Form 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 1, 1995

OR

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

For Quarter Ended	Commission File Number
January 1, 1995	0-12390

QUANTUM CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	94-2665054
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

500 McCarthy Blvd.
Milpitas, California 95035
(Address of principal executive offices)
(Zip Code)

Registrant's telephone number, including area code: (408) 894-4000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934, during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of January 19, 1995: 46,027,105

QUANTUM CORPORATION

10-Q REPORT

INDEX

QUANTUM CORPORATION

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands except per share data)
(unaudited)

	Three Months Ended		Nine Months Ended	
	Jan. 1, 1995	Jan. 2, 1994	Jan. 1, 1995	Jan. 2, 1994
Sales	$932,702	$523,021	$2,384,175	$1,496,088
Cost of sales	797,447	466,199	1,970,113	1,370,239
Gross profit	135,255	56,822	414,062	125,849
Operating expenses:				
Research and development	54,004	19,632	111,158	61,205
Sales and marketing	28,355	17,453	74,221	53,775
General and administrative	14,218	9,576	35,901	32,376
Purchased research & development and in merger costs	72,945	-	72,945	-
Restructuring and non-recurring charges	-	-	-	22,753
	169,522	46,661	294,225	170,109
Income (loss) from operations	(34,267)	10,161	119,837	(44,260)
Other (income) expense:				
Interest expense	8,301	3,385	15,306	10,426
Interest and other income	(2,300)	(1,634)	(7,835)	(5,607)
	6,001	1,751	7,471	4,819
Income (loss) before income taxes	(40,268)	8,410	112,366	(49,079)
Income tax provision (benefit)	8,042	2,271	53,832	(13,251)
Net income (loss)	$(48,310)	$6,139	$58,534	$(35,828)
Net income (loss) per share:				
Primary	$(1.06)	$0.14	$1.24	$(0.83)
Fully diluted	$(1.06)	$0.14	$1.10	$(0.83)
Weighted average common and common equivalent shares				
Primary	45,448	44,357	47,180	43,151
Fully diluted	45,448	44,357	58,889	43,151

See accompanying notes to consolidated financial statements.

QUANTUM CORPORATION

CONSOLIDATED BALANCE SHEETS
(In thousands)
(unaudited)

	Jan. 1, 1995	March 31, 1994
Assets		
Current assets:		
Cash and cash equivalents	$ 165,376	$ 217,531
Short-term investments	89,781	112,508
Accounts receivable, net of allowance for doubtful accounts of $11,942 and $11,379	415,230	324,376
Inventories	382,574	194,083
Deferred taxes	37,697	32,821
Other current assets	12,896	14,365
Total current assets	1,103,554	895,684
Property and equipment, net of accumulated depreciation of $107,347 and $72,801	244,011	85,874
Other assets	18,084	14,586
Purchased intangibles, net	100,457	1,294

	$1,466,106	$ 997,438
	=========	=========
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 350,649	$ 267,189
Accrued warranty expense	55,762	55,617
Accrued compensation	40,965	15,315
Income taxes payable	16,717	-
Accrued merger costs	64,675	-
Current portion of long term debt	25,000	-
Other accrued liabilities	50,413	35,545
	--------	---------
Total current liabilities	604,181	373,666
Subordinated debentures	212,500	212,500
Long term debt	170,000	-
Shareholders' equity:		
Common stock	134,150	124,530
Retained earnings	345,275	286,742
	--------	---------
Total shareholders' equity	479,425	411,272
	--------	---------
	$1,466,106	$997,438
	=========	=========

See accompanying notes to consolidated financial statements.

QUANTUM CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(unaudited)

	Nine Months Ended	
	Jan. 1, 1995	Jan. 2, 1994
	-------	---------
Cash flows from operating activities:		
Net income (loss)	$ 58,534	$(35,828)
Items not requiring the current use of cash:		
Depreciation and amortization	33,705	22,088
Write off of goodwill	-	6,338
Purchased research and development	67,184	-
Changes in assets and liabilities:		
Accounts receivable	(90,854)	(27,016)
Inventories	(41,839)	36,283
Accounts payable	83,460	1,311
Income taxes payable	17,726	(19,026)
Accrued warranty expense	145	16,522
Other assets and liabilities	28,403	3,218
	--------	--------
Net cash provided by operating activities	156,464	3,890
	--------	--------
Cash flows from investing activities:		
Purchase of short-term investments	(105,474)	(105,905)
Sales and maturities of short-term investments	128,201	165,668
Investment in property and equipment	(79,786)	(26,734)
Purchase of Digital Equipment's Data Storage Business	(355,171)	-
	--------	---------
Net cash provided by (used in) investing activities	(412,230)	33,029
	--------	----------
Cash flows from financing activities:		
Proceeds from issuance of short term note	70,000	-
Proceeds from revolving line of credit and term loan borrowings	220,500	-
Principal payments on short term note	(70,000)	-
Principal payments on revolving line of credit	(25,500)	-
Repurchase of common stock	-	(17,479)
Proceeds from issuance of common stock	8,611	8,819
	--------	---------
Net cash provided by (used in) financing activities	203,611	(8,660)
	--------	---------
Net increase (decrease) in cash and cash equivalents	(52,155)	28,259
Cash and cash equivalents at beginning of period	217,531	121,838
	--------	---------
Cash and cash equivalents at end of period	$165,376	$150,097
	========	=========
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	$17,297	$ 13,671
Income taxes	$31,594	$ 11,406

See accompanying notes to consolidated financial statements.

QUANTUM CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Basis of presentation

The accompanying unaudited consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the results for the periods shown. The results of operations for such periods are not necessarily indicative of the results expected for the full fiscal year. The accompanying financial statements should be read in conjunction with the audited financial statements of Quantum Corporation for the fiscal year ended March 31, 1994.

2. Inventories

Inventories consisted of the following:
(In thousands)

	Jan. 1, 1995	Mar. 31, 1994
Materials and purchased parts	$ 78,911	$ 27,841
Work in process	72,841	14,729
Finished goods	230,822	151,513
	$382,574	$194,083

3. Net income (loss) per share

Net income (loss) per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding. Net income per share computed on a fully diluted basis assumes conversion of the Company's outstanding 6 3/8% convertible subordinated debentures having a principal value of $212,500,000. For the three months ended January 1, 1995 and the three and nine months ended January 2, 1994, the primary net income (loss) per share is shown in the statement of income as both primary and fully diluted, as the effect of the assumed conversion of the subordinated debentures is anti-dilutive.

4. Acquisition of businesses from Digital Equipment Corporation

On October 3, 1994, Quantum Corporation ("Quantum" or "the Company") acquired the Disks, Heads, and Tapes Business of the Storage Business Unit of Digital Equipment Corporation ("the acquired Business"), in a transaction which is being accounted for as a purchase. The operating results of the acquired Business from the date of the purchase through January 1, 1995 have been reflected in the Company's consolidated financial statements for the quarter and year to date periods.

The Company retained independent valuation professionals to assist it in the final determination of the value to be assigned to the individual assets acquired, including intangibles and purchased research and development. The results of this valuation are included in the consolidated balance sheet for the third quarter of fiscal 1995. However, the final allocation of the purchase price is not yet complete as the Company's management is still awaiting certain information related to the purchase. While the consolidated financial statement information has been presented based on the best information currently available to Company's management, the final allocation could change, and the change could affect the consolidated financial information. The types of information that the Company is awaiting include:

* Determination of the final purchase price - The purchase agreement contained several adjustment provisions related to the level and value of inventory and property, plant and equipment, and such adjustment provisions are still being negotiated.

* Management's plans regarding utilization and deployment of the acquired Business' assets and operations - Management is still evaluating the utility and deployment of the assets and operations acquired in this transaction. The magnitude of costs to be incurred or asset impairments related to the acquired operations are still being assessed.

Company management expects that the final purchase price will be known by the time the Company's March 31, 1995 Report on Form 10K is filed. Finalization of management's plans regarding utility and deployment of assets and operations acquired is expected by March 31, 1995.

The Company has assumed a purchase price of $350.5 million, and direct costs of the transaction for investment banker and professional fees and other direct incremental transaction costs of $4.7 million.

Recap of purchase price allocation:

(in millions)	
Inventories	$146.7
Property and equipment	104.3
Intangible assets	106.1
Accrual for merger related costs	(64.7)
Other assets/liabilities, net	(4.4)
Purchased research and development (expense)	67.2

	$355.2
	=======

Intangible assets include completed technology, workforce in place, a supply agreement and customer list. The estimated useful lives range from 3 to 10 years. The $67.2 million allocated to purchased research and development was expensed immediately as required under generally accepted accounting principles.

The unaudited pro forma combined condensed results of operations of the Company for the three months and nine months ended January 1, 1995 and January 2, 1994 had the acquisition occurred on April 1, 1993, on the basis described above, would have been as follows:

(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	Jan. 1, 1995	Jan. 2, 1994	Jan. 1, 1995	Jan. 2, 1994
Net sales	$932,702	$669,589	$2,806,960	$2,127,160
Net income (loss)	22,874	(17,921)	52,820	(125,845)
Net income (loss) per share:				
Primary	$0.48	($0.42)	$1.12	($2.92)
Fully diluted	$0.42	($0.42)	$1.00	($2.92)

Note: All material intercompany transactions have been eliminated.

The unaudited pro forma results for the nine months ended January 2, 1994 reflect a charge for purchased research and development and other in merger costs of $73 million. The pro forma results for the three months and nine months ended January 1, 1995 and January 2, 1994 also reflect intangible asset amortization, depreciation on net book value of acquired assets, amortization of loan fees and interest expense on the new debt related to the acquisition.

The unaudited pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results that would have occurred had the transaction been completed at the beginning of the period indicated, nor is it necessarily indicative of future operating results.

5. Debt

On October 3, 1994, the Company purchased the acquired Businesses from Digital. The purchase was financed with cash, bank debt and a note to Digital for $70 million.

The bank debt consists of a three year $350 million senior credit facility structured as a $225 million revolving credit line and a $125 million term loan. The revolving credit will be governed by a borrowing base of eligible accounts receivable and inventory, and the term loan amortizes in five equal semi-annual installments commencing twelve months from closing. The borrowings, at the option of the Company, could have interest rates of either LIBOR plus a margin or a base rate.

The facility is secured by all the Company's domestic assets and 66% of the Company's ownership of certain of it's foreign subsidiaries.

The note to Digital was subsequently paid during the quarter with funds from the revolving credit line.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

On October 3, 1994, the Company acquired the Disks, Heads and Tapes Business of the Storage Business Unit of Digital Equipment Corporation ("Digital" or "the acquired Businesses"). The transaction includes Digital's interest in Digital Equipment Storage Products (Malaysia) Sdn. Bhd., it's 81% ownership in Rocky Mountain Magnetics, Inc., and substantially all of the assets related to the data storage business conducted by Digital directly. The operating results of the acquired Businesses from the date of purchase through January 1, 1995 have been reflected in the Company's consolidated financial statements for the quarter. Refer to note 4 of the Notes to Consolidated Financial Statements for details of the acquisition.

Consolidated sales for the three and nine months ended January 1, 1995 were $933 million and $2,384 million, respectively, compared to $523 million and $1,496 million for the corresponding periods in fiscal 1994. The increase in consolidated sales on a year-to-year basis was attributable to the newly acquired products as well as increased unit shipments of existing Quantum products.

Sales to major customers, as a percentage of consolidated sales, for the three and nine months ended January 1, 1995 and January 2, 1994 were as follows:

	Three Months Ended		Nine Months Ended	
	Jan. 1, 1995	Jan. 2, 1994	Jan. 1, 1995	Jan. 2, 1994
Digital Equipment Corporation	14%	*	*	*
Compaq Computer, Inc.	14%	*	17%	10%
Apple Computer, Inc.	11%	17%	13%	24%

* sales represented less than 10% of consolidated sales for the period

In conjunction with the acquisition, the Company and Digital signed a multi year supply agreement providing the Company a substantial percentage of Digital's internal hard disk drive requirements for its Storageworks subsystems and core computer systems businesses. The Company has no other long term supply commitments with these customers. Any significant decrease in sales to these customers, or the loss of one or all of these customers, could have a material adverse effect on the Company's results of operations.

The gross margin for the quarter ended January 1, 1995 increased to 14.5% from 10.9% for the third quarter of fiscal 1994. The Company's gross margin for the first nine months of fiscal 1995 was 17.4%, compared to 8.4% for the corresponding period in fiscal 1994. The improvement in gross margin from the previous fiscal year was a result of a better cost structure for given drive capacities during the first nine months of fiscal 1995, compared to the same period in fiscal 1994. During the same period a year ago, the Company experienced intense pricing pressures in both the distribution and OEM channels which resulted from an industry wide oversupply of disk drives.

For at least the next quarter, the Company anticipates that gross margin will continue to be impacted as certain issues associated with the acquisition of the acquired Businesses are addressed. While significant progress was made in the third quarter, the Company will continue to focus on phasing out the older, lower gross margin product lines acquired from Digital, and integrating the thin film heads across the Company's existing product lines to reduce excess head manufacturing capacity. Also, gross margin will be impacted as the Company's desktop and portable group begins mass production of new follow-on products. These new products will provide significant cost benefits over current products; however, margins will remain under pressure until the Company can begin transitioning customers to these new products.

Over the past ten years, Quantum has established a strong business relationship with Matsushita-Kotobuki Electronics Industries, Ltd. (MKE) of Japan. This relationship has been built on Quantum's engineering and design expertise and MKE's high-volume, high-quality manufacturing expertise. The Company's master agreement with MKE, which covers the general terms of the business relationship, was renegotiated during fiscal 1993 and was extended for a period of five years. Sales derived from products manufactured by MKE accounted for 82% of Quantum's sales for the first nine months of fiscal 1995, compared to 72% of sales during the third quarter of fiscal 1995. The decline in MKE products as a percentage of sales is a result of the increase in consolidated sales due to the newly acquired products and Quantum's manufacturing of those products. In the event MKE is unable to supply such products or increases its prices for manufacturing services, the Company's results of operations would be adversely affected. The Company's transactions with MKE are denominated in U.S. dollars with prices for product purchases negotiated periodically. Thus, fluctuations in the exchange rate have no material short term impact on Quantum's results of operations. However, such fluctuations may impact future negotiated prices.

In conjunction with the acquisition of the thin film heads business, the Company is continuing Digital's relationship with Lafe Computer Magnetics Ltd. ("Lafe") of China and is in the process of negotiating a manufacturing agreement. In the event Lafe is unable to supply manufacturing services the Company could experience an interruption in business. The Company's transactions with Lafe are denominated in U.S. dollars, thus fluctuations in the exchange rate have no material short term impact on Quantum's results of operations. However, such fluctuations may impact future negotiated prices.

Quantum operates in an extremely competitive industry and its rapid growth has been the result of the Company's ability to identify customer needs and develop quality products to meet those requirements. The Company expects that sales from new products, including those products acquired from Digital, will account for a significant portion of sales for the last quarter of fiscal 1995 and the first quarter of fiscal 1996, replacing sales of some current products. The Company's continued ability to produce new products economically and manage the transition of customers to these new products is essential for continued success. The hard disk drive industry is characterized by shorter product life cycles and is dependent on the strength of unit demand in the personal computer market. These and other factors may affect the Company's results of operations, and past financial performance should not be considered a reliable indicator of future performance. Investors should not use historical trends to anticipate results or trends in future periods.

Operating Expenses

Research and development expenses in the third quarter of fiscal 1995 were $54 million or 6% of sales, compared to $20 million or 4% of sales in the corresponding period in fiscal 1994. Research and development expenses in the nine months ended January 1, 1995 were $111 million or 5% of sales, compared to $61 million or 4% of sales in the corresponding period in fiscal 1994. The increases during the three months and nine months ended January 1, 1995 are due primarily to the acquired Businesses and reflect spending for both the vertically integrated heads business and the additional high capacity products, which tend to be more research and development intensive. With the acquisition of the acquired Businesses the Company expects a continued higher level of expenditures for research and development and that research and development expenses will represent a higher percentage of sales on an ongoing basis. The hard disk drive industry is subject to rapid technological advances and the future success of the Company is dependent upon continued successful and timely introductions of new products and technologies.

Sales and marketing expenses in the third quarter of fiscal 1995 were $28 million, compared to $17 million in the corresponding period in fiscal 1994, or 3% of sales for each respective quarter. Sales and marketing expenses in the nine months ended January 1, 1995 were $74 million or 3% of sales, compared to $54 million or 4% of sales in the corresponding period of fiscal 1994. The increases in absolute dollars are related to the Digital acquisition and the costs associated with supporting the higher sales volume and the expanded Company infrastructure. The Company anticipates a continued higher level of absolute dollar spending in sales and marketing related to the Digital acquisition, with expenditures as a percentage of sales remaining relatively consistent.

General and administrative expenses in the third quarter of fiscal 1995 were $14 million compared to $10 million for the corresponding period in fiscal 1994. General and administrative expenses in the nine months ended January 1, 1995 were $36 million, compared to $32 million in the corresponding period in fiscal 1994. In each of these periods general and administrative expenses were 2% of sales for the respective period. Due to the acquisition of the acquired Businesses, the Company expects a continued higher level of absolute dollar spending in general and administrative, with expenditures as a percentage of sales remaining relatively consistent.

As a result of the acquisition of the acquired Businesses, the Company incurred a one time charge of $73 million, which included $67 million of purchased research and development and $6 million in related merger costs. Merger costs are comprised of incremental integration costs incurred through January 1, 1995.

Net interest and other income/expense in the third quarter of fiscal 1995 were $6.0 million net expense, compared to $1.8 million net expense in the corresponding period in fiscal 1994. Net interest and other income/expense for the nine months ended January 1, 1995 were $7.5 million net expense, compared to $4.8 million net expense in the corresponding period in fiscal 1994. The increase in net expense in fiscal 1995 can be attributed to higher interest expense resulting from the acquisition financing and lower cash balances due to cash paid for the acquisition.

The Company anticipates that the acquisition of the acquired Businesses will have a future effect on both operating and net income resulting from the amortization of intangibles, depreciation on net book value of acquired assets, and interest expense on the debt. As detailed in Note 4 of the Notes to

Consolidated Financial Statements, the final allocation of the purchase price is not yet complete and the allocation could change, as the Company's management is still awaiting certain information related to the purchase. Based on the best information currently available the Company estimates that charges for the amortization of intangibles and depreciation on net book value of acquired assets could range from $53 to $56 million during the next three fiscal years. Interest expense on the debt will be dependent on the loan balance and the interest rate (refer to Note 5 of the Notes to Consolidated Financial Statements).

Income Taxes

For the quarter and nine months ended January 1, 1995 the effective tax rate was 30%, excluding purchased research and development charges. This 30% effective tax rate reflects the benefits of subsidiary earnings taxed at rates lower than the US rate. For fiscal 1995, including the purchased research and development charges generates a higher tax rate as there is no tax benefit associated with technology which the Company anticipates will be utilized offshore. For the three months ended January 2, 1994 the tax provision was 27% and for the nine months ended January 2, 1994 the benefit provision was 27%. The tax benefit for the nine months ended January 2, 1994 resulted from an overall US net operating loss.

Liquidity and Capital Resources

At January 1, 1995, the Company had $255 million in cash and cash equivalents and short-term investments, compared to $330 million at March 31, 1994. The decrease is due primarily to cash used for the Digital acquisition.

On October 3, 1994, the Company purchased the acquired Businesses from Digital. The purchase was financed with cash, bank debt and a note to Digital for $70 million.

The bank debt consists of a three year $350 million senior credit facility structured as a $225 million revolving credit line and a $125 million term loan. The revolving credit will be governed by a borrowing base of eligible accounts receivable and inventory, and the term loan amortizes in five equal semi-annual installments commencing twelve months from closing.

The note to Digital was subsequently paid during the quarter with funds from the revolving credit line.

The Company expects to spend approximately $20 to $30 million for leasehold improvements, capital equipment and the expansion of the Company's facilities for the remainder of fiscal year 1995. Over the next twelve months, the Company anticipates a significant amount of additional capital expenditures will be required to ramp the Asia manufacturing facilities and to support the recording heads business of the acquired Businesses. The Company believes that the credit facilities, as well as cash generated from its operations, will be sufficient to meet these capital requirements as well as working capital requirements during the next twelve months.

QUANTUM CORPORATION

PART II - OTHER INFORMATION

Item 1. Legal proceedings - Not Applicable.

Item 2. Changes in securities - Not Applicable.

Item 3. Defaults upon senior securities - Not Applicable.

Item 4. Submission of matters to a vote of security holders -Not Applicable

Item 5. Other information - Not Applicable.

Item 6. Exhibits and reports on Form 8-K.

(a) Exhibits. The exhibits listed on the accompanying index to exhibits immediately following the signature page are filed as part of this report.

(b) Reports on Form 8-K.

(1) Form 8-K dated October 3, 1994, filed on October 17, 1995.

Item 2. Acquisitions or Dispositions of Assets
Item 7. Financial statements and Exhibits - Financial Statements and Pro Forma Financial Information omitted.

(2) Form 8-K/A-1 dated October 3, 1994, filed January 31, 1995.

Item 7. Financial Statements and Exhibits.

(a) Audited Statements of Assets Sold and Liabilities Assumed of the Disks, Heads and Tapes Business of the Storage Business Unit of Digital Equipment Corporation, as of July 2, 1994 and July 3, 1993 and Statements of Operations for fiscal years ended July 2, 1994, July 3, 1993 and June 27, 1992.

Unaudited Statement of Assets Sold and Liabilities Assumed of the Disks, Heads and Tapes Business of the Storage Business Unit of Digital Equipment Corporation, as of October 1, 1994 and Unaudited Statements of Operations for the three months ended October 1, 1994 and October 2, 1993.

(b) Unaudited Pro Forma Condensed Consolidated Balance Sheet of Registrant as of October 2, 1994 and Unaudited Pro Forma Condensed Consolidated Statement of Operations of Registrant for the year ended March 31, 1994 and for the period from April 1, 1994 to October 1, 1994.

SIGNATURE

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

QUANTUM CORPORATION
(Registrant)

Date: February 15, 1995   By: /s/ Joseph T. Rodgers
Executive Vice President, Finance
and Chief Financial Officer

QUANTUM CORPORATION

INDEX TO EXHIBITS

Exhibit Number		Sequentially Numbered Page
11.1	Statement of Computation of Net Income per Share	16
27	Financial Data Schedule	17

EXHIBIT 11.1
QUANTUM CORPORATION

COMPUTATION OF NET INCOME PER SHARE
(In thousands except share and per share data)

	Three Months Ended Jan. 1, 1995	Three Months Ended Jan. 2, 1994	Nine Months Ended Jan. 1, 1995	Nine Months Ended Jan. 2, 1994
PRIMARY				
Weighted average number of common shares during the period	45,448,185	42,754,076	45,167,337	43,150,701
Incremental common shares attributable to exercise of outstanding options	0	1,602,566	2,012,561	0
Total shares	45,448,185	44,356,642	47,179,898	43,150,701
Net income (loss)	$(48,310)	$6,139	$58,534	$(35,828)
Net income (loss) per share	$ (1.06)	$ .14	$ 1.24	$ (0.83)
FULLY DILUTED				
Weighted average number of common shares during the period	45,448,185	42,754,076	45,167,337	43,150,701
Incremental common shares attributable to exercise of outstanding options and conversion of 6 3/8% convertible subordinated debentures	13,617,733	13,823,488	13,721,429	13,190,505
Total shares	59,065,918	56,577,564	58,888,766	56,341,206
Net income (loss):				
Net income (loss)	$(48,310)	$ 6,139	$ 58,534	$(35,828)
Add 6 3/8% convertible subordinated debentures interest, net of income tax effect	2,026	2,229	6,146	6,785
Net income, as adjusted	$(46,284)	$ 8,368	$ 64,680	$(29,043)
Net income per share	$ (0.78)*	0.15*	$ 1.10	$ (0.52)*

* The primary net income (loss) per share is shown in the statements of operations as both primary and fully diluted, as the effect of the assumed conversion of the subordinated debentures is anti-dilutive.

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