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FORM PTO-1618A
Expires 06/30/99
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1.8.01

U.S. Department of Commerce
Patent and Trademark Office
TRADEMARK
JAN 8 2001

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- [ ] New
- [ ] Resubmission (Non-Recordation) Document ID #
- [ ] Correction of PTO Error Reel # Frame #
- [ ] Corrective Document Reel # Frame #

Conveyance Type

- [ ] Assignment
- [ ] License
- [ ] Security Agreement
- [ ] Nunc Pro Tunc Assignment
- [x] Merger — Effective Date Month Day Year: 03 29 95
- [ ] Change of Name
- [ ] Other

Conveying Party

[ ] Mark if additional names of conveying parties attached

Execution Date Month Day Year:

Name: Elastic Reality, Inc.

Formerly:

- [ ] Individual
- [ ] General Partnership
- [ ] Limited Partnership
- [x] Corporation
- [ ] Association
- [ ] Other
- [x] Citizenship/State of Incorporation/Organization: Wisconsin

Receiving Party

[ ] Mark if additional names of receiving parties attached

Name: Avid Technology, Inc.

DBA/AKA/TA:

Composed of:

Address (line 1): Avid Technology Park

Address (line 2): One Park West

Address (line 3): Tewksbury (City) MA (State/Country) 01876 (Zip Code)

- [ ] Individual
- [ ] General Partnership
- [ ] Limited Partnership
- [x] Corporation
- [ ] Association
- [ ] Other
- [x] Citizenship/State of Incorporation/Organization: Delaware

[ ] If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. *(Designation must be a separate document from Assignment.)*

01/23/2001 GTON11 00000242 1886566
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FOR OFFICE USE ONLY

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments , Washington, D.C. 20231

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number 978-640-3350

Name: Elaine M. Desrochers

Address (line 1): Avid Technology, Inc.

Address (line 2): Avid Technology Park

Address (line 3): One Park West

Address (line 4): Tewksbury, MA 01876

Pages

Enter the total number of pages of the attached conveyance document including any attachments. # 64

Trademark Application Number(s) or Registration Number(s)

☐ Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)			Registration Number(s)		
			1886566		

Number of Properties

Enter the total number of properties involved. # 1

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41): $ 40.00

Method of Payment: Enclosed [X] Deposit Account [ ]

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number: #

Authorization to charge additional fees: Yes [ ] No [X]

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Carol E. Kazmer		12/29/00
Name of Person Signing	Signature	Date Signed

SUMMARY: Reverse merger wherein Elastic Reality, Inc. is the survivor and a wholly-owned subsidiary of Avid Technology, Inc.

AGREEMENT AND PLAN OF MERGER

Agreement (the "Agreement") made as of the 29th day of March, 1995 by and among Avid Technology, Inc., a Delaware corporation with its principal office at Metropolitan Technology Park, One Park West, Tewksbury, MA 01876 (the "Buyer"), ERTE Acquisition Corporation, a Wisconsin corporation and a wholly-owned subsidiary of the Buyer (the "Transitory Subsidiary"), Elastic Reality, Inc., a Wisconsin corporation with its principal office at 925 Stewart Street, Madison, Wisconsin (the "Company"), and Perry S. Kivolowitz and Daniel G. Esenther, the sole stockholders of the Company (individually, a "Stockholder," and collectively the "Stockholders"). The Buyer, the Transitory Subsidiary, the Company and the Stockholders are referred to collectively herein as the "Parties."

Preliminary Statement

This Agreement contemplates a transaction in which the Buyer will acquire all of the outstanding capital stock of the Company for stock of the Buyer through a reverse subsidiary merger of the Transitory Subsidiary with and into the Company.

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

1. The Merger

1.1 The Merger. Upon and subject to the terms and conditions of this Agreement, the Transitory Subsidiary shall merge with and into the Company (with such merger referred to herein as the "Merger") at the Effective Time (as defined below). From and after the Effective Time, the separate corporate existence of the Transitory Subsidiary shall cease and the Company shall continue as the surviving corporation in the Merger (the "Surviving Corporation"). The "Effective Time" shall be the time at which the Company and the Transitory Subsidiary file the Articles of Merger or other appropriate documents prepared and executed in accordance with the relevant provisions of the Wisconsin Business Corporation Law (the "Articles of Merger") with the Secretary of State of the State of Wisconsin. The Merger

shall have the effects set forth in Section 1106 of the Wisconsin Business Corporation Law.

1.2 The Closing. The closing of the transactions contemplated by this Agreement, including without limitation the filing of the Articles of Merger (the "Closing"), shall take place at the offices of Axley Brynelson, 2 East Mifflin Street, Madison, Wisconsin, commencing at 9:00 a.m. local time on March 29, 1995, or, if all of the conditions to the obligations of the Parties to consummate the transactions contemplated hereby have not been satisfied or waived by such date, on such mutually agreeable later date as soon as practicable after the satisfaction or waiver of all conditions to the obligations of the Parties to consummate the transactions contemplated hereby (the "Closing Date").

1.3 Actions at the Closing. At the Closing, (a) the Company shall deliver to the Buyer and the Transitory Subsidiary the various certificates, instruments and documents referred to in Section 4.1, (b) the Buyer and the Transitory Subsidiary shall deliver to the Company the various certificates, instruments and documents referred to in Section 4.2, (c) the Company and the Transitory Subsidiary shall file with the Secretary of State of the State of Wisconsin the Articles of Merger, (d) each of the Stockholders shall deliver to the Buyer the certificate(s) representing his Company Shares (as defined below), (e) the Buyer shall deliver certificates for the Initial Shares (as defined below) to each Stockholder in accordance with Section 1.5, and (f) the Buyer, the Company, the Indemnification Representative (as defined herein) and the Escrow Agent (as defined herein) shall execute and deliver the Escrow Agreement attached hereto as Exhibit A (the "Escrow Agreement"), and the Buyer shall deliver to the Escrow Agent certificates for the Escrow Shares (as defined below) being placed in escrow on the Closing Date pursuant to Section 1.7. All of the documents and instruments delivered at the Closing shall be held in escrow by counsel to the Parties until such time as the Parties have received confirmation that the Articles of Merger have been accepted for filing by the Wisconsin Secretary of State.

1.4 Additional Action. The Buyer may, at any time after the Effective Time, take any action, including executing and delivering any document, in the name and on behalf of either the Company or the Transitory Subsidiary, in order to consummate the transactions contemplated by this Agreement.

1.5 Conversion of Shares. (a) At the Effective Time, by virtue of the Merger and without any action on the part of any Party or the holder of any of the following securities:

(i) each share of common stock, no par value per share, of the Company ("Company Shares") issued and outstanding immediately prior to the Effective Time (other than Common Shares held in the Company's treasury) shall be converted into and represent the right to receive 2,177.17 shares of common stock, $.01 par value per share, of the Buyer ("Buyer Common Stock").

(ii) Each Common Share held in the Company's treasury immediately prior to the Effective Time shall be cancelled and retired without payment of any consideration therefor.

(iii) Each share of common stock, no par value per share, of the Transitory Subsidiary issued and outstanding immediately prior to the Effective Time shall be converted into and thereafter evidence one share of common stock, no par value per share, of the Surviving Corporation.

(b) A total of 8,518 shares of Buyer Common Stock held by each of the Stockholders (17,036 shares in the aggregate) (the "Escrow Shares") will be deposited in escrow pursuant to Section 1.7 and shall be held and disposed of in accordance with the terms of the Escrow Agreement, and the balance of the shares of Buyer Common Stock into which their Company Shares were converted pursuant to Section 1.5(a) (the "Initial Shares") shall be delivered directly to the Stockholders. The Initial Shares and the Escrow Shares shall together be referred to herein as the "Merger Shares".

1.6 Fractional Shares. No certificates or script representing fractional Merger Shares shall be issued to the Stockholders upon the surrender for exchange of certificate(s) that represented Company Shares converted into Merger Shares pursuant to Section 1.5(a). In lieu of any fractional Initial Shares that would otherwise be issued, each Stockholder shall, upon proper surrender of his stock certificates, receive such whole number of Merger Shares as is equal to the precise number of Merger Shares to which he would be entitled, rounded up or down to the nearest whole number.

1.7 Escrow.

(a) On the Closing Date, the Buyer shall deliver to the Escrow Agent one or more certificates (issued in the names of the Stockholders) representing the Escrow Shares, as described in Section 1.5(a), for the purpose of securing the indemnification obligations of the Stockholders set forth in this Agreement. The Escrow Shares shall be held by the Escrow Agent under the Escrow Agreement for a one-year period, subject to the terms thereof.

The Escrow Shares shall be held as a trust fund and shall not be subject to any lien, attachment, trustee process or any other judicial process of any creditor of any party, and shall be held and disbursed solely for the purposes and in accordance with the terms of the Escrow Agreement.

(b) The approval of this Agreement and the Merger by the Stockholders shall constitute approval of the Escrow Agreement and of all of the arrangements relating thereto, including without limitation the placement of the Escrow Shares in escrow and the appointment of the Indemnification Representative.

1.8 Articles of Incorporation. The Articles of Incorporation of the Surviving Corporation shall be the same as the Articles of Incorporation of the Transitory Subsidiary immediately prior to the Effective Time, except that the name of the corporation set forth therein shall be changed to the name of the Company.

1.9 By-laws. The By-laws of the Surviving Corporation shall be the same as the By-laws of the Transitory Subsidiary immediately prior to the Effective Time, except that the name of the corporation set forth therein shall be changed to the name of the Company.

1.10 Directors and Officers. The directors of the Transitory Subsidiary shall become the directors and officers of the Surviving Corporation as of the Effective Time.

1.11 No Further Rights. From and after the Effective Time, no Company Shares shall be deemed to be outstanding, and holders of certificates representing Company Shares shall cease to have any rights with respect thereto except as provided herein or by law.

2. Representations and Warranties of the Company.

The Company represents and warrants to Buyer that the statements contained in this Article 2 are true and correct, except as set forth in the disclosure schedule attached hereto (the "Disclosure Schedule").

2.1 Organization, Qualification and Corporate Power. Except as set forth on the Disclosure Schedule, the Company is a corporation duly organized, validly existing and in tax good standing under the laws of the State of Wisconsin. The Company is duly qualified to conduct business and is in corporate and tax good standing under the laws of each jurisdiction in which the

nature of its businesses or the ownership or leasing of its properties requires such qualification. The Company has all requisite corporate power and authority to carry on the businesses in which it is engaged and to own and use the properties owned and used by it. The Company has furnished to the Buyer true and complete copies of its Articles of Incorporation and By-laws, each as amended and as in effect on the date hereof. The Company is not in default under or in violation of any provision of its Articles of Incorporation or By-laws.

2.2 Capitalization. The authorized capital stock of the Company consists of 9,000 shares of Common Stock, of which 100 shares are issued and outstanding and no shares are held in the treasury of the Company. The Disclosure Schedule sets forth a complete and accurate list of all stockholders of the Company, indicating the number of Company Shares held by each such stockholder. All of the issued and outstanding Company Shares are duly authorized, validly issued, fully paid, non-assessable and free of preemptive rights. There are no outstanding or authorized options, warrants, rights, agreements or commitments providing for the issuance, disposition or acquisition of any of its capital stock. There are no outstanding or authorized stock appreciation, phantom stock or similar rights with respect to the Company. There are no agreements, voting trusts, or proxies or understandings with respect to the voting, or registration under the Securities Act of 1933, of any Company Shares. All of the issued and outstanding Company Shares were issued in compliance with applicable federal and state securities laws.

2.3 Authority. The Company has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of the Company. This Agreement has been duly and validly executed and delivered by the Company and constitutes the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

2.4 Noncontravention. Subject to the filing of the Articles of Merger as required by the Wisconsin Business Corporation Law, neither the execution and delivery of this Agreement by the Company, nor the consummation by the Company of the transactions contemplated hereby or thereby, will (a) conflict with or violate any provision of the charter or By-laws of the Company, (b) require on the part of the Company any filing with, or any permit, authorization, consent or approval of, any court,

arbitrational tribunal, administrative agency or commission or other governmental or regulatory authority or agency (a "Governmental Entity"), (c) conflict with, result in a breach of, constitute (with or without due notice or lapse of time or both) a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice, consent or waiver under, any contract, lease, sublease, license, sublicense, franchise, permit, indenture, agreement or mortgage for borrowed money, instrument of indebtedness, Security Interest (as defined below) or other arrangement to which the Company is a party or by which the Company is bound or to which any of their assets is subject, (d) result in the imposition of any Security Interest upon any assets of the Company, or (e) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Company or any of its properties or assets. For purposes of this Agreement, "Security Interest" means any mortgage, pledge, security interest, encumbrance, charge, or other lien (whether arising by contract or by operation of law).

2.5 No Subsidiaries. The Company does not control directly or indirectly or have any direct or indirect equity participation in any corporation, partnership, limited liability company, trust, or other business association.

2.6 Financial Statements. The Company has provided to the Buyer (a) the unaudited balance sheets and statements of income, changes in stockholders' equity and cash flows for each of the last three fiscal years for the Company, and (b) the unaudited balance sheet and statement of income and cash flows for and for the two months ended February 28, 1995. Such financial statements (collectively, the "Financial Statements") have been prepared in accordance with United States generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods covered thereby, fairly present the financial condition, results of operations and cash flows of the Company as of the respective dates thereof and for the periods referred to therein and are consistent with the books and records of the Company.

2.7 Absence of Certain Changes. Since February 28, 1995 (the "Most Recent Fiscal Period End"), there has not been any material adverse change in the assets, business, financial condition or results of operations of the Company, nor has there occurred any event or development which could reasonably be foreseen to result in such a material adverse change in the future, and (b) the Company has not taken any actions not in the ordinary course of business of the Company.

2.8 Undisclosed Liabilities. The Company has no liability (whether known or unknown, whether absolute or contingent, whether liquidated or unliquidated and whether due or to become due), except for (a) liabilities shown on the balance sheet for the Most Recent Fiscal Period End (the "Most Recent Balance Sheet"), (b) liabilities which have arisen after the Most Recent Fiscal Period End in the ordinary course of business and which are not in the aggregate material in the context of the Company's financial position and (c) contractual liabilities incurred in the ordinary course of business which are not required to be reflected on the Most Recent Balance Sheet and which are not in the aggregate material in the context of the Company's financial position. The net worth of the Company as of the Closing Date will not be less than 90% of the net worth of the Company shown on the Most Recent Balance Sheet.

2.9 Tax Matters.

(a) The Company has filed all Tax Returns (as defined below) that it was required to file and all such Tax Returns were correct and complete in all material respects. The Company has paid all Taxes (as defined below) that are shown to be due on any such Tax Returns. The unpaid Taxes of the Company for tax periods through the date of the Most Recent Balance Sheet do not exceed the accruals and reserves for Taxes set forth on the Most Recent Balance Sheet. The Company has no actual or potential liability for any Tax obligation of any taxpayer other than the Company. All Taxes that the Company is or was required by law to withhold or collect have been duly withheld or collected and, to the extent required, have been paid to the proper Governmental Entity. For purposes of this Agreement, "Taxes" means all taxes, charges, fees, levies or other similar assessments or liabilities, including without limitation income, gross receipts, ad valorem, premium, value-added, excise, real property, personal property, sales, use, transfer, withholding, employment, payroll and franchise taxes imposed by the United States of America or any state, local or foreign government, or any agency thereof, or other political subdivision of the United States or any such government, and any interest, fines, penalties, assessments or additions to tax resulting from, attributable to or incurred in connection with any tax or any contest or dispute thereof. For purposes of this Agreement, "Tax Returns" means all reports, returns, declarations, statements or other information required to be supplied to a taxing authority in connection with Taxes.

(b) The Company has delivered to the Buyer correct and complete copies of all federal income Tax Returns, examination reports and statements of deficiencies assessed against or agreed

to by the Company since December 31, 1990. The federal income Tax Returns of the Company have been audited by the Internal Revenue Service or are closed by the applicable statute of limitations for all taxable years through December 31, 1991. No examination or audit of any Tax Returns of the Company by any Governmental Entity is currently in progress or, to the knowledge of the Company threatened or contemplated.

(c) The Company is not a party to any Tax allocation or sharing agreement. The Company has not waived any statute of limitations with respect to Taxes or agreed to an extension of time with respect to a Tax assessment or deficiency.

2.10 Tangible Assets. Except as set forth on the Disclosure Schedule, the Company owns or leases all tangible assets necessary for the conduct of its businesses as presently conducted and as presently proposed to be conducted. Except as set forth on the Disclosure Schedule, each such tangible asset is not subject to any Security Interest, is free from material defects, has been maintained in accordance with normal industry practice, is in good operating condition and repair (subject to normal wear and tear) and is suitable for the purposes for which it presently is used.

2.11 Owned Real Property. The Company does not own any real property.

2.12 Intellectual Property.

(a) The Company owns, or is licensed or otherwise possesses legally enforceable rights to use, all patents, trademarks, trade names, service marks and copyrights, maskworks, schematics, technology, know-how, computer software programs or applications and tangible or intangible proprietary information or material that are necessary to conduct the business of the Company as currently conducted, or planned to be conducted (the "Intellectual Property Rights"). The Disclosure Schedule lists (i) all patents and patent applications and all trademarks, registered copyrights, maskworks, trade names and service marks, which are material to the Company's business and included in the Intellectual Property Rights, including the jurisdictions in which each such Intellectual Property Right has been issued or registered or in which any such application for such issuance and registration has been filed, (ii) all material licenses, sublicenses and other agreements as to which the Company is a party and pursuant to which any person is authorized to use any Intellectual Property Rights, and (iii) all material licenses, sublicenses and other agreements as to which the Company is a party and pursuant to which the Company is authorized to use any

third party patents, trademarks or copyrights, including software ("Third Party Intellectual Property Rights").

(b) The Company is not, nor will it be as a result of the execution and delivery of this Agreement or the performance of its obligations under this Agreement, in breach of any license, sublicense or other agreement relating to the Intellectual Property Rights or Third Party Intellectual Property Rights.

(c) All patents, registered trademarks, service marks and copyrights held by the Company are valid and existing. Except as set forth on the Disclosure Schedule, (i) the Company has not been sued in any suit, action or proceeding which involves a claim of infringement of any patents, trademarks, service marks, copyrights or violation of any trade secret or other proprietary right of any third party; and (ii) the manufacturing, marketing, use, licensing or sale of its products does not infringe any patent, trademark, service mark, copyright, trade secret or other proprietary right of any third party.

2.13 Inventory. All inventory of the Company, whether or not reflected on the Most Recent Balance Sheet, consists of a quality and quantity usable and saleable in the ordinary course of business, except for obsolete items and items of below-standard quality, all of which have been written-off or written-down to net realizable value on the Most Recent Balance Sheet. All inventories not written-off have been priced at the lower of cost or market on a first-in, first-out basis.

2.14 Real Property Leases. The Company has no leases and is on a month-to-month tenancy with respect to its sole place of business at 925 Stewart Street, Madison, Wisconsin.

2.15 Contracts. Section 2.15 of the Disclosure Schedule lists the following arrangements to which the Company is a party:

(a) any written arrangement (or group of related written arrangements) involving in excess of $5,000 or not entered into in the ordinary course of business;

(b) any written arrangement in which the Company has granted "most favored nation" pricing provisions or marketing or distribution rights relating to any products or territory or has agreed to purchase a minimum quantity of goods or services or has agreed to purchase goods or services exclusively from a certain party;

(c) any written arrangement establishing a partnership or joint venture;

(d) any written arrangement concerning confidentiality or noncompetition;

(e) any written arrangement involving any of the Stockholders or their affiliates, as defined in Rule 12b-2 under the Securities Exchange Act of 1934 ("Affiliates"); and

(f) any written arrangement under which the consequences of a default or termination could have a material adverse effect on the assets, business, financial condition, results of operations or future prospects of the Company.

The Company has delivered to the Buyer a correct and complete copy of each written arrangement (as amended to date) listed in Section 2.15 of the Disclosure Schedule. With respect to each arrangement so listed: (i) the arrangement is legal, valid, binding and enforceable and in full force and effect; and (ii) no party is in breach or default, and no event has occurred which with notice or lapse of time would constitute a breach or default or permit termination, modification, or acceleration, under the arrangement.

2.16 Accounts Receivable. All accounts receivable of the Company net of reserves reflected on the Most Recent Balance Sheet are valid receivables subject to no setoffs or counterclaims and are current and fully collectible within 90 days after the date on which they first became due and payable. All accounts receivable reflected in the financial or accounting records of the Company that have arisen since the Most Recent Fiscal Period End are valid receivables subject to no setoffs or counterclaims and are collectible, net of reserves reflected on the Most Recent Balance Sheet.

2.17 Powers of Attorney. There are no outstanding powers of attorney executed on behalf of the Company.

2.18 Insurance. Section 2.18 of the Disclosure Schedule sets forth the following information with respect to each insurance policy (including fire, theft, casualty, general liability, workers compensation, business interruption, environmental, product liability and automobile insurance policies and bond and surety arrangements) to which the Company has been a party, a named insured, or otherwise the beneficiary of coverage at any time within the past five years:

(a) the name of the insurer, the name of the policyholder and the name of each covered insured;

(b) the policy number and the period of coverage;

(c) the scope (including an indication of whether the coverage was on a claims made, occurrence, or other basis) and amount (including a description of how deductibles and ceilings are calculated and operate) of coverage; and

(d) a description of any retroactive premium adjustments or other loss-sharing arrangements.

Except as set forth in Section 2.18 of the Disclosure Schedule, the Company has not received any notice from the insurer disclaiming coverage or reserving rights with respect to a particular claim or such policy in general, and to the best of the Company's knowledge, except as set forth on the Disclosure Schedule, (i) the Company is not in breach or default (including with respect to the payment of premiums or the giving of notices) under such policy, and no event has occurred which, with notice or the lapse of time, would constitute such a breach or default or permit termination, modification or acceleration, under such policy; (ii) each such insurance policy is enforceable and in full force and effect; and (iii) each such policy will continue to be enforceable and in full force and effect immediately following the Closing in accordance with the terms thereof as in effect prior to the Closing. The Company has not incurred any loss, damage, expense or liability covered by any such insurance policy for which it has not properly asserted a claim under such policy.

2.19 Litigation. The Company is not party to, or to the knowledge of the Company, threatened to be made a party to, (a) any unsatisfied judgement, order, decree, stipulation or injunction, and (b) any claim, complaint, action, suit, or proceeding, or (c) hearing or investigation of or in any Governmental Entity or before any arbitrator.

2.20 Product Warranty. No product manufactured, sold, licensed, leased or delivered by the Company is subject to any guaranty, warranty, right of return or other indemnity beyond the applicable standard terms and conditions of sale or lease, which are set forth in Section 2.20 of the Disclosure Schedule.

2.21 Employees. Section 2.21 of the Disclosure Schedule contains a list of all employees of the Company, along with the position and the annual rate of compensation of each such person. Except as set forth on the Disclosure Schedule, each such employee

has entered into a confidentiality and assignment of inventions agreement with the Company, a copy of which has previously been delivered to the Buyer. To the knowledge of the Company (without inquiry being made), no key employee or group of employees has any plans to terminate employment with the Company.

2.22 Employee Benefits.

(a) Except as set forth in Section 2.22 to the Disclosure Schedule, the Company is not a party to any pension, retirement, profit sharing, savings, bonus, incentive, deferred compensation, group health insurance or group life insurance plan or obligation, or to any collective bargaining agreement or other contract, written or oral, with any trade or labor union, employees' association or similar organization. The Company does not have any obligations to provide to its active employees or current retirees any post-retirement non-pension benefits. There are no labor disputes pending or threatened by, or to the best knowledge or the Company, any attempts at union organization of, any of the employees of the Company.

(b) The Company (i) is and has been in compliance with all applicable laws respecting employment and employment practices, terms and conditions of employment, and wages and hours (including, but not limited to, the Worker Adjustment and Retraining Notification Act, 29 U.S.C. 2101 et seq. ("WARN"), or any similar state or local law), (ii) has made all contributions required to be made under any state unemployment or disability laws or regulations and has accrued the amount of any such contribution required for any period prior to the Closing Date which is not yet due and payable and (iii) is not engaged in any unfair labor practice, and there are no arrears in the payment of wages or taxes with respect to employees.

(c) Except as set forth in Section 2.22 of the Disclosure Schedule, no employee has any claims pending against the Company (whether under any law, any employment agreement or otherwise) on account of or for (i) overtime pay, other than overtime pay for the current payroll period, (ii) wages or salary (excluding bonuses and amounts accruing under pension and profit sharing plans) for any period other than the current payroll period, (iii) vacation, time off or pay in lieu of vacation or time off, other than that earned in respect of the current fiscal year, (iv) any violation of any statute, ordinance or regulation relating to minimum wages or maximum hours of work or (v) the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

DSL PSK PBM 3/29/95

Except as set forth in employment agreements referenced in the Disclosure Schedule

(d) The Company is not, and Buyer and the Surviving Corporation will not be, pursuant to any employment agreement, employee benefit plan or other law, arrangement or understanding, obligated to pay or liable for the payment of any compensation (including accrued vacation), severance pay or other benefit (including any disability benefit or payment or any unfunded liabilities relating to pension benefits) by reason of the voluntary termination of employment of any employee, the voluntary or involuntary termination prior to the Closing Date of employment of any employee, or the consummation of the transactions contemplated by this Agreement.

(e) With respect to all employee benefit plans (as defined in ERISA) for which any employee is or was eligible to participate in, the Company or any entity which, within the last 5 years, has been under common control or affiliated with the Company (an "ERISA Affiliate") within the meaning of Section 414(b), (c) or (m) of the Internal Revenue Code of 1985, as amended (the "Code), is in compliance with the requirements prescribed by any and all statutes, orders or governmental rules or regulations currently in effect, including, but not limited to, ERISA and the Code, applicable to such employee benefit plans and the Company is in compliance with its obligations under the terms of such plans. None of the employee benefit plans are subject to Title IV of ERISA. Neither the Company nor any ERISA Affiliate has ever been obligated to contribute to any "multi-employer plan" as such term is defined in Section III(37) of ERISA. No employee benefit plan of the Company or any ERISA Affiliate has engaged in any prohibited transaction as such term is defined in Section 4975 of the Code or Section 406 of ERISA.

2.23 Environmental Matters.

(a) Except as set forth in Section 2.23(a) of the Disclosure Schedule, the Company has complied with all applicable Environmental Laws (as defined below). There is no pending or, to the best knowledge of the Company, threatened civil or criminal litigation, written notice of violation, formal administrative proceeding, or investigation, inquiry or information request by any Governmental Entity, relating to any Environmental Law involving the Company. For purposes of this Agreement, "Environmental Law" means any federal, state or local law, statute, rule or regulation or the common law relating to the environment or occupational health and safety, including without limitation any statute, regulation or order pertaining to (i) treatment, storage, disposal, generation and transportation of industrial, toxic or hazardous substances or solid or hazardous waste; (ii) air, water and noise pollution; (iii) groundwater and

soil contamination; (iv) the release or threatened release into the environment of industrial, toxic or hazardous substances, or solid or hazardous waste, including without limitation emissions, discharges, injections, spills, escapes or dumping of pollutants, contaminants or chemicals; (v) the protection of wild life, marine sanctuaries and wetlands, including without limitation all endangered and threatened species; (vi) storage tanks, vessels and containers; (vii) underground and other storage tanks or vessels, abandoned, disposed or discarded barrels, containers and other closed receptacles; (viii) health and safety of employees and other persons; and (ix) manufacture, processing, use, distribution, treatment, storage, disposal, transportation or handling of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or oil or petroleum products or solid or hazardous waste. As used above, the terms "release" and "environment" shall have the meaning set forth in the federal Comprehensive Environmental Compensation, Liability and Response Act of 1980 ("CERCLA").

(b) Except as set forth in Section 2.23(b) of the Disclosure Schedule, to the best knowledge of the Company, there have been no releases of any Materials of Environmental Concern (as defined below) into the environment at any parcel of real property or any facility formerly or currently owned, operated or controlled by the Company. With respect to any such releases of Materials of Environmental Concern, the Company has given all required notices to Governmental Entities (copies of which have been provided to the Buyer). The Company is not aware of any releases of Materials of Environmental Concern at parcels of real property or facilities other than those owned, operated or controlled by the Company that could reasonably be expected to have an impact on the real property or facilities owned, operated or controlled by the Company. For purposes of this Agreement, "Materials of Environmental Concern" means any chemicals, pollutants or contaminants, hazardous substances (as such term is defined under CERCLA), solid wastes and hazardous wastes (as such terms are defined under the federal Resources Conservation and Recovery Act), toxic materials, oil or petroleum and petroleum products.

(c) Set forth in Section 2.23(c) of the Disclosure Schedule is a list of all environmental reports, investigations and audits (whether conducted by or on behalf of the Company or a third party, and whether done at the initiative of the Company or directed by a Governmental Entity or other third party) relating to premises currently or previously owned or operated by the Company. Complete and accurate copies of each such report, or the

results of each such investigation or audit, have been provided to the Buyer.

(d) Set forth in Section 2.23(d) of the Disclosure Schedule is a list of all of the solid and hazardous waste transporters and treatment, storage and disposal facilities that have been utilized by the Company. The Company is not aware of any material environmental liability of any such transporter or facility.

2.24 Legal Compliance. The Company is in compliance with each law (including rules and regulations thereunder) of any federal, state, local or foreign government, or any Governmental Entity, which (a) affects or relates to this Agreement or the transactions contemplated hereby or (b) is applicable to the Company, except for any violation of or default under a law referred to in clause (b) above which reasonably may be expected not to have a material adverse effect on the assets, business, financial condition, results of operations or future prospects of the Company.

2.25 Permits. Section 2.25 of the Disclosure Schedule sets forth a list of all permits, licenses, registrations, certificates, orders or approvals from any Governmental Entity (including without limitation those issued or required under Environmental Laws and those relating to the occupancy or use of owned or leased real property) ("Permits") issued to or held by the Company. Such listed Permits are the only Permits that are required for the Company to conduct its business as presently conducted or as proposed to be conducted, except for those the absence of which would not have any material adverse effect on the assets, business, financial condition, results of operations or future prospects of the Company. Each such Permit is in full force and effect and, to the best of the knowledge of the Company, no suspension or cancellation of such Permit is threatened and there is no basis for believing that such Permit will not be renewable upon expiration. Except as set forth in Section 2.25 of the Disclosure Schedule, each such Permit will continue in full force and effect following the Closing.

2.26 Certain Business Relationships With Affiliates. No Stockholder or other Affiliate of the Company (a) owns any property or right, tangible or intangible, which is used in the business of the Company , (b) has any claim or cause of action against the Company, or (c) owes any money to the Company.

2.27 Brokers' Fees. The Company has no liability or obligation to pay any fees or commissions to any broker, finder or

agent with respect to the transactions contemplated by this Agreement.

2.28 Books and Records. The minute books and other similar records of the Company contain true and complete records of all actions taken at any meetings of the Company's stockholders, Board of Directors or any committee thereof and of all written consents executed in lieu of the holding of any such meeting. The books and records of the Company accurately reflect in all material respects the assets, liabilities, business, financial condition and results of operations of the Company and have been maintained in accordance with good business and bookkeeping practices.

2.29 Customers and Suppliers. No unfilled customer order or commitment obligating the Company to process, manufacture or deliver products or perform services will result in a loss to the Company. No purchase order or commitment of the Company is in excess of normal requirements, nor are prices provided therein in excess of current market prices for the products or services to be provided thereunder. No material supplier of the Company has indicated within the past year that it will stop, or decrease the rate of, supplying materials, products, or services to them and no material customer of the Company has indicated within the past year that it will stop, or decrease the rate of, buying materials, products or services from them. Section 2.29 of the Disclosure Schedule sets forth a list of (a) each customer that accounted for more than 5% of the revenues of the Company during the last full fiscal year and the amount of revenues accounted for by such customer during each such period, (b) each supplier that is the sole supplier of any significant product or component to the Company, and (c) all written complaints by customers (including all logs, not previously destroyed by the Company in the ordinary course of business, summarizing complaints received by telephone) relating to products or services of the Company.

2.30 Pooling. Neither the Company nor any of the Stockholders has taken or agreed to take any action that, to its knowledge, would prevent the Buyer from accounting for the business combination to be effected by the Merger as a "pooling of interests."

2.31 Company Action. The Board of Directors and the Stockholders have unanimously approved this Agreement and the Merger in accordance with the provisions of the Wisconsin Business Corporation Law.

2.32 Confidential Information. The Company has not disclosed any information of a proprietary or confidential nature

(including without limitation information concerning the Company's products, technology or customer lists) to any person or entity who has not signed an agreement obligating such person or entity not to disclose any such proprietary or confidential information (other than its employees, directors, counsel, financial advisors or accountants), except as described in Section 2.32 of the Disclosure Schedule.

2.33 Disclosure. No representation or warranty by the Company contained in this Agreement, and no statement contained in the Disclosure Schedule or any other document, certificate or other instrument delivered to or to be delivered by or on behalf of the Company pursuant to this Agreement, and no other statement made by the Company or any of its representatives in connection with this Agreement, contains any untrue statement of a material fact or omits to state any material fact necessary, in light of the circumstances under which it was made, in order to make the statements herein or therein not misleading. To the best of its knowledge, the Company has disclosed to the Buyer all material information relating to the business of the Company or the transactions contemplated by this Agreement.

3. Representations and Warranties of the Buyer and the Transitory Subsidiary.

Each of the Buyer and the Transitory Subsidiary represents and warrants to the Company as follows:

3.1 Organization. Each of the Buyer and the Transitory Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation.

3.2 Authorization of Transaction. Each of the Buyer and the Transitory Subsidiary has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder and thereunder. The execution and delivery of this Agreement by the Buyer and the Transitory Subsidiary and the performance of this Agreement and the consummation of the transactions contemplated hereby by the Buyer and the Transitory Subsidiary have been duly and validly authorized by all necessary corporate action on the part of the Buyer and the Transitory Subsidiary. This Agreement has been duly and validly executed and delivered by the Buyer and the Transitory Subsidiary and constitutes a valid and binding obligation of the Buyer and the Transitory Subsidiary enforceable against them in accordance with its terms.

3.3 Noncontravention. Neither the execution and delivery of this Agreement by the Buyer or the Transitory Subsidiary, nor the consummation by the Buyer and the Transitory Subsidiary of the transactions contemplated hereby or thereby, will (a) conflict with or violate any provision of the charter or By-laws of the Buyer or the Transitory Subsidiary, (b) require on the part of the Buyer or the Transitory Subsidiary any filing with, or any permit, authorization, consent or approval of, any Governmental Entity, (c) conflict with, result in a breach of, constitute (with or without due notice or lapse of time or both) a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice, consent or waiver under, any contract, lease, sublease, license, sublicense, franchise, permit, indenture, agreement or mortgage for borrowed money, instrument of indebtedness, Security Interest or other arrangement to which the Buyer or the Transitory Subsidiary is a party or by which the Buyer or the Transitory Subsidiary is bound or to which any of their assets is subject, (d) result in the imposition of any Security Interest upon any assets of the Buyer or the Transitory Subsidiary, or (e) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Buyer or the Transitory Subsidiary or any of their properties or assets.

3.4 Legal Compliance. The Buyer and the Transitory Subsidiary are in compliance with each law (including rules and regulations thereunder) of any federal, state, local or foreign government, or any Governmental Entity, which (a) affects or relates to this Agreement or the transactions contemplated hereby or (b) is applicable to such party, except for any violation of or default under a law referred to in clause (b) above which reasonably may be expected not to have a material adverse effect on the assets, business, financial condition, results of operations or future prospects of such party.

3.5 Brokers' Fees. Neither the Buyer nor the Transitory Subsidiary has any liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement.

4. Closing Conditions.

4.1 Conditions to Obligations of the Buyer. The obligation of the Buyer and the Transitory Subsidiary to consummate the Merger is subject to the satisfaction of the following conditions:

(a) the Company and the Stockholders shall have obtained all of the waivers, permits, consents, approvals or other

authorizations, and effected all of the registrations, filings and notices, referred to in Section 2.4, and shall have delivered copies thereof to the Buyer;

(b) the representations and warranties of the Company set forth in Article 2 shall be true and correct at the Closing Date;

(c) the Company shall have performed or complied with its agreements and covenants required to be performed or complied with under this Agreement as of or prior to the Closing;

(d) no action, suit or proceeding shall be pending or threatened before any Governmental Entity wherein an unfavorable judgment, order, decree, stipulation or injunction would (i) prevent consummation of any of the transactions contemplated by this Agreement, (ii) cause any of the transactions contemplated by this Agreement to be rescinded following consummation or (iii) affect adversely the right of the Buyer to own, operate or control any of the assets or operations of the Company, and no such judgment, order, decree, stipulation or injunction shall be in effect;

(e) the Stockholders shall each have delivered to the Buyer a certificate (without qualification as to knowledge or materiality or otherwise) to the effect that each of the conditions specified in clauses (a) through (d) of this Section 4.1 is satisfied in all respects;

(f) the Buyer shall have received from counsel to the Company an opinion with respect to the matters set forth in Exhibit B attached hereto, addressed to the Buyer and dated as of the Closing Date;

(g) each of the Stockholders shall have executed and delivered to the Buyer an Investment Representation Letter in the form attached hereto as Exhibit C;

(h) each of the Stockholders shall have executed and delivered to the Buyer the Buyer's standard form of non-disclosure and inventions assignment agreement;

(i) the Buyer shall have received at or prior to the Closing such additional documents, instruments or certificates as the Buyer may reasonably request including, without limitation:

(i) the stock certificates representing the Company Shares;

(ii) certificates of the Secretary of State and the Department of Revenue of the State of Wisconsin as to the legal existence and good status (including tax) of the Company in Wisconsin;

(iii) where required by the applicable lease, estoppel certificates from each lessor from whom the Company leases real or personal property consenting to the acquisition of the Shares by the Buyer and the other transactions contemplated hereby, and representing that there are no outstanding claims against the Company under such lease;

(iv) certificates of appropriate governmental officials in each state, if any, in which the Company is required to qualify to do business as a foreign corporation as to the due qualification and good standing (including tax) of the Company in each such jurisdiction; and

(v) the original corporate minute books of the Company and all corporate seals.

(j) all actions to be taken by the Company in connection with the consummation of the transactions contemplated hereby and all certificates, opinions, instruments and other documents required to effect the transactions contemplated hereby shall be reasonably satisfactory in form and substance to the Buyer.

4.2 Conditions to Obligations of the Company. The obligation of the Company to consummate the Merger is subject to the satisfaction of the following conditions:

(a) the representations and warranties of the Buyer and the Transitory Subsidiary set forth in Article 3 shall be true and correct at the Closing Date;

(b) the Buyer and the Transitory Subsidiary shall have performed or complied with their agreements and covenants required to be performed or complied with under this Agreement as of or prior to the Closing;

(c) the Buyer and the Transitory Subsidiary shall have delivered to the Company a certificate (without qualification as to knowledge or materiality or otherwise) to the effect that each of the conditions specified in clauses (a) and (b) of this Section 4.2 is satisfied in all respects;

(d) either the Stockholders shall have been released from their guarantees of the Company's obligations to M+I Madison Bank or the Buyer shall have indemnified the Stockholders with respect thereto in a manner satisfactory to the Stockholders and their counsel;

(e) the Company shall have received from Hale and Dorr an opinion with respect to the matters set forth in Exhibit D attached hereto, addressed to the Company and dated as of the Closing Date; and

(f) all actions to be taken by the Buyer and the Transitory Subsidiary in connection with the consummation of the transactions contemplated hereby and all certificates, opinions, instruments and other documents required to effect the transactions contemplated hereby shall be reasonably satisfactory in form and substance to the Company and the Stockholders.

5. Indemnification.

5.1 Indemnification. The Stockholders, jointly and severally, shall indemnify the Surviving Corporation and the Buyer and their affiliates, directors, officers, employees and agents (the "Indemnified Persons") in respect of, and hold the Indemnified Persons harmless against, any and all debts, obligations and other liabilities (whether absolute, accrued, contingent, fixed or otherwise, or whether known or unknown, or due or to become due or otherwise), monetary damages, fines, fees, penalties, interest obligations, deficiencies, losses and expenses (including without limitation amounts paid in settlement, interest, court costs, costs of investigators, fees and expenses of attorneys, accountants, financial advisors and other experts, and other expenses of litigation, but in all cases net of insurance proceeds) incurred or suffered by the Indemnified Persons or any Affiliate thereof ("Damages"):

(a) resulting from, relating to or constituting any misrepresentation, breach of warranty or failure to perform any covenant or agreement of the Stockholders or the Company contained in this Agreement;

(b) any misrepresentation by either of the Stockholders or the Company contained in any statement, certificate or schedule furnished by, or caused to be furnished by, either of the Stockholders or the Company pursuant to this Agreement or in connection with the transactions contemplated by this Agreement;

(c) any claim by a stockholder or former stockholder of the Company, or any other person or entity, seeking to assert, or based upon: (i) ownership or rights to ownership of any shares of stock of the Company, or options therefor; (ii) any rights as a stockholder of the Company (other than the right to receive the Merger Shares pursuant to this Agreement); (iii) any rights under the Articles of Incorporation or By-laws of the Company; or (iv) any claim that his shares were wrongfully repurchased by the Company;

(d) any violation by the Company of, or any failure by the Company to comply with, any law, ruling, order, decree, regulation or zoning, environmental or permit requirement applicable to the Company, its assets or its business, whether or not any such violation or failure to comply has been disclosed to the Buyer;

(e) any warranty or other customer claim or product liability claim, net of reserves reflected on the Most Recent Balance Sheet, relating to (i) products manufactured or sold by the Company prior to the Closing Date or (ii) the Company's business or operation prior to the Closing Date;

(f) any tax liabilities or obligations of the Company arising on or prior to the Closing Date; and

(g) any claims against, or liabilities or obligations of, the Company with respect to obligations under employee plans of the Company arising on or prior to the Closing Date.

5.2 Method of Asserting Claims.

(a) If a third party asserts that an Indemnified Person is liable to such third party for a monetary or other obligation which may constitute or result in Damages for which such Indemnified Person may be entitled to indemnification pursuant to this Article 5, and such Indemnified Person reasonably determines that it has a valid business reason to fulfill such obligation, then (i) such Indemnified Person shall be entitled to satisfy such obligation, without prior notice to or consent from Perry Kivolowitz, as the Indemnification Representative (the "Indemnification Representative"), (ii) such Indemnified Person may make a claim for indemnification pursuant to this Article 5, and (iii) such Indemnified Person shall be reimbursed for any such Damages for which it is entitled to indemnification pursuant to this Article 5.

(b) The Indemnified Person shall give prompt written notification to the Indemnification Representative of the commencement of any action, suit or proceeding relating to a third party claim for which indemnification pursuant to this Article 5 may be sought. Within 10 days after delivery of such notification, the Indemnification Representative may, upon written notice thereof to the Indemnified Person, assume control of the defense of such action, suit or proceeding with counsel reasonably satisfactory to the Indemnified Person, provided the Indemnification Representative acknowledges in writing to the Indemnified Person that any damages, fines, costs or other liabilities that may be assessed against the Indemnified Person in connection with such action, suit or proceeding constitute Damages for which the Indemnified Person shall be entitled to indemnification pursuant to this Article 5, and provided that the Indemnified Person, in his, her or its reasonable judgment, does not determine that the indemnifying parties do not have liquid assets (which shall include the Damage Shares, less any Shortfall Shares (as defined below)) reasonably sufficient to meet their obligations hereunder. If the Indemnification Representative does not so assume control of such defense, the Indemnified Person shall control such defense. The party not controlling such defense may participate therein at its own expense; provided that if the Indemnification Representative assumes control of such defense and the Indemnified Person reasonably concludes that the indemnifying parties and the Indemnified Person have conflicting interests or different defenses available with respect to such action, suit or proceeding, the reasonable fees and expenses of counsel to the Indemnified Person shall be considered "Damages" for purposes of this Agreement. The party controlling such defense shall keep the other party advised of the status of such action, suit or proceeding and the defense thereof and shall consider in good faith recommendations made by the other party with respect thereto. The Indemnified Person shall not agree to any settlement of such action, suit or proceeding without the prior written consent of the Indemnification Representative, which shall not be unreasonably withheld. The Indemnification Representative shall not agree to any settlement of such action, suit or proceeding without the prior written consent of the Indemnified Person, which shall not be unreasonably withheld.

5.3 Treatment of Indemnity Payments. Any payment made to an Indemnified Person pursuant to this Article 5 shall be treated as a reduction in the purchase price payable by the Buyer in the Merger.

5.4. Survival. The representations, warranties, covenants and agreements of the Company set forth in this Agreement shall

survive the Closing and the consummation of the transactions contemplated hereby and continue until one year after the Closing Date and shall not be affected by any examination made for or on behalf of the Buyer or the knowledge of any of the Buyer's officers, directors, stockholders, employees or agents. If a notice of a claim for indemnification is given before the expiration date of the representation on which the claim was based, then (notwithstanding the expiration of such time period) the representation, warranty, covenant or agreement applicable to such claim shall survive until, but only for purposes of, the resolution of such claim.

5.5 Limitations.

(a) Notwithstanding anything to the contrary herein, (I) the aggregate liability of the Stockholders under this Article 5 shall not exceed (i) with respect to claims for indemnification made prior to July 1, 1995, 170,358 Merger Shares; and (ii) with respect to claims for indemnification made on or after July 1, 1995, 85,179 Merger Shares less any amounts paid for claims made prior to July 1, 1995 (other than with respect to any claims arising out of the underpayment of taxes or under any Environmental Law, for which there shall be no limitation), and (II) the Stockholders shall not be liable under this Article 5 unless and until the aggregate Damages exceeds 682 Merger Shares (at which point the Stockholders shall become liable for the aggregate Damages, and not just amounts in excess of 682 Merger Shares. With respect to the Merger Shares which have been transferred, the limitations set forth in this Subsection 5.5(a) shall be calculated pursuant to clause (iii) of Subsection 5.5(b).

(b) Any claim for indemnification pursuant to this Article 5 shall be asserted solely pursuant to the Escrow Agreement to the extent the Escrow Shares then held pursuant to the Escrow Agreement are sufficient to satisfy such claim. To the extent the Escrow Shares then held pursuant to the Escrow Agreement are not sufficient to satisfy such claim, such claim may be asserted directly against the Stockholders, provided that the procedural provisions of Section 4 of the Escrow Agreement shall apply to the resolution of any disputes concerning such claim. Any Damages payable by the Stockholders pursuant to such a claim shall be payable and denominated in Damage Shares or their equivalents as follows: (i) the Damages shall be divided by $29.35 to determine the number of shares required to satisfy such Damages (the "Damage Shares"); (ii) Damage Shares shall be paid first in Merger Shares to the extent still held by the Stockholders; (iii) to the extent Damages Shares exceed Merger Shares still held by the Stockholders (the "Shortfall Shares"), the Stockholders shall pay an amount of

cash equal to the Shortfall Shares times the fair market value per share on the date of sale, or other transfer, by the Stockholders. When placing a value on Shortfall Shares, the Merger Shares most recently sold or transferred by the Stockholders shall be considered first. Provided the full amount of the Damages shall be paid to the Buyer, the determination of the number of Shortfall Shares and Merger Shares payable by the Stockholders shall be calculated separately with respect to each such Stockholder based on the number of Merger Shares held by each such Stockholder at the time the Damages are calculated.

5.6 Set-Off. The Buyer shall have the right to set off against any amounts payable (whether in cash, stock or otherwise) by it to the Stockholders under this Agreement any amounts due to it on account of this Article 5, or otherwise under this Agreement.

6. Post-Closing Agreements.

The Stockholders agree that from and after the Closing Date:

6.1 Proprietary Information.

(a) Each of the Stockholders and each of their Affiliates shall hold in confidence and shall use their reasonable efforts to have all persons who were officers, directors and other personnel employed by the Company at the time of or prior to the Closing (such officers, directors and other personnel, other than the Stockholders and their Affiliates, being hereinafter referred to as "Company Employees") to hold in confidence all Confidential Information (as defined in the Buyer's standard form of nondisclosure and inventions assignment agreement) with respect to the business of the Company and not to disclose, publish or make use of the same without the consent of the Buyer, except to the extent that such Confidential Information shall have become public knowledge other than by breach of this Agreement by the Stockholders.

(b) If (i) the employment of a Company Employee to whom Confidential Information concerning the business of the Company has been disclosed is terminated and (ii) such individual is subject to an obligation to maintain such Confidential Information in confidence after such termination, the Stockholders shall, upon request by the Buyer, take all reasonable steps at the Buyer's expense to enforce such confidentiality obligation in the event of an actual or threatened breach thereof. Any legal counsel retained by any such Stockholder in connection with any such

enforcement or attempted enforcement shall be selected by the Buyer and any and all recoveries obtained shall be the property of the Buyer.

(c) Each Stockholder agrees that the remedy at law for any breach of this Subsection 6.1 would be inadequate and that the Buyer shall be entitled to injunctive relief in addition to any other remedy it may have upon breach of any provision of this Subsection 6.1.

(d) If the Stockholders' have used their reasonable efforts to prevent the unauthorized disclosure of Confidential Information by any Company Employee, and such Confidential Information is disclosed, such disclosure shall neither constitute a breach of this Agreement by the Stockholders, nor shall the Stockholders be liable to the Buyer or the Surviving Corporation for any damages either may incur.

6.2 No Solicitation or Hiring of Former Employees. Except as provided by law, for a period of five years after the Closing Date, no Stockholder nor any Affiliate thereof shall (a) solicit any person who was an employee of the Surviving Corporation or of the Buyer at any time during such five-year period to terminate his or her employment with the Buyer or any of its Affiliates or to become an employee of such Stockholder or Affiliate, or (b) hire any person who was an employee of the Surviving Corporation or the Buyer at any time during such five-year period and whose principal place of employment is in Wisconsin (or any subsequent location to which the activities now or subsequently carried on by the personnel of the Surviving Company (or successor thereto) are subsequently moved). For purposes hereof, "Buyer" shall mean the Buyer and any or all of its Affiliates.

The restrictions set forth in Subsection 6.2(b), however shall not apply with respect to any person whose employment was terminated at the sole discretion of the Buyer, the Surviving Corporation, or any successor to either during such five year period, provided that no solicitation is made by either Stockholder or any Affiliate thereof prior to 18 months after the termination of any such person's employment.

6.3 Relocation Costs. In the event that Buyer, at any time prior to the third anniversary of the Closing Date, determines to move the Surviving Corporation's facilities (which Buyer may do in its sole discretion), Buyer shall pay the reasonable relocation costs of those employees which it will continue to employ at the new location, including reasonable moving costs and a salary adjustment determined by the Buyer to be appropriate to reflect

competitive salaries in the new location, and, in the case of the Stockholders, reasonable brokerage commissions paid on the sale of their principal residence in Wisconsin.

6.4 Agreements re: Pooling. In order to help ensure that the Merger will be accounted for as "pooling of interests," the Company shall use its best efforts to ensure that no Stockholder sells, transfers or otherwise disposes of, or reduces his interest in or risk relating to, any Merger Shares issued to him until after the date on which the Buyer has published (within the meaning of Accounting Series Release No. 130, as amended, of the SEC) financial results covering at least 30 days of combined operations of the Buyer and the Company (the "Pooling Date").

7. Registration Rights.

7.1 Demand Registration of Shares. At the request of both of the Stockholders, the Buyer shall file with the Securities and Exchange Commission (the "SEC") up to two registration statements on Form S-3 (the "Stockholder Registration Statements") covering the resale to the public by Stockholders of up to 83,300 Initial Shares held by each Stockholder. Notwithstanding the foregoing, in the event that, following the receipt by the Buyer of notice from the Stockholders (a "Stockholder Notice") requesting the filing of a Stockholder Registration Statement , the Buyer notifies the Stockholders that it has plans to file a Registration Statement with the SEC prior to July 1, 1995 pursuant to which the Stockholders would have the right to register that number of Initial Shares held by each Stockholder which the Stockholders have requested to be so registered in the Stockholder Notice (a "Buyer Initiated Filing"), the Stockholders agree that the shares which they had so requested to be registered may be included in the Buyer Initiated Filing, and the Buyer Initiated Filing shall constitute one of the two Stockholder Registration Statements permitted hereunder; provided that, if for any reason the Buyer determines not to make the Buyer Initiated Filing and pursue the effectiveness thereof, Buyer shall promptly notify the Stockholders and such Buyer Initiated Filing shall no longer constitute one of the two Stockholder Registration Statements and the Buyer shall then promptly proceed with the filing of the Stockholder Registration Statement pursuant to the Stockholder Notice in its possession. The Buyer shall include in a Stockholder Registration Statement all of the Initial Shares requested to be registered therein (the "Registrable Shares"), subject to the limitations described below, and shall use its best efforts to cause each Stockholder Registration Statement to be declared effective by the SEC as soon as possible; provided, however, that the Stockholder Registration Statement shall not be

declared effective until after the Pooling Date. The Buyer shall cause the Stockholder Registration Statement to remain effective for a period of at least 90 days or until such earlier time as the Registrable Shares then subject to such Stockholder Registration Statement have been sold pursuant thereto.

7.2 Limitations on Registration Rights.

(a) The Buyer may delay filing a requested Stockholder Registration Statement with the SEC in the event that the Buyer, at the time of such request, is engaged in or plans to engage in a public offering of its securities, acquisition or any other activity that the Buyer in good faith determines might be adversely affected by the filing of such Stockholder Registration Statement, provided such right to delay a filing may not be exercised more than once in any 12 month period and any such delay shall be for not more than 180 days. In addition, the Buyer may, by written notice to the Stockholders, suspend a Stockholder Registration Statement and require that the Stockholders immediately cease sales of shares pursuant to such Stockholder Registration Statement, in any period during which the Buyer is engaged in any activity or transaction or preparations or negotiations for any activity or transaction ("Buyer Activity") that the Buyer desires to keep confidential for business reasons, if the Buyer determines in good faith that the public disclosure requirements imposed on the Buyer under the Securities Act in connection with such Stockholder Registration Statement would require disclosure of the Buyer Activity.

(b) If the Buyer suspends a Stockholder Registration Statement or requires the Stockholders to cease sales of shares pursuant to paragraph (a) above, the Buyer shall, as promptly as practicable following the termination of the circumstance which entitled the Buyer to do so, take such actions as may be necessary to reinstate the effectiveness of such Stockholder Registration Statement and/or give written notice to the Stockholders authorizing them to resume sales pursuant to such Stockholder Registration Statement. If the prospectus included in such Stockholder Registration Statement has been amended to comply with the requirements of the Securities Act, the Buyer shall enclose such revised prospectus with the notice to Stockholders given pursuant to this paragraph (b), and the Stockholders shall make no offers or sales of shares pursuant to such Stockholder Registration Statement other than by means of such revised prospectus.

7.3 Incidental Registration.

(a) Whenever, prior to the second anniversary of the Closing Date, the Buyer proposes to file a Registration Statement covering shares to be sold by the Buyer at any time and from time to time, it will, prior to such filing, give written notice to the Stockholders of its intention to do so and, upon the written request of a Stockholder or Stockholders given within 20 days after the Buyer provides such notice (which request shall state the intended method of disposition of such Initial Shares), the Buyer shall use its best efforts to cause all Initial Shares (up to 83,300 Initial Shares per Stockholder) which the Buyer has been requested by such Stockholder or Stockholders to register to be registered under the Securities Act to the extent necessary to permit their sale or other disposition in accordance with the intended methods of distribution specified in the request of such Stockholder or Stockholders; provided that the Buyer shall have the right to postpone or withdraw any registration effected pursuant to this Section 7.3 without obligation to any Stockholder.

(b) In connection with any registration under this Section 7.3 involving an underwriting, the Buyer shall not be required to include any Initial Shares in such registration unless the holders thereof accept the terms of the underwriting as agreed upon between the Buyer and the underwriters selected by it; provided such conditions are substantially identical for all shares sold by similarly situated persons included in such registration. If in the opinion of the managing underwriter it is appropriate because of marketing factors to limit the number of Initial Shares to be included in the offering, then the Buyer shall be required to include in the registration only that number of Initial Shares, if any, which the managing underwriting believes should be included therein. If the number of Initial Shares to be included in the offering in accordance with the foregoing is less than the total number of shares which the holders of Initial Shares have requested to be included, then the holders of Initial Shares who have requested registration and other holders of securities entitled to include them in such registration shall participate in the registration pro rata based upon their total ownership of shares of Common Stock (giving effect to the conversion into Common Stock of all securities convertible thereinto). If any holder would thus be entitled to include more securities than such holder requested to be registered, the excess shall be allocated among other requesting holders pro rata in the manner described in the preceding sentence.

7.4 Registration Procedures.

(a) In connection with the filing by the Buyer of a Registration Statement, the Buyer shall furnish to each Stockholder a reasonable number of copies of the prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act.

(b) The Buyer shall use its best efforts to register or qualify the Registrable Shares covered by the Registration Statement under the securities laws of such states as the Stockholders shall reasonably request; provided, however, that the Buyer shall not be required in connection with this paragraph (b) to qualify as a foreign corporation or execute a general consent to service of process in any jurisdiction.

(c) If the Buyer has delivered preliminary or final prospectuses to the Stockholders and after having done so the prospectus is amended to comply with the requirements of the Securities Act, the Buyer shall promptly notify the Stockholders and, if requested by the Buyer, the Stockholders shall immediately cease making offers or sales of shares under such Registration Statement and return all prospectuses to the Buyer. The Buyer shall promptly provide the Stockholders with revised prospectuses and, following receipt of the revised prospectuses, the Stockholders shall be free to resume making offers and sales under such Registration Statement.

(d) The Buyer shall pay all expenses incurred by the Buyer in complying with this Article 7 including, without limitation, all registration and filing fees, exchange listing fees, printing expenses, fees and expenses of counsel for the Buyer, state securities laws fees and expenses, and the expense of any special audits incident to or required by any such registration, but excluding underwriting discounts, selling commissions and the fees and expenses of the Stockholders' own counsel (if any).

7.5. Requirements of Stockholders. The Buyer shall not be required to include any Registrable Shares in a Registration Statement unless:

(a) the Stockholder owning such shares furnishes to the Buyer in writing such information regarding such Stockholder, the contemplated distribution of the shares held by such Stockholder and such other information regarding the proposed sale of Registrable Shares by such Stockholder as the Buyer may reasonably request in writing in connection with such Registration Statement

or as shall be required in connection therewith by the SEC or any state securities law authorities;

(b) such Stockholder shall have provided to the Buyer its written agreement:

(i) to indemnify the Buyer and each of its directors and officers against, and hold the Buyer and each of its directors and officers harmless from, any losses, claims, damages, expenses or liabilities (including reasonable attorneys fees) to which the Buyer or such directors and officers may become subject by reason of any statement or omission in such Registration Statement made in reliance upon, or in conformity with, a written statement by such Stockholder furnished pursuant to this Section 7.5; and

(ii) to report to the Buyer sales made pursuant to such Registration Statement; and

(c) in the event of an underwritten offering pursuant to a Stockholder Registration Statement, such Stockholder agrees to execute and deliver an underwriting agreement approved by the Buyer and the holders of at least a majority of the Registrable Shares requested to be registered therein. Any underwriter of such offering shall be subject to the approval of the Buyer, which shall not be unreasonably withheld.

7.6 Assignment of Rights. A Stockholder may not assign any of its rights under this Article 7 except in connection with the transfer of some or all of his Registrable Shares to a child or spouse, or trust for their benefit, provided each such transferee agrees in a written instrument delivered to the Buyer to be bound by the provisions of this Article 7.

7.7 Definitions. For purposes hereof, "Registration Statement" means a registration statement filed by the Buyer with the SEC for a public offering and sale of Buyer Common Stock (other than a registration statement on Form S-8 or Form S-4, or their successors, or any other form for a similar limited purpose, or any registration statement covering only securities proposed to be issued in exchange for securities or assets of another corporation).

7.8 Number of Registrable Shares Not Cumulative. The aggregate number of Initial Shares which may be registered and sold under all Registration Statements under this Article 7 shall not exceed 83,300 Initial Shares per Stockholder (it being understood that if Initial Shares are registered but not sold

under a Registration Statement, they may be registered under another Registration Statement permitted in accordance with this Article 7).

8. Miscellaneous.

8.1 Press Releases and Announcements. No Party shall issue any press release or announcement relating to the subject matter of this Agreement without the prior written approval of the other Parties; provided, however, that any Party may make any public disclosure it believes in good faith is required by law or regulation (in which case the disclosing Party shall advise the other Parties and provide them with a copy of the proposed disclosure prior to making the disclosure).

8.2 No Third Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns.

8.3 Entire Agreement. This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements, or representations by or among the Parties, written or oral, that may have related in any way to the subject matter hereof.

8.4 Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other Parties; provided that the Buyer may assign its rights, interests and obligations hereunder to an Affiliate of the Buyer.

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

8.6 Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

8.7 Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly delivered two business days after it is sent by registered or certified mail, return receipt requested, postage

prepaid, or one business day after it is sent via a reputable nationwide overnight courier service, in each case to the intended recipient as set forth below:

If to the Stockholders:	Copy to:
Perry S. Kivolowitz Daniel G. Esenther c/o Paul S. Gratch, Esq. 30 West Mifflin Street Suite 202 Madison, WI 53703	Paul S. Gratch, Esq. 30 West Mifflin Street Suite 202 Madison, WI 53703
If to the Buyer:	**Copy to:**
Avid Technology, Inc. Metropolitan Technology Park One Park West Tewksbury, MA 01876 Attn: Treasurer	Mark G. Borden, Esq. Hale and Dorr 60 State Street. Boston, MA 02109

Any Party may give any notice, request, demand, claim, or other communication hereunder using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the individual for whom it is intended. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

8.8 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws (and not the law of conflicts) of the Commonwealth of Massachusetts.

8.9 Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the Parties. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

8.10 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any

jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the Parties agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

8.11 Expenses. Except as set forth in the Escrow Agreement, each of the Parties shall bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby, provided, however, that if the Merger is consummated, the Company and the Stockholders agree that the maximum amount of such expenses which may be incurred by the Company, either directly or on behalf of the Stockholders (regardless of whether such expenses are paid before or after the Closing) shall be $47,319.20 and Buyer agrees to pay such amount. PSK DSM 3/21/97 DSE

8.12 Specific Performance. Each of the Parties acknowledges and agrees that one or more of the other Parties would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the Parties agrees that the other Parties shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the Parties and the matter (subject to the provisions of Section 8.13), in addition to any other remedy to which it may be entitled, at law or in equity.

8.13 Submission to Jurisdiction. Each of the Parties (a) submits to the exclusive jurisdiction of any state or federal court sitting in the Commonwealth of Massachusetts in any action or proceeding arising out of or relating to this Agreement, and no other courts, (b) agrees that all claims in respect of the action or proceeding may be heard and determined in any such court, and (c) agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court (other than to

enforce or execute on a judgment). Each of the Parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety or other security that might be required of any other Party with respect thereto. Any Party may make service on another Party by sending or delivering a copy of the process to the Party to be served at the address and in the manner provided for the giving of notices in Section 8.7. Nothing in this Section 8.13, however, shall affect the right of any Party to serve legal process in any other manner permitted by law.

8.14 Construction. The language used in this Agreement shall be deemed to be the language chosen by the Parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any Party. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

8.15 Incorporation of Exhibits and Schedules. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

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

AVID TECHNOLOGY, INC.

By: Paul B. Mueller

Title: Vice President, Engineering

ERTE ACQUISITION CORPORATION

By: Paul B Mueller

Title: Vice President.

ELASTIC REALITY, INC.

By:

Title: President

PERRY S. KIVOLOWITZ

DANIEL G. ESENTHER

CONSENT OF SPOUSES

The undersigned, being the spouses of the aforementioned stockholders of Elastic Reality, Inc., do hereby consent to the transactions described in the foregoing agreement and relinquish all legal rights of any nature whatsoever, including as provided under Wisconsin law relating to marital property rights, in and to any of the Shares (as defined above).

Andrea L. Kivolowitz

Andrea L. Kivolowitz

Lori A. Esenther

Lori A. Esenther

ESCROW AGREEMENT

This Escrow Agreement is entered into as of March 29th, 1995 by and among Avid Technology, Inc., a Delaware corporation (the "Buyer"), Perry S. Kivolowitz (the "Indemnification Representative") and The First National Bank of Boston (the "Escrow Agent").

WHEREAS, the Buyer has acquired all of the outstanding capital shares of Elastic Reality, Inc. (the "Company") pursuant to an Agreement and Plan of Merger dated March 29, 1995 (the "Merger Agreement") by and among the Company, the Buyer and a subsidiary of the Buyer.

WHEREAS, the Merger Agreement provides that an escrow account will be established to secure the Stockholders' indemnification obligations to the Buyer under the Merger Agreement on the terms and conditions set forth herein.

WHEREAS, the parties hereto desire to establish the terms and conditions pursuant to which such escrow account will be established and maintained.

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Defined Terms. Capitalized terms used in this Agreement and not otherwise defined shall have the meanings given them in the Merger Agreement.

2. Consent of Stockholders. By virtue of the Stockholders' approval of the Merger Agreement, the Stockholders receiving shares of Buyer Common Stock pursuant to the Merger (the "Indemnifying Stockholders") have, without any further act of any Stockholder, consented to: (a) the establishment of this escrow to secure the Stockholders' indemnification obligations under Article 5 of the Merger Agreement in the manner set forth herein, (b) the appointment of the Indemnification Representative as their representative for purposes of this Agreement and as attorney-in-fact and agent for and on behalf of each Indemnifying Stockholder, and the taking by the Indemnification Representative of any and all actions and the making of any decisions required or permitted to be taken or made by them under this Agreement and (c) all of the other terms, conditions and limitations in this Agreement.

3. Escrow and Indemnification.

(a) Escrow of Shares. On the Closing Date, the Buyer shall deposit with the Escrow Agent certificates for the number of Escrow Shares specified in Section 1.5(a) of the Merger Agreement, issued in the names of the Stockholders who would otherwise have been entitled to receive such shares. The Escrow Shares shall be held as a trust fund and shall not be subject to any lien, attachment, trustee process or any other judicial process of any creditor of any party hereto. The Escrow Agent agrees to accept delivery of the Escrow Shares and to hold the Escrow Shares in an escrow account (the "Escrow Account"), subject to the terms and conditions of this Agreement and Article 5 of the Merger Agreement.

(b) Indemnification. The Indemnifying Stockholders have agreed in Article 5 of the Merger Agreement to indemnify and hold harmless the Buyer from and against specified Damages. The Escrow Shares shall be security for such indemnity obligation of the Indemnifying Stockholders, subject to the limitations, and in the manner provided, in this Agreement.

(c) Dividends, Etc. Any securities distributable to the Indemnifying Stockholders in respect of or in exchange for any of the Escrow Shares, whether by way of, stock splits, stock dividends or otherwise, shall be delivered to the Escrow Agent, who shall hold such securities in the Escrow Account. Such securities shall be issued in the names of the Indemnifying Stockholders and shall be considered Escrow Shares for purposes hereof. Any cash dividends or property (other than securities) distributable to the Indemnifying Stockholders in respect of the Escrow Shares shall be distributed to the Indemnifying Stockholders.

(d) Voting of Shares. The Indemnifying Stockholders shall have the right to exercise any voting rights pertaining to the Escrow Shares in proportion to their interests therein as set forth in Attachment A.

(e) Transferability. The respective interests of the Indemnifying Stockholders in the Escrow Shares shall not be assignable or transferable, other than by operation of law. Notice of any such assignment or transfer by operation of law shall be given to the Escrow Agent and the Buyer, and no such assignment or transfer shall be valid until such notice is given.

4. Administration of Escrow Account. The Escrow Agent shall administer the Escrow Account as follows:

(a) If the Buyer or the Surviving Corporation has incurred or suffered Damages for which the Buyer is entitled to indemnification under Article 5 of the Merger Agreement, the Buyer shall, prior to April 1, 1996 (the "Termination Date"), give written notice of such claim (a "Claim Notice") to the Indemnification Representative and the Escrow Agent. Each Claim Notice shall state the amount of claimed Damages (the "Claimed Amount") and the basis for such claim.

(b) Within 30 days after delivery of a Claim Notice, the Indemnification Representative shall provide to the Buyer, with a copy to the Escrow Agent, a written response (the "Response Notice") in which the Indemnification Representative shall: (i) agree that Escrow Shares having a Fair Market Value (as computed pursuant to Section 6) equal to the full Claimed Amount may be released from the Escrow Account to the Buyer, (ii) agree that Escrow Shares having a Fair Market Value equal to part, but not all, of the Claimed Amount (the "Agreed Amount") may be released from the Escrow Account to the Buyer or (iii) contest that any of the Escrow Shares may be released from the Escrow Account to the Buyer. The Indemnification Representative may contest the release of Escrow Shares having a Fair Market Value equal to all or a portion of the Claimed Amount only based upon a good faith belief that all or such portion of the Claimed Amount does not constitute Damages for which the Buyer is entitled to indemnification under Article 5 of the Merger Agreement. If no Response Notice is delivered by the Indemnification Representative within such 30-day period, the Indemnification Representative shall be deemed to have agreed that Escrow Shares having a Fair Market Value equal to all of the Claimed Amount may be released to the Buyer from the Escrow Account.

(c) If the Indemnification Representative in the Response Notice agrees (or is deemed to have agreed) that Escrow Shares having a Fair Market Value equal to all of the Claimed Amount may be released from the Escrow Account to the Buyer, the Escrow Agent shall, within two business days following the earlier of the required delivery date for the Response Notice or the delivery of the Response Notice, transfer, deliver and assign to the Buyer such number of Escrow Shares held in the Escrow Account as have a Fair Market Value equal to the Claimed Amount (or such lesser number of Escrow Shares as is then held in the Escrow Account).

(d) If the Indemnification Representative in the Response Notice agrees that Escrow Shares having a Fair Market Value equal to part, but not all, of the Claimed Amount may be released from the Escrow Account to the Buyer, the Escrow Agent shall, within two business days following the required delivery date for the Response Notice, transfer, deliver and assign to the Buyer such number of Escrow Shares held in the Escrow Account which have a Fair Market Value equal to the Agreed Amount (or such lesser number of Escrow Shares as is then held in the Escrow Account).

(e) If the Indemnification Representative in the Response Notice contests the release of Escrow Shares having a Fair Market Value equal to all or part of the Claimed Amount (the "Contested Amount"), the matter shall be settled by binding arbitration in Boston, Massachusetts. All claims shall be settled by three arbitrators in accordance with the Commercial Arbitration Rules then in effect of the American Arbitration Association (the "AAA Rules"). The Indemnification Representative and the Indemnified Person shall each designate one arbitrator within 15 days of the delivery of the Indemnification Representative's Response Notice contesting the Claimed Amount. The Indemnification Representative and the Indemnified Person shall cause such designated arbitrators mutually to agree upon and shall designate a third arbitrator; provided, however, that (i) failing such agreement within 30 days of delivery of the Indemnification Representative's Response Notice, the third arbitrator shall be appointed in accordance with the AAA Rules and (ii) if either the Indemnification Representative or the Indemnified Person fails to timely designate an arbitrator, the dispute shall be resolved by the one arbitrator timely designated. The Indemnification Representative and the Indemnified Person shall pay the fees and expenses of their respective designated arbitrators and shall bear equally the fees and expenses of the third arbitrator. The Indemnification Representative and the Indemnified Person shall cause the arbitrators to decide the matter to be arbitrated pursuant hereto within 60 days after the appointment of the last arbitrator. The arbitrators' decision shall relate solely to whether the Indemnified Person is entitled to receive the Contested Amount (or a portion thereof) pursuant to the applicable terms of the Merger Agreement and this Agreement. The final decision of the majority of the arbitrators shall be furnished to the Indemnification Representative, the Indemnified Person and the Escrow Agent in writing and shall constitute a conclusive determination of the issue in question, binding upon the Indemnification Representative, the Indemnified Person and the

Escrow Agent and shall not be contested by any of them. Such decision may be used in a court of law only for the purpose of seeking enforcement of the arbitrators' award. After delivery of a Response Notice that the Claimed Amount is contested by the Indemnification Representative, the Escrow Agent shall continue to hold in the Escrow Account a number of Escrow Shares having a Fair Market Value sufficient to cover the Contested Amount (up to the number of Escrow Shares then available in the Escrow Account), notwithstanding the occurrence of the Termination Date, until (i) delivery of a copy of a settlement agreement executed by the Buyer and the Indemnification Representative setting forth instructions to the Escrow Agent as to the release of Escrow Shares, if any, that shall be made with respect to the Contested Amount or (ii) delivery of a copy of the final award of the arbitrator setting forth instructions to the Escrow Agent as to the release of Escrow Shares, if any, that shall be made with respect to the Contested Amount. Within two business days following receipt of such a settlement agreement or final award, the Escrow Agent shall transfer, deliver and assign to the Buyer such number of Escrow Shares (if any) held in the Escrow Account (to the extent Escrow Shares are then held in the Escrow Account) as is specified in such agreement or instructions.

5. Release of Escrow Shares.

(a) Promptly after the Termination Date, the Escrow Agent shall distribute to the Indemnifying Stockholders all of the Escrow Shares then held in escrow. Notwithstanding the foregoing, if the Buyer has previously given a Claim Notice which has not then been resolved in accordance with Section 4, the Escrow Agent shall retain in the Escrow Account after the Termination Date a number of Escrow Shares having a Fair Market Value equal to the Claimed Amount which has not then been resolved.

(b) Any distribution of all or a portion of the Escrow Shares to the Indemnifying Stockholders shall be made in accordance with the percentages set forth opposite such holders' respective names on Attachment A attached hereto; provided, however, that the Escrow Agent shall withhold the distribution of the portion of the Escrow Shares otherwise distributable to Indemnifying Stockholders who have not, according to a written notice provided by the Buyer to the Escrow Agent, prior to such distribution, surrendered their respective stock certificates formerly representing Company Shares pursuant to the terms and conditions of the Merger Agreement. Any such withheld shares shall be delivered to the Buyer promptly after the Termination Date, and shall be delivered by the Buyer to the Indemnifying

Stockholders to whom such shares would have otherwise been distributed upon surrender of such stock certificates. Distributions to the Indemnifying Stockholders shall be made by mailing stock certificates to such holders at their respective addresses shown on Attachment A (or such other address as may be provided in writing to the Escrow Agent by any such holder). No fractional Escrow Shares shall be distributed to Indemnifying Stockholders pursuant to this Agreement. Instead, the number of shares that each Indemnifying Stockholder shall receive shall be rounded up or down to the nearest whole number (provided that the Indemnification Representative shall have the authority to effect such rounding in such a manner that the total number of whole Escrow Shares to be distributed equals the number of Escrow Shares then held in the Escrow Account).

6. Valuation of Escrow Shares. For purposes of this Agreement, the Fair Market Value of the Escrow Shares shall be deemed to be $29.35.

7. Escrow Agent Fees. The Buyer shall pay (a) the fees of the Escrow Agent for the services to be rendered by the Escrow Agent hereunder (which shall consist of an acceptance fee of $1,000 and an annual administrative fee of $1,000), and (b) the reasonable costs and expenses (including reasonable fees and expenses of counsel) incurred by the Escrow Agent in connection with its duties hereunder.

8. Limitation of Escrow Agent's Liability.

(a) The Escrow Agent shall incur no liability with respect to any action taken or suffered by it in reliance upon any notice, direction, instruction, consent, statement or other documents believed by it to be genuine and duly authorized, nor for other action or inaction except its own willful misconduct or gross negligence. The Escrow Agent shall not be responsible for the validity or sufficiency of this Agreement. In all questions arising under the Escrow Agreement, the Escrow Agent may rely on the advice of counsel, and for anything done, omitted or suffered in good faith by the Escrow Agent based on such advice the Escrow Agent shall not be liable to anyone. The Escrow Agent shall not be required to take any action hereunder involving any expense unless the payment of such expense is made or provided for in a manner reasonably satisfactory to it. The Escrow Agent's duties shall be determined only with reference to this Escrow Agreement and applicable laws, and the Escrow Agent is not charged with knowledge of or any duties or responsibilities in connection with any other document or agreement.

(b) Subject to Section 7 above, the Buyer and the Indemnifying Stockholders hereby agree, jointly and severally, to indemnify the Escrow Agent for, and hold it harmless against, any loss, liability or expense incurred without gross negligence or willful misconduct on the part of Escrow Agent, arising out of or in connection with its carrying out of its duties hereunder. Subject to Section 7 above, as between themselves, the Buyer, on the one hand, and the Indemnifying Stockholders, on the other hand, shall each be liable for one-half of such amounts.

9. Liability and Authority of Indemnification Representative; Successors and Assignees.

(a) The Indemnification Representative shall incur no liability with respect to any action taken or suffered by them in reliance upon any note, direction, instruction, consent, statement or other documents believed by them to be genuinely and duly authorized, nor for other action or inaction except their own willful misconduct or gross negligence. The Indemnification Representative may, in all questions arising under the Escrow Agreement, rely on the advice of counsel and for anything done, omitted or suffered in good faith by the Indemnification Representative based on such advice, the Indemnification Representative shall not be liable to anyone.

(b) In the event of the death or permanent disability of any Indemnification Representative, or his resignation as an Indemnification Representative, Mr. Daniel G. Esenther shall become the successor Indemnification Representative. The successor Indemnification Representative shall have all of the power, authority, rights and privileges conferred by this Agreement upon the original Indemnification Representative, and the term "Indemnification Representative" as used herein shall be deemed to include the successor Indemnification Representative.

(c) The Indemnification Representative shall have full power and authority to represent the Indemnifying Stockholders, and their successors, with respect to all matters arising under this Agreement and all actions taken by the Indemnification Representative hereunder shall be binding upon the Indemnifying Stockholders, and their successors, as if expressly confirmed and ratified in writing by each of them. Without limiting the generality of the foregoing, the Indemnification Representative shall have full power and authority to interpret all of the terms and provisions of this Agreement, to compromise any claims asserted hereunder and to authorize payments to be made with

respect thereto, on behalf of the Indemnifying Stockholders and their successors. Any action taken or decision made by the Indemnification Representative shall be deemed duly evidenced by a written instrument executed by the Indemnification Representative.

10. Amounts Payable by Indemnifying Stockholders. The amounts payable by the Indemnifying Stockholders under this Agreement (i.e., the fees and expenses of the arbitrator payable pursuant to Section 4(e), and the indemnification obligations pursuant to Sections 8(b) but excluding amounts payable under Section 7 (for which Buyer is exclusively responsible) shall be payable solely as follows. The Indemnification Representative shall notify the Escrow Agent of any such amount payable by the Indemnifying Stockholders as soon as they become aware that any such amount is payable, with a copy of such notice to the Buyer. On the tenth business day after the delivery of such notice, the Escrow Agent shall sell to the Buyer, and the Buyer shall purchase from the Escrow Agent, for a cash purchase price equal to the Fair Market Value per share, as determined pursuant to Section 6, such number of Escrow Shares (up to the number of Escrow Shares then available in the Escrow Account) as is necessary to raise such amount, and shall disburse such proceeds to the party to whom such amount is owed in accordance with the instructions of the Indemnification Representative; provided that if the Buyer delivers to the Escrow Agent (with a copy to the Indemnification Representative), within ten business days after delivery of such notice by the Indemnification Representative, a written notice contesting the legitimacy or reasonableness of such amount, then the Escrow Agent shall not sell Escrow Shares to raise the disputed portion of such claimed amount, and such dispute shall be resolved by the Buyer and the Indemnification Representative in accordance with the procedures set forth in Section 4(e).

11. Termination. This Agreement shall terminate upon the later of the Termination Date or the distribution by the Escrow Agent of all of the Escrow Shares in accordance with this Agreement; provided that the provisions of Sections 8 and 9 shall survive such termination.

12. Notices. All notices, instructions and other communications given hereunder or in connection herewith shall be in writing. Any such notice, instruction or communication shall be sent either (i) by registered or certified mail, return receipt requested, postage prepaid, or (ii) via a reputable nationwide overnight courier service, in each case to the address set forth below. Any such notice, instruction or communication shall be deemed to have been delivered two business days after it is sent

by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent via a reputable nationwide overnight courier service.

If to the Buyer:

Avid Technology, Inc.
Metropolitan Technology Park
One Park West
Tewksbury, MA 01876
Telecopy: (508) 851-7216
Attn: Treasurer

If to the Indemnification Representative:

Perry S. Kivolowitz
c/o Paul S. Gratch, Esq.
30 West Mifflin Street
Suite 202
Madison, WI 53703

If to the Escrow Agent:

The First National Bank of Boston,
as Escrow Agent
150 Royall Street
Mail Stop 45-02-15
Canton, MA 02021
Attn: Corporate Trust Department

Any party may give any notice, instruction or communication in connection with this Agreement using any other means (including personal delivery, telecopy or ordinary mail), but no such notice, instruction or communication shall be deemed to have been delivered unless and until it is actually received by the party to whom it was sent. Any party may change the address to which notices, instructions or communications are to be delivered by giving the other parties to this Agreement notice thereof in the manner set forth in this Section 12.

13. Successor Escrow Agent. In the event the Escrow Agent becomes unavailable or unwilling to continue in its capacity herewith, the Escrow Agent may resign and be discharged from its duties or obligations hereunder by delivering a resignation to the parties to this Escrow Agreement, not less than 30 days' prior to the date when such resignation shall take effect. The Buyer may appoint a successor Escrow Agent without the consent of the

Indemnification Representative so long as such successor is a bank with assets of at least $500 million, and may appoint any other successor Escrow Agent with the consent of the Indemnification Representative, which shall not be unreasonably withheld. If, within such notice period, the Buyer provides to the Escrow Agent written instructions with respect to the appointment of a successor Escrow Agent and directions for the transfer of any Escrow Shares then held by the Escrow Agent to such successor, the Escrow Agent shall act in accordance with such instructions and promptly transfer such Escrow Shares to such designated successor. If no successor is appointed, the Escrow Agent may apply to a court of competent jurisdiction for such appointment.

14. General.

(a) Governing Law, Assigns. This Agreement shall be governed by and construed in accordance with the internal laws of the Commonwealth of Massachusetts without regard to conflict-of-law principles and shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

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

(c) Entire Agreement. Except for those provisions of the Merger Agreement referenced herein, this Agreement constitutes the entire understanding and agreement of the parties with respect to the subject matter of this Agreement and supersedes all prior agreements or understandings, written or oral, between the parties with respect to the subject matter hereof.

(d) Waivers. No waiver by any party hereto of any condition or of any breach of any provision of this Escrow Agreement shall be effective unless in writing. No waiver by any party of any such condition or breach, in any one instance, shall be deemed to be a further or continuing waiver of any such condition or breach or a waiver of any other condition or breach of any other provision contained herein.

(e) Amendment. This Agreement may be amended only with the written consent of the Buyer, the Escrow Agent and the Indemnification Representative.

15. Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction, or arbitration panel pursuant to Subsection 4(e) contained herein, declares that any term or provision hereof is invalid or unenforceable, the parties agree that the court, or arbitration panel, making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written.

AVID TECHNOLOGY, INC.

By:_____

_____
(print name and title)

_____
Perry S. Kivolowitz
Indemnification Representative

THE FIRST NATIONAL BANK OF BOSTON

By:_____

_____
(print name and title)

"EXHIBIT B"

PAUL GRATCH

ATTORNEY-AT-LAW
THIRTY ON THE SQUARE
30 WEST MIFFLIN STREET, SUITE 202
MADISON, WISCONSIN 53703

TELEPHONE (608) 256-3323
FACSIMILE (608) 257-2722

March 28, 1995

Avid Technology, Inc.
Metropolitan Technology Park
One Park West
Tewksbury, Massachusetts 01876

Ladies and Gentlemen:

I have acted as counsel for Elastic Reality, Inc. in connection with the transaction described in the Agreement and Plan of Merger dated March 28, 1995 (the "Agreement") among Avid Technology, Inc. (the "Buyer"), Erte Acquisition Corporation (the "Transitory Subsidiary"), Elastic Reality, Inc. (the "Company"), Mr. Perry S. Kivolowitz, and Mr. Daniel G. Esenther (collectively the "Stockholders"). Unless otherwise defined herein, capitalized terms used in this letter shall have the same meanings as set forth in the Agreement.

For purposes of this opinion, I have reviewed the following documents:

1. The Agreement, together with the other agreements and instruments to be delivered by the Company pursuant to Section 1.3 of the Agreement (the "Ancillary Agreements");

2. The Articles of Incorporation and By-Laws of the Company, each as amended to the date hereof;

3. The Resolution of the Shareholders and Board of Directors of the Company adopted on March 28, 1995 approving the transactions described in the Agreement and authorizing the officers of the Company to consummate the same in accordance with the terms thereof;

4. A Certificate of Status issued by the Wisconsin Secretary of State on March 20, 1995 with respect to the Company, a copy of which is attached hereto as **Exhibit A**;

5. The Articles of Merger;

6. Such other documents as I have deemed necessary and prudent under the circumstances.

In addition, I have assumed, for purposes of this opinion:

a. The genuineness of the signatures of persons signing all documents submitted to me as originals;

b. The conformity to authenticated original documents of all documents submitted to me as conformed, photostatic or facsimile copies;

c. The genuineness of signatures of persons signing all documents in connection with which this opinion is rendered.

d. That the Transitory Subsidiary has taken and/or will take all requisite corporate actions required to effectuate the Merger, pursuant to Wisconsin Statutes Secs. 180.1101, 180.1103 and 180.1105, which include approval of a plan of merger by its shareholders and execution of the Plan of Merger.

Further, with regard to factual matters pertaining to the Company and the Stockholders, I am relying upon the Certificate of the Company and the Stockholders, a copy of which is appended to this opinion as **Exhibit B**. With regard to factual matters pertaining to the existence of the Company, I am relying upon the Certificate of the Secretary of State of Wisconsin referenced above. I am assuming the authenticity, completeness and truthfulness of all factual matters set forth in such Certificates. The phrases "to the best of my knowledge" and "known to me" as used herein mean that, as to factual matters, my opinion is based solely on the Certificates attached hereto and identified above. I have no reason to believe that such Certificates are inaccurate, incomplete or misleading. I have not, however, undertaken any independent investigation with respect to the facts set forth in such Certificates, and no such inference should be drawn from this opinion letter or my representation of the Company. I have further assumed that each party to the Agreement and the Ancillary Agreements other than the Company and the Stockholders have all requisite power, legal authority and capacity, and have taken all necessary action to execute and deliver the Agreement and the Ancillary Agreements, and to effect the transactions contemplated thereby, and have assumed that the Agreement and the Ancillary Agreements are valid, binding and enforceable obligations of each party thereto other than the Company and the Stockholders. I have assumed that all such necessary actions have complied with any applicable law.

Based upon the foregoing, but subject to the assumptions, qualifications and limitations set forth herein, I am of the opinion that:

1. The Company is a corporation duly incorporated and validly existing under

the laws of the State of Wisconsin and is in active status, meaning that it has filed its most recently required Annual Report and has not filed Articles of Dissolution with the Wisconsin Secretary of State.

2. The Company has the requisite power and authority to carry on the business in which it has engaged, and to own and use the properties owned and used by it. To the best of my knowledge, the Company is not in default under or in violation of any provision of its Articles of Incorporation or By-Laws.

3. The authorized capital stock of the Company consists of 9,000 shares of no par value common stock. To the best of my knowledge, 100 shares of said stock are issued and outstanding on the date hereof (prior to the Effective Time of the Merger). To the best of my knowledge, all the issued and outstanding shares of the capital stock of the Company are duly authorized, validly issued, fully paid and non-assessable and free from all pre-emptive rights. To the best of my knowledge, there are no outstanding or authorized options, warrants, rights, contracts, calls, puts, rights to subscribe, conversion rights or other agreements or commitments to which the Company is a party or which are binding upon the Company providing for the issuance, disposition or acquisition of any of its capital stock.

4. The Company has all requisite power and authority to execute and deliver the Agreement, the Articles of Merger and the Ancillary Agreements, and to perform its obligations thereunder. The execution and delivery of the Agreement, the Articles of Merger and the Ancillary Documents and the consummation of the transactions contemplated thereby have been duly and validly authorized by all necessary corporate action on the part of the Company (including receiving unanimous stockholder approval). The Agreement, the Articles of Merger and the Ancillary Documents have been duly and validly executed and delivered by the Company and the Stockholders (to the extent party thereto) and constitute the valid and binding obligations of the Company and the Stockholders, enforceable against each such party (to the extent party thereto) in accordance with their terms.

5. Neither the execution and delivery of the Agreement, nor the consummation of the transactions contemplated thereby, (i) conflicts with or violates any provision of the Articles of Incorporation or By-laws of the Company; (ii) requires on the part of the Company or any Stockholder any filing with, or permit, authorization, consent or approval of, any Governmental Entity or, to the best of my knowledge, any other person (other than the filing of the Articles of Merger with the Secretary of State of Wisconsin); (iii) to the best of my knowledge, conflicts with, results in a breach of, constitutes (with or without due notice of lapse of time or both) a default under, results in the acceleration of, creates in any party the right to accelerate, terminate, modify or cancel or requires any notice, consent or

waiver under any law, contract, lease, sublease, license, sublicense, franchise, permit, indenture, agreement or mortgage for borrowed money, instrument of indebtedness, Security Interest or other arrangement to which the Company or any Stockholder is a party or by which the Company or any Stockholder is bound or to which any of their assets is subject; (iv) to the best of my knowledge, results in the imposition of any Security Interest upon any assets of the Company or any Stockholder or (v) to the best of my knowledge, violates any order, writ, injunction, decree, statute, rule or regulation applicable to the Company or any Stockholder or any of their properties or assets.

6. To the best of my knowledge, neither the Company nor any Stockholder (i) is subject to any unsatisfied judgment, order, decree, stipulation or injunction or (ii) is a party to or is threatened to be made a party to any complaint, action, suit, proceeding, hearing or investigation of or in any court or administrative agency of any federal, state, local or foreign jurisdiction or before any arbitrator.

7. Upon the filing of the Articles of Merger and their acceptance by the Wisconsin Secretary of State, the Articles of Merger will be effective under the Wisconsin Business Corporation Law.

I am an attorney at law in the State of Wisconsin, and opinions contained herein are provided only as to specified matters of law. I express no opinion as to the effect of any future amendments, changes or modifications to any law, and I assume no obligation to update or supplement the opinions rendered herein to reflect any act or circumstances which may hereafter come to my attention or any changes in law which may hereafter occur. My opinions are limited to the law in effect on the date hereof, and are further limited to the law of which I have notice in the due course of my practice (and of which, under the standards governing the legal profession in this State, I would be deemed to have notice of) taking into account delays in publication and receipt of notice of laws, rules and regulations and court decisions. Except as specifically stated herein, I render no opinion herein as to the law of any jurisdiction other than Wisconsin, domestic or foreign. My opinion with respect to the enforceability of the Agreement and the Ancillary Agreements is subject to the qualification that the enforceability of the obligations therein may be limited by or subject to: (i) bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium, rearrangement, liquidation, conservatorship and other similar laws from time to time, and in effect affecting the enforceability of creditors' rights in the collection of debtor's obligations generally, including court decisions interpreting such laws; and (ii) established or evolving principles of general equity, commercial reasonableness and conscionability. Furthermore, certain other remedial provisions of the Agreement and the Ancillary Agreements may be unenforceable by virtue of judicial decisions determining that injunctive relief is not available in the circumstances presented.

This opinion is limited to the matters set forth herein. No opinion may be inferred or implied beyond the matters expressly contained herein. Except as expressly set forth herein, these opinions are being provided solely for the purpose of complying with the requirements of sec. 4.1 of the Agreement, and are being rendered solely for the benefit of the addressee. This letter may not be used or relied upon for any other purpose or furnished to, used by or referred by any other party, or copied, quoted or referred to in any other report or document, or filed with any governmental authority without my prior written consent.

Sincerely,

Paul S. Gratch

PSG/dms

EXHIBIT C

Investment Representation Letter

Avid Technology, Inc.
Metropolitan Technology Park
One Park West
Tewskbury, Massachusetts 01876

Dear Sirs:

In order to induce Avid Technology, Inc., a Delaware corporation (the "Company"), to issue to the undersigned shares of common stock of the Company (the "Shares") pursuant to the Agreement and Plan of Merger dated March 29, 1995 among the Company, a subsidiary of the Company and Elastic Reality, Inc. (the "Agreement"), the undersigned represents, warrants and covenants as follows:

(a) The undersigned is acquiring the Shares for its own account for investment only, and not with a view to, or for sale in connection with, any distribution of the Shares in violation of the Securities Act of 1933 (the "Securities Act"), or any rule or regulation under the Securities Act.

(b) The undersigned has had adequate opportunity to obtain from representatives of the Company such information about the Company as is necessary to evaluate the merits and risks of its investment in the Company.

(c) The undersigned has sufficient expertise in business and financial matters to be able to evaluate the risks involved in the acquisition of the Shares and to make an informed investment decision with respect to such acquisition.

(d) The undersigned understands that the Shares have not been registered under the Securities Act and are "restricted securities" within the meaning of Rule 144 under the Securities Act; and the Shares cannot be sold, transferred or otherwise disposed of unless they are subsequently registered under the Securities Act or an exemption from registration is then available.

(e) A legend substantially in the following form will be placed on the certificate representing the Shares:

> "The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended, and may not be sold, transferred or otherwise disposed of in the absence of an effective registration statement under such Act or

an opinion of counsel satisfactory to the corporation to the effect that such registration is not required."

Date: _____

_____
(signature)

_____
(print name)

55

March 29, 1995

Elastic Reality, Inc.
925 Stewart Street
Madison, Wisconsin 53713

Ladies and Gentlemen:

This opinion is being furnished to you pursuant to Section 4.2(e) of the Agreement and Plan of Merger dated as of March 29, 1995 (the "Agreement") among Avid Technology, Inc., a Delaware corporation (the "Buyer"), ERTE Acquisition Corporation, a Wisconsin corporation and a wholly-owned subsidiary of the Buyer (the "Acquisition Subsidiary"), Elastic Realty, Inc., a Wisconsin corporation (the "Company"), Perry S. Kivolowitz and Daniel G. Esenther (collectively, the "Stockholders"). Capitalized terms not otherwise defined herein have the respective meanings ascribed to them in the Agreement.

We have acted as counsel to the Buyer and the Acquisition Subsidiary in connection with the preparation, execution and delivery of the Agreement. As such counsel, we have assisted in the preparation of the Agreement and the other agreements and instruments to be delivered by the Buyer pursuant to Section 1.3 of the Agreement (the "Ancillary Agreements").

In connection with rendering this opinion, we have reviewed and relied upon the following documents:

1. The Agreement and the Ancillary Agreements.

2. The Certificate of Incorporation and the Amended and Restated By-laws, each as amended to date, of the Buyer.

3. The Articles of Incorporation and the By-laws, each as amended to date, of the Acquisition Subsidiary.

4. Resolutions of the Board of Directors of the Buyer authorizing the execution and delivery by the Buyer of the Agreement and the Ancillary Agreements.

5. Resolutions of the Board of Directors of the Acquisition Subsidiary authorizing the execution and delivery by the Acquisition Subsidiary of the Agreement and the Ancillary Agreements.

6. A certificate of the Secretary of State of the State of Delaware, dated March 28, 1995, as to the legal existence and corporate good standing of the Buyer (the "Delaware Certificate").

7. A certificate of the Secretary of the State of Wisconsin, dated March 28, 1995, as to the legal existence of the Acquisition Subsidiary (the "Wisconsin Certificate").

8. Such other documents, corporate records, certificates (including, but not limited to, certificates of officers of the Buyer and the Acquisition Subsidiary) and materials as we have deemed necessary for the purposes of the opinions rendered herein.

In our examination of the above documents, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents.

Insofar as this opinion relates to factual matters, we have assumed without independent investigation that the representations and warranties contained in the Agreement are true and correct as to all factual matters stated therein.

Any reference to "best of our knowledge" or "our knowledge" or any variation thereof shall mean the actual knowledge by any of the attorneys in this firm who have represented the Buyer in connection with the preparation, execution and delivery of the Agreement and the Ancillary Agreements of the existence or absence of any facts which would contradict the opinions set forth below. We have not undertaken any independent investigation to determine the existence or absence of such facts, and no inference as to our knowledge of the existence or absence of such facts should be drawn from the fact of our representation of the Buyer. Without limiting the foregoing, we have not examined any records of any court, administrative tribunal or other similar entity, or any electronic databases, in connection with our opinions expressed in paragraph 3 below.

For purposes of our opinions set forth below, we have assumed that each party to the Agreement and the Ancillary Agreements other than the Buyer and the Acquisition Subsidiary has all requisite power, legal authority and capacity, and has taken all necessary action to execute and deliver the Agreement and the Ancillary Agreements and to effect the transactions contemplated thereby, and have assumed that the Agreement and the Ancillary Agreements are the valid, binding and enforceable obligations of each party thereto other than the Buyer and the Acquisition Subsidiary. We have assumed that all such necessary actions fully comply with any applicable law.

With respect to the opinions expressed in paragraph 2 below as to the validity or enforceability of the Agreement or the Ancillary Agreements, or of any rights granted to you pursuant thereto, such opinions are qualified to the extent that the Agreement or the Ancillary Agreements may be subject to or affected by (i) applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting the rights and remedies of creditors generally, (ii) statutory or decisional law concerning recourse by creditors to security in the absence of notice or hearing and (iii) duties and standards imposed on creditors and parties to contracts, including, without limitation, requirements of good faith, reasonableness and fair dealing. Further, we do not express any opinion as to (i) the availability of the remedy of specific performance or any other equitable remedy upon breach of any such provision, whether applied by a court of law or equity or (ii) the successful assertion of any equitable defense.

In rendering the opinion in paragraph 1 below, insofar as it relates to the due incorporation, good standing and valid existence of the Buyer, we have relied solely on the Delaware Certificate, and such opinions are limited accordingly and are rendered as of the date of the Delaware Certificate.

In rendering the opinion in paragraph 1 below, insofar as it relates to the due incorporation, good standing and valid existence of the Acquisition Subsidiary, we have relied solely on the Wisconsin Certificate, and such opinions are limited accordingly and are rendered as of the date of the Wisconsin Certificate.

In rendering the opinion in paragraph 3 below, we express no opinion as to federal or state securities laws or as to any federal or state fraudulent transfer laws.

In rendering the opinions below, we are opining only as to the specific legal issues expressly set forth herein, and no opinion shall be inferred as to any other matters. We are opining on the date hereof as to the law governing the performance by the Buyer and the Acquisition Subsidiary of their respective obligations under the Agreement and the Ancillary Agreements only as in effect on the date hereof, and we disclaim any obligation to advise you of any change in any of these sources of law or subsequent legal or factual developments which might affect any matters or opinions set forth herein.

We express no opinion as to the laws of any state or jurisdiction other than the Commonwealth of Massachusetts, the General Corporation Law statute of the State of Delaware, and the federal law of the United States of America. To the extent that agreements referred to below are governed by and construed in accordance with the laws of jurisdictions other than the Commonwealth of Massachusetts, we have assumed that such laws are identical to the laws of the Commonwealth of Massachusetts.

Based on and subject to the foregoing, we are of the opinion that:

1. Each of the Buyer and the Acquisition Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation. The Buyer has all requisite corporate power and authority to carry on the business in which it is engaged.

2. Each of the Buyer and the Acquisition Subsidiary has all requisite power and authority to execute and deliver the Agreement and the Ancillary Agreements and to perform its obligations thereunder. The execution and delivery by each of the Buyer and the Acquisition Subsidiary of the Agreement and the Ancillary Agreements and the consummation by each of the Buyer and the Acquisition Subsidiary of the transactions contemplated thereby have been duly and validly authorized by all necessary corporate and stockholder action on the part of the Buyer and the Acquisition Subsidiary. The Agreement and the applicable Ancillary Agreements have been duly and validly executed and delivered by the Buyer and the Acquisition Subsidiary and constitute valid and binding obligations of the Buyer and the Acquisition Subsidiary, enforceable against the Buyer and the Acquisition Subsidiary in accordance with their terms.

3. The execution and delivery by the Buyer and the Acquisition Subsidiary of the Agreement and the Ancillary Agreements and the consummation by the Buyer and the Acquisition Subsidiary of the transactions contemplated thereby, do not (a) violate, or require a notice, consent or waiver under, the provisions of any applicable law, rule or regulation applicable to the Buyer; (b) violate the provisions of the charter or by-laws of the Buyer or the Acquisition Subsidiary; (c) violate any judgment, decree, order or award known to us of any court, arbitrator, or Governmental Entity naming the Buyer or the Acquisition Subsidiary; or (d) conflict with or result in the breach or termination of any term or provision of, or constitute a default under, or cause any acceleration under, any agreement, indenture, mortgage, deed of trust or other instrument filed as an exhibit to the Buyer's Annual Report on Form 10-K for the year ended December 31, 1994.

4. All of the Merger Shares will be, when issued in accordance with the Agreement, duly authorized, validly issued, fully paid and nonassessable.

This opinion is furnished to you for your exclusive use in connection with the transactions contemplated by the Agreement and may not be quoted to or relied upon by any other person or entity or used for any other purpose, without our prior written consent.

Very truly yours

HALE AND DORR

Conformed COPY

Sec. 180.1401
and 180.1403
Wis. Stats.

State of Wisconsin
Department of Financial Institutions

RECEIVED - DEPT OF FINANCIAL INSTITUTIONS STATE OF WISCONSIN
1999 DEC 29 AM 10: 27

ARTICLES OF DISSOLUTION – STOCK FOR-PROFIT CORPORATION

A. Name of the corporation: Elastic Reality, Inc.

B. Indicate method of dissolution by checking (X) the appropriate choice below. (Check and complete **either** section 1 **or** section 2)

1. (x) Dissolution by BOARD OF DIRECTORS AND SHAREHOLDERS

a) Authority to dissolve the corporation in accordance with sec. 180.1402 of the Wisconsin Statutes was granted on December 27, 1999 (Date)

b) Effective date of dissolution is December 31, 1999.

STATE OF WISCONSIN
FILED
DEC 30 1999
DEPARTMENT OF FINANCIAL INSTITUTIONS

OR

2. ( ) Dissolution BEFORE ISSUANCE OF SHARES

The corporation was incorporated on _____ (Date)

None of the corporation's shares have been issued; no debt of the corporation remains unpaid; and dissolution under sec. 180.1401 of the Wisconsin Statutes was authorized by (indicate which by checking (X) the appropriate choice below)

( ) the incorporators **OR** ( ) the board of directors

C. OPTIONAL (**NOTE**: *Unless a dissolved corporation terminates rights to its corporate name, the name may not be used by any other entity for a period of 120 days following the effective date of dissolution. Mark (X) the statement below if you want to release rights to the name so that another entity may immediately adopt the name.*)

( ) The corporation terminates all rights to its corporate name on the effective date of its articles of dissolution.

D. Executed on 12/27/99* (Date)

Ethan E. Jacks (Signature)

Title: ( ) President (x) Secretary
or other officer title _____

Ethan E. Jacks
(Printed name)

This document was drafted by Elaine M. Desrochers
(Name the individual who drafted the document)

*Not executed in Wisconsin

FILING FEE - $20.00 SEE instructions, suggestions and procedures on following pages.

DFI/CORP/10(R10/99) Use of this form is voluntary.

ARTICLES OF DISSOLUTION – Stock, For-Profit Corporation

+

Elaine M. Desrochers
Avid Technology, Inc.
Avid Technology Park
One Park West
Tewksbury, MA 01876

+

- Your **name, return address** and **phone number** during the day: (978) 640 - 3350

INSTRUCTIONS (Ref. sec. 180.1401 and 180.1403, Wis. Stats. for document content)

Submit one original and one exact copy to Dept. of Financial Institutions, P O Box 7846, Madison WI, 53707-7846, together with a **FILING FEE of $20.00,** payable to the department. (If sent by Express or Priority U.S. mail, address to 345 W. Washington Ave., 3rd Floor, Madison WI, 53703). This document can be made available in alternate formats upon request to qualifying individuals with disabilities. The original must include an original manual signature, per sec. 180.120(3)(c), Wis. Stats. Upon filing, the information in this document becomes public and might be used for purposes other than that for which it was originally furnished. If you have any questions, please contact the Division of Corporate & Consumer Services at 608-261-7577. Hearing-impaired may call 608-266-8818 for TDY.

A. Indicate the name of the corporation.

B. Select and mark (**X**) the appropriate choice to reflect the method of dissolving the corporation, and complete either section 1 or 2.

1. If by action of the Board of Directors and Shareholders under sec. 180.1402, Wis. Stats., enter the date on which authority was granted to dissolved the corporation.

2. If by action of the Incorporators or Board of Directors under sec. 180.1401, Wis. Stats., enter the corporation's date of incorporation and mark (X) the appropriate choice to indicate which body authorized dissolution of the corporation.

C. The dissolving corporation retains exclusive rights to its corporate name for 120 days after the effective date of its articles of dissolution, but may terminate its rights earlier by a statement in its articles of dissolution. If this is desired, mark (**X**) this optional remark. The preprinted remark may be modified to state a particular date within the 120 day period, if desired.

D. Enter the date of execution of the document, and the name and title of the person signing the document. The document is to be signed by one of the following: an **officer** of the corporation or an incorporator if directors have not been selected, or the fiduciary if the corporation is in the hands of a **receiver, trustee or other court-appointed fiduciary.** A director is **not** empowered to sign.

If the document is executed in Wisconsin, sec. 182.01(3) , Wis. Stats., provides that it shall not be filed unless the name of the drafter (either an individual or a governmental agency) is printed in a legible manner. If the document is not executed in Wisconsin, enter that remark.