

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

QUANTUM CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

<TABLE>
<S> DELAWARE <C> 94-2665054
(STATE OR OTHER JURISDICTION OF (I.R.S. EMPLOYER
INCORPORATION OR ORGANIZATION) IDENTIFICATION NO.)
</TABLE>

500 MCCARTHY BOULEVARD
MILPITAS, CALIFORNIA 95035
(408) 894-4000
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF
REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

MICHAEL A. BROWN
PRESIDENT AND CEO
500 MCCARTHY BOULEVARD
MILPITAS, CALIFORNIA 95035
(408) 894-4000
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,
OF AGENT FOR SERVICE)

COPIES TO:

<TABLE>
<S> STEVEN E. BOCHNER, ESQ. ANDREW KRYDER, ESQ. CHRISTOPHER L. KAUFMAN, ESQ.
JOHN A. FORE, ESQ. VICE PRESIDENT, FINANCE ROBERT S. MICHITARIAN, ESQ.
JEFFREY A. HERBST, ESQ. AND CORPORATE GENERAL COUNSEL LATHAM & WATKINS
GILBERT M. LABRUCHERIE, JR., ESQ. 500 MCCARTHY BOULEVARD 505 MONTGOMERY STREET, SUITE 1900
WILSON SONSINI GOODRICH & ROSATI MILPITAS, CALIFORNIA 95035 SAN FRANCISCO, CA 94111
PROFESSIONAL CORPORATION (415) 391-0600
650 PAGE MILL ROAD
PALO ALTO, CALIFORNIA 94304-1050
</TABLE>

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC UNDER THIS
REGISTRATION STATEMENT: as soon as practicable after this registration statement
becomes effective.

If the only securities being registered on this Form are being offered
pursuant to dividend or interest reinvestment plans, please check the following
box. []

If any of the securities being registered on this Form are to be offered on
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of
1933, other than securities offered only in connection with dividend or interest
reinvestment plans, check the following box. [X]

If this Form is filed to register additional securities for an offering
pursuant to Rule 462(b) under the Securities Act, please check the following box
and list the Securities Act registration statement number of the earlier
effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(c)
under the Securities Act, check the following box and list the Securities Act
registration statement number of the earlier effective registration statement
for the same offering. []

If delivery of the prospectus is expected to be made pursuant to Rule 434,
please check the following box. []

TITLE OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED (1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE (2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE (3)
Common Stock, \$0.01 par value.....	5,110,690	\$26.375	\$134,794,449	\$40,847

</TABLE>

- (1) Represents the maximum number of shares issuable to Salomon Brothers Inc upon conversion of Debentures held or to be purchased by it pursuant to the standby arrangements described herein.
- (2) Represents the closing price of the Registrant's Common Stock on the Nasdaq Stock Market on December 17, 1996.
- (3) Computed in accordance with Rule 457 under the Securities Act of 1933 solely for purposes of calculating the registration fee.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT THAT SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

DATED DECEMBER 20, 1996

PROSPECTUS

5,110,690 SHARES

LOGO

QUANTUM CORPORATION

COMMON STOCK
(PAR VALUE \$0.01 PER SHARE)

This prospectus relates to the issuance of a maximum of 5,110,690 shares of Common Stock, \$0.01 par value (the "Common Stock"), of Quantum Corporation, a Delaware corporation ("Quantum" or the "Company"), either (i) upon conversion of the Company's outstanding 6 3/8% Convertible Subordinated Debentures due April 1, 2002 (the "Debentures"), or (ii) to Salomon Brothers Inc (the "Purchaser") under the standby arrangements described herein, and the resale by the Purchaser of such Common Stock. The Debentures and the Common Stock are quoted on the Nasdaq Stock Market under the symbols QNTMG and QNTM, respectively.

The Company has called all the Debentures for redemption on January 19, 1997 (the "Redemption Date") at a redemption price of \$1,038.25 per \$1,000 principal amount of Debentures, plus accrued interest of \$19.13 from October 1, 1996 to the Redemption Date, for a total of \$1,057.38 for each \$1,000 principal amount of Debentures (the "Redemption Price"). The Debentures are convertible prior to 5:00 p.m., Chicago, Illinois time, on January 17, 1997 (the last trading day preceding the Redemption Date) (the "Conversion Expiration Date"), at a conversion rate of 55.10 shares of Common Stock (equivalent to a conversion price of approximately \$18.15 per share) for each \$1,000 principal amount of Debentures. On December 18, 1996, the last reported sale price of the Common Stock on the Nasdaq Stock Market was \$27.875 per share.

So long as the market price of the Common Stock is at least \$19.20 per share, a holder of the Debentures who converts will receive Common Stock with a market value plus cash in lieu of any fractional share greater than the amount of cash the holder would otherwise be entitled to receive upon redemption. Holders of Debentures are urged to obtain current market quotations for the Company's Common Stock.

The convertability of the Debentures will expire at 5:00 p.m., Chicago, Illinois time, on January 17, 1997.

THE COMMON STOCK OFFERED HEREBY INVOLVES A HIGH DEGREE OF RISK. SEE RISK FACTORS COMMENCING AT PAGE 5.

In the event that less than all of the Debentures are surrendered for conversion prior to the Conversion Expiration Date, the Company has made arrangements for the Purchaser to purchase from the Company such number of shares of Common Stock as would have been issuable upon conversion of the Debentures that have not been

surrendered for conversion prior to 5:00 p.m., Chicago, Illinois time, on January 17, 1997. The purchase price per share of such shares of Common Stock will be \$19.20, and the proceeds of sale will be used by the Company to effect redemption of the Debentures not converted. In addition, the Purchaser has agreed in certain circumstances to remit to the Company 50% of the excess, if any, of the aggregate net proceeds received on sale of such shares of Common Stock over the aggregate price paid to the Company.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Prior to and after the Redemption Date, the Purchaser may offer to the public Common Stock, including shares acquired through the purchase and conversion of the Debentures, at prices set from time to time by the Purchaser. It is intended that each such price when set will not exceed the greater of the last sale or current asked price per share of the Common Stock on the Nasdaq Stock Market plus the amount of any concession to dealers, and it is intended that an offering price set on any calendar day will not be increased more than once during such day. As a result, and subject to the preceding paragraph, the Purchaser may realize profits or losses independent of the compensation referred to under "Standby Arrangements."

The Purchaser may also make sales to dealers at prices which represent concessions from the prices at which such shares are then being offered to the public. Any shares of Common Stock so offered are offered subject to receipt and acceptance by the Purchaser, to prior sale and to the Purchaser's right to reject any order in whole or in part and to withdraw, cancel or modify the offer without notice. It is expected that delivery of the Common Stock acquired by the Purchaser from the Company will be made at the office of Salomon Brothers Inc, Seven World Trade Center, New York, New York, or through the facilities of The Depository Trust Company.

SALOMON BROTHERS INC

The date of this Prospectus is December 20, 1996.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS, IN CONNECTION WITH THE OFFERING DESCRIBED HEREIN, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE SHARES BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

AVAILABLE INFORMATION

The Company is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission" or the "SEC"). Such reports, proxy statements and other information can be inspected and copied at the offices of the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, as well as at the following regional offices of the Commission: Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661; and Seven World Trade Center, Suite 1300, New York, New York 10048. Copies of such material can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Such reports, proxy statements and other information concerning the Company may be inspected at the office of the National Association of Securities Dealers, Inc., 1735 K Street, N.W., Washington, D.C. 20006. The Common Stock and the Debentures of the Company are traded on the Nasdaq Stock Market.

The Company has filed with the Commission a Registration Statement (which term shall include all amendments, exhibits and schedules thereto) on Form S-3 under the Securities Act with respect to the Shares offered hereby. This Prospectus does not contain all the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission, and to which reference is hereby made. Statements made in this Prospectus as to the contents of any document referred to are not necessarily complete. With respect to each such document filed as an exhibit to the Registration Statement, reference is made to the exhibit for a more complete description of the matter involved, and each such statement shall be deemed qualified in its entirety by such reference. Copies of the Registration Statement and the exhibits and schedules thereto may be inspected, without charge, at the offices of the Commission, or obtained from the Public Reference section of the Commission at 450 Fifth Street, N.W., Washington D.C. 20549. The SEC maintains a website that contains reports, proxy and other information

regarding Quantum. The address of the website is <http://www.sec.gov>.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents have been filed with the Commission and are incorporated herein by reference:

- (a) The Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1996;
- (b) The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996;
- (c) The Company's Quarterly Report on Form 10-Q for the quarter ended September 29, 1996;
- (d) The Company's Registration Statement on Form 8-A filed on August 1, 1983, as may be amended from time to time, relating to the description of the Company's Common Stock; and
- (e) The Company's Registration Statement on Form 8-A filed on August 5, 1988 relating to the Company's Preferred Share purchase rights.

All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents. Any statement incorporated herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement and any statement contained herein shall be deemed to be modified or superseded for all purposes to the extent that a statement contained in any subsequently filed document which is deemed to be incorporated by reference modifies or supersedes such statement.

The Company will provide without charge to such person to whom this Prospectus is delivered, upon the request of such person, a copy of any or all of the foregoing documents incorporated herein by reference, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents). Requests for such documents should be directed to Investor Relations, Quantum Corporation, at the Company's executive offices located at 500 McCarthy Boulevard, Milpitas, California 95035, telephone (408) 894-4000.

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THE COMPANY

The following contains certain forward-looking statements and potential investors should carefully review the "Risk Factors" commencing on page 5 with respect to such forward-looking statements.

Quantum designs, develops and markets mass storage products, including high-performance, high quality hard disk drives, recording heads and tape drives. The Company combines its engineering and design expertise with the high volume hard disk drive manufacturing capabilities of its exclusive manufacturing partner, Matsushita Kotubuki Electronics Industries, Ltd. ("MKE") of Japan, to produce high quality hard disk drives designed to meet the storage requirements of workstations, servers, disk arrays, entry-level to high-end desktop PCs and minicomputers. In addition, the Company utilizes its own design and manufacturing operations for its linear tape drive products as well as for recording heads which are used in the Company's disk drive products. The Company's customers include leading OEMs such as Acer, Apple, Compaq, Dell, Digital, Hewlett-Packard, IBM, NEC, Silicon Graphics and Sun Microsystems.

The Company's strategy is to offer a diversified product portfolio which features leading edge technology and high quality manufacturing for a broad range of market applications. The Company is currently structured into the following four main operating divisions:

DESKTOP AND PORTABLE STORAGE GROUP (DPSG). The Desktop and Portable Storage Group designs, develops and markets hard disk drives primarily designed to meet the storage needs of desktop systems. The Company's DPSG products are designed for entry-level to high-end desktop PCs for use in both home and business environments.

WORKSTATION AND SYSTEMS STORAGE GROUP (WSSG). The Workstation and Systems Storage Group designs, develops and markets the Company's most technologically advanced hard disk drives for the demanding storage needs of servers, workstations, storage subsystems, high-end desktop systems and minicomputers. The Company's WSSG products are designed for storage-intensive applications such as graphics, disk arrays, desktop publishing systems, multimedia computing systems and networked data bases and file servers.

SPECIALTY STORAGE PRODUCTS GROUP (SSPG). The Specialty Storage Products Group designs, develops, manufactures and markets linear tape drives and solid state disk drives. The tape drives use advanced linear recording technology and a highly accurate tape guide system to perform data backup for mid-range and high-end computer systems. The solid state disk drives have the high execution speeds required for applications such as imaging, multimedia, video-on-demand, on-line transaction processing, material requirements planning and scientific modeling.

RECORDING HEADS GROUP (RHG). The Recording Heads Group designs, develops and manufactures magnetoresistive ("MR") recording heads used in the Company's products. The Company believes that MR head technology, which provides higher capacity per disk than thin film inductive heads, will replace thin film inductive heads as the leading recording head technology. The Company does not currently market thin film inductive or MR heads to other companies. The Company's expectations regarding MR head technology constitute forward-looking information and actual results could vary for the reasons described in "Risk Factors -- MR Recording Heads Development and Manufacturing."

Quantum operates in an industry characterized by rapid technological change. The Company is currently concentrating its product development efforts on broadening its existing disk and tape drive product lines through the introduction of new products, including new high-capacity hard disk drive products to be manufactured by MKE for WSSG as well as new products targeted specifically for the increasing storage needs of the consumer market served by DSPG. The Company is also focusing its efforts on applying its MR head technology to new generations of disk drives.

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Over the past twelve years, Quantum has established a strong business relationship with MKE, and the Company now relies on MKE's advanced, highly automated hard disk drive manufacturing process which emphasizes consistency and repeatability. In fiscal 1997, the Company transitioned the manufacturing of its high-capacity hard disk drive products to MKE, and MKE has only recently begun volume production of the Company's high-capacity products. As a result of this transition, MKE now has the exclusive right to manufacture all of the Company's hard disk drive products. The Company believes that its strategy of outsourcing manufacturing to MKE gives it a competitive advantage in product quality, time to volume production and lower capital requirements. However, the Company's expectations regarding its relationship with MKE constitute forward-looking information, and actual results could vary for the reasons set forth in "Risk Factors -- Transition of High-Capacity Manufacturing Operations to MKE," " -- Dependence on MKE Relationship."

The Company was incorporated as a California corporation in February 1980, and reincorporated as a Delaware corporation in April 1987.

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RISK FACTORS

This Prospectus contains certain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Actual results could differ materially from those projected in the forward-looking statements as a result of certain of the risk factors set forth below and elsewhere in this Prospectus. In addition to the other information contained and incorporated by reference in this Prospectus the following risk factors should be considered carefully in evaluating the Company and its business before purchasing the Common Stock offered hereby:

FLUCTUATION IN RESULTS OF OPERATIONS. The Company's results of operations are subject to fluctuations from period to period. In this regard, the demand for the Company's hard disk drive products depends on the demand for the computer systems manufactured by its customers, which is affected by computer system product cycles and by prevailing economic conditions. Growth in demand for computer systems, especially in the personal computer ("PC") market segment, where the Company derives a significant amount of its disk drive sales, has historically been subject to significant fluctuations. Such fluctuations in end user demand have in the past, and may in the future, result in the deferral or cancellation of orders for the Company's products, each of which would have a material adverse effect on the Company. During the past several years, there has been significant growth in the demand for PCs, a portion of which represented sales of PCs for use in the home. However, many analysts predict that future growth may be at a slower rate than the rate experienced in recent years.

In the first and second quarters of fiscal 1997, the Company experienced weak demand for its mix of drive products for the PC market and this resulted in pricing pressure on the Company's products and had an adverse impact on revenue and earnings for the first six months of fiscal 1997. The Company lost some desktop business to competitors with strong 1.6 gigabyte desktop programs at different price points. In response to the declining demand, the Company reduced its drive build plan at MKE through the second quarter of fiscal 1997. There can

be no assurance that this decline in demand is temporary, and the Company could experience additional decreases in demand for its products in the near future. Any such additional slowdowns in demand could have a material adverse effect on the Company.

The hard disk drive industry has also been subject, from time to time, to seasonal fluctuations in demand. Because shipments have tended to be highest in the third month of each quarter, the Company is taking steps to improve the linearity of shipments throughout the quarter. If the linearity of shipments does not improve, any failure by the Company to complete shipments in the final month of the quarter could adversely affect the Company's operating results for the quarter.

TRANSITION OF HIGH-CAPACITY MANUFACTURING OPERATIONS TO MKE. Since the Company's acquisition of Digital's high-capacity disk drive operations in late 1994, the Company experienced significant difficulties in integrating these operations into its high-capacity business. These difficulties included problems involving both the development and manufacturing of its high-capacity products and resulted in, among other things, significant delays in meeting the qualification standards imposed by certain major customers of the Company's high-capacity disk drive products. As part of its strategy to address these problems, in fiscal 1996, the Company decided to transition its high-capacity disk drive product manufacturing to MKE. As a result, in the fourth quarter of fiscal 1996 the Company incurred a charge of \$209 million associated with the closure of the Company's two high-capacity disk drive manufacturing facilities in Milpitas, California and Penang, Malaysia. These two facilities were closed during the quarter ended September 29, 1996.

Several risks are associated with the Company's transition of its high-capacity manufacturing operations to MKE. Although the Company has had a continuous manufacturing relationship with MKE since 1984, the Company's high-capacity products are more complex to manufacture than its desktop products. Prior to the transition, MKE had not previously manufactured any significant amount of the

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Company's high-capacity products and there can be no assurance that the Company's previous difficulties with its high-capacity products will be resolved or that new problems will not arise as a result of the transition of this manufacturing to MKE. Any failure of the Company to successfully manage this transition would have a material adverse effect on the Company.

DEPENDENCE ON MKE RELATIONSHIP. The Company is dependent upon MKE for the manufacture of its disk drive products. During fiscal 1996 and the first two quarters of fiscal 1997, approximately 75% and 77%, respectively, of the Company's sales were derived from products manufactured by MKE. The transition of the manufacturing of the Company's high-capacity product manufacturing to MKE has resulted in an increased dependence on MKE. The Company's relationship with MKE is therefore critical to the Company's business and financial performance.

The Company's dependence on MKE entails, among others, the following principal risks:

Quality and Delivery. The Company relies on MKE's ability to bring new products rapidly to volume production at low cost, to meet the Company's stringent quality requirements and to respond quickly to changing product delivery schedules from the Company. This requires, among other things, close and continuous collaboration between the Company and MKE in all phases of design, engineering, and production. The Company's business and financial results would be adversely affected if products manufactured by MKE fail to satisfy the Company's quality requirements or if MKE is unable to meet the Company's delivery commitments. In the event MKE is unable to satisfy Quantum's production requirements, the Company would not have an alternative manufacturing source to meet the demand without substantial delay and disruption of the Company's operations. As a result, the Company would be materially adversely affected.

Extension of Relationship. The Company's relationship with MKE, which has been continuous since 1984, is currently governed by a master agreement that, unless extended, will expire in December 1997. The failure of the parties to extend their relationship on terms favorable to the Company would have a material adverse effect on the Company.

Volume and Pricing. MKE's production schedule is based on the Company's forecasts of its product purchase requirements and the Company has only limited rights to modify short-term purchase orders issued to MKE. Further, the demand in the desktop business is inherently volatile and there is no assurance that the Company's forecasts are accurate. In addition, the Company periodically renegotiates pricing arrangements with MKE. The failure of the Company to accurately forecast its requirements, which could lead to inventory shortages or surpluses, or the failure to reach pricing agreements reasonable to the Company would have a material adverse effect on the Company.

Manufacturing Capacity and Capital Commitment. The Company believes that MKE's current and committed manufacturing capacity should be adequate to meet the Company's requirements at least through the end of fiscal 1997. The Company's future growth will require, however, that MKE continue to devote substantial financial resources to property, plant and equipment and working capital to support manufacture of the Company's products, as to which there can be no assurance. In the event that MKE is unable or unwilling to meet the Company's manufacturing requirements, there can be no assurance that the Company would be able to obtain an alternate source of supply. Any such failure to obtain an alternative source would have a material adverse effect on the Company.

DEPENDENCE ON SUPPLIERS OF COMPONENTS AND SUB-ASSEMBLIES; COMPONENT SHORTAGES. The Company and its manufacturing partner, MKE, are dependent upon qualified suppliers for components and sub-assemblies, including recording heads, media and integrated circuits, which are essential to the manufacture of the Company's products. In connection with certain products, the Company and MKE qualify only a single source for certain components and sub-assemblies, which can magnify the risk of shortages. Component shortages have constrained the Company's sales growth in the past, and the Company believes that the industry will periodically experience component shortages. If such shortages occur, or if the Company experiences quality problems with component suppliers, shipments of products

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could be significantly delayed or costs significantly increased, which would have a material adverse effect on the Company.

RAPID TECHNOLOGICAL CHANGE; NEW PRODUCT DEVELOPMENT AND QUALIFICATION. Quantum operates in an industry characterized by increasingly rapid technological changes and short product life cycles. For these and other reasons, including competitive pressures, gross margins on specific products can decrease rapidly. Any delay in introduction of more advanced and more cost-effective products can result in significantly lower sales and gross margins. The Company's future is therefore dependent on its ability to anticipate what the customers will demand and to develop the new products to meet this demand. The Company must also qualify these new products with its customers, successfully introduce these products to the market on a timely basis and commence volume production to meet customer demands. Due to these factors, the Company expects that sales of new products will continue to account for a significant portion of its future sales and that sales of older products will decline accordingly. However, there can be no assurance that such new products will achieve or sustain market acceptance and failure to achieve acceptance could have a material adverse effect on the Company.

The Company is currently in the process of qualifying two of its new high-capacity products. The customer qualification process for disk drive products, particularly high-capacity products, can be lengthy and complex, and the Company has in the past experienced difficulties in obtaining qualifications of its high-capacity products from certain customers. In addition, the Company transitioned the manufacturing of its high capacity products to MKE during the first half of fiscal 1997, and MKE has only recently begun volume production of such high-capacity products. In the event that the Company is unable to obtain customer qualifications for these new products in a timely manner, or at all, or in the event MKE is unable to manufacture such products in volume, the Company would be materially adversely affected.

There can be no assurance that the Company will be successful in the development and marketing of these and other new products and components that seek to respond to technological change or evolving industry standards, that the Company will not experience difficulties that could delay or prevent the successful development, introduction and marketing of these products and components, or that the Company's new products and components will adequately meet the requirements of the marketplace and achieve market acceptance. In addition, technological advances in magnetic, optical or other technologies, or the development of new technologies, could result in the introduction of competitive products with superior performance to and substantially lower prices than the Company's products. Further, the Company's new products and components are subject to significant technical risks. If the Company experiences delays in the commencement of commercial shipments of new products or components, the Company could experience delays or loss of product sales. If the Company is unable, for technological or other reasons, to develop and introduce new products in a timely manner in response to changing market conditions or customer requirements, the Company would be materially adversely affected.

MR RECORDING HEADS DEVELOPMENT AND MANUFACTURING. The Company is currently engaged in a substantial effort to advance the development of its MR recording heads. The Company believes that MR head technology, which enables higher capacity per disk than conventional thin film inductive heads, will replace inductive heads as the leading recording head technology. Although the Company currently obtains the majority of its MR heads from outside sources, the Company believes that by establishing its own supply of MR heads it can lower the risk of supply shortages of MR heads that may occur in the future as a result of increased requirements for disk drive products which utilize MR recording heads.

However, MR technology is relatively complex and, to date, the Company's manufacturing yields for its MR heads have been relatively low as compared to the Company's manufacturing yields for its thin film inductive heads. In the event that yields do not improve, the Company will continue to occur losses associated with its MR heads manufacturing operations, which losses would negatively affect the Company's operating results. In addition, since there are limited alternative sources of supply for MR recording heads, and there can be no assurance that the Company will be able to locate and obtain adequate supply from such alternative sources, the Company would be materially adversely affected in the event that its yields for MR heads do not improve.

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CUSTOMER CONCENTRATION. As is typical in the information storage industry, the Company's customer base is concentrated with a small number of computer systems manufacturers. In general, the customers are not obligated to purchase any minimum volume of the Company's products, and the Company's relationships with its customers are generally terminable at will by the customers.

Sales of the Company's desktop products, which comprise a significant majority of its overall sales, were concentrated with several key customers during the six months ended September 29, 1996, and the fiscal year ended March 31, 1996. Sales to the top five customers of the Company represented 40% of total sales for the first six months of fiscal 1997 and 44% of sales for the 1996 fiscal year. For the first six months of fiscal 1997, sales to Compaq were approximately 11% of total sales. Apple's share of the Company's sales, which was 11% in fiscal 1996, has declined to approximately 7% in the first six months of fiscal 1997. In addition, the Company is unable to predict whether or not there will be any significant change in demand for any of its customers' products in the future. In the event that any such changes result in decreased demand for the Company's products, whether by loss or delays in orders, the Company could be materially adversely affected.

INTENSELY COMPETITIVE INDUSTRY. The information storage products industry in general, and the disk drive industry in particular, is characterized by intense competition which results in rapid price erosion, short product life cycles, and continuous introduction of new, more cost-effective products offering increased levels of capacity and performance. In this regard, the Company intends to introduce new products during the latter half of fiscal 1997, and there can be no assurance that it will be successful. If this does not occur, the Company would be materially and adversely affected. The hard disk drive industry also tends to experience periods of excess product inventory and intense price competition. If price competition intensifies, the Company may be forced to lower prices further than expected, which could materially adversely affect the Company.

Quantum faces direct competition from a number of companies, including Seagate, Western Digital, IBM, (which recently announced increased investment in its storage business), Maxtor and Exabyte. In the event that the Company is unable to compete effectively with these or any other companies, the Company would be materially adversely affected.

Desktop Storage Products. In the market for desktop products, Quantum competes primarily with Seagate, Western Digital, and Maxtor. Quantum and its competitors have developed and are developing a number of products targeted at particular segments of this market, such as home PC buyers, and factors such as time to market can have a significant effect on the success of any particular product. The desktop market is characterized by more competitors and shorter product life cycles than the hard disk drive market in general.

Workstation and System Storage Products. The Company faces competition in the high-capacity disk drive market primarily from Seagate and IBM. Seagate has the largest share of the market for high-capacity disk drives. Although the same competitive factors identified above as being generally applicable to the overall disk drive industry apply to high-capacity disk drives, the Company believes that the performance and quality of its products are more important to the users in this market than to users in the desktop market. The Company's success in the high-capacity market during the foreseeable future is dependent on the successful development, timely introduction and market acceptance of key new products, as to which there can be no assurance.

Specialty Storage Products. In the market for tape drives, the Company competes with a large number of companies, which have tape drive product offerings, including Exabyte. The Company targets a market segment which requires a mission critical backup system and the Company competes in this segment based upon the reliability and durability of its tape drives. Although the Company has experienced market acceptance of its tape drive products, the market could become significantly more competitive at any time during the remainder of fiscal 1997 or beyond. As a result, the Company could experience increased price competition. If price competition occurs, the Company may be forced to lower prices, in which case the Company could be materially adversely affected.

Finally, the Company's customers could commence the manufacture of disk and tape drives for their own use or for sale to others. Any such loss of customers could have a material adverse effect on the Company.

RISKS ASSOCIATED WITH FOREIGN MANUFACTURING. Many of the Company's products are currently manufactured outside the United States. As a result, the Company is subject to certain risks associated with contracting with foreign manufacturers, including obtaining requisite United States and foreign governmental permits and approvals, currency exchange fluctuations, currency restrictions, political instability, labor problems, trade restrictions and changes in tariff and freight rates.

INTELLECTUAL PROPERTY MATTERS. The hard disk drive industry has been characterized by significant litigation relating to patent and other intellectual property rights. From time to time, the Company is approached by companies and individuals alleging Quantum's need for a license under patented technology that Quantum assertedly uses. If required, there can be no assurance that licenses to any such technology could be obtained or obtained on commercially reasonable terms. Adverse resolution of any intellectual property litigation could subject the Company to substantial liabilities and require it to refrain from manufacturing certain products. In addition, the costs of engaging in such litigation may be substantial, regardless of the outcome.

LITIGATION. The Company and certain of its current and former officers and directors have been named as defendants in two class action lawsuits, one filed on August 28, 1996 in the Superior Court of Santa Clara County, California, and one filed on August 30, 1996 in the U.S. District Court for the Northern District of California. The plaintiff in both class actions purports to represent a class of all persons who purchased the Company's common stock between February 26, 1996 and June 13, 1996. The complaints allege that the defendants violated various federal securities laws and California statutes by concealing and/or misrepresenting material adverse information about the Company and that individual defendants sold shares of the Company's stock based upon material nonpublic information. On October 23, 1996, the Company filed a demurrer requesting dismissal of the state action, and on November 21, 1996, the Company moved for a determination that the action not be permitted to proceed as a class action. There has been no decision on either motion to date. In the federal action, the defendants have not yet responded to the complaint.

Certain of the Company's current and former officers and directors have also been named as defendants in a derivative lawsuit, which was filed on November 8, 1996 in the Superior Court of Santa Clara County, California. The derivative complaint is based on factual allegations substantially similar to those alleged in the class action lawsuits. The complaint alleges that the defendants violated the California Corporations Code and state common law by concealing and/or misrepresenting material adverse information about the Company and by selling shares of the Company's stock based upon material nonpublic information. The complaint has not been served on the defendants.

The Company believes that the pending actions are without merit and intends to defend against them vigorously. Nevertheless, litigation is subject to inherent uncertainties and thus there can be no assurance that these suits will be resolved favorably to the Company or will not have a material adverse effect on the Company.

FUTURE CAPITAL NEEDS. The information storage business is capital-intensive and competitive. Although the Company has recently transitioned the manufacturing of all of its hard disk drive products to MKE, the Company believes that in order to remain competitive in the information storage business, it will need significant additional financial resources over the next several years for capital expenditures, working capital and research and development. The Company believes that it will be able to fund these capital requirements at least through fiscal 1997. However, if the Company decides to increase its capital expenditures further or sooner than presently contemplated, or if results of operations do not meet the Company's expectations, the Company will require additional debt or equity financing. There can be no assurance that such additional funds will be available to the Company or will be available on favorable terms. In addition, the Company may require additional capital for other purposes not presently contemplated. If the Company is unable to obtain sufficient capital, it could be required to curtail its

capital equipment and research and development expenditures, which could adversely affect the Company.

VOLATILITY OF STOCK PRICE. The market price of the Company's common stock has been, and may continue to be, extremely volatile. Factors such as new product announcements by the Company or its competitors, quarterly fluctuations in the operating results of the Company, its competitors and other technology companies and general conditions in the computer market may have a significant impact on the market price of the common stock. In particular, if the Company were to report operating results that did not meet the expectations of research

analysts, the market price of the common stock could be materially adversely affected.

USE OF PROCEEDS

There will be no proceeds to the Company from the issuance of the Common Stock upon conversion of Debentures by the holders thereof. The net proceeds from the sale of any Common Stock to the Purchaser pursuant to the standby arrangements described herein will be used to effect redemption of any Debentures not tendered for conversion. Any excess net proceeds resulting from the Purchaser remitting certain amounts to the Company pursuant to the standby arrangements described herein will be added to working capital and used for general business purposes.

PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY

The Common Stock is listed and traded on the Nasdaq Stock Market under the symbol QNTM. The following table sets forth, for the periods indicated, the high and low closing sales prices per share of the Common Stock, as reported on the Nasdaq Stock Market.

<TABLE>
<CAPTION>

	HIGH	LOW
	-----	-----
<S>	<C>	<C>
Fiscal year ended March 31, 1994:		
First quarter.....	\$141/2	\$101/2
Second quarter.....	131/2	91/2
Third quarter.....	143/4	97/8
Fourth quarter.....	191/4	141/8
Fiscal year ended March 31, 1995:		
First quarter.....	\$183/16	\$113/4
Second quarter.....	175/8	1213/16
Third quarter.....	163/4	137/8
Fourth quarter.....	1513/16	137/8
Fiscal year ended March 31, 1996:		
First quarter.....	\$265/16	\$15
Second quarter.....	279/16	207/8
Third quarter.....	207/8	161/8
Fourth quarter.....	197/8	165/8
Fiscal year ended March 31, 1997:		
First quarter.....	26	141/8
Second quarter.....	183/8	11
Third quarter (through December 18, 1996).....	293/4	175/16

</TABLE>

On December 18, 1996 the last reported sale price of the Common Stock was \$27.875 per share, as reported on the Nasdaq National Market.

The Company has never paid cash dividends on its Common Stock, and the Company's credit agreement dated October 3, 1994, as amended, currently prohibits the Company from paying dividends while the debt is outstanding. The Company currently intends to retain any earnings for use in its business and does not anticipate paying any cash dividends in the foreseeable future.

CAPITALIZATION

The following table sets forth the capitalization of the Company at September 29, 1996, as adjusted to give effect to the assumed conversion of all outstanding Debentures into shares of Common Stock.

<TABLE>
<CAPTION>

	SEPTEMBER 29, 1996	
	ACTUAL	AS ADJUSTED(1)
	-----	-----
<S>	<C>	<C>
(IN THOUSANDS)		
Subordinated debt:		
6 3/8% convertible subordinated debentures(2).....	\$ 97,350	\$ 0
5% convertible subordinated notes.....	241,350	241,350
Long-term debt, excluding current portion.....	388,365	388,365
Shareholders' equity:		
Preferred stock, \$0.01 par value; 4,000,000 shares authorized; none issued and outstanding, actual, and as adjusted.....	--	--
Common stock, \$0.01 par value, 150,000,000 shares authorized; actual: 57,792,108 shares issued and outstanding; as adjusted: 63,156,093 shares issued and outstanding(3).....	578	632
Capital in excess of par value.....	325,609	422,235

Retained earnings.....	286,293	286,293
	-----	-----
Total shareholders' equity.....	612,480	709,160
	-----	-----
Total capitalization.....	\$1,339,545	\$1,338,875
	=====	=====

</TABLE>

-
- (1) As adjusted information also includes an increase to capital reflecting interest accrued to the Redemption Date, a decrease to capital reflecting previously unamortized costs associated with issuance of the Debentures; and a decrease to capital reflecting costs of the transactions contemplated hereby.
 - (2) Between September 29, 1996 and December 18, 1996, 253,292 shares of Common Stock were issued upon conversion of \$4,597,000 principal amount of Debentures. Such activity is also reflected in the "as adjusted" information.
 - (3) Does not include 9,515,996 shares of Common Stock issuable upon exercise of outstanding options as of September 29, 1996.

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REDEMPTION OF DEBENTURES AND EXPIRATION OF
CONVERSION PRIVILEGE

The Company has called all its outstanding Debentures for redemption on the Redemption Date pursuant to the terms of the Indenture dated as of April 1, 1992 (the "Indenture"), between the Company and LaSalle National Bank, as Trustee (the "Trustee"). As a result of the call for redemption, holders of the Debentures are entitled to receive from the Company upon redemption the sum of \$1,038.25 plus accrued interest of \$19.13 from October 1, 1996 to the Redemption Date for each \$1,000 principal amount of Debentures. The total amount payable upon redemption for each \$1,000 principal amount of Debentures is thus \$1,057.38 (the "Redemption Price"). After the Redemption Date, the Debentures will be deemed to be no longer outstanding, and all rights of the holders of the Debentures will cease, except the right to receive the Redemption Price without interest, upon surrender of the Debentures to the Trustee.

ALTERNATIVES AVAILABLE TO HOLDERS OF DEBENTURES

Holders of the Debentures have the following alternatives, each of which should be carefully considered:

1. Conversion of Debentures into Common Stock. Until 5:00 p.m., Chicago, Illinois time, on January 17, 1997, which is one trading day prior to the Redemption Date (the "Conversion Date"), the Debentures are convertible at the option of the holder, in part or in whole, into 55.10 fully paid and nonassessable shares (equivalent to an effective conversion price of approximately \$18.15 per share of the Company's Common Stock), for each \$1,000 principal amount of Debentures. In the event such conversion would result in a fractional share of Common Stock, an amount equivalent to the value of the fractional share will be paid in cash by the Company. Such amount will be determined on the basis of the last reported sales price as reported by the Nasdaq Stock Market on the day the Debentures are converted. On the basis of the closing price of the Common Stock as reported on the Nasdaq Stock Market on December 18, 1996 of \$27.875, 55.10 shares had a market value (including cash in lieu of the fractional share) equivalent to \$1,535.91. No payment or adjustment will be made on conversion for interest accrued on the Debentures surrendered for the conversion. Accordingly, any holder surrendering Debentures for conversion will not receive any interest with respect to such Debentures accrued since October 1, 1996.

SO LONG AS THE MARKET PRICE OF THE COMMON STOCK IS AT LEAST \$19.20 PER SHARE, A HOLDER OF THE DEBENTURES WHO CONVERTS WILL RECEIVE COMMON STOCK WITH A MARKET VALUE, PLUS CASH IN LIEU OF ANY FRACTIONAL SHARE, EQUAL TO OR GREATER THAN THE AMOUNT OF CASH THE HOLDER WOULD OTHERWISE BE ENTITLED TO RECEIVE UPON REDEMPTION. SEE "CERTAIN FEDERAL INCOME TAX CONSIDERATIONS." HOLDERS OF DEBENTURES ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE COMMON STOCK. THE CONVERSION RIGHT EXPIRES AT 5:00 P.M. CHICAGO, ILLINOIS TIME, ON THE CONVERSION DATE. FROM AND AFTER THAT DATE AND TIME, HOLDERS OF DEBENTURES WILL BE ENTITLED ONLY TO THE REDEMPTION PAYMENT. IT SHOULD BE NOTED, HOWEVER, THAT THE PRICE OF THE COMMON STOCK RECEIVED UPON CONVERSION WILL FLUCTUATE IN THE MARKET. NO ASSURANCE IS GIVEN AS TO THE PRICE OF THE COMMON STOCK AT ANY FUTURE TIME, AND THE HOLDERS SHOULD EXPECT TO INCUR VARIOUS EXPENSES OF SALE IF THE COMMON STOCK RECEIVED UPON CONVERSION OF THE DEBENTURES IS SOLD.

2. Redemption of Debentures on January 19, 1997. Any Debentures that have not been converted into Common Stock on or prior to 5:00 p.m., Chicago, Illinois time, on the Conversion Date, will be redeemed on the Redemption Date. Upon redemption a holder will receive \$1,057.38 per \$1,000 principal amount of Debentures. On and after the Redemption Date, interest will cease to accrue and holders of Debentures will not have any rights as such holders other than the

right to receive payment of the Redemption Payment, without interest, upon surrender of their Debentures. Under the Indenture, because the Redemption Date is not a business day, the first day that any payments need be made on Debentures submitted for redemption is January 21, 1997 (the first business day following the Redemption Date); however, no additional interest will accrue as a result of such delayed payment.

3. Sale of Debentures Through Ordinary Brokerage Transactions. Sales of Debentures may be made through open market brokerage transactions and, if made sufficiently in advance of the Conversion Date, buyers thereof may convert Debentures into Common Stock in the manner described below. After

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5:00 p.m., Chicago, Illinois time, on the Conversion Date, no holder of Debentures will be entitled to convert Debentures into Common Stock. This is expected to have an adverse impact on the market for Debentures. Holders of Debentures who wish to make sales should consult with their own brokers concerning if and when their Debentures should be sold.

MANNER OF CONVERSION

To convert Debentures into Common Stock, the holder thereof must surrender such Debentures, endorsed or assigned to the Company or in blank, prior to 5:00 p.m., Chicago, Illinois time, on the Conversion Date to the Company or its offices maintained for that purpose at LaSalle National Bank, 135 S. LaSalle St., Corporate Trust Operations, Suite 1811, Chicago, Illinois 60603, accompanied by written notice (a form of which is set forth on the reverse of the Debenture certificate) to the Company that the holder elects to convert such Debentures, or if less than the entire principal amount thereof is to be converted, the portion thereof to be converted. Each Debenture surrendered for conversion must, unless the shares issuable on the conversion are to be issued in the same name as the name in which such Debenture is registered, be accompanied by instruments of transfer, in form satisfactory to the Company and the Trustee, duly executed by the holder or his or her duly authorized attorney. The notice that must be given to the Company may be provided by surrendering Debentures accompanied by the Letter of Transmittal provided to all record holders of the Debentures. As promptly as practicable after the surrender of such Debenture, as aforesaid, the Company will issue and deliver at the office of the Trustee to such holder, or on such holder's written order, a certificate or certificates for the number of full shares of Common Stock issuable upon the conversion of such Debenture and a check for the amount payable in lieu of any fractional share. Holders are also entitled to convert fewer than all Debentures they hold provided that any conversions are for principal amounts of Debentures in integral multiples of \$1,000, in accordance with the terms of the Indenture. No payment or adjustment will be made on conversion for interest accrued on the Debentures surrendered for conversion.

The Debentures may be converted into Common Stock only by delivery of Debentures, accompanied by the notice as described above, to the Company prior to 5:00 p.m., Chicago, Illinois time, on the Conversion Date. SINCE IT IS THE TIME OF RECEIPT, NOT THE TIME OF MAILING, THAT DETERMINES WHETHER DEBENTURES HAVE BEEN PROPERLY TENDERED FOR CONVERSION, SUFFICIENT TIME SHOULD BE ALLOWED FOR DEBENTURES SENT BY MAIL TO BE RECEIVED BY THE TRUSTEE PRIOR TO 5:00 P.M., CHICAGO, ILLINOIS TIME, ON THE CONVERSION DATE.

ANY DEBENTURES THAT HAVE NOT BEEN PROPERLY PRESENTED TO THE COMPANY FOR CONVERSION PRIOR TO 5:00 P.M., CHICAGO, ILLINOIS TIME, ON THE CONVERSION DATE WILL BE AUTOMATICALLY REDEEMED AS SET FORTH ABOVE.

MANNER OF REDEMPTION

To receive the Redemption Price specified above for any Debentures being redeemed, the holder thereof must surrender such Debentures to LaSalle National Bank, at the address stated above.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is for general information and is based on the provisions of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), the applicable regulations promulgated thereunder, and published administrative and judicial decisions, all as they exist at the date of this Prospectus. Changes in the law could affect the federal income tax consequences discussed herein below.

Certain holders (including insurance companies, tax-exempt organizations, financial institutions, broker-dealers, foreign corporations and persons who are not citizens or residents of the United States) may be subject to special rules not discussed below. EACH HOLDER SHOULD CONSULT HIS OR HER OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES OF THE SALE OR CONVERSION

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OF THE DEBENTURES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS, AND ANY CHANGES IN APPLICABLE TAX LAWS.

For federal income tax purposes the conversion of Debentures into Common Stock will not result in a taxable gain or loss with respect to the Common Stock received, except that gain or loss must be recognized with respect to cash received in lieu of fractional shares upon conversion. The amount of such gain or loss will be equal to the amount of cash received less the basis attributable to such fractional shares and will be capital gain or loss if the Debentures are capital assets in the hands of the holder. A holder's basis for the Common Stock received upon conversion of Debentures will be equal to the basis of the Debentures surrendered reduced by the portion of the basis allocated to any fractional share. Assuming that the Debentures are capital assets in the holder's hands, the holding period for the Common Stock will include the holding period for those Debentures.

A sale of Debentures or surrender of Debentures for redemption will be a taxable transaction on which gain or loss, if any, will be recognized. The gain or loss will ordinarily be a capital gain or loss, provided the Debentures are a capital asset in the hands of the holder. The gain or loss recognized upon sale of Debentures or surrender thereof for redemption will be the difference between the holder's basis in the Debentures and the sale price or Redemption Price, as the case may be, received in respect thereof, exclusive of accrued interest which will be taxable as ordinary income. If a holder purchased the Debentures for an amount below the stated redemption price at maturity, a portion of the gain may be treated as ordinary interest income as a result of the market discount provisions of the Internal Revenue Code. To the extent the Debentures converted are subject to accrued market discount not previously included in the income of the holder, the amount of the accrued market discount will carry over to the Common Stock acquired on conversion and will be taxed as ordinary income upon the subsequent disposition of the Common Stock.

The federal income tax discussion set forth above is included for general information only. Holders should consult their tax advisors to determine particular tax consequences to them (including the application and effect of market discount and backup withholding rules, state and local income and other tax laws) prior to any conversion, sale or surrender for redemption of the Debentures. Holders who do not provide a Taxpayer Identification Number or who provide an incorrect Taxpayer Identification Number on the substitute W-9 provided in the Letter of Transmittal provided with this Prospectus may be subject to a 31% backup withholding tax and other penalties.

STANDBY ARRANGEMENTS

Upon the terms and subject to the conditions contained in the Standby Agreement, dated December 20, 1996, between the Company and the Purchaser (the "Standby Agreement"), the Purchaser has agreed to purchase from the Company such number of whole shares of Common Stock (the "Purchased Shares") as would have been issuable upon conversion of Debentures that have not been surrendered for conversion prior to the close of business on the Conversion Date. The purchase price of such shares of Common Stock will be \$19.20 per share, an amount equivalent to \$1,057.38 per \$1,000 principal amount of Debentures. The Purchaser may also purchase Debentures in the open market or otherwise prior to the Redemption Date. The Purchaser has agreed to convert into Common Stock all Debentures so purchased.

The Purchaser has agreed to pay to the Company 50% of the excess, if any, of the aggregate proceeds received on sale of the Purchased Shares (net of selling concessions, transfer taxes and other expenses of sale) over the aggregate purchase price paid therefor.

The Company has been advised by the Purchaser that it proposes to offer any shares of Common Stock purchased from the Company or acquired on conversion of purchased Debentures for resale as set forth on the cover page of this Prospectus. The Purchaser may also make sales of such shares to certain securities dealers at prices which may reflect concessions from the prices at which such shares are being offered to the public. The amount of such concessions may be determined from time to time.

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Pursuant to the terms of the Standby Agreement and as compensation for the commitment of the Purchaser thereunder, the Company has agreed to pay the Purchaser the sum of \$974,047 plus an additional sum for certain Compensable Shares (as defined below). The additional sum will be paid as follows: (i) no additional sum will be paid if the total number of Compensable Shares is less than or equal to 255,534; (ii) if the total number of Compensable Shares is greater than 255,534 but less than 766,603, the additional sum will equal \$0.58 per share for all Compensable Shares; and (iii) if the total number of Compensable Shares equals or exceeds 766,603, the additional sum will equal \$0.77 for all Compensable Shares. Compensable Shares consist of Purchased Shares, plus any Shares of Common Stock which are issued to the Purchaser upon the conversion of the Debentures, which are resold by the Purchaser for less than \$19.20 per share. The Company has also agreed to pay certain out-of-pocket expenses of the Purchaser and to pay Blue Sky fees and expenses.

Pursuant to the Standby Agreement, the Company has agreed that it will not,

without the written consent of the Purchaser, sell, contract to sell or otherwise dispose of any shares of Common Stock, with certain exceptions, for a period commencing on the date of this Prospectus and ending 60 days after the Redemption Date, provided that if the Purchaser does not acquire 255,534 Purchased Shares pursuant to the Standby Agreement, the Company will no longer be bound by such restriction.

The Company has agreed to indemnify the Purchaser against certain liabilities, including liabilities under the Securities Act.

The Purchaser may assist in the solicitation of conversions by holders of the Debentures, but will receive no additional compensation therefor.

LEGAL MATTERS

The validity of the shares of Common Stock offered hereby will be passed upon for the Company by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California. Certain legal matters will be passed upon for the Purchaser by Latham & Watkins, San Francisco, California.

EXPERTS

The consolidated financial statements of Quantum Corporation, appearing in Quantum Corporation's Annual Report (Form 10-K) for the year ended March 31, 1996, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

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NO DEALER, SALESMAN OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE PURCHASER. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY BY ANY PERSON OR IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO ANYONE TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT INFORMATION CONTAINED OR INCORPORATED BY REFERENCE HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

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5,110,690 SHARES

QUANTUM CORPORATION

COMMON STOCK
(PAR VALUE \$0.01 PER SHARE)

LOGO

PROSPECTUS
 DATED DECEMBER 20, 1996

QUANTUM CORPORATION
 REGISTRATION STATEMENT ON FORM S-3

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14 OTHER EXPENSES OF REGISTRATION AND DISTRIBUTION.

The following table sets forth the costs and expenses, other than standby fees, payable in connection with the sale of the Common Stock being registered hereby. All amounts are estimates except the SEC registration fee and the Nasdaq Stock Market application fee.

<TABLE>
 <CAPTION>

	AMOUNT TO BE PAID BY COMPANY

<S>	<C>
SEC registration fee.....	\$ 40,847
Printing.....	50,000
Legal fees and expenses.....	150,000
Accounting fees and expenses.....	70,000
Blue sky fees and expenses.....	10,000
Conversion Agent and Trustee fees.....	5,000
Miscellaneous.....	21,863

Total.....	\$347,710
	=====

</TABLE>

ITEM 15 INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law authorizes a corporation to grant indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act. Section 11 of the Registrant's Restated Certificate of Incorporation provides for indemnification of its directors against the Registrant or its Stockholders to the maximum extent permitted by the Delaware General Corporation Law for monetary damages for breach of fiduciary duty as a director. Article VI of the Company's Bylaws, as amended, permits the Company to indemnify directors, officers, employees and agents to the maximum extent permitted by the Delaware General Corporation Law. In addition, the Registrant has entered into Indemnification Agreements with its officers and directors. The Standby Agreement (Exhibit 1.1) also provides for cross-indemnification among the Company and the Purchaser with respect to certain matters, including matters arising under the Securities Act.

ITEM 16 EXHIBITS.

<TABLE>
 <CAPTION>
 EXHIBIT
 NUMBER

<C>	<S>
1.1	Form of Standby Agreement
5.1	Opinion of Wilson Sonsini Goodrich & Rosati, Professional Corporation, as to legality of securities being registered.
23.1	Consent of Ernst & Young LLP, independent auditors.
23.2	Consent of Counsel (contained in Exhibit 5.1 hereto).
24.1	Power of Attorney (contained on Page II-3).

</TABLE>

ITEM 17 UNDERTAKINGS.

1. The undersigned registrant hereby undertakes:

(a) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) to reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment hereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement;

(iii) to include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

provided, however, that the undertakings set forth in paragraph (i) and (ii) above shall not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") that are incorporated by reference in this Registration Statement.

(b) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

2. The undersigned hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes to provide to the Purchaser at the closing, as specified in the Standby Agreement, certificates in such denomination and registered in such names as required by the Purchaser to permit prompt delivery to each purchaser.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Milpitas, State of California, on this 20th day of December, 1996.

QUANTUM CORPORATION

/s/ MICHAEL A. BROWN

Michael A. Brown
President and Chief Executive Officer
(Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each such person whose signature appears below constitutes and appoints, jointly and severally, Michael A. Brown and Andrew Kryder his attorneys-in-fact, each with the power of substitution,

for him in any and all capacities, to sign any amendments to this Registration Statement on Form S-3 (including post-effective amendments), and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

SIGNATURE	TITLE	DATE
/s/ MICHAEL A. BROWN Michael A. Brown	President, Chief Executive Officer and Director (Principal Executive Officer)	December 20, 1996
/s/ RICHARD L. CLEMMER Richard L. Clemmer	Executive Vice President, Finance and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	December 20, 1996
/s/ EDWARD M. ESBER Edward M. Esber	Director	December 20, 1996
/s/ DAVID A. BROWN David A. Brown	Director	December 20, 1996
/s/ STEPHEN M. BERKLEY Stephen M. Berkley	Director	December 20, 1996
/s/ ROBERT J. CASALE Robert J. Casale	Director	December 20, 1996
/s/ STEVEN C. WHEELWRIGHT Steven C. Wheelwright	Director	December 20, 1996

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QUANTUM CORPORATION

REGISTRATION STATEMENT ON FORM S-3

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EXHIBIT NUMBER	DESCRIPTION
1.1	Form of Standby Agreement.....
5.1	Opinion of Wilson Sonsini Goodrich & Rosati, Professional Corporation, as to legality of securities being registered.....
23.1	Consent of Ernst & Young LLP, independent auditors.....
23.2	Consent of Counsel (contained in Exhibit 5.1 above).....
24.1	Power of Attorney (see page II-3).....

QUANTUM CORPORATION
6-3/8% Convertible Subordinated Debentures

STANDBY AGREEMENT

New York, New York
December 20, 1996

SALOMON BROTHERS INC
Seven World Trade Center
New York, New York 10048

Ladies and Gentlemen:

Quantum Corporation, a Delaware corporation (the "Company"), intends to call for redemption on January 19, 1997 (the "Redemption Date"), all of its outstanding 6-3/8% Convertible Subordinated Debentures due April 1, 2002 (the "Debentures") at a redemption price of \$1,038.25 per \$1,000 principal amount of Debentures, plus accrued interest of \$19.13 from October 1, 1996 to the Redemption Date, for a total redemption price of \$1057.38 per \$1,000 principal amount of Debentures (the "Redemption Price"). The Debentures are convertible into shares of common stock, \$.01 par value per share (the "Common Stock"), of the Company at any time prior to 5:00 p.m., Chicago, Illinois time, on January 17, 1997 (the trading day immediately preceding the Redemption Date) (the "Conversion Date").

In order to ensure that the Company will have available sufficient funds to redeem any Debentures not converted on or prior to the Conversion Date, the Company desires to make arrangements pursuant to which you (the "Purchaser") will, on the Redemption Date or, if the Redemption Date is not a business day, the next business day thereafter, purchase shares of Common Stock that would have been issuable upon the conversion of the Debentures that have not been surrendered for conversion prior to 5:00 p.m., Chicago, Illinois time, on the Conversion Date.

1. Representations and Warranties. The Company represents and warrants to the Purchaser as set forth below in this Section 1. Certain terms used in this Section 1 are defined in Section 1(g) hereof.

(a) The Company meets the requirements for use of Form S-3 under the Securities Act of 1933, as amended (the "Act"), and the rules and regulations promulgated thereunder, and has filed with the Securities and Exchange Commission (the "Commission") a registration statement (file number 333-_____) on such Form, including a related preliminary prospectus, for the registration under the Act of the issuance by the Company of the shares of Common Stock issuable upon conversion by the Purchaser of Debentures and the sale by the Purchaser of any shares of Common Stock that may be acquired by it as contemplated by this Standby Agreement (this "Standby Agreement" or this "Agreement"). The Company may have filed one or more amendments, including the related preliminary

prospectus, each of which previously has been provided to you. The Company will next file with the Commission one of the following: (i) prior to effectiveness of such Registration Statement, a further amendment to such Registration Statement, including the form of final prospectus, (ii) a final prospectus in accordance with Rules 430A and 424(b)(1) or (4), or (iii) a final prospectus in accordance with Rules 415 and 424(b)(2) or (5). In the case of clause (ii), the Company has included in such registration statement, as amended at the Effective Date, all information (other than Rule 430A Information) required by the Act and the rules thereunder or to be included in the Prospectus with respect to the Common Stock registered pursuant to the Registration Statement and the offering thereof. As filed, such amendment and form of final prospectus, or such final prospectus, shall contain all Rule 430A Information, together with all other such required information, with respect to the Common Stock registered pursuant to the Registration Statement and the offering thereof and, except to the extent the Purchaser shall agree in writing to a modification, shall be in all substantive respects in the form furnished to you prior to the Execution Time or, to the extent not completed at the Execution Time, shall contain only such specific additional information and other changes (beyond that contained in the latest Preliminary Prospectus) as the Company has advised you, prior to the Execution Time, will be included or made therein. If the Registration Statement contains the undertaking specified by Regulation S-K Item 512(a), the Registration Statement, at the Execution Time, meets the requirements set forth in Rule 415(a)(1)(x).

(b) On the Effective Date, the Registration Statement did or will, and when the Prospectus is first filed (if required) in accordance with

Rule 424(b), on the Conversion Date, on the Redemption Date and on the Closing Date, the Prospectus (and any supplements thereto) will, comply in all material respects with the applicable requirements of the Act and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the respective rules and regulations thereunder; on the Effective Date, the Registration Statement did not or will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; and, on the Effective Date, the Prospectus, if not filed pursuant to Rule 424(b), did not or will not, and on the date of any filing pursuant to Rule 424(b), on the Conversion Date, on the Redemption Date and on the Closing Date, the Prospectus (together with any supplement thereto) will not, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company makes no representations or warranties as to the information contained in or omitted from the Registration Statement or the Prospectus (or any supplement thereto) in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of the Purchaser through the Purchaser specifically for inclusion in the Registration Statement or the Prospectus (or any supplement thereto).

(c) The Debentures are convertible into Common Stock at a rate of 55.10 shares of Common Stock per \$1,000 principal amount of Debentures. At the Execution Time, there were outstanding \$92,753,000 aggregate principal amount of Debentures and the Company has duly authorized the redemption of all outstanding Debentures on the Redemption Date at the Redemption Price; by the close of business on the business day following the date of execution hereof, all the Debentures shall have been duly called for redemption in accordance with the indenture, dated as of April 1, 1992 (the "Indenture"), between the Company and LaSalle National Bank, as Trustee (the "Trustee"); and the right to convert the Debentures into shares of Common Stock will, as a result of such call, expire at 5:00 p.m., Chicago, Illinois time, on the Conversion Date. A copy of the form of notice or redemption and the related letter of transmittal (collectively, the "Notice of Redemption") has been heretofore delivered to you. The Indenture and the Debentures have been duly authorized, executed and delivered by the Company and constitute legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms.

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(d) The Company has neither taken nor will take, directly or indirectly, any action designed to cause or result in, or that has constituted or that might reasonably be expected to cause or result in, stabilization or manipulation of the price of any security of the Company to facilitate the conversion of the Debentures.

(e) The Company has neither paid nor given, nor will pay or give, directly or indirectly, any commission or other remuneration for soliciting the conversion of Debentures into Common Stock and cash.

(f) Neither the issue and sale of the Securities (as defined in Section 2(b) hereof), nor the consummation of any other of the transactions herein contemplated, nor fulfillment of the terms hereof will conflict with, result in a breach or violation of, or constitute a default under any law or the charter or by-laws of the Company or the terms of any material indenture or other material agreement or instrument to which the Company or any of its subsidiaries is a party or bound or any material judgment, order or decree applicable to the Company or any of its subsidiaries of any court, regulatory body, administrative agency, governmental body or arbitrator having jurisdiction over the Company or any of its subsidiaries.

(g) The terms that follow, when used in this Agreement, shall have the meanings indicated. The term "business day" shall have the meaning ascribed to such term in the Indenture. The term "Effective Date" shall mean each date that the Registration Statement and any post-effective amendment or amendments thereto became or become effective and each date after the date hereof on which a document incorporated by reference in to the Registration Statement is filed. "Execution Time" shall mean the date and time that this Agreement is executed and delivered by the parties hereto. "Preliminary Prospectus" shall mean any preliminary prospectus referred to in Section 1(a) above and any preliminary prospectus included in the Registration Statement at the Effective Date that omits Rule 430A Information. "Prospectus" shall mean the prospectus relating to the Securities (as hereinafter defined) that is first filed pursuant to Rule 424(b) after the Execution Time or, if no filing pursuant to Rule 424(b) is required, shall mean the form of final prospectus relating to the Securities included in the Registration Statement at the Effective Date. "Registration Statement" shall mean the registration statement referred to in Section 1(a) above, including incorporated documents, exhibits and financial statements, as amended at the Execution Time (or, if not effective at the Execution Time, in the form in which it shall become effective) and, in the event any post-effective amendment thereto becomes effective prior to the Closing Date (as hereinafter defined), shall also mean such registration

statement as so amended; such term shall include any Rule 430A Information deemed to be included therein at the Effective Date as provided by Rule 430A. "Rule 415," "Rule 424," "Rule 430A" and "Regulation S-K" refer to such rules or regulations under the Act. "Rule 430A Information" means information with respect to the Securities and the offering thereof permitted to be omitted from the Registration Statement when it becomes effective pursuant to Rule 430A. Any reference herein to the Registration Statement, a Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 that were filed under the Exchange Act on or before the Effective Date of the Registration Statement or the issue date of such Preliminary Prospectus or the Prospectus, as the case may be; and any reference herein to the terms "amend," "amendment" or "supplement" with respect to the Registration Statement, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the filing of any document under the Exchange Act after the Effective Date of the Registration Statement, or the issue date of any Preliminary Prospectus or the Prospectus, as the case may be, deemed to be incorporated therein by reference.

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2. Purchase of Securities. Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth:

(a) The Purchaser agrees to surrender for conversion into Common Stock prior to 5:00 p.m., Chicago, Illinois time, on the Conversion Date all Debentures purchased by the Purchaser pursuant to Section 4 hereof or otherwise held by the Purchaser. The shares of Common Stock issued to the Purchaser upon the conversion of Debentures are referred to as the "Conversion Securities."

(b) If any Debentures have not been surrendered for conversion prior to 5:00 p.m., Chicago, Illinois time on the Conversion Date, the Company shall sell to the Purchaser, and the Purchaser shall purchase from the Company, at a purchase price of \$19.20 per share, such whole number of shares of Common Stock as would have been issuable upon conversion of all Debentures not surrendered for conversion. The shares of Common Stock to be purchased pursuant to this Section 2(b) are referred to as the "Purchased Securities" and, together with the Conversion Securities, the "Securities."

(c) It is understood that the Purchaser intends to resell the Purchased Securities from time to time at prices prevailing in the open market. On or prior to the fifteenth day after the Redemption Date, shall remit to the Company 50% of the excess, if any, of the aggregate proceeds received by the Purchaser from the sale of such Purchased Securities (net of selling concessions, transfer taxes and other expenses of sale) over an amount equal to \$19.20 multiplied by the number of Purchased Securities sold by the Purchaser. Upon completion of the sale of the Securities, the Purchaser shall furnish to the Company a statement setting forth the aggregate proceeds received on the sale thereof and the applicable selling concessions, transfer taxes and other expenses of sale. For purposes of the foregoing determination, any Securities not sold by or for the account of the Purchaser prior to the close of business on the tenth day after the Redemption Date shall be deemed to have been sold on such tenth day for an amount equal to the last reported sale price of the Common Stock on such day. Nothing contained herein shall limit the right of the Purchaser, in its discretion, to determine the price or prices at which, or the time or times when, any Securities shall be sold, whether or not prior to the Redemption Date and whether or not for long or short account.

(d) The Company shall inform the Purchaser no later than 5:30 p.m. Chicago, Illinois time, on the Conversion Date, of the number and amount of Purchased Securities. At or before 10:00 a.m. Chicago, Illinois time on the Redemption Date or, if the Redemption Date is not a business day, the next business day thereafter, the Purchaser shall transmit payment for the Purchased Securities to or upon the order of the Company by wire transfer to an account or accounts designated in writing by the Company, payable in same-day funds. Whereupon delivery of the Purchased Securities shall be made to the Purchaser. The Purchaser shall not be responsible for any delay in receipt of any such wire transfer, provided that such wire transfer is effected as set forth in this Section 2(d), and provided, further, that this sentence shall not in any way be construed as relieving the Purchaser from its obligation to make payment to the Company of any amounts required to be paid pursuant to this Section 2, but instead is intended only to express the agreement of the parties that the Purchaser shall not have any responsibility or liability for any temporary delays in receipt of such funds resulting from delays in processing of wire transfers in the United States federal wire transfer system. The date and time of payment and delivery of the Purchased Securities is herein call the "Closing Date." The Closing Date and time may be postponed by agreement between the Purchaser and the Company.

3. Compensation. As compensation for the commitment of the Purchaser hereunder, the Company will pay to the Purchaser an amount equal to

the sum of (i) \$974,047 plus (ii) if the aggregate number of Compensable Shares exceeds 255,534 shares but does not exceed 766,603 shares, an additional \$0.58 per Compensable Share for the aggregate number of all Compensable Shares

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or, if the aggregate number of Compensable Shares exceeds 766,603 shares, an additional \$0.77 per Compensable Share for the aggregate number of all Compensable Shares. The term "Compensable Shares" means, collectively, Purchased Securities plus any Conversion Securities that are acquired by the Purchaser or that the Purchaser obtained the right to acquire on a date when the last reported sale price of the Common Stock on the Nasdaq Stock Market was less than \$19.20 per share.

Such compensation shall be paid to the Purchaser by wire transfer to an account designated in writing by the Purchaser, payable in same-day funds on (A) if the Purchaser is required to purchase any Purchased Securities, the Closing Date, or (B) otherwise, as soon as practicable after the Conversion Date (but in no event later than two business days thereafter).

4. Additional Purchases. The Purchaser may purchase Debentures, in the open market or otherwise, in such amounts and at such prices as the Purchaser may deem advisable. All Debentures so purchased will be converted by the Purchaser into Common Stock in accordance with Section 2(a) hereof. The Common Stock acquired by the Purchaser upon conversion of any Debentures acquired pursuant to this Section 4 may be sold at any time or from time to time by the Purchaser. It is understood that, for the purpose of stabilizing the price of the Common Stock or otherwise, the Purchaser may undertake transactions involving the Common Stock and the Debentures, in the open market or otherwise, for long or short account, on such terms it may deem advisable and it may over allot in arranging sales.

5. Agreements. The Company agrees with the Purchaser that:

(a) The Company will use its best efforts to cause the Registration Statement, if not effective at the Execution Time, and any amendment thereof, to become effective. Prior to the termination of the offering of the Securities, the Company will not file any amendment of the Registration Statement or supplement to the Prospectus unless the Company has furnished you a copy for your review prior to filing and will not file any such proposed amendment or supplement to which you reasonably object. Subject to the foregoing sentence, if the Registration Statement has become or becomes effective pursuant to Rule 430A, or filing of the Prospectus is otherwise required under Rule 424(b), the Company will cause the Prospectus, properly completed, and any supplement thereto to be filed with the Commission pursuant to the applicable paragraph of Rule 424(b) within the time period prescribed and will provide evidence satisfactory to the Purchaser of such timely filing. The Company will promptly advise the Purchaser (i) when the Registration Statement, if not effective at the Execution Time, and any amendment thereto, shall have become effective, (ii) when the Prospectus, and any supplement thereto, shall have been filed (if required) with the Commission pursuant to Rule 424(b), (iii) when, prior to termination of the offering of the Securities, any amendment to the Registration Statement shall have been filed or become effective, (iv) of any request by the Commission for any amendment of the Registration Statement or supplement to the Prospectus or for any additional information, (v) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the institution or threatening of any proceeding for that purpose and (vi) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. The Company will use its best efforts to prevent the issuance of any such stop order and, if issued, to obtain as soon as possible the withdrawal thereof.

(b) If, at any time when a prospectus relating to the Securities is required to be delivered under the Act, any event occurs as a result of which the Prospectus as then supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, or if it

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shall be necessary to amend the Registration Statement or supplement the Prospectus to comply with the Act or the Exchange Act or the respective rules thereunder, the Company promptly will (i) prepare and file with the Commission, subject to the second sentence of Section 5(a) hereof, an amendment or supplement that will correct such statement or omission or effect such compliance and (ii) supply any supplemented Prospectus to you in such quantities as you may reasonably request.

(c) As soon as practicable, the Company will make generally

available to its security holders and to the Purchaser an earnings statement or statements of the Company and its subsidiaries that will satisfy the provisions of Section 11(a) of the Act and Rule 158 under the Act.

(d) The Company will furnish to the Purchaser and counsel for the Purchaser, without charge, signed copies of the Registration Statement (including exhibits thereto) and, so long as delivery of a prospectus by a Purchaser or dealer may be required by the Act, as many copies of each Preliminary Prospectus and the Prospectus and any supplement thereto as the Purchaser may reasonably request. The Company will pay the expenses of printing or other production of all documents relating to the transactions contemplated hereby. The Company will pay all transfer taxes as may be imposed on the Purchaser in connection with its purchase of Debentures pursuant thereto. The Company will also pay all reasonable out-of-pocket expenses of the Purchaser, excluding the fees and disbursements of Purchaser's counsel except as provided below.

(e) The Company will arrange for the qualification of the Securities for sale under the laws of such jurisdictions as the Purchaser may designate, will maintain such qualifications in effect so long as required for the distribution of the Securities (up to a year from the date hereof) and will pay all costs and expenses in connection therewith, including the fees and disbursements of the Purchaser's counsel in relation thereto; provided, however, that the Company will not be obligated to file any general consent to service of process or to qualify as a foreign corporation in any jurisdiction in which it is not so qualified.

(f) The Company will mail or cause to be mailed not later than the business day following the date of execution hereof the Notice of Redemption by first class mail to the registered holders of the Debentures on such date, which mailing will conform to the requirements of the Indenture.

(g) The Company will direct the Trustee to advise the Purchaser daily of the Debentures surrendered for redemption or for conversion on the preceding day.

(h) The Company will not take any action the effect of which would be to require an adjustment in the conversion price of the Debentures.

(i) The Company will not, prior to the Conversion Date and for a period of 90 days following the Redemption Date, without the prior written consent of the Purchaser, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce, or file for the registration of, the offering of, any other shares of Common Stock or any securities convertible into, or exchangeable for, shares of Common Stock; provided, however, that (i) the Company may issue and sell or register Common Stock pursuant to any employee stock option plan, stock ownership plan or dividend reinvestment plan of the Company in effect at the Execution Time and (ii) the Company may issue Common Stock issuable upon the conversion of securities or the exercise of warrants outstanding at the Execution Time; provided, further, that such restriction shall not apply if the Purchaser does not acquire more than 5% Purchased Securities.

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(j) The Company will cause its officers and directors to not, prior to the Closing Date, without the prior written consent of the Purchaser, offer, sell, or contract to sell, or otherwise dispose of, directly or indirectly, or announce, or file for the registration of, the offering of, and any other shares of Common Stock or any securities convertible into, or exchangeable for shares of Common Stock.

(k) The Company confirms as of the date hereof that it is in compliance with all provisions of Section 1 of Laws of Florida, Chapter 92-198, An Act Relating to Disclosure of Doing Business With Cuba, and the Company further agrees that if it commences engaging in business with the government of Cuba or with any person or affiliate located in Cuba after the date the Registration Statement becomes or has become effective with the Commission or with the Florida Department Banking and Finance (the "Department"), whichever date is later, or if the information reported in the Prospectus, if any, concerning the Company's business with Cuba or with any person or affiliate located in Cuba changes in any material way, the Company will provide the Department notice of such business or change, as appropriate, in a form acceptable to the Department.

6. Conditions to the Obligations of the Purchaser. The obligations of the Purchaser hereunder to purchase any Purchased Securities shall be subject to the accuracy in all material respects of the representations and warranties on the part of the Company contained herein as of the Execution Time, each Effective Date occurring after the Execution Time, the Conversion Date, and the Redemption Date and the Closing Date, to the accuracy of the statements of the Company made in any certificates pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder and to the following

additional conditions:

(a) If the Registration Statement has not become effective prior to the Execution Time, unless the Purchaser agrees in writing to a later time, the Registration Statement will become effective not later than 6:00 p.m., New York City time, on the business day next succeeding the date hereof; if filing of the Prospectus, or any supplement thereto, is required pursuant to Rule 424(b), the Prospectus, and any such supplement, will be filed in the manner and within the time period required by Rule 424(b); and no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted or threatened.

(b) On the date of this Agreement and on the Closing Date, the Company shall have furnished to the Purchaser the opinion of Wilson Sonsini Goodrich & Rosati, P.C., counsel for the Company, addressed to the Purchaser to the effect that:

(i) The Company is duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own its properties and conduct its business as described in the Prospectus.

(ii) The Company's authorized capital stock as of September 29, 1996 is as set forth in the Prospectus; the capital stock of the Company conforms to the descriptions thereof in the Prospectus; and the statements in the Prospectus under the heading "Redemption of Debentures and Expiration of Conversion Privilege" fairly summarize in all material respects the legal matters therein described.

(iii) The Securities have been duly and validly authorized and, when issued and delivered upon conversion of any Debentures in accordance with the Indenture or to the Purchaser against payment therefor pursuant to the Standby Agreement, will be fully paid, nonassessable and free of preemptive rights; the Securities have been duly authorized for listing,

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subject to official notice of issuance, on the Nasdaq Stock Market; and the form of the certificate for the Common Stock is in valid and sufficient form.

(iv) The Standby Agreement has been duly authorized, executed and delivered by the Company.

(v) Upon the Company's taking the actions enumerated in such counsel's opinion, all the Debentures will have been duly called for redemption by the close of business on the Redemption Date and the right to convert the Debentures into shares of Common Stock will expire at the close of business on the Conversion Date.

(vi) No consent, approval, authorization or order of any California, New York or federal court or governmental agency or body is required on the part of the Company for the redemption or conversion of the Debentures or the consummation of the transactions contemplated by the Standby Agreement, except such as have been obtained under the Act and such as may be required under the blue sky laws of any jurisdiction in connection with the purchase and distribution of the Securities by the Purchaser (as to which such counsel need express no opinion).

(vii) Neither the issue and sale by the Company of the Securities, nor the consummation by the Company of any other of the transactions contemplated under the Standby Agreement nor the fulfillment of the terms of the Standby Agreement by the Company will conflict with, result in a breach or violation of, or constitute a default under, any California, New York or federal law or the Delaware General Corporation Law (the "DGCL"), or the Certificate of Incorporation or Bylaws of the Company or the terms the Indenture, the Debentures, or the Company's Credit Agreement dated October 3, 1994, as amended, or any judgment, order or decree known to such counsel to be applicable to the Company or any of its subsidiaries of any California, New York or federal court, regulatory body, administrative agency, governmental body or arbitrator having jurisdiction over the Company or any of its subsidiaries (each, an "Entity") or of any Delaware Entity applying the DGCL.

(viii) The Registration Statement has become effective under the Act; any required filing of the Prospectus, and any supplements thereto, pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b); to such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued under the Act and no proceedings for that purpose have been instituted or threatened; and the Registration Statement and the Prospectus (other than the financial statements and other financial and

statistical information contained therein as to which such counsel need not express an opinion) comply as to form in all material respects with the applicable requirements of the Act and the Exchange Act and the respective rules thereunder.

(ix) To such counsel's knowledge, there is no pending or threatened action, suit or proceeding before any court or governmental agency, authority or body, or any arbitrator involving the Company or any of its subsidiaries of a character required to be disclosed in the Registration Statement that is not adequately disclosed in the Prospectus.

In addition, such counsel shall state that they have participated in conferences with officers and other representatives of the Company, representatives of the independent public accountants of the Company, and representatives of the Purchaser, at which the contents of the Registration Statement and

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Prospectus and related matters were discussed and, although, except as set forth in paragraph (i) above, such counsel need not pass upon, and need not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Registration Statement and Prospectus and need not make any independent check or verification thereof, during the course of such participation, no facts came to the attention of such counsel that lead them to believe that, as of the Effective Date, the Registration Statement contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that, as of its date, the Prospectus contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading; it being understood that such counsel need not express a belief with respect to the financial statements, schedules and notes thereto and other financial and statistical data included in the Registration Statement or the Prospectus.

In rendering such opinions, such counsel may rely (A) as to matters involving the application of laws of any jurisdiction other than the United States, the DGCL, the State of California or the State of New York (it being understood that such counsel's opinion as to matters of laws of the State of New York shall be limited to those laws as govern the enforceability of the Indenture, the Debentures and the Company's Credit Agreement, dated October 3, 1994, as amended), to the extent they deem proper and specified in such opinion, upon the opinion of other counsel of good standing whom they believe to be reliable and who are satisfactory to counsel for the Purchaser and (B) as to matters of fact, to the extent they deem proper, on certificates of responsible officers of the Company and public officials. References to the Prospectus in this Section 6(b) include any supplements thereto on the Closing Date.

(c) On the date of this Agreement and on the Closing Date, the Company shall have furnished to the Purchaser the opinion, addressed to the Purchaser, of the Company's special Swiss counsel, which counsel shall be reasonably satisfactory to the Purchaser, to the effect that:

(i) The Company is duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each jurisdiction of Switzerland in which it owns or leases properties, or conducts any business, so as to require such qualification.

(d) On the date of this Agreement and on the Closing Date, the Company shall have furnished to the Purchaser the opinion, addressed to the Purchaser, of the Company's special Irish counsel, which counsel shall be reasonably satisfactory to the Purchaser, to the effect that:

(i) The Company is duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each jurisdiction of Ireland in which it owns or leases properties, or conducts any business, so as to require such qualification.

(e) On the date of this Agreement and on the Closing Date, the Company shall have furnished to the Purchaser the opinion, addressed to the Purchaser, of the Company's special Singapore counsel, which counsel shall be reasonably satisfactory to the Purchaser, to the effect that:

(i) The Company is duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each jurisdiction of Singapore in which it owns or leases properties, or conducts any business, so as to require such qualification.

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(f) On the date of this Agreement and on the Closing Date, the Company shall have furnished to the Purchaser the opinion, addressed to the Purchaser, of the Company's special Indonesian counsel, which counsel shall be reasonably satisfactory to the Purchaser, to the effect that:

(i) The Company is duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each jurisdiction of Indonesia in which it owns or leases properties, or conducts any business, so as to require such qualification.

(g) On the date of this Agreement and on the Closing Date, the Company shall have furnished to the Purchaser the opinion of Andrew L. Kryder, Vice President, Finance and Corporate General Counsel of the Company, addressed to the Purchaser to the effect that:

(i) Neither the issue and sale of the Securities, nor the consummation of any other of the transactions contemplated under the Standby Agreement nor the fulfillment of the terms of the Standby Agreement will conflict with, result in a breach or violation of, or constitute a default under, any law or the Certificate of Incorporation or Bylaws of the Company or the terms of any indenture or other material agreement or instrument known to such counsel, after due inquiry, and to which the Company or any of its subsidiaries is a party or bound or to which any of the properties or assets of the Company or any of its subsidiaries is subject, or any judgment, order or decree known to such counsel to be applicable to the Company or any of its subsidiaries of any court, regulatory body, administrative agency, governmental body or arbitrator having jurisdiction over the Company or any its subsidiaries.

(ii) To such counsel's knowledge, after due inquiry, there is no franchise, contract or other document of a character required to be disclosed in the Registration Statement or Prospectus, or to be filed as an exhibit, that is not described or filed as required.

In addition, such counsel shall state that he has participated in conferences with officers and other representatives of the Company, representatives of the independent public accountants of the Company, and representatives of the Purchaser, at which the contents of the Registration Statement and Prospectus and related matters were discussed and, although such counsel need not pass upon, and need not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Registration Statement and Prospectus and need not make any independent check or verification thereof, during the course of such participation, no facts came to the attention of such counsel that lead him to believe that, as of the Effective Date, the Registration Statement, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that, as of its date, the Prospectus contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading; it being understood that such counsel need not express a belief with respect to the financial statements, schedules and notes thereto in the Registration Statement or the Prospectus.

In rendering such opinions, such counsel may rely (A) as to matters involving the application of laws of any jurisdiction other than the State of California or the United States, to the extent he deems proper and specified in such opinion, upon the opinion of other counsel of good standing whom he believes to be reliable and who are satisfactory to counsel for the Purchaser and (B) as to matters of fact, to the extent he deems proper, on certificates of responsible officers of the Company and public officials. References to the Prospectus in this Section 6(g) include any supplements thereto on the Closing Date.

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(h) On the date of this Agreement and on the Closing Date, the Purchaser shall have received from Latham & Watkins, counsel for the Purchaser, such opinion or opinions, dated the date of this Agreement and the Closing Date, respectively, with respect to the issuance and sale of the Securities, the Registration Statement, the Prospectus (together with any supplement thereto) and other related matters as the Purchaser may reasonably require, and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(i) On the date of this Agreement, and on each Effective Date occurring after the Execution Time and on the Closing Date, the Company shall have furnished to the Purchaser a certificate of the Company, signed by the Chief Executive Officer and the Chief Financial Officer of the Company, dated the date of delivery, to the effect that the signers of such certificate have carefully examined the Registration Statement, the Prospectus, any supplement to

the Prospectus and this Agreement and that:

(i) the representations and warranties of the Company in this Agreement are true and correct in all material respects on and as of the date of such certificate as if made on the date of such certificate and the Company has complied with all agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the date of such certificate;

(ii) no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or, to the Company's knowledge, threatened; and

(iii) since the date of the most recent financial statements included in the Prospectus (exclusive of any supplement thereto), there has been no material adverse change in the condition (financial or other), earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Prospectus (exclusive of any supplement thereto).

(j) At the Execution Time, and on each Effective Date occurring after the Execution Time on which financial information is included in the Registration Statement or the Prospectus and on the Closing Date, Ernst & Young LLP shall have delivered to the Purchaser a letter or letters, dated as of the date of delivery, in form and substance satisfactory to the Purchaser, confirming that they are independent auditors within the meaning of the Act and the applicable published rules and regulations thereunder and stating in effect that:

(i) in their opinion, the audited consolidated financial statements and financial statement schedule included in, or incorporated by reference into, the Registration Statement and/or the Prospectus and reported on by them comply as to form in all material respects with the applicable accounting requirements of the Act and the Exchange Act and the related published rules and regulations thereunder;

(ii) on the basis of a reading of the latest unaudited consolidated financial statements made available by the Company; carrying out certain specified procedures (but not an examination in accordance with generally accepted auditing standards) that would not necessarily reveal matters of significance with respect to the comments set forth in such letter; a reading of the fiscal 1997 minutes of the meetings of the stockholders, Board of Directors and the

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Audit Committee and Compensation Committee of the Company; and inquiries of certain officials of the Company who have responsibility for financial and accounting matters of the Company and its subsidiaries as to transactions and events subsequent to the date of the most recent audited consolidated financial statements included in, and the audited consolidated financial statements incorporated by reference into, the Registration Statement and the Prospectus, nothing came to their attention that caused them to believe that:

(A) any unaudited consolidated financial statements included in, or incorporated by reference into, the Registration Statement and/or the Prospectus do not comply form in all material respects with applicable accounting requirements of the Exchange Act as it applies to Form 10-Q and with the related published rules and regulations thereunder; and said unaudited consolidated financial statements are not in conformity with generally accepted accounting principles; or

(B) with respect to the period subsequent to the date of the most recent consolidated financial statements, audited or unaudited, included in, or incorporated by reference into, the Registration Statement and/or the Prospectus, for which internal financial statements are available, there were any changes, at the internal financial statement date prior to the date of the letter, in the capital stock (except for activity pursuant to equity awards under various benefit plans and conversions of Debentures) or increases in consolidated long-term debt, inclusive of the current portion (other than borrowings under credit arrangements in existence at September 29, 1996 or increases caused by changes in foreign currency exchange rates), or decreases in the consolidated net current assets or stockholders' equity of the Company as compared with the amounts shown in the September 29, 1996 unaudited consolidated balance sheet included in the Registration Statement and the

Prospectus, or for the period from the date of the most recent financial statements included in the Registration Statement and the Prospectus to the date of the most recent internal financial statements there were any decreases, as compared with the corresponding period in the preceding quarter in consolidated net sales or in net income, except in all instances for changes, increases or decreases set forth in such letter, in which case the letter shall be accompanied by an explanation by the Company as to the significance thereof unless the Purchaser, in writing, deems such explanation unnecessary; and

(C) with respect to the period subsequent to the date of the most recent financial statements, audited or unaudited, included in the Registration Statement and the Prospectus for which internal financial statements are not available, there were any changes, at a specified date not more than five business days prior to the date of the letter, in the capital stock (except for activity pursuant to equity awards under various benefit plans and conversions of Debentures), or any increases in consolidated long-term debt (other than borrowings under credit arrangements in existence at September 29, 1996 or increases caused by changes in foreign currency exchange rates), of the Company as compared with the amounts shown in the September 29, 1996 unaudited consolidated balance sheet included in the Registration Statement and the Prospectus; and

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(iii) they have performed certain other specified procedures as a result of which they determined that certain information of an accounting, financial or statistical nature (which is limited to accounting or financial information derived from the general accounting records of the Company and its subsidiaries) set forth in the Registration Statement and the Prospectus, including certain of the information set forth under the captions "Risk Factors," "Capitalization" and "Redemption of Debentures and Expiration of Conversion Privilege," and certain information incorporated by reference in the Registration Statement and Prospectus as agreed to by the Purchaser's counsel, agrees with the accounting records of the Company and its subsidiaries, excluding any questions of legal interpretation.

References to the Prospectus in this Section 6(j) include any supplement thereto at the date of the letter.

(k) Subsequent to the Execution Time or, if earlier, the dates as of which information is given in the Registration Statement (exclusive of any amendment thereof) and the Prospectus (exclusive of any supplement thereto), there shall not have been (i) any change or decrease specified in the letter or letters referred to in Section 6(j) hereof or (ii) any change, or any development involving a prospective change, in or affecting the business or properties of the Company and its subsidiaries the effect of which, in any case referred to in clause (i) or (ii) above, is, in the judgment of the Purchaser, so material and adverse as to make it impractical or inadvisable to proceed with the offering or delivery of the Securities as contemplated by the Registration Statement (exclusive of any amendment thereof) and the Prospectus (exclusive of any supplement thereto).

(l) The Company shall have furnished to the Purchaser such further information, certificates and documents as the Purchaser may reasonably request.

If any of the conditions specified in this Section 6 shall not have been fulfilled in all material respects when and as provided in this Agreement, or if any of the opinions and certificates mentioned above or elsewhere in this Agreement shall not be in all material respects reasonably satisfactory in form and substance to the Purchaser and its counsel, this Agreement and all obligations of the Purchaser hereunder may be canceled at, or at any time prior to, the Closing Date by the Purchaser. Notice of such cancellation shall be given to the Company in writing or by telephone confirmed in writing.

The documents required to be delivered by this Section 6 shall be delivered at the office of Wilson Sonsini Goodrich & Rosati, P.C., 650 Page Mill Road, Palo Alto, California on the date of this Agreement or on the Closing Date, as applicable.

7. Reimbursement of Purchaser's Expenses. If the sale of the Securities provided for herein is not consummated because any condition to the obligations of the Purchaser set forth in Section 6 hereof is not satisfied, because of any termination pursuant to Section 10 hereof or because of any refusal, inability or failure on the part of the Company to perform any agreement herein or comply with any provision hereof other than by reason of a

default by the Purchaser, the Company will reimburse the Purchaser upon demand for all out-of-pocket expenses (including reasonable fees and disbursements of counsel) that shall have been incurred by it in connection with the proposed purchase and sale of the Securities.

8. Indemnification and Contribution.

(a) The Company agrees to indemnify and hold harmless the Purchaser, the directors, officers, employees and agents of the Purchaser and each person who controls the Purchaser

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within the meaning of either the Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act, the Exchange Act or other federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in, or incorporated by reference into, the Registration Statement for the registration of the Securities as originally filed or in any amendment thereof, or in any Preliminary Prospectus or the Prospectus, or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage or liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Purchaser through the Purchaser specifically for inclusion therein. This indemnity agreement will be in addition to any liability that the Company may otherwise have. The Company acknowledges that the statements set forth in the last paragraph of the cover page and under the heading "Standby Arrangements" in any Preliminary Prospectus and the Prospectus constitute the only information furnished in writing by or on behalf of the Purchaser for inclusion in any Preliminary Prospectus or the Prospectus, and you confirm that such statements are correct.

(b) The Purchaser severally agrees to indemnify and hold harmless the Company, each of its directors, each of its officers who signs the Registration Statement, and each person who controls the Company within the meaning of either the Act or the Exchange Act, to the same extent as the foregoing indemnity from the Company to the Purchaser, but only with reference to the statements set forth in the last paragraph of the cover page and the statements under the heading "Standby Arrangements" in any Preliminary Prospectus and the Prospectus. This indemnity agreement will be in addition to any liability that the Purchaser may otherwise have.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 8, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability under Section 8(a) or (b) above unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in Section 8(a) or (b) above. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought (in which case the indemnifying party shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the indemnified party or parties except as set forth below); provided, however, that such counsel shall be satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those

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available to the indemnifying party, (iii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding.

(d) In the event that the indemnity provided in Section 8(a) or (b) above is unavailable to or insufficient to hold harmless an indemnified party for any reason, the Company and the Purchaser agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) (collectively, "Losses") to which the Company and the Purchaser may be subject in such proportion as is appropriate to reflect the relative benefits received by Company and by the Purchaser from the offering of the Securities; provided, however, that in no case shall the Purchaser be responsible for any amount in excess of the fees payable by the Company to the Purchaser pursuant to Section 3 hereof. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the Company and the Purchaser shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company and of the Purchaser in connection with the statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. Benefits received by the Company shall be deemed to be equal to the sum of (i) the principal amount of Debentures converted by the Purchaser pursuant to Section 2(a) hereof and (ii) the net amount paid by the Purchaser to the Company at the Closing, and benefits received by the Purchaser shall be deemed to be equal to the total fees payable by the Company to the Purchaser pursuant to Section 3 hereof. Relative fault shall be determined by reference to whether any alleged untrue statement or omission relates to information provided by the Company or the Purchaser. The Company and the Purchaser agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this Section 8(d), no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 8, each person who controls the Purchaser within the meaning of either the Act or the Exchange Act and each director, officer, employee and agent of the Purchaser shall have the same rights to contribution as the Purchaser, and each person who controls the Company within the meaning of either the Act or the Exchange Act, each officer of the Company who shall have signed the Registration Statement and each director of the Company shall have the same rights to contribution as the Company, subject in each case to the applicable terms and conditions of this Section 8(d).

9. Soliciting Conversions. The Purchaser may assist the Company in soliciting conversion of the Debentures by the holder thereof but shall not be entitled to compensation by the Company for any such assistance.

10. Termination. This Agreement shall be subject to termination in the absolute discretion of the Purchaser, by notice given to the Company at any time prior to the Closing Date, if prior to such time (i) (a) trading in the Company's Common Stock shall have been suspended by the Commission or the Nasdaq Stock Market or trading in the Debentures shall have been suspended by the Commission or the Nasdaq Stock Market prior to the Conversion Date, or (b) trading in securities generally on the New

York Stock Exchange or the Nasdaq Stock Market shall have been suspended or limited or minimum prices shall have been established on either of such exchange or such market, (ii) a banking moratorium shall have been declared either by Federal or New York State authorities or (iii) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis the effect of which on financial markets is such as to make it, in the judgment of the Purchaser, impracticable or inadvisable to proceed with the offering or delivery of the Securities as contemplated by the Prospectus (exclusive of any supplement thereto).

11. Representations and Indemnities to Survive. The respective agreements, representations, warranties, indemnities and other statements of the Company or its officers and of the Purchaser set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any

investigation made by or on behalf of the Purchaser or the Company or any of the officers, directors or controlling persons referred to in Section 8 hereof, and will survive the conversion of any Debentures and the delivery of and payment for any securities. The provisions of Sections 7 and 8 hereof shall survive the termination or cancellation of this Agreement.

12. Notices. All communications hereunder will be in writing and effective only on receipt, and will be mailed, delivered or telecopied and confirmed to:

If to Purchaser, addressed to:

Seven World Trade Center
New York, New York, 10048
Attention: Michael Sherman, Esq.
Telephone: (212) 783-5573
Facsimile: (212) 783-2274

With a copy to:

Latham & Watkins
505 Montgomery Street, Suite 1900
San Francisco, California 94111
Attention: Christopher L. Kaufman, Esq. and
Robert S. Michitarian, Esq.
Telephone: (415) 391-0600
Facsimile: (415) 395-8095

If to Company:

500 McCarthy Blvd., Building 2
Milpitas, California 95035
Attention: Legal Department
Telephone: (408) 894-4000
Facsimile: (408) 324-7005

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With a copy to:

Wilson Sonsini Goodrich & Rosati, P.C.
650 Page Mill Road
Palo Alto, California 94304
Attention: Steven E. Bochner, Esq.,
John A. Fore, Esq., and
Jeffrey A. Herbst, Esq.
Telephone: (415) 493-9300
Facsimile: (415) 493-6811

13. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and controlling persons referred to in Section 8 hereof, and no other person will have any right or obligation hereunder.

14. Applicable Law. This Agreement will be governed by and construed in accordance with the laws of the State of New York.

15. Headings. The headings herein have been inserted for convenience of reference only and are not intended to be part of, or affect the meaning or interpretation of, this Agreement.

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

[signature page follows]

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement between the Company and the Purchaser.

Very truly yours,

QUANTUM CORPORATION

By:

Michael A. Brown
President and Chief Executive
Officer

The foregoing Agreement is hereby
confirmed and accepted as of the
date first above written.

SALOMON BROTHERS INC

By:

Robert W. Messih
Vice President

WILSON SONSINI GOODRICH & ROSATI
PROFESSIONAL CORPORATION

650 PAGE MILL ROAD
PALO ALTO, CALIFORNIA 94304-1050
TELEPHONE 415-493-9300 FACSIMILE 415-493-6811

December 20, 1996

Quantum Corporation
500 McCarthy Boulevard
Milpitas, CA 95035

RE: REGISTRATION STATEMENT ON FORM S-3

Ladies and Gentlemen:

We have examined the Registration Statement on Form S-3 to be filed with the Securities and Exchange Commission (the "Registration Statement"), in connection with the registration under the Securities Act of 1933, as amended, of up to 5,110,690 shares of Common Stock \$0.01 par value, of Quantum Corporation (the "Shares").

It is our opinion that, upon completion of the proceedings being taken or contemplated by us, as your counsel, to be taken prior to the issuance of the Shares, and upon completion of the proceedings being taken in order to permit such transactions to be carried out in accordance with the securities laws of the various states, where required, the Shares, when issued and sold in the manner referred to in the Registration Statement, will be legally and validly issued, fully paid and nonassessable.

We consent to the use of this opinion as an exhibit to the Registration Statement, and further consent to the use of our name wherever appearing in the Registration Statement, including the Prospectus constituting a part thereof, and any amendment thereto.

Very truly yours,

/s/ WILSON SONSINI GOODRICH & ROSATI

WILSON SONSINI GOODRICH & ROSATI
Professional Corporation

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" in the Registration Statement on Form S-3 and related Prospectus of Quantum Corporation for the registration of 5,110,690 shares of its common stock and to the incorporation by reference therein of our report dated May 3, 1996, with respect to the consolidated financial statements and schedule of Quantum Corporation included in its Annual Report (Form 10-K) for the year ended March 31, 1996, filed with the Securities and Exchange Commission.

ERNST & YOUNG LLP

San Jose, California
December 18, 1996