum within five (5) days after the Date of Termination. Notwithstanding any provision to the contrary in any Company stock plan, or under the terms of any grant, award agreement or form for exercising any right under any such plan (including, without limitation, the agreements evidencing the Stock Option and the Restricted Stock Unit Grant), any stock options, restricted stock unit awards, stock appreciation rights or other equity participation rights held by Executive as of the date of death or Disability shall become exercisable or vested, as the case may be, with respect to all time-based awards 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 (as if Executive had remained employed by the Company until the end of such 12-month period). In addition, Executive shall be eligible for a pro-rated portion of any performance-based vesting awards that have not vested as of such date of death or Disability, determined based on the Company's actual performance through the end of the performance period.

4.3.2. With Cause or Without Good Reason. If Executive's employment with the Company terminates pursuant to Section 4.1.3 or Section 4.1.5, (a) all payments and benefits provided to Executive under this Agreement shall cease as of the date Executive's employment with the Company terminates, except that Executive shall be entitled to any amounts earned, accrued or owing but not yet paid under Section 3.1, any accrued but unused vacation pay and any benefits due in accordance with the terms of any applicable benefits plans and programs of the Company, and (b) Executive shall forfeit the portion of any stock options and restricted stock unit awards that is not vested as of the Date of Termination.

4.3.3. Without Cause or with Good Reason Other than during a Potential Change-in-Control Period or After a Change-in-Control of the Company. If Executive's employment with the

Company terminates pursuant to Section 4.1.4 or Section 4.1.6, other than during a Potential Change-in-Control period or within 12 months after a Change-in-Control of the Company, subject to Section 4.6:

a) unless otherwise required by law to be paid on a different date, within five (5) days following the Date of Termination, the Company shall pay Executive in a lump sum in cash the sum of (i) any accrued but unpaid Base Salary through the date Executive's employment with the Company terminates, plus (ii) the Annual Incentive Bonus for the fiscal year preceding the fiscal year in which Executive's employment with the Company terminates, if unpaid, plus (iii) any accrued but unused vacation pay;

b) the Company shall pay Executive, as severance pay, an amount equal to his annual Base Salary in effect as of the Date of Termination. Such amount shall be paid in a lump sum within five (5) days after the release of claims described in Section 4.6 becomes effective, provided however, that payment shall in any event be made no later than the last day of the "applicable 2½ month period" prescribed by Treas. Reg. § 1.409A-1(b)(4)(i);

c) the Company shall pay Executive incentive compensation for the fiscal year in which the termination of Executive's employment with the Company occurs in the amount of the Termination Bonus Amount (as defined above) multiplied by the sum of One Hundred Percent (100%) plus the Pro-Ration Percentage; such payment will be made at the same time as the severance payment required by paragraph b), above;

d) if Executive is eligible to receive and elects to continue receiving any group medical and dental insurance coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), the Company shall pay to Executive the following amount for each month that starts after the Date of Termination and on or before the earliest of (x) the first anniversary of the Date of Termination, (y) the date Executive's coverage ends by reason of failure to pay the required premium or (z) the date on which Executive becomes eligible to receive group medical and dental insurance benefits from another employer that are substantially equivalent (including, without limitation, equivalent as to benefits, premium costs and co-pay amounts) to those provided by the Company as of the Date of Termination: 167 percent of the excess of (i) the total monthly premium for the coverage that Executive elects to receive over (ii) the monthly amount that the Company requires its Chief Executive Officer to pay for such coverage. Subject to Section 4.5 (Section 409A provisions), the payment for each month shall be made during such month. Executive agrees to notify the Company in writing promptly upon becoming eligible to receive the group medical and dental insurance described in clause (z) of the immediately preceding sentence from another employer;

e) the Company shall provide Executive, at the Company's sole cost, with full executive outplacement assistance with an agency selected by Executive (and reasonably satisfactory to the Company), provided that no outplacement benefits shall be provided after the end of the second calendar year following the calendar year in which the Date of Termination occurs;

f) notwithstanding any provision to the contrary in any Company stock plan, or under the terms of any grant, award agreement or form for exercising any right under any such plan (including, without limitation, the agreements evidencing the Stock Option and the Restricted Stock Unit Grant), any stock options, restricted stock unit awards, stock appreciation rights or other equity participation rights held by Executive as of the date Executive's employment with the Company terminates shall become exercisable or vested, as the case may be, with respect to all time-based vesting awards 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 Executive's employment with the Company terminates (as if Executive had remained employed by the Company until the end of such 12-month period), and

g) Executive shall be entitled to exercise any such options or other awards or equity participation rights until 12 months after the date Executive's employment with the Company terminates (but not after the latest expiration date prescribed by the applicable award agreement), but all performance-based vesting awards that have not vested as of the end of the fiscal year in which Executive's employment with the Company terminates (determined based on actual performance) shall be forfeited as of such date. 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.

4.3.4. Without Cause or with Good Reason After a Change-in-Control of the Company. If, within 12 months after a Change-in-Control of the Company, Executive shall terminate Executive's employment pursuant to Section 4.1.6 or the Company shall terminate Executive's employment pursuant to Section 4.1.4, then in any such event, subject to Section 4.6:

a) Unless otherwise required by law to be paid on a different date, the Company shall pay Executive the following amounts as severance pay (and without regard to the provisions of any benefit plan) in a lump sum in cash within five (5) days after the release of claims described in Section 4.6 becomes effective (and no later than the last day of the "applicable 2½ month period" prescribed by Treas. Reg. § 1.409A-1(b)(4)(i)):

(i) the sum of (A) Executive's accrued but unpaid Base Salary through the date Executive's employment with the Company terminates, plus (B) the Annual Incentive Bonus for the fiscal year preceding the fiscal year in which Executive's employment with the Company terminates, if unpaid, plus (C) the product of (x) Executive’s Termination Bonus Amount and (y) One Hundred Percent (100%) plus the Pro-Ration Percentage, plus (D) any accrued but unused vacation pay; and

(ii) the amount equal to one and a half (1.5) times the sum of (i) Executive's Base Salary in effect as of the date Executive's employment with the Company terminates, plus (ii) Executive's Termination Bonus Amount.

b) if Executive is eligible to receive and elects to continue receiving any group medical and dental insurance coverage under COBRA, the Company shall pay to Executive the amount described in Section 4.3.3(d), above, for each month that starts after the Date of Termination and on or before the earliest of (x) the date that is eighteen (18) months after the Date of Termination, (y) the date Executive's coverage ends by reason of failure to pay the required premium or (z) the date on which Executive becomes eligible to receive group medical and dental insurance benefits from another employer that are substantially equivalent (including, without limitation, equivalent as to benefits, premiums and co-pay amounts) to those provided by the Company as of the Date of Termination (Executive agrees to notify the Company in writing promptly upon becoming eligible to receive such group medical and dental insurance from another employer);

c) notwithstanding anything to the contrary in any Company stock plan, or under the terms of any grant, award agreement or form for exercising any right under such plan (including, without limitation, the agreements evidencing the Stock Option and the Restricted Stock Unit Grant), all outstanding stock options, restricted stock unit awards, stock appreciation rights and other equity participation rights then held by Executive with respect to the common stock of the Company (or securities exchanged for such common stock in connection with the Change-in-Control of the Company) shall immediately become fully vested and exercisable, and Executive shall be entitled to exercise any such options or other awards or equity appreciation rights until 18 months after the date Executive's employment with the Company terminates (but not after the latest expiration date prescribed by the applicable award agreement); and

d) the Company shall provide Executive, at the Company's sole cost, with full executive outplacement assistance with an agency selected by Executive (and reasonably satisfactory to the Company), provided that no outplacement benefits shall be provided after the end of the second calendar year following the calendar year in which Date of Termination occurs.

4.3.5. Without Cause or with Good Reason During a Potential Change-in-Control Period. If, during the existence of a Potential Change-in-Control Period, Executive shall terminate Executive's employment pursuant to Section 4.1.6 or the Company shall terminate Executive's employment pursuant to Section 4.1.4, then in any such event, subject to Section 4.6, Executive shall receive the payments, benefits and rights set forth in Section 4.3.4.

4.4. Excess Parachute Payments.

4.4.1. Notwithstanding any other provisions of this Agreement, in the event that (a) any payment or benefit received or to be received by Executive (including any payment or benefit received or to be received in connection with a Change-in-Control or the termination of Executive's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits being hereinafter referred to as the "Total Payments") is reasonably likely to be treated as a "parachute payment" (as defined in Section 280G(b)(2) of the Code) and (b) Executive's forfeiture of payments due would result in the aggregate after-tax amount that Executive receives being greater than the aggregate after-tax amount he would receive if there were no such forfeiture, then payments otherwise required by this Agreement that do not constitute deferred compensation within the meaning of Section 409A of the Code shall be reduced (if necessary, to zero) to the extent necessary to ensure that Executive does not receive a "parachute payment" under Section 280G(b)(2) of the Code. To the extent permitted by Section 409A of the Code, Executive may elect to have noncash amounts reduced (or eliminated) prior to any reduction of any cash amounts.

4.4.2. For purposes of this limitation, (i) no portion of the Total Payments the receipt or enjoyment of which Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code shall be taken into account, (ii) no portion of the Total Payments shall be taken into account which, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to Executive and selected by the accounting firm which was, immediately prior to the Change-in-Control, the Company's independent auditor (the "Auditor"), does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code, including by reason of Section 280G(b)(4)(A) of the Code, (iii) payments shall be reduced only to the extent necessary so that the Total Payments (other than those referred to in clauses (i) or (ii)) in their entirety constitute reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4)(B) of the Code or are otherwise not treated as "parachute payments" under Section 280G(b)(2) of the Code, in the opinion of Tax Counsel, and (iv) the value of any noncash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Auditor in accordance with the principles of sections 280G(d)(3) and (4) of the Code.

4.5. Section 409A.

4.5.1. Each payment to Executive under this Article 4 shall be treated as a separate payment for purposes of Section 409A of the Code. Payments hereunder shall first be made from the portion that does not consist of nonqualified deferred compensation until it is exhausted and then shall be made from the portion, if any, that does constitute nonqualified deferred compensation. If Executive is a "specified employee" as defined in Section 409A(a)(2)(B)(i) of the Code, the commencement of the delivery of any payments that constitute nonqualified deferred compensation will be delayed to the earlier of (a) date that is six (6) months and one (1) day after Executive's Date of Termination or (b) a date determined by the Company that is within thirty (30) days after Executive's death (the "Earliest Payment Date"). Any payments that are delayed pursuant to the preceding sentence shall be paid on the Earliest Payment Date. The determination of whether, and the extent to which, any of the payments to be made to Executive hereunder are nonqualified deferred compensation shall be made after the application of all applicable exclusions under Treasury Reg. § 1.409A-1(b)(4) and (9). Any payments that are intended to qualify for the exclusion for separation pay due to involuntary separation from service set forth in Treasury Reg. § 1.409A-1(b)(9)(iii) must be paid no later than the last day of the second taxable year of Executive following the taxable year of Executive in which Executive's employment with the Company terminates. Executive shall not be considered to have terminated employment with the Company for purposes of any payments under this Agreement which are subject to Section 409A of the Code until Executive has incurred a "separation from service" from the Company within the meaning of Section 409A of the Code. To the extent required to avoid an accelerated or additional tax under Section 409A of the Code, amounts reimbursable to Executive shall be paid to Executive on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in kind benefits provided to Executive) during one year may not affect amounts reimbursable or provided in any subsequent year.

4.5.2. The parties acknowledge and agree that the interpretation of Section 409A of the Code and its application to the terms of this Agreement is uncertain and may be subject to change as additional guidance and interpretations become available. Anything to the contrary herein notwithstanding, all benefits and payments required by this Agreement are intended to be exempt from Section 409A of the Code or to comply with the requirements of Section 409A of the Code, and this Agreement shall be administered, construed, and interpreted consistent with such intent. If, however, any such benefit or payment is nevertheless deemed to not comply with Section 409A of the Code, the Company and Executive agree to renegotiate in good faith any such benefit or payment (including, without limitation, as to the timing of any severance payments payable hereof) so that either (i) Section 409A of the Code will not apply or (ii) compliance with Section 409A of the Code will be achieved; provided, however, that any resulting renegotiated terms shall provide to Executive the after-tax economic equivalent of what otherwise has been provided to Executive pursuant to the terms of this Agreement; provided further, that any deferral of payments or other benefits shall be only for such time period as may be required to comply with Section 409A; and provided, further, that payments or other benefits that occur as a result of the application of this Section 4.5.2 shall themselves be exempt from or comply with Section 409A of the Code.

4.6. Release. In order to be eligible to receive any of the payments or benefits under Sections 4.3.3, 4.3.4 or 4.3.5, Executive (or his personal representative, if applicable) shall be required to execute and deliver to the Company (without subsequent revocation) and allow to become effective and unrevoked, within sixty (60) days after the Date of Termination or such shorter period as the Company then provides, a binding severance and mutual release agreement in a form provided by and reasonably satisfactory to the Company which shall contain a release of claims by Executive substantially in the form attached hereto as Exhibit A.

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 while Executive is employed by the Company and the following period: (a) one year after the date Executive's employment with the Company terminates, in the case of a termination other than within 12 months after a Change-in-Control of the Company, or (b) 18 months after the date Executive's employment with the Company terminates, in the case of a termination within 12 months after a Change-in-Control of the Company:

5.1.13. Executive will not perform services for or own an interest in (except for investments of not more than five percent (5%) of the total outstanding shares or other equity interests of a company or entity in which Executive does not actively participate in management) any firm, person or other entity that competes in any geographic area with the Company in the business of the development, manufacture, promotion, distribution or sale of professional or consumer film, video or audio production tools, including, but not limited to, editing, special effects, 3D, animation, live sound, broadcast or newsroom products or systems, content-creation tools, media storage or other business or services in which the Company is engaged or plans (as evidenced by consideration by the Company's executive staff or by the Board) to engage at the time Executive's employment with the Company terminates.

5.1.14. 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.

5.1.15. Executive will not directly or indirectly either alone or in association with others (a) solicit, or permit any organization directly or indirectly controlled by Executive to solicit, any employee of the Company to leave the employ of the Company, or (b) solicit for employment, hire or engage as an independent contractor, or permit any organization directly or indirectly controlled by Executive to solicit for employment, hire or engage as an independent contractor, any natural person who is then employed by the Company at any time. This Section 5.1.3 (i) shall not apply to the solicitation, hiring or engagement of any individual whose employment with the Company has been terminated or whose engagement to the Company as an independent contractor has been terminated and (ii) shall not apply to the solicitation, hiring or engagement of any individual arising from such individual's affirmative response to a general recruitment effort carried out through a public solicitation or a general solicitation.

5.1.16. Executive will not directly or indirectly either alone or in association with others solicit, or permit any organization directly or indirectly controlled by Executive to solicit, any current or future customer or supplier of the Company to cease doing business in whole or in part with the Company or otherwise adversely modify his, her or its business relationship with the Company.

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 expressly agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company 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.

Article 6

Miscellaneous

6.1. Indemnification.

6.1.6. Executive shall be entitled to indemnification as set forth in Article Eleventh of the Company's Certificate of Incorporation, a copy of which has been provided to Executive.

6.1.7. A directors' and officers' liability insurance policy (or policies) shall be kept in place, during the Term and thereafter until at least the fourth anniversary of the date this Agreement is terminated for any reason, providing coverage to Executive that is no less favorable to him in any respect (including, without limitation, with respect to scope, exclusions, amounts, and deductibles) than the coverage then being provided to any other present or former officer or director of the Company.

6.2. Counsel Fees. The Company shall pay to Executive reimbursement for all legal fees and expenses incurred by Executive in disputing in good faith any issue hereunder relating to the termination of Executive's employment, in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement Such reimbursement payments shall be made within 15 days after delivery of Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require. Executive's written requests for payment must be delivered to the Company within one hundred and twenty (120) days after Executive incurs such fees or expenses.

6.3. No Mitigation. The Company agrees that, except as specifically set forth in Section 4.3.3(d) and Section 4.3.4(b) regarding payments during the COBRA period, (i) if Executive's employment is terminated during the term of this agreement, Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to Executive by the Company and (ii) the amount of any payment provided hereunder shall not be reduced by any compensation earned by Executive.

6.4. Obligation of Successors. Any successor to substantially all of the Company's assets and business, whether by merger, consolidation, purchase of assets or otherwise, shall succeed to the rights and obligations of the Company hereunder. As used in this Agreement, "Company" shall mean the Company as defined above and any successor to its assets and business or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

6.5. 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 24 hours by notification pursuant to any of the foregoing methods of delivery, in all cases addressed to the other party hereto as follows:

If to the Company:

Avid Technology, Inc.
75 Network Drive
Burlington, MA 01803
Attention: General Counsel
Facsimile: (978) 548-4639

or by email to the Company's General Counsel at his or her then-current email address.

If to Executive:

at the latest address or email address on the personnel records of the Company or at such other address or email address as either party shall designate to the other in accordance with this Section 6.5.

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

6.7. 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, including the prior

Employment Agreement between the Company and the Executive, dated February 11, 2013. This Agreement may not be modified or amended except upon written amendment approved by the Compensation Committee of the Board, and executed by a duly authorized officer of the Company and by Executive. 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.

6.8. Applicable Law. This Agreement shall be interpreted in accordance with the laws of the Commonwealth of Massachusetts (without reference to the conflicts of laws provisions thereof) and the parties hereby submit to the jurisdiction of the courts of that state.

6.9. Waiver of Jury Trial. Executive hereby irrevocably waives any right to a trial by jury in any action, suit, or other legal proceeding arising under or relating to any provision of this Agreement.

6.10. Severability. If any non-material provision of this Agreement shall be held invalid or unenforceable, it shall be deemed to be deleted or qualified so as to be enforceable or valid to the maximum extent permitted by law, and the remaining provisions shall continue in full force and effect.

6.11. 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 delegable 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. If Executive should die while any amounts would still be payable to Executive hereunder if Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee or other designee or, if there be no such designee, to Executive's estate.

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

6.13. Withholding. 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.

6.14. 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.

6.15. 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.

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

Avid Technology, Inc.

/s/ Louis Hernandez, Jr.
Louis Hernandez, Jr.
Chief Executive Officer and President

John W. Frederick

/s/ John W. Frederick

EXHIBIT A

MUTUAL RELEASE OF CLAIMS PROVISIONS

This General Release of Claims (the "General Release") is being executed by Avid Technology, Inc. (the "Company") and John W. Frederick ("Executive"), for and in consideration of certain amounts payable under the Amended and Restated Executive Employment Agreement (the "Agreement") entered into between him and the Company as of April ___, 2013. The Company and Executive agree as follows:

The Company, on behalf of itself, its affiliates and its subsidiaries (collectively, the "Affiliated Entities"), hereby releases and forever discharges Executive, and Executive's spouse and child or children (if any), Executive's heirs, beneficiaries, devisees, executors, administrators, attorneys, personal representatives, successors and assigns (the "Executive's Released Parties") from to any and all complaints, claims, demands, lawsuits, actions, and causes of actions which the Company or any Affiliated Entity has or may have against each of the Executive's Released Parties (whether individually or collectively) by reason of any event, matter, cause or thing which has occurred prior to the date this General Release is executed by the Company arising from or related to his employment and other service with and to the Company. The Company (on behalf of itself and the Affiliated Entities) further hereby irrevocably and unconditionally waives any and all rights to recover any relief and damages concerning the claims that are lawfully released in this Paragraph. The Company represents and warrants that neither the Company nor any Affiliated Entity has previously filed or joined in any such claims against any Executive's Released Party, and that neither the Company nor any Released Party has given or sold any portion of any claims released herein to anyone else, and that the Company will indemnify and hold harmless the Executive's Released Parties from all liabilities, claims, demands, costs, expenses and/or attorneys' fees incurred as a result of any such assignment or transfer.

Executive, on behalf of himself and his agents, heirs, executors, administrators, successors and assigns, hereby releases and forever discharges the Company, and any and all of the affiliates, stockholders, officers, directors, employees, agents, counsel, and successors and assigns of the Company, from any and all complaints, claims, demands, damages, lawsuits, actions, and causes of action which he has or may have against any one or more of them by reason of any event, matter, cause or thing which has occurred prior to the date this General Release is executed by Executive arising from or related to his employment with the Company, or the termination of that employment, including but not limited to: all employment discrimination claims under Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e et seq., the Age Discrimination in Employment Act, 29 U.S.C. § 621 et seq., the Americans With Disabilities Act of 1990, 42 U.S.C., § 12101 et seq., the Equal Pay Act of 1963, 29 U.S.C. § 206(d), the Family and Medical Leave Act, 29 U.S.C. § 2601 et seq., the Massachusetts Fair Employment Practices Act, M.G.L. c.151B, §1 et seq., and any and all other similar applicable federal and state statutes, all as amended; all claims arising out of Section 806 of the Corporate and Criminal Fraud Accountability Act of 2002, 18 U.S.C. § 1681 et seq., the Fair Credit Reporting Act, 15 U.S.C. § 1681 et seq., the Employee Retirement Income Security Act of 1974

("ERISA"), 29 U.S.C. § 1001 et seq., and the Worker Adjustment and Retraining Notification Act, 29 U.S.C. § 2101 et seq., all as amended; all claims under the Massachusetts Civil Rights Act, M.G.L. c.12 §§ 11H and 11I, the Massachusetts Equal Rights Act, M.G.L. c.93 § 102 and M.G.L. c.214, § 1C, the Massachusetts Labor and Industries Act, M.G.L. c. 149, §1 et seq., the Massachusetts Privacy Act, M.G.L. c.214, § 1B and the Massachusetts Maternity Leave Act , M.G.L. c. 149, § 105(d), all as amended; all common law claims including, but not limited to, actions in tort, defamation and breach of contract; all claims to any non-vested ownership interest in the Company, contractual or otherwise, including but not limited to claims to stock or stock options; and any claim or damage (including a claim for retaliation) under any common law theory or any federal, state or local statute or ordinance not expressly referenced above; provided, however, that nothing in this Agreement prevents Executive from filing, cooperating with, or participating in any proceeding before the EEOC or a state Fair Employment Practices Agency (except that Executive acknowledges that he may not be able to recover any monetary benefits in connection with any such claim, charge or proceeding), and provided further, however, that nothing herein is intended to be construed as releasing the Company from any obligation set forth in the Agreement or pursuant to any employee benefit plan. Executive further hereby irrevocably and unconditionally waives any and all rights to recover any relief and damages concerning the claims that are lawfully released in this Paragraph. Executive represents and warrants that he has not previously filed or joined in any such claims against the Company or any of its affiliates or subsidiaries, and that he has not given or sold any portion of any claims released herein to anyone else, and that he will indemnify and hold harmless the persons and entities released herein from all liabilities, claims, demands, costs, expenses and/or attorneys' fees incurred as a result of any such assignment or transfer.

Executive acknowledges that this is a General Release, and he agrees and understands that he is specifically releasing all claims under the Age Discrimination in Employment Act, 29 U.S.C. § 621 et seq, as amended by the Older Workers Benefit Protection Act. Executive acknowledges that he has read and understands the foregoing General Release and executes it voluntarily and without coercion. He further acknowledges that he is being advised herein in writing to consult with an attorney prior to executing this General Release, and that he has had more than 21 days within which to consider this General Release. Executive understands that he has seven days following his execution of this General Release to revoke it in writing, and that this General Release is not effective or enforceable until after this seven-day period. For such revocation to be effective, notice must be received by ________, at the principal office of the Company, no later than 11:59 p.m. on the seventh calendar day after the date on which Executive has signed this General Release. Executive expressly agrees that, in the event he revokes this General Release, the Company shall not be obligated to pay him any amounts the payment of which is expressly conditioned under the Agreement on the effectiveness of this General Release.

Notwithstanding any other provision of this General Release to the contrary or potentially interpretable to the contrary, it is expressly agreed and understood that Executive is not releasing hereunder (i) any rights or potential claims for indemnification as otherwise available to Executive as an officer, director, agent or in any other capacity, (ii) any rights or potential claims with respect to any event, matter, cause or thing which occurs after the date that Executive executes this General Release, including without limitation, any such rights or potential claims which arise after the date that Executive executes this General Release with respect to the Agreement or with respect to any other agreement to which the Company and Executive are parties, or (iii) any claims for payments or benefits under the Agreement or any employee benefit plan.

EXHIBIT 31.1

CERTIFICATION

I, Louis Hernandez, Jr., certify that:

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

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 11, 2014

/s/ Louis Hernandez, Jr.

Louis Hernandez, Jr.
Chief Executive Officer and President
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, John W. Frederick, certify that:

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

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 11, 2014

/s/ John W. Frederick
John W. Frederick
Executive Vice President, Chief Financial Officer
and Chief Administrative Officer
(Principal Financial Officer)

EXHIBIT 32.1

**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 the Quarterly Report on Form 10-Q of Avid Technology, Inc. (the "Company") for the quarter ended June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Gary Louis Hernandez, Jr., Chief Executive Officer and President of the Company, and John W. Frederick, Executive Vice President, Chief Financial Officer and Chief Administrative 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.

Date:	September 11, 2014	/s/ Louis Hernandez, Jr.
		Louis Hernandez, Jr. Chief Executive Officer and President *(Principal Executive Officer)*
Date:	September 11, 2014	/s/ John W. Frederick
		John W. Frederick Executive Vice President, Chief Financial Officer and Chief Administrative Officer *(Principal Financial Officer)*

A certification furnished pursuant to this item will not be deemed "filed" for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.