

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE TO
(Rule 13e-4)
Tender Offer Statement Under Section 14(d)(1) or 13(e)(1)
of the Securities Exchange Act of 1934

Quantum Corporation
(Name of Subject Company (Issuer) and Filing Person (Offeror))

Options to Purchase Common Stock, Par Value \$.01 Per Share
(Title of Class of Securities)

747906204
(CUSIP Number of Class of Securities of Underlying Common Stock)

Michael A. Brown
Chairman and Chief Executive Officer
Quantum Corporation
501 Sycamore Drive
Milpitas, CA 95035
(408) 894-4000

(Name, address and telephone number of person authorized to receive notices and
communications on behalf of filing person)

Copies to:
Steven E. Bochner, Esq.
Wilson Sonsini Goodrich & Rosati,
Professional Corporation
650 Page Mill Road
Palo Alto, California 94304-1050
(650) 493-9300

CALCULATION OF FILING FEE

Transaction Valuation*	Amount of Filing Fee
\$28,246,586.00	\$5649.32

* Calculated solely for purposes of determining the filing fee. This amount assumes that options to purchase 2,620,277 shares of common stock of Quantum Corporation having an aggregate value of \$28,246,586.00 as of June 1, 2001 will be exchanged and/or cancelled pursuant to this offer. The aggregate value of such options was calculated based on the Black-Scholes option pricing model. The amount of the filing fee, calculated in accordance with Rule 0-11(b) of the Securities Exchange Act of 1934, as amended, equals 1/50th of one percent of the value of the transaction.

Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: Not applicable.
Form or Registration No.: Not applicable.
Filing party: Not applicable.
Date filed: Not applicable.

Check box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

Item 1. Summary Term Sheet.

The information set forth under the caption "Summary Term Sheet" in the Offer to Exchange, dated June 4, 2001 (the "Offer"), a copy of which is attached

hereto as Exhibit (a) (1), is incorporated herein by reference.

Item 2. Subject Company Information.

(a) Name and Address.

The name of the issuer is Quantum Corporation, a Delaware corporation ("Quantum" or the "Company"), the address of its principal executive office is 501 Sycamore Drive, Milpitas, CA 95035, and the telephone number at that address is (408) 894-4000. The information set forth in the Offer under the caption "The Offer - Information Concerning Quantum" is incorporated herein by reference.

(b) Securities.

This Tender Offer Statement on Schedule TO relates to an offer by the Company to exchange options to purchase approximately 2,620,277 shares of the Company's common stock outstanding under the Company's 1993 Long-Term Incentive Plan, the Quantum Corporation Supplemental Stock Option Plan, the Quantum Corporation 1986 Stock Option Plan, the Meridian Data, Inc. 1997 Stock Plan, the Parallan Computer, Inc. 1988 Incentive Stock Plan, the Meridian Data 1987 Incentive Stock Plan, the ATL Products, Inc. 1997 Stock Incentive Plan and the ATL Products, Inc. 1996 Stock Incentive Plan that have an exercise price of \$14 or more (the "Option Shares") and are held by eligible employees. These Option Shares will be exchanged for new options that will be granted under the Company's Supplemental Stock Option Plan (the "New Option"), upon the terms and subject to the conditions set forth under the Offer. An "eligible employee" refers to all employees of Quantum Corporation and its subsidiaries who are eligible employees at the time the New Options are granted, except members of the Board of Directors, all executive officers, transition employees and employees residing or employed in France, Canada, Korea, Japan, China and Taiwan. Transition employees are employees identified for job elimination due to the HDD/Maxtor merger and assigned to a transition role with a specified end date. The number of shares of common stock subject to the New Option will equal the number of shares of common stock subject to the unexercised options tendered by eligible employees and accepted for exchange and cancelled. The information set forth in the Offer under the captions "Summary Term Sheet," "Introduction," and the sections under the caption "the Offer" entitled "Number of Options; Expiration Date," "Acceptance of Options for Exchange and Issuance of New Options" and "Source and Amount of Consideration; Terms of New Options" is incorporated herein by reference.

(c) Trading Market and Price.

The information set forth in the Offer to Exchange under the caption "The Offer - Price Range of Shares Underlying the Options" is incorporated herein by reference.

Item 3. Identity and Background of Filing Person.

(a) Name and Address.

The filing person is the issuer. The information set forth under Item 2(a) above is incorporated by reference.

-2-

Item 4. Terms of the Transaction.

(a) Material Terms.

The information set forth in the Offer to Exchange under the captions "Summary Term Sheet," "Introduction," and the sections under the caption "The Offer" entitled "Eligibility," "Number of Options; Expiration Date," "Procedures for Tendering Options," "Withdrawal Rights and Change of Election," "Acceptance of Options for Exchange and Issuance of New Options," "Conditions of the Offer," "Source and Amount of Consideration," "Effect of a Change of Control Prior to the Granting of New Options," "Terms of New Options," "Price Range of Shares Underlying the Options," "Status of Options Acquired by Us in the Offer; Accounting Consequences of the Offer," "Legal Matters; Regulatory Approvals," "Material U.S. Federal Income Tax Consequences," "Material Non-U.S. Tax Consequences," and "Extension of Offer; Termination; Amendment" is incorporated herein by reference.

(b) Purchases.

The information set forth in the Offer to Exchange under the caption "The Offer - Interests of Directors and Officers; Transactions and Arrangements Concerning the Options" is incorporated herein by reference.

Item 5. Past Contacts, Transactions, Negotiations and Arrangements.

(e) Agreements Involving the Subject Company's Securities.

The information set forth in the Offer to Exchange under the caption "The Offer - Interests of Directors and Officers; Transactions and Arrangements Concerning the Options" is incorporated by reference. The eligible option plans and option agreements attached hereto as Exhibits (d) (1), (d) (2), (d) (4), (d) (5), (d) (6), (d) (7), (d) (8), (d) (9), (d) (10), (d) (11), (d) (12), (d) (13) and (d) (14) contain information regarding the subject securities.

Item 6. Purposes of the Transaction and Plans or Proposals.

(a) Purposes.

The information set forth in the Offer to Exchange under the caption "The Offer - Purpose of the Offer" is incorporated herein by reference.

(b) Use of Securities Acquired.

The information set forth in the Offer to Exchange under the captions "The Offer - Acceptance of Options for Exchange and Issuance of New Options" and "The Offer - Status of Options Acquired by Us in the Offer; Accounting Consequences of the Offer" are incorporated herein by reference.

(c) Plans.

The information set forth in the Offer to Exchange under the caption "The Offer - Purpose of the Offer" is incorporated herein by reference.

-3-

Item 7. Source and Amount of Funds or Other Consideration.

(a) Source of Funds.

The information set forth in the Offer to Exchange under the captions "The Offer - Source and Amount of Consideration" and "Terms of New Options" is incorporated herein by reference.

(b) Conditions.

Not applicable.

(d) Borrowed Funds.

Not applicable.

Item 8. Interest in Securities of the Subject Company.

(a) Securities Ownership.

The information set forth in the Offer to Exchange under the caption "The Offer - Interests of Directors and Officers; Transactions and Arrangements Concerning the Option" is incorporated herein by reference.

(b) Securities Transactions.

The information set forth in the Offer to Exchange under the caption "The Offer - Interests of Directors and Officers; Transactions and Arrangements Concerning the Options" is incorporated herein by reference.

Item 9. Person/Assets, Retained, Employed, Compensated or Used.

(a) Solicitations or Recommendations.

Not applicable.

Item 10. Financial Statements.

(a) Financial Information.

The information set forth in the Offer to Exchange under the captions "The Offer - Financial Information" and "The Offer - Additional Information,"

and on Annex I-1 through Annex I-44 and on Annex II-1 through Annex II-39 of the Company's Annual Report on Form 10-K for its fiscal year ended March 31, 2000 and pages 23 through 30 of the Company's Quarterly Report on Form 10-Q for its fiscal quarter ended December 31, 2000 is incorporated herein by reference. The Annual Report on Form 10-K and the Quarterly Report on Form 10-Q can also be accessed electronically on the Commission's website at <http://www.sec.gov>.

(b) Pro Forma Information.

Not applicable.

-4-

Item 11. Additional Information.

(a) Agreements, Regulatory Requirements and Legal Proceedings.

The information set forth in the Offer to Exchange under the caption "The Offer - Legal Matters; Regulatory Approvals" is incorporated herein by reference.

(b) Other Material Information.

Not applicable.

Item 12. Exhibits.

- (a)
- (1) Offer to Exchange Certain Outstanding Options Held by Eligible Employees dated June 4, 2001.
 - (2) Memorandum from Michael A. Brown to Quantum's Employees dated June 4, 2001.
 - (3) Press Release Issued by Quantum Corporation Announcing Voluntary Stock Option Exchange Program for Eligible Employees.
 - (4) Election Form.
 - (5) Joint Election Form (Quantum U.K.).
 - (6) Notice to Change Election from Accept to Reject.
 - (7) Form of Promise to Grant Stock Option.
 - (8) Quantum Corporation Quarterly Report on Form 10-Q for its quarter ended December 31, 2000, filed with the Securities and Exchange Commission on February 14, 2001 and incorporated herein by reference.
 - (9) Quantum Corporation Annual Report on Form 10-K for its fiscal year ended March 31, 2000, filed with the Securities and Exchange Commission on June 28, 2000 and incorporated herein by reference.
- (b) Not applicable.
- (d)
- (1) Quantum Corporation Supplemental Stock Option Plan (As amended May 29, 2001).
 - (2) Quantum Corporation Supplemental Stock Option Plan Form of Stock Option Agreement.
 - (3) Quantum Corporation Supplemental Stock Option Plan Prospectus.
 - (4) Quantum Corporation 1993 Long-Term Incentive Plan (As amended May 29, 2001).
 - (5) Quantum Corporation 1993 Long-Term Incentive Plan Form of Stock Option Agreement.
 - (6) Quantum Corporation 1986 Stock Plan.
 - (7) Meridian Data, Inc. 1997 Stock Plan.
 - (8) Meridian Data, Inc. 1997 Stock Plan Form of Stock Option Agreement.

-5-

- (9) Parallan Computer, Inc. 1988 Incentive Stock Plan.
- (10) Meridian Data, Inc. 1987 Incentive Stock Plan.
- (11) Meridian Data, Inc. 1987 Incentive Stock Plan Form of Stock Option Agreement.
- (12) Meridian Data, Inc. 1987 Incentive Stock Plan Form of Nonstatutory Stock Option Agreement.
- (13) ATL Products, Inc. 1997 Stock Incentive Plan.
- (14) ATL Products, Inc. 1996 Stock Incentive Plan.

(g) Not applicable.

(h) Not applicable.

Item 13. Information Required by Schedule 13E-3.

(a) Not applicable.

-6-

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Schedule TO is true, complete and correct.

QUANTUM CORPORATION

/s/ Michael A. Brown

 Michael A. Brown
 Chairman and Chief Executive Officer

Date: June 4, 2001

INDEX TO EXHIBITS

Exhibit Number	Description
-----	-----
(a) (1)	Offer to Exchange Certain Outstanding Options Held by Eligible Employees dated June 4, 2001.
(a) (2)	Memorandum from Michael A. Brown to Quantum's Employees dated June 4, 2001.
(a) (3)	Press Release Issued by Quantum Corporation Announcing Voluntary Stock Option Exchange Program for Eligible Employees.
(a) (4)	Election Form.
(a) (5)	Joint Election Form (Quantum U.K.).
(a) (6)	Notice to Change Election from Accept to Reject.
(a) (7)	Form of Promise to Grant Stock Option.
(a) (8)	Quantum Corporation Quarterly Report on Form 10-Q for its quarter ended December 31, 2000, filed with the Securities and Exchange Commission on February 14, 2001 and incorporated herein by reference.
(a) (9)	Quantum Corporation Annual Report on Form 10-K for its fiscal year ended March 31, 2000, filed with the Securities and Exchange Commission on June 28, 2000 and incorporated herein by reference.
(d) (1)	Quantum Corporation Supplemental Stock Option Plan (As amended May 29, 2001).
(d) (2)	Quantum Corporation Supplemental Stock Option Plan Form of Stock Option Agreement.
(d) (3)	Quantum Corporation Supplemental Stock Option Plan Prospectus.

- (d) (4) Quantum Corporation 1993 Long-Term Incentive Plan (As amended May 29, 2001).
- (d) (5) Quantum Corporation 1993 Long-Term Incentive Plan Form of Stock Option Agreement.
- (d) (6) Quantum Corporation 1986 Stock Plan.
- (d) (7) Meridian Data, Inc. 1997 Stock Plan.
- (d) (8) Meridian Data, Inc. 1997 Stock Plan Form of Stock Option Agreement.

Exhibit
Number

Description

- | Exhibit
Number | Description |
|-------------------|--|
| (d) (9) | Parallan Computer Inc. 1988 Incentive Stock Plan. |
| (d) (10) | Meridian Data, Inc. 1987 Incentive Stock Plan. |
| (d) (11) | Meridian Data, Inc. 1987 Incentive Stock Plan Form of Stock Option Agreement. |
| (d) (12) | Meridian Data, Inc. 1987 Incentive Stock Plan Form of Nonstatutory Stock Option Agreement. |
| (d) (13) | ATL Products, Inc. 1997 Stock Incentive Plan. |
| (d) (14) | ATL Products, Inc. 1996 Stock Incentive Plan. |

=====
OFFER TO EXCHANGE CERTAIN OUTSTANDING OPTIONS HELD BY ELIGIBLE
EMPLOYEES FOR NEW OPTIONS
(THE "OFFER TO EXCHANGE")
=====

This document constitutes part of a prospectus relating to the Quantum Corporation 1993 Long-Term Incentive Plan, the Quantum Corporation Supplemental Stock Option Plan, the Quantum Corporation 1986 Stock Option Plan, the Meridian Data, Inc. 1997 Stock Plan, the Parallan Computer, Inc. 1988 Incentive Stock Plan, the Meridian Data, Inc. 1987 Incentive Stock Plan, the ATL Products, Inc. 1997 Stock Incentive Plan and the ATL Products, Inc. 1996 Stock Incentive Stock Plan covering securities that have been registered under the Securities Act of 1933.

June 4, 2001

QUANTUM CORPORATION

Offer to Exchange All Outstanding, Unexercised Options Held by Eligible Employees under the Quantum Corporation 1993 Long-Term Incentive Plan, the Quantum Corporation Supplemental Stock Option Plan, the Quantum Corporation 1986 Stock Option Plan, the Meridian Data, Inc. 1997 Stock Plan, the Parallan Computer, Inc. 1988 Incentive Stock Plan, the Meridian Data, Inc. 1987 Incentive Stock Plan, the ATL Products, Inc. 1997 Stock Incentive Plan and the ATL Products, Inc. 1996 Stock Incentive Stock Plan that have an Exercise Price of \$14 Per Share or More for a New Option to be Granted under the Quantum Corporation Supplemental Stock Option Plan (the "Offer")

The offer and withdrawal rights of this Offer to Exchange expire at 5 p.m., Pacific Daylight Time, on July 3, 2001 unless the Offer is extended. Should you decide to tender your options or withdraw your tendered options, we must receive, before 5 p.m., Pacific Daylight Time, on July 3, 2001 (or such later

- -----
date and time as we may extend the expiration of the Offer), a properly completed and executed Election Form and any other documents required by the Election Form or, as the case may be, a Notice to Change Election from Accept to Reject. These documents must be delivered by fax (fax # (408) 944-6521) or hand delivery to Quantum Corporation, Attention: Stock Administration. This is a one-time Offer, and we will strictly enforce the tender offer period and the cut-off time for the Offer of 5 p.m. Pacific Daylight Time on July 3, 2001.

Quantum Corporation ("Quantum", "we" or "us") is offering eligible employees the opportunity to exchange all outstanding options to purchase shares of Quantum common stock granted under the Quantum Corporation 1993 Long-Term Incentive Plan, the Quantum Corporation Supplemental Stock Option Plan, the Quantum Corporation 1986 Stock Option Plan, the Meridian Data, Inc. 1997 Stock Plan, the Parallan Computer, Inc. 1988 Incentive Stock Plan, the Meridian Data, Inc. 1987 Incentive Stock Plan, the ATL Products, Inc. 1997 Stock Incentive Plan and the ATL Products, Inc. 1996 Stock Incentive Stock Plan that have an exercise price of \$14 per share or more and are held by eligible employees for a new option which we will grant under the Quantum Corporation Supplemental Stock Option Plan. An "eligible employee" refers to all employees of Quantum or one of our subsidiaries, who are employees as of the date the Offer commences and as of the date the tendered options are cancelled, except members of the Board of Directors, all executive officers, transition employees and employees residing or employed in France, Canada, Korea, Japan, China and Taiwan. Transition employees are employees identified for job elimination due to the HDD/Maxtor merger and assigned to a transition role with a specified end date. Special tax considerations may apply to eligible employees in Germany, Hong Kong, Ireland, Malaysia, Singapore, Switzerland, and the United Kingdom. Please be sure to read Section 18 of the Offer to Exchange, where we discuss the tax consequences of participating in the Offer for eligible employees outside the United States. We are making the Offer upon the terms and conditions described in this Offer to Exchange, the related memorandum from Michael A. Brown dated June 4, 2001, the Election Form and the Notice to Change Election from Accept to Reject (which together, as they may be amended from time to time, constitute the "Offer").

If you meet the eligibility requirements, and subject to the terms of this Offer, you will receive a new option grant to purchase a number of shares equal to the number of unexercised shares under the old option you are tendering. You may only tender options for all or none of the unexercised shares covered by any particular grant of options. Subject to the terms and conditions of this Offer,

we will grant the new options on the first business day that is six months and one day after the date we cancel the options accepted for exchange. All tendered options accepted by us through the Offer will be cancelled promptly after the date the Offer ends. The Offer is currently scheduled to expire at 5 p.m., Pacific Daylight Time on July 3, 2001, or such date and time as we may extend the Offer (the "Expiration Date"), and we expect to cancel options on July 5, 2001, or as soon as possible thereafter (the "Cancellation Date").

If you tender any option grant for exchange, you will also be required to tender all option grants that you received during the six-month period prior to the Cancellation Date. Since we currently expect to cancel all tendered options on July 5, 2001, this means that if you participate in the Offer, you will be required to tender all options granted to you since January 5, 2001.

The Offer is not conditioned on a minimum number of options being tendered. Participation in the Offer is completely voluntary. The Offer is subject to conditions that we describe in Section 7 of this Offer.

If you tender options for exchange as described in the Offer, and we accept your tendered options, then, subject to the terms of this Offer, we will grant you a new option under the Quantum Supplemental Stock Option Plan. In order to receive a new option pursuant to this Offer, you must continue to be an eligible employee as of the date on which the new options are granted, which will be the first business day that is six months and one day after the Cancellation Date. If your employment terminates for any reason prior to the grant of the new options, you will receive neither a new option nor the return of your cancelled option. Once your option is cancelled, it is gone forever. Accordingly, if your employment terminates for any reason prior to the grant of the new option, you will have the benefit of neither the cancelled option nor the new option.

The exercise price per share of the new options will be 100% of the fair market value on the date of grant, as determined by the closing price of our common stock reported by the New York Stock Exchange for the last market trading day prior to the date of grant.

Each new option will be exercisable for the same number of shares as remained unexercised and outstanding under the tendered options.

Each new option will have the same vesting schedule as the corresponding option you tender in the Offer. However, the vesting of each new option, other than performance accelerated stock options (PASOPs), will start over on the date of grant of the new option. For example, and except as described in the next paragraph, if you elect to cancel an option that was scheduled to vest monthly over four years, your new option will be scheduled to vest monthly over four years from the date the new option is granted. Because the vesting schedule for the new options will not begin until the grant

-2-

date of the new options, you will lose the benefit of all vested shares under the old options that you are tendering.

Upon the grant of the new options, you will receive credit towards the new option's vesting schedule for the approximately six-month period between the Cancellation Date and the grant date of the new options. This will have the effect of shortening the time period over which the new option is scheduled to fully vest by approximately six months.

PASOPs are stock options with vesting conditioned upon meeting specified performance-related targets or milestones. For PASOPs only, the new option will have the same vesting schedule as the corresponding old option tendered for exchange. Upon the grant of a new PASOP, you will receive credit for vesting accrued prior to the cancellation of the old PASOP and you will receive credit for the approximately six-month period between the Cancellation Date and the grant date of the new PASOP. Therefore, for PASOPs only, you will not lose the benefit of shares that have vested under the old option that was cancelled.

Shares of Quantum common stock are traded on the New York Stock Exchange under the symbol "DSS." On June 1, 2001, the closing price of our common stock reported on the New York Stock Exchange was \$12.0400 per share.

We recommend that you evaluate current market quotes for our common stock, among other factors, before deciding whether or not to tender your options.

This Offer has not been approved or disapproved by the Securities and Exchange Commission (the SEC) or any State Securities Commission nor has the SEC or any State Securities Commission passed upon the accuracy or adequacy of the information contained in this Offer. Any representation to the contrary is a criminal offense.

You should direct general questions about the Offer or requests for additional copies of this Offer, the memorandum from Michael A. Brown dated June 4, 2001, the Election Form and the Notice to Change Election From Accept to Reject to the Quantum Employee Call Center at telephone number 1-800-499-9007.

IMPORTANT

If you wish to tender your options for exchange, you must complete and sign the Election Form in accordance with its instructions, and fax or hand deliver it and any other required documents to Quantum Corporation, Attention: Stock Administration at fax number (408) 944-6521.

We are not making the Offer to, and we will not accept any tender of options from or on behalf of, option holders in any jurisdiction in which the Offer or the acceptance of any tender of options would not be in compliance with the laws of that jurisdiction. However, we may, at our discretion, take any actions necessary for us to make the Offer to option holders in any of these jurisdictions.

We have not authorized any person to make any recommendation on our behalf as to whether you should tender or not tender your options through the Offer. You should rely only on the information in this document or to which we have referred you. We have not authorized anyone to give you any information or to make any representation in connection with the Offer other than the information and representations contained in this document and in the related memorandum from Michael A. Brown dated June 4, 2001, the Election Form and the Notice to Change Election from Accept to Reject. If anyone makes any recommendation or representation to you or gives you any information, you must not rely upon that recommendation, representation or information as having been authorized by us.

TABLE OF CONTENTS

<TABLE>
<CAPTION>

	Page

<S>	<C>
SUMMARY TERM SHEET.....	1
CERTAIN RISKS.....	11
INTRODUCTION.....	15
THE OFFER.....	18
1. Eligibility.....	18
2. Number of Options; Expiration Date.....	18
3. Purpose of the Offer.....	20
4. Procedures for Tendering Options.....	22
5. Withdrawal Rights and Change of Election.....	23
6. Acceptance of Options for Exchange and Issuance of New Options.....	24
7. Conditions of the Offer.....	26
8. Source and Amount of Consideration.....	27
9. Effect of a Change of Control Prior to the Granting of New Options.....	28
10. Terms of New Options.....	28
11. Information Concerning Quantum.....	34
12. Financial Information.....	35
13. Price Range of Shares Underlying the Options.....	37
14. Interests of Directors and Officers; Transactions and Arrangements Concerning the Options...	38
15. Status of Options Acquired by Us in the Offer; Accounting Consequences of the Offer.....	40
16. Legal Matters; Regulatory Approvals.....	41
17. Material U.S. Federal Income Tax Consequences.....	41
18. Material Non-U.S. Tax Consequences.....	43
19. Extension of Offer; Termination; Amendment.....	46

</TABLE>

<TABLE>		
<S>	<C>	<C>
20. Fees and Expenses.....		47
21. Additional Information.....		47
22. Miscellaneous.....		48
SCHEDULE A	INFORMATION CONCERNING THE DIRECTORS AND	
	EXECUTIVE OFFICERS OF QUANTUM CORPORATION.....	A-1

</TABLE>

SUMMARY TERM SHEET

The following are answers to some of the questions that you may have about the Offer. We urge you to read carefully the remainder of this Offer to Exchange, the accompanying memorandum from Michael A. Brown dated June 4, 2001, the Election Form and the Notice to Change Election From Accept to Reject because the information in this summary is not complete, and additional important information is contained in the remainder of this Offer to Exchange, the memorandum from Michael A. Brown dated June 4, 2001, the Election Form and the Notice to Change Election From Accept to Reject. We have included page references to the remainder of this Offer to Exchange where you can find a more

complete description of the topics in this summary.

Q1. What securities are we offering to exchange?

A1. We are offering to exchange all outstanding, unexercised options to purchase shares of common stock of Quantum Corporation ("Quantum") granted under the Quantum Corporation 1993 Long-Term Incentive Plan, the Quantum Corporation Supplemental Stock Option Plan, Quantum Corporation 1986 Stock Option Plan, the Meridian Data, Inc. 1997 Stock Plan, the Parallan Computer, Inc. 1988 Incentive Stock Plan, the Meridian Data, Inc. 1987 Incentive Stock Plan, the ATL Products, Inc. 1997 Stock Incentive Plan and the ATL Products, Inc. 1996 Stock Incentive Plan that have an exercise price of \$14 per share or more and are held by eligible employees for new options we will grant under the Quantum Corporation Supplemental Stock Option Plan. (Page 18)

Q2. Who is eligible to participate?

A2. Employees are eligible to participate if they are employees of Quantum or one of our subsidiaries as of the date the Offer commences and the date on which the tendered options are cancelled. However, members of the Board of Directors, all executive officers, transition employees and employees residing or employed in France, Canada, Korea, China, Japan and Taiwan are not eligible. Transition employees are employees identified for job elimination due to the HDD/Maxtor merger and assigned to a transition role with a specified end date. (Page 18)

In order to receive a new option, you must remain an eligible employee as of the date the new options are granted, which will be the first business day that is six months and one day after the Cancellation Date. If Quantum does not extend the Offer, the new options will be granted on January 7, 2002. (Page 18)

Q3. Are employees outside the United States eligible to participate?

A3. All employees outside the United States are eligible to participate except those employees who are either residents or employees in France, Canada, Korea, China, Japan and Taiwan. Special tax considerations may apply to employees in Germany, Hong Kong, Ireland, Malaysia, Singapore, Switzerland and the United Kingdom due to certain taxation rules applicable in these countries. Please be sure to read Section 18 of this Offer to Exchange, which discusses the tax consequences of participating in the Offer for employees outside of the United States. (Page 18)

-1-

Q4. Why are we making the Offer?

A4. We believe that granting stock options provides an opportunity to: (1) align employee and shareholder interests, and (2) provide incentives for employees to achieve high levels of performance. The Offer provides an opportunity for us to offer eligible employees a valuable incentive to stay with our company. Some of our outstanding options, whether or not they are currently exercisable, have exercise prices that are significantly higher than the current market price of our shares (that is, these options currently are "underwater"). By making this offer to exchange outstanding options for new options that will have an exercise price equal to the market value of the shares on the grant date, we intend to provide our eligible employees with the benefit of owning options that over time may have a greater potential to increase in value. (Page 20)

Q5. What are the conditions of the Offer?

A5. The Offer is not conditioned on a minimum number of options being tendered. Participation in the offer is completely voluntary. The conditions are described in Section 7 of this Offer. (Page 26)

Q6. Are there any eligibility requirements that you must satisfy after the expiration date of the Offer to receive the new options?

A6. To receive a grant of new options through the Offer and under the terms of the Plans you must be an eligible employee of Quantum or one of our subsidiaries as of the date the new options are granted. (Page 18)

As discussed below, subject to the terms of this Offer, we will not grant the new options until the first business day that is six months and one day after the Cancellation Date. If, for any reason, you do not remain an eligible employee of Quantum or one of our subsidiaries through the date we grant the new options, you will not receive any new options or other compensation in exchange for your tendered options that have been accepted for exchange and cancelled. (Page 18)

Q7. How many new options will you receive in exchange for your tendered options?

A7. If you meet the eligibility requirements and subject to the terms of this Offer, we will grant you a new option grant to purchase the number of shares equal to the number of unexercised shares covered by the option you are tendering. New options will be granted under the Quantum Corporation Supplemental Stock Option Plan, unless prevented by law or applicable regulations. All new options will be subject to a new option agreement between you and Quantum. You must execute the new option agreement before receiving new options. (Page 19)

Q8. When will you receive your new options?

A8. We will not grant the new options until the first business day that is six months and one day after the Cancellation Date. Our Board of Directors has selected this date as the actual grant date for the new options. If we cancel tendered options on July 5, 2001, which is the

-2-

scheduled date for the cancellation of the options (the first business day following the Expiration Date), the new options will not be granted until January 7, 2002. (Page 25)

Q9. Why won't you receive your new options immediately after the Expiration Date of the Offer?

A9. If we were to grant the new options on any date which is earlier than six months and one day after the date we cancel the options accepted for exchange, we would be subject to onerous accounting charges. We would be required for financial reporting purposes to treat the new options as variable awards. This means that we would be required to record the non-cash accounting impact of decreases and increases in the company's share price as a compensation expense for the new options issued under this Offer. We would have to continue this variable accounting for these new options until they were exercised, forfeited or terminated. The higher the market value of our shares, the greater the compensation expense we would have to record. By deferring the grant of the new options for six months and one day, we believe we will not have to treat the new options as variable awards. (Page 40)

Q10. If you tender options in the Offer, will you be eligible to receive other option grants before you receive your new options?

A10. No. If we accept options you tender in the Offer, you will not be granted any other options, such as annual, bonus or promotional options, including the 2001 Annual Grant, until the grant date for your new options at the earliest. We will defer the grant to you of any of these other options for which you may otherwise be eligible to avoid incurring compensation expense against our earnings because of accounting rules that could apply to these interim option grants as a result of the Offer. However, you will not receive any options if you are no longer an eligible employee of Quantum or one of our subsidiaries on the date of option grant. (Page 25)

Q11. Will you be required to give up all your rights to the cancelled options?

A11. Yes. Once we have accepted options tendered by you, your options will be cancelled and you will no longer have any rights under those options. We currently expect to accept all properly tendered options promptly following the expiration of the Offer. You have the right to change your election regarding particular tendered options at any time before the expiration of the Offer. The Offer is scheduled to expire at 5 p.m., Pacific Daylight Time, on July 3, 2001, unless we extend it. Thus, if for any reason you do not remain an eligible employee of Quantum or one of our subsidiaries through the date we grant the new options, you will not receive any new options or other compensation in exchange for your tendered options that have been accepted for exchange and cancelled. (Page 19)

Q12. What will the exercise price of the new options be?

A12. The exercise price per share of the new options will be 100% of the fair market value of our common stock on the date of grant, as determined by the closing price reported by the New York Stock Exchange for the last market trading day prior to the date of grant. (Page 29)

-3-

Accordingly, we cannot predict the exercise price of the new options. Because we will not grant new options until the first business day that is six months and one day after the Cancellation Date, there is a risk that the new options may have a higher exercise price than some or all of your current options. We recommend that you evaluate current market quotes for our shares, among other factors, before deciding whether or not to tender your options. (Page 11)

Q13. If you choose to tender an option which is eligible for exchange, do you have to tender all the shares covered by that option?

A13. Yes. We are not accepting partial tenders of options. However, you may tender the remaining portion of an option which you have partially exercised. Accordingly, you may tender one or more of your option grants, but you may only tender all of the unexercised shares covered by each option grant or none of those shares. For example and except as otherwise described below, if you hold (i) an option grant to purchase 1,000 shares at \$15.00 per share, 700 of which you have already exercised, (ii) an option grant to purchase 1,000 shares at an exercise price of \$20.00 per share and (iii) an option grant to purchase 2,000 shares at an exercise price of \$40.00 per share, you may tender:

- . none of your options;
- . your first option grant covering 300 remaining unexercised shares;
- . your second option grant covering all 1,000 shares;
- . your third option grant covering all 2,000 shares;
- . two of your three option grants; or
- . all three of your option grants.

In this example, the above describes your only choices. For example, you may not tender your first option grant with respect to only 150 shares (or any other partial amount) under that grant or less than all of the shares under the second and third option grants. (Page 18)

Also, if you decide to tender any of your option grants, then you must tender all of your options that were granted to you during the six month period prior to the cancellation of any tendered options. This includes options with an exercise price below \$14 per share. For example, if you received an option grant in June 2000 and a grant in March 2001 and you want to tender your June 2000 option grant, you would also be required to tender your March 2001 option grant. You are not required to tender any other awards, including grants of restricted stock. (Page 19)

Q14. When will the new options vest?

A14. Each new option will have the same vesting schedule as the corresponding option you tender in the Offer. However, the vesting of each new option, other than performance accelerated stock options (PASOPs), will start over on the date of grant of the new option. For example,

-4-

and except as described in the next paragraph, if you elect to cancel an option that was scheduled to vest monthly over four years, your new option will be scheduled to vest monthly over four years from the date the new option is granted. Because the vesting schedule for the new options will not begin until the grant date of the new options, you will lose the benefit of all vested shares under the old options that you are tendering. (Page 29)

Upon the grant of the new options, you will receive credit towards the new option's vesting schedule for the approximately six-month period between the Cancellation Date and the grant date of the new options. This will have the effect of shortening the time period over which the new option is scheduled to fully vest by approximately six months. (Page 30)

Here are some examples:

Example #1. Assume you tender an old option to purchase 1,200 shares that -----
is scheduled to vest 25% on the first day of the month after one year from the date of grant, and 1/48th of the total shares on the first of each month thereafter:

Old option (cancelled):

Total number of shares: 1,200
Grant date: 1/18/99
Vesting schedule: 25% vest at 2/1/00; 1/48th of the total shares vest on the 1st of each month thereafter.
Total number of shares vested at Cancellation Date: 725
Scheduled full vesting date: 2/1/03

Your new option will have the same vesting schedule as the old option you tendered, however the vesting of the new option will start over on the date of grant of the new option and upon the grant of the new option, you will receive credit towards the new option's vesting schedule for the approximately six-month period between the Cancellation Date and the grant date of the new option. You will lose the benefit of all vested shares under the old option that you tendered:

New Option:

Total number of shares: 1,200
Grant date: 1/7/02
Vesting Schedule: 25% vest at 7/1/02 (based on crediting service between the Cancellation Date and the grant date); 1/48th of the total shares vest on the 1st of each month thereafter.
Total number of shares vested on grant date: 0
Scheduled full vesting date: 7/1/05

Example #2. Now assume you tender an old option to purchase 3,600 shares

that is scheduled to vest as to 1/48th of the total shares on the first of each month beginning after the date of grant:

Old option (cancelled):

Total number of shares: 3,600
Grant date: 10/15/00

-5-

Vesting schedule: 1/48th of the total shares vest on the 1st of each month, beginning 11/1/00.
Total number of shares vested at Cancellation Date: 675
Scheduled full vesting date: 11/1/04

Your new option will have the same vesting schedule as the old option you tendered, however the vesting of the new option will start over on the date of grant of the new option and upon the grant of the new option, you will receive credit towards the new option's vesting schedule for the approximately six-month period between the Cancellation Date and the grant date of the new option. You will lose the benefit of all vested shares under the old option that you tendered:

New Option:

Total number of shares: 3,600
Grant date: 1/7/02
Vesting Schedule: 12.5% vest at 1/7/02 (based on crediting service between the Cancellation Date and the grant date); 1/48th of the total shares vest on the 1st of each month thereafter. Total number of shares vested on grant date: 450 Scheduled full vesting date: 7/1/05

Performance-accelerated options (PASOPs) are stock options with vesting conditioned upon meeting specified performance-related targets or milestones. For PASOPs only, the new option will have the same vesting schedule as the corresponding old option tendered for exchange. Upon the grant of a new PASOP, you will receive credit for vesting accrued prior to the cancellation of the old PASOP and you will receive credit for the approximately six-month period between the Cancellation Date and the grant date of the new PASOP. Therefore, for PASOPs only, you will not lose the benefit of shares that have vested under the old option that was cancelled.

Here are some examples:

Example #3. Assume you tender an old option that is a PASOP to purchase

5,000 shares. The PASOP is scheduled to fully vest 6 years after the date of grant, or earlier as to 25% of the total shares on June 1, 2001, August 1, 2001, June 1, 2002 and August 1, 2002 if certain performance targets are met on those dates. Assume that you met the performance targets established for June 1, 2001 and after the date the PASOP is cancelled, you meet the performance targets established for August 1, 2001:

Old option (cancelled):

Total number of shares: 5,000
Grant date: 5/1/01
Vesting schedule: 100% vest at 5/1/07, or 25% vest earlier at 6/1/01, 8/1/01, 6/1/02 and 8/1/02 if performance targets are met on those dates.
Total number of shares vested at Cancellation Date: 1,250
Scheduled full vesting date: 5/1/07 (or 8/1/02 if all performance targets met)

-6-

Your new PASOP will have the same vesting schedule as the old PASOP. Upon the grant of a new PASOP, you will receive credit for vesting accrued prior to the cancellation of the old PASOP and you will receive credit for the approximately six-month period between the Cancellation Date and the

grant date of the new PASOP. Therefore, you will not lose the benefit of shares that have vested under the old PASOP that was cancelled:

New Option:

Total number of shares: 5,000

Grant date: 1/7/02

Vesting Schedule: 50% vest on 1/7/02 (since performance targets established for 6/1/01 and 8/1/01 were met), the remaining unvested shares 100% vest at 5/1/07, or 25% vest earlier at 6/1/02 and 8/1/02 if performance targets are met on those dates.

Total number of shares vested on grant date: 2,500

Scheduled full vesting date: 5/1/07 (or 8/1/02 if all performance targets met)

Example #4. Assume you hold two outstanding options: the option described

in Example #2 granted on October 15, 2000 and the PASOP described in Example #3 granted on May 1, 2001. If you wish to tender the option described in Example #2, then you must also tender the PASOP described in Example #3 (even if the exercise price for the PASOP is less than \$14 per share) since it was granted within six months prior to the Cancellation Date. The vesting schedules for the new options will be as described above in Examples #3 and #4. (Page 30)

Q15. What if we enter into a merger or other similar transaction?

A15. It is possible that, prior to the grant of new options, we might effect or enter into an agreement such as a merger or other similar transaction. The Promise to Grant Stock Option which we will give you is a binding commitment, and we will require that any successor to our company be legally obligated by that commitment. (Page 28)

You should be aware that these types of transactions could have substantial effects on our share price, including potentially substantial appreciation in the price of our shares. Depending on the structure of this type of transaction, tendering option holders might be deprived of any further price appreciation in the shares associated with the new options. For example, if our shares were acquired in a cash merger, the fair market value of our shares, and hence the price at which we grant the new options, would likely be a price at or near the cash price being paid for the shares in the transaction, yielding limited or no financial benefit to a recipient of the new options for that transaction. In addition, in the event of an acquisition of our company for stock, tendering option holders might receive options to purchase shares of a different issuer. (Page 28)

Q16. Are there circumstances where you would not be granted new options?

A16. Yes. Even if we accept your tendered options, we will not grant new options to you if we are prohibited by applicable law or regulations from doing so. Such a prohibition could result from changes in foreign laws, SEC rules, regulations or policies or New York Stock Exchange listing requirements. We will use reasonable efforts to avoid the prohibition, but if it is applicable throughout the period from the first business day that is six months and one day after the Cancellation Date, you will not be granted a new option. We do not anticipate

-7-

any such prohibitions and are referring to the possibility in an abundance of caution. (Page 41)

Also, if you are no longer an eligible employee on the date we grant new options, you will not receive any new options. (Page 18)

Q17. What happens to options that you choose not to tender or that are not accepted for exchange?

A17. Options that you choose not to tender for exchange or that we do not accept for exchange retain their current exercise price and current vesting schedule and remain outstanding until you exercise them or they expire by their terms. (Page 20)

You should note that there is a risk that any incentive stock options (ISOs) you hold may be affected, even if you do not participate in the exchange. We believe that you will not be subject to current U.S. federal income tax if you do not elect to participate in the option exchange program. We also believe that the option exchange program will not change the U.S. federal income tax treatment of subsequent grants and exercises of your incentive stock options (and sales of shares acquired upon exercise of such options) if you do not participate in the option exchange program. (Page 42)

However, the IRS may characterize the option exchange program as a

"modification" of those incentive stock options for U.S. tax purposes, even if you decline to participate. In 1991, the IRS issued a private letter ruling in which another company's option exchange program was characterized as a "modification" of the ISO that could be exchanged. This does not necessarily mean that our offer to exchange options will be viewed the same way. Private letter rulings issued by the IRS contain the IRS's opinion regarding only the specific facts presented by a specific person or company. The person or company receiving the letter may rely on it, but no other person or company may rely on the letter ruling or assume the same opinion would apply to their situation, even if the facts at issue are similar. While such letters do not provide certainty, they may indicate how the IRS will view a similar situation. (Page 42)

We, therefore, do not know if the IRS will assert the position that our offer constitutes a "modification" of ISOs that can be tendered. A successful assertion by the IRS of this position could extend the options' holding period to qualify for favorable tax treatment. Accordingly, to the extent you dispose of your ISO shares prior to the lapse of the new extended holding period, your ISO could be taxed similarly to a nonstatutory stock option (NQ). (Page 42)

Q18. Will you have to pay taxes if you exchange your options in the Offer?

A18. If you exchange your current options for new options, you should not be required under current law to recognize income for U.S. federal income tax purposes at the time of the exchange. Further, at the grant date of the new options, you will not be required under current law to recognize income for U.S. federal income tax purposes. We recommend that you consult with your own tax advisor to determine the tax consequences of tendering options through the Offer. If you are an eligible employee based outside of the United States,

-8-

we recommend that you consult with your own tax advisor to determine the tax and social contribution consequences of the Offer under the laws of the country in which you live and work. (Page 41)

Q19. If your current options are ISOs, will your new options be ISOs?

A19. No. All new options will be NQs and not ISOs, regardless of whether the options you exchange are ISOs. The new options will not be eligible for favorable tax treatment applicable to ISOs. (Page 42)

Q20. When will your new option expire?

A20. Your new option will expire ten (10) years from the date of grant, or earlier if your employment with Quantum terminates. If you are employed in Switzerland, your new option will have a maximum expiration date of eleven (11) years from the date of grant. (Page 29)

Q21. When does the Offer expire? Can the Offer be extended, and if so, how will you be notified if it is extended?

A21. The Offer expires on July 3, 2001, at 5 p.m., Pacific Daylight Time, unless we extend it. We may, in our discretion, extend the Offer at any time, but we cannot assure you that the Offer will be extended or, if extended, for how long. If the Offer is extended, we will make a public announcement of the extension no later than 9:00 a.m., Pacific Daylight Time, on the next business day following the previously scheduled expiration of the offer period. (Pages 20 and 46)

Q22. How do you tender your options?

A22. If you decide to tender your options, we must receive, before 5 p.m., Pacific Daylight Time, on July 3, 2001 (or such later date and time as we may extend the expiration of the Offer), a properly completed and executed Election Form and any other documents required by the Election Form via fax (fax # (408) 944-6521) or hand delivery to Quantum Corporation, Attention: Stock Administration, 501 Sycamore Drive, Milpitas, CA 95035. This is a one-time Offer, and we will strictly enforce the tender offer period and the cut-off time for the Offer of 5 p.m., Pacific Daylight Time on July 3, 2001. We reserve the right to reject any or all tenders of options that we determine are not in appropriate form or that we determine are unlawful to accept. Subject to our rights to extend, terminate and amend the Offer, we currently expect that we will accept all properly tendered options promptly after the expiration of the Offer. (Page 22)

Q23. During what period of time may you withdraw previously tendered options?

A23. You may withdraw your tendered options at any time before the Offer expires at 5:00 p.m., Pacific Daylight Time, on July 3, 2001. If we extend the Offer beyond that time, you may withdraw your tendered options at any time until the extended expiration of the Offer. To withdraw tendered options, you must deliver to us via fax (fax # (408) 944-6521) or hand

delivery to Quantum Corporation, Attention: Stock Administration, 501 Sycamore Drive, Milpitas, CA 95035, a signed Notice to Change Election From Accept to Reject, with the required information while you still have the right to withdraw the tendered options. Once

-9-

you have withdrawn options, you may re-tender options only by again following the delivery procedures described above prior to the expiration of the Offer. (Page 23)

- Q24. Can you change your election regarding particular tendered options?
- A24. Yes, you may change your election regarding particular tendered options at any time before the Offer expires at 5 p.m., Pacific Daylight Time, on July 3, 2001. If we extend the Offer beyond that time, you may change your election regarding particular tendered options at any time until the extended expiration of the Offer. In order to change your election, you must deliver to us via (fax # (408) 944-6521) or hand delivery to Quantum Corporation, Attention: Stock Administration, 501 Sycamore Drive, Milpitas, CA 95035, a new Election Form, which includes the information regarding your new election, and is clearly dated after your original Election Form. (Page 24)
- Q25. Do we and the Board of Directors recommend that you take the Offer?
- A25. Although our Board of Directors has approved the Offer, neither we nor our Board of Directors makes any recommendation as to whether you should tender or not tender your options. You must make your own decision whether or not to tender options. We strongly urge you to read this Offer to Exchange, the related memorandum from Michael A. Brown, dated June 4, 2001, the Election Form and the Notice to Change Election from Accept to Reject and understand the risks before making your decision. For a summary of the risks relating to the Offer, please see "Certain Risks of Participating in the Offer" beginning on page 11 of this Offer to Exchange. For questions regarding tax implications or other investment related questions, you should talk to your own legal counsel, accountant and/or financial advisor. (Page 22)
- Q26. Who can you talk to if you have questions about the Offer?
- A26. For questions about the Offer, you should contact the Quantum Employee Call Center at 1-800-499-9007.

-10-

CERTAIN RISKS
OF PARTICIPATING IN THE OFFER

Participation in the Offer involves a number of potential risks, including those described below. This list and the risk factors, beginning on Annex II-7 in Quantum's Annual Report on Form 10-K, filed on June 28, 2000, and on page 37 in Quantum's Quarterly Report on Form 10-Q, filed on February 14, 2001, highlight the material risks of participating in this Offer. Eligible participants should carefully consider these risks and are encouraged to speak with an investment and tax advisor as necessary before deciding to participate in the Offer. In addition, we strongly urge you to read the rest of this Offer to Exchange, along with the memorandum from Michael A. Brown dated June 4, 2001, the Election Form and the Notice to Change Election from Accept to Reject, for a more detailed discussion of the risks which may apply to you, before deciding to participate in this Offer.

ECONOMIC RISKS

Participation in the Offer will make you ineligible to receive any new option grants until January 7, 2002 at the earliest.

Employees are generally eligible to receive option grants at any time that the Board of Directors or Compensation Committee chooses to make them. However, if you participate in the Offer, you will not be eligible to receive the new option issued to you in exchange for your tendered options until the first business day that is six months and one day after the date we cancel the options tendered in the Offer. Our Board of Directors has approved the grant of these new options on the first business day that is six months and one day after the date we cancel options tendered in this Offer.

In addition, you will not be eligible to receive any other options until January 7, 2002 at the earliest.

If the stock price increases after the date your tendered options are cancelled, your cancelled options might have been worth more than the new option that you have received in exchange for them.

We cannot predict the exercise price of new options. Because we will not

grant new options until the first business day that is six months and one day after the Cancellation Date, the new options may have a higher exercise price than some or all of your current options. For example, if you cancel options with a \$35 strike price, and Quantum's stock appreciates to \$50 when the new option grants are made, your new option will have a higher strike price than the cancelled option.

If your employment terminates for any reason prior to the grant of the new option, you will receive neither a new option nor the return of your cancelled option.

Once your option is cancelled, it is gone forever. Accordingly, if your employment terminates for any reason prior to the grant of the new option, you will have the benefit of neither the cancelled option nor the new option.

If we are prohibited by applicable law or regulations from granting new options, you will receive neither a new option nor the return of your cancelled option.

-11-

We will not grant new options to you if we are prohibited by applicable law or regulations from doing so. Such a prohibition could result from changes in foreign laws, SEC rules, regulations or policies or New York Stock Exchange listing requirements. We are unaware of such prohibition at this time, and we will use reasonable efforts to effect the grant, but if the grant is prohibited as of the date of grant we will not grant you any new options and you will not get any other compensation for the options you tendered. We do not anticipate any such prohibitions and are referring to the possibility in an abundance of caution.

TAX-RELATED RISKS FOR U.S. RESIDENTS

Your new option will be a nonstatutory stock option, whereas your cancelled option may have been an incentive stock option.

All new options will be nonstatutory stock options (NQs) and not incentive stock options (ISOs), regardless of whether the options you exchange are ISOs. The new options will not be eligible for favorable tax treatment applicable to ISOs. In general, NQs are less favorable to you from a tax perspective. For more detailed information, please read the rest of the Offer, and see the tax disclosure set forth in the prospectus for the Quantum Corporation Supplemental Stock Option Plan.

Even if you elect not to participate in the option exchange program, your ISOs may be affected.

We believe that you will not be subject to current U.S. federal income tax if you do not elect to participate in the option exchange program. We also believe that the option exchange program will not change the U.S. federal income tax treatment of subsequent grants and exercises of your ISOs (and sales of shares acquired upon exercises of such options) if you do not participate in the option exchange program.

However, the IRS may characterize the option exchange program as a "modification" of those ISOs, even if you decline to participate. In 1991, the IRS issued a private letter ruling in which another company's option exchange program was characterized as a "modification" of the ISOs that could be exchanged. This does not necessarily mean that our offer to exchange options will be viewed the same way. Private letter rulings issued by the IRS contain the IRS's opinion regarding only the specific facts presented by a specific person or company. The person or company receiving the letter may rely on it, but no other person or company may rely on the letter ruling or assume the same opinion would apply to their situation, even if the facts at issue are similar to those in the letter. While such letters do not provide certainty, they may indicate how the IRS will view a similar situation. We, therefore, do not know if the IRS will assert the position that our offer constitutes a "modification" of ISOs that can be tendered. A successful assertion by the IRS of this position could extend the options' holding period to qualify for favorable tax treatment. Accordingly, to the extent you dispose of your ISO shares prior to the lapse of the new extended holding period, your ISO could be taxed similarly to a NQ.

-12-

TAX-RELATED RISKS FOR NON-U.S. RESIDENTS

Eligible Employees Who Are Subject to the Tax Laws of Singapore

Generally, the grant of new options pursuant to the terms of the Offer should not be a taxable event under the Income Tax Act (Singapore). Although we do not believe there will be a taxable event on the acceptance of this Offer, this is not completely certain. It is not clear, however, on what basis you would be taxed if the cancellation and grant of new options is considered to be

a taxable event under the Income Tax Act. Furthermore, because the new options will retain the vesting schedule of your existing options, you may not be able to obtain favorable tax treatment under the Company Stock Option Scheme and/or the Qualified Employee Stock Option Scheme. We recommend that you consult with your tax advisor regarding the impact of this Offer.

Eligible Employees Who Are Subject to the Tax Laws of Switzerland

In the event that you previously paid tax or were required to pay tax in connection with the grant of your existing options, it is possible that you may not be able to credit this amount against taxes that may be payable should you accept any new options pursuant to the terms of the Offer. We recommend that you consult with your tax advisor regarding the impact of this Offer.

Eligible Employees Who Are Subject to the Tax Laws of the United Kingdom

The tax implication for the new option may be significantly different from the original options. As such we recommend that you read carefully the caption "Material Non-U.S. Tax Consequences -- Employees Who Are Subject to the Tax Laws of the United Kingdom" and that you seek the advice of your personal tax advisor regarding the tax implications of this Offer. In particular, you should be aware that the portion of your new option in excess of (Pounds)30,000, if any, will be granted through an unapproved share scheme. Such options will therefore be subject to the execution of a joint election between you and Quantum that provides for the transfer of Secondary Class 1 National Insurance Contribution liability in connection with the exercise, assignment, release, or cancellation of the option to you. By accepting the new option, to the extent allowable by applicable law, you will be consenting to and agreeing to satisfy any liability that arises with respect to Secondary Class 1 National Insurance Contribution payments in connection with the exercise, assignment, release, or cancellation of the option. In addition, if you accept the new option, a term of the joint election will be that you will be authorizing Quantum to withhold any such Secondary Class 1 National Insurance Contribution (NIC) from the payroll at any time or the sale of a sufficient number of shares upon exercise, assignment, release, or cancellation of the option. The effect of this is that you will be obligated to pay 11.9% (under current rates) of the gain on your option exercise as NICs, without any limit. This amount is deductible against your income tax. We recommend that you consult with your tax advisor regarding the impact of this Offer.

-13-

Tax-Related Risks for Other Eligible Non-U.S. Employees

For eligible non-U.S. employees in Germany, Hong Kong, Ireland, and Malaysia, we do not believe that the cancellation of existing options and the grant of new options should give rise to any additional tax liability. However, we recommend that you consult with your tax advisor regarding the impact of this Offer.

BUSINESS-RELATED RISKS

For a description of risks related to Quantum's business, please see Section 22 of this Offer.

-14-

INTRODUCTION

Quantum Corporation ("Quantum", "we" or "us") is offering eligible employees the opportunity to exchange all outstanding options to purchase shares of Quantum common stock granted under the Quantum Corporation 1993 Long-Term Incentive Plan, the Quantum Corporation Supplemental Stock Option Plan, the Quantum Corporation 1986 Stock Option Plan, the Meridian Data, Inc. 1997 Stock Plan, the Parallan Computer, Inc. 1988 Incentive Stock Plan, the Meridian Data, Inc. 1987 Incentive Stock Plan, the ATL Products, Inc. 1997 Stock Incentive Plan and the ATL Products, Inc. 1996 Stock Incentive Stock Plan that have an exercise price of \$14 per share or more and are held by eligible employees for a new option we will grant under the Quantum Corporation Supplemental Stock Option Plan. An "eligible employee" refers to all employees of Quantum or one of our subsidiaries, who are employees as of the date the Offer commences and as of the date the tendered options are cancelled, except members of the Board of Directors, all executive officers, transition employees and employees residing or employed in France, Canada, Korea, Japan, China and Taiwan. Transition employees are employees identified for job elimination due to the HDD/Maxtor merger and assigned to a transition role with a specified end date. Special tax considerations may apply to employees in Germany, Hong Kong, Ireland, Malaysia, Singapore, Switzerland and the United Kingdom. Please be sure to read Section 18 of the Offer to Exchange, which discusses the tax consequences of participating in the Offer for employees outside the United States. We are making the Offer upon the terms and the conditions described in this Offer to

Exchange, the related memorandum from Michael A. Brown dated June 4, 2001, the Election Form and the Notice to Change Election from Accept to Reject (which together, as they may be amended from time to time, constitute the "Offer").

If you qualify as an eligible employee, we will grant you a new option to purchase the same number of unexercised shares covered by the old option you are tendering. Subject to the terms and conditions of this Offer, we will grant the new options on the first business day that is six months and one day after the date we cancel the options accepted for exchange. The grant date for the new options will be January 7, 2002, unless the Offer is extended, in which case the grant date of the new options will be six months and one day after the cancellation of the options accepted for exchange. You may only tender options for all or none of the unexercised shares subject to a particular option grant. Partial tenders consisting of some, but not all, of the unexercised shares subject to an option grant will not be accepted.

All tendered options accepted by us through the Offer will be cancelled promptly after the date the Offer ends. The Offer is currently scheduled to expire at 5 p.m. Pacific Daylight Time on July 3, 2001, or such date and time as we may extend the Offer (the "Expiration Date"), and we expect to cancel options on July 5, 2001, or as soon as possible thereafter (the "Cancellation Date"). If you tender any option grant for exchange, you will be required to also tender all option grants that you received during the six-month period prior to the Cancellation Date. Since we currently expect to cancel all tendered options on July 5, 2001, this means that if you participate in the Offer, you will be required to tender all options granted to you since January 5, 2001.

-15-

The Offer is not conditioned on a minimum number of options being tendered. Participation in the Offer is completely voluntary. The Offer is subject to conditions that we describe in Section 7 of this Offer.

If you tender options for exchange as described in the Offer, and we accept your tendered options, then, subject to the terms of this Offer, we will grant you a new option under the Quantum Corporation Supplemental Stock Option Plan. In order to receive a new option pursuant to this Offer, you must continue to be an eligible employee as of the date on which the new options are granted, which will be six months and one day after the Cancellation Date.

The exercise price per share of the new options will be 100% of the fair market value on the date of grant, as determined by the closing price of our common stock reported by the New York Stock Exchange for the last market trading day prior to the date of grant.

Each new option will be exercisable for the same number of shares as remained outstanding under the tendered options.

Each new option will have the same vesting schedule as the corresponding option you tender in the Offer. However, the vesting of each new option, other than performance accelerated stock options (PASOPs), will start over on the date of grant of the new option. For example, and except as described in the next paragraph, if you elect to cancel an option that was scheduled to vest monthly over four years, your new option will be scheduled to vest monthly over four years from the date the new option is granted. Because the vesting schedule for the new options will not begin until the grant date of the new options, you will lose the benefit of all vested shares under the old options that you are tendering.

Upon the grant of the new option, you will receive credit towards the new option's vesting schedule for the approximately six-month period between the Cancellation Date and the grant date of the new options. This will have the effect of shortening the time period over which the new option is scheduled to fully vest by approximately six months.

PASOPs are stock options with vesting conditioned upon meeting specified performance-related targets or milestones. For PASOPs only, the new option will have the same vesting schedule as the corresponding old option tendered for exchange. Upon the grant of a new PASOP, you will receive credit for vesting accrued prior to the cancellation of the old PASOP and you will receive credit for the approximately six-month period between the Cancellation Date and the grant date of the new PASOP. Therefore, for PASOPs only, you will not lose the benefit of shares that have vested under the old option that was cancelled.

Options that you do not tender for exchange or that we do not accept for exchange retain their current exercise price and current vesting schedule and remain outstanding until you exercise them or they expire by their terms.

-16-

As of June 1, 2001, options to purchase 29,967,478 of our shares were issued and outstanding, of which options to purchase approximately 2,620,277 of our shares, constituting approximately 8.74%, were held by eligible employees.

THE OFFER

1. Eligibility

Employees are "eligible employees" if they are employees of Quantum or one of our subsidiaries as of the date the Offer commences and the date on which the tendered options are cancelled, except members of the Board of Directors, all executive officers, transition employees and employees residing or employed in France, Canada, Korea, Japan, China and Taiwan. Transition employees are employees identified for job elimination due to the HDD/Maxtor merger and assigned to a transition role with a specified end date. Special tax considerations may apply to employees in Germany, Hong Kong, Ireland, Malaysia, Singapore, Switzerland, and the United Kingdom. Please be sure to read Section 18 of this Offer, where we discuss the tax consequences of participating in the Offer for eligible employees outside the United States.

In order to receive a new option, you must remain an eligible employee as of the date the new options are granted, which will be the first business day that is six months and one day after the date we cancel the options accepted for exchange. If, for any reason, you do not remain an eligible employee of Quantum or one of our subsidiaries through the date we grant the new options, you will not receive any new options or other compensation in exchange for your tendered options that have been accepted for exchange and cancelled. Subject to the terms and conditions of this Offer, if Quantum does not extend the Offer and your options are properly tendered by July 3, 2001, you will be granted new options on January 7, 2002.

2. Number of Options; Expiration Date

Subject to the terms and conditions of the Offer, we will exchange all outstanding, unexercised options to purchase shares of Quantum common stock granted under the Quantum Corporation 1993 Long-Term Incentive Plan, the Quantum Corporation Supplemental Stock Option Plan, the Quantum Corporation 1986 Stock Option Plan, the Meridian Data, Inc. 1997 Stock Plan, the Parallan Computer, Inc. 1988 Incentive Stock Plan, the Meridian Data, Inc. 1987 Incentive Stock Plan, the ATL Products, Inc. 1997 Stock Incentive Plan and the ATL Products, Inc. 1996 Stock Incentive Stock Plan that have an exercise price of \$14 per share or more and are held by eligible employees for a new option we will grant under the Quantum Corporation Supplemental Option Stock Plan. The options must be properly tendered and not validly withdrawn in accordance with Section 5 before the "Expiration Date," as defined below.

We are not accepting partial tenders of options. However, you may tender the remaining portion of an option which you have partially exercised. Accordingly, you may tender one or more of your option grants, but you may only tender all of the unexercised shares covered by each option grant or none of those shares. For example, and except as otherwise described below, if you hold (i) an option grant to purchase 1,000 shares at \$15.00 per share, 700 of which you have already exercised, (ii) an option grant to purchase 1,000 shares at an exercise price of \$20.00 per share and (iii) an option grant to purchase 2,000 shares at an exercise price of \$40.00 per share, you may tender:

- . none of your options;
- . your first option grant covering 300 remaining unexercised shares;
- . your second option grant covering all 1,000 shares;
- . your third option grant covering all 2,000 shares;
- . two of your three option grants; or
- . all three of your option grants.

In this example, the above describes your only choices. For example, you may not tender your first option grant with respect to only 150 shares (or any other partial amount) under that grant or less than all of the shares under the second and third option grants.

Also, if you decide to tender any of your option grants, then you must tender all of your options that were granted to you during the six month period prior to the cancellation of any tendered options. This includes options with an exercise price below \$14 per share. For example, if you received an option grant in June 2000 and a grant in March 2001 and you want to tender your June 2000 option grant, you would also be required to tender your March 2001 option grant.

You are not required to tender any other awards, including grants of restricted stock.

If your options are properly tendered and accepted for exchange, we will grant you a new option grant to purchase the number of shares equal to the number of unexercised shares covered by the option you are tendering, subject to adjustments for any stock splits, stock dividends and similar events and subject to the terms of this Offer. All new options will be subject to the terms of the Quantum Supplemental Stock Option Plan, and to a new option agreement between you and us and, if you are an employee or resident of the U.K., a joint election form whereby you agree to accept the transfer of the whole of the National Insurance liability related to the new option.

Once we have accepted options tendered by you, your options will be cancelled and you will no longer have any rights under those options. We currently expect to accept all properly tendered options promptly following the expiration of the Offer. You have the right to change your election regarding particular tendered options at any time before the expiration of the Offer. If, for any reason, you do not remain an eligible employee of Quantum or one of our subsidiaries through the date we grant the new options, you will not receive any new options or other compensation in exchange for your tendered options that have been accepted for exchange. This means that if you resign, with or without a good reason, or die or we terminate your employment for any reason prior to the date we grant the new options, you will not receive anything for the options that you tendered and we cancelled.

-19-

Options that you do not tender for exchange or that we do not accept for exchange retain their current exercise price and current vesting schedule and remain outstanding until you exercise them or they expire by their terms.

The term "Expiration Date" means 5 p.m., Pacific Daylight Time, on July 3, 2001, unless and until we, in our discretion, have extended the period of time during which the Offer will remain open, in which event the term "Expiration Date" refers to the latest time and date at which the Offer, as so extended, expires. If you decide to tender your option or withdraw your tendered options, we must receive, before 5 p.m., Pacific Daylight Time, on July 3, 2001 (or such date and time as we may extend the expiration of the Offer), a properly completed and executed Election Form and any other documents required by the Election Form, or as the case may be, a Notice to Change Election from Accept to Reject. This is a one-time offer, and we will strictly enforce the tender offer period and the cut-off time for the Offer. See Section 19 of this Offer to Exchange for a description of our rights to extend, delay, terminate and amend the Offer.

If we decide to take any of the following actions, we will publish notice or otherwise inform you in writing of such action:

- . we increase or decrease the amount of compensation offered for the options;
- . we decrease the number of options eligible to be tendered in the Offer;
or
- . we increase the number of options eligible to be tendered in the Offer by an amount that exceeds 2% of the shares issuable upon exercise of the options that are subject to the Offer immediately prior to the increase.

If the Offer is scheduled to expire at any time earlier than the tenth (10th) business day from, and including, the date that notice of the increase or decrease is first published, sent or given in the manner specified in Section 18 of this Offer, we will extend the Offer so that the Offer is open at least ten (10) business days following the publication, sending or giving of notice.

We will also notify you of any other material change in the information contained in this Offer.

For purposes of the Offer, a "business day" means any day other than a Saturday, Sunday or federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight, Eastern Time.

3. Purpose of the Offer

We issued or assumed the options outstanding under the Quantum Corporation 1993 Long-Term Incentive Plan, the Quantum Corporation Supplemental Stock Option Plan, the Quantum Corporation 1986 Stock Option Plan, the Meridian Data, Inc. 1997 Stock Plan, the Parallan Computer, Inc. 1988 Incentive Stock Plan, the Meridian Data, Inc. 1987 Incentive Stock Plan, the

-20-

ATL Products, Inc. 1997 Stock Incentive Plan and the ATL Products, Inc. 1996 Stock Incentive Stock Plan in order to:

- . align employee and stockholder interests; and

- . provide incentives for employees to achieve high levels of performance.

The Offer provides an opportunity for us to offer our eligible employees a valuable incentive to stay with Quantum. Some of our outstanding options, whether or not they are currently exercisable, have exercise prices that are significantly higher than the current market price of our shares (that is, these options are currently "underwater"). By making this Offer to exchange outstanding options for new options that will have an exercise price equal to the market value of the shares on the grant date, we intend to provide our eligible employees with the benefit of owning options that over time may have a greater potential to increase in value. However, because we will not grant new options until the first business day that is six months and one day after the date we cancel the options accepted for exchange, there is a risk that the new options may have a higher exercise price than some or all of our current outstanding options.

From time to time we engage in strategic transactions with business partners, customers and other third parties. We may engage in transactions in the future with these or other companies which could significantly change our structure, ownership, organization or management or the make-up of our Board of Directors, and which could significantly affect the price of our shares. If we engage in such a transaction or transactions before the date we grant the new options, our shares could increase (or decrease) in value, and the exercise price of the new options could be higher (or lower) than the exercise price of options you elect to have cancelled as part of this Offer. For example, if our common stock was acquired in a cash merger, the fair market value of our common stock, and hence the price at which we grant the new options, would likely be at a price at or near the cash price being paid for our common stock in the transaction, yielding limited or no financial benefit to a recipient of the new options for that transaction. In addition, in the event of an acquisition of our company for stock, tendering option holders might receive options to purchase shares of a different issuer. As is outlined in Section 9, the exercise price of any new options granted to you in return for your tendered options will be the fair market value of the underlying shares on the date of grant, as determined by the closing price of our common stock reported by the New York Stock Exchange for the last market trading day prior to the date of grant. You will be at risk of any such increase in our share price before the grant date of the new options for these or any other reasons.

The Promise to Grant Stock Option which we will give you is a binding commitment, and we will require that any successor to our company be legally obligated by that commitment.

Subject to the above, and except as otherwise disclosed in this Offer to exchange or in our filings with the Securities and Exchange Commission, we presently have no plans or proposals that relate to or would result in:

-21-

- . any purchase, sale or transfer of a material amount of our assets or any of our subsidiaries;
- . any material change in our present dividend rate or policy, or our indebtedness or capitalization;
- . any other material change in our corporate structure or business;
- . our common stock being delisted from a national securities exchange or not being authorized for quotation in an automated quotation system operated by a national securities association;
- . our common stock becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act;
- . the suspension of our obligation to file reports pursuant to Section 15(d) of the Securities Exchange Act; or
- . the acquisition by any person of an amount of our securities or the disposition of an amount of any of our securities, or any change in charter or bylaws, or any actions which may impede the acquisition of control of us by any person.

Other than the contemplated resignation in July 2001 of John B. Gannon, President of Quantum's Hard Disk Drive group, we do not plan any immediate change in our present Board of Directors or management, including a change in the number or term of directors, the number of existing board vacancies or the material terms of employment of any executive officer.

Neither we nor our Board of Directors makes any recommendation as to whether you should tender or not tender your options, nor have we authorized any person to make any such recommendation. You are urged to evaluate carefully all of the information in this Offer and to consult your own investment and tax advisors. You must make your own decision whether or not to tender your options for exchange.

4. Procedures for Tendering Options

Proper Tender of Options.

To validly tender your options through the Offer, you must, in accordance with the terms of the Election Form, properly complete, execute and deliver the Election Form and any other required documents to us via fax (fax # (408) 944-6521) or hand delivery to Quantum Corporation, Attention: Stock Administration. Stock Administration must receive all of the required documents before the Expiration Date, 5 p.m., Pacific Daylight Time, on July 3, 2001.

The delivery of all documents, including Election Forms and any Notices to Change Election From Accept to Reject and any other required documents, is at your risk. In all cases, you should allow sufficient time to ensure timely delivery.

-22-

Determination of Validity; Rejection of Options; Waiver of Defects; No

Obligation to Give Notice of Defects.

We will determine, in our discretion, all questions as to the form of documents and the validity, form, eligibility, including time of receipt, and acceptance of any tender of options. Our determination of these matters will be final and binding on all parties. We reserve the right to reject any or all tenders of options that we determine are not in appropriate form or that we determine are unlawful to accept. Otherwise, we will accept properly and timely tendered options that are not validly withdrawn. We also reserve the right to waive any of the conditions of the Offer or any defect or irregularity in any tender of any particular options or for any particular option holder. No tender of options will be deemed to have been properly made until all defects or irregularities have been cured by the tendering option holder or waived by us. Neither we nor any other person is obligated to give notice of any defects or irregularities in tenders, nor will anyone incur any liability for failure to give any notice. This is a one-time Offer, and we will strictly enforce the Offer period, subject only to an extension which we may grant in our sole discretion.

Our Acceptance Constitutes an Agreement.

Your tender of options pursuant to the procedures described above constitutes your acceptance of the terms and conditions of the Offer. Our acceptance for exchange of your options tendered by you through the Offer will constitute a binding agreement between us and you upon the terms and subject to the conditions of the Offer.

Subject to our rights to extend, terminate and amend the Offer, we currently expect that we will accept promptly after the expiration of the Offer all properly tendered options that have not been validly withdrawn.

5. Withdrawal Rights and Change of Election

You may only withdraw your tendered options or change your election in accordance with the provisions of this Section.

You may withdraw your tendered options at any time before 5 p.m., Pacific Daylight Time, on July 3, 2001. If we extend the Offer beyond that time, you may withdraw your tendered options at any time until the extended expiration of the Offer. In addition, if we have not accepted your tendered options for exchange by July 27, 2001, you may withdraw your tendered options at any time after July 27, 2001.

To validly withdraw tendered options, you must deliver to Quantum Corporation, Attention: Stock Administration via fax (fax # (408) 944-6521) or hand delivery, in accordance with the procedures listed in Section 4 above, a signed and dated Notice to Change Election From Accept to Reject, with the required information, while you still have the right to withdraw the tendered options.

-23-

To validly change your election regarding the tender of particular options, you must deliver a new Election Form to Quantum Corporation, Attention: Stock Administration via fax (fax # (408) 944-6521), or hand delivery, in accordance with the procedures listed in Section 4 above. If you deliver a new Election Form that is properly signed and dated, it will replace any previously submitted Election Form, which will be disregarded. The new Election Form must be signed and dated and must specify:

- . the name of the option holder who tendered the options;
- . the grant number of all options to be tendered;
- . the grant date of all options to be tendered;
- . the exercise price of all options to be tendered; and
- . the total number of unexercised option shares subject to each option to be tendered.

Except as described in the following sentence, the Notice to Change Election From Accept to Reject and any new or amended Election Form must be executed by the option holder who tendered the options to be withdrawn exactly as the option holder's name appears on the option agreement or agreements evidencing such options. If the signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or another person acting in a fiduciary or representative capacity, the signer's full title and proper evidence of the authority of such person to act in that capacity must be indicated on the Notice to Change Election From Accept to Reject or any new or amended Election Form.

You may not rescind any withdrawal, and any options you withdraw will thereafter be deemed not properly tendered for purposes of the Offer, unless you properly re-tender those options before the Expiration Date by following the procedures described in Section 4.

Neither we nor any other person is obligated to give notice of any defects or irregularities in any Notice to Change Election From Accept to Reject or any new or amended Election Form, nor will anyone incur any liability for failure to give any notice. We will determine, in our discretion, all questions as to the form and validity, including time of receipt, of Notices to Change Election From Accept to Reject and new or amended Election Forms. Our determination of these matters will be final and binding.

6. Acceptance of Options for Exchange and Issuance of New Options

Upon the terms and conditions of the Offer and promptly following the Expiration Date, we will accept for exchange and cancel options properly tendered and not validly withdrawn before the Expiration Date. Once the options are cancelled, you will no longer have any rights with respect to those options. Subject to the terms and conditions of this Offer, if your options are properly tendered and accepted for exchange, these options will be cancelled as of the date of our acceptance,

-24-

which we anticipate to be July 5, 2001, and you will be granted a new option on the first business day that is six months and one day after the date we cancel the options accepted for exchange. Our Board of Directors have selected this date as the actual grant date for the new options. Thus, subject to the terms and conditions of this Offer, if your options are properly tendered by July 3, 2001, the scheduled Expiration Date of the Offer, and accepted for exchange and cancelled on July 5, 2001, you will be granted a new option on January 7, 2002. If we accept and cancel options properly tendered for exchange after July 5, 2001, the period in which the new options will be granted will be similarly delayed. Promptly after we accept and cancel options tendered for exchange, we will issue to you a Promise to Grant Stock Option, by which we will commit to grant stock options to you on a date no earlier than January 7, 2002 covering the same number of unexercised shares covered by options cancelled pursuant to this Offer, provided that you remain an eligible employee on the date on which the grant is to be made.

If we accept options you tender in the Offer, you will not be granted any other options, such as annual, bonus or promotional options, including the 2001 Annual Grant, until the grant date for your new options at the earliest. We will defer the grant to you of these other options for which you might otherwise be eligible to avoid incurring compensation expense against our earnings because of accounting rules that could apply to these interim option grants as a result of the Offer. However, you will not receive any options if you are no longer an eligible employee of Quantum or one of our subsidiaries on the date of option grant.

Your new option grant will entitle you to purchase the same number of shares as the number of shares subject to the options you tender, as adjusted for any stock splits, stock dividends and similar events. If, for any reason, you are not an eligible employee of Quantum or one of our subsidiaries through the date we grant the new options, you will not receive any new options or other compensation in exchange for your tendered options which have been cancelled pursuant to this Offer.

We are not accepting partial tenders of options. However, you may tender the remaining portion of an option which you have partially exercised.

Accordingly, you may tender one or more of your option grants, but you may only tender all of the unexercised shares covered by each option grant or none of those shares.

If you decide to tender any of your option grants, then you must tender all of your options that were granted to you during the six-month period prior to the cancellation of any tendered options. This includes options with an exercise price below \$14 per share. For example, if you received an option grant in June 2000 and a grant in March 2001 and you want to tender your June 2000 option grant, you would also be required to tender your March 2001 option grant. You are not required to tender any other awards, including grants of restricted stock.

For purposes of the Offer, we will be deemed to have accepted for exchange options that are validly tendered and not properly withdrawn as, if and when we give oral or written notice to the option holders of our acceptance for exchange of such options, which notice may be made by press release, inter-office memorandum or e-mail. Subject to our rights to extend, terminate and amend

-25-

the Offer, we currently expect that we will accept promptly after the expiration of the Offer all properly tendered options that are not validly withdrawn. We will send a Promise to Grant Stock Option to each option holder from whom we accept properly tendered options.

For purposes of the Offer, a "business day" means any day other than a Saturday, Sunday or federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight, Eastern Time.

7. Conditions of the Offer.

Notwithstanding any other provision of the Offer, we will not be required to accept any options tendered for exchange, and we may terminate or amend the Offer, or postpone our acceptance and cancellation of any options tendered for exchange, in each case, subject to Rule 13e-4(f)(5) under the Securities Exchange Act, if at any time on or after June 4, 2001, and prior to the Expiration Date, any of the following events has occurred, or has been determined by us to have occurred, and, in our reasonable judgment in any case and regardless of the circumstances giving rise to the event, including any action or omission to act by us, the occurrence of such event or events makes it inadvisable for us to proceed with the Offer or with such acceptance and cancellation of options tendered for exchange:

- . there shall have been threatened or instituted or be pending any action or proceeding by any governmental, regulatory or administrative agency or authority that directly or indirectly challenges the making of the Offer, the acquisition of some or all of the tendered options pursuant to the Offer, or the issuance of new options, or otherwise relates in any manner to the Offer, or that, in our reasonable judgment, could materially and adversely affect our business, condition, income, operations or prospects or materially impair the contemplated benefits of the Offer to Quantum;
- . there shall have been any action threatened, pending or taken, or approval withheld, or any statute, rule, regulation, judgment, order or injunction threatened, proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be eligible to the Offer or Quantum, by any court or any authority, agency or tribunal that, in our reasonable judgment, would or might directly or indirectly:
 - (1) make the acceptance for exchange of, or issuance of new options for, some or all of the tendered options illegal or otherwise restrict or prohibit consummation of the Offer or that otherwise relates in any manner to the offer;
 - (2) delay or restrict our ability, or render us unable, to accept for exchange, or issue new options for, some or all of the tendered options;
 - (3) materially impair the contemplated benefits of the Offer to Quantum; or

-26-

- (4) materially and adversely affect Quantum's business, condition, income, operations or prospects or materially impair the contemplated benefits of the Offer to Quantum;
- . there shall have occurred any change, development, clarification or position taken in generally accepted accounting standards that could or would require us to record compensation expense against our earnings in connection with the Offer for financial reporting purposes;

- . a tender or exchange offer for some or all of our shares, or a merger or acquisition proposal for Quantum, shall have been proposed, announced or made by another person or entity or shall have been publicly disclosed;
- . any change or changes shall have occurred in Quantum's business, condition, assets, income, operations, prospects or stock ownership that, in our reasonable judgment, is or may be material to Quantum or may materially impair the contemplated benefits of the Offer to Quantum.

The conditions of the Offer are for Quantum's benefit. We may assert them in our discretion regardless of the circumstances giving rise to them before the Expiration Date. We may waive them, in whole or in part, at any time and from time to time prior to the Expiration Date, in our discretion, whether or not we waive any other condition of the Offer. Our failure at any time to exercise any of these rights will not be deemed a waiver of any such rights. The waiver of any of these rights with respect to particular facts and circumstances will not be deemed a waiver with respect to any other facts and circumstances. Any determination we make concerning the events described in this Section 7 will be final and binding upon all persons.

8. Source and Amount of Consideration.

Consideration.

We will issue new options to purchase shares of common stock under our Supplemental Stock Option Plan in exchange for the outstanding options properly tendered and accepted for exchange by us which will be cancelled. The number of shares subject to the new options to be granted to each option holder will be equal to the number of unexercised shares subject to the options tendered by the option holder and accepted for exchange and cancelled by us, as adjusted for any stock splits, reverse stock splits, stock dividends and similar events. If we receive and accept tenders of all outstanding options from eligible employees, subject to the terms and conditions of this Offer we will grant new options to purchase a total of approximately 2,620,277 shares of common stock. The shares issuable upon exercise of these new options would equal approximately 8.69% of the total shares of our common stock outstanding as of June 1, 2001.

9. Effect of a Change of Control Prior to the Granting of New Options.

If we are acquired or involved in a similar transaction before the new options are granted, we would require the surviving corporation to inherit our obligation to grant new options. The Promise to Grant Stock Option which we will give you is a binding commitment, and we will require any successor to our company to be legally bound by that commitment. The new options would still be granted on the new grant date, but they would be options to purchase the shares of the surviving corporation. The exercise price would be equal to the fair market value of the surviving company's stock on the date of grant.

You should be aware that these types of transactions could have substantial effects on our share price, including potentially substantial appreciation in the price of our shares. Depending on the structure of this type of transaction, tendering option holders might be deprived of any further price appreciation in the shares associated with the new options. For example, if our shares were acquired in a cash merger, the fair market value of our shares, and hence the price at which we grant the new options, would likely be a price at or near the cash price being paid for the shares in the transaction, yielding limited or no financial benefit to a recipient of the new options for that transaction. In addition, in the event of an acquisition of our company for stock, tendering option holders might receive options to purchase shares of a different issuer.

10. Terms of New Options.

The new options will be granted under the Quantum Corporation Supplemental Stock Option Plan (the "Plan"). A new option agreement will be entered into between Quantum and each option holder who has tendered options in the Offer for every new option granted. The terms and conditions of the new options may vary from the terms and conditions of the options tendered for exchange, but generally will not substantially and adversely affect the rights of option holders. Because we will not grant new options until the first business day that is six months and one day after the date we cancel the options accepted for exchange, the new options may have a higher exercise price than some or all of the options, including as a result of a significant corporate event. The following description summarizes the material terms of the Plan and the options granted thereunder.

General.

The maximum number of shares currently reserved through the exercise of options granted for issuance under the Plan is 12,909,767. As of June 1, 2001, 3,709,850 shares are available for grant under the Plan. Our plan permits only the granting of options that do not qualify as incentive stock options (ISOs), referred to as nonstatutory stock options (NQs).

Administration.

The Plan is administered by the Board of Directors or a committee appointed by the Board of Directors (the "Administrator"). Subject to the other provisions of the Plan, the Administrator has

-28-

the power to determine the terms and conditions of the options granted, including the fair market value of the shares, the number of shares subject to the option and the exercisability of the options.

Term.

Your new option will expire ten (10) years from the date of grant. If you are employed in Switzerland, your new option will have a maximum Expiration Date of eleven (11) years from the date of grant.

Termination.

The termination of your option under the circumstances specified in this section will result in the termination of your interests in the Plan. In addition, your option may terminate, together with our stock option plans and all other outstanding options issued to other employees, following the occurrence of certain corporate events, as described below.

In the event your status as an eligible employee terminates, you may exercise your option within such period of time as is determined by the Administrator at the time of grant, and only to the extent that you are entitled to exercise it at the date of termination. To the extent that you are not entitled to exercise an option at the date of termination, and to the extent that you do not exercise such option within the time specified, the option shall terminate.

In the event your status as an eligible employee terminates as a result of a disability, you may exercise your option, but only within twelve (12) months from the date of termination, and only to the extent that you are entitled to exercise it at the date of termination. To the extent that you are not entitled to exercise an option at the date of termination, and to the extent that you do not exercise such option within the time specified, the option shall terminate.

In the event of your death, your estate or a person who acquired the right to exercise your option by bequest or inheritance may exercise the option, but only within twelve (12) months following the date of death, and only to the extent that you were entitled to exercise it at the date of death. To the extent that the you were not entitled to exercise an option at the date of death, and to the extent that your estate or a person who acquired the right to exercise such option does not exercise such option within the time specified herein, the option shall terminate.

Exercise Price.

The Administrator determines the exercise price at the time the option is granted. For all eligible employees, the exercise price per share of the new options will be 100% of the fair market value on the date of grant, as determined by the closing price of our common stock reported by the New York Stock Exchange for the last market trading day prior to the date of grant.

Vesting and Exercise.

-29-

Each stock option agreement specifies the term of the option and the date when the option becomes exercisable. The terms of vesting are determined by the Administrator.

Each new option will have the same vesting schedule as the corresponding option you tender in the Offer. However, the vesting of each new option, other than performance accelerated stock options (PASOPs), will start over on the date of grant of the new option. For example, and except as described in the next paragraph, if you elect to cancel an option that was scheduled to vest monthly over four years, your new option will be scheduled to vest monthly over four years from the date the new option is granted. Because the vesting schedule for

the new options will not begin until the grant date of the new options, you will lose the benefit of all vested shares under the old options that you are tendering.

Upon the grant of the new options, you will receive credit towards the new option's vesting schedule for the approximately six-month period between the Cancellation Date and the grant date of the new options. This will have the effect of shortening the time period over which the new option is scheduled to fully vest by approximately six months.

Here are some examples:

Example #1. Assume you tender an old option to purchase 1,200 shares that is
- -----
scheduled to vest 25% on the first day of the month after one year from the date of grant, and 1/48th of the total shares on the first of each month thereafter:

Old option (cancelled):

Total number of shares: 1,200
Grant date: 1/18/99
Vesting schedule: 25% vest at 2/1/00; 1/48th of the total shares vest on the 1st of each month thereafter.
Total number of shares vested at Cancellation Date: 725
Scheduled full vesting date: 2/1/03

Your new option will have the same vesting schedule as the old option you tendered, however the vesting of the new option will start over on the date of grant of the new option and upon the grant of the new option, you will receive credit towards the new option's vesting schedule for the approximately six-month period between the Cancellation Date and the grant date of the new option. You will lose the benefit of all vested shares under the old option that you tendered:

New Option:

Total number of shares: 1,200
Grant date: 1/7/02
Vesting Schedule: 25% vest at 7/1/02 (based on crediting service between the Cancellation Date and the grant date); 1/48th of the total shares vest on the 1st of each month thereafter.
Total number of shares vested on grant date: 0

-30-

Scheduled full vesting date: 7/1/05

Example #2. Now assume you tender an old option to purchase 1,200 shares that
- -----
is scheduled to vest as to 1/48th of the total shares on the first of each month beginning after the date of grant:

Old option (cancelled):

Total number of shares: 3,600
Grant date: 10/15/00
Vesting schedule: 1/48th of the total shares vest on the 1st of each month, beginning 11/1/00.
Total number of shares vested at Cancellation Date: 675
Scheduled full vesting date: 11/1/04

Your new option will have the same vesting schedule as the old option you tendered, however the vesting of the new option will start over on the date of grant of the new option and upon the grant of the new option, you will receive credit towards the new option's vesting schedule for the approximately six-month period between the Cancellation Date and the grant date of the new option. You will lose the benefit of all vested shares under the old option that you tendered:

New Option:

Total number of shares: 3,600
Grant date: 1/7/02
Vesting Schedule: 450 shares vest at 1/7/02 (based on crediting service between the Cancellation Date and the grant date); 1/48th of the total shares vest on the 1st of each month thereafter.
Total number of shares vested on grant date: 450
Scheduled full vesting date: 7/1/05

Performance-accelerated options (PASOPs) are stock options with vesting conditioned upon meeting specified performance-related targets or milestones. For PASOPs only, the new option will have the same vesting schedule as the corresponding old option tendered for exchange. Upon the grant of a new PASOP, you will receive credit for vesting accrued prior to the cancellation of the old PASOP and you will receive credit for the approximately six-month period between the Cancellation Date and the grant date of the new PASOP. Therefore, for PASOPs only, you will not lose the benefit of shares that have vested under the old option that was cancelled.

Here are some examples:

Example #3. Assume you tender an old option that is a PASOP to purchase 5,000
- -----
shares. The PASOP is scheduled to fully vest 6 years after the date of grant, or earlier as to 25% of the total shares on June 1, 2001, August 1, 2001, June 1, 2002 and August 1, 2002 if certain performance targets are met on those dates. Assume that you met the performance targets established for June 1, 2001 and after the date the PASOP is cancelled, you meet the performance targets established for August 1, 2001:

-31-

Old option (cancelled):

Total number of shares: 5,000

Grant date: 5/1/01

Vesting schedule: 100% vest at 5/1/07, or 25% vest earlier at 6/1/01, 8/1/01, 6/1/02 and 8/1/02 if performance targets are met on those dates.

Total number of shares vested at Cancellation Date: 1,250

Scheduled full vesting date: 5/1/07 (or 8/1/02 if all performance targets met)

Your new PASOP will have the same vesting schedule as the old PASOP. Upon the grant of a new PASOP, you will receive credit for vesting accrued prior to the cancellation of the old PASOP and you will receive credit for the approximately six-month period between the Cancellation Date and the grant date of the new PASOP. Therefore, you will not lose the benefit of shares that have vested under the old PASOP that was cancelled:

New Option:

Total number of shares: 5,000

Grant date: 1/7/02

Vesting Schedule: 50% vest on 1/7/02 (since performance targets established for 6/1/01 and 8/1/01 were met), the remaining unvested shares 100% vest at 5/1/07, or 25% vest earlier at 6/1/02 and 8/1/02 if performance targets are met on those dates.

Total number of shares vested on grant date: 2,500

Scheduled full vesting date: 5/1/07 (or 8/1/02 if all performance targets met)

Example #4. Assume you hold two outstanding options: the option described in

- -----

Example #2 granted on October 15, 2000 and the PASOP described in Example #3 granted on May 1, 2001. If you wish to tender the option described in Example #2, then you must also tender the PASOP described in Example #3 (even if the exercise price for the PASOP is less than \$14 per share) since it was granted within six months prior to the Cancellation Date. The vesting schedules for the new options will be as described above in Examples #3 and #4.

Payment of Exercise Price.

You may exercise your options, in whole or in part, by delivery of a written notice to us together with a share subscription or purchase form which is accompanied by payment in full of the eligible exercise price. The permissible methods of payment of the option exercise price are determined by the Administrator and generally may include the following:

- . cash;
- . check;
- . promissory note;

-32-

- . other shares which (a) in the case of shares acquired upon exercise of an option, have been owned by the optionee for more than six months on the date of surrender, (b) have a fair market value on the date of surrender not greater than the aggregate exercise price of the shares as to which said option shall be exercised, and (c) are of the same class of stock as the shares to be purchased;

- . delivery of a properly executed exercise notice together with such other documentation as the Administrator and the broker, if applicable, shall require to effect an exercise of the option and delivery to Quantum of the sale or loan proceeds required to pay the exercise price;
- . a combination of the foregoing methods; or
- . such other consideration to the extent permitted by applicable laws.

Adjustments Upon Certain Events.

If there is a change in our capitalization, such as a stock split, reverse stock split, stock dividend or other similar event, and the change results in an increase or decrease in the number of issued shares without receipt of consideration by us, an appropriate adjustment will be made to the price of each option and the number of shares subject to each option.

In the event there is a sale of all or substantially all of our assets, or we merge with another corporation, your options will be assumed or replaced with new options of the successor corporation. If the successor corporation does not assume or substitute your options, they will automatically become fully vested and exercisable for a period of fifteen (15) days from the date we provide you with notice of the accelerated vesting and the option will terminate at the end of the fifteen (15) days.

In the event there is a liquidation or dissolution of Quantum, your outstanding options will terminate immediately prior to the consummation of the liquidation or dissolution. The Administrator may, however, provide for the exercisability of any option.

Termination of Employment.

If, for any reason, you are not an eligible employee of Quantum or one of our subsidiaries from the date you tender options through the date we grant the new options, you will not receive any new options or any other compensation in exchange for your tendered options that have been accepted for exchange. This means that if you resign, with or without good reason, or die, or we terminate your employment, with or without cause, before the date we grant the new options, you will not receive anything for the options that you tendered and, because we will have cancelled the options that you tendered, we will not be able to return your old options to you.

Transferability of Options.

Unless determined otherwise by the Administrator, new options may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during your lifetime, only by you. If the Administrator makes an option transferable, such option shall contain such additional terms and conditions, as the Administrator deems appropriate.

Registration of Option Shares.

9,750,000 shares of common stock issuable upon exercise of options under the Plan have been registered under the Securities Act on registration statements on Form S-8 filed with the SEC. All the shares issuable upon exercise of all new options to be granted pursuant to the Offer will be registered under the Securities Act. Unless you are one of our affiliates, you will be able to sell your option shares free of any transfer restrictions under applicable U.S. securities laws.

U.S. Federal Income Tax Consequences.

You should refer to Section 17 of this Offer to Exchange for a discussion of the U.S. federal income tax consequences of the new options and the options tendered for exchange, as well as the consequences of accepting or rejecting the new options under this Offer to Exchange. We recommend that you consult with your own tax advisor to determine the tax and social insurance consequences of this transaction under the laws of the country in which you live and work.

Our statements in this Offer to Exchange concerning our Supplemental Stock Option Plan and the new options are merely summaries and do not purport to be complete. The statements are subject to, and are qualified in their entirety by reference to, all provisions of our Supplemental Stock Option Plan and the form of option agreement thereunder. Please contact us at the Quantum Employee Call Center (telephone # 1-800-499-9007), to receive a copy of our Supplemental Stock

Option Plan and the form of option agreements thereunder. We will promptly furnish you copies of these documents at our expense.

11. Information Concerning Quantum.

Our principal executive offices are located at 501 Sycamore Drive, Milpitas, CA 95035, and our telephone number (408) 894-4000. We were incorporated and began operations in 1980.

Quantum Corporation is a leader in data protection, providing enterprise-wide storage solutions and services. The company's products provide backup, archiving and recovery of business-critical data through solutions that deliver high performance, reliability, cost effectiveness and scalability.

Quantum is the world's largest supplier of DLTtape(TM) automation systems, with a wide range of market-leading tape libraries for workgroup, departmental, mid-range and enterprise-class applications. Quantum is also the world's leading supplier of DLTtape(TM) drives. Recently, Quantum began shipping the first drives in its next-generation Super DLTtape(TM) product family.

-34-

Quantum is also a leader in the market for workgroup-class network attached storage (NAS) appliances through its wholly owned subsidiary, Snap Appliances, Inc.

12. Financial Information.

The following tables set forth selected financial and operating data of Quantum DSS. The selected historical statement of operations data for the years ended March 31, 1999 and March 31, 2000 and the selected historical balance sheet data as of March 31, 2000 have been derived from the financial statements included in our annual report on Form 10-K for the year ended March 31, 2000. The selected historical statement of operations data for the nine months ended December 31, 1999 and December 31, 2000 and the selected historical balance sheet data as of December 31, 2000, which are included in our quarterly report on Form 10-Q for the quarter ended December 31, 2000, are unaudited, but include, in the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of such data. The information presented below should be read together with our financial statements and related notes. We have presented the following data in thousands, except per share amounts.

<TABLE>
<CAPTION>

	Year ended March 31,		Nine months ended
	-----		December 31,
	1999	2000	2000
<S>	<C>	<C>	<C>
Revenues			
Product	\$1,181,273	\$1,232,442	\$ 934,404
Royalty	121,463	186,429	162,802
	-----	-----	-----
Total	1,302,736	1,418,871	1,097,206
	-----	-----	-----
Cost of Revenue	722,817	769,981	616,123
	-----	-----	-----
Operating Expenses			
Research and Development	99,330	122,821	99,142
Sales and Marketing	76,737	118,504	114,840
General and Administrative	38,158	62,991	56,727
Special Charge	--	40,083	--
Purchased IPR&D	89,000	37,000	--
	-----	-----	-----
Total	303,225	381,399	270,709
	-----	-----	-----
Operating Income	276,694	267,491	210,374
Other Income (expense)			
Interest income and other	\$ 5,946	\$ 18,838	\$ 14,928
Interest Expense	(18,322)	(18,978)	(13,187)
	-----	-----	-----
	(12,376)	(140)	1,741
Income before Income taxes	264,318	267,351	212,115
Income tax provision	141,327	121,737	76,361
	-----	-----	-----
Net Income	\$ 122,991	\$ 145,614	\$ 135,754
	=====	=====	=====

</TABLE>

<TABLE>
<CAPTION>

	Year ended March 31,		Nine months ended
	1999	2000	December 31,
	<C>	<C>	2000
<S>			<C>
Net Income per share			
Basic	0.77	0.89	0.92
Diluted	0.73	0.86	0.87

The March 31, 1999 and March 31, 2000 net income per share amounts are pro forma amounts and assume the recapitalization occurred at the beginning of the period.

<TABLE>
<CAPTION>

	Year ended March 31,		As of
	1999	2000	December 31,
	<C>	<C>	2000
<S>			<C>
Current Assets:			
Cash and investments	\$ 272,643	\$ 338,752	377,817
Accounts receivable, net	254,228	214,107	258,577
Inventories	124,462	101,478	107,044
Deferred income taxes	35,594	54,669	54,668
Other current assets	8,434	38,424	62,269
Total current assets	695,361	747,430	860,375
Property and equipment, net	73,122	78,137	84,479
Intangible assets, net	220,368	248,288	234,252
Other assets	24,792	12,149	26,350
	\$1,013,643	\$1,086,004	\$1,205,456
Liabilities and Group Equity			
Current Liabilities:			
Accounts payable	\$ 64,025	\$ 94,596	115,215
Accrued warranty	37,988	52,593	58,882
Accrued compensation	22,557	36,379	44,684
Income taxes payable	--	--	68,632
Accrued special charge	--	20,954	12,467
Due to the Hard Disk Drive group	--	30,100	--
Other accrued liabilities	32,850	27,749	42,376
Current portion of long-term debt	683	689	801
Total current liabilities	158,103	263,060	343,057
Deferred income taxes	27,355	13,578	33,603
Long-term debt	37,974	25,225	24,617
Convertible subordinated debt	191,667	191,667	191,667
Group equity	598,544	592,474	612,512
	\$1,013,643	\$1,086,004	\$1,205,456

</TABLE>

The book value per share as to the most recent balance sheet presented is \$3.96.

The financial information set forth on Annex I-1 through Annex I-44 and Annex II-1 through Annex II-39 of our Annual Report on Form 10-K for the fiscal year ended March 31, 2000 and on pages 23 through 30 of our Quarterly Report on Form 10-Q for the quarter ending December 31, 2000 are incorporated herein by reference. See "Additional Information" beginning on page 47 for instructions on how you can obtain additional copies of these and of other Quantum SEC filings, including filings that contain our financial statements.

13. Price Range of Shares Underlying the Options.

The shares underlying your options are currently traded on the New York Stock Exchange under the symbol "DSS". The following table shows, for the periods indicated, the high and low

closing sales prices per share of our common stock as reported by the New York

Stock Exchange, as adjusted for stock dividends and stock splits. In August 1999, a tracking stock structure was implemented to follow the separate performance of Quantum's DLT & Storage Systems group (DSS) and Quantum's Hard Disk Drive group (HDD). Share prices listed below for periods prior to August 1999 have been adjusted to reflect the performance of the DSS group. Upon the merger of HDD with Maxtor Corporation in April 2001, the tracking stock structure was discontinued, as Quantum consists of only Quantum DSS.

<TABLE>
<CAPTION>

	High -----	Low -----
<S>	<C>	<C>
Fiscal Year 2001		
First quarter ended July 2, 2000	\$ 11.9375	\$ 9.4375
Second quarter ended October 1, 2000	\$ 15.5625	\$ 9.4375
Third quarter ended December 31, 2000	\$ 16.1250	\$ 11.3125
Fourth quarter ended March 31, 2001	\$ 14.9375	\$ 11.5000
Fiscal Year 2000		
First quarter ended June 27, 1999	\$ 21.2015	\$ 14.3282
Second quarter ended September 26, 1999	\$ 22.9992	\$ 14.3750
Third quarter ended December 26, 1999	\$ 18.5625	\$ 11.5000
Fourth quarter ended March 31, 2000	\$ 15.6875	\$ 8.6875
Fiscal Year 1999		
First quarter ended June 30, 1998	\$ 21.7831	\$ 15.2270
Second quarter ended September 30, 1998	\$ 18.7166	\$ 9.6755
Third quarter ended December 31, 1998	\$ 20.1970	\$ 10.7858
Fourth quarter ended March 31, 1999	\$ 23.9508	\$ 13.9052

</TABLE>

As of June 1, 2001, the last reported sale price during regular trading hours of our common stock, as reported by the New York Stock Exchange was \$12.0400 per share.

We recommend that you evaluate current market quotes for our common stock, among other factors, before deciding whether or not to tender your options.

14. Interests of Directors and Officers; Transactions and Arrangements

Concerning the Options.

A list of our directors and executive officers is attached to this Offer to Exchange as Schedule A. As of June 1, 2001, our executive officers and non-employee directors (eleven (11) persons) as a group owned options outstanding under our 1993 Long-Term Incentive Plan to purchase a total of 3,874,306 of our shares, which represented approximately 17.36% of the shares subject to all options outstanding under that plan as of that date.

-38-

As of June 1, 2001, our executive officers and non-employee directors as a group owned options outstanding under our Supplemental Stock Option Plan to purchase a total of 203,767 of our shares, which represented approximately 4.25% of the shares subject to all options outstanding under that plan as of that date.

As of June 1, 2001, our executive officers and non-employee directors as a group owned options outstanding under our 1986 Stock Option Plan to purchase a total of 1,228,325 of our shares, which represented approximately 94.47% of the shares subject to all options outstanding under that plan as of that date.

As of June 1, 2001, our executive officers and non-employee directors as a group owned options no outstanding under the Meridian Data, Inc. 1997 Stock Option Plan.

As of June 1, 2001, our executive officers and non-employee directors as a group owned no options under the Parallan Computer, Inc. 1988 Incentive Stock Option Plan.

As of June 1, 2001, our executive officers and non-employee directors as a group owned no options under the Meridian Data, Inc. 1987 Incentive Stock Option Plan.

As of June 1, 2001, our executive officers and non-employee directors as a group owned no options outstanding under the ATL Products, Inc. 1997 Stock Incentive Plan.

As of June 1, 2001, our executive officers and non-employee directors as a group owned options outstanding under the ATL Products, Inc. 1996 Stock Incentive Plan to purchase a total of 403,850 of our shares, which represented approximately 56.15% of the shares subject to all options outstanding under

that plan as of that date.

These options to purchase our shares owned by directors and executive officers are not eligible to be tendered in the Offer. None of our affiliates are participating in this Offer.

On May 29, 2001, Barbara Nelson sold 45,088 shares at \$11.9792 per share. Barbara Nelson was granted an option to purchase 13,037 of these shares at \$6.4306 per share on June 4, 1999; an option to purchase 4,741 shares at \$6.8537 per share on February 19, 1999; an option to purchase 9,103 shares at \$6.0498 per share on April 24, 1997; and an option to purchase the remaining 18,207 shares at \$5.8806, all grants pursuant to our 1993 Long-Term Incentive Plan.

On May 29, 2001, Michael A. Brown was granted an option to purchase 600,000 shares at 12.3200 pursuant to our 1993 Long-Term Incentive Plan.

On May 29, 2001, Renee Budig was granted an option to purchase 20,000 shares at 12.3200 pursuant to our Supplemental Stock Option Plan.

On May 29, 2001, Barbara Nelson was granted an option to purchase 195,000 shares at 12.3200 pursuant to our 1993 Long-Term Incentive Plan.

On May 29, 2001, Kevin Daly was granted an option to purchase 7,000 shares at 12.3200 pursuant to our 1993 Long-Term Incentive Plan.

-39-

On May 29, 2001, Jerry Maurer was granted an option to purchase 255,000 shares at 12.3200 pursuant to our 1993 Long-Term Incentive Plan.

On May 22, 2001, Michael Brown sold 276,217 shares at \$12.6474 per share. Michael Brown was granted an option to purchase 235,071 of these shares at \$3.5636 per share on September 27, 1995 and was granted an option to purchase the remaining 40,146 of these shares at \$3.4903 per share on April 24, 1996, both grants pursuant to our 1993 Long-Term Incentive Plan.

Except as otherwise described above, there have been no transactions in options to purchase our shares or in our shares which were effected during the sixty (60) days prior to and including June 4, 2001 by Quantum or, to our knowledge, by any executive officer or director of Quantum.

15. Status of Options Acquired by Us in the Offer; Accounting Consequences

of the Offer.

Options we acquire through the Offer will be cancelled and the shares subject to those options will be returned to the pool of shares available for grants of new options under the plans pursuant to which they were originally granted (other than the Quantum Corporation 1986 Stock Option Plan, the Meridian Data, Inc. 1997 Incentive Stock Plan, the Parallan Computer, Inc. 1988 Incentive Plan, the Meridian Data, Inc. 1987 Stock Incentive Plan, the ATL Products, Inc. 1997 Stock Incentive Plan and the ATL Products, Inc. 1996 Stock Incentive Plan, under which no further awards will be granted). To the extent these shares are not fully reserved for issuance upon exercise of the new options to be granted in connection with the Offer, the shares returned to the Quantum Corporation 1993 Long-Term Incentive Plan and the Quantum Corporation Supplemental Stock Option Plan will be available for future awards to employees and other eligible plan participants without further stockholder action, except as required by applicable law or the rules of the New York Stock Exchange or any other securities quotation system or any stock exchange on which our shares are then quoted or listed.

We believe that we will not incur any compensation expense solely as a result of the transactions contemplated by the Offer because:

- . we will not grant any new options until a business day that is six months and one day after the date that we accept and cancel options tendered for exchange, and
- . the exercise price of all new options will equal the market value of the shares of common stock on the date we grant the new options.

If we were to grant the new options on any date which is earlier than six months and one day after the date we cancel the options accepted for exchange, we would be subject to onerous accounting charges. We would be required for financial reporting purposes to treat the new options as variable awards. This means that we would be required to record the non-cash accounting impact of decreases and increases in the company's share price as a compensation expense for the new options issued under this Offer. We would have to continue this variable accounting for these new

-40-

options until they were exercised, forfeited or terminated. The higher the

market value of our shares, the greater the compensation expense we would have to record. By deferring the grant of the new options for six months and one day, we believe we will not have to treat the new options as variable awards.

16. Legal Matters; Regulatory Approvals.

We are not aware of any license or regulatory permit that appears to be material to our business that might be adversely affected by our exchange of options and issuance of new options as contemplated by the Offer, or of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required for the acquisition or ownership of our options as contemplated herein. Should any such approval or other action be required, we presently contemplate that we will seek such approval or take such other action. We cannot assure you that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to our business. Our obligation under the Offer to accept tendered options for exchange and to issue new options for tendered options is subject to the conditions described in Section 7.

If we are prohibited by applicable laws or regulations from granting new options during the period beginning immediately after the day that is six months and one day from the date that we cancel the options accepted for exchange, in which period we currently expect to grant the new options, we will not grant any new options. Such a prohibition could result from changes in SEC rules, regulations or policies or New York Stock Exchange listing requirements. We are unaware of any such prohibition at this time, and we will use reasonable efforts to effect the grant, but if the grant is prohibited throughout the period we will not grant any new options and you will not get any other compensation for the options you tendered. We do not anticipate any such prohibitions and are referring to the possibility in an abundance of caution.

17. Material U.S. Federal Income Tax Consequences.

The following is a general summary of the material U.S. federal income tax consequences of the exchange of options pursuant to the Offer. This discussion is based on the Internal Revenue Code, its legislative history, Treasury Regulations thereunder and administrative and judicial interpretations thereof as of the date of the Offer, all of which are subject to change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. If you are an eligible employee based outside of the United States, we recommend that you consult with your own tax advisor to determine the tax and social contribution consequences of the Offer under the laws of the country in which you live and work.

Option holders who exchange outstanding options for new options should not be required to recognize income for federal income tax purposes at the time of the exchange. We believe that the exchange will be treated as a non-taxable exchange. We advise all option holders considering

-41-

exchanging their options to meet with their own tax advisors with respect to the federal, state, and local tax consequences of participating in the Offer.

If you tender ISOs and those options are accepted for exchange, the new options will be granted as NQs. Accordingly, the new options will not be eligible for favorable tax treatment applicable to ISOs, as described below.

In general, an option holder will not realize taxable income upon the exercise of an ISO. However, an option holder's alternative minimum taxable income will be increased by the amount that the aggregate fair market value of the shares underlying the option, which is generally determined as of the date of exercise, exceeds the aggregate exercise price of the option. If an option holder sells the option shares acquired upon exercise of an ISO in a qualifying disposition, any excess of the sale price of the option shares, over the exercise price of the option will be treated as long-term capital gain taxable to the option holder at the time of the sale. Any such capital gain will be taxed at the long-term capital gain rate in effect at the time of sale. The disposition of the option shares is qualifying if it is made:

- . more than two years after the date the ISO was granted, and
- . more than one year after the date the ISO was exercised.

You should note that there is a risk that any ISO you hold may be affected, even if you do not participate in the exchange. We believe that you will not be subject to current U.S. federal income tax if you do not elect to participate in the option exchange program. We also believe that the option exchange program will not change the U.S. federal income tax treatment of subsequent grants and

exercises of your ISO (and sales of shares acquired upon exercise of such options) if you do not participate in the option exchange program.

However, the IRS may characterize the option exchange program as a "modification" of those ISOs, even if you decline to participate. In 1991, the IRS issued a private letter ruling in which another company's option exchange program was characterized as a "modification" of the ISO that could be exchanged. This does not necessarily mean that our offer to exchange options will be viewed the same way. Private letter rulings issued by the IRS contain the IRS's opinion regarding only the specific facts presented by a specific person or company. The person or company receiving the letter may rely on it, but no other person or company may rely on the letter ruling or assume the same opinion would apply to their situation, even if the facts at issue are similar. While such letters do not provide certainty, they may indicate how the IRS will view a similar situation. We therefore do not know if the IRS will assert the position that our offer constitutes a "modification" of ISOs that can be tendered. A successful assertion by the IRS of this position could extend the options' holding period to qualify for favorable tax treatment. Accordingly, to the extent you dispose of your ISO shares prior to the lapse of the new extended holding period, your ISO could be taxed similarly to a NQ.

-42-

Nonstatutory Stock Options.

Under current law, an option holder will not realize taxable income upon the grant of a NQ. However, when an option holder exercises the option, the difference between the exercise price of the option, and the fair market value of the shares subject to the option on the date of exercise will be compensation income taxable to the option holder.

We will be entitled to a deduction equal to the amount of compensation income taxable to the option holder if we comply with eligible reporting requirements.

We recommend that you consult your own tax advisor with respect to the federal, state and local tax consequences of participating in the Offer.

18. Material Non-U.S. Tax Consequences.

The following are general summaries of the tax consequences of the cancellation of existing options and grant of new options under the Offer for eligible employees who are tax residents (or otherwise subject to the tax laws) of Germany, Hong Kong, Ireland, Malaysia, Singapore, Switzerland and the United Kingdom. This discussion is based on tax law in these respective countries as of the date of the Offer, which is subject to change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. It is merely intended to alert you to some of the tax information you may want to consider in making your decision. Please note that tax laws change frequently and vary with your individual circumstances. We recommend that you consult your own tax advisor with respect to the tax consequences of participating in the Offer.

Eligible Employees Who Are Subject to the Tax Laws of Singapore

You will not be subject to tax when the new option is granted. When you exercise the option, you will be subject to income tax on the difference between the fair market value of the shares on the date of exercise and the exercise price.

Effective April 1, 2001, a new scheme is available that provides favorable tax treatment for stock options (including deferral of tax on exercise for up to five years), provided that certain requirements are satisfied. Most significantly, the new scheme requires that the terms of the stock option plan must provide that the option cannot be exercised prior to the lapse of at least a one-year period. If your new option is exercisable prior to the lapse of at least one year from the date of grant of the new option, you will not be able to defer tax on exercise under the Company Stock Option Scheme and/or the Qualified Employee Stock Option Scheme.

When you sell shares, you will not be subject to tax unless you are engaged in the business of buying and selling securities.

-43-

Eligible Employees Who Are Subject to the Tax Laws of Switzerland

By structuring the new grants with a term of eleven years, Quantum's intent is to avoid having the new grants taxed at grant, rather than vesting based on the difference between the fair market value of the shares at exercise and the

exercise price. However, no assurances can be given that this result will apply, in which case the new grants may be taxed upon grant.

In the event you previously paid tax or were required to pay tax in connection with the grant of your existing options, it is possible that you may not be able to credit this amount against taxes that will be payable should you accept any new options pursuant to the terms of the tender offer.

Eligible Employees Who Are Subject to the Tax Laws of the United Kingdom

In accordance with rules promulgated by the Inland Revenue, employers and employees are required to pay National Insurance Contributions ("NICs") based on the employee's earnings, including the "spread" between the fair market value on the date of exercise and the exercise price of options granted to employees after April 5, 1999. New legislation has been enacted which allows an employer to transfer the employer's NIC liability to employees in connection with the exercise, assignment, release or cancellation of options by entering into an agreement with each employee providing that the employee will meet the employer's NIC liability in such circumstances.

If you choose to exchange your old options for new options, Quantum and its subsidiaries will require that you agree to absorb the employer's NIC liability on option exercise and to enter into a joint election to be submitted to the Inland Revenue which will provide that you will pay any NIC liability arising on the exercise of the new options which may be granted to you. You may wish to take this into consideration when deciding whether to tender existing options. It is Quantum's understanding that you will be entitled to deduct the NIC payments you make for the purposes of calculating the amount of the gain subject to income tax on the exercise of the new options.

All of your new options will be granted through an unapproved share scheme. You will not be subject to tax when the new unapproved option is granted. You will be subject to income tax when you exercise the option on the difference between the fair market value of the shares on the date of exercise and the exercise price. You will also be liable to pay the employee's NICs on the proceeds at exercise if your earnings do not already exceed the maximum limit for NIC purposes -- (Pounds)575 per week for the U.K. tax year April 6, 2001 to April 5, 2002.

As noted above, you will also be responsible for paying the employer's portion of the NICs on the proceeds at exercise at a current rate of 11.9% on the taxable amount. You will receive income tax relief against the employer's NIC that you pay on exercise.

When you sell your shares, you will be subject to capital gains tax. The tax is due on any increase in the value of the stock between the date on which you exercised your options and the sale proceeds realized when you sell the shares. Any capital gains tax you may owe is subject to an

-44-

annual personal exemption (currently (Pounds)7,500 for the U.K. tax year April 6, 2001 to April 5, 2002) and to taper relief calculated in reference to the period of time during which you held the shares.

Eligible Employees Who Are Subject to the Tax Laws of Germany

You will not be subject to tax when the new options are granted to you. Generally, you will recognize income at the time of exercise. The amount subject to tax will be the difference between the fair market value of the underlying shares at the time of exercise and the option price. This amount will be taxed at the same rate as compensation income. Social taxes are also due if your income has not already reached certain limits.

You will not be subject to tax on any additional gain when you sell your shares provided that:

- . you have held the shares for more than 12 months;
- . you have not, during the last five years, held 10% or more of the stated capital of Quantum; and
- . the shares are not held as a business asset.

Effective January 1, 2002, the 10% limit will be lowered to 1% such that to satisfy the foregoing conditions, you cannot have held 1% or more of the stated capital of Quantum.

We do not believe that you will be subject to any additional tax liability as a consequence of participating in this Offer.

Eligible Employees Who Are Subject to the Tax Laws of Hong Kong

We do not believe that the cancellation of the old options and the grant of the new options shall give rise to a taxable event. When you exercise your new options, you will be subject to tax on the difference between the fair market value of the shares on the date of exercise and the option price. You will not be subject to tax when you sell shares acquired by exercising the new options.

No tax withholding will occur at the time of the new grant, the exercise of your new option or the subsequent sale of shares. Your employer will report your taxable benefits resulting from the exercise of your option to the Hong Kong Inland Revenue Department in the course of normal return of compensation paid to you. It is also your responsibility to report and pay any income taxes resulting from the exercise of your option.

Eligible Employees Who Are Subject to the Tax Laws of Ireland

The cancellation of your old options and grant of new options pursuant to the Offer should not be a taxable event to you. Unless the exercise price of the option is less than fair market value and is capable of being exercised more than seven years from the date of the grant, the grant of the

-45-

option will not be a taxable event to you. Because the new grant will be at fair market value, the option exchange program should not give rise to a taxable event for you.

Eligible Employees Who Are Subject to the Tax Laws of Malaysia

The new options will be treated as new grants. Generally, you will recognize income at the date of grant. However, because the fair market value of the underlying shares at the date of grant is the same as the exercise price, it appears that there will be no tax liability on the grant of the new option.

Please be advised that there is no well-established tax treatment of stock options in Malaysia.

19. Extension of Offer; Termination; Amendment.

We expressly reserve the right, in our discretion, at any time and from time to time, and regardless of whether or not any event listed in Section 7 has occurred or is deemed by us to have occurred, to extend the period of time during which the Offer is open and thereby delay the acceptance for exchange of any options by giving oral or written notice of such extension to the option holders or making a public announcement thereof.

We also expressly reserve the right, in our reasonable judgment, prior to the Expiration Date to terminate or amend the Offer and to postpone our acceptance and cancellation of any options tendered for exchange, regardless of whether any event listed in Section 7 has occurred or is deemed by us to have occurred, by giving oral or written notice of such termination or postponement to you or by making a public announcement thereof. Our reservation of the right to delay our acceptance and cancellation of options tendered for exchange is limited by Rule 13e-4(f)(5) promulgated under the Securities Exchange Act, which requires that we must pay the compensation offered or return the options tendered promptly after termination or withdrawal of a tender offer.

Subject to compliance with applicable law, we further reserve the right, in our discretion, and regardless of whether any event listed in Section 7 has occurred or is deemed by us to have occurred, to amend the Offer in any respect, including, without limitation, by decreasing or increasing the compensation offered in the Offer to option holders or by decreasing or increasing the number of options being sought in the Offer.

Amendments to the Offer may be made at any time and from time to time by public announcement of the amendment. In the case of an extension, the amendment must be issued no later than 9:00 a.m., Pacific Daylight Time, on the next business day after the last previously scheduled or announced Expiration Date. Any public announcement made through the Offer will be disseminated promptly to option holders in a manner reasonably designated to inform option holders of the change. Without limiting the manner in which we may choose to make a public announcement, except as required by applicable law, we have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a press release to the Dow Jones News Service.

-46-

If we materially change the terms of the Offer or the information concerning the Offer, or if we waive a material condition of the Offer, we will extend the Offer to the extent required by Rules 13e-4(d)(2) and 13e-4(e)(3) under the Securities Exchange Act. These rules require that the minimum period

during which an offer must remain open following material changes in the terms of the Offer or information concerning the Offer, other than a change in price or a change in percentage of securities sought, will depend on the facts and circumstances, including the relative materiality of such terms or information.

If we decide to take any of the following actions, we will publish notice or otherwise inform you in writing of these actions:

- . we increase or decrease the amount of compensation offered for the options,
- . we decrease the number of options eligible to be tendered in the Offer, or
- . we increase the number of options eligible to be tendered in the Offer by an amount that exceeds 2% of the shares issuable upon exercise of the options that are subject to the Offer immediately prior to the increase.

If the Offer is scheduled to expire at any time earlier than the tenth (10th) business day from, and including, the date that notice of such increase or decrease is first published, sent or given in the manner specified in this Section, we will extend the Offer so that the Offer is open at least ten (10) business days following the publication, sending or giving of notice.

For purposes of the Offer, a "business day" means any day other than a Saturday, Sunday or federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight, Pacific Daylight Time.

20. Fees and Expenses.

We will not pay any fees or commissions to any broker, dealer or other person for soliciting tenders of options pursuant to this Offer.

21. Additional Information.

This Offer is part of a Tender Offer Statement on Schedule TO that we have filed with the SEC. This Offer does not contain all of the information contained in the Schedule TO and the exhibits to the Schedule TO. We recommend that you review the Schedule TO, including its exhibits, and the following materials which we have filed with the SEC before making a decision on whether to tender your options:

1. Quantum's annual report on Form 10-K for our fiscal year ended March 31, 2000, filed with the SEC on June 28, 2000; and

-47-

2. Quantum's quarterly report on Form 10-Q for the quarter ended December 31, 2000, filed with the SEC on February 14, 2001.

These filings, our other annual, quarterly and current reports, our proxy statements and our other SEC filings may be examined, and copies may be obtained, at the following SEC public reference rooms:

450 Fifth Street, N.W. Room 1024 Washington, D.C. 20549	7 World Trade Center Suite 1300 New York, New York 10048	500 West Madison Street Suite 1400 Chicago, Illinois 60661
---	--	--

You may obtain information on the operation of the public reference rooms by calling the SEC at 1-800-SEC-0330.

Our SEC filings are also available to the public on the SEC's Internet site at <http://www.sec.gov>.

Our common stock is quoted on the New York Stock Exchange under the symbol "DSS" and our SEC filings can be read at the following New York Stock Exchange address:

New York Stock Exchange
11 Wall Street
New York, NY 10005

Each person to whom a copy of this Offer to Exchange is delivered may obtain a copy of any or all of the documents to which we have referred you, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents) at no cost, by writing to us at Quantum Corporation, 501 Sycamore Drive, Milpitas, CA 95035, or telephoning us at (408) 894-4000.

As you read the foregoing documents, you may find some inconsistencies in information from one document to another. If you find inconsistencies between the documents, or between a document and this Offer to Exchange, you should rely

on the statements made in the most recent document.

The information contained in this Offer to Exchange about Quantum should be read together with the information contained in the documents to which we have referred you.

22. Miscellaneous.

This Offer to Exchange and our SEC reports referred to above include "forward-looking statements." When used in this Offer to Exchange, the words "anticipate," "believe," "estimate," "expect," "intend" and "plan" as they relate to Quantum or our management are intended to identify these forward-looking statements. All statements by us regarding our expected future financial

-48-

position and operating results, our business strategy, our financing plans and expected capital requirements, forecasted trends relating to our services or the markets in which we operate and similar matters are forward-looking statements. The documents we filed with the SEC, including our Annual Report on Form 10-K for the fiscal year ended March 31, 2000 and our Quarterly Report on Form 10-Q for the quarter ended December 31, 2000, discuss some of the risks that could cause our actual results to differ from those contained or implied in the forward-looking statements. These risks include, but are not limited to:

- . difficulties attracting and retaining quality employees as a result of the split-off of Quantum's Hard Disk Drive group and its merger with Maxtor Corporation, which may hurt our ability to operate our business effectively;
- . the risk of harm resulting from operating solely as a DLTtape and storage solutions business;
- . our reliance on a limited number of third-party suppliers for recording heads, media cartridges and integrated circuits; any delays or defects in shipments by such suppliers could result in significant increased costs and delays in the event these suppliers experience shortages or quality problems;
- . a miscalculation in the level of inventory we need for our customers, which could result in inventory excess or shortages, either of which would result in increased operating expenses and would harm our operating results;
- . the potential for decline in our royalty revenue because we do not control licensee pricing or licensee sales of DLTtape media cartridges;
- . our reliance on only three customers (Compaq Corporation, Hewlett-Packard and Storage Technology Corporation) for a significant portion of our revenue; these customers have no minimum or long-term purchase commitments and our operating results would be harmed if we lost any of these customers;
- . our quarterly operating results being subject to fluctuations, which may affect our stock price;
- . the market in which we sell our products and services not growing as we anticipate and our revenues being harmed;
- . the difficulty in forecasting product sales;
- . our revenues being harmed if general economic conditions continue to worsen;
- . our stock price being susceptible to our operating results and to stock market fluctuations;

-49-

- . our market being subject to rapid technological change and if we do not address these changes, our products becoming obsolete, harming our business and ability to compete;
- . our highly competitive market and competition impeding our ability to sell products and services and reducing our market share;
- . the dependence of our success on our ability to continually introduce new products that achieve broad market acceptance;
- . the failure to effectively manage operations in light of our changing revenue base adversely affecting our business;

- . our failure to protect our intellectual property, or if others use our proprietary technology without our authorization, harm to our competitive position; and
- . our dependence on international sales for a significant portion of our revenue, which could subject our business to a number of risks.

We are not aware of any jurisdiction where the making of the Offer is not in compliance with applicable law. If we become aware of any jurisdiction where the making of the Offer is not in compliance with any valid applicable law, we will make a good faith effort to comply with such law. If, after such good faith effort, we cannot comply with such law, the Offer will not be made to, nor will tenders be accepted from or on behalf of, the option holders residing in such jurisdiction.

We have not authorized any person to make any recommendation on our behalf as to whether you should tender or not tender your options through the Offer. You should rely only on the information in this document or documents to which we have referred you. We have not authorized anyone to give you any information or to make any representations in connection with the Offer other than the information and representations contained in this document, the memorandum from Michael A. Brown dated June 4, 2001, the Election Form and the Notice to Change Election from Accept to Rejects. If anyone makes any recommendation or representation to you or gives you any information, you must not rely upon that recommendation, representation or information as having been authorized by us.

June 4, 2001

Quantum Corporation

-50-

SCHEDULE A

INFORMATION CONCERNING THE DIRECTORS AND
EXECUTIVE OFFICERS OF QUANTUM CORPORATION

The directors and executive officers of Quantum Corporation and their positions and offices as of June 4, 2001, are set forth in the following table:

Name	Position and Offices Held
Michael A. Brown	Chairman of the Board and Chief Executive Officer
Kevin C. Daly	President, Enterprise Solutions Group
Barbara Nelson	President, ATL/DLTtape(TM) Group
John B. Gannon	President, Hard Disk Drive Group
Renee Budig	Acting Chief Financial Officer
Jerald M. Maurer	Executive Vice President, Human Resources, Real Estate and Corporate Services
Stephen M. Berkeley	Director
David A. Brown	Director
Edward M. Esber, Jr.	Director
Kevin J. Kennedy	Director
Gregory W. Slayton	Director

The address of each director and executive officer is: c/o Quantum Corporation, 501 Sycamore Drive, Milpitas, CA 95035.

I am pleased to announce that Quantum's Board of Directors has approved a Voluntary Stock Option Exchange program ("Exchange Program") in which eligible employees will have the opportunity to exchange certain options that have an exercise price of \$14 per share or more ("Old Options") for the promise to grant new options ("New Options") to be granted in the future under the Quantum Corporation Supplemental Stock Option Plan. The offer for the Exchange Program begins today.

The Exchange Program is subject to the terms and conditions of this letter, the enclosed Offer to Exchange describing the Exchange Program, the Election Form for tendering options, and the Notice to Change Election From Accept to Reject. These materials are also available on the Quantum intranet. We are separately mailing for your review a stock report listing your current outstanding stock options. We strongly urge you to read all of these materials carefully and understand the risks before making your decision. We also strongly encourage you to consult your tax and financial advisors before making any decision about the Exchange Program. Participation by each eligible option holder is voluntary.

Stock options are an important component of our total compensation program. We believe that granting stock options provides an opportunity to: (1) align employee and shareholder interests, and (2) provide incentives for employees to achieve high levels of performance. Quantum recognizes that some of the options granted in past years have exercise prices significantly higher than the current market price of Quantum DSS shares (that is, some options currently are "underwater"). The Exchange Program is an opportunity for, though not a guarantee of, the grant of New Options that may have a greater potential to

increase in value over time.

If you elect to participate in the Exchange Program, you must make your election by completing and returning the Election Form during the period beginning on June 4, 2001 and ending at 5:00 p.m. Pacific Daylight Time, July 3, 2001, unless the time period of the offer is extended by us (the "Expiration Date"). If your Election Form is received after this time, it will not be accepted by us, or if you fail to turn it in, you will be deemed to have elected not to participate in

the Exchange Program.

The main features of the Exchange Program include the following:

- . Most regular employees of Quantum and its subsidiaries as of June 4, 2001 through the Expiration Date are eligible for the Exchange Program. However, executive officers, members of the Board of Directors, transition employees and employees residing or employed in France, Canada, Korea, China, Japan and Taiwan are not eligible. Transition employees are employees identified for job elimination due to the HDD/Maxtor merger and assigned to a transition role with a specified end date.
- . Options eligible to be tendered are all options outstanding under the Quantum Corporation 1993 Long-Term Incentive Plan, the Quantum Corporation Supplemental Stock Option Plan, the Quantum Corporation 1986 Stock Option Plan, the Meridian Data, Inc. 1997 Stock Plan, the Parallon Computer, Inc. 1988 Incentive Stock Plan, the Meridian Data, Inc. 1987 Incentive Stock Plan, the ATL Products, Inc. 1997 Stock Incentive Plan and the ATL Products, Inc. 1996 Stock Incentive Plan that have an exercise price of \$14 per share or more.
- . If you elect to tender an Old Option, all options granted since January 5, 2001 must be tendered. This includes options with an exercise price below \$14 per share.
- . Each Old Option will be replaced with a promise to grant a New Option to be granted on the first business day that is six months and one day from the date the Old Options are cancelled. We expect to grant the New Options on January 7, 2002, unless the offer is extended by us, in which case the New Options will be granted on the first business day that is six months and one day from the date that we cancel the Old Options.
- . If you elect to tender an Old Option, you will not be eligible to receive any other options, including the 2001 Annual Grant, until January 7, 2002 at the earliest.
- . Once your Old Option is cancelled, you will not be able to exercise your Old Option, even if you terminate employment for any reason whatsoever and do not receive a New Option.
- . New Options will be granted on a basis of one New Option for each Old Option that is cancelled. The New Options will be for the same number of shares as your Old Options, less any exercised shares.

- . The New Options will be granted under the Quantum Corporation Supplemental Stock Option Plan (SSOP).
- . Each New Option will be a non-qualified stock option (NQ), even if the Old Option that is cancelled is an incentive stock option (ISO).

- . The exercise price of the New Options will be equal to the fair market value of Quantum DSS shares on the day we grant the New Options, expected to be January 7, 2002. This price may be higher, or lower, or the same as the exercise price of the Old Options to be cancelled. There is a possibility that the exercise price of the New Options could be higher than the exercise price of the Old Options.
- . Each New Option will have the same vesting schedule as the corresponding Old Option, however, the vesting of each New Option generally will start over on the date of grant of the New Option.
- . You must be an eligible employee of Quantum or one of its subsidiaries on the date the New Options are granted. If your employment with Quantum or one of its subsidiaries terminates for any reason whatsoever before the date the New Options are granted (expected to be January 7, 2002), you will not receive a New Option.

The Exchange Program is not a guarantee of employment for any period. Your employment with Quantum or one of its subsidiaries remains "at will" and may be terminated at any time by either you or Quantum (or one of its subsidiaries, as applicable), with or without cause or notice, subject to the provisions of local law.

If you have any questions about the Exchange Program or would like to obtain paper copies of the documents referenced in this letter, please call the Quantum Employee Call Center at 1-800-499-9007.

We have not authorized any person to make any recommendation on our behalf as to whether you should tender or not tender your options through the Offer. You should rely only on the information in this document or to which we have referred you.

Thank you for your continued contributions to Quantum's success.

Michael Brown

June 4, 2001

QUANTUM CORPORATION ANNOUNCES STOCK
OPTION EXCHANGE PROGRAM FOR EMPLOYEES

Milpitas, Calif., June 4, 2001 -- Quantum Corporation (NYSE: DSS) today announced it will offer its employees a Voluntary Stock Option Exchange program through which eligible employees will be granted new options that are intended to replace certain previously granted options that have exercise prices higher than the current market price for its shares.

Eligible Quantum employees will be offered an opportunity to surrender stock options that have an exercise price of \$14 per share or more until July 3, 2001, promptly after which time the surrendered options will be cancelled. Six months and one day from cancellation, new options will be issued on a one-for-one basis for each option surrendered. The exercise price of the new options will be the fair market value of Quantum stock on the day of grant.

About 40% of Quantum's outstanding stock options have exercise prices significantly above the company's current market price.

The exchange program is being structured to comply with FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation." Accordingly, Quantum expects that there will be no variable compensation charges as a result of the program. Members of the company's Board of Directors and executive officers will not be eligible to participate in the exchange program.

About Quantum

Quantum Corporation (NYSE:DSS), founded in 1980, is a global leader in data protection, meeting the rapidly growing needs of business customers for innovative enterprise-wide storage solutions and services. The company's products provide backup, archiving and recovery of business-critical data through solutions that deliver high performance, reliability, cost effectiveness and scalability. Quantum is the world's largest supplier of DLTtape(TM) automation systems, DLTtape drives, Super DLTtape(TM) drives, and workgroup-class network attached storage (NAS) appliances through its Snap Server products. Quantum DSS sales for the fiscal year ending March 31, 2001, were

approximately \$1.4 billion. Quantum Corp., 501 Sycamore Dr., Milpitas, CA 95305, (408) 894-4000, www.quantum.com.

###

QUANTUM CORPORATION
VOLUNTARY STOCK OPTION EXCHANGE PROGRAM
ELECTION FORM

To Quantum Corporation ("Quantum"):

I have received, read and understand the Offer to Exchange, the memorandum from Michael Brown, each dated June 4, 2001, this Election Form and the Notice to Change Election From Accept to Reject (together, as they may be amended from time to time, constituting the "Offer"), offering eligible employees the opportunity to exchange certain outstanding stock options that have an exercise price of \$14 per share or more. Options eligible to be tendered are options that have an exercise price of \$14 or more granted under the Quantum Corporation 1993 Long-Term Incentive Plan, the Quantum Corporation Supplemental Stock Option Plan, the Quantum Corporation 1986 Stock Option Plan, the Meridian Data, Inc. 1997 Stock Plan, the Parallan Computer, Inc. 1988 Incentive Stock Plan, the Meridian Data, Inc. 1987 Incentive Stock Plan, the ATL Products, Inc. 1997 Stock Incentive Plan and the ATL Products, Inc. 1996 Stock Incentive Plan. This Offer expires at 5:00 p.m. Pacific Daylight Time on July 3, 2001.

By signing below, I understand and acknowledge that:

(a) I have read, understand and agree to all of the terms and conditions of the Offer.

(b) Tendering one or more Old Options by following the procedure described in the Offer to Exchange and in the instructions to this Election Form will constitute my acceptance of the terms and conditions of the Offer. Quantum's acceptance for exchange of Old Options tendered in accordance with the Offer will constitute a binding agreement between Quantum and me upon the terms and conditions of the Offer.

(c) Upon Quantum's acceptance of the Old Options for exchange, this Election Form will serve as an amendment to the option agreement(s) covering the Old Option(s) that I am tendering.

(d) All New Options will be subject to the terms of the Offer to Exchange, the Quantum Corporation Supplemental Stock Option Plan and a new option agreement between Quantum and me, all applicable laws and regulations, and, if I am an employee or resident in the U.K., a joint election whereby I accept the transfer of the whole of the National Insurance liability related to the New Option.

(e) For each option I elect to cancel, I lose my right to purchase all outstanding unexercised shares under that option after the date of cancellation.

(f) The New Options I will receive will not be granted until January 7, 2002 or, if the Offer is extended, the first business day that is six months and one day after the Old Options I am tendering are accepted for exchange and cancelled. I understand that there is a possibility that the exercise price of the New Options could be higher than the exercise price of the Old Options.

(g) I must be an eligible employee of Quantum or one of its subsidiaries and otherwise be eligible under the Quantum Corporation Supplemental Stock Option Plan on the date the New Options are granted in order to receive one or more New Options. I understand the possible loss of my cancelled stock options if employment is terminated for any reason whatsoever before January 7, 2002.

RETURN TO STOCK ADMINISTRATION
NO LATER THAN 5:00 P.M. PACIFIC DAYLIGHT TIME ON JULY 3, 2001
VIA FAX AT (408) 944-6521 OR HAND DELIVERY.

(h) The New Option I will receive will be a non-qualified stock option (NQ), even if the Old Option I am tendering is an incentive stock option (ISO).

Each New Option will have the same vesting schedule as the corresponding Old Option that I am tendering in the Offer. However, the vesting of each New Option will start over on the date of grant of the New Option. For example, and except as described below, if I elect to cancel an option that was scheduled to vest monthly over four years, my New Option will be scheduled to vest monthly over four years from the date the New Option is granted. Because the vesting schedule for the New Options will not begin until the grant date of the New Options, I will lose the benefit of all vested shares under each Old Option that I am tendering. Upon the grant of the New Options, I will receive credit towards the New Option's vesting schedule for the approximately six-month period between the cancellation date and the grant date of the New Options. This will have the effect of shortening the date the new option is scheduled to fully vest by approximately six months. For performance-accelerated options (PASOPs) only, the New Option will have the same vesting schedule as the corresponding Old

Option I am tendering for exchange. Upon the grant of a new PASOP, I will receive credit for vesting accrued prior to the cancellation of any old PASOP I am tendering and I will receive credit for the approximately six-month period between the cancellation date and the grant date of the new PASOP. Therefore, for PASOPs only, I will not lose the benefit of shares that have vested under the Old Option that was cancelled.

(i) Each of the Old Options that I am tendering represent all of the common stock covered by each such Old Option that I am tendering. I also understand that if I elect to cancel any Old Options, all options granted in the six months

prior to cancellation (that is, since January 5, 2001) will also be cancelled and replaced with New Options. This includes options with an exercise price of less than \$14 per share.

(j) Under certain circumstances described in the Offer to Exchange, Quantum may terminate or amend and postpone its acceptance and cancellation of any Old Options tendered for exchange. In this event, I understand that the Old Options delivered with this Election Form but not accepted will be returned to me at my address indicated below.

(k) Quantum has advised me to consult with my own advisors as to the consequences of participating or not participating in the Offer.

(l) Participation in the Offer will not be construed as a right to my continued employment with Quantum or any of its subsidiaries for any period and my employment with Quantum or any of its subsidiaries can be terminated at any time by me or Quantum (or one of Quantum's subsidiaries, as applicable), with or without cause or notice, subject to the provisions of local law.

(m) All authority in this Election Form will survive my death or incapacity, and all of my obligations in this Election Form will be binding upon my heirs, personal representatives, successors and assigns.

Subject to the above understandings and acknowledgements, I would like to participate in the Offer as indicated below. I have read and followed the instructions attached to this form.

RETURN TO STOCK ADMINISTRATION
NO LATER THAN 5:00 P.M. PACIFIC DAYLIGHT TIME ON JULY 3, 2001
VIA FAX AT (408) 944-6521 OR HAND DELIVERY.

Please check the box and note the grant date and grant number of each stock option grant with respect to which you agree to have such grant and all stock option grants since January 5, 2001 cancelled and replaced pursuant to the terms of this Election Form.

You may change the terms of your election to tender options for exchange by submitting a new Election Form or a Notice to Change Election From Accept to Reject which must be received prior to the cutoff date of 5:00 p.m. Pacific Daylight Time, July 3, 2001.

Yes, I wish to tender for exchange each of the options specified below with an exercise price of \$14 per share or more (and on any additional sheets which I have attached to this form), along with all options granted since January 5,

2001:

<TABLE>

<CAPTION>

Grant Number	Grant Date	Exercise Price	Total Number of Unexercised Shares Subject to the Option (Shares to Be Cancelled)
--------------	------------	----------------	---

<S>	<C>	<C>	<C>
-----	-----	-----	-----

</TABLE>

I have attached an additional sheet listing my name and any additional grants I wish to cancel.

<TABLE>

<CAPTION>

I understand that all of these options will be irrevocably cancelled on July 5, 2001.

<S>	<C>	<C>
-----	-----	-----

Employee Signature

National Insurance/Social Security/National ID/Tax File Number

</TABLE>

Employee Name (Please Print) _____ Date and Time _____

Home or Work Address _____

RETURN TO STOCK ADMINISTRATION
NO LATER THAN 5:00 P.M. PACIFIC DAYLIGHT TIME ON JULY 3, 2001
VIA FAX AT (408) 944-6521 OR HAND DELIVERY.

INSTRUCTIONS

FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. Delivery of Election Form.

A properly completed and executed original of this Election Form (or a faxed copy of it), and any other documents required by this Election Form, must be received by Quantum Corporation, Attention: Stock Administration, 501 Sycamore Drive, Milpitas, CA 95035 either via hand delivery or via fax (fax # (408) 944-6521) on or before 5:00 p.m. Pacific Daylight Time on July 3, 2001 (the "Expiration Date").

The method by which you deliver any required documents is at your option and risk, and the delivery will be deemed made only when actually received by Quantum at the address or fax number listed above. In all cases, you should allow sufficient time to ensure timely delivery.

2. Withdrawals of Tendered Options.

You may withdraw your tendered options at any time before the Expiration Date. If Quantum extends the Offer beyond that time, you may withdraw your tendered options at any time until the extended expiration of the Offer. In addition, although Quantum currently intends to accept your validly tendered options promptly after the expiration of the Offer, unless we accept your tendered options before 5:00 p.m., Pacific Daylight Time, on July 31, 2001, you may withdraw your tendered options at any time after July 31, 2001.

To withdraw tendered options you must deliver a signed and dated Notice to Change Election From Accept to Reject (or a faxed copy of the notice) with the required information to Quantum while you still have the right to withdraw the tendered options. You may not rescind a withdrawal and you will be deemed not to have tendered any Old Options you have withdrawn unless you properly re-tender them before the Expiration Date by delivery of a new Election Form following the procedures described in these Instructions.

Tenders of options made through the offer may be changed at any time before the Expiration Date. If Quantum extends the Offer beyond that time, you may change your election regarding particular tendered options at any time until the extended expiration of the Offer. To change your election regarding particular tendered options while continuing to elect to participate in the Offer, you must deliver a signed and dated new Election Form, with the required information, following the procedures described in these Instructions. Upon the receipt of such a new, properly signed and dated Election Form, any previously submitted Election Form will be disregarded and will be considered replaced in full by the new Election Form.

Quantum will not accept any alternative, conditional or contingent tenders. All tendering option holders, by signing this Election Form (or a faxed copy of it), waive any right to receive any notice of the acceptance of their tender, except as provided for in the Offer to Exchange.

3. Inadequate Space.

If the space provided in this Election Form is inadequate, the information requested by the table on this Election Form regarding the options to be tendered should be provided on a separate schedule attached to this Election Form. Print your name on this schedule and sign it. The schedule should be delivered with the Election Form, and will thereby be considered part of this Election Form.

4. Tenders.

If you intend to tender options through the Offer, you must complete the table on this Election Form by providing the following information for each option that you intend to tender:

- . grant number,
- . grant date,
- . exercise price, and
- . the total number of unexercised option shares subject to the option.

Quantum will not accept partial tenders of options. Accordingly, you may tender all or none of the unexercised shares subject to the options you decide to tender. Also, if you intend to tender any of the options that were granted to you, then you must tender all of your Old Options that were granted to you during the six month period prior to the Expiration Date. This includes options with an exercise price below \$14.

5. Signatures on This Election Form.

If this Election Form is signed by the holder of the Old Options, the signature must correspond with the name as written on the face of the option agreement or agreements to which the options are subject without alteration, enlargement or any change whatsoever.

If this Election Form is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, that person should so indicate when signing, and proper evidence satisfactory to Quantum of the authority of that person so to act must be submitted with this Election Form.

6. Other Information on This Election Form.

In addition to signing this Election Form, you must print your name and indicate the date and time at which you signed. You must also include a current work or home address and your identification number, such as your social security number, tax identification number or national identification number, as appropriate.

7. Requests for Assistance or Additional Copies.

Questions about the Offer or requests for assistance, as well as requests for additional copies of the Offer to Exchange or this Election Form may be directed to the Employee Call Center, Quantum Corporation, 501 Sycamore Drive, Milpitas, CA 95035, telephone number 1-800-499-9007. Copies will be furnished promptly at Quantum's expense.

8. Irregularities.

All questions as to the number of option shares subject to options to be accepted for exchange, and the validity, form, eligibility (including time of receipt) and acceptance for exchange of any tender of options will be determined by Quantum in its discretion. Quantum's determinations shall be final and binding on all parties. Quantum reserves the right to reject any or all tenders of options Quantum determines not to be in proper form or the acceptance of which may, in the opinion of Quantum's counsel, be unlawful. Quantum also reserves the right to waive any of the conditions of the Offer and any defect or irregularity in the tender of any particular options, and Quantum's interpretation of the terms of the Offer (including these instructions) will be final and binding on all parties. No tender of options will be deemed to be properly made until all defects and irregularities have been cured or waived. Unless waived, any defects or irregularities in connection with tenders must be cured within such time as Quantum shall

determine. Neither Quantum nor any other person is or will be obligated to give notice of any defects or irregularities in tenders, and no person will incur any liability for failure to give any such notice.

9. Additional Documents to Read.

You should be sure to read the Offer to Exchange, all documents referenced in the Offer to Exchange, and the memorandum from Michael Brown dated June 4, 2001 before deciding to participate in the Offer.

10. Important Tax Information.

You should refer to Section 17 of the Offer to Exchange, which contains important U.S. federal income tax information. If you live or work outside the United States, you should refer to Section 18 for a discussion of tax consequences which may apply to you.

11. Miscellaneous.

A. Data Privacy. By accepting the Offer, you hereby explicitly and

unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this document by and among, as applicable, Quantum Corporation and/or any affiliate for the exclusive purpose of implementing, administering and managing your participation in the Offer.

You understand that Quantum Corporation and/or any affiliate may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in Quantum, details of all Options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in your favor, for the purpose of implementing, administering and managing the stock option plan and this Offer ("Data"). You understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Offer, that these recipients may be located in your country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than in your country. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing your participation in the stock option plans and this Offer. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the stock option plans and this Offer. You understand that you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or withdraw the consents herein by contacting in writing your local human resources representative. You understand that withdrawal of consent may affect your ability to participate in this Offer and exercise or realize benefits from the stock option plans.

B. Acknowledgement and Waiver. By accepting this Offer, you acknowledges

that: (i) your acceptance of the Offer is voluntary; (ii) your acceptance of the Offer shall not create a right to further employment with your employer and shall not interfere with the ability of your employer to terminate your employment relationship at any time with or without cause; and (iii) the Offer, the Old Options and the New Options are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

Important: The Election Form (or a faxed copy of it) together with all other required documents must be received by Quantum, on or before the Expiration Date.

QUANTUM CORPORATION
QUANTUM CORPORATION SUPPLEMENTAL STOCK OPTION PLAN

FORM OF ELECTION TO TRANSFER EMPLOYER'S SECONDARY CLASS 1

NATIONAL INSURANCE LIABILITY

WHEREAS, Quantum Corporation at 501 Sycamore Drive, Milpitas, California, U.S.A. 95035 ("the Grantor") has granted an option to [name of Option Holder] ("the Option Holder") in accordance with the terms of an option dated [insert date] ("the Option") pursuant to the Quantum Corporation Supplemental Stock Option Plan ("the Plan"):

1. The Option Holder acknowledges that he will be liable to pay employee's primary Class 1 National Insurance Contributions ("the Primary Contributions") on the exercise or assignment or release or cancellation of the Option, pursuant to section 4(4)(a) of the Social Security Contributions and Benefits Act 1992. The Primary Contributions will be payable (i) on the exercise of the Option, on the difference between the actual exercise price paid and the amount of the consideration (if any) given for the Option and the market value of the shares to which the exercise relates; or (ii) on the assignment or release or cancellation of the Option, on the difference between the amount of the consideration (if any) given for the Option and the amount or value of the consideration received in respect of the assignment or release or cancellation. The Option Holder acknowledges that this Form of Election relates to the gain on which he is liable to pay such Primary Contributions.
2. The Option Holder in consideration of the grant of the Option and [insert name of U.K. subsidiary] ("the Employer") hereby elect that the entire liability of the Employer to pay secondary Class 1 National Insurance Contributions on the exercise or assignment or release or cancellation of the Option ("the Secondary Contributions") is hereby transferred to the Option Holder. The Secondary Contributions will also be payable (i) on the exercise of the Option, on the difference between the actual exercise price paid and the amount of the consideration (if any) given for the Option and the market value of the shares to which the exercise relates; or (ii) on the assignment or release or cancellation of the Option, on the difference between the amount of the consideration (if any) given for the Option and the amount or value of the consideration received in respect of the assignment or release or cancellation. The purpose of this Form of Election is to transfer the Employer's liability for the Secondary Contributions to the Option Holder
3. The Option Holder hereby authorises the Employer to collect the Secondary Contributions from the Option Holder within 30 days after the exercise or assignment or release or cancellation of the Option or, if earlier, within 14 days after the end of the tax month during which the exercise or assignment or release or cancellation takes place:

1

- (i) by deduction from salary or any other payment payable to the Option Holder at any time on or after the date of exercise or assignment or release or cancellation of the Option, or
- (ii) directly from the Option Holder by payment in cleared funds, or
- (iii) by arranging for the sale of some of the shares which the Option Holder is entitled to receive on the exercise of the Option.

The Grantor has reserved the right under the Option to withhold the transfer of any shares unless payment is received within the requisite period.

4. The Option Holder and the Employer agree to be bound by the terms of this Form of Election. The Option Holder and the Employer agree that the terms of this Form of Election will apply regardless of whether the Option Holder is abroad or not employed on the date on which the liability to Secondary Contributions becomes due.
5. This Form of Election will continue in effect until such time (if ever) as both the Option Holder and the Employer agree that it should cease to have effect or, if earlier, until the date the Inland Revenue may withdraw approval of this Form of Election. This Form of Election will cease to have effect after due payment of the Secondary Contributions in respect of the exercise or assignment or release or cancellation of the Option or earlier

on notice being given by the Employer to the Option Holder.

6. The Employer agrees to remit the Secondary Contributions to the Inland Revenue on behalf of the Option Holder within 14 days after the end of the tax month during which the exercise or assignment or release or cancellation of the Option takes place.

Signed by [name of Option Holder]
The Option Holder _____

Signed on behalf of [insert name of U.K. subsidiary]
The Employer _____

Date: _____

QUANTUM CORPORATION
VOLUNTARY STOCK OPTION EXCHANGE PROGRAM
NOTICE TO CHANGE ELECTION
FROM ACCEPT TO REJECT

I previously received a copy of the Offer to Exchange, the memorandum from Michael Brown, dated June 4, 2001 and an Election Form. I signed and returned the Election Form in which I elected to accept Quantum Corporation's ("Quantum") offer to exchange (the "Offer") some or all of my options. I now wish to change that election and reject Quantum's Offer to exchange my options. I understand

that by signing this Notice and delivering it to Stock Administration for receipt by 5:00 p.m. Pacific Daylight Time on July 3, 2001, I will be able to withdraw my acceptance of the Offer and reject the Offer to exchange options instead. I have read and understand all the terms and conditions of the Offer. I have read and understand the instructions attached to this Notice.

I understand that in order to reject the Offer, I must sign, date and deliver this Notice via fax (fax # (408) 944-6521) or hand delivery to Quantum Corporation, Attention: Stock Administration, 501 Sycamore Drive, Milpitas, CA 95035 for receipt by 5:00 p.m. Pacific Daylight Time on July 3, 2001.

I understand that by rejecting the Offer to exchange options, I will not receive any new options pursuant to the Offer and I will keep the options that I have. These options will continue to be governed by the stock option plan under which they were granted and by the existing option agreements between Quantum and me.

I understand that I may change this election, and once again accept the Offer, by submitting a new Election Form to Quantum Corporation, Attention: Stock Administration, 501 Sycamore Drive, Milpitas, CA 95035 via fax (fax # (408) 944-6521) or hand delivery for receipt by 5:00 p.m. Pacific Daylight Time on July 3, 2001.

I have signed this Notice and printed my name exactly as it appears on the Election Form.

I do not accept the Offer to exchange any options.

<TABLE>
<S>

<C>

Employee Signature

National Insurance/Social Security/National ID/Tax File Number

Employee Name (Please Print)

Date and Time

Home or Work Address
</TABLE>

INSTRUCTIONS

FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. Delivery of Notice to Change Election From Accept to Reject.

A properly completed and executed original of this Notice to Change Election From Accept to Reject (or a faxed copy of it), and any other documents required by this Notice to Change Election From Accept to Reject, must be received by Quantum Corporation, Attention: Stock Administration, 501 Sycamore Drive, Milpitas, CA 95035 either via hand delivery or via fax (fax # (408) 944-6521) on or before 5:00 p.m. Pacific Daylight Time on July 3, 2001 (the "Expiration Date").

The method by which you deliver any required documents is at your option and risk, and the delivery will be deemed made only when actually received by Quantum at the address or fax number listed above. In all cases, you should allow sufficient time to ensure timely delivery.

Although by submitting a Notice to Change Election From Accept to Reject you have withdrawn your tendered options from the Offer, you may change your mind and re-accept the Offer until the expiration of the Offer. Tenders of options made through the Offer may be made at any time before the Expiration Date. If the Offer is extended by Quantum beyond that time, you may tender your

options at any time until the extended expiration of the Offer. To change your mind and elect to participate in the Offer, you must deliver a new signed and dated Election Form (or a faxed copy of the Election Form) with the required information to Quantum, while you still have the right to participate in the Offer. Your options will not be properly tendered for purposes of the Offer unless the withdrawn options are properly re-tendered before the Expiration Date by delivery of the new Election Form following the procedures described in the Instructions to the Election Form.

If you do not wish to withdraw all your tendered options from the Offer, you should not fill out this Notice to Change Election From Accept to Reject. If you wish to change your election with respect only to particular options, you should submit a new Election Form instead. To change your election regarding particular tendered options while continuing to elect to participate in the Offer, you must deliver a signed and dated new Election Form, with the required information, following the procedures described in the Instructions to the Election Form before the Expiration Date or, if the Offer is extended, before the extended expiration of the Offer. Upon the receipt of such a new, properly signed and dated Election Form, any previously submitted Election Form or Notice to Change Election Form Accept to Reject will be disregarded and will be considered replaced in full by the new Election Form.

By signing this Notice to Change Election From Accept to Reject (or a faxed copy of it), you waive any right to receive any notice of the withdrawal of the tender of your options, except as provided for in the Offer to Exchange.

2. Signatures on This Notice to Change Election From Accept to Reject.

If this Notice to Change Election From Accept to Reject is signed by the holder of the Eligible Options, the signature must correspond with the name as written on the face of the option agreement or agreements to which the options are subject without alteration, enlargement or any change whatsoever.

If this Notice to Change Election From Accept to Reject is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, that person should so indicate when signing, and proper evidence satisfactory to Quantum of the authority of that person so to act must be submitted with this Notice to Change Election From Accept to Reject.

3. Other Information on This Notice to Change Election From Accept to

Reject.

In addition to signing this Notice to Change Election From Accept to Reject, you must print your name and indicate the date and time at which you signed. You must also include a home or work address and your identification number, such as your social security number, tax identification number or national identification number, as appropriate.

4. Requests for Assistance or Additional Copies.

Questions about the Offer or requests for assistance, as well as requests for additional copies of the Offer to Exchange or this Notice to Change Election From Accept to Reject may be directed to the Employee Call Center, Quantum Corporation, 501 Sycamore Drive, Milpitas, CA 95035, telephone number 1-800-499-9007. Copies will be furnished promptly at Quantum's expense.

5. Irregularities.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of this withdrawal from the Offer will be determined by Quantum in its discretion. Quantum's determinations shall be final and binding on all parties. Quantum reserves the right to reject any or all Notices to Change Election From Accept to Reject that Quantum determines not to be in proper form or the acceptance of which may, in the opinion of Quantum's counsel, be unlawful. Quantum also reserves the right to waive any of the conditions of the Offer and any defect or irregularity in the Notice to Change Election From Accept to Reject, and Quantum's interpretation of the terms of the Offer (including these instructions) will be final and binding on all parties. No Notice to Change Election From Accept to Reject will be deemed to be properly made until all defects and irregularities have been cured or waived. Unless waived, any defects or irregularities in connection with Notices to Change Election From Accept to Reject must be cured within the time as Quantum shall determine. Neither Quantum nor any other person is or will be obligated to give notice of any defects or irregularities in Notices to Change Election From Accept to Reject, and no person will incur any liability for failure to give any such notice.

Important: The Notice to Change Election From Accept to Reject (or a faxed copy of it) together with all other required documents must be received by

Quantum, on or before the Expiration Date.

6. Additional Documents to Read.

You should be sure to read the Offer to Exchange, all documents referenced in the Offer to Exchange, and the memorandum from Michael Brown dated June 4, 2001 before deciding to participate in the Offer.

7. Important Tax Information.

You should refer to Section 17 of the Offer to Exchange, which contains important U.S. federal income tax information. If you live or work outside the United States, you should refer to Section 18 for a discussion of tax consequences which may apply to you.

QUANTUM CORPORATION
VOLUNTARY STOCK OPTION EXCHANGE PROGRAM
PROMISE TO GRANT STOCK OPTION

In exchange for your agreement to cancel a stock option covering _____ shares of Quantum's common stock ("Old Option") granted by Quantum Corporation ("Quantum"), Quantum hereby promises to grant you a stock option covering _____ shares of Quantum's common stock on January 7, 2002 (the "New Option"), which is the same number of unexercised shares subject to the Old Option which you tendered for exchange and which was cancelled on July 5, 2001. The exercise price of the New Option will be the closing price of Quantum's common stock as listed on the New York Stock Exchange on January 4, 2002.

The New Option will have the same vesting schedule as the corresponding Old Option you tendered for exchange. However, the vesting of the New Option will start over on the date of grant of the New Option. For example, and except as described below, if you elected to cancel an Old Option that was scheduled to vest monthly over four years, your New Option will be scheduled to vest monthly over four years from the date the New Option is granted. Because the vesting schedule for the New Option will not begin until the grant date of the New Option, you will lose the benefit of all vested shares under the Old Option that was cancelled. Upon the grant of the New Option, you will receive credit towards the New Option's vesting schedule for the approximately six-month period between July 5, 2001 and January 7, 2002. This will have the effect of shortening the date the New Option is scheduled to fully vest by approximately six months.

For performance-accelerated options (PASOPs) only, the New Option will have the same vesting schedule as the corresponding Old Option you tendered for exchange. Upon the grant of the new PASOP, you will receive credit for vesting accrued prior to the cancellation of the old PASOP and you will receive credit for the approximately six-month period between July 5, 2001 and January 7, 2002. Therefore, for PASOPs only, you will not lose the benefit of shares that have vested under the Old Option that was cancelled.

The New Option will otherwise be subject to the standard terms and conditions under Quantum's Supplemental Stock Option Plan (the "Plan"), a new option agreement between Quantum and you, and if you are an employee or resident in the U.K., a joint election whereby you agree to accept the transfer of the whole of the National Insurance liability related to the New Option.

In order to receive the New Option, you must be an eligible employee of Quantum or one of our subsidiaries as of January 7, 2002. This promise to grant does not constitute a guarantee of employment with Quantum or any of our subsidiaries for any period. Your employment with Quantum or any of our subsidiaries remains "at-will" and can be terminated by either you or Quantum at any time, with or without cause or notice, subject to the provisions of local law. If you voluntarily terminate your employment with Quantum or any of our subsidiaries or if your employment is terminated by Quantum or any of our subsidiaries for any reason whatsoever before January 7, 2002, you will lose all rights you have to receive the New Option.

This Promise is subject to the terms and conditions of the Offer to Exchange dated June 4, 2001, the memorandum from Michael Brown dated June 4, 2001, and the Election Form previously completed and submitted by you to Quantum, all of which are incorporated herein by reference. These documents reflect the entire agreement between you and Quantum with respect to this transaction. This Promise may only be amended by means of a writing signed by you and a duly authorized officer of Quantum.

QUANTUM CORPORATION

By: _____

Date: _____, 2001

QUANTUM CORPORATION
SUPPLEMENTAL STOCK OPTION PLAN
(As amended May 29, 2001)

1. Purpose of the Plan. The purpose of the Quantum Corporation

Supplemental Stock Option Plan is to enable Quantum Corporation to provide an incentive to eligible employees and consultants whose present and potential contributions are important to the continued success of the Company, to afford these individuals the opportunity to acquire a proprietary interest in the Company, and to enable the Company to enlist and retain in its employment the best available talent for the successful conduct of its business. It is intended that this purpose will be effected through the granting of Nonstatutory Stock Options and Stock Purchase Rights.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Administrator" means the Board or such of its Committees as

shall be administering the Plan, in accordance with Section 5 of the Plan.

(b) "Applicable Laws" means all applicable law, including

without limitation, the Code, Delaware General Corporation Law, and applicable federal and state securities laws.

(c) "Board" means the Board of Directors of the Company.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means a Committee appointed by the Board in

accordance with Section 5 of the Plan and constituted in accordance with Applicable Laws.

(f) "Company" means Quantum Corporation, a Delaware corporation.

(g) "Consultant" means any person, including an advisor, engaged

by the Company or a Parent or Subsidiary to render services and who is compensated for such services, provided that the term "Consultant" shall not include any person who is also an Officer or Director.

(h) "Continuous Status as an Employee or Consultant" means that

the employment or consulting relationship is not interrupted or terminated by the Company, any Parent or Subsidiary, or where applicable, any entity affiliated with the Company. Continuous Status as an Employee or Consultant shall not be considered interrupted in the case of: (i) any leave of absence approved by the Board, including sick leave, military leave, or any other personal leave; (ii) transfers between locations of the Company or between the Company, its Parent, its Subsidiaries, or where applicable, affiliated or successor entities or (iii) notification of a reduction-in-force, such termination shall be considered to have occurred at the end of the Employee's continuation period.

(i) "Director" means a member of the Board.

(j) "Disability" means total and permanent disability as defined

in Section 22(e)(3) of the Code.

(k) "Employee" means any person employed by the Company other

than any person who is an Officer or Director; including employees of any Parent, Subsidiary or, where applicable, entities affiliated with the Company.

(l) "Fair Market Value" means, as of any date, the closing sales

price of the Shares (or the closing bid, if no sales were reported) as quoted on the stock exchange with the greatest volume of trading in such Shares on the last market trading day prior to the day of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable.

(m) "Nonstatutory Stock Option" means any Option that is not

intended to qualify as an incentive stock option within the meaning of Section

(n) "Notice of Grant" means a written notice evidencing certain

terms and conditions of an individual Option or Stock Purchase Right grant. The Notice of Grant is part of the Option Agreement or Restricted Stock Purchase Agreement, as the case may be.

(o) "Officer" means a person who is an officer of the Company

within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(p) "Option" means a stock option granted pursuant to the Plan.

(q) "Option Agreement" means a written agreement between the

Company and an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.

(r) "Optioned Stock" means the Shares subject to an Option or

Stock Purchase Right.

(s) "Optionee" means an Employee or Consultant who holds an

outstanding Option or Stock Purchase Right.

(t) "Parent" means a "parent corporation," whether now or

hereafter existing, as defined in Section 424(e) of the Code.

(u) "Plan" means this Quantum Corporation Supplemental Stock

Option Plan.

(v) "Restricted Stock" means Shares subject to a Restricted

Stock Purchase Agreement acquired pursuant to a grant of Stock Purchase Rights under Section 8 of the Plan.

(w) "Restricted Stock Purchase Agreement" means a written

agreement between the Company and the Optionee evidencing the terms and restrictions applying to Restricted Stock purchased under a Stock Purchase Right. The Restricted Stock Purchase Agreement is subject to the terms and conditions of the Plan and the Notice of Grant.

(x) "Share" means a share of Common Stock of the Company as

adjusted in accordance with Section 10 of the Plan.

-2-

(y) "Stock Purchase Right" means the right to purchase Shares

pursuant to Section 8 of the Plan, as evidenced by a Notice of Grant.

(z) "Subsidiary" means a "subsidiary corporation," whether now

or hereafter existing, as defined in Section 424(f) of the Code.

3. Eligibility. Nonstatutory Stock Options and Stock Purchase Rights may

be granted to Employees and Consultants. If otherwise eligible, an Employee or Consultant who has been granted an Option or Stock Purchase Right may be granted additional Options or Stock Purchase Rights.

4. Stock Subject to the Plan. Subject to the provisions of Section 10 of

the Plan, the total number of Shares reserved and available for issuance under the Plan is 12,909,767 Shares.

Subject to Section 10 of the Plan, if any Shares subject to an Option or Stock Purchase Right cease to be subject to such Option or Stock Purchase Right (other than through exercise of the Option or Stock Purchase Right), or if any Option or Stock Purchase Right granted hereunder is forfeited, or any such award otherwise terminates prior to the issuance of Shares to the Optionee, the Shares that were subject to such Option or Stock Purchase Right shall again be available for distribution in connection with future grants of Options and Stock Purchase Rights under the Plan. Shares that have actually been issued under the Plan shall not be returned to the Plan and shall not become available for future distribution under the Plan except that if Shares are repurchased by the Company

at their original purchase price, such Shares shall become available for future grant under the Plan.

5. Administration.

(a) Administration. The Plan may be administered by the Board

or a Committee designated by the Board, and may be administered by different Committees with respect to different groups of Employees and Consultants.

(b) Powers of the Administrator. Subject to the provisions of

the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its discretion:

(i) to determine the Fair Market Value of the Shares, in accordance with Section 2(1) of the Plan;

(ii) to select the Consultants and Employees to whom Options or Stock Purchase Rights may be granted hereunder;

(iii) to determine whether and to what extent Options and Stock Purchase Rights or any combination thereof may be granted hereunder;

(iv) to determine the number of Shares to be covered by each Option or Stock Purchase Right granted hereunder;

-3-

(v) to approve forms of agreement for use under the Plan;

(vi) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Option or Stock Purchase Right granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options and Stock Purchase Rights may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Option or Stock Purchase Right or the Shares relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vii) to construe and interpret the terms of the Plan;

(viii) to prescribe, amend and rescind rules and regulations relating to the Plan;

(ix) to determine whether and under what circumstances an Option or Stock Purchase Right may be settled in cash instead of Shares or Shares instead of cash;

(x) to modify or amend each Option or Stock Purchase Right (subject to Section 12 of the Plan);

(xi) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Option or Stock Purchase Right previously granted by the Administrator;

(xii) to allow Optionees to satisfy withholding obligations by electing to have the Company withhold from the Shares to be issued upon exercise of an Option or Stock Purchase Right that number of Shares having a Fair Market Value equal to the amount required to be withheld. The Fair Market Value of the Shares to be withheld is to be determined by the Board. All elections by an Optionee to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable;

(xiii) to determine the terms and restrictions applicable to Options and Stock Purchase Rights; and

(xiv) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's

decisions, determinations and interpretations shall be final and binding on all Optionees and any other holders of Options or Stock Purchase Rights.

6. Duration of the Plan. The Plan shall remain in effect until terminated

by the Board under the terms of the Plan.

-4-

7. Options.

(a) Options. The Administrator, in its discretion, may grant Options

to eligible Consultants and Employees. Each Option shall be evidenced by a Notice of Grant, which shall be in such form and contain such provisions as the Administrator shall from time to time deem appropriate. Without limiting the foregoing, the Administrator may at any time authorize the Company, with the consent of the respective recipients, to issue new Options in exchange for the surrender and cancellation of outstanding Options. Option agreements shall contain the following terms and conditions:

(i) Exercise Price; Number of Shares. The per share

exercise price for the Shares issuable pursuant to an Option shall be such price as is determined by the Administrator. The Notice of Grant shall specify the number of Shares to which it pertains.

(ii) Waiting Period and Exercise Dates. At the time an

Option is granted, the Administrator will determine the terms and conditions to be satisfied before Shares may be purchased, including the dates on which Shares subject to the Option may first be purchased. The Administrator may specify that an Option may not be exercised until the completion of the service period specified at the time of grant. (Any such period is referred to herein as the "waiting period.") At the time an Option is granted, the Administrator shall fix the period within which the Option may be exercised, which shall not be earlier than the end of the waiting period, if any.

(iii) Form of Payment. The consideration to be paid for

the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator and may consist entirely of:

(1) cash;

(2) check;

(3) promissory note;

(4) other Shares which (A) in the case of Shares acquired upon exercise of an Option, have been owned by the Optionee for more than six months on the date of surrender, (B) have a Fair Market Value on the date of surrender not greater than the aggregate exercise price of the Shares as to which said Option shall be exercised, and (C) are of the same class of stock as the Shares to be purchased;

(5) delivery of a properly executed exercise notice together with such other documentation as the Administrator and the broker, if applicable, shall require to effect an exercise of the Option and delivery to the Company of the sale or loan proceeds required to pay the exercise price;

(6) any combination of the foregoing methods of payment; or

-5-

(7) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws.

(b) Buyout Provisions. The Administrator may at any time offer to

buyout for a payment in cash, promissory note or Shares, an Option previously granted, based on such terms and conditions as the Administrator shall establish and communicate to the Optionee at the time that such offer is made.

(c) Method of Exercise.

(i) Procedure for Exercise; Rights as a Stockholder. Any

Option granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator and as shall be permissible under the terms of the Plan.

An Option may not be exercised for a fraction of a Share.

An Option shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Option by the person entitled to exercise the Option and full payment for the Shares with respect to which the Option is exercised has been received by the Company. Full payment may, as authorized by the Administrator and permitted by the Option Agreement, consist of any consideration and method

of payment allowable under subsection 7(a)(iii) of the Plan. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing such Shares, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 10 of the Plan.

Exercise of an Option in any manner shall result in a decrease in the number of Shares, which thereafter shall be available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(ii) Termination of Employment or Consulting Relationship.

In the event an Optionee's Continuous Status as an Employee or Consultant terminates (other than by reason of becoming an Officer or Director and other than upon the Optionee's death or Disability), the Optionee may exercise his or her Option, but only within such period of time as is determined by the Administrator at the time of grant, and only to the extent that the Optionee was entitled to exercise it at the date of such termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). To the extent that Optionee was not entitled to exercise an Option at the date of such termination, and to the extent that the Optionee does not exercise such Option (to the extent otherwise so entitled) within the time specified herein, the Option shall terminate.

(iii) Disability of Optionee. In the event an Optionee's

Continuous Status as an Employee or Consultant terminates as a result of the Optionee's Disability, the Optionee may

-6-

exercise his or her Option, but only within twelve (12) months from the date of such termination, and only to the extent that the Optionee was entitled to exercise it at the date of such termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). To the extent that Optionee was not entitled to exercise an Option at the date of such termination, and to the extent that the Optionee does not exercise such Option (to the extent otherwise so entitled) within the time specified herein, the Option shall terminate.

(iv) Death of Optionee. In the event of an

Optionee's death, the Optionee's Option by bequest or inheritance may exercise the Option, but only within twelve (12) months following the date of death, and only to the extent that the Optionee was entitled to exercise it at the date of death (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). To the extent that Optionee was not entitled to exercise an Option at the date of death, and to the extent that the Optionee's estate or a person who acquired the right to exercise such Option does not exercise such Option (to the extent otherwise so entitled) within the time specified herein, the Option shall terminate.

(d) Other Provisions. Each Option granted under the Plan may

contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator.

8. Stock Purchase Rights.

(a) Rights to Purchase. Stock Purchase Rights may be issued

either alone, in addition to, or in tandem with other awards granted under the Plan and/or cash awards made outside of the Plan. After the Administrator determines that it will offer Stock Purchase Rights under the Plan, it shall advise the offeree in writing or electronically, by means of a Notice of Grant, of the terms, conditions and restrictions related to the offer, including the number of Shares that the offeree shall be entitled to purchase, the price to be paid, and the time within which the offeree must accept such offer. In no event shall the purchase price be less than the minimum price required to assure compliance with applicable state law. The offer shall be accepted by execution of a Restricted Stock Purchase Agreement in the form determined by the Administrator.

(b) Repurchase Option. Unless the Administrator determines

otherwise, the Restricted Stock Purchase Agreement shall grant the Company a repurchase option exercisable upon the voluntary or involuntary termination of the purchaser's employment with the Company for any reason (including death or Disability). The purchase price for Shares repurchased pursuant to the Restricted Stock Purchase Agreement shall be the original price paid by the

purchaser and may be paid by cancellation of any indebtedness of the purchaser to the Company. The repurchase option shall lapse at a rate determined by the Administrator.

(c) Other Provisions. The Restricted Stock Purchase Agreement

shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion.

-7-

(d) Rights as a Shareholder. Once the Stock Purchase Right is

exercised, the purchaser shall have the rights equivalent to those of a shareholder, and shall be a shareholder when his or her purchase is entered upon the records of the duly authorized transfer agent of the Company. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Stock Purchase Right is exercised, except as provided in Section 10 of the Plan.

9. Non-Transferability of Options and Stock Purchase Rights. Unless

determined otherwise by the Administrator, Options and Stock Purchase Rights may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee. If the Administrator makes an Option or Stock Purchase Right transferable, such Option or Stock Purchase Right shall contain such additional terms and conditions, as the Administrator deems appropriate.

10. Adjustments Upon Changes in Capitalization, Dissolution, Merger, Asset

Sale or Change of Control.

(a) Changes in Capitalization. Subject to any required action

by the stockholders of the Company, the number of Shares covered by each outstanding Option and Stock Purchase Right, and the number of Shares which have been authorized for issuance under the Plan but as to which no Options or Stock Purchase Rights have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option or Stock Purchase Right, as well as the price per Share covered by each such outstanding Option or Stock Purchase Right, shall be appropriately adjusted by the Board, in its discretion, for any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination, conversion or reclassification, or any other increase or decrease in the number of issued Shares. Such adjustment by the Board shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Option or Stock Purchase Right.

(b) Dissolution or Liquidation. In the event of the proposed

dissolution or liquidation of the Company, to the extent that an Option or Stock Purchase Right has not been previously exercised, it will terminate immediately prior to the consummation of such proposed action. The Administrator may, in the exercise of its sole discretion in such instances, declare that any Option or Stock Purchase Right shall terminate as of a date fixed by the Administrator and give each Optionee the right to exercise his or her Option or Stock Purchase Right as to all or any part of the Optioned Stock, including Shares as to which the Option or Stock Purchase Right would not otherwise be exercisable. In addition, the Administrator may provide that any Company repurchase option applicable to any Shares purchased upon exercise of an Option or Stock Purchase Right shall lapse as to all such Shares, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated.

(c) Merger or Asset Sale. In the event of a merger of the

Company with or into another corporation, or the sale of substantially all of the assets of the Company (except as otherwise

-8-

provided for in Section 10(d) below), each outstanding Option or Stock Purchase Right shall be assumed or an equivalent Option or Stock Purchase Right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation does not agree to assume the Option or Stock Purchase Right or to substitute an equivalent option or right, the Administrator shall, in lieu of such assumption or substitution, provide for the Optionee to have the right to exercise the Option or Stock Purchase Right as to all or a portion of the Optioned Stock, including Shares as to which it would not otherwise be exercisable. If the Administrator makes an Option or Stock Purchase Right exercisable in lieu of

assumption or substitution in the event of a merger or sale of assets, the Administrator shall notify the Optionee that the Option or Stock Purchase Right shall be exercisable for a period of fifteen (15) days from the date of such notice, and the Option or Stock Purchase Right will terminate upon the expiration of such period. For the purposes of this paragraph, the Option or Stock Purchase Right shall be considered assumed if, immediately following the merger or sale of assets, the Option or Stock Purchase Right confers the right to purchase, for each Share of Optioned Stock subject to the Option or Stock Purchase Right immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Shares for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received

in the merger or sale of assets was not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation and the Optionee, provide for the consideration to be received upon the exercise of the Option or Stock Purchase Right, for each Share of Optioned Stock subject to the Option or Stock Purchase Right, to be solely common stock of the successor corporation or its Parent equal in Fair Market Value to the per share consideration received by holders of Shares in the merger or sale of assets.

11. Date of Grant. The date of grant of an Option or Stock Purchase Right

shall be, for all purposes, the date on which the Administrator makes the determination granting such Option or Stock Purchase Right, or such other later date as is determined by the Administrator. Notice of the determination shall be provided to each Optionee within a reasonable time after the date of such grant.

12. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend,

alter, suspend or terminate the Plan.

(b) Effect of Amendment or Termination. No amendment,

alteration, suspension or termination of the Plan shall impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Administrator, which agreement must be in writing and signed by the Optionee and the Company.

-9-

13. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares shall not be issued pursuant to

the exercise of an Option or Stock Purchase Right unless the exercise of such Option or Stock Purchase Right and the issuance and delivery of such Shares shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, Applicable Laws, and the requirements of any stock exchange or quotation system upon which the Shares may then be listed or quoted, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the

exercise of an Option or Stock Purchase Right, the Company may require the person exercising such Option or Stock Purchase Right to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

14. Liability of Company.

(a) Inability to Obtain Authority. The inability of the

Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

15. Reservation of Shares. The Company, during the term of this Plan,

will at all times reserve and keep available such number of Shares as shall be

sufficient to satisfy the requirements of the Plan.

II. Agreement

1. Grant of Option. The Board of the Company hereby grants to the

Optionee named in the Notice of Grant attached as Part I of this Agreement (the "Optionee"), an option (the "Option") to purchase a number of Shares, as set forth in the Notice of Grant, at the exercise price per share set forth in the Notice of Grant (the "Exercise Price"), subject to the terms and conditions of the Plan, which is incorporated herein by reference. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Agreement, the terms and conditions of the Plan shall prevail.

If designated in the Notice of Grant as an Incentive Stock Option, this Option is intended to qualify as an Incentive Stock Option under Section 422 of the Code.

2. Exercise of Option.

(a) Right to Exercise. This Option is exercisable during its term in

accordance with the Vesting Schedule set out in the Notice of Grant and the applicable provisions of the Plan and this Agreement. In the event of Optionee's death, disability or other termination of Optionee's employment or consulting relationship, the exercisability of the Option is governed by the applicable provisions of the Plan and this Agreement.

(b) Method of Exercise. This Option is exercisable by delivery of an

exercise notice (the "Exercise Notice"), which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the "Exercised Shares"), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice shall be signed by the Optionee and shall be delivered in person or by certified mail to the Secretary of the Company. The Exercise Notice shall be accompanied by payment of the aggregate exercise price as to all Exercised Shares. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by such aggregate Exercise Price.

No Shares shall be issued pursuant to the exercise of this Option unless (i) a registration statement under the Securities Act of 1933 covering the Shares is effective, and (ii) such issuance and exercise complies with all relevant provisions of law and the requirements of any stock exchange or quotation service upon which the Shares are then listed. Assuming such compliance, for income tax purposes the Exercised Shares shall be considered transferred to the Optionee on the date the Option is exercised with respect to such Exercised Shares.

3. Method of Payment. Payment of the aggregate Exercise Price shall

be by any of the following, or a combination thereof, at the election of the Optionee:

(a) cash; or

(b) check; or

(c) delivery of a properly executed exercise notice together with such other documentation as the Board and the broker, if applicable, shall require to effect an exercise of the Option and delivery to the Company of the sale or loan proceeds required to pay the exercise price; or

(d) surrender of other Shares which (i) in the case of Shares acquired upon exercise of an Option, have been owned by the optionee for more than six (6) months on the date of surrender, and (ii) have a Fair Market Value on the date of surrender not greater than the aggregate Exercise Price of the Exercised Shares.

4. Non-Transferability of Option. This Option may not be transferred

in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee, only by the Optionee. The terms of the Plan and this Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

5. Term of Option. This Option may be exercised only within the term

set out in the Notice of Grant, and may be excised during such term only in

accordance with the Plan and the terms of this Agreement.

6. Termination Period. This Option may be exercised for three months

after termination of employment or consulting relationship, or such longer period as may be applicable upon death or disability of Optionee as provided in the Plan, but in no event later than the term/expiration date.

7. Tax and Consequences. Some of the federal and California tax

consequences relating to this Option, as of the date of this Option, are set forth below. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE OPTIONEE SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THIS OPTION OR DISPOSING OF THE SHARES.

(a) Exercising the Option.

(i) Nonqualified Stock Option ("NQO"). If this Option does not

qualify as an ISO, the Optionee may incur regular federal income tax and California income tax liability upon exercise. The Optionee will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the fair market value of the Exercised Shares on the date of exercise over their aggregate Exercise Price. If the Optionee is an employee, the Company will be required to withhold from his or her compensation or collect from Optionee and pay to the applicable taxing authorities an amount equal to a percentage of this compensation income at the time of exercise.

(ii) Incentive Stock Option ("ISO"). If this Option qualifies as

an ISO, the Optionee will have no regular federal income tax or California income tax liability upon its exercise, although the excess, if any, of the fair market value of the Exercised Shares on the date of exercise over their aggregate Exercise Price will be treated as an adjustment to the alternative minimum tax for federal tax purposes and may subject the Optionee to alternative minimum tax in the year of exercise.

-2-

(b) Disposition of Shares.

(i) NQO. If the Optionee holds NQO Shares for at least one year,

any amounts realized on disposition of the Shares in excess of the fair market value of the Shares at the date of exercise will be treated as long-term capital gain for federal income tax purposes.

(ii) ISO. If the Optionee holds ISO shares for at least one year

after exercise and two years after the grant date, any gain realized on disposition of the Shares will be treated as long-term capital gain for federal income tax purposes. If the Optionee disposes of ISO Shares within one year after exercise or two years after the grant date, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates) to the extent of the excess, if any, of the lesser of (A) the difference between the fair market value of the Shares acquired on the date of exercise and the aggregate Exercise Price, or (B) the difference between the sale price of such Shares and the aggregate Exercise Price.

(c) Notice of Disqualifying Disposition of ISO Shares. If the

Optionee sells or otherwise disposes of any of the Shares acquired pursuant to an ISO on or before the later of (i) two years after the grant date, or (ii) one year after the exercise date, the Optionee shall immediately notify the Company in writing of such disposition.

8. Acknowledgements of Optionee. Optionee has reviewed the Plan and

this Agreement in their entirety, has had an opportunity to obtain the advise of counsel prior to executing this Agreement and fully understands all provisions of the Plan and Agreement.

OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT OT THE OPTION HEREOF IS EARNED ONLY BY CONTINUING CONSULTANCY OR EMPLOYMENT AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS AGREEMENT, NOR IN THE COMPANY'S STOCK PLAN WHICH IS INCORPORATED HEREIN BY REFERENCE, SHALL CONFER UPON OPTIONEE ANY RIGHT WITH RESPECT TO CONTINUATION OF EMPLOYMENT OR CONSULTANCY BY THE COMPANY, NOR SHALL IT INTERFERE IN ANY WAY WITH HIS RIGHT OR THE COMPANY'S RIGHT TO TERMINATE HIS EMPLOYMENT OR CONSULTANCY AT ANY TIME, WITH OR WITHOUT CAUSE.

Quantum Corporation
Supplemental Stock Option Plan
Prospectus

The date of this prospectus is June 4, 2001

This document constitutes part of a prospectus covering securities
that have been registered under the Securities Act of 1933.

TABLE OF CONTENTS

<TABLE> <CAPTION>	Page

<S> <C> <C>	<C>
INTRODUCTION.....	1
1. What is the Plan?.....	1
2. What are the purposes of the Plan?.....	1
3. How many Shares are available for issuance under the Plan?.....	1
4. What should I know about this prospectus?.....	1
ADMINISTRATION AND ELIGIBILITY.....	2
5. Who administers the Plan?.....	2
6. Who is eligible to participate in the Plan?.....	2
7. Does participation in the Plan affect my employment or service?...	2
STOCK OPTIONS.....	2
8. What is an option and how do I benefit from it?.....	2
9. How will I know the terms of my option?.....	3
10. What is the exercise price of my option?.....	3
11. When can I exercise my option?.....	3
12. How can I exercise my option?.....	4
13. How do I pay the exercise price of my option?.....	4
14. When does my option expire?.....	4
15. What happens if my employment or service is terminated?.....	5
16. Can the Administrator buy out my option?.....	5
STOCK PURCHASE RIGHTS.....	5
17. What are stock purchase rights?.....	5
U.S. TAX AND ERISA INFORMATION.....	5
18. What are the tax effects of options?.....	6
19. What are the tax effects of stock purchase rights?.....	6
20. What are the tax effects for Quantum?.....	6
21. Is the Plan subject to ERISA?.....	6
INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE.....	7
ADDITIONAL INFORMATION ABOUT THE PLAN AND PROSPECTUS.....	7
22. How do I pay tax withholding?.....	7
23. Can Quantum change or terminate the Plan?.....	7
24. Will I receive shareholder reports?.....	7
25. Does the Plan limit my ability to resell Shares acquired under the Plan?.....	8
26. Can I transfer my Award?.....	8
27. What happens if Quantum dissolves or is liquidated?.....	8
28. What happens if Quantum is acquired?.....	8
29. What if I need more information?.....	9
30. What else should I know about this prospectus?.....	9

i

INTRODUCTION

The following questions and answers give a summary of the main features of the Quantum Corporation Supplemental Stock Option Plan (the "Plan"). Please read this prospectus carefully.

1. What is the Plan?

The Plan permits Quantum Corporation ("Quantum") to issue shares of its common stock ("Shares") to eligible employees and consultants of Quantum and its subsidiaries. Shares are issuable through the grant of awards ("Awards"), including stock options and stock purchase rights.

An individual who has received one or more Awards is referred to in this

prospectus as a "participant".

2. What are the purposes of the Plan?

The Plan is intended to provide an incentive to eligible employee and consultants whose present and potential contributions are important to the continued success of Quantum, to afford these individuals the opportunity to acquire a proprietary interest in Quantum, and to enable Quantum to enlist and retain in its employment the best available talent for the successful conduct of its business.

3. How many Shares are available for issuance under the Plan?

There are 12,909,767 Shares available for issuance under the Plan. Such Shares may be authorized but unissued Shares or reacquired Shares.

If an Award expires or is cancelled for any reason without having been fully exercised or vested, the unvested or cancelled Shares that were subject to the Award generally again will be available for grant under the Plan.

If Quantum experiences a stock split, reverse stock split, stock dividend, reclassification, or other similar change to its capital structure, the Board of Directors of Quantum (the "Board") will adjust (as appropriate) the number of Shares available for issuance under the Plan and any outstanding Awards.

4. What should I know about this prospectus?

This prospectus describes the main features of the Plan as of June 4, 2001. However, this prospectus does not contain all of the terms and conditions of the official Plan document. Accordingly, if there is any difference between the terms and conditions of the Plan as described in this prospectus and the provisions of the official Plan document, the Plan document will govern.

ADMINISTRATION AND ELIGIBILITY

5. Who administers the Plan?

The Plan is administered by the Board or a committee appointed by the Board (as applicable, the "Administrator"). The Administrator has all discretion and authority to administer the Plan and to control its operation. Subject to the terms of the Plan, the Administrator has the power to:

- . select which eligible employees and consultants will be granted Awards,
- . determine the terms and conditions of each Award (which need not be the same), and
- . interpret the terms of the Plan and the outstanding Awards.

The Administrator may make whatever rules it considers appropriate for the administration and interpretation of the Plan. All decisions made by the Administrator are final and binding on all persons.

6. Who is eligible to participate in the Plan?

Awards may be granted to employees and consultants of Quantum and its subsidiaries. However, no Awards may be granted to Quantum's officers or directors. For purposes of the Plan, a corporation generally is a "subsidiary" of Quantum if Quantum directly or indirectly owns at least 50% of the corporation's voting stock.

The Administrator has complete authority to determine which eligible employees and consultants will be selected for participation in the Plan.

7. Does participation in the Plan affect my employment or service?

No, the grant of an Award under the Plan does not affect the terms and conditions of your employment or service. Quantum and its subsidiaries reserve the right to terminate your employment or service at any time, with or without cause, subject to the provisions of local law. The grant of an Award does not entitle you to any future award, compensation or severance pay.

STOCK OPTIONS

8. What is an option and how do I benefit from it?

An option gives you the right to purchase a specified number of Shares for a fixed price (the "exercise price") during a prescribed period of time. If the value of the Shares increases above your exercise price during its term, you will be able to buy the Shares at a "discount." If the value of the Shares does not increase above your exercise price, you will not recognize a benefit from your option.

The principal benefit of your option is the potential to profit from any increase in the value of the Shares subject to the option during the period in which the option is exercisable, without risking any of your money.

Please note that the grant and exercise of your option are subject to any United States and local laws, including, but not limited to, laws relating to securities and foreign currency, as well as any Quantum policies that may apply to you. By accepting and exercising your option, Quantum deems that you have authorized and directed Quantum or any subsidiary of Quantum to disclose to Quantum or any of its subsidiaries any information regarding your employment or service, the nature and amount of your compensation and the details of your participation in the Plan as Quantum or the subsidiary finds necessary to facilitate the administration of the Plan.

9. How will I know the terms of my option?

Each option granted under the Plan is evidenced by a written agreement (an "option agreement") between Quantum and you. The option agreement will show all of the following, all of which the Administrator determines in its discretion:

- . the exercise price of the option,
- . the expiration date of the option,
- . the total number of Shares that may be purchased under the option,
- . any conditions to exercise of the option, and
- . any other terms and conditions of the option.

The option agreement also will specify that the option is intended to be a nonstatutory stock option (that is, an option that is not an "incentive stock option" for federal income tax purposes).

10. What is the exercise price of my option?

The exercise price is the price at which you may purchase a Share by exercising an option. The Administrator has the discretion to determine the exercise price of each option granted under the Plan.

11. When can I exercise my option?

You generally cannot immediately exercise an option granted under the Plan. Instead, an option will become exercisable (that is, it will "vest") at the time or times shown in the related option agreement, assuming that you have satisfied any conditions to vesting (for example, continued employment or service with Quantum). The Administrator has the discretion to determine the vesting schedule for each option, including any conditions to vesting.

3

12. How can I exercise my option?

To exercise your option, you must use the Smith Barney online tool (domestic only) at www.benefitsaccess.com to perform a same day sale, or contact a Smith

Barney customer service representative by calling 1-800-303-3508 to perform a cash or same day sale exercise. International employees are required to submit a completed notice of exercise form to Stock Administration and Smith Barney in addition to calling Smith Barney to exercise. Upon exercise, you also must send full payment of the exercise price of the number of Shares in respect of which the option is being exercised and any applicable federal (including FICA), state and local withholding taxes. Note that your ability to purchase Shares through the exercise of an option is conditioned upon compliance with any laws and Quantum policies that apply to you.

13. How do I pay the exercise price of my option?

The Administrator determines how you may pay the exercise price of an option. The Administrator's current policy is to permit payment of the exercise price:

- . in cash or by check,
- . by the tender of already-owned Shares that have been held for at least 6 months, if acquired pursuant to an exercise of stock options, have a fair market value equal to the exercise price, and are of the same class of stock as the Shares to be purchased, or
- . by an immediate sale of some or all of the Shares acquired upon exercise.

An immediate sale is when the exercise price (and any required tax withholding) is paid by requesting a Quantum-approved stockbroker to sell all or part of the Shares acquired upon exercise (often referred to as a "cashless exercise" or "same-day sale"). That is, the stockbroker will forward part of the proceeds to

Quantum as necessary to pay the exercise price and any required tax withholding. The stockbroker will then send the remaining cash proceeds (less any commissions and fees) or Shares directly to you. For more detailed information about the same-day sale program under the Plan, please contact Stock Administration.

For purposes of the Plan, "fair market value" generally means the closing sales price of the Shares as quoted on the New York Stock Exchange for the last market trading day prior to the day in question, as reported in The Wall Street Journal. Quantum's Shares are traded under the symbol "DSS".

14. When does my option expire?

The Administrator has the discretion to determine the expiration provisions that apply to options. The expiration dates for any particular option will be shown in the related option agreement. The expiration date is the date on which your option expires and after which you no longer may exercise the option. Expiration dates may vary for different options and in different circumstances. Therefore, it is important for you to read and understand your individual option agreement.

4

15. What happens if my employment or service is terminated?

If your employment or service is terminated for any reason (other than due to your death or total and permanent disability), your Option may be exercised, to the extent it is then vested, for such period of time as is determined by the Administrator (and set forth in the related option agreement), but in no event later than the original expiration date of the Option. To the extent that the Option is not exercised within the specified time period, the Option will terminate.

If your employment or service is terminated due to your death or total and permanent disability, your Option may be exercised, to the extent it is then vested, for a period of 12 months after the date of such termination (but in no event later than the original expiration date of the Option). To the extent that the Option is not exercised within the 12-month period, the Option will terminate.

16. Can the Administrator buy out my option?

The Administrator may at any time offer to buy out, for a payment in cash, a promissory note or Shares, any outstanding option, based on such terms and conditions as the Administrator establishes and communicates to you at the time the offer is made.

STOCK PURCHASE RIGHTS

17. What are stock purchase rights?

A stock purchase right is a right to buy Shares. The Administrator determines the terms and conditions under which Shares may be purchased pursuant to a stock purchase right granted under the Plan, including the number of Shares that may be purchased by a participant and the purchase price to be paid for the Shares. If you are granted a stock purchase right, Quantum generally will retain the right to repurchase the Shares at their purchase price if your employment or service terminates for any reason (including death or disability). Shares that are subject to Quantum's right to repurchase are often referred to as "restricted stock". The Administrator determines the rate at which Quantum's repurchase option will lapse each year.

U.S. TAX AND ERISA INFORMATION

The following discussion is intended only as a summary of the general U.S. income tax laws that apply to Awards granted under the Plan and the sale of any Shares acquired through the Awards. However, the federal, state and local tax consequences to any particular taxpayer will depend upon his or her individual circumstances. Also, if you are not a U.S. taxpayer, the taxing jurisdiction or jurisdictions that apply to you will determine the tax effect of your participation in the Plan. Accordingly, Quantum strongly advises you to seek the advice of a qualified tax adviser regarding your participation in the Plan.

The following discussion assumes that the per Share exercise price of an option is less than the fair market value of a Share on the date of exercise.

5

18. What are the tax effects of nonstatutory stock options?

You will not be required to include an amount in income when you are granted a nonstatutory stock option. However, when you exercise the option you will have ordinary income to the extent the value of the Shares (and any cash) you receive on the date of exercise is greater than the exercise price you pay. If you exercise an option through payment of the exercise price in Shares, or in a

combination of Shares and cash, you will have ordinary income upon exercise to the extent the value of the Shares purchased on the date of exercise is greater than the value of the Shares surrendered, less the amount of any cash paid upon exercise.

Any gain or loss you recognize upon the sale or exchange of Shares you acquire generally will be treated as capital gain or loss and will be long-term or short-term, depending on whether you have held the Shares for more than one year. The holding period for such Shares will begin just after the time you recognize income. The amount of such gain or loss will be the difference between the amount you realize upon the sale or exchange of the Shares and the value of the Shares at the time you recognize income.

19. What are the tax effects of stock purchase rights?

Generally, no income will be recognized by you in connection with the grant of a stock purchase right or the exercise of the right for unvested Shares, unless you file an election under Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code") within 30 days of the date of exercise of the stock purchase right. Otherwise, as Quantum's repurchase right lapses, you will recognize ordinary income when (and if) the Shares vest and no longer can be forfeited. If you make a Code Section 83(b) election, you will recognize ordinary income at the time you exercise a stock purchase right. However, if you later forfeit the Shares, no tax deduction is allowed with respect to the forfeiture. In all cases, the amount of ordinary income that you recognize will equal the fair market value of the Shares at the time you recognize income, less the amount (if any) you pay for the Shares.

20. What are the tax effects for Quantum?

Quantum generally will receive a deduction for federal income tax purposes in connection with an Award equal to the ordinary income you realize. Quantum will be entitled to such deduction at the time that you recognize the ordinary income.

21. Is the Plan subject to ERISA?

The Plan is not subject to any of the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), nor is it qualified under Section 401(a) of the Code.

6

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows Quantum to "incorporate by reference" the information it files with the SEC, which means that Quantum can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and later information filed with the SEC will update and supersede this information. Quantum incorporates by reference the documents listed below:

1. Quantum's latest annual report filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 Act, as amended (the "1934 Act");
2. All other reports and proxy statements filed pursuant to Section 13(a) or 15(d) of the 1934 Act since the end of the fiscal year covered by the annual report referred to in paragraph (1) above; and
3. The description of Shares contained in Quantum's Registration Statement on Form 8-A, as it may have been amended from time to time.

All documents filed by Quantum pursuant to Sections 13(a), 13(c), 14, and 15(d) of the 1934 Act after the date of this prospectus and prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, will be deemed to be incorporated by reference in this prospectus and to be a part of this prospectus from the date of filing of such documents.

ADDITIONAL INFORMATION ABOUT THE PLAN AND PROSPECTUS

22. How do I pay tax withholding?

You must pay any taxes that Quantum is required to withhold upon exercise of an Award in cash or through other means as required by the Administrator.

23. Can Quantum change or terminate the Plan?

The Board may amend, suspend or terminate the Plan at any time and for any reason. However, no such amendment, suspension or termination may adversely affect your outstanding Award without your written consent.

24. Will I receive shareholder reports?

As a participant in the Plan, you will receive the annual reports, proxy

statements and other materials Quantum sends to its shareholders generally.

7

25. Does the Plan limit my ability to resell Shares acquired under the Plan?

Except as described below, the Plan generally places no limitations upon your ability to sell Shares acquired under the Plan. Quantum will not receive any part of the proceeds of any such sales.

While you are in possession of "inside information" (that is, material information about Quantum that is not yet public but that a reasonable investor would consider important in deciding whether to buy or sell Shares), you are prohibited by federal securities laws and Quantum policy from trading Shares until the information has become public.

Also, you may not resell under this prospectus any Shares acquired under the Plan if you are an "affiliate" of Quantum (within the meaning of Rule 405 under the Securities Act of 1933, as amended (the "1933 Act"). Any such resales must be either described in a separate prospectus, or, in certain instances, registered in a separate registration statement, or sold in accordance with the requirements of Rule 144 under the 1933 Act or another exemption available under the 1933 Act.

26. Can I transfer my Award?

Unless otherwise determined by the Administrator, you may not sell, transfer, pledge, assign or otherwise alienate or hypothecate Awards granted under the Plan, other than by will or the applicable laws of descent and distribution, and all rights with respect to an Award granted to you will be available during your lifetime only to you.

27. What happens if Quantum dissolves or is liquidated?

In the event of Quantum's proposed dissolution or liquidation, all outstanding Awards automatically will terminate immediately prior to the consummation of the dissolution or liquidation. However, the Administrator may, in its discretion, accelerate the exercisability of any outstanding Award in such event.

28. What happens if Quantum is acquired?

In the event of Quantum's merger with or into another corporation, or the sale of all or substantially all of its assets, each outstanding Award may be assumed or substituted for by the successor corporation (or a parent or subsidiary of the successor corporation). If the successor corporation does not agree to assume or substitute the outstanding Awards, the Administrator will provide for the participants to have the right to exercise the Awards as to all or a portion of the Shares subject to the Awards, including Shares as to which the Awards would not otherwise be vested or exercisable. In such a case, the Administrator will notify you that your Award will be exercisable for a period of 15 days from that notice. The Award will terminate upon the expiration of that 15-day period.

8

29. What if I need more information?

Quantum will provide you free of charge with a copy of any or all of the documents incorporated by reference in this prospectus and in the Registration Statement on Form S-8 filed with the SEC relating to the Plan (except for any exhibits to these documents), including Quantum's annual report, and copies of other reports, proxy statements and communications distributed to Quantum's stockholders generally. You should direct your requests to:

Quantum Corporation
Attn: Investor Relations
501 Sycamore Drive
Milpitas, CA 95035
Telephone: (408) 894-4000
Facsimile: (408) 894-6296

Copies of the Plan document, this prospectus, any supplements to the prospectus, and further information concerning the Plan and its administration also are available free of charge by calling or writing Quantum Corporation, Attention: Stock Administration at the numbers and/or address listed above.

30. What else should I know about this prospectus?

Quantum may update this prospectus in the future by furnishing to you an appendix, memorandum, notice or replacement page containing updated information. Quantum generally will not send you a new prospectus, except upon request. Accordingly, you should keep this prospectus for future reference.

You should rely only on the information incorporated by reference or provided in

this prospectus or any prospectus supplement. Quantum has not authorized anyone to provide you with different or additional information. Quantum is not making an offer to sell any stock in any state or country where the offer is not permitted. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of this document.

QUANTUM CORPORATION
1993 LONG-TERM INCENTIVE PLAN
(As amended May 29, 2001)

1. Purpose of the Plan. The purpose of the Quantum Corporation 1993 Long-

Term Incentive Plan is to enable Quantum Corporation to provide an incentive to eligible employees, consultants and officers whose present and potential contributions are important to the continued success of the Company, to afford these individuals the opportunity to acquire a proprietary interest in the Company, and to enable the Company to enlist and retain in its employment the best available talent for the successful conduct of its business. It is intended that this purpose will be effected through the granting of (a) stock options, (b) stock purchase rights, (c) stock appreciation rights, and (d) long-term performance awards.
2. Definitions. As used herein, the following definitions shall apply:

- (a) "Administrator" means the Board or such of its Committees as

shall be administering the Plan, in accordance with Section 5 of the Plan.
- (b) "Applicable Laws" means the requirements relating to the

administration of stock option plans under U. S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Shares are listed or quoted and the applicable laws of any foreign country or jurisdiction where Options or Stock Purchase Rights are, or will be, granted under the Plan.
- (c) "Board" means the Board of Directors of the Company.

- (d) "Code" means the Internal Revenue Code of 1986, as amended.

- (e) "Committee" means a Committee appointed by the Board in

accordance with Section 5 of the Plan.
- (f) "Company" means Quantum Corporation, a Delaware corporation.

- (g) "Consultant" means any person, including an advisor, engaged by

the Company or a Parent or Subsidiary to render services and who is compensated for such services, provided that the term "Consultant" shall not include Directors who are paid only a Director's fee by the Company or who are not compensated by the Company for their services as Directors.
- (h) "Continuous Status as an Employee or Consultant" means that the

employment or consulting relationship is not interrupted or terminated by the Company, any Parent or Subsidiary, or where applicable, any entity affiliated with the Company. Continuous Status as an Employee or Consultant shall not be considered interrupted in the case of: (i) transfers between locations of the Company or between the Company, its Parent, its Subsidiaries, or where applicable, affiliated or successor entities; (ii) any leave of absence approved by the Board, including sick leave, military leave, or any other personal leave; provided, however, that for purposes of Incentive Stock Options,

any such leave may not exceed ninety (90) days, unless reemployment upon the expiration of such leave is guaranteed by contract (including certain Company policies) or statute or (iii) notification by the Company of a reduction-in-force; such termination shall be considered to have occurred at the end of the Employee's continuation period.
- (i) "Director" means a member of the Board.

- (j) "Disability" means total and permanent disability as defined in Section

22(e) (3) of the Code.
- (k) "Employee" means any person, including Officers and Directors, employed

by the Company or any Parent, Subsidiary or where applicable, entities affiliated with the Company. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by

the Company.

(l) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(m) "Fair Market Value" means, as of any date, the value of a Share

determined as follows:

(i) If the Shares are listed on any established stock exchange or a national market system, including without limitation the Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the last market trading day prior to the time of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Shares are regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share shall be the mean between the high bid and low asked prices for the Shares on the last market trading day prior to the day of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Shares, the Fair Market Value shall be determined in good faith by the Administrator.

(n) "Incentive Stock Option" means an Option intended to qualify as an

incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(o) "Long-Term Performance Award" means an award under Section 9 below. A

Long-Term Performance Award shall permit the recipient to receive a cash or stock bonus (as determined by the Administrator) upon satisfaction of such performance factors as are set out in the recipient's individual grant. Long-term Performance Awards will be based upon the achievement of Company, Subsidiary and/or individual performance factors or upon such other criteria as the Administrator may deem appropriate.

-2-

(p) "Long-Term Performance Award Agreement" means a written agreement

between the Company and an Optionee evidencing the terms and conditions of an individual Long-Term Performance Award grant. The Long-Term Performance Award Agreement is subject to the terms and conditions of the Plan.

(q) "Nonstatutory Stock Option" means any Option that is not an Incentive

Stock Option.

(r) "Notice of Grant" means a written notice evidencing certain terms and

conditions of an individual Option, Stock Purchase Right, SAR or Long-Term Performance Award grant. The Notice of Grant is part of the Option Agreement, the SAR Agreement and the Long-Term Performance Award Agreement.

(s) "Officer" means a person who is an officer of the Company within the

meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(t) "Option" means a stock option granted pursuant to the Plan.

(u) "Option Agreement" means a written agreement between the Company and

an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.

(v) "Optioned Stock" means the Shares subject to an Option or Right.

(w) "Optionee" means an Employee or Consultant who holds an outstanding

Option or Right.

(x) "Parent" means a "parent corporation," whether now or hereafter

existing, as defined in Section 424(e) of the Code.

(y) "Plan" means this Quantum Corporation 1993 Long-Term Incentive Plan.

(z) "Restricted Stock" means the Shares subject to a Restricted Stock

Purchase Agreement acquired pursuant to a grant of Stock Purchase Rights under
Section 8 below.

(aa) "Restricted Stock Purchase Agreement" means a written agreement

between the Company and the Optionee evidencing the terms and restrictions
applying to Restricted Stock purchased under a Stock Purchase Right. The
Restricted Stock Purchase Agreement is subject to the terms and conditions of
the Plan and the Notice of Grant.

(bb) "Right" means and includes SARs, Long-Term Performance Awards and

Stock Purchase Rights granted pursuant to the Plan.

(cc) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor

rule thereto, as in effect when discretion is being exercised by the
Administrator with respect to the Plan.

-3-

(dd) "SAR" means a stock appreciation right granted pursuant to Section 7

of the Plan.

(ee) "SAR Agreement" means a written agreement between the Company and an

Optionee evidencing the terms and conditions of an individual SAR grant. The
SAR Agreement is subject to the terms and conditions of the Plan.

(ff) "Share" means a share of common stock of the Company, as adjusted in

accordance with Section 11 of the Plan.

(gg) "Stock Purchase Right" means the right to purchase Shares pursuant

to Section 8 of the Plan, as evidenced by a Notice of Grant.

(hh) "Subsidiary" means a "subsidiary corporation," whether now or

hereafter existing, as defined in Section 424(f) of the Code.

3. Eligibility. Nonstatutory Stock Options and Rights may be granted to

Employees and Consultants. Incentive Stock Options may be granted only to
Employees. If otherwise eligible, an Employee or Consultant who has been
granted an Option or Right may be granted additional Options or Rights.

4. Stock Subject to the Plan.

(a) Shares Reserved Under the Plan. Subject to the provisions of Section

11 of the Plan, the total number of Shares reserved and available for issuance
under the Plan is 46,343,212 Shares, plus an annual increase to be added on
April 1 of each year beginning in 2002 equal to 4% of the number of Shares
outstanding on the preceding March 31. The maximum number of Shares reserved and
available for issuance pursuant to Incentive Stock Options is 28,000,000 Shares
increased, annually, by 3,000,000 of the Shares added to the Plan under the
preceding sentence; provided, however, that any or all such annual increases in

the number of Shares available for issuance pursuant to Incentive Stock Options
shall be subject to stockholder approval to the extent the Administrator
determines that such approval is required by the applicable provisions of the
Code.

(b) Subject to Section 11 of the Plan, if any Shares that have been
optioned under an Option cease to be subject to such Option (other than through
exercise of the Option), or if any Option or Right granted hereunder is
forfeited, or any such award otherwise terminates prior to the issuance of
Common Stock to the participant, the Shares that were subject to such Option or
Right shall again be available for distribution in connection with future Option
or right grants under the Plan. In addition, Shares that have been subject to
SARs exercised for cash, whether granted in connection with or independently of
options, shall again be available for distribution under the Plan. Shares that
have actually been issued under the Plan, whether upon exercise of an Option or
Right, shall not in any event be returned to the Plan and shall not become
available for future distribution under the Plan, except that if Shares of
Restricted Stock are repurchased by the Company at their original purchase
price, such Shares shall become available for future grant under the Plan.

-4-

5. Administration.

(a) Procedure.

(i) Multiple Administrative Bodies. The Plan may be

administered by different Committees with respect to different groups of Service Providers.

(ii) Section 162(m). To the extent that the

Administrator determines it to be desirable to qualify Options granted hereunder as "performance-based compensation" within the meaning of Section 162(m) of the Code, the Plan shall be administered by a Committee of two or more "outside directors" within the meaning of Section 162(m) of the Code.

(iii) Rule 16b-3. To the extent desirable to qualify

transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder shall be structured to satisfy the requirements for exemption under Rule 16b-3.

(iv) Other Administration. Other than as provided above,

the Plan shall be administered by (A) the Board or (B) a Committee, which committee shall be constituted to satisfy Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan,

and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its discretion:

(i) to determine the Fair Market Value of the Shares, in accordance with Section 2(n) of the Plan;

(ii) to select the Consultants and Employees to whom Options and Rights may be granted hereunder;

(iii) to determine whether and to what extent Options and Rights or any combination thereof, are granted hereunder;

(iv) to determine the number and type of Shares to be covered by each Option and Right granted hereunder;

(v) to approve forms of agreement for use under the Plan;

(vi) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options or Rights may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Option or Right or the Shares relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vii) to construe and interpret the terms of the Plan;

-5-

(viii) to prescribe, amend and rescind rules and regulations relating to the Plan;

(ix) to determine whether and under what circumstances an Option or Right may be settled in cash instead of Shares or Shares instead of cash;

(x) to modify or amend each Option or Right (subject to Section 13 of the Plan);

(xi) to allow Optionees to satisfy withholding tax obligations by electing to have the Company withhold from the Shares to be issued upon exercise of an Option or Right that number of Shares having a Fair Market Value equal to the amount required to be withheld. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All elections by an Optionee to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable;

(xii) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Option or Right previously granted by the Administrator;

(xiii) to determine the terms and restrictions applicable to Options and Rights and any Restricted Stock; and

(xiv) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's

decisions, determinations and interpretations shall be final and binding on all Optionees and any other holders of Options or Rights.

6. Duration of the Plan. The Plan shall remain in effect until terminated

by the Board under the terms of the Plan, provided that in no event may Incentive Stock Options be granted under the Plan later than 10 years from the date the Plan was adopted by the Board.

7. Options and SARs.

(a) Options. The Administrator, in its discretion, may grant Options

to eligible participants and shall determine whether such Options shall be Incentive Stock Options or Nonstatutory Stock Options. Each Option shall be evidenced by a Notice of Grant which shall expressly identify the Options as Incentive Stock Options or as Nonstatutory Stock Options and be in such form and contain such provisions as the Administrator shall from time to time deem appropriate. Without limiting the foregoing, the Administrator may at any time authorize the Company, with the consent of the respective recipients, to issue new Options or Rights in exchange for the surrender and cancellation of outstanding Options or Rights. Option agreements shall contain the following terms and conditions:

-6-

(i) Exercise Price; Number of Shares. The per share exercise price

for the Shares issuable pursuant to an Option shall be such price as is determined by the Administrator; provided, however, that in no event shall the

price of an Option or Stock Appreciation Right be less than 100% of the Fair Market Value of the Shares on the date the Option or Stock Appreciation Right is granted, subject to any additional conditions set out in Section 7(a)(iv) below.

The Notice of Grant shall specify the number and type of Shares to which it pertains.

(ii) Waiting Period and Exercise Dates. At the time an Option is

granted, the Administrator will determine the terms and conditions to be satisfied before Shares may be purchased, including the dates on which Shares subject to the Option may first be purchased. The Administrator may specify that an Option may not be exercised until the completion of the service period specified at the time of grant. (Any such period is referred to herein as the "waiting period.") At the time an Option is granted, the Administrator shall fix the period within which the Option may be exercised, which shall not be earlier than the end of the waiting period, if any, nor, in the case of an Incentive Stock Option, later than ten (10) years, from the date of grant.

(iii) Form of Payment. The consideration to be paid for the

Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option, shall be determined at the time of grant) and may consist entirely of:

(1) cash;

(2) check;

(3) promissory note;

(4) other Shares which (1) in the case of Shares acquired upon exercise of an option, have been owned by the Optionee for more than six months on the date of surrender, (2) have a Fair Market Value on the date of surrender not greater than the aggregate exercise price of the Shares as to which said Option shall be exercised and (3) are of the same class of stock as the Shares to be purchased;

(5) delivery of a properly executed exercise notice together with such other documentation as the Administrator and the broker, if applicable, shall require to effect an exercise of the Option and delivery to the Company of the sale or loan proceeds required to pay the exercise price;

(6) any combination of the foregoing methods of payment; or

(7) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws.

(iv) Special Incentive Stock Option Provisions. In addition to the foregoing, Options granted under the Plan which are intended to be Incentive Stock Options under Section 422 of the Code shall be subject to the following terms and conditions:

-7-

(1) Dollar Limitation. To the extent that the aggregate Fair Market Value of (a) the Shares with respect to which Options designated as Incentive Stock Options plus (b) the shares of stock of the Company, Parent and any Subsidiary with respect to which other Incentive Stock Options are exercisable for the first time by an Optionee during any calendar year under all plans of the Company and any Parent and Subsidiary exceeds \$100,000, such Options shall be treated as Nonstatutory Stock Options. For purposes of the preceding sentence, (a) Options shall be taken into account in the order in which they were granted, and (b) the Fair Market Value of the Shares shall be determined as of the time the Option or other Incentive Stock Option is granted.

(v) Option Grant Limitations. The following limitations will apply to each Option grant:

(1) No Employee or Consultant shall be granted, in any fiscal year of the Company, an Option to purchase more than 500,000 Shares.

(2) In connection with his or her initial service or upon Promotion, an Employee or Consultant may be granted Options to purchase up to an additional 1,000,000 Shares which shall not count against the limit set forth in subsection (1) above. "Promotion" shall mean a change in title of the Employee or Consultant which involves a substantial change in his or her duties and responsibilities; provided, however, that an Employee or Consultant will not be deemed to receive more than one Promotion during any fiscal year for the purposes of this Section 7(a)(v).

(3) The foregoing limitations shall be adjusted proportionately in connection with any change in the Company's capitalization as described in Section 11.

(4) If an Option is canceled in the same fiscal year of the Company in which it was granted (other than in connection with a transaction described in Section 11), the canceled Option will be counted against the limits set forth in subsections (1) and (2) above. For this purpose, if the exercise price of an Option is reduced, the transaction will be treated as a cancellation of the Option and the grant of a new Option.

(vi) Other Provisions. Each Option granted under the Plan may contain such other terms, provisions, and conditions not inconsistent with the Plan as may be determined by the Administrator.

(vii) Buyout Provisions. The Administrator may at any time offer to buyout for a payment in cash, promissory note or Shares, an Option previously granted, based on such terms and conditions as the Administrator shall establish and communicate to the Optionee at the time that such offer is made.

-8-

(b) SARs.

(i) In Connection with Options. At the sole discretion of the Administrator, SARs may be granted in connection with all or any part of an Option, either concurrently with the grant of the Option or at any time thereafter during the term of the Option. The following provisions apply to SARs that are granted in connection with Options:

(1) The SAR shall entitle the Optionee to exercise the SAR by surrendering to the Company unexercised the corresponding portion of the related Option. The Optionee shall receive in exchange from the Company an amount equal to the excess of (1) the Fair Market Value on the date of exercise of the SAR of the Shares covered by the surrendered portion of the related Option over (2) the exercise price of the Shares covered by the surrendered portion of the related Option. Notwithstanding the foregoing, the Administrator may place limits on the amount that may be paid upon exercise of an SAR; provided, however, that such limit shall not restrict the exercisability of the related Option.

(2) When an SAR is exercised, the related Option, to the extent

surrendered, shall cease to be exercisable.

(3) An SAR shall be exercisable only when and to the extent that the related Option is exercisable and shall expire no later than the date on which the related Option expires.

(4) An SAR may only be exercised at a time when the Fair Market Value of the Shares covered by the related Option exceeds the exercise price of the Shares covered by the related Option.

(ii) Independent of Options. At the sole discretion of the

Administrator, SARs may be granted without related Options. The following provisions apply to SARs that are not granted in connection with Options:

(1) The SAR shall entitle the Optionee, by exercising the SAR, to receive from the Company an amount equal to the excess of (1) the Fair Market Value of the Shares covered by the exercised portion of the SAR, as of the date of such exercise, over (2) the Fair Market Value of the Shares covered by the exercised portion of the SAR, as of the last market trading date prior to the date on which the SAR was granted; provided, however, that the Administrator may

place limits on the aggregate amount that may be paid upon exercise of an SAR.

(2) SARs shall be exercisable, in whole or in part, at such times as the Administrator shall specify in the Optionee's SAR agreement.

(iii) Form of Payment. The Company's obligation arising upon the

exercise of an SAR may be paid in Shares or in cash, or in any combination of Shares and cash, as the Administrator, in its sole discretion, may determine. Shares issued upon the exercise of an SAR shall be valued at their Fair Market Value as of the date of exercise.

-9-

(c) Method of Exercise.

(i) Procedure for Exercise; Rights as a Stockholder. Any

Option or SAR granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator and as shall be permissible under the terms of the Plan.

An Option may not be exercised for a fraction of a Share.

An Option or SAR shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Option or SAR by the person entitled to exercise the Option or SAR and full payment for the Shares with respect to which the Option is exercised has been received by the Company. Full payment may, as authorized by the Administrator (and, in the case of an Incentive Stock Option, determined at the time of grant) and permitted by the Option Agreement, consist of any consideration and method of payment allowable under subsection 7(a)(iii) of the Plan. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing such Shares, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 11 of the Plan.

Exercise of an Option in any manner shall result in a decrease in the number of Shares, which thereafter shall be available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised. Exercise of an SAR in any manner shall, to the extent the SAR is exercised, result in a decrease in the number of Shares, which thereafter shall be available for purposes of the Plan, and the SAR shall cease to be exercisable to the extent it has been exercised.

(ii) Termination of Employment or Consulting Relationship.

event an Optionee's Continuous Status as an Employee or Consultant terminates (other than upon the Optionee's death or Disability), the Optionee may exercise his or her Option or SAR, but only within such period of time as is determined by the Administrator at the time of grant, not to exceed six (6) months (three (3) months in the case of an Incentive Stock Option) from the date of such termination, and only to the extent that the Optionee was entitled to exercise it at the date of such termination (but in no event later than the expiration of the term of such Option or SAR as set forth in the Option or SAR Agreement). To the extent that Optionee was not entitled to exercise an Option or SAR at the date of such termination, and to the extent that the Optionee does not exercise such Option or SAR (to the extent otherwise so entitled) within the time specified herein, the Option or SAR shall terminate.

(iii) Disability of Optionee. In the event an Optionee's

Continuous Status as an Employee or Consultant terminates as a result of the Optionee's Disability, the Optionee may exercise his or her Option or SAR, but only within twelve (12) months from the date of such termination, and only to the extent that the Optionee was entitled to exercise it at the date of such termination (but in no event later than the expiration of the term of such Option or SAR as set forth in the Option or SAR Agreement). To the extent that Optionee was not entitled to exercise an

-10-

Option or SAR at the date of such termination, and to the extent that the Optionee does not exercise such Option or SAR (to the extent otherwise so entitled) within the time specified herein, the Option or SAR shall terminate.

(iv) Death of Optionee. In the event of an Optionee's death, the

Optionee's estate or a person who acquired the right to exercise the deceased Optionee's Option or SAR by bequest or inheritance may exercise the Option or SAR, but only within twelve (12) months following the date of death, and only to the extent that the Optionee was entitled to exercise it at the date of death (but in no event later than the expiration of the term of such Option or SAR as set forth in the Option or SAR Agreement). To the extent that Optionee was not entitled to exercise an Option or SAR at the date of death, and to the extent that the Optionee's estate or a person who acquired the right to exercise such Option does not exercise such Option or SAR (to the extent otherwise so entitled) within the time specified herein, the Option or SAR shall terminate.

8. Stock Purchase Rights.

(a) Rights to Purchase. Stock Purchase Rights may be issued

either alone, in addition to, or in tandem with other awards granted under the Plan and/or cash awards made outside of the Plan. After the Administrator determines that it will offer Stock Purchase Rights under the Plan, it shall advise the offeree in writing of the terms, conditions and restrictions related to the offer, including the number and type of Shares that the offeree shall be entitled to purchase, the price to be paid, and the time within which the offeree must accept such offer, which shall in no event exceed thirty (30) days from the date upon which the Administrator made the determination to grant the Stock Purchase Right. In no event shall the purchase price be less than the minimum price required to assure compliance with applicable state law. The offer shall be accepted by execution of a Restricted Stock Purchase Agreement in the form determined by the Administrator.

(b) Repurchase Option. Unless the Administrator determines

otherwise, the Restricted Stock Purchase Agreement shall grant the Company a repurchase option exercisable upon the voluntary or involuntary termination of the purchaser's employment with the Company for any reason (including death or Disability). The purchase price for Shares repurchased pursuant to the Restricted Stock purchase agreement shall be the original price paid by the purchaser and may be paid by cancellation of any indebtedness of the purchaser to the Company. The repurchase option shall lapse at such rate as the Administrator may determine.

(c) Other Provisions. The Restricted Stock Purchase Agreement

shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion. In addition, the provisions of Restricted Stock Purchase Agreements need not be the same with respect to each purchaser.

(d) Rights as a Stockholder. Once the Stock Purchase Right is

exercised, the purchaser shall have the rights equivalent to those of a stockholder, and shall be a stockholder when his or her purchase is entered upon the records of the duly authorized transfer agent of the Company. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Stock Purchase Right is exercised, except as provided in Section 11 of the Plan.

-11-

9. Long-Term Performance Awards.

(a) Administration. Long-Term Performance Awards are cash or stock

bonus awards that may be granted either alone or in addition to other awards granted under the Plan. Subject to any minimum imposed by applicable state law, such awards may be granted for no cash consideration. The Administrator shall

determine the nature, length and starting date of any performance period (the "Performance Period") for each Long-Term Performance Award, and shall determine the performance or employment factors, if any, to be used in the determination of Long-Term Performance Awards and the extent to which such Long-Term Performance Awards are valued or have been earned. Long-Term Performance Awards may vary from participant to participant and between groups of participants and shall be based upon the achievement of Company, Subsidiary, Parent and/or individual performance factors or upon such other criteria as the Administrator may deem appropriate. Performance Periods may overlap and participants may participate simultaneously with respect to Long-Term Performance Awards that are subject to different Performance Periods and different performance factors and criteria. Long-Term Performance Awards shall be confirmed by, and be subject to the terms of, a Long-Term Performance Award agreement. The terms of such awards need not be the same with respect to each participant.

At the beginning of each Performance Period, the Administrator may determine for each Long-Term Performance Award subject to such Performance Period the range of dollar values or number and type of Shares to be awarded to the participant at the end of the Performance Period if and to the extent that the relevant measures of performance for such Long-Term Performance Award are met. Such dollar values or number and type of Shares may be fixed or may vary in accordance with such performance or other criteria as may be determined by the Administrator.

(b) Adjustment of Awards. The Administrator may adjust the

performance factors applicable to the Long-Term Performance Awards to take into account changes in legal, accounting and tax rules and to make such adjustments as the Administrator deems necessary or appropriate to reflect the inclusion or exclusion of the impact of extraordinary or unusual items, events or circumstances in order to avoid windfalls or hardships.

10. Non-Transferability of Options. Unless determined otherwise by the

Administrator, Options and Rights may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee. If the Administrator makes an Option or Right transferable, such Option or Right shall contain such additional terms and conditions as the Administrator deems appropriate.

-12-

11. Adjustments Upon Changes in Capitalization, Dissolution, Merger, or Asset

Sale.
- ----

(a) Changes in Capitalization. Subject to any required action by the

stockholders of the Company, the number of Shares covered by each outstanding Option and Right, and the number of Shares which have been authorized for issuance under the Plan but as to which no Options or Rights have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option or Right, as well as the price per Share covered by each such outstanding Option or Right, shall be appropriately adjusted by the Board, in its discretion, for any increase or decrease in the number or type of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination, conversion or reclassification, or any other increase or decrease in the number of issued Shares. Such adjustment by the Board shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Option or Right.

(b) Dissolution or Liquidation. In the event of the proposed

dissolution or liquidation of the Company, to the extent that an Option or Right has not been previously exercised, it will terminate immediately prior to the consummation of such proposed action. The Administrator may, in the exercise of its sole discretion in such instances, declare that any Option or Right shall terminate as of a date fixed by the Administrator and give each Optionee the right to exercise his or her Option or Right as to all or any part of the Optioned Stock, including Shares as to which the Option or Right would not otherwise be exercisable.

(c) Merger or Asset Sale. In the event of a merger of the Company

with or into another corporation, or the sale of substantially all of the assets of the Company (except as otherwise provided for in Section 11(c) below), each outstanding Option or Right shall be assumed or an equivalent Option or Right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation does not

agree to assume the Option or Right or to substitute an equivalent option or right, the Administrator shall, in lieu of such assumption or substitution, provide for the Optionee to have the right to exercise the Option or Right as to all or a portion of the Optioned Stock, including Shares as to which it would not otherwise be exercisable. If the Administrator makes an Option or Right exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Administrator shall notify the Optionee that the Option or Right shall be exercisable for a period of fifteen (15) days from the date of such notice, and the Option or Right will terminate upon the expiration of such period. For the purposes of this paragraph, the Option or Right shall be considered assumed if, immediately following the merger or sale of assets, the Option or Right confers the right to purchase, for each Share of Optioned Stock subject to the Option or Right immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Shares for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such

consideration received in the merger or sale of assets was not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation and the Optionee, provide for the consideration to be received upon the exercise of the Option or Right, for each Share of Optioned Stock subject to the Option or Right, to be solely common stock of the successor corporation or its Parent equal in Fair

-13-

Market Value to the per share consideration received by holders of Shares in the merger or sale of assets.

(d) Other Changes to Shares. In the event of any redemption or conversion

of either Shares (including any partial redemption or conversion), or in the event of the sale of all or substantially all of the business represented by the Shares, or any other occurrence affecting the majority of outstanding Shares, the Board may, if it so determines in the exercise of its sole discretion, (i) make appropriate adjustments to the number of Shares covered by each outstanding Option, and the number of Shares which have been authorized for issuance under the Plan but as to which no Options have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option, as well as the price per Share covered by each such outstanding Option under the Plan, (ii) make outstanding Options fully exercisable and vested prior to any such redemption, conversion, sale, or other occurrence, (iii) impose a date of termination of outstanding Options to occur no later than the date of any such redemption, conversion, sale, or other occurrence or (iv) provide for any combination of (i), (ii) and (iii) above. The determination of the Board pursuant to this Section 9(d) shall be final, binding and conclusive.

12. Date of Grant. The date of grant of an Option or Right shall be, for all

purposes, the date on which the Administrator makes the determination granting such Option or Right, or such other later date as is determined by the Administrator. Notice of the determination shall be provided to each Optionee within a reasonable time after the date of such grant.

13. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter,

suspend or terminate the Plan.

(b) Stockholder Approval. The Company shall obtain stockholder

approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws. Such stockholder approval, if required, shall be obtained in such a manner and to such a degree as is required by the Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration,

suspension or termination of the Plan shall impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Administrator, which agreement must be in writing and signed by the Optionee and the Company.

14. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares shall not be issued pursuant to the

exercise of an Option or Right unless the exercise of such Option or Right and the issuance and delivery of such Shares shall comply with Applicable Laws.

(b) Investment Representations. As a condition to the exercise of an

Option or Right, the Company may require the person exercising such Option or Right to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any

-14-

present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

15. Liability of Company.

(a) Inability to Obtain Authority. The inability of the Company to

obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

(b) Grants Exceeding Allotted Shares. If the Optioned Stock

covered by an Option or Right exceeds, as of the date of grant, the number of Shares which may be issued under the Plan without additional stockholder approval, such Option or Right shall be void with respect to such excess Optioned Stock, unless stockholder approval of an amendment sufficiently increasing the number of Shares subject to the Plan is timely obtained in accordance with Section 13(b) of the Plan.

16. Reservation of Shares. The Company, during the term of this Plan, will

at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

17. Effective Date. The Plan, as amended and restated herein, is effective

as of May 29, 2001.

-15-

II. Agreement

1. Grant of Option. The Board of the Company hereby grants to the

Optionee named in the Notice of Grant attached as Part I of this Agreement (the "Optionee"), an option (the "Option") to purchase a number of Shares, as set forth in the Notice of Grant, at the exercise price per share set forth in the Notice of Grant (the "Exercise Price"), subject to the terms and conditions of the Plan, which is incorporated herein by reference. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Agreement, the terms and conditions of the Plan shall prevail.

If designated in the Notice of Grant as an Incentive Stock Option, this Option is intended to qualify as an Incentive Stock Option under Section 422 of the Code.

2. Exercise of Option.

(a) Right to Exercise. This Option is exercisable during its

term in accordance with the Vesting Schedule set out in the Notice of Grant and the applicable provisions of the Plan and this Agreement. In the event of Optionee's death, disability or other termination of Optionee's employment or consulting relationship, the exercisability of the Option is governed by the applicable provisions of the Plan and this Agreement.

(b) Method of Exercise. This Option is exercisable by delivery

of an exercise notice (the "Exercise Notice"), which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the "Exercised Shares"), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice shall be signed by the Optionee and shall be delivered in person or by certified mail to the Secretary of the Company. The Exercise Notice shall be accompanied by payment of the aggregate exercise price as to all Exercised Shares. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by such aggregate Exercise Price.

No Shares shall be issued pursuant to the exercise of this Option unless (i) a registration statement under the Securities Act of 1933 covering the Shares is effective, and (ii) such issuance and exercise complies with all relevant provisions of law and the requirements of any stock exchange or quotation service upon which the Shares are then listed. Assuming such compliance, for income tax purposes the Exercised Shares shall be considered transferred to the Optionee on the date the Option is exercised with respect to such Exercised Shares.

3. Method of Payment. Payment of the aggregate Exercise Price shall

be by any of the following, or a combination thereof, at the election of the Optionee:

(a) cash; or

(b) check; or

(c) delivery of a properly executed exercise notice together with such other documentation as the Board and the broker, if applicable, shall require to effect an exercise of the Option and delivery to the Company of the sale or loan proceeds required to pay the exercise price; or

(d) surrender of other Shares which (i) in the case of Shares acquired upon exercise of an Option, have been owned by the optionee for more than six (6) months on the date of surrender, and (ii) have a Fair Market Value on the date of surrender not greater than the aggregate Exercise Price of the Exercised Shares.

4. Non-Transferability of Option. This Option may not be transferred

in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee, only by the Optionee. The terms of the Plan and this Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

5. Term of Option. This Option may be exercised only within the term

set out in the Notice of Grant, and may be excised during such term only in accordance with the Plan and the terms of this Agreement.

6. Termination Period. This Option may be exercised for three months

after termination of employment or consulting relationship, or such longer period as may be applicable upon death or disability of Optionee as provided in the Plan, but in no event later than the term/expiration date.

7. Tax and Consequences. Some of the federal and California tax

consequences relating to this Option, as of the date of this Option, are set forth below. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE OPTIONEE SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THIS OPTION OR DISPOSING OF THE SHARES.

(a) Exercising the Option.

(i) Nonqualified Stock Option ("NQO"). If this Option does

not qualify as an ISO, the Optionee may incur regular federal income tax and California income tax liability upon exercise. The Optionee will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the fair market value of the Exercised Shares on the date of exercise over their aggregate Exercise Price. If the Optionee is an employee, the Company will be required to withhold from his or her compensation or collect from Optionee and pay to the applicable taxing authorities an amount equal to a percentage of this compensation income at the time of exercise.

(ii) Incentive Stock Option ("ISO"). If this Option

qualifies as an ISO, the Optionee will have no regular federal income tax or California income tax liability upon its exercise, although the excess, if any, of the fair market value of the Exercised Shares on the date of exercise over their aggregate Exercise Price will be treated as an adjustment to the alternative minimum tax for federal tax purposes and may subject the Optionee to alternative minimum tax in the year of exercise.

-2-

(b) Disposition of Shares.

(i) NQO. If the Optionee holds NQO Shares for at least one

year, any amounts realized on disposition of the Shares in excess of the fair market value of the Shares at the date of exercise will be treated as long-term capital gain for federal income tax purposes.

(ii) ISO. If the Optionee holds ISO shares for at least one

year after exercise and two years after the grant date, any gain realized on disposition of the Shares will be treated as long-term capital gain for federal income tax purposes. If the Optionee disposes of ISO Shares within one year after exercise or two years after the grant date, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates) to the extent of the excess, if any, of the lesser of (A) the difference between the fair market value of the Shares acquired on the date of exercise and the aggregate Exercise Price, or (B) the difference between the sale price of such Shares and the aggregate Exercise Price.

(c) Notice of Disqualifying Disposition of ISO Shares. If the

Optionee sells or otherwise disposes of any of the Shares acquired pursuant to an ISO on or before the later of (i) two years after the grant date, or (ii) one year after the exercise date, the Optionee shall immediately notify the Company in writing of such disposition.

8. Acknowledgements of Optionee. Optionee has reviewed the Plan and

this Agreement in their entirety, has had an opportunity to obtain the advise of counsel prior to executing this Agreement and fully understands all provisions of the Plan and Agreement.

OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT OT THE OPTION HEREOF IS EARNED ONLY BY CONTINUING CONSULTANCY OR EMPLOYMENT AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS AGREEMENT, NOR IN THE COMPANY'S STOCK PLAN WHICH IS INCORPORATED HEREIN BY REFERENCE, SHALL CONFER UPON OPTIONEE ANY RIGHT WITH RESPECT TO CONTINUATION OF EMPLOYMENT OR CONSULTANCY BY THE COMPANY, NOR SHALL IT INTERFERE IN ANY WAY WITH HIS RIGHT OR THE COMPANY'S RIGHT TO TERMINATE HIS EMPLOYMENT OR CONSULTANCY AT ANY TIME, WITH OR WITHOUT CAUSE.

-3-

QUANTUM CORPORATION

1986 STOCK OPTION PLAN

1. Purposes of the Plan. The purposes of this Stock Option Plan are to

attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to the Employees, Consultants and Directors of the Company and to promote the success of the Company's business.

Options granted hereunder may be either "Incentive Stock Options," as defined in Section 422 of the Code, or "Nonstatutory Stock Options," at the discretion of the Board and as reflected in the terms of the written option agreement.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Board" shall mean the Committee, if one has been appointed, or the Board of Directors of the Company, if no Committee is appointed.

(b) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(c) "Common Stock" shall mean the Common Stock of the Company.

(d) "Company" shall mean Quantum Corporation, a Delaware corporation.

(e) "Committee" shall mean the Committee appointed by the Board of Directors in accordance with Section 4 of the Plan, if one is appointed.

(f) "Consultant" shall mean any person who is engaged by the Company, or any Subsidiary to render consulting services and is compensated for such consulting services, and any director of the company whether or not compensated for such services.

(g) "Continuous Status as an Employee, Consultant or Director" shall mean the absence of any interruption or termination of service as an Employee, Consultant or Director. Continuous Status as an Employee, Consultant or Director shall not be considered interrupted in the case of sick leave, military leave, or any other leave of absence approved by the Board; provided that such leave is for a period of not more than 90 days or reemployment upon the expiration of such leave is guaranteed by contract or statute.

(h) "Director" shall mean a member of the Board of Directors of the Company.

(i) "Employee" shall mean any person, including officers and directors, employed by the Company or any Parent or Subsidiary of the Company. The payment of a director's fee by the Company shall not be sufficient to constitute "employment" by the Company.

(j) "Incentive Stock Option" shall mean an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(k) "Option" shall mean a stock option granted pursuant to the Plan.

(l) "Optioned Stock" shall mean the Common Stock subject to an Option.

(m) "Optionee" shall mean an Employee, Consultant or Director who receives an Option.

(n) "Outside Director" shall mean a Director who is not an Employee of the Company.

(o) "Parent" shall mean a "parent corporation," whether now or

hereafter existing, as defined in Section 425(e) of the Code.

(p) "Plan" shall mean this 1986 Stock Option Plan.

(q) "Share" shall mean a share of the Common Stock, as adjusted in

accordance with Section 12 of the Plan.

(r) "Subsidiary" shall mean a "subsidiary corporation," whether now

or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan. Subject to the provisions of Section 12 of

the Plan, the maximum aggregate number of shares which may be optioned and sold
under the Plan is 25,400,000 shares of Common Stock. The Shares may be
authorized, but unissued, or reacquired Common Stock.

If an Option should expire or become unexercisable for any reason
without having been exercised in full, the unpurchased Shares which were subject
thereto shall, unless the Plan shall have been terminated, become available for
future grant under the Plan.

4. Administration of the Plan.

(a) Procedure. The Plan shall be administered by (i) the Board if the

Board may administer the Plan in compliance with Rule 16b-3 promulgated under
the Exchange Act, or any successor rule thereto ("Rule 16b-3"), with respect to
a plan intended to qualify under Rule 16b-3 as a discretionary plan, or (ii) a
Committee designated by the Board to administer the Plan, which Committee shall
be constituted to permit the Plan to comply with Rule 16b-3 with respect to a
plan intended to qualify thereunder as a discretionary plan. If permitted by
Rule 16b-3, the Plan may be administered by different bodies with respect to
directors, non-director officers and Employees who are neither directors nor
officers.

Once appointed, the Committee(s) shall continue to serve until
otherwise directed by the Board. From time to time the Board may change the
size of the Committee(s), appoint additional members thereof, remove members
(with or without cause), appoint new

members in substitution therefor, fill vacancies, however caused and remove all
members of the Committee(s) and thereafter directly administer the Plan, all to
the extent permitted by Rule 16b-3 with respect to a plan intended to qualify
thereunder as a discretionary plan.

(b) Powers of the Board. Subject to the other provisions of this

Plan, the Board shall have the authority, in its discretion: (i) to grant
Incentive Stock Options in accordance with Section 422 of the Code or
Nonstatutory Stock Options; (ii) to determine, upon review of relevant
information and in accordance with Section 8(b) of the Plan, the fair market
value of the Common Stock; (iii) to determine the exercise price per share of
Options to be granted, which exercise price shall be determined in accordance
with Section 8(a) of the Plan; (iv) to determine the Employees, Consultants or
Directors to whom, and the time or times at which, Options shall be granted and
the number of shares to be represented by each Option; (v) to interpret the
Plan; (vi) to prescribe, amend and rescind rules and regulations relating to the
Plan; (vii) to determine the terms and provisions of each Option granted (which
need not be identical), and, with the consent of the holder thereof, modify or
amend each Option; (viii) to accelerate or defer (with the consent of the
Optionee) the exercise date of any Option in any manner consistent with the
provisions of Section 10 of the Plan; (ix) to authorize any person to execute on
behalf of the Company an instrument required to effectuate the grant of an
Option previously granted by the Board; and (x) to make all other determinations
deemed necessary or advisable for the administration of the Plan.

(c) Effect of Board's Decision. All decisions, determinations and

interpretations of the Board shall be final and binding on all Optionees and any
other holders of any Options granted under the Plan.

5. Eligibility.

(a) Options may be granted only to Employees, Consultants and
Directors. Outside Directors may be granted Options pursuant to Section 9 only.
Incentive Stock Options may be granted only to Employees. An Employee,
Consultant or Director who has been granted an Option may, if he is otherwise
eligible, be granted an additional Option or Options.

(b) To the extent that the aggregate fair market value of the shares of Common Stock with respect to which Options designated as Incentive Stock Options become exercisable for the first time by any individual during any calendar year (under all plans of the Company) exceeds \$100,000, such Options shall be treated as Nonstatutory Stock Options. For purposes of the preceding sentence, (i) options shall be taken into account in the order in which they were granted and (ii) the fair market value of the shares shall be determined at the time the Option was granted.

(c) The Plan shall not confer upon any Optionee any right with respect to continuation of employment, consulting relationship with the Company or service on the Board, nor shall it interfere in any way with his right or the Company's right to terminate his employment or consulting relationship at any time.

6. Term of Plan. The Plan shall become effective upon the earlier to occur of its adoption by the Board of Directors or its approval by the shareholders of the Company as described

in Section 18 of the Plan. It shall continue in effect for a term of ten (10) years unless sooner terminated under Section 14 of the Plan.

7. Term of Option. The term of each Option shall be ten (10) years from the date of grant thereof or such shorter term as may be provided in the Stock Option Agreement. In addition, in the case of an Option granted to an Employee who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Option shall be five (5) years from the date of grant thereof, or such shorter term as may be provided in the Stock Option Agreement.

8. Exercise Price and Consideration.

(a) The per Share exercise price for the Shares to be issued pursuant to exercise of an Option shall be such price as is determined by the Board, but shall be subject to the following:

(i) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time of the grant of such Incentive Stock Option, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the fair market value per Share on the date of grant.

(B) granted to any Employee, the per Share exercise price shall be no less than 100% of the fair market value per Share on the date of grant.

(ii) In the case of a Nonstatutory Stock Option

(A) granted to a person who at the time of the grant of such Option, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the fair market value per Share on the date of the grant.

(B) except as otherwise provided in Section 4 hereof, granted to any person, the per Share exercise price shall be no less than 85% of the fair market value per Share on the date of grant.

(b) The fair market value shall be determined by the Board in its discretion; provided, however, that where there is a public market for the Common Stock, the fair market value per Share shall be the mean of the bid and asked prices of the Common Stock for the date of grant, as reported in the Wall Street Journal (or, if not so reported, as otherwise reported by the National Association of Securities Dealers Automated Quotation (NASDAQ) System) or, in the event the Common Stock is listed on a stock exchange, the fair market value per Share shall be the closing price on such exchange on the date of grant of the Option, as reported in the Wall Street Journal.

(c) The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Board and may consist entirely of cash, check, promissory note (to the extent permitted under applicable law), other Shares of

Common Stock (which, if acquired from the Company, have been held for at least six months prior to such exercise) having a fair market value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised, or any combination of such methods of payment, or such other consideration and method of payment for the issuance of Shares to the extent permitted by law.

9. Grants to Outside Directors. All grants of Options to Outside

Directors shall be automatic and non-discretionary and shall be made strictly in accordance with the following provisions:

(a) No person shall have any discretion to select which Outside Directors shall be granted Options or to determine the number of shares to be covered by Options granted to Outside Directors; provided, however, that nothing in this Plan shall be construed to prevent an Outside Director from declining to receive an Option under this Plan.

(b) Each person who is an Outside Director as of May 1, 1991 (the "Effective Date"), shall automatically be granted an option to purchase 7,500 shares of Common Stock (the "Current Director Options") on the date of each Annual Meeting of Stockholders of the Company following the Effective Date, decreased or increased as provided in Section 12 hereof, during the life of the Plan. The Current Director Options shall become exercisable in installments cumulatively with respect to 1/12 of the shares subject thereto (decreased or increased as provided in Section 12 hereof) on the first day of each month commencing as of April 1 of the year which is three years from the year of the grant of such option.

(c) Each Outside Director elected or appointed after the Effective Date shall automatically be granted an option to purchase 30,000 shares of Common Stock on the date of such appointment or election (the "Future Outside Director First Option"), decreased or increased as provided in Section 12 hereof. The Future Director First Option shall become exercisable as to (i) 7,500 shares (decreased or increased as provided in Section 12 hereof) on the first day of the month which is one year from the month in which the Future Director First Option was granted (the "Initial Vesting Date"), and (ii) the balance of such shares subject to the Future Director First Option (the "Remaining Shares") in installments cumulatively with respect to 1/36 of the Remaining Shares (decreased or increased as provided in Section 12 hereof) beginning on the first day of the first consecutive month following the Initial Vesting Date.

(d) Each Outside Director elected or appointed after the Effective Date shall automatically be granted, in addition to the Future Outside Director First Option described above, an option to purchase 7,500 shares of Common Stock on the date of each Annual Meeting of Stockholders of the Company which is held at least six months from the date of election or appointment of such Outside Director (the "Future Outside Director Subsequent Option"), decreased or increased as provided in Section 12 hereof, during the life of the Plan. The Future Director Subsequent Options shall become exercisable in installments cumulatively with respect to 1/12 of the shares subject thereto (increased or decreased as provided in Section 12 hereof) beginning on the first day of the month immediately following the month in which the preceding option, whether the Future Director First Option or a Future Director Subsequent Option, becomes fully vested.

All references to "Option" or "Options" contained in this Plan shall also include Current Director Options, Future Director First Options and Future Director Subsequent Options, unless specifically referenced otherwise.

(e) The terms of any Option granted hereunder shall be as follows:

(i) the term of an Option shall be ten (10) years;

(ii) in the event the outside Director ceases to be a Director, the Option shall be exercisable only within ninety (90) days after such date and only to the extent that such Outside Director was entitled to exercise the Option at the date of termination;

(iii) the exercise price per share of Common Stock shall be 100% of the Fair Market Value on the date of grant of the Option;

Notwithstanding the above, in no event shall any aforementioned Options be exercisable prior to obtaining shareholder approval of the Plan.

No part of this Section 9 shall be amended more than once every six (6) months, other than to comport with changes to the Code, its regulations and the applicable rules thereunder.

10. Exercise of Option.

(a) Procedure for Exercise; Rights as a Stockholder. Any Option

granted hereunder shall be exercisable at such times and under such conditions as determined by the Board, including performance criteria with respect to the Company and/or the Optionee, and as shall be permissible under the terms of the Plan; provided, however, that an Incentive Stock option granted on or before December 31, 1986 shall not be exercisable while there is outstanding any incentive stock option which was granted, before the granting of such Incentive

Stock Option, to the same Optionee to purchase stock of the Company, any Parent or Subsidiary, or any predecessor corporation of such corporations. For purposes of this provision, an incentive stock option shall be treated as outstanding until such Option is exercised in full or expires by reason of lapse of time.

An Option may not be exercised for a fraction of a Share.

An Option shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Option by the person entitled to exercise the Option and full payment for the Shares with respect to which the Option is exercised has been received by the Company. Full payment may, as authorized by the Board, consist of any consideration and method of payment allowable under Section 8(c) of the Plan. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing such Shares, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 12 of the Plan.

Exercise of an Option in any manner shall result in a decrease in the number of Shares which thereafter may be available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(b) Termination of Status as an Employee, Consultant or Director. If

an Employee, Consultant or Director ceases to serve as an Employee, Consultant or Director (as the case may be), he may, but only within ninety (90) days after the date he ceases to be an Employee, Consultant or Director (as the case may be) of the Company, exercise his Option to the extent that he was entitled to exercise it at the date of such termination. To the extent that he was not entitled to exercise the Option at the date of such termination, or if he does not exercise such Option (which he was entitled to exercise) within the time specified herein, the Option shall terminate.

(c) Disability of Optionee. Notwithstanding the provisions of Section

10(b) above, in the event an Employee, Consultant or Director is unable to continue his employment or consulting relationship (as the case may be) with the Company as a result of his total and permanent disability (as defined in Section 22(e)(3) of the Code), he may, but only within six (6) months (or such other period of time not exceeding twelve (12) months as is determined by the Board at the time of grant of the Option) from the date of termination, exercise his Option to the extent he was entitled to exercise it at the date of such termination. To the extent that he was not entitled to exercise the Option at the date of termination, or if he does not exercise such Option (which he was entitled to exercise) within the time specified herein, the Option shall terminate.

(d) Death of Optionee. In the event of the death of an Optionee:

(i) during the term of the Option who is at the time of his death an Employee, consultant or Director of the Company and who shall have been in Continuous Status as an Employee, Consultant or Director since the date of grant of the Option, the Option may be exercised, at any time within six (6) months following the date of death, by the Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent of the right to exercise that would have accrued had the Optionee continued living and remained in Continuous Status as an Employee, Consultant or Director six (6) months after the date of death; or

(ii) within thirty (30) days (or such other period of time not exceeding three (3) months as is determined by the Board at the time of grant of the Option) after the termination of Continuous Status as an Employee, Consultant or Director, the Option may be exercised, at any time within six (6) months following the date of death, by the Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent of the right to exercise that had accrued at the date of termination.

11. Non-Transferability of Options. The option may not be sold,

pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee.

12. Adjustments Upon Changes in Capitalization or Merger. Subject to

any required action by the shareholders of the Company, the number of shares of Common Stock covered by each

outstanding Option, and the number of shares of Common Stock which have been

authorized for issuance under the Plan but as to which no Options have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option, as well as the price per share of Common Stock covered by each such outstanding Option, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Option.

In the event of the proposed dissolution or liquidation of the Company, the Option will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Board. The Board may, in the exercise of its sole discretion in such instances, declare that any Option shall terminate as of a date fixed by the Board and give each Optionee the right to exercise his Option as to all or any part of the Optioned Stock, including Shares as to which the Option would not otherwise be exercisable. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, the Option shall be assumed or an equivalent option shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation. In the event that such successor corporation refuses to assume the Option or to substitute an equivalent option, the Board shall, in lieu of such assumption or substitution, provide for the Optionee to have the right to exercise the Option as to all of the Optioned Stock, including Shares as to which the Option would not otherwise be exercisable. If the Board makes an Option fully exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Board shall notify the Optionee that the Option shall be fully exercisable for a period of thirty (30) days from the date of such notice, and the Option will terminate upon the expiration of such period.

13. Time of Granting Options. The date of grant of an Option shall,

for all purposes, be the date on which the Board makes the determination granting such Option. Notice of the determination shall be given to each Optionee to whom an Option is so granted within a reasonable time after the date of such grant.

14. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may amend or terminate the

Plan from time to time in such respects as the Board may deem advisable; provided that, the following revisions or amendments shall require approval of the shareholders of the Company in the manner described in Section 18 of the Plan:

(i) any increase in the number of Shares subject to the Plan, other than in connection with an adjustment under Section 12 of the Plan;

(ii) any change in the designation of the class of Employees, Consultants or Directors eligible to be granted Options;

(iii) any material increase in the benefits accruing to participants under the Plan; or

(iv) any change in the maximum number of Shares subject to Options which may be granted to Directors or any change in the terms, the period of grant or the period for exercise of such Options.

(b) Effect of Amendment or Termination. Any such amendment or

termination of the Plan shall not affect Options already granted and such Options shall remain in full force and effect as if this Plan had not been amended or terminated, unless mutually agreed otherwise between the Optionee and the Board, which agreement must be in writing and signed by the Optionee and the Company.

15. Conditions Upon Issuance of Shares. Shares shall not be issued

pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the Shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an Option, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned relevant provisions of law.

16. Reservation of Shares. The Company, during the term of this Plan,

will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

MERIDIAN DATA, INC.
1997 STOCK PLAN

1. Purposes of the Plan. The purposes of this Stock Plan are:

- . to attract and retain the best available personnel for positions of substantial responsibility,
- . to provide additional incentive to Employees, Directors and Consultants, and
- . to promote the success of the Company's business.

Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant. Stock Purchase Rights may also be granted under the Plan.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Administrator" means the Board or any of its Committees as

shall be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Applicable Laws" means the requirements relating to the

administration of stock option plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Options or Stock Purchase Rights are, or will be, granted under the Plan.

(c) "Board" means the Board of Directors of the Company.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means a committee of Directors appointed by the

Board in accordance with Section 4 of the Plan.

(f) "Common Stock" means the common stock of the Company.

(g) "Company" means Meridian Data, Inc., a [California]

corporation.

(h) "Consultant" means any person, including an advisor, engaged by

the Company or a Parent or Subsidiary to render services to such entity.

(i) "Director" means a member of the Board.

(j) "Disability" means total and permanent disability as defined in

Section 22(e) (3) of the Code.

(k) "Employee" means any person, including Officers and Directors,

employed by the Company or any Parent or Subsidiary of the Company. A Service Provider shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. For purposes of Incentive Stock Options, no such leave may exceed ninety days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, on the 181st day of such leave any Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.

(l) "Exchange Act" means the Securities Exchange Act of 1934, as

amended.

(m) "Fair Market Value" means, as of any date, the value of Common

Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the last market trading day prior to the time of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the last market trading day prior to the day of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Administrator.

(n) "Incentive Stock Option" means an Option intended to qualify as -----
an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(o) "Nonstatutory Stock Option" means an Option not intended to -----
qualify as an Incentive Stock Option.

(p) "Notice of Grant" means a written or electronic notice -----
evidencing certain terms and conditions of an individual Option or Stock Purchase Right grant. The Notice of Grant is part of the Option Agreement.

(q) "Officer" means a person who is an officer of the Company -----
within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

-2-

(r) "Option" means a stock option granted pursuant to the Plan. -----

(s) "Option Agreement" means an agreement between the Company and -----
an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.

(t) "Option Exchange Program" means a program whereby outstanding -----
Options are surrendered in exchange for Options with a lower exercise price.

(u) "Optioned Stock" means the Common Stock subject to an Option or -----
Stock Purchase Right.

(v) "Optionee" means the holder of an outstanding Option or Stock -----
Purchase Right granted under the Plan.

(w) "Parent" means a "parent corporation," whether now or hereafter -----
existing, as defined in Section 424(e) of the Code.

(x) "Plan" means this 1997 Stock Plan. -----

(y) "Restricted Stock" means shares of Common Stock acquired -----
pursuant to a grant of Stock Purchase Rights under Section 11 of the Plan.

(z) "Restricted Stock Purchase Agreement" means a written agreement -----
between the Company and the Optionee evidencing the terms and restrictions applying to stock purchased under a Stock Purchase Right. The Restricted Stock Purchase Agreement is subject to the terms and conditions of the Plan and the Notice of Grant.

(aa) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any -----
successor to Rule 16b-3, as in effect when discretion is being exercised with

respect to the Plan.

(bb) "Section 16(b)" means Section 16(b) of the Exchange Act.

(cc) "Service Provider" means an Employee, Director or Consultant.

(dd) "Share" means a share of the Common Stock, as adjusted in

accordance with Section 13 of the Plan.

(ee) "Stock Purchase Right" means the right to purchase Common Stock

pursuant to Section 11 of the Plan, as evidenced by a Notice of Grant.

(ff) "Subsidiary" means a "subsidiary corporation," whether now or

hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan. Subject to the provisions of Section 13 of

the Plan, the maximum aggregate number of Shares which may be optioned and sold
under the Plan is one million

-3-

six hundred thousand (1,600,000) Shares. The Shares may be authorized, but
unissued, or reacquired Common Stock.

If an Option or Stock Purchase Right expires or becomes unexercisable
without having been exercised in full, or is surrendered pursuant to an Option
Exchange Program, the unpurchased Shares which were subject thereto shall become
available for future grant or sale under the Plan (unless the Plan has
terminated); provided, however, that Shares that have actually been issued under

the Plan, whether upon exercise of an Option or Right, shall not be returned to
the Plan and shall not become available for future distribution under the Plan,
except that if Shares of Restricted Stock are repurchased by the Company at
their original purchase price, such Shares shall become available for future
grant under the Plan.

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. The Plan may be

administered by different Committees with respect to different groups of Service
Providers.

(ii) Section 162(m). To the extent that the Administrator

determines it to be desirable to qualify Options granted hereunder as
"performance-based compensation" within the meaning of Section 162(m) of the
Code, the Plan shall be administered by a Committee of two or more "outside
directors" within the meaning of Section 162(m) of the Code.

(iii) Rule 16b-3. To the extent desirable to qualify

transactions hereunder as exempt under Rule 16b-3, the transactions contemplated
hereunder shall be structured to satisfy the requirements for exemption under
Rule 16b-3.

(iv) Other Administration. Other than as provided above, the

Plan shall be administered by (A) the Board or (B) a Committee, which committee
shall be constituted to satisfy Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the

Plan, and in the case of a Committee, subject to the specific duties delegated
by the Board to such Committee, the Administrator shall have the authority, in
its discretion:

(i) to determine the Fair Market Value;

(ii) to select the Service Providers to whom Options and
Stock Purchase Rights may be granted hereunder;

(iii) to determine the number of shares of Common Stock to be
covered by each Option and Stock Purchase Right granted hereunder;

(iv) to approve forms of agreement for use under the Plan;

-4-

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Option or Stock Purchase Right granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options or Stock Purchase Rights may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Option or Stock Purchase Right of the shares of Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vi) to reduce the exercise price of any Option or Stock Purchase Right to the then current Fair Market Value if the Fair Market Value of the Common Stock covered by such Option or Stock Purchase Right shall have declined since the date the Option or Stock Purchase Right was granted;

(vii) to institute an Option Exchange Program;

(viii) to construe and interpret the terms of the Plan and awards granted pursuant to the Plan;

(ix) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws;

(x) to modify or amend each Option or Stock Purchase Right (subject to Section 15(c) of the Plan), including the discretionary authority to extend the post-termination exercisability period of Options longer than is otherwise provided for in the Plan;

(xi) to allow Optionees to satisfy withholding tax obligations by electing to have the Company withhold from the Shares to be issued upon exercise of an Option or Stock Purchase Right that number of Shares having a Fair Market Value equal to the amount required to be withheld. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All elections by an Optionee to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable;

(xii) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Option or Stock Purchase Right previously granted by the Administrator;

(xiii) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's

decisions, determinations and interpretations shall be final and binding on all Optionees and any other holders of Options or Stock Purchase Rights.

5. Eligibility. Nonstatutory Stock Options and Stock Purchase Rights may

be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

-5-

6. Limitations.

(a) Each Option shall be designated in the Option Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Optionee during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds \$100,000, such Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 6(a), Incentive Stock Options shall be taken into account in the order in which they were granted. The Fair Market Value of the Shares shall be determined as of the time the Option with respect to such Shares is granted.

(b) Neither the Plan nor any Option or Stock Purchase Right shall confer upon an Optionee any right with respect to continuing the Optionee's relationship as a Service Provider with the Company, nor shall they interfere in any way with the Optionee's right or the Company's right to terminate such relationship at any time, with or without cause.

(c) The following limitations shall apply to grants of Options:

(i) No Service Provider shall be granted, in any fiscal year

of the Company, Options to purchase more than five hundred thousand (500,000) Shares.

(ii) In connection with his or her initial service, a Service Provider may be granted Options to purchase up to an additional five hundred thousand (500,000) Shares which shall not count against the limit set forth in subsection (i) above.

(iii) The foregoing limitations shall be adjusted proportionately in connection with any change in the Company's capitalization as described in Section 13.

(iv) If an Option is cancelled in the same fiscal year of the Company in which it was granted (other than in connection with a transaction described in Section 13), the cancelled Option will be counted against the limits set forth in subsections (i) and (ii) above. For this purpose, if the exercise price of an Option is reduced, the transaction will be treated as a cancellation of the Option and the grant of a new Option.

7. Term of Plan. Subject to Section 19 of the Plan, the Plan shall become effective upon its adoption by the Board. It shall continue in effect for a term of ten (10) years unless terminated earlier under Section 15 of the Plan.

8. Term of Option. The term of each Option shall be stated in the Option Agreement. In the case of an Incentive Stock Option, the term shall be ten (10) years from the date of grant or such shorter term as may be provided in the Option Agreement. Moreover, in the case of an Incentive Stock Option granted to an Optionee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option shall be five (5) years from the date of grant or such shorter term as may be provided in the Option Agreement.

-6-

9. Option Exercise Price and Consideration.

(a) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be determined by the Administrator, subject to the following:

(i) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant.

(B) granted to any Employee other than an Employee described in paragraph (A) immediately above, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Nonstatutory Stock Option, the per Share exercise price shall be determined by the Administrator. In the case of a Nonstatutory Stock Option intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(iii) Notwithstanding the foregoing, Options may be granted with a per Share exercise price of less than 100% of the Fair Market Value per Share on the date of grant pursuant to a merger or other corporate transaction.

(b) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator shall fix the period within which the Option may be exercised and shall determine any conditions which must be satisfied before the Option may be exercised.

(c) Form of Consideration. The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator shall determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of:

(i) cash;

(ii) check;

(iii) promissory note;

(iv) other Shares which (A) in the case of Shares acquired upon exercise of an option, have been owned by the Optionee for more than six months on the date of surrender, and (B) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised;

-7-

(v) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan;

(vi) a reduction in the amount of any Company liability to the Optionee, including any liability attributable to the Optionee's participation in any Company-sponsored deferred compensation program or arrangement;

(vii) any combination of the foregoing methods of payment; or

(viii) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws.

10. Exercise of Option.

(a) Procedure for Exercise; Rights as a Shareholder. Any Option

granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement. Unless the Administrator provides otherwise, vesting of Options granted hereunder shall be tolled during any unpaid leave of absence. An Option may not be exercised for a fraction of a Share.

An Option shall be deemed exercised when the Company receives: (i) written or electronic notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Option Agreement and the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 13 of the Plan.

Exercising an Option in any manner shall decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(b) Termination of Relationship as a Service Provider. If an

Optionee ceases to be a Service Provider, other than upon the Optionee's death or Disability, the Optionee may exercise his or her Option within such period of time as is specified in the Option Agreement to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for three (3) months following the Optionee's termination. If, on the date of termination, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If,

-8-

after termination, the Optionee does not exercise his or her Option within the time specified by the Administrator, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(c) Disability of Optionee. If an Optionee ceases to be a Service

Provider as a result of the Optionee's Disability, the Optionee may exercise his or her Option within such period of time as is specified in the Option Agreement to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Optionee's termination. If, on the date of termination, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Optionee does not

exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(d) Death of Optionee. If an Optionee dies while a Service

Provider, the Option may be exercised within such period of time as is specified in the Option Agreement (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant), by the Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance, but only to the extent that the Option is vested on the date of death. In the absence of a specified time in the Option Agreement, the option shall remain exercisable for twelve (12) months following the Optionee's termination. If, at the time of death, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall immediately revert to the Plan. The Option may be exercised by the executor or administrator of the Optionee's estate or, if none, by the person(s) entitled to exercise the Option under the Optionee's will or the laws of descent or distribution. If the Option is not so exercised within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(e) Buyout Provisions. The Administrator may at any time offer to

buy out for a payment in cash or Shares an Option previously granted based on such terms and conditions as the Administrator shall establish and communicate to the Optionee at the time that such offer is made.

11. Stock Purchase Rights.

(a) Rights to Purchase. Stock Purchase Rights may be issued either

alone, in addition to, or in tandem with other awards granted under the Plan and/or cash awards made outside of the Plan. After the Administrator determines that it will offer Stock Purchase Rights under the Plan, it shall advise the offeree in writing or electronically, by means of a Notice of Grant, of the terms, conditions and restrictions related to the offer, including the number of Shares that the offeree shall be entitled to purchase, the price to be paid, and the time within which the offeree must accept such offer. The offer shall be accepted by execution of a Restricted Stock Purchase Agreement in the form determined by the Administrator.

(b) Repurchase Option. Unless the Administrator determines

otherwise, the Restricted Stock Purchase Agreement shall grant the Company a repurchase option exercisable upon the voluntary or involuntary termination of the purchaser's service with the Company for any reason

-9-

(including death or Disability). The purchase price for Shares repurchased pursuant to the Restricted Stock Purchase Agreement shall be the original price paid by the purchaser and may be paid by cancellation of any indebtedness of the purchaser to the Company. The repurchase option shall lapse at a rate determined by the Administrator.

(c) Other Provisions. The Restricted Stock Purchase Agreement shall

contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion.

(d) Rights as a Shareholder. Once the Stock Purchase Right is

exercised, the purchaser shall have the rights equivalent to those of a shareholder, and shall be a shareholder when his or her purchase is entered upon the records of the duly authorized transfer agent of the Company. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Stock Purchase Right is exercised, except as provided in Section 13 of the Plan.

12. Non-Transferability of Options and Stock Purchase Rights. Unless

determined otherwise by the Administrator, an Option or Stock Purchase Right may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee. If the Administrator makes an Option or Stock Purchase Right transferable, such Option or Stock Purchase Right shall contain such additional terms and conditions as the Administrator deems appropriate.

13. Adjustments Upon Changes in Capitalization, Dissolution, Merger or

Asset Sale.

(a) Changes in Capitalization. Subject to any required action by

the shareholders of the Company, the number of shares of Common Stock covered by each outstanding Option and Stock Purchase Right, and the number of shares of Common Stock which have been authorized for issuance under the Plan but as to which no Options or Stock Purchase Rights have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option or Stock Purchase Right, as well as the price per share of Common Stock covered by each such outstanding Option or Stock Purchase Right, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Option or Stock Purchase Right.

(b) Dissolution or Liquidation. In the event of the proposed

dissolution or liquidation of the Company, the Administrator shall notify each Optionee as soon as practicable prior to the effective date of such proposed transaction. The Administrator in its discretion may

-10-

provide for an Optionee to have the right to exercise his or her Option until ten (10) days prior to such transaction as to all of the Optioned Stock covered thereby, including Shares as to which the Option would not otherwise be exercisable. In addition, the Administrator may provide that any Company repurchase option applicable to any Shares purchased upon exercise of an Option or Stock Purchase Right shall lapse as to all such Shares, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent it has not been previously exercised, an Option or Stock Purchase Right will terminate immediately prior to the consummation of such proposed action.

(c) Merger or Asset Sale. In the event of a merger of the Company

with or into another corporation, or the sale of substantially all of the assets of the Company, each outstanding Option and Stock Purchase Right shall be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Option or Stock Purchase Right, the Optionee shall fully vest in and have the right to exercise the Option or Stock Purchase Right as to all of the Optioned Stock, including Shares as to which it would not otherwise be vested or exercisable. If an Option or Stock Purchase Right becomes fully vested and exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Administrator shall notify the Optionee in writing or electronically that the Option or Stock Purchase Right shall be fully vested and exercisable for a period of fifteen (15) days from the date of such notice, and the Option or Stock Purchase Right shall terminate upon the expiration of such period. For the purposes of this paragraph, the Option or Stock Purchase Right shall be considered assumed if, following the merger or sale of assets, the option or right confers the right to purchase or receive, for each Share of Optioned Stock subject to the Option or Stock Purchase Right immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or sale of assets is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option or Stock Purchase Right, for each Share of Optioned Stock subject to the Option or Stock Purchase Right, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or sale of assets.

14. Date of Grant. The date of grant of an Option or Stock Purchase Right

shall be, for all purposes, the date on which the Administrator makes the determination granting such Option or Stock Purchase Right, or such other later date as is determined by the Administrator. Notice of the determination shall be provided to each Optionee within a reasonable time after the date of such grant.

15. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend,

alter, suspend or terminate the Plan.

-11-

(b) Shareholder Approval. The Company shall obtain shareholder

approval of any Plan amendment to the extent necessary and desirable to comply
with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration,

suspension or termination of the Plan shall impair the rights of any Optionee,
unless mutually agreed otherwise between the Optionee and the Administrator,
which agreement must be in writing and signed by the Optionee and the Company.
Termination of the Plan shall not affect the Administrator's ability to exercise
the powers granted to it hereunder with respect to Options granted under the
Plan prior to the date of such termination.

16. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares shall not be issued pursuant to the

exercise of an Option or Stock Purchase Right unless the exercise of such Option
or Stock Purchase Right and the issuance and delivery of such Shares shall
comply with Applicable Laws and shall be further subject to the approval of
counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of

an Option or Stock Purchase Right, the Company may require the person exercising
such Option or Stock Purchase Right to represent and warrant at the time of any
such exercise that the Shares are being purchased only for investment and
without any present intention to sell or distribute such Shares if, in the
opinion of counsel for the Company, such a representation is required.

17. Inability to Obtain Authority. The inability of the Company to obtain

authority from any regulatory body having jurisdiction, which authority is
deemed by the Company's counsel to be necessary to the lawful issuance and sale
of any Shares hereunder, shall relieve the Company of any liability in respect
of the failure to issue or sell such Shares as to which such requisite authority
shall not have been obtained.

18. Reservation of Shares. The Company, during the term of this Plan, will

at all times reserve and keep available such number of Shares as shall be
sufficient to satisfy the requirements of the Plan.

19. Shareholder Approval. The Plan shall be subject to approval by the

shareholders of the Company within twelve (12) months after the date the Plan is
adopted. Such shareholder approval shall be obtained in the manner and to the
degree required under Applicable Laws.

-12-

1997 STOCK PLAN
STOCK OPTION AGREEMENT

Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Option Agreement.

I. NOTICE OF STOCK OPTION GRANT

[Optionee's Name and Address]

You have been granted an option to purchase Common Stock of the Company, subject to the terms and conditions of the Plan and this Option Agreement, as follows:

Grant Number	_____
Date of Grant	_____
Vesting Commencement Date	_____
Exercise Price per Share	\$ _____
Total Number of Shares Granted	_____
Total Exercise Price	\$ _____
Type of Option:	_____ Incentive Stock Option
	_____ Nonstatutory Stock Option
Term/Expiration Date:	_____

Vesting Schedule.

This Option may be exercised, in whole or in part, in accordance with the following schedule:

25% of the Shares subject to the Option shall vest twelve months after the Vesting Commencement Date, and 1/48 of the Shares subject to the Option shall vest each month thereafter, subject to the Optionee continuing to be a Service Provider on such dates.

Termination Period.

This Option may be exercised for thirty days after Optionee ceases to be a Service Provider. Upon the death or Disability of the Optionee, this Option may be exercised for such longer period as

provided in the Plan. In no event shall this Option be exercised later than the Term/Expiration Date as provided above.

II. AGREEMENT

1. Grant of Option. The Plan Administrator of the Company hereby grants

to the Optionee named in the Notice of Grant attached as Part I of this Agreement (the "Optionee") an option (the "Option") to purchase the number of Shares, as set forth in the Notice of Grant, at the exercise price per share set forth in the Notice of Grant (the "Exercise Price"), subject to the terms and conditions of the Plan, which is incorporated herein by reference. Subject to Section 15(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Option Agreement, the terms and conditions of the Plan shall prevail,

If designated in the Notice of Grant as an Incentive Stock Option ("ISO"), this Option is intended to qualify as an Incentive Stock Option under Section 422 of the Code. However, if this Option is intended to be an Incentive Stock Option, to the extent that it exceeds the \$100,000 rule of Code Section 422(d) it shall be treated as a Nonstatutory Stock Option ("NSO").

2. Exercise of Option.

(a) Right to Exercise. This Option is exercisable during its term in

accordance with the Vesting Schedule set out in the Notice of Grant and the applicable provisions of the Plan and this Option Agreement.

(b) Method of Exercise. This Option is exercisable by delivery of an

exercise notice, in the form attached as Exhibit A (the "Exercise Notice"), which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the "Exercised Shares"), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice shall be completed by the Optionee and delivered to [Title] of the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by such aggregate Exercise Price.

No Shares shall be issued pursuant to the exercise of this Option unless such issuance and exercise complies with Applicable Laws. Assuming such compliance, for income tax purposes the Exercised Shares shall be considered transferred to the Optionee on the date the Option is exercised with respect to such Exercised Shares.

3. Method of Payment. Payment of the aggregate Exercise Price shall be

by any of the following, or a combination thereof, at the election of the Optionee:

- (a) cash; or
- (b) check;

-2-

(c) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan; or

(d) surrender of other Shares which (i) in the case of Shares acquired upon exercise of an option, have been owned by the Optionee for more than six (6) months on the date of surrender, and (ii) have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Exercised Shares].

4. Non-Transferability of Option. This Option may not be transferred in

any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by the Optionee. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

5. Term of Option. This Option may be exercised only within the term set

out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option Agreement.

6. Tax Consequences. Some of the federal tax consequences relating to

this Option, as of the date of this Option, are set forth below. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE OPTIONEE SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THIS OPTION OR DISPOSING OF THE SHARES.

(a) Exercising the Option.

(i) Nonstatutory Stock Option. The Optionee may incur regular

federal income tax liability upon exercise of a NSO. The Optionee will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Exercised Shares on the date of exercise over their aggregate Exercise Price. If the Optionee is an Employee or a former Employee, the Company will be required to withhold from his or her compensation or collect from Optionee and pay to the applicable taxing authorities an amount in cash equal to a percentage of this compensation income at the time of exercise, and may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

(ii) Incentive Stock Option. If this Option qualifies as an ISO,

the Optionee will have no regular federal income tax liability upon its exercise, although the excess, if any, of the Fair Market Value of the Exercised Shares on the date of exercise over their aggregate Exercise Price will be treated as an adjustment to alternative minimum taxable income for federal tax purposes and may subject the Optionee to alternative minimum tax in the year of

exercise. In the event that the Optionee ceases to be an Employee but remains a Service Provider, any Incentive Stock Option of the Optionee that remains unexercised shall cease to qualify as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option on the date three (3) months and one (1) day following such change of status.

-3-

(b) Disposition of Shares.

(i) NSO. If the Optionee holds NSO Shares for at least one

year, any gain realized on disposition of the Shares will be treated as long-term capital gain for federal income tax purposes.

(ii) ISO. If the Optionee holds ISO Shares for at least one year

after exercise and two years after the grant date, any gain realized on disposition of the Shares will be treated as long-term capital gain for federal income tax purposes. If the Optionee disposes of ISO Shares within one year after exercise or two years after the grant date, any gain realized on such disposition will be treated as a compensation income (taxable at ordinary income rates) to the extent of the excess, if any, of the lesser of (A) the difference between the Fair Market Value of the Shares acquired on the date of exercise and the aggregate Exercise Price, or (B) the difference between the sale price of such Shares and the aggregate Exercise Price. Any additional gain will be taxed as capital gain, short-term or long-term depending on the period that the ISO Shares were held.

(c) Notice of Disqualifying Disposition of ISO Shares. If the

Optionee sells or otherwise disposes of any of the Shares acquired pursuant to an ISO on or before the later of (i) two years after the grant date, or (ii) one year after the exercise date, the Optionee shall immediately notify the Company in writing of such disposition. The Optionee agrees that he or she may be subject to income tax withholding by the Company on the compensation income recognized from such early disposition of ISO Shares by payment in cash or out of the current earnings paid to the Optionee.

7. Entire Agreement; Governing Law. The Plan is incorporated herein by

reference. The Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee. This agreement is governed by the internal substantive laws, but not the choice of law rules, of California.

8. NO GUARANTEE OF CONTINUED SERVICE. OPTIONEE ACKNOWLEDGES AND AGREES

THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED AN OPTION OR PURCHASING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

By your signature and the signature of the Company's representative below, you and the Company agree that this Option is granted under and governed by the terms and conditions of the

-4-

Plan and this Option Agreement. Optionee has reviewed the Plan and this Option Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option Agreement and fully understands all provisions of the Plan and Option Agreement. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Option Agreement. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

OPTIONEE: MERIDIAN DATA, INC.

Signature

By

Print Name _____

Title _____

Residence Address _____

-5-

CONSENT OF SPOUSE

The undersigned spouse of Optionee has read and hereby approves the terms and conditions of the Plan and this Option Agreement. In consideration of the Company's granting his or her spouse the right to purchase Shares as set forth in the Plan and this Option Agreement, the undersigned hereby agrees to be irrevocably bound by the terms and conditions of the Plan and this Option Agreement and further agrees that any community property interest shall be similarly bound. The undersigned hereby appoints the undersigned's spouse as attorney-in-fact for the undersigned with respect to any amendment or exercise of rights under the Plan or this Option Agreement.

Spouse of Optionee

EXHIBIT A

1997 STOCK PLAN

EXERCISE NOTICE

Meridian Data, Inc.
5615 Scotts Valley Drive
Scotts Valley, CA 95066

Attention: [Title]

1. Exercise of Option. Effective as of today, _____, 199___,

the undersigned ("Purchaser") hereby elects to purchase _____ shares (the "Shares") of the Common Stock of Meridian Data, Inc. (the "Company") under and pursuant to the 1997 Stock Plan (the "Plan") and the Stock Option Agreement dated _____, 19___ (the "Option Agreement"). The purchase price for the Shares shall be \$_____, as required by the Option Agreement.

2. Delivery of Payment. Purchaser herewith delivers to the Company the

full purchase price for the Shares.

3. Representations of Purchaser. Purchaser acknowledges that Purchaser

has received, read and understood the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

4. Rights as Shareholder. Until the issuance (as evidenced by the

appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the Shares, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Shares so acquired shall be issued to the Optionee as soon as practicable after exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date of issuance, except as provided in Section 13 of the Plan.

5. Tax Consultation. Purchaser understands that Purchaser may suffer

adverse tax consequences as a result of Purchaser's purchase or disposition of the Shares. Purchaser represents that Purchaser has consulted with any tax consultants Purchaser deems advisable in connection with the purchase or disposition of the Shares and that Purchaser is not relying on the Company for any tax advice.

6. Entire Agreement; Governing Law. The Plan and Option Agreement are

incorporated herein by reference. This Agreement, the Plan and the Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Purchaser with respect to the subject matter hereof, and may not be modified adversely to the Purchaser's interest except by means of a writing

signed by the Company and Purchaser. This agreement is governed by the internal substantive laws, but not the choice of law rules, of California.

Submitted by:

Accepted by:

PURCHASER:

MERIDIAN DATA, INC.

Signature

By

Print Name

Its

Address:
- - - - -

Address:
- - - - -

Meridian Data, Inc.
5615 Scotts Valley Drive
Scotts Valley, CA 95066

Date Received

PARALLAN COMPUTER, INC.

1988 INCENTIVE STOCK PLAN

Amended and Restated Effective as of January 17, 1995

1. Purposes of the Plan. The purposes of this Incentive Stock Plan

are to attract and retain the best available personnel, to provide additional incentive to the Employees and Consultants of Parallan Computer, Inc. (the "Company") and to promote the success of the Company's business.

Options granted hereunder may be either Incentive Stock Options or Nonstatutory Stock Options, at the discretion of the Administrator and as reflected in the terms of the written option agreement. The Board also has the discretion to grant Stock Purchase Rights.

2. Definitions. As used herein, the following definitions shall

apply:

(a) "Administrator" means the Board or any of its Committees as

shall be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Board" shall mean the Board of Directors of the Company.

(c) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(d) "Common Stock" shall mean the Common Stock of the Company.

(e) "Company" shall mean Parallan Computer, Inc., a California corporation.

(f) "Committee" shall mean a Committee appointed by the Board of

Directors in accordance with Section 4 of the Plan.

(g) "Consultant" shall mean any person who is engaged by the

Company or any Parent or Subsidiary to render consulting services and is compensated for such consulting services, and any director of the Company whether compensated for such services or not.

(h) "Continuous Status as an Employee or Consultant" shall mean

the absence of any interruption or termination of service as an Employee or Consultant. Continuous Status as an Employee or Consultant shall not be considered interrupted in the case of sick leave, military leave, or any other leave of absence approved by the Administrator; provided that such leave is for a period of not more than 90 days or reemployment upon the expiration of such leave is guaranteed by contract or statute.

(i) "Employee" shall mean any person, including officers and

directors, employed by the Company or any Parent or Subsidiary of the Company. The payment of a director's fee by the Company shall not be sufficient to constitute "employment" by the Company.

(j) "Exchange Act" shall mean the Securities Exchange Act of

1934, as amended.

(k) "Incentive Stock Option" shall mean an Option intended to

qualify as an incentive stock option within the meaning of Section 422 of the Code.

(l) "Nonstatutory Stock Option" shall mean an Option not

intended to qualify as an Incentive Stock Option.

(m) "Option" shall mean a stock option granted pursuant to the

Plan.

(n) "Optioned Stock" shall mean the Common Stock subject to an

Option.

(o) "Optionee" shall mean an Employee or Consultant who receives

an Option or Stock Purchase Right.

(p) "Parent" shall mean a "parent corporation," whether now or

hereafter existing, as defined in Section 424(e) of the Code.

(q) "Plan" shall mean this 1988 Stock Incentive Plan.

(r) "Purchaser" shall mean an Employee or Consultant who

exercises a Stock Purchase Right.

(s) "Share" shall mean a share of the Common Stock, as adjusted

in accordance with Section 11 of the Plan.

(t) "Stock Purchase Right" shall mean a right to purchase Common

Stock pursuant to the Plan or the right to receive a bonus of Common Stock for
past services.

(u) "Subsidiary" shall mean a "subsidiary corporation," whether

now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan. Subject to the provisions of Section

11 of the Plan, the maximum aggregate number of shares under the Plan is
1,050,394 shares of Common Stock.

If an Option or Stock Purchase Right should expire or become
unexercisable for any reason without having been exercised in full, then the
unpurchased Shares which were subject thereto shall, unless the Plan shall have
been terminated, become available for future grant or sale under the Plan.
Notwithstanding any other provision of the Plan, shares issued under the Plan
and later repurchased by the Company shall not become available for future grant
or sale under the Plan.

4. Administration of the Plan.

(a) Composition of Administrator.

(i) Multiple Administrative Bodies. If permitted by Rule
16b-3 promulgated under the Exchange Act or any successor rule thereto, as in
effect at the time that discretion is being exercised with respect to the Plan
("Rule 16b-3") and by the legal requirements relating to the administration of
incentive stock option and restricted stock plans, if any, of

-2-

California corporate and securities laws and the Internal Revenue Code of 1986,
as amended, (collectively, the "Applicable Laws"), the Plan may (but need not)
be administered by different bodies with respect to Directors, Officers who are
not Directors, and Employees who are neither Directors nor Officers.

(iii) Administration With Respect to Directors and Officers Subject

to Section 16(b). With respect to Option and Stock Purchase Right grants made

to Employees who are also Officers or Directors subject to Section 16(b) of the
Exchange Act, the Plan shall be administered by (A) the Board, if the Board may
administer the Plan in compliance with the rules governing a plan intended to
qualify as a discretionary plan under Rule 16b-3, or (B) a committee designated
by the Board to administer the Plan, which committee shall be constituted to
comply with the rules governing a plan intended to qualify as a discretionary
plan under Rule 16b-3. Once appointed, such Committee shall continue to serve
in its designated capacity until otherwise directed by the Board. From time to
time the Board may increase the size of the Committee and appoint additional
members, remove members (with or without cause) and substitute new members, fill
vacancies (however caused), and remove all members of the Committee and
thereafter directly administer the Plan, all to the extent permitted by the
rules governing a plan intended to qualify as a discretionary plan under Rule
16b-3.

(v) Administration With Respect to Other Persons. With respect to

Option and Stock Purchase Right grants made to Employees or Consultants who are

neither Directors nor Officers of the Company, the Plan shall be administered by (A) the Board or (B) a committee designated by the Board, which committee shall be constituted to satisfy Applicable Laws. Once appointed, such Committee shall serve in its designated capacity until otherwise directed by the Board. The Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and substitute new members, fill vacancies (however caused), and remove all members of the Committee and thereafter directly administer the Plan, all to the extent permitted by Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan,

the Administrator shall have the authority, in its discretion: (i) to grant Incentive Stock Options, Nonstatutory Stock Options or Stock Purchase Rights; (ii) to determine, upon review of relevant information and in accordance with Section 7 of the Plan, the fair market value of the Common Stock; (iii) to determine the exercise price per share of Options or Stock Purchase Rights to be granted, which exercise price shall be determined in accordance with Section 7 of the Plan; (iv) to determine the Employees or Consultants to whom, and the time or times at which, Options or Stock Purchase Rights shall be granted and the number of shares to be represented by each Option or Stock Purchase Right; (v) to interpret the Plan; (vi) to prescribe, amend and rescind rules and regulations relating to the Plan; (vii) to determine the terms and provisions of each Option and Stock Purchase Right granted (which need not be identical) and, with the consent of the holder thereof, modify or amend each Option or Stock Purchase Right; (viii) to accelerate or defer (with the consent of the Optionee) the exercise date of any Option or Stock Purchase Right; (ix) to authorize any person to execute on behalf of the Company any instrument required to effectuate the grant of an Option or Stock Purchase Right previously granted by the Administrator; and (x) to make all other determinations deemed necessary or advisable for the administration of the Plan.

-3-

(c) Effect of Administrator's Decision. All decisions, determinations

and interpretations of the Administrator shall be final and binding on all Optionees and any other holders of any Options and Stock Purchase Rights granted under the Plan.

5. Eligibility.

(a) Options may be granted to Employees and Consultants, provided that Incentive Stock Options may only be granted to Employees. Stock Purchase Rights may be granted to Employees and Consultants. An Employee or Consultant who has been granted an Option or Stock Purchase Right may, if he is otherwise eligible, be granted additional Options or Stock Purchase Rights.

(b) To the extent that the aggregate fair market value of Shares subject to an Optionee's incentive stock options granted by the Company, any Parent or Subsidiary, which become exercisable for the first time during any calendar year (under all plans or programs of the Company or any Parent or Subsidiary) exceeds \$100,000, such excess Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 5(b), incentive stock options shall be taken into account in the order in which they were granted, and the fair market value of the Shares shall be determined as of the time of grant.

(c) The Plan shall not confer upon any Optionee any right with respect to continuation of employment or consulting relationship with the Company, nor shall it interfere in any way with his right or the Company's right to terminate his employment or consulting relationship at any time.

(d) The following limitations shall apply to grants of Options and Stock Purchase Rights to Employees:

(i) No Employee shall be granted, in any fiscal year of the Company, Options and Stock Purchase Rights to purchase more than 500,000 Shares.

(ii) The foregoing limitations shall be adjusted proportionately in connection with any change in the Company's capitalization as described in Section 11.

(iii) If an Option or Stock Purchase Right is canceled in the same fiscal year of the Company in which it was granted (other than in connection with a transaction described in Section 11), the canceled Option or Stock Purchase Right will be counted against the limit set forth in Section 5(d)(i). For this purpose, if the exercise price of an Option or Stock Purchase Right is reduced, the transaction will be treated as a cancellation of the Option or Stock Purchase Right and the grant of a new Option or Stock Purchase Right.

6. Term of Plan. The Plan shall become effective upon the earlier to

occur of its adoption by the Board of Directors or its approval by vote of the

holders of a majority of the outstanding shares of the Company entitled to vote on the adoption of the Plan. It shall continue in effect for a term of ten (10) years unless sooner terminated under Section 13 of the Plan.

-4-

7. Exercise Price and Consideration of Shares.

(a) The per Share exercise price for the Shares to be issued pursuant to exercise of an Option or Stock Purchase Right shall be such price as is determined by the Administrator, but in the case of an Incentive Stock Option, shall not be less than 100% of the fair market value per Share on the date of grant. In the case of an Incentive Stock Option granted to an Employee who, at the time of grant of such Incentive Stock Option, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the fair market value per Share on the date of grant.

(b) The fair market value shall be determined by the Administrator in its discretion; provided, however, that where there is a public market for the Common Stock, the fair market value per Share shall be the mean of the bid and asked prices (or the closing price per share if the Common Stock is listed on the National Association of Securities Dealers Automated Quotation ("NASDAQ") National Market System) of the Common Stock for the date of grant, as reported in the Wall Street Journal (or, if not so reported, as otherwise reported by the NASDAQ System) or, in the event the Common Stock is listed on a stock exchange, the fair market value per Share shall be the closing price on such exchange on the date of grant of the Option or Stock Purchase Right, as reported in the Wall Street Journal.

(c) The consideration to be paid for the Shares to be issued upon exercise of an Option or Stock Purchase Right, including the method of payment, shall be determined by the Administrator and may consist entirely of:

(i) cash,

(iii) check,

(v) promissory note,

(vii) other Shares of Common Stock which (i) either have been owned by the Optionee for more than six (6) months on the date of surrender or were not acquired, directly or indirectly, from the Company, and (ii) have a fair market value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option or Stock Purchase Right shall be exercised,

(viii) delivery of a properly executed exercise notice together with such other documentation as the Administrator and the broker, if applicable, shall require to effect an exercise of the Option or Stock Purchase Right and delivery to the Company of the sale or loan proceeds required to pay the exercise price, or

(x) any combination of such methods of payment, or such other consideration and method of payment for the issuance of Shares to the extent permitted under Sections 408 and 409 of the California General Corporation Law.

-5-

In making its determination as to the type of consideration to accept, the Administrator shall consider if acceptance of such consideration may be reasonably expected to benefit the Company (Section 315(b) of the California General Corporation Law).

8. Options.

(a) Term of Option. The term of each Option shall be ten (10) years

from the date of grant thereof or such shorter term as may be provided in the Stock Option Agreement. However, in the case of an Incentive Stock Option granted to an Optionee who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Option shall be five (5) years from the date of grant thereof or such shorter time as may be provided in the Incentive Stock Option Agreement.

(b) Exercise of Option.

(i) Procedure for Exercise; Rights as a Shareholder. Any Option granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator, including performance criteria with respect to the Company and/or the Optionee, and shall be permissible under the terms of

the Plan.

An Option may not be exercised for a fraction of a Share.

An Option shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Option by the person entitled to exercise the Option and full payment for the Shares with respect to which the Option is exercised has been received by the Company. Full payment may, as authorized by the Administrator, consist of any consideration and method of payment allowable under Section 7(c) of the Plan. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing such Shares, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly upon exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 11 of the Plan.

Exercise of an Option in any manner shall result in a decrease in the number of Shares which thereafter may be available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(iii) Termination of Status as an Employee or Consultant. In the

event of termination of an Optionee's Continuous Status as an Employee or Consultant, such Optionee may, but only within thirty (30) days (or such other period of time not exceeding three (3) months in the case of an Incentive Stock Option or six (6) months in the case of a Nonstatutory Stock Option, as is determined by the Administrator, with such determination in the case of an Incentive Stock Option being made at the time of grant of the Option) after the date of such termination (but in no event later

-6-

than the date of expiration of the term of such Option as set forth in the Option Agreement, exercise the Option to the extent that such Employee or Consultant was entitled to exercise it at the date of such termination. To the extent that such Employee or Consultant was not entitled to exercise the Option at the date of such termination, or if such Employee or Consultant does not exercise such Option (which such Employee or Consultant was entitled to exercise) within the time specified herein, the Option shall terminate.

(v) Disability of Optionee. Notwithstanding the provisions of

Section 8(b)(ii) above, in the event of termination of an Optionee's Continuous Status as an Employee or Consultant as a result of such Employee's or Consultant's total and permanent disability (as defined in Section 22(e)(3) of the Code), such Employee or Consultant may, but only within six (6) months (or such other period of time not exceeding twelve (12) months as is determined by the Administrator, with such determination in the case of an Incentive Stock Option being made at the time of grant of the Option) from the date of such termination (but in no event later than the date of expiration of the term of such Option as set forth in the Option Agreement), exercise the Option to the extent such Employee or Consultant was entitled to exercise it at the date of such termination. To the extent that such Employee or Consultant was not entitled to exercise the Option at the date of termination, or if such Employee or Consultant does not exercise such Option (which such Employee or Consultant was entitled to exercise) within the time specified herein, the Option shall terminate.

(vii) Death of Optionee. In the event of the death of an Optionee:

(A) during the term of the Option who is at the time of his or her death an Employee or Consultant of the Company and who shall have been in Continuous Status as an Employee or Consultant since the date of grant of the Option, the Option may be exercised, at any time within six (6) months (or such other period of time as is determined by the Administrator at the time of grant of the Option) following the date of death (but in no event later than the date of expiration of the term of such Option as set forth in the Option Agreement), by the Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent of the right to exercise that would have accrued had the Optionee continued living and remained in Continuous Status as an Employee or Consultant six (6) months (or such other period of time as is determined by the Board at the time of grant of the Option) after the date of death, subject to the limitation set forth in Section 5(b); or

(B) within thirty (30) days (or such other period of time

not exceeding three (3) months as is determined by the Board, with such determination in the case of an Incentive Stock Option being made at the time of grant of the Option) after the termination of Continuous Status as an Employee or Consultant, the Option may be exercised, at any time within six (6) months (or such other period of time as is determined by the Administrator at the time of grant of the Option)

-7-

following the date of death (but in no event later than the date of expiration of the term of such Option as set forth in the Option Agreement), by the Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent of the right to exercise that had accrued at the date of termination.

9. Stock Purchase Rights.

(a) Rights to Purchase. After the Administrator determines that it

will offer an Employee or Consultant a Stock Purchase Right, it shall deliver to the offeree a stock purchase agreement or stock bonus agreement, as the case may be, setting forth the terms, conditions and restrictions relating to the offer, including the number of Shares which such person shall be entitled to purchase, and the time within which such person must accept such offer, which shall in no event exceed six (6) months from the date upon which the Administrator made the determination to grant the Stock Purchase Right. The offer shall be accepted by execution of a stock purchase agreement or stock bonus agreement in the form determined by the Administrator.

(b) Issuance of Shares. Forthwith after payment therefor, the Shares

purchased shall be duly issued; provided, however, that the Administrator may require that the Purchaser make adequate provision for any Federal and State withholding obligations of the Company as a condition to the Purchaser purchasing such Shares.

(c) Repurchase Option. Unless the Administrator determines otherwise,

the stock purchase agreement or stock bonus agreement shall grant the Company a repurchase option exercisable upon the voluntary or involuntary termination of the Purchaser's employment with the Company for any reason (including death or disability). If the Administrator so determines, the purchase price for shares repurchased may be paid by cancellation of any indebtedness of the Purchaser to the Company. The repurchase option shall lapse at such rate as the Administrator may determine.

(d) Other Provisions. The stock purchase agreement or stock bonus

agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator.

10. Non-Transferability of Options and Stock Purchase Rights. The Options

and Stock Purchase Rights may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee or Purchaser, only by the Optionee or Purchaser.

11. Adjustments Upon Changes in Capitalization or Merger or Asset Sale.

Subject to any required action by the shareholders of the Company, the number of shares of Common Stock covered by each outstanding Option and Stock Purchase Right, and the number of shares of Common Stock which have been authorized for issuance under the Plan but as to which no Options or Stock Purchase Rights have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option or Stock Purchase Right or repurchase of Shares from a

-8-

Purchaser upon termination of employment, as well as the price per share of Common Stock covered by each such outstanding Option or Stock Purchase Right, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock or the payment of a stock dividend with respect to the Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Administrator, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares

of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Option or Stock Purchase Right.

In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify the Optionee at least thirty (30) days prior to such proposed action. To the extent it has not been previously exercised, the Option will terminate immediately prior to the consummation of such proposed action.

In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, the Option or Stock Purchase Right shall be assumed or an equivalent option or right shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation. In the event that such successor corporation does not agree to assume the Option or to substitute an equivalent option, the Administrator shall notify the Optionee that the Option shall be exercisable for a period of thirty (30) days from the date of such notice, and the Option will terminate upon the expiration of such period. For the purposes of this paragraph, the Option or Stock Purchase Right shall be considered assumed if, following the merger or sale of assets, the option or right confers the right to purchase, for each Share of Optioned Stock subject to the Option or Stock Purchase Right immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or sale of assets was not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation and the participant, provide for the consideration to be received upon the exercise of the Option or Stock Purchase Right, for each Share of Optioned Stock subject to the Option or Stock Purchase Right, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or sale of assets.

12. Time of Granting Options. The date of grant of an Option or Stock

Purchase Right shall, for all purposes, be the date on which the Administrator makes the determination granting such Option or Stock Purchase Right. Notice of the determination shall be given to each Employee or Consultant to whom an Option or Stock Purchase Right is so granted within a reasonable time after the date of such grant.

-9-

13. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may amend or terminate the

Plan from time to time in such respects as the Board may deem advisable; provided that, the following revisions or amendments shall require approval of the shareholders of the Company in the manner described in Section 17 of the Plan:

(i) any increase in the number of Shares subject to the Plan, other than in connection with an adjustment under Section 11 of the Plan;

(iii) any change in the designation of the class of Employees or Consultants eligible to be granted Options and Stock Purchase Rights; or

(v) any material increase in the benefits accruing to individuals subject to Section 16 of the Exchange Act under the Plan.

(b) Effect of Amendment or Termination. Any such amendment or

termination of the Plan shall not affect Options or Stock Purchase Rights already granted and such Options and Stock Purchase Rights shall remain in full force and effect as if this Plan had not been amended or terminated, unless mutually agreed otherwise between the Optionee and the Administrator, which agreement must be in writing and signed by the Optionee and the Company.

14. Conditions Upon Issuance of Shares. Shares shall not be issued

pursuant to the exercise of an Option or Stock Purchase Right unless the exercise of such Option and the issuance and delivery of such Shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the Shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an Option or Stock Purchase Right, the Company may require the person exercising such Option or Stock Purchase Right to

represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned relevant provisions of law.

15. Reservation of Shares. The Company, during the term of this Plan,

will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

-10-

16. Option Stock Purchase and Stock Bonus Agreements. Options shall

be evidenced by written option agreements in such form as the Administrator shall approve. Upon the exercise of Stock Purchase Rights, the Purchaser shall sign a stock purchase agreement or stock bonus agreement in such form as the Administrator shall approve.

17. Shareholder Approval.

(a) Continuance of the Plan shall be subject to approval by the shareholders of the Company within twelve (12) months before or after the date the Plan is adopted.

(b) Any required approval of the shareholders of the Company obtained shall be solicited substantially in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder.

(c) If any required approval by the shareholders of the Plan itself or of any amendment thereto is solicited at any time otherwise than in the manner described in Section 17(b) hereof, then the Company shall, at or prior to the first annual meeting of shareholders held subsequent to the later of (1) the first registration of any class of equity securities of the Company under Section 12 of the Exchange Act or (2) the granting of an Option or Stock Purchase Right hereunder to an officer or director after such registration, do the following:

(i) furnish in writing to the holders entitled to vote for the Plan substantially the same information which would be required (if proxies to be voted with respect to approval or disapproval of the Plan or amendment were then being solicited) by the rules and regulations in effect under Section 14(a) of the Exchange Act at the time such information is furnished; and

(iii) file with, or mail for filing to, the Securities and Exchange Commission four copies of the written information referred to in subsection (i) hereof not later than the date on which such information is first sent or given to shareholders.

-11-

MERIDIAN DATA, INC.

1987 INCENTIVE STOCK PLAN

1. Purposes of the Plan. The purposes of this Incentive Stock Plan

are to attract and retain the best available personnel, to provide additional incentive to the Employees of Meridian Data, Inc. (the "Company") and to promote the success of the Company's business.

Options granted hereunder may be either Incentive Stock Options or Nonstatutory Stock Options, at the discretion of the Board and as reflected in the terms of the written option agreement. The Board also has the discretion to grant Stock Purchase Rights.

2. Definitions. As used herein, the following definitions shall

apply:

(a) "Board" shall mean the Committee, if one has been appointed, or

the Board of Directors of the Company, if no Committee is appointed.

(b) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(c) "Committee" shall mean the Committee appointed by the Board of

Directors in accordance with Section 4(a) of the Plan, if one is appointed.

(d) "Common Stock" shall mean the Common Stock of the Company.

(e) "Company" shall mean Meridian Data, Inc., a Delaware corporation.

(f) "Consultant" shall mean any person who is engaged by the Company

or any Parent or Subsidiary to render consulting services and is compensated for such consulting services, and any director of the Company whether compensated for such services or not; provided that if and in the event the company registers any class of any equity security pursuant to Section 12 of the securities Exchange Act of 1934, as amended (the "Exchange Act"), the term Consultant shall thereafter not include directors who are not compensated for their services or are paid only a director's fee by the Company.

(g) "Continuous Status as an Employee or Consultant" shall mean the

absence of any interruption or termination of service as an Employee or Consultant, as applicable. Continuous Status as an Employee or Consultant shall not be considered interrupted in the case of sick leave, military leave, or any other leave of absence approved by the Board; provided that such leave is for a period of not more than 90 days or reemployment upon the expiration of such leave is guaranteed by contract or statute.

(h) "Employee" shall mean any person, including officers and

directors, employed by the Company or any Parent or Subsidiary of the Company. The payment of a director's fee by the Company shall not be sufficient to constitute "employment" by the Company.

(i) "Incentive Stock Option" shall mean an Option intended to qualify

as an incentive stock option within the meaning of Section 422A of the Code.

(j) "Nonstatutory Stock Option" shall mean an Option not intended to

qualify as an Incentive Stock Option.

(k) "Option" shall mean a stock option granted pursuant to the Plan.

(l) "Optioned Stock" shall mean the Common Stock subject to an Option.

(m) "Optionee" shall mean an Employee or Consultant who receives an

Option.

(n) "Parent" shall mean a "parent corporation," whether now or

hereafter existing, as defined in Section 425(e) of the Code.

(o) "Plan" shall mean this 1987 Incentive Stock Plan.

(p) "Purchaser" shall mean an Employee or Consultant who exercises a

Stock Purchase Right.

(q) "Share" shall mean a share of the Common Stock, as adjusted in

accordance with Section 11 of the Plan.

(r) "Stock Purchase Right" shall mean a right to purchase Common Stock

pursuant to the Plan or the right to receive a bonus of Common Stock for past
services.

(s) "Subsidiary" shall mean a "subsidiary corporation," whether now or

hereafter existing, as defined in Section 425(f) of the Code.

3. Stock Subject to the Plan. Subject to the provisions of Section

11 of the Plan, the maximum aggregate number of shares under the Plan is
2,000,000 shares of Common Stock. The Shares may be authorized, but unissued,
or reacquired Common Stock.

If an Option or Stock Purchase Right should expire or become
unexercisable for any reason without having been exercised in full, then the
unpurchased Shares which were subject thereto shall, unless the Plan shall have
been terminated, become available for future grant or sale under the Plan.
Notwithstanding any other provision of the Plan, shares issued under the Plan
and later repurchased by the Company shall not become available for future grant
or sale under the Plan.

4. Administration of the Plan.

(a) Procedure. The Plan shall be administered by the Board of

Directors of the Company.

(i) Subject to subparagraph (ii), the Board of Directors may
appoint a Committee consisting of not less than two members of the Board of
Directors to administer the Plan on behalf of the Board of Directors, subject to
such terms and conditions as the Board of Directors

-2-

may prescribe. Once appointed, the Committee shall continue to serve until
otherwise directed by the Board of Directors. Members of the Board who are
either eligible for Options and/or Stock Purchase Rights or have been granted
Options and/or Stock Purchase Rights may vote on any matters affecting the
administration of the Plan or the grant of any Options and/or Stock Purchase
Rights pursuant to the Plan, except that no such member shall act upon the
granting of an Option and/or Stock Purchase Right to such member, but any such
member may be counted in determining the existence of a quorum at any meeting of
the Board during which action is taken with respect to the granting of Options
and/or Stock Purchase Rights to the member.

(ii) Notwithstanding the foregoing subparagraph (i), if and in
any event the Company registers any class of any equity security pursuant to
Section 12 of the Exchange Act, from the effective date of such registration
until six months after the termination of such registration, any grants of
Options and/or Stock Purchase Rights to officers or directors shall only be made
by the Board of Directors; provided, however, that if a majority of the Board of
Directors is eligible to participate in this Plan or any other stock option or
other stock plan of the Company or any of its affiliates, or has been eligible
at any time during the prior one-year period (or, if shorter, the period
following the initial registration of the Company's equity securities under
Section 12 of the Exchange Act) any grants of Options and/or Stock Purchase
Rights to directors must be made by, or only in accordance with the
recommendation of, a Committee consisting of three or more persons, who may but
need not be directors or employees of the Company, appointed by the Board of
Directors and having full authority to act in the matter, none of whom is
eligible to participate in this Plan or any other stock option or other stock
plan of the Company or any of its affiliates, or has been eligible at any time
during the prior one-year period (or, if shorter, the period following the
initial registration of the Company's equity securities under Section 12 of the
Exchange Act). Any Committee administering the Plan with respect to grants to
officers who are not also directors shall conform to the requirements of the
preceding sentence. Once appointed, the Committee shall continue to serve until
otherwise directed by the Board of Directors.

(iii) Subject to the foregoing subparagraphs (i) and (ii), from time to time the Board of Directors may increase the size of the Committee and appoint additional members thereof, remove members (with or without cause) and appoint new members in substitution therefor, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan.

(b) Powers of the Board. Subject to the provisions of the Plan, the

Board shall have the authority, in its discretion: (i) to grant Incentive Stock Options, Nonstatutory Stock Options or Stock Purchase Rights; (ii) to determine, upon review of relevant information and in accordance with Section 7 of the Plan, the fair market value of the Common Stock; (iii) to determine the exercise price per share of Options or Stock Purchase Rights, to be granted, which exercise price shall be determined in accordance with Section 7 of the Plan; (iv) to determine the Employees or Consultants to whom, and the time or times at which, Options or Stock Purchase Rights shall be granted and the number of shares to be represented by each Option or Stock Purchase Right; (v) to interpret the Plan; (vi) to prescribe, amend and rescind rules and regulations relating to the Plan; (vii) to determine the terms and provisions of each Option and Stock Purchase Right granted (which need not be identical) and, with the consent of the holder thereof, modify or amend any provisions (including provisions relating to exercise price) of any Option or Stock Purchase Right; (viii) to

-3-

accelerate or defer (with the consent of the Optionee) the exercise date of any Option, consistent with the provisions of Section 5 of the Plan; (ix) to authorize any person to execute on behalf of the Company any instrument required to effectuate the grant of an Option or Stock Purchase Right previously granted by the Board; and (x) to make all other determinations deemed necessary or advisable for the administration of the Plan.

(c) Effect of Board's Decision. All decisions, determinations and

interpretations of the Board shall be final and binding on all Optionees, Purchasers and any other holders of any Options or Stock Purchase Rights granted under the Plan.

5. Eligibility.

(a) Options and Stock Purchase Rights may be granted to Employees and Consultants, provided that Incentive Stock Options may only be granted to Employees. An Employee or Consultant who has been granted an Option or Stock Purchase Right may, if such Employee or Consultant is otherwise eligible, be granted additional Option(s) or Stock Purchase Right(s).

(b) Each Option shall be designated in the written option agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designations, to the extent that the aggregate fair market value of the Shares with respect to which Options designated as Incentive Stock Options are exercisable for the first time by any Optionee during any calendar year (under all plans of the Company) exceeds \$100,000, such Options shall be treated as Nonstatutory Stock Options.

(c) For purposes of Section 5(b), Options shall be taken into account in the order in which they were granted, and the fair market value of the Shares shall be determined as of the time the Option with respect to such Shares is granted.

(d) The Plan shall not confer upon any Optionee or holder of a Stock Purchase Right any right with respect to continuation of employment by or the rendition of consulting services to the Company, nor shall it interfere in any way with his or her right or the Company's right to terminate his or her employment or services at any time, with or without cause.

6. Term of Plan. The Plan shall become effective upon the earlier to

occur of its adoption by the Board of Directors or its approval by vote of the holders of a majority of the outstanding shares of the Company entitled to vote on the adoption of the Plan. It shall continue in effect for a term of ten (10) years unless sooner terminated under Section 14 of the Plan.

7. Exercise Price and Consideration.

(a) The per Share exercise price for the Shares to be issued pursuant to exercise of an Option or Stock Purchase Right shall be such price as is determined by the Board, but shall be subject to the following:

(i) In the case of an Incentive Stock Option

-4-

(A) granted to an Employee who, at the time of the grant of such Incentive Stock Option, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the fair market value per Share on the date of grant.

(B) granted to any Employee, the per Share exercise price shall be no less than 100% of the fair market value per Share on the date of grant.

(ii) In the case of a Nonstatutory Stock Option or a Stock Purchase Right

(A) granted to a person who, at the time of the grant of such Option, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the fair market value per Share on the date of the grant.

(B) granted to any person, the per Share exercise price shall be no less than 85% of the fair market value per Share on the date of grant.

(iii) in the case of a Stock Purchase Right

(A) granted to a person who, at the time of the grant of such Stock Purchase Right, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the fair market value per Share on the date of the grant.

(B) granted to any person, the per Share exercise price shall be no less than 85% of the fair market value per Share on the date of grant.

For purposes of this Section 7(a), in the event that an Option or Stock Purchase Right is amended to reduce the exercise price, the date of grant of such Option or Stock Purchase Right shall thereafter be considered to be the date of such amendment.

(b) The fair market value shall be determined by the Board in its discretion; provided, however, that where there is a public market for the Common Stock, the fair market value per Share shall be the mean of the bid and asked prices (or the closing price per share if the Common Stock is listed on the National Association of Securities Dealers Automated Quotation ("NASDAQ") National Market System of the Common Stock for the date of grant, as reported in the Wall Street Journal (or, if not so reported, as otherwise reported by the NASDAQ System) or, in the event the Common Stock is listed on a stock exchange, the fair market value per Share shall be the closing price on such exchange on the date of grant of the Option or Stock Purchase Right, as reported in the Wall Street Journal.

(c) The consideration to be paid for the Shares to be issued upon exercise of an Option or Stock Purchase Right, including the method of payment, shall be determined by the Board and may consist entirely of cash, check, promissory note, other Shares of Common Stock which (i) either have been owned by the Optionee for more than six (6) months on the date of surrender or were not acquired directly or indirectly, from the Company, and (ii) have a fair market value on the

-5-

date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised, or any combination of such methods of payment, or such other consideration and method of payment for the issuance of Shares to the extent permitted under Sections 408 and 409 of the California General Corporation Law. In making its determination as to the type of consideration to accept, the Board shall consider if acceptance of such consideration may be reasonably expected to benefit the Company (Section 315(b) of the California General Corporation Law).

8. Options.

(a) Term of Option. The term of each Incentive Stock Option shall be

ten (10) years from the date of grant thereof or such shorter term as may be provided in the Incentive Stock Option Agreement. The term of each Option that is not an Incentive Stock Option shall be ten (10) years and one (1) day from the date of grant thereof or such shorter term as may be provided in the Stock Option Agreement. However, in the case of an Option granted to an Optionee who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, (i) if the Option is an Incentive Stock Option, the term of the Option shall be five (5) years from the date of grant thereof or such shorter

time as may be provided in the Stock Option Agreement, or (ii) if the Option is a Nonstatutory Stock Option, the term of the Option shall be five (5) years and one (1) day from the date of grant thereof or such other term as may be provided in the Stock Option Agreement.

(b) Exercise of Option.

(i) Procedure for Exercise; Rights as a Shareholder. Any Option

granted hereunder shall be exercisable at such times and under such conditions as determined by the Board, including performance criteria with respect to the Company and/or the Optionee, and as shall be permissible under the terms of the Plan.

An Option may not be exercised for a fraction of a Share.

An Option shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Option by the person entitled to exercise the Option and full payment for the Shares with respect to which the Option is exercised has been received by the Company. Full payment may, as authorized by the Board, consist of any consideration and method of payment allowable under Section 7 of the Plan. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing such Shares, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly upon exercise of the Option. In the event that the exercise of an Option is treated in part as the exercise of an Incentive Stock Option and in part as the exercise of a Nonstatutory Stock Option pursuant to Section 5(b), the Company shall issue a separate stock certificate evidencing the Shares treated as acquired upon exercise of an Incentive Stock Option and a separate stock certificate evidencing the Shares treated as acquired upon exercise of a Nonstatutory Stock Option and shall identify each such certificate accordingly in its stock transfer records. No

-6-

adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 11 of the Plan.

Exercise of an Option in any manner shall result in a decrease in the number of Shares which thereafter may be available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(ii) Termination of Status as an Employee or Consultant. In

the event of termination of an Optionee's Continuous Status as an Employee or Consultant (as the case may be), such Optionee may, but only within thirty (30) days (or such other period of time not exceeding three (3) months in the case of an Incentive Stock Option or six (6) months in the case of a Nonstatutory Stock Option, as is determined by the Board, with such determination in the case of an Incentive Stock Option being made at the time of grant of the Option) after the date of such termination (but in no event later than the date of expiration of the term of such Option as set forth in the Option Agreement, exercise the Option to the extent that such Employee or Consultant was entitled to exercise it at the date of such termination. To the extent that such Employee or Consultant was not entitled to exercise the Option at the date of such termination, or if such Employee or consultant does not exercise such Option (which such Employee or Consultant was entitled to exercise) within the time specified herein, the Option shall terminate.

(iii) Disability of Optionee. Notwithstanding the provisions of

Section 8(b)(ii) above, in the event of termination of an Optionee's Continuous Status as an Employee or Consultant as a result of such Employee's or Consultant's total and permanent disability (as defined in Section 22(e)(3) of the Code), such Employee or Consultant may, but only within six (6) months (or such other period of time not exceeding twelve (12) months as is determined by the Board, with such determination in the case of an Incentive Stock Option being made at the time of grant of the Option) from the date of such termination (but in no event later than the date of expiration of the term of such Option as set forth in the Option Agreement), exercise the Option to the extent such Employee or Consultant was entitled to exercise it at the date of such termination. To the extent that such Employee or Consultant was not entitled to exercise the Option at the date of termination, or if such Employee or Consultant does not exercise such Option (which such Employee or Consultant was entitled to exercise) within the time specified herein, the Option shall terminate.

(iv) Death of Optionee. In the event of the death of an

Optionee:

(i) during the term of the Option who is at the time of his or her death an Employee or Consultant of the Company and who shall have been in Continuous Status as an Employee or Consultant since the date of grant of the Option, the Option may be exercised, at any time within six (6) months (but in no event later than the date of expiration of the term of such Option as set forth in the Option Agreement), by Optionees estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent of the right to exercise that would have accrued had the Optionee continued living and remained in Continuous Status as an Employee or Consultant six (6) months (or such other period of time as is determined by the Board at the time of grant of the Option) after the date of death; or

-7-

(ii) within thirty (30) days (or such other period of time not exceeding three (3) months as is determined by the Board, with such determination in the case of an Incentive Stock Option being made at the time of grant of the Option) after the termination of Continuous Status as an Employee or Consultant, the Option may be exercised, at any time within six (6) months (or such other period of time as is determined by the Board at the time of grant of the Option) following the date of death (but in no event later than the date of expiration of the term of such Option as set forth in the Option Agreement), by the Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent of the right to exercise that had accrued at the date of termination.

9. Stock Purchase Rights.

(a) Rights to Purchase. After the Board of Directors determines that

it will offer an Employee or Consultant a Stock Purchase Right, it shall deliver to the offeree a stock purchase agreement or stock bonus agreement, as the case may be, setting forth the terms, conditions and restrictions relating to the offer, including the number of Shares which such person shall be entitled to purchase, and the time within which such person must accept such offer, which shall in no event exceed six (6) months from the date upon which the Board of Directors or its Committee made the determination to grant the Stock Purchase Right. The offer shall be accepted by execution of a stock purchase agreement or stock bonus agreement in the form determined by the Board of Directors.

(b) Issuance of Shares. Forthwith after payment therefor, the Shares

purchased shall be duly issued; provided, however, that the Board may require that the Purchaser make adequate provision for any Federal and State withholding obligations of the Company as a condition to the Purchaser purchasing such Shares.

(c) Repurchase Option. Unless the Board determines otherwise, the

stock purchase agreement or stock bonus agreement shall grant the Company a repurchase option exercisable upon the voluntary or involuntary termination of the Purchaser's employment with the Company for any reason (including death or disability). If the Board so determines, the purchase price for shares repurchased may be paid by cancellation of any indebtedness of the Purchaser to the Company. The repurchase option shall lapse at such rate as the Board may determine.

(d) Other Provisions. The stock purchase agreement or stock bonus

agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Board of Directors.

10. Non-Transferability of Options and Stock Purchase Rights. The

Options and Stock Purchase Rights may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee or Purchaser, only by the Optionee or Purchaser.

11. Adjustments Upon Changes in Capitalization or Merger. Subject to

any required action by the shareholders of the Company, the number of shares of Common Stock covered by each outstanding Option and Stock Purchase Right, and the number of shares of Common Stock which

-8-

have been authorized for issuance under the Plan but as to which no Options or Stock Purchase Rights have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option or Stock Purchase Right, or

repurchase of Shares from a Purchaser upon termination of employment, as well as the price per share of Common Stock covered by each such outstanding Option or Stock Purchase Right, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock of the Company or the payment of a stock dividend with respect to the Common Stock or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Option or Stock Purchase Right.

In the event of the proposed dissolution or liquidation of the Company, the Option will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Board. The Board may, in the exercise of its sole discretion in such instances, declare that any Option shall terminate as of a date fixed by the Board and give each Optionee the right to exercise his or her Option as to all or any part of the Optioned Stock, including Shares as to which the Option would not otherwise be exercisable. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the company with or into another corporation, the Option shall be assumed or an equivalent option shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation. In the event that such successor corporation refuses to assume the Option or to substitute an equivalent option, the Board shall, in lieu of such assumption or substitution, provide for the Optionee to have the right to exercise the Option as to all of the Optioned Stock, including Shares as to which the Option would not otherwise be exercisable. If the Board makes an Option fully exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Board shall notify the Optionee that the Option shall be fully exercisable for a period of thirty (30) days from the date of such notice, and the Option will terminate upon the expiration of such period.

12. Time of Granting Options. The date of grant of an Option or

Stock Purchase Right shall, for all purposes, be the date on which the Board makes the determination granting such Option or Stock Purchase Right. Notice of the determination shall be given to each Employee or Consultant to whom an Option or Stock Purchase Right is so granted within a reasonable time after the date of such grant.

13. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may amend or

terminate the Plan from time to time in such respects as the Board may deem advisable; provided that, the following revisions or amendments shall require approval of the shareholders of the Company in the manner described in Section 17 of the Plan:

-9-

(i) any increase in the number of Shares subject to the Plan, other than in connection with an adjustment under Section 11 of the Plan;

(ii) any change in the designation of the class of persons eligible to be granted Options and Stock Purchase Rights; or

(iii) if the Company has a class of equity securities registered under Section 12 of the Exchange Act at the time of such revision or amendment, any material increase in the benefits accruing to participants under the Plan.

(b) Shareholder Approval. If any amendment requiring shareholder

approval under Section 13(a) of the Plan is made subsequent to the first registration of any class of equity securities by the Company under Section 12 of the Exchange Act, such shareholder approval shall be solicited as described in Section 17 of the Plan.

(c) Effect of Amendment or Termination. Any such amendment or

termination of the Plan shall not affect Options or Stock Purchase Rights already granted and such Options or Stock Purchase Rights shall remain in full force and effect as if this Plan had not been amended or terminated, unless mutually agreed otherwise between the Optionee or Purchaser (as the case may be) and the Board, which agreement must be in writing and signed by the Optionee or Purchaser (as the case may be) and the Company.

14. Conditions Upon Issuance of Shares. Shares shall not be issued

pursuant to the exercise of an Option or Stock Purchase Rights unless the exercise of such Option or Stock Purchase Rights and the issuance and delivery of such Shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the Shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an Option or Stock Purchase Rights, the Company may require the person exercising such Option or Stock Purchase Rights to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned relevant provisions of law.

15. Reservation of Shares. The Company, during the term of this

Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

-10-

16. Option, Stock Purchase and Stock Bonus Agreements. Options shall

be evidenced by written option agreements in such form as the Board shall approve. Upon the exercise of Stock Purchase Rights, the Purchaser shall sign a stock purchase agreement or stock bonus agreement in such form as the Board shall approve.

17. Shareholder Approval.

(a) Continuance of the Plan shall be subject to approval by the shareholders of the Company within twelve (12) months before or after the date the Plan is adopted. If such shareholder approval is obtained at a duly held shareholders' meeting, it must be obtained by the affirmative vote of the holders of a majority of the outstanding shares of the Company, or if such shareholder approval is obtained by written consent, it may be obtained by the written consent of the holders of a majority of the outstanding shares of the Company's capital stock entitled to vote.

(b) If and in the event that the Company registers any class of equity securities pursuant to Section 12 of the Exchange Act, any required approval of the shareholders of the Company obtained after such registration shall be solicited substantially in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder.

(c) If any required approval by the shareholders of the Plan itself or of any amendment thereto is solicited at any time otherwise than in the manner described in Section 17(b) hereof, then the Company shall, at or prior to the first annual meeting of shareholders held subsequent to the later of (1) the first registration of any class of equity securities of the Company under Section 12 of the Exchange Act or (2) the granting of an Option hereunder to an officer or director after such registration, do the following:

(i) furnish in writing to the holders entitled to vote for the Plan substantially the same information which would be required (if proxies to be voted with respect to approval or disapproval of the Plan or amendment were then being solicited) by the rules and regulations in effect under Section 14(a) of the Exchange Act at the time such information is furnished; and

(ii) file with, or mail for filing to, the Securities and Exchange Commission four copies of the written information referred to in subsection (i) hereof not later than the date on which such information is first sent or given to shareholders.

18. Information to Optionees and Purchasers. The Company shall

provide to each Optionee and Purchaser, during the period for which such Optionee or Purchaser has one or more Options or Stock Purchase Rights outstanding, copies of all annual reports and other information which are provided to all shareholders of the Company. The Company shall not be required to provide such information if the issuance of Options or Stock Purchase Rights under the Plan is limited to key employees whose duties in connection with the

company assure their access to equivalent information.

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY OR IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFORE, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

THE SECURITY REPRESENTED BY THIS CERTIFICATE HAS BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISPOSITION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933.

STOCK OPTION AGREEMENT

Meridian Data, Inc., a Delaware corporation (the "Company"), hereby grants to (the "Optionee") an Option to purchase a total of shares of Common Stock (the "Shares"), at the price determined as provided herein, and in all respects subject to the terms, definitions and provisions of the 1987 Incentive Stock Plan (the "Plan") adopted by the Company, which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings herein.

1. Nature of the Option. If Optionee is an Employee of the Company,

this Option is intended to qualify as an Incentive Stock Option. If Optionee is a Consultant of the Company, this Option is a Nonstatutory Stock Option and is not intended to qualify for any special tax benefits to the Optionee.

2. Exercise Price. The exercise Price is \$.50 for each share of

Common Stock, which price is not less than the fair market value per share of Common Stock on the date of grant, as determined by the Board; provided, however, in the event Optionee is an Employee and owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of its parent or Subsidiary corporations immediately before this Option is granted, said exercise price is not less than one hundred ten percent (110%) of the fair market value per share of Common Stock on the date of grant as determined by the Board.

3. Exercise of Option. This Option shall be exercisable during its

term in accordance with the provisions of Section 8 of the Plan as follows:

(i) Right to Exercise.

(a) Subject to Subsections 3(i)(b), (c), (d) and (e) below, one-third (1/3) of the total number of shares subject to this Option shall become exercisable on May 3, 1991, and one thirty-sixth (1/36) of the total number of shares shall become exercisable each month thereafter, until all of such shares are exercisable.

(b) This Option may not be exercised for a fraction of a Share.

(c) In the event of Optionee's death, disability or other termination of employment, the exercisability of the Option is governed by Sections 7, 8 and 9 below, subject to the imitations contained in subsections 3(i)(d) and (e).

(d) In no event may this Option be exercised after the date of expiration of the term of this Option as set forth in Section 11 below.

(e) If this Option is intended to qualify as an Incentive Stock Option, in no event may this Option become exercisable at a time or times which, when this Option is aggregated with all other incentive stock options granted to Optionee by the Company or any parent or Subsidiary, would result in Share having an aggregate fair market value (determined for each Share as of the date of grant of the option covering such share) in excess of \$100,000 becoming first available for purchase upon exercise of one or more incentive stock options during any calendar year.

(ii) Method of Exercise. This Option shall be exercisable by written

notice, in the form attached hereto as Exhibit A, which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised, and such other representations and agreements as to the holder's investment intent with respect to such shares of Common Stock as may be required by the Company pursuant to the provisions of the Plan. Such written notice shall be signed by Optionee and shall be delivered in person or by certified mail to the President, Secretary or Chief Financial Officer of the

Company. The written notice shall be accompanied by payment of the exercise price. This Option shall be deemed to be exercised upon receipt by the Company of such written notice accompanied by the exercise price.

No shares will be issued pursuant to the exercise of an Option unless such issuance and such exercise shall comply with all relevant provisions of law and the requirements of any stock exchange upon which the Shares may then be listed. Assuming such compliance, for income tax purposes the Shares shall be considered transferred to the Optionee on the date on which the Option is exercised with respect to such Shares.

4. Investment Representations; Restrictions on Transfer.

(i) By receipt of this Option, by its execution and by its exercise in whole or in part, Optionee represents to the Company the following:

(a) Optionee understands that this Option and any Shares purchased upon its exercise are securities, the issuance of which requires compliance with federal and state securities laws.

(b) Optionee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the securities. Optionee is acquiring these securities for investment for Optionee's own account only and not with a view to, or for resale in connection with,

-2-

any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(c) Optionee acknowledges and understands that the securities constitute "restricted securities" under the Securities Act and must be held indefinitely unless they are from such registration is available. Optionee further acknowledges and understands that the Company is under no obligation to register the securities. Optionee understands that the certificate evidencing the securities will be imprinted with a legend which prohibits the transfer of the securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company, a legend prohibiting their transfer without the consent of the commissioner of Corporations of the State of California and why other legend required under applicable state securities laws.

(d) Optionee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly, from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of exercise of the Option by the Optionee, such exercise will be exempt from registration under the Securities Act. In the event the Company later becomes subject to the Reporting requirements of Section 13 or 15(d) or the Securities Exchange Act of 1934, ninety (90) days thereafter the securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including among other things: (1) the sale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, and the amount of securities being sold during any three month period not exceeding the limitations specified in Rule 144(e), if applicable. Notwithstanding this paragraph 4(i)(d), the Optionee acknowledges and agrees to the restrictions set forth in paragraph 4(ii).

In the event that the Company does not qualify under Rule 701 at the time of Exercise of the Option, then the securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which requires among other things: (1) the availability of certain public information about the Company; (2) the resale occurring not less than two years after the party has purchased, and made full payment for, within the meaning of Rule 144, the securities to be sold; and (3) in the case of an affiliate, or of a non-affiliate who has held the securities less than three years, the sale being made through a broker in an unsolicited "Broker's transaction" or in transactions directly with a market maker (as said terms is defined under the Securities Exchange Act of 1934) the amount of securities being sold during any three month period not exceeding the specified limitations stated therein, if applicable.

(ii) Optionee agrees, in connection with the Company's initial underwritten public offering of the Company's securities, (1) not to sell, make short sale of, loan, grant any options for the purchase of, or otherwise dispose of any shares of Common Stock of the Company held by Optionee (other than those shares included in the registration) without the prior written consent of the Company or the underwriters managing such initial underwritten public offering of the Company's securities for one hundred eight (180) days from the effective date of such registration,

and (2) further agrees to execute any agreement reflecting (1) above as may be required by the underwriters at the time of the public offering.

5. Method of Payment. Payment of the purchase price shall be made by

cash or check.

6. Restrictions on Exercise. This Option may not be exercised if the

issuance of such Shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any applicable federal or state securities or other law or regulation, including any rule under Part 207 of Title 12 of the Code of Federal Regulations (Regulation G) as promulgated by the Federal Reserve Board. As a condition to the exercise of this Option, the Company may require Optionee to make any representation and warranty to the Company as may be required by any applicable law or regulation.

7. Termination of Status as an Employee or Consultant. In the event

of termination of Optionee's Continuous Status as an Employee or consultant, Optionee may, but only within thirty (30) days after the date of such termination (but in no event later than the date of expiration of the term of this Option as set forth in Section 11 below), exercise this Option to the extent that Optionee was entitled to exercise it at the date of such termination. To the extent that Optionee was not entitled to exercise this Option at the date of such termination, or if Optionee does not exercise this Option within the time specified herein, this Option shall terminate.

8. Disability of Optionee. Notwithstanding the provisions of Section

7 above, in the event of termination of Optionee's Continuous Status as an Employee or Consultant as a result of the Optionee's permanent and total disability (as defined in Section 22(e)(3) of the Code), Optionee may, but only within six (6) months from the date of termination of employment or consulting relationship (but in no event later than the date of expiration of the term of this Option as set forth in Section 11 below), exercise this Option to the extent Optionee was entitled to exercise it at the date of such termination. To the extent that Optionee was not entitled to exercise this Option at the date of termination, or if Optionee does not exercise such Option (which Optionee was entitled to exercise) within the time specified herein, this Option shall terminate.

9. Death of Optionee. In the event of the death of Optionee:

(i) during the term of this Option while an Employee or Consultant of the Company and having been in Continuous Status as an Employee or Consultant since the date of grant of this Option, this Option may be exercised, at any time within six (6) months following the date of death (but in no event later than the date of expiration of the term of this Option as set forth in Section 11 below, by Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent of the right to exercise that would have accrued had Optionee continued living and remained in Continuous Status as an Employee or Consultant six (6) months after the date of death, subject to the limitations contained in Section 3(i)(e) above; or

(ii) within (30) days after the termination of Optionee's Continuous Status as an Employee or Consultant, this Option may be exercised, at any time within six (6) months following the date of death (but in no event later than the date of expiration of the term of this Option as set

forth in Section 11 below), by Optionee's estate or by a person who acquired the right to exercise this Option by bequest or inheritance, but only to the extent of the right to exercise that had accrued at the date of termination.

10. Non-transferability of Option. This Option may not be

transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of Optionee.

11. Term of Option. Notwithstanding Section 9, this Option may not

be exercised more than ten (10) years from the date of grant of this Option, and may be exercised during such term only in accordance with the Plan and the terms of this Option.

12. Early Disposition of Stock. If Optionee is an Employee, Optionee

understands that, if Optionee disposes of any Shares received under this Option within two (2) years after the date of this Agreement or within one (1) year after such Shares were transferred Optionee, Optionee will be treated for federal income tax purposes as having received ordinary income at the time of such disposition in an amount generally measured as the difference between the price paid for the Shares and the lower of the fair market value of the Shares at the date of exercise or the fair market value of the Shares at the date of disposition. The amount of such ordinary income may be measured differently if Optionee is an officer, director or 10% shareholder of the Company, or if the Shares were subject to a substantial risk of forfeiture at the time they were transferred. Any gain recognized on such a premature sale of the Shares in excess of the amount treated as ordinary income will be characterized as capital gain. Optionee hereby agrees to notify the Company in writing within thirty (30) days after the date of any such disposition. Optionee understands that if Optionee disposes of such Shares at any time after the expiration of such two-year and one-year holding periods, any gain on such sale will be treated as long-term capital gain.

13. Taxation Upon Exercise of Option. If Optionee is a Consultant,

Optionee understands that, upon exercise of this Option, Optionee will recognize income for tax purposes in an amount equal to the excess of the then fair market value of the Shares over the exercise Price. Upon a resale of such shares by the Optionee, any difference between the sale price and the fair market value of the shares on the date of exercise of the Option will be treated as capital gain or loss.

14. Tax Consequences. The Optionee understands that any of the

foregoing references to taxation are based on federal income tax laws and regulations now in effect. The Optionee has reviewed with the Optionee's own tax advisors the federal, state, local and foreign tax consequences of the transactions contemplated by this Agreement. The Optionee is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Optionee understands that the Optionee (and not the Company) shall be responsible for the Optionee's own tax liability that may arise as a result of the transactions contemplated by this Agreement.

-5-

DATE OF GRANT: _____

MERIDIAN DATA, INC.

By: _____

Title: _____

-6-

OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO SECTION 3 HEREOF IS EARNED ONLY BY CONTINUING SERVICE AS AN EMPLOYEE OR CONSULTANT AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS OPTION, THE COMPANY'S PLAN WHICH IS INCORPORATED HEREIN BY REFERENCE, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS AN EMPLOYEE OR CONSULTANT FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S EMPLOYMENT OR CONSULTING RELATIONSHIP AT ANY TIME, WITH OR WITHOUT CAUSE.

Optionee acknowledges receipt of a copy of the Plan, a copy of which is annexed hereto, represents that Optionee is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof. Optionee has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of the Option. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board or of the Committee upon any questions arising under the Plan. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

Dated: _____

Address: _____

Social Security No. _____

-7-

NOTICE OF EXERCISE
OF STOCK OPTION

TO:

FROM:

DATE:

RE: Exercise of Stock Option

I hereby exercise my option to purchase _____ shares of Common Stock at \$_____), effective today's date. This notice is given in accordance with the terms of my Stock Option Agreement dated _____, 1990. The option price and vested amount is in accordance with Sections 2 and 3 of the Stock Option Agreement.

Attached is a check payable to _____ for the total exercise price of the shares being purchased. The undersigned confirms the representations made in Section 4 of the Stock Option Agreement.

Please prepare the stock certificate in the following name(s):

If the stock is to be registered in a name other than your name, please so advise the Company. The Stock Option Agreement requires the Company's approval for registration in a name other than your name and requires certain agreements from any joint owner.

Sincerely,

(Signature)

(Print or Type Name)

Letter and consideration
received on _____, 1990.

By: _____

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY OR IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

THE SECURITY REPRESENTED BY THIS CERTIFICATE HAS BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISPOSITION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933.

NONSTATUTORY STOCK OPTION AGREEMENT

Meridian Data, Inc., a Delaware corporation (the "Company"), hereby grants to _____ (the "Optionee") an Option to purchase a total of _____ shares of Common Stock (the "Shares"), at the price determined as provided herein, and in all respects subject to the terms, definitions and provisions of the 1987 Incentive Stock Plan (the "Plan") adopted by the Company, which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings herein.

1. Nature of the Option. This Option is intended by the Company and _____ the Optionee to be a Nonstatutory Stock Option, and does not qualify for any special tax benefits to the Optionee. This Option is not an Incentive Stock Option and is not subject to Section 5(b) of the Plan. ---

2. Exercise Price. The exercise price is \$ _____ for each share of Common Stock. ---

3. Exercise of Option. This Option shall be exercisable during its _____ term in accordance with the provisions of Section 8 of the Plan as follows:

(i) Right to Exercise. ---

(a) Subject to Subsections 3(i)(b), (c) and (d) below, _____ (_____) of the total number of shares subject to this Option shall become exercisable _____ until all of such shares are exercisable. In no event shall this Option provide for vesting at a rate of less than 20% per year over five years from the date of grant of this Option.

(b) This Option may not be exercised for a fraction of a Share.

(c) In the event of Optionee's death, disability or other termination of employment, the exercisability of the Option is governed by Sections 7, 8 and 9 below, subject to the limitations contained in subsection 3(i)(d).

(d) In no event may this Option be exercised after the date of expiration of the term of this Option as set forth in Section 11 below.

(ii) Method of Exercise. This Option shall be exercisable by _____ written notice which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised, and such other representations and agreements as to the holder's investment intent with respect to such shares of Common Stock as may be required by the Company pursuant to the provisions of the Plan. Such written notice shall be signed by Optionee and shall be delivered in person or by certified mail to the President, Secretary or Chief Financial Officer of the Company. The written notice shall be accompanied by payment of the exercise price. The Option shall be deemed exercised upon receipt by the Company of such written notice accompanied by the exercise price.

No shares will be issued pursuant to the exercise of an Option unless such issuance and such exercise shall comply with all relevant provisions of law and the requirements of any stock exchange upon which the Shares may then be listed. Assuming such compliance, for income tax purposes the Shares shall be considered transferred to the Optionee on the date on which the Option is exercised with respect to such Shares.

4. Investment Representations; Restrictions on Transfer. ---

(i) By receipt of this Option, by its execution and by its exercise in whole or in part, Optionee represents to the Company the following:

(a) Optionee understands that this Option and any Shares purchased upon its exercise are securities, the issuance of which requires compliance with federal and state securities laws.

(b) Optionee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the securities. Optionee is acquiring these securities for investment for Optionee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(c) Optionee acknowledges and understands that the securities constitute "restricted securities" under the Securities Act and must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Optionee further acknowledges and understands that the Company is under no obligation to register the securities. Optionee understands that the certificate evidencing the securities will be imprinted with a legend which prohibits the transfer of the securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company, a legend prohibiting their transfer without the consent of the Commissioner of Corporations of the State of California and any other legend required under applicable state securities laws.

-2-

(d) Optionee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly, from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of exercise of the Option by the Optionee, such exercise will be exempt from registration under the Securities Act. In the event the Company later becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter the securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including among other things: (1) the sale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, and the amount of securities being sold during any three month period not exceeding the limitations specified in Rule 144(e), if applicable. Notwithstanding this paragraph 4(i) (d), the Optionee acknowledges and agrees to the restrictions set forth in paragraph 4(ii).

In the event that the Company does not qualify under Rule 701 at the time of exercise of the Option, then the securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which requires among other things: (1) the availability of certain public information about the Company; (2) the resale occurring not less than two years after the party has purchased, and made full payment for, within the meaning of Rule 144, the securities to be sold; and (3) in the case of an affiliate, or of a non-affiliate who has held the securities less than three years, the sale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934) and the amount of securities being sold during any three month period not exceeding the specified limitations stated therein, if applicable.

(ii) Optionee agrees, in connection with the Company's initial underwritten public offering of the Company's securities, (1) not to sell, make short sale of, loan, grant any options for the purchase of, or otherwise dispose of any shares of Common Stock of the Company held by Optionee (other than those shares included in the registration) without the prior written consent of the Company or the underwriters managing such initial underwritten public offering of the Company's securities for one hundred eighty (180) days from the effective date of such registration, and (2) further agrees to execute any agreement reflecting (1) above as may be requested by the underwriters at the time of the public offering.

5. Method of Payment. Payment of the purchase price shall be made by _____ cash or check.

6. Restrictions on Exercise. This Option may not be exercised if the _____ issuance of such Shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any applicable federal or state securities or other law or regulation, including any rule under Part 207 of Title 12 of the Code of Federal Regulations (Regulation G) as

promulgated by the Federal Reserve Board. As a condition to the exercise of this Option, the Company may require Optionee to make any representation and warranty to the Company as may be required by any applicable law or regulation.

-3-

7. Termination of Status as an Employee or Consultant. In the event

of termination of Optionee's Continuous Status as an Employee or Consultant, Optionee may, but only within thirty (30) days (or such other period of time not exceeding six (6) months, as is determined by the Board) after the date Optionee ceases to be an Employee or Consultant of the Company (but in no event later than the date of expiration of the term of this Option as set forth in Section 11 below), exercise this Option to the extent that Optionee was entitled to exercise it at the date of such termination. To the extent that Optionee was not entitled to exercise this Option at the date of such termination, or if Optionee does not exercise this Option within the time specified herein, this Option shall terminate.

8. Disability of Optionee. Notwithstanding the provisions of Section

7 above, in the event of termination of Optionee's Continuous Status as an Employee or Consultant as a result of Optionee's permanent and total disability (as defined in Section 22(e)(3) of the Code), Optionee may, but only within six (6) months from the date of termination of employment or consulting relationship (but in no event later than the date of expiration of the term of this Option as set forth in Section 11 below), exercise this Option to the extent Optionee was entitled to exercise it at the date of such termination. To the extent that Optionee was not entitled to exercise this Option at the date of termination, or if Optionee does not exercise such Option (which Optionee was entitled to exercise) within the time specified herein, this Option shall terminate.

9. Death Optionee. In the event of the death of Optionee:

(i) during the term of this Option while an Employee or Consultant of the Company and having been in Continuous Status as an Employee or Consultant since the date of grant of this Option, this Option may be exercised, at any time within six (6) months following the date of death (but in no event later than the date of expiration of the term of this Option as set forth in Section 11 below), by Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent of the right to exercise that would have accrued had Optionee continued living and remained in Continuous Status as an Employee or Consultant three (3) months after the date of death; or

(ii) within thirty (30) days after the termination of Optionee's Continuous Status as an Employee or Consultant, this Option may be exercised, at any time within six (6) months following the date of death (but in no event later than the date of expiration of the term of this Option as set forth in Section 11 below), by Optionee's estate or by a person who acquired the right to exercise this Option by bequest or inheritance, but only to the extent of the right to exercise that had accrued at the date of termination.

10. Non-Transferability of Option. This Option may not be transferred

in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of Optionee.

11. Term of Option. Notwithstanding Section 9, this Option may not be

exercised more than _____ (_____) years from the date of grant of this Option, and may be exercised during such term only in accordance with the Plan and the terms of this Option.

-4-

12. Taxation Upon Exercise of Option. Optionee understands that, upon

exercise of this Option, Optionee will recognize income for tax purposes in an amount equal to the excess of the then fair market value of the shares over the exercise price. The Company will be required to withhold tax from Optionee's current compensation with respect to such income; to the extent that Optionee's current compensation is insufficient to satisfy the withholding tax liability, the Company may require the Optionee to make a cash payment to cover such liability as a condition of exercise of this Option. Upon a resale of such shares by the Optionee, any difference between the sale price and the fair market value of the shares on the date of exercise of the Option will be treated as capital gain or loss.

13. Tax Consequences. The Optionee understands that any of the

foregoing references to taxation are based on federal income tax laws and

regulations now in effect. The Optionee has reviewed with the Optionee's own tax advisors the federal, state, local and foreign tax consequences of the transactions contemplated by this Agreement. The Optionee is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Optionee understands that the Optionee (and not the Company) shall be responsible for the Optionee's own tax liability that may arise as a result of the transactions contemplated by this Agreement.

DATE OF GRANT: _____

MERIDIAN DATA, INC.

By: _____

Title: _____

-5-

OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO SECTION 3 HEREOF IS EARNED ONLY BY CONTINUING SERVICE AS AN EMPLOYEE OR CONSULTANT AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS OPTION, THE COMPANY'S PLAN WHICH IS INCORPORATED HEREIN BY REFERENCE, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS AN EMPLOYEE OR CONSULTANT FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S EMPLOYMENT OR CONSULTING RELATIONSHIP AT ANY TIME, WITH OR WITHOUT CAUSE.

Optionee acknowledges receipt of a copy of the Plan, a copy of which is annexed hereto, represents that Optionee is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof. Optionee has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of the Option. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board or of the Committee upon any questions arising under the Plan. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

Dated: _____

Optionee

Residence Address:

-6-

ATL PRODUCTS, INC.
1997 STOCK INCENTIVE PLAN

ARTICLE ONE

GENERAL PROVISIONS

I. PURPOSE OF THE PLAN

This 1997 Stock Incentive Plan is intended to promote the interests of ATL Products, Inc., a Delaware corporation, by providing eligible persons with the opportunity to acquire a proprietary interest, or otherwise increase their proprietary interest, in the Corporation as an incentive for them to remain in the service of the Corporation.

Capitalized terms shall have the meanings assigned to such terms in the attached Appendix.

II. STRUCTURE OF THE PLAN

A. The Plan shall be divided into three separate equity programs:

- the Discretionary Option Grant Program under which eligible persons may, at the discretion of the Plan Administrator, be granted options to purchase shares of Class A Common Stock,

- the Stock Issuance Program under which eligible persons may, at the discretion of the Plan Administrator, be issued shares of Class A Common Stock directly, either through the immediate purchase of such shares or as a bonus for services rendered the Corporation (or any Parent or Subsidiary), and

- the Automatic Option Grant Program under which eligible non-employee Board members shall automatically receive option grants at periodic intervals to purchase shares of Class A Common Stock.

B. The provisions of Articles One and Five shall apply to all equity programs under the Plan and shall govern the interests of all persons under the Plan.

III. ADMINISTRATION OF THE PLAN

A. The Primary Committee shall have sole and exclusive authority to administer the Discretionary Option Grant and Stock Issuance Programs with respect to Section 16 Insiders. Administration of the Discretionary Option Grant and Stock Issuance Programs with respect to all other persons eligible to participate in those programs may, at the Board's discretion, be vested in the Primary Committee or a Secondary Committee, or the Board may retain the power to administer those programs with respect to all such persons.

B. Members of the Primary Committee or any Secondary Committee shall serve for such period of time as the Board may determine and may be removed by the Board at any time. The Board may also at any time terminate the functions of any Secondary Committee and reassume all powers and authority previously delegated to such committee.

C. Each Plan Administrator shall, within the scope of its administrative functions under the Plan, have full power and authority (subject to the provisions of the Plan) to establish such rules and regulations as it may deem appropriate for proper administration of the Discretionary Option Grant and Stock Issuance Programs and to make such determinations under, and issue such interpretations of, the provisions of such programs and any outstanding options or stock issuances thereunder as it may deem necessary or advisable. Decisions of the Plan Administrator within the scope of its administrative functions under the Plan shall be final and binding on all parties who have an interest in the Discretionary Option Grant and Stock Issuance Programs under its jurisdiction or any option or stock issuance thereunder.

D. Service on the Primary Committee or the Secondary Committee shall constitute service as a Board member, and members of each such committee shall accordingly be entitled to full indemnification and reimbursement as Board members for their service on such committee. No member of the Primary Committee or the Secondary Committee shall be liable for any act or omission made in good faith with respect to the Plan or any option grants or stock issuances under the Plan.

E. Administration of the Automatic Option Grant Program shall be self-executing in accordance with the terms of that program, and no Plan Administrator shall exercise any discretionary functions with respect to any

option grants or stock issuances made under such program.

IV. ELIGIBILITY

A. The persons eligible to participate in the Discretionary Option Grant and Stock Issuance Programs are as follows:

(i) employees,

(ii) non-employee members of the Board or the board of directors of any Parent or Subsidiary, and

(iii) consultants and other independent advisors who provide services to the Corporation (or any Parent or Subsidiary).

B. Each Plan Administrator shall, within the scope of its administrative jurisdiction under the Plan, have full authority to determine, (i) with respect to the option grants under the Discretionary Option Grant Program, which eligible persons are to receive option grants, the time or times when such option grants are to be made, the number of shares to be covered by each such grant, the status of the granted option as either an Incentive Option or a Nonstatutory Option, the time or times when each option is to become exercisable, the vesting schedule (if any) applicable to the option shares and the maximum term for which the option is to remain outstanding

-2-

and (ii) with respect to stock issuances under the Stock Issuance Program, which eligible persons are to receive stock issuances, the time or times when such issuances are to be made, the number of shares to be issued to each Participant, the vesting schedule (if any) applicable to the issued shares and the consideration to be paid for such shares.

C. The Plan Administrator shall have the absolute discretion either to grant options in accordance with the Discretionary Option Grant Program or to effect stock issuances in accordance with the Stock Issuance Program.

D. The individuals who shall be eligible to participate in the Automatic Option Grant Program shall be limited to (i) those individuals serving as non-employee Board members on the Plan Effective Date, (ii) those individuals who first become non-employee Board members on or after the Plan Effective Date, whether through appointment by the Board or election by the Corporation's stockholders, and (iii) those individuals who continue to serve as non-employee Board members at one or more Annual Stockholders Meetings held after the Plan Effective Date.

V. STOCK SUBJECT TO THE PLAN

A. The stock issuable under the Plan shall be shares of authorized but unissued or reacquired Class A Common Stock, including shares repurchased by the Corporation on the open market. The maximum number of shares of Class A Common Stock reserved for issuance over the term of the Plan shall not exceed 200,000 shares, subject to certain changes in the Corporation's capital structure.

B. No one person participating in the Plan may receive options, separately exercisable stock appreciation rights and direct stock issuances for more than 50,000 shares of Class A Common Stock in the aggregate per calendar year, beginning with the 1997 calendar year.

C. Shares of Class A Common Stock subject to outstanding options shall be available for subsequent issuance under the Plan to the extent (i) those options expire or terminate for any reason prior to exercise in full or (ii) those options are cancelled in accordance with the cancellation/regrant provisions of Section IV of Article Two. Unvested shares issued under the Plan and subsequently cancelled or repurchased by the Corporation, at the original exercise or direct issue price paid per share, pursuant to the Corporation's repurchase rights under the Plan shall be added back to the number of shares of Class A Common Stock reserved for issuance under the Plan and shall accordingly be available for reissuance through one or more subsequent option grants or direct stock issuances under the Plan. However, shares subject to any options surrendered in connection with the stock appreciation right provisions of the Plan shall not be available for reissuance. Should the exercise price of an option under the Plan be paid with shares of Class A Common Stock or should shares of Class A Common Stock otherwise issuable under the Plan be withheld by the Corporation in satisfaction of the withholding taxes incurred in connection with the exercise of an option or the vesting of a stock issuance under the Plan, then the number of shares of Class A Common Stock available for issuance under the Plan shall be reduced by the gross number of shares for which the option is exercised or which vest under the stock issuance, and not by the net number of shares of Class A Common Stock issued to the holder of such option or stock issuance.

-3-

D. If any change is made to the Class A Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Class A Common Stock as a class without the Corporation's receipt of consideration, appropriate adjustments shall be made to (i) the maximum number and/or class of securities issuable under the Plan, (ii) the number and/or class of securities for which any one person may be granted stock options, separately exercisable stock appreciation rights and direct stock issuances under the Plan per calendar year, (iii) the number and/or class of securities for which grants are subsequently to be made under the Automatic Option Grant Program to new and continuing non-employee Board members, and (iv) the number and/or class of securities and the exercise price per share in effect under each outstanding option under the Plan. Such adjustments to the outstanding options are to be effected in a manner which shall preclude the enlargement or dilution of rights and benefits under such options. The adjustments determined by the Plan Administrator shall be final, binding and conclusive.

-4-

ARTICLE TWO

DISCRETIONARY OPTION GRANT PROGRAM

I. OPTION TERMS

Each option shall be evidenced by one or more documents in the form approved by the Plan Administrator; provided, however, that each such document shall comply with the terms specified below. Each document evidencing an Incentive Option shall, in addition, be subject to the provisions of the Plan applicable to such options.

A. Exercise Price.

1. The exercise price per share shall be fixed by the Plan Administrator but shall not be less than one hundred percent (100%) of the Fair Market Value per share of Class A Common Stock on the option grant date.

2. The exercise price shall become immediately due upon exercise of the option and shall, subject to the provisions of Section I of Article Five and the documents evidencing the option, be payable in one or more of the forms specified below:

(i) cash or check made payable to the Corporation,

(ii) shares of Class A Common Stock held for the requisite period necessary to avoid a charge to the Corporation's earnings for financial reporting purposes and valued at Fair Market Value on the Exercise Date, or

(iii) to the extent the option is exercised for vested shares, through a special sale and remittance procedure pursuant to which the Optionee shall concurrently provide irrevocable instructions to (a) a Corporation designated brokerage firm to effect the immediate sale of the purchased shares and remit to the Corporation, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate exercise price payable for the purchased shares plus all applicable Federal, state and local income and employment taxes required to be withheld by the Corporation by reason of such exercise and (b) the Corporation to deliver the certificates for the purchased shares directly to such brokerage firm in order to complete the sale.

Except to the extent such sale and remittance procedure is utilized, payment of the exercise price for the purchased shares must be made on the Exercise Date.

B. Exercise and Term of Options. Each option shall be exercisable

at such time or times, during such period and for such number of shares as shall be determined by the Plan Administrator and set forth in the documents evidencing the option. However, no option shall have a term in excess of ten (10) years measured from the option grant date.

-5-

C. Effect of Termination of Service.

1. The following provisions shall govern the exercise of any options held by the Optionee at the time of cessation of Service or death:

(i) Any option outstanding at the time of the Optionee's cessation of Service for any reason shall remain exercisable for such period of

time thereafter as shall be determined by the Plan Administrator and set forth in the documents evidencing the option, but no such option shall be exercisable after the expiration of the option term.

(ii) Any option exercisable in whole or in part by the Optionee at the time of death may be subsequently exercised by the personal representative of the Optionee's estate or by the person or persons to whom the option is transferred pursuant to the Optionee's will or in accordance with the laws of descent and distribution.

(iii) During the applicable post-Service exercise period, the option may not be exercised in the aggregate for more than the number of vested shares for which the option is exercisable on the date of the Optionee's cessation of Service. Upon the expiration of the applicable exercise period or (if earlier) upon the expiration of the option term, the option shall terminate and cease to be outstanding for any vested shares for which the option has not been exercised. However, the option shall, immediately upon the Optionee's cessation of Service, terminate and cease to be outstanding to the extent the option is not otherwise at that time exercisable for vested shares.

(iv) Should the Optionee's Service be terminated for Misconduct, then all outstanding options held by the Optionee shall terminate immediately and cease to be outstanding.

2. The Plan Administrator shall have complete discretion, exercisable either at the time an option is granted or at any time while the option remains outstanding, to:

(i) extend the period of time for which the option is to remain exercisable following the Optionee's cessation of Service from the limited exercise period otherwise in effect for that option to such greater period of time as the Plan Administrator shall deem appropriate, but in no event beyond the expiration of the option term, and/or

(ii) permit the option to be exercised, during the applicable post-Service exercise period, not only with respect to the number of vested shares of Class A Common Stock for which such option is exercisable at the time of the Optionee's cessation of Service but also with respect to one or more additional installments in which the Optionee would have vested had the Optionee continued in Service.

D. Stockholder Rights. The holder of an option shall have no stockholder rights with respect to the shares subject to the option until such person shall have exercised the option, paid the exercise price and become a holder of record of the purchased shares.

-6-

E. Repurchase Rights. The Plan Administrator shall have the discretion to grant options which are exercisable for unvested shares of Class A Common Stock. Should the Optionee cease Service while holding such unvested shares, the Corporation shall have the right to repurchase, at the exercise price paid per share, any or all of those unvested shares. The terms upon which such repurchase right shall be exercisable (including the period and procedure for exercise and the appropriate vesting schedule for the purchased shares) shall be established by the Plan Administrator and set forth in the document evidencing such repurchase right.

F. Limited Transferability of Options. During the lifetime of the Optionee, Incentive Options shall be exercisable only by the Optionee and shall not be assignable or transferable other than by will or by the laws of descent and distribution following the Optionee's death. However, a Nonstatutory Option may, in connection with the Optionee's estate plan, be assigned in whole or in part during the Optionee's lifetime to one or more members of the Optionee's immediate family or to a trust established exclusively for one or more such family members. The assigned portion may only be exercised by the person or persons who acquire a proprietary interest in the option pursuant to the assignment. The terms applicable to the assigned portion shall be the same as those in effect for the option immediately prior to such assignment and shall be set forth in such documents issued to the assignee as the Plan Administrator may deem appropriate.

II. INCENTIVE OPTIONS

The terms specified below shall be applicable to all Incentive Options. Except as modified by the provisions of this Section II, all the provisions of Articles One, Two and Five shall be applicable to Incentive Options. Options which are specifically designated as Nonstatutory Options when issued under the Plan shall not be subject to the terms of this Section II.

A. Eligibility. Incentive Options may only be granted to Employees.

B. Dollar Limitation. The aggregate Fair Market Value of the shares

of Class A Common Stock (determined as of the respective date or dates of grant) for which one or more options granted to any Employee under the Plan (or any other option plan of the Corporation or any Parent or Subsidiary) may for the first time become exercisable as Incentive Options during any one calendar year shall not exceed the sum of One Hundred Thousand Dollars (\$100,000). To the extent the Employee holds two (2) or more such options which become exercisable for the first time in the same calendar year, the foregoing limitation on the exercisability of such options as Incentive Options shall be applied on the basis of the order in which such options are granted.

C. 10% Stockholder. If any Employee to whom an Incentive Option is

granted is a 10% Stockholder, then the exercise price per share shall not be less than one hundred ten percent (110%) of the Fair Market Value per share of Class A Common Stock on the option grant date, and the option term shall not exceed five (5) years measured from the option grant date.

III. CORPORATE TRANSACTION/CHANGE IN CONTROL

A. In the event of any Corporate Transaction, each outstanding option shall automatically accelerate so that each such option shall, immediately prior to the effective date of the

-7-

Corporate Transaction, become fully exercisable with respect to the total number of shares of Class A Common Stock at the time subject to such option and may be exercised for any or all of those shares as fully vested shares of Class A Common Stock. However, an outstanding option shall not become exercisable on such an accelerated basis if and to the extent: (i) such option is, in connection with the Corporate Transaction, to be assumed by the successor corporation (or parent thereof) or (ii) such option is to be replaced with a cash incentive program of the successor corporation which preserves the spread existing at the time of the Corporate Transaction on any shares for which the option is not otherwise at that time exercisable and provides for subsequent payout in accordance with the same exercise/vesting schedule applicable to those option shares or (iii) the acceleration of such option is subject to other limitations imposed by the Plan Administrator at the time of the option grant.

B. All outstanding repurchase rights shall automatically terminate, and the shares of Class A Common Stock subject to those terminated rights shall immediately vest in full, in the event of any Corporate Transaction, except to the extent: (i) those repurchase rights are to be assigned to the successor corporation (or parent thereof) in connection with such Corporate Transaction or (ii) such accelerated vesting is precluded by other limitations imposed by the Plan Administrator at the time the repurchase right is issued.

C. Immediately following the consummation of the Corporate Transaction, all outstanding options shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof).

D. Each option which is assumed in connection with a Corporate Transaction shall be appropriately adjusted, immediately after such Corporate Transaction, to apply to the number and class of securities which would have been issuable to the Optionee in consummation of such Corporate Transaction had the option been exercised immediately prior to such Corporate Transaction. Appropriate adjustments to reflect such Corporate Transaction shall also be made to (i) the exercise price payable per share under each outstanding option, provided the aggregate exercise price payable for such securities shall remain

the same, (ii) the maximum number and/or class of securities available for issuance over the remaining term of the Plan and (iii) the maximum number and/or class of securities for which any one person may be granted stock options, separately exercisable stock appreciation rights and direct stock issuances under the Plan per calendar year.

E. The Plan Administrator shall have the discretionary authority to provide for the automatic acceleration of one or more outstanding options under the Discretionary Option Grant Program upon the occurrence of a Corporate Transaction, whether or not those options are to be assumed in the Corporate Transaction, so that each such option shall, immediately prior to the effect date of such Corporate Transaction, become fully exercisable with respect to the total number of shares of Class A Common Stock at the time subject to that option and may be exercised for any or all of those shares as fully vested shares of Class A Common Stock. In addition, the Plan Administrator shall have the discretionary authority to structure one or more of the Corporation's repurchase rights under the Discretionary Option Grant Program so that those rights shall not be assignable in connection with such Corporate Transaction and shall accordingly terminate upon the consummation of such Corporate Transaction, and the shares subject to those terminated rights shall thereupon vest in full.

F. The Plan Administrator shall have full power and authority, exercisable either at the time the option is granted or at any time while the option remains outstanding, to provide for the automatic acceleration of one or more outstanding options under the Discretionary Option Grant Program in the event the Optionee's Service is subsequently terminated by reason of an Involuntary Termination within a designated period (not to exceed eighteen (18) months) following the effective date of any Corporate Transaction in which those options are assumed and do not otherwise accelerate. Any options so accelerated shall remain exercisable for fully vested shares until the earlier of (i) the

expiration of the option term or (ii) the expiration of the one (1) year period measured from the effective date of the Involuntary Termination. In addition, the Plan Administrator may provide that one or more of the Corporation's outstanding repurchase rights with respect to shares held by the Optionee at the time of such Involuntary Termination shall immediately terminate, and the shares subject to those terminated repurchase rights shall accordingly vest in full.

G. The Plan Administrator shall have the discretionary authority to provide for the automatic acceleration of one or more outstanding options under the Discretionary Option Grant Program upon the occurrence of a Change in Control so that each such option shall, immediately prior to the effect date of such Change in Control, become fully exercisable with respect to the total number of shares of Common Stock at the time subject to that option and may be exercised for any or all of those shares as fully vested shares of Common Stock. Each such accelerated option shall remain exercisable until the expiration or sooner termination of the option term. In addition, the Plan Administrator shall have the discretionary authority to structure one or more of the Corporation's repurchase rights under the Discretionary Option Grant Program so that those rights shall terminate automatically upon the consummation of such Change in Control, and the shares subject to those terminated rights shall thereupon vest in full. Alternatively, the Plan Administrator may condition the automatic acceleration of one or more outstanding options under the Discretionary Option Grant Program and the termination of one or more of the Corporation's outstanding repurchase rights under such program upon the subsequent termination of the Optionee's Service by reason of an Involuntary Termination within a designated period (not to exceed eighteen (18) months) following the effective date of such Change in Control. Each option so accelerated shall remain exercisable for fully vested shares until the earlier

of (i) the expiration of the option term or (ii) the expiration of the one (1) year period measured from the effective date of such Involuntary Termination.

H. The portion of any Incentive Option accelerated in connection with a Corporate Transaction or Change in Control shall remain exercisable as an Incentive Option only to the extent the applicable One Hundred Thousand Dollar (\$100,000) limitation is not exceeded. To the extent such dollar limitation is exceeded, the accelerated portion of such option shall be exercisable as a Nonstatutory Option under the Federal tax laws.

I. The outstanding options shall in no way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

IV. CANCELLATION AND REGRANT OF OPTIONS

The Plan Administrator shall have the authority to effect, at any time and from time to time, with the consent of the affected option holders, the cancellation of any or all outstanding options under the Discretionary Option Grant Program and to grant in substitution new options covering the same or different number of shares of Class A Common Stock but with an exercise price per share equal to the Fair Market Value per share of Class A Common Stock on the new grant date.

V. STOCK APPRECIATION RIGHTS

A. The Plan Administrator shall have the authority to grant to selected Optionees tandem stock appreciation rights and/or limited stock appreciation rights.

B. The following terms shall govern the grant and exercise of tandem stock appreciation rights:

(i) One or more Optionees may be granted the right, exercisable upon such terms as the Plan Administrator may establish, to elect between the exercise of the underlying option for shares Class A Common Stock and the surrender of that option in exchange for a distribution from the Corporation in an amount equal to the excess of (a) the Fair Market Value (on the option surrender date) of the number of shares in which the Optionee is at the time vested under the surrendered option (or surrendered portion) over (b)

the aggregate exercise price payable for those shares.

(ii) No such option surrender shall be effective unless it is approved by the Plan Administrator, either at the time of the actual option surrender or at any earlier time. If the surrender is so approved, then the distribution to which the Optionee shall be entitled may be made in shares of Class A Common Stock valued at Fair Market Value on the option surrender date, in cash, or partly in shares and partly in cash, as the Plan Administrator shall in its sole discretion deem appropriate.

(iii) If the surrender of an option is not approved by the Plan Administrator, then the Optionee shall retain whatever rights the Optionee had under the surrendered option (or surrendered portion) on the option surrender date and may exercise such rights at any time prior to the later of

(a) five (5) business days after the receipt of the rejection notice or (b) the last day on which the option is otherwise exercisable in accordance with the terms of the documents evidencing such option, but in no event may such rights be exercised more than ten (10) years after the option grant date.

C. The following terms shall govern the grant and exercise of limited stock appreciation rights:

(i) One or more Section 16 Insiders may be granted limited stock appreciation rights with respect to their outstanding options.

(ii) Upon the occurrence of a Hostile Takeover, each individual holding one or more options with such a limited stock appreciation right shall have the unconditional

-10-

right (exercisable for a thirty (30) day period following such Hostile Takeover) to surrender each such option to the Corporation, to the extent the option is at the time exercisable for vested shares of Class A Common Stock. In return for the surrendered option, the Optionee shall receive a cash distribution from the Corporation in an amount equal to the excess of (A) the Takeover Price of the shares of Class A Common Stock which are at the time vested under each surrendered option (or surrendered portion) over (B) the aggregate exercise price payable for those shares. Such cash distribution shall be paid within five (5) days following the option surrender date.

(iii) The Plan Administrator shall preapprove, at the time the limited right is granted, the subsequent exercise of that right in accordance with the terms of the grant and the provisions of this Section V. No additional approval of the Plan Administrator or the Board shall be required at the time of the actual option surrender and cash distribution.

(iv) The balance of the option (if any) shall remain outstanding and exercisable in accordance with the documents evidencing such option.

-11-

ARTICLE THREE

STOCK ISSUANCE PROGRAM

I. STOCK ISSUANCE TERMS

Shares of Class A Common Stock may be issued under the Stock Issuance Program through direct and immediate issuances without any intervening option grants. Each such stock issuance shall be evidenced by a Stock Issuance Agreement which complies with the terms specified below.

A. Purchase Price.

1. The purchase price per share shall be fixed by the Plan Administrator, but shall not be less than one hundred percent (100%) of the Fair Market Value per share of Class A Common Stock on the issuance date.

2. Subject to the provisions of Section I of Article Five, shares of Class A Common Stock may be issued under the Stock Issuance Program for any of the following items of consideration which the Plan Administrator may deem appropriate in each individual instance:

(i) cash or check made payable to the Corporation, or

(ii) past services rendered to the Corporation (or any Parent or Subsidiary).

B. Vesting Provisions.

1. Shares of Class A Common Stock issued under the Stock Issuance Program may, in the discretion of the Plan Administrator, be fully and immediately vested upon issuance or may vest in one or more installments over the Participant's period of Service or upon attainment of specified performance objectives. The elements of the vesting schedule applicable to any unvested shares of Class A Common Stock issued under the Stock Issuance Program shall be determined by the Plan Administrator and incorporated into the Stock Issuance Agreement.

2. Any new, substituted or additional securities or other property (including money paid other than as a regular cash dividend) which the Participant may have the right to receive with respect to the Participant's unvested shares of Class A Common Stock by reason of any stock dividend, stock split, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Class A Common Stock as a class without the Corporation's receipt of consideration shall be issued subject to (i) the same vesting requirements applicable to the Participant's unvested shares of Class A Common Stock and (ii) such escrow arrangements as the Plan Administrator shall deem appropriate.

3. The Participant shall have full stockholder rights with respect to any shares of Class A Common Stock issued to the Participant under the Stock Issuance Program,

-12-

whether or not the Participant's interest in those shares is vested. Accordingly, the Participant shall have the right to vote such shares and to receive any regular cash dividends paid on such shares.

4. Should the Participant cease to remain in Service while holding one or more unvested shares of Class A Common Stock issued under the Stock Issuance Program or should the performance objectives not be attained with respect to one or more such unvested shares of Class A Common Stock, then those shares shall be immediately surrendered to the Corporation for cancellation, and the Participant shall have no further stockholder rights with respect to those shares. To the extent the surrendered shares were previously issued to the Participant for consideration paid in cash or cash equivalent (including the Participant's purchase money indebtedness), the Corporation shall repay to the Participant the cash consideration paid for the surrendered shares and shall cancel the unpaid principal balance of any outstanding purchase money note of the Participant attributable to the surrendered shares.

5. The Plan Administrator may in its discretion waive the surrender and cancellation of one or more unvested shares of Class A Common Stock which would otherwise occur upon the cessation of the Participant's Service or the nonattainment of the performance objectives applicable to those shares. Such waiver shall result in the immediate vesting of the Participant's interest in the shares as to which the waiver applies. Such waiver may be effected at any time, whether before or after the Participant's cessation of Service or the attainment or nonattainment of the applicable performance objectives.

II. CORPORATE TRANSACTION/CHANGE IN CONTROL

A. All of the Corporation's outstanding repurchase rights under the Stock Issuance Program shall terminate automatically, and all the shares of Class A Common Stock subject to those terminated rights shall immediately vest in full, in the event of any Corporate Transaction, except to the extent (i) those repurchase rights are to be assigned to the successor corporation (or parent thereof) in connection with such Corporate Transaction or (ii) such accelerated vesting is precluded by other limitations imposed in the Stock Issuance Agreement.

B. The Plan Administrator shall have the discretionary authority, exercisable either at the time the unvested shares are issued under the Stock Issuance Program or any time while the Corporation's repurchase rights with respect to those shares remain outstanding, to structure one or more of those repurchase rights so that such rights shall not be assignable in connection with a Corporate Transaction and shall accordingly terminate upon the consummation of such Corporate Transaction, and the shares subject to those terminated repurchase rights shall thereupon vest in full.

C. The Plan Administrator shall have the discretionary authority, exercisable either at the time the unvested shares are issued or any time while the Corporation's repurchase rights remain outstanding under the Stock Issuance Program, to provide that those rights shall automatically terminate in whole or in part, and the shares of Class A Common Stock subject to those terminated rights shall immediately vest, in the event the Participant's Service should subsequently terminate by reason of an Involuntary Termination within a designated period (not to exceed eighteen (18) months) following the effective date of any Corporate Transaction in which those repurchase rights are assigned to the successor corporation (or parent thereof).

D. The Plan Administrator shall have the discretionary authority, exercisable either at the time the unvested shares are issued or any time while the Corporation's repurchase rights with respect to those shares remain outstanding under the Stock Issuance Program, to structure one or more of those repurchase rights so that such rights shall automatically terminate in whole or in part, and the shares of Class A Common Stock subject to those terminated rights shall immediately vest, upon (i) a Change in Control or (ii) the subsequent termination of the Participant's Service by reason of an Involuntary Termination within a designated period (not to exceed eighteen (18) months) following the effective date of such Change in Control or Involuntary Termination.

III. SHARE ESCROW/LEGENDS

Unvested shares may, in the Plan Administrator's discretion, be held in escrow by the Corporation until the Participant's interest in such shares vests or may be issued directly to the Participant with restrictive legends on the certificates evidencing those unvested shares.

ARTICLE FOUR

AUTOMATIC OPTION GRANT PROGRAM

I. OPTION TERMS

A. Grant Dates. Option grants shall be made on the dates specified

below:

1. Each individual serving as a non-employee Board member on the Plan Effective Date shall automatically be granted at that time a Nonstatutory Option to purchase 10,000 shares of Class A Common Stock, provided that individual has not previously been in the employ of the Corporation or any Parent or Subsidiary.

2. Each individual who is first elected or appointed as a non-employee Board member on or after the Plan Effective Date shall automatically be granted, on the date of such initial election or appointment, a Nonstatutory Option to purchase 10,000 shares of Class A Common Stock, provided that individual has not previously been in the employ of the Corporation or any Parent or Subsidiary.

3. On the date of each Annual Stockholders Meeting, beginning with the 1998 Annual Stockholders Meeting, each individual who is to continue to serve as a non-employee Board member, whether or not that individual is standing for re-election to the Board at that particular Annual Meeting, shall automatically be granted a Nonstatutory Option to purchase 5,000 shares of Class A Common Stock, provided such individual has served as a non-employee Board member for at least six (6) months. There shall be no limit on the number of such 5,000 share option grants any one non-employee Board member may receive over his or her period of Board service, and non-employee Board members who have previously been in the employ of the Corporation (or any Parent or Subsidiary) shall be eligible to receive one or more such annual option grants over their period of continued Board service.

Stockholder approval of the Plan on the Plan Effective Date will constitute preapproval of each option granted pursuant to the express terms of this Automatic Option Grant Program and the subsequent exercise of that option in accordance with its terms.

B. Exercise Price.

1. The exercise price per share shall be equal to one hundred percent (100%) of the Fair Market Value per share of Class A Common Stock on the option grant date.

2. The exercise price shall be payable in one or more of the alternative forms authorized under the Discretionary Option Grant Program. Except to the extent the sale and remittance procedure specified thereunder is utilized, payment of the exercise price for the purchased shares must be made on the Exercise Date.

C. Option Term. Each option shall have a term of ten (10) years

measured from the option grant date.

D. Exercise and Vesting of Options. Each option shall be

immediately exercisable for any or all of the option shares. However, any shares purchased under the option shall be subject to repurchase by the Corporation, at the exercise price paid per share, upon the Optionee's cessation of Board service prior to vesting in those shares. Each initial 10,000 share grant shall vest, and the Corporation's repurchase right shall lapse, in a series of four (4) successive equal annual installments upon the Optionee's completion of each year of Board service over the four (4) year period measured from the option grant date. Each annual 5,000 share grant shall vest, and the Corporation's repurchase right shall lapse, upon the Optionee's completion of one (1) year of Board service measured from the automatic grant date.

E. Termination of Board Service. The following provisions shall

govern the exercise of any options held by the Optionee at the time the Optionee ceases to serve as a Board member:

(i) The Optionee (or, in the event of Optionee's death, the personal representative of the Optionee's estate or the person or persons to whom the option is transferred pursuant to the Optionee's will or in accordance with the laws of descent and distribution) shall have a twelve (12) month period following the date of such cessation of Board service in which to exercise each such option.

(ii) During the twelve (12) month exercise period, the option may not be exercised in the aggregate for more than the number of vested shares of Class A Common Stock for which the option is exercisable at the time of the Optionee's cessation of Board service.

(iii) Should the Optionee cease to serve as a Board member by reason of death or Permanent Disability, then all shares at the time subject to the option shall immediately vest so that such option may, during the twelve (12) month exercise period following such cessation of Board service, be exercised for all or any portion of those shares as fully vested shares of Class A Common Stock.

(iv) In no event shall the option remain exercisable after the expiration of the option term. Upon the expiration of the twelve (12) month exercise period or (if earlier) upon the expiration of the option term, the option shall terminate and cease to be outstanding for any vested shares for which the option has not been exercised. However, the option shall, immediately upon the Optionee's cessation of Board service for any reason other than death or Permanent Disability, terminate and cease to be outstanding to the extent the option is not otherwise at that time exercisable for vested shares.

II. CORPORATE TRANSACTION/CHANGE IN CONTROL/HOSTILE TAKE-OVER

A. The shares of Class A Common Stock subject to each option outstanding under this Article Four at the time of a Corporate Transaction but not otherwise vested shall automatically vest in full so that each such option shall, immediately prior to the effective date of the Corporate Transaction, become fully exercisable for all of the shares of Class A Common Stock at the time subject to such option and may be exercised for all or any portion of those shares as fully

-16-

vested shares of Class A Common Stock. Immediately following the consummation of the Corporate Transaction, each automatic option grant shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof).

B. The shares of Class A Common Stock subject to each option outstanding under this Article Four at the time of a Change in Control but not otherwise vested shall automatically vest in full so that each such option shall, immediately prior to the effective date of the Change in Control, become fully exercisable for all of the shares of Class A Common Stock at the time subject to such option and may be exercised for all or any portion of those shares as fully vested shares of Class A Common Stock. Each such option shall remain exercisable for such fully vested option shares until the expiration or sooner termination of the option term or the surrender of the option in connection with a Hostile Take-Over.

C. All outstanding repurchase rights under the Automatic Option Grant Program shall automatically terminate, and the unvested shares of Class A Common Stock subject to those terminated rights shall immediately vest in full, in the event of any Corporate Transaction or Change in Control.

D. Upon the occurrence of a Hostile Take-Over, the Optionee shall have a thirty (30) day period in which to surrender to the Corporation each of his or her outstanding automatic option grants. The Optionee shall in return be entitled to a cash distribution from the Corporation in an amount equal to the excess of (i) the Take-Over Price of the shares of Class A Common Stock at the

time subject to each surrendered option (whether or not the Optionee is otherwise at the time vested in those shares) over (ii) the aggregate exercise price payable for such shares. Such cash distribution shall be paid within five (5) days following the surrender of the option to the Corporation. Stockholder approval of the Plan on the Plan Effective Date shall constitute preapproval of the grant of each such option surrender right under this Automatic Option Grant Program and the subsequent exercise of that right in accordance with the terms and provisions of this Section II.D. No additional approval or consent of the Plan Administrator or the Board shall be required at the time of the actual option surrender and cash distribution.

E. Each option which is assumed in connection with a Corporate Transaction shall be appropriately adjusted, immediately after such Corporate Transaction, to apply to the number and class of securities which would have been issuable to the Optionee in consummation of such Corporate Transaction had the option been exercised immediately prior to such Corporate Transaction. Appropriate adjustments shall also be made to the exercise price payable per share under each outstanding option, provided the aggregate exercise price payable for such securities shall remain the same.

F. The grant of options under the Automatic Option Grant Program shall in no way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

-17-

III. REMAINING TERMS

The remaining terms of each option granted under the Automatic Option Grant Program shall be the same as the terms in effect for option grants made under the Discretionary Option Grant Program.

-18-

ARTICLE FIVE

MISCELLANEOUS

I. FINANCING

The Plan Administrator may permit any Optionee or Participant to pay the option exercise price under the Discretionary Option Grant Program or the purchase price of shares issued under the Stock Issuance Program by delivering a full-recourse, interest bearing promissory note payable in one or more installments. The terms of any such promissory note (including the interest rate and the terms of repayment) shall be established by the Plan Administrator in its sole discretion. In no event may the maximum credit available to the Optionee or Participant exceed the sum of (i) the aggregate option exercise price or purchase price payable for the purchased shares (less the par value of those shares) plus (ii) any Federal, state and local income and employment tax liability incurred by the Optionee or the Participant in connection with the option exercise or share purchase.

II. TAX WITHHOLDING

A. The Corporation's obligation to deliver shares of Class A Common Stock upon the exercise of options or the issuance or vesting of such shares under the Plan shall be subject to the satisfaction of all applicable Federal, state and local income and employment tax withholding requirements.

B. The Plan Administrator may, in its discretion, provide any or all holders of Nonstatutory Options or unvested shares of Class A Common Stock under the Plan (other than the options granted or the shares issued under the Automatic Option Grant Program) with the right to use shares of Class A Common Stock in satisfaction of all or part of the Taxes incurred by such holders in connection with the exercise of their options or the vesting of their shares. Such right may be provided to any such holder in either or both of the following formats:

Stock Withholding: The election to have the Corporation withhold, from the shares of Class A Common Stock otherwise issuable upon the exercise of such Nonstatutory Option or the vesting of such shares, a portion of those shares with an aggregate Fair Market Value equal to the percentage of the Taxes (not to exceed one hundred percent (100%)) designated by the holder.

Stock Delivery: The election to deliver to the Corporation, at the time the Nonstatutory Option is exercised or the shares vest, one or more shares of Class A Common Stock previously acquired by such holder (other than in connection with the option exercise or share vesting triggering the Taxes) with

an aggregate Fair Market Value equal to the percentage of the Taxes (not to exceed one hundred percent (100%)) designated by the holder.

III. EFFECTIVE DATE AND TERM OF THE PLAN

A. The Plan was adopted by the Board on July 25, 1997 and shall become effective upon approval by the Corporation's stockholders at the 1997 Annual Meeting held on the Plan Effective Date.

-19-

B. The Plan shall terminate upon the earliest to occur of (i)

September 4, 2007, (ii) the date on which all shares available for issuance under the Plan shall have been issued as fully vested shares or (iii) the termination of all outstanding options in connection with a Corporate Transaction. Upon such plan termination, all outstanding option grants and unvested stock issuances shall thereafter continue to have force and effect in accordance with the provisions of the documents evidencing those grants or issuances.

IV. AMENDMENT OF THE PLAN

A. The Board shall have complete and exclusive power and authority to amend or modify the Plan in any or all respects. However, no such amendment or modification shall adversely affect the rights and obligations with respect to stock options or unvested stock issuances at the time outstanding under the Plan unless the Optionee or the Participant consents to such amendment or modification. In addition, certain amendments may require stockholder approval pursuant to applicable laws or regulations.

B. Options to purchase shares of Class A Common Stock may be granted under the Discretionary Option Grant Program and shares of Class A Common Stock may be issued under the Stock Issuance Program that are in each instance in excess of the number of shares then available for issuance under the Plan, provided any excess shares actually issued under those programs shall be held in escrow until there is obtained stockholder approval of an amendment sufficiently increasing the number of shares of Class A Common Stock available for issuance under the Plan. If such stockholder approval is not obtained within twelve (12) months after the date the first such excess issuances are made, then (i) any unexercised options granted on the basis of such excess shares shall terminate and cease to be outstanding, and (ii) the Corporation shall promptly refund to the Optionees and the Participants the exercise or purchase price paid for any excess shares issued under the Plan and held in escrow, together with interest (at the applicable Short Term Federal Rate) for the period the shares were held in escrow, and such shares shall thereupon be automatically cancelled and cease to be outstanding.

V. USE OF PROCEEDS

Any cash proceeds received by the Corporation from the sale of shares of Class A Common Stock under the Plan shall be used for general corporate purposes.

VI. REGULATORY APPROVALS

A. The implementation of the Plan, the granting of any stock option under the Plan and the issuance of any shares of Class A Common Stock (i) upon the exercise of any granted option or (ii) under the Stock Issuance Program shall be subject to the Corporation's procurement of all approvals and permits required by regulatory authorities having jurisdiction over the Plan, the stock options granted under it and the shares of Class A Common Stock issued pursuant to it.

B. No shares of Class A Common Stock or other assets shall be issued or delivered under the Plan unless and until there shall have been compliance with all applicable requirements of Federal and state securities laws, including the filing and effectiveness of the

-20-

Form S-8 registration statement for the shares of Class A Common Stock issuable under the Plan, and all applicable listing requirements of any stock exchange (or the Nasdaq National Market, if applicable) on which Class A Common Stock is then listed for trading.

VII. NO EMPLOYMENT/SERVICE RIGHTS

Nothing in the Plan shall confer upon the Optionee or the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation (or any Parent or Subsidiary employing or retaining such person) or of the Optionee or the Participant, which rights are hereby expressly reserved by each, to terminate such person's Service at any time for any reason, with or without cause.

APPENDIX

The following definitions shall be in effect under the Plan:

- A. Automatic Option Grant Program shall mean the automatic option grant

program in effect under the Plan.
- B. Board shall mean the Corporation's Board of Directors.

- C. Change in Control shall mean a change in ownership or control of the

Corporation effected through either of the following transactions:
- (i) the acquisition, directly or indirectly by any person or related group of persons (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation), of beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities pursuant to a tender or exchange offer made directly to the Corporation's stockholders, or
 - (ii) a change in the composition of the Board over a period of thirty-six (36) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.
- D. Class A Common Stock shall mean the Corporation's Class A Common

Stock, which shall be registered under Section 12(g) of the 1934 Act and shall be entitled to one (1) vote per share on all matters subject to stockholder approval.
- E. Code shall mean the Internal Revenue Code of 1986, as amended.

- F. Corporate Transaction shall mean either of the following stockholder-

approved transactions to which the Corporation is a party:
- (i) a merger or consolidation in which securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction, or
 - (ii) the sale, transfer or other disposition of all or substantially all of the Corporation's assets in complete liquidation or dissolution of the Corporation.
- G. Corporation shall mean ATL Products, Inc., a Delaware corporation, and

its successors.
- H. Discretionary Option Grant Program shall mean the discretionary option

grant program in effect under the Plan.
- I. Eligible Director shall mean a non-employee Board member eligible to

participate in the Automatic Option Grant Program in accordance with the eligibility provisions of Article One.
- J. Employee shall mean an individual who is in the employ of the

Corporation (or any Parent or Subsidiary), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.
- K. Exercise Date shall mean the date on which the Corporation shall have

received written notice of the option exercise.
- L. Fair Market Value per share of Class A Common Stock on any relevant

date shall be determined in accordance with the following provisions:

(i) If the Class A Common Stock is at the time traded on the Nasdaq National Market, then the Fair Market Value shall be deemed equal to the closing selling price per share of Class A Common Stock on the date in question, as such price is reported on the Nasdaq National Market or any successor system. If there is no closing selling price for the Class A Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(ii) If the Class A Common Stock is at the time listed on any Stock Exchange, then the Fair Market Value shall be deemed equal to the closing selling price per share of Class A Common Stock on the date in question on the Stock Exchange determined by the Plan Administrator to be the primary market for the Class A Common Stock, as such price is officially quoted in the composite tape of transactions on such exchange. If there is no closing selling price for the Class A Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

M. Hostile Take-Over shall mean the acquisition, directly or indirectly,

by any person or related group of persons (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation) of beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities pursuant to a tender or exchange offer made directly to the Corporation's stockholders which the Board does not recommend such stockholders to accept.

N. Incentive Option shall mean an option which satisfies the requirements

of Code Section 422.

O. Involuntary Termination shall mean the termination of the Service of

any individual which occurs by reason of:

(i) such individual's involuntary dismissal or discharge by the Corporation for reasons other than Misconduct, or

-2-

(ii) such individual's voluntary resignation following (A) a change in his or her position with the Corporation which materially reduces his or her duties and responsibilities or the level of management to which he or she reports, (B) a reduction in his or her level of compensation (including base salary, fringe benefits and target bonus under any corporate performance based bonus or incentive programs) by more than fifteen percent (15%) or (C) a relocation of such individual's place of employment by more than fifty (50) miles, provided and only if such change, reduction or relocation is effected by the Corporation without the individual's consent.

P. Misconduct shall mean the commission of any act of fraud, embezzlement

or dishonesty by the Optionee or Participant, any unauthorized use or disclosure by such person of confidential information or trade secrets of the Corporation (or any Parent or Subsidiary), or any other intentional misconduct by such person adversely affecting the business or affairs of the Corporation (or any Parent or Subsidiary) in a material manner. The foregoing definition shall not be deemed to be inclusive of all the acts or omissions which the Corporation (or any Parent or Subsidiary) may consider as grounds for the dismissal or discharge of any Optionee, Participant or other person in the Service of the Corporation (or any Parent or Subsidiary).

Q. 1934 Act shall mean the Securities Exchange Act of 1934, as amended.

R. Nonstatutory Option shall mean an option not intended to satisfy the

requirements of Code Section 422.

S. Optionee shall mean any person to whom an option is granted under the

Discretionary Option Grant or Automatic Option Grant Program.

T. Parent shall mean any corporation (other than the Corporation) in an

unbroken chain of corporations ending with the Corporation, provided each corporation in the unbroken chain (other than the Corporation) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

U. Participant shall mean any person who is issued shares of Class A

Common Stock under the Stock Issuance Program.

V. Permanent Disability or Permanently Disabled shall mean the inability

of the Optionee or the Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of twelve (12) months or more. However, solely for purposes of the Automatic Option Grant Program, Permanent Disability or Permanently Disabled shall mean the inability of the non-employee Board member to perform his or her usual duties as a Board member by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of twelve (12) months or more.

W. Plan shall mean the Corporation's 1997 Stock Incentive Plan, as set

forth in this document.

-3-

X. Plan Administrator shall mean the particular entity, whether the

Primary Committee, the Board or the Secondary Committee, which is authorized to administer the Discretionary Option Grant and Stock Issuance Programs with respect to one or more classes of eligible persons, to the extent such entity is carrying out its administrative functions under those programs with respect to the persons under its jurisdiction.

Y. Plan Effective Date shall mean September 4, 1997, the date of the 1997

Annual Stockholders Meeting at which the Plan is approved by the Corporation's stockholders.

Z. Primary Committee shall mean the committee of two (2) or more non-

employee Board members appointed by the Board to administer the Discretionary Option Grant and Stock Issuance Programs with respect to Section 16 Insiders.

AA. Secondary Committee shall mean a committee of one (1) or more Board

members appointed by the Board to administer the Discretionary Option Grant and Stock Issuance Programs with respect to eligible persons other than Section 16 Insiders.

AB. Section 16 Insider shall mean an officer or director of the

Corporation subject to the short swing profit liabilities of Section 16 of the 1934 Act.

AC. Service shall mean the performance of services for the Corporation (or

any Parent or Subsidiary) by a person in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent advisor, except to the extent otherwise specifically provided in the documents evidencing the option grant or stock issuance.

AD. Stock Exchange shall mean either the American Stock Exchange or the

New York Stock Exchange.

AE. Stock Issuance Agreement shall mean the agreement entered into by the

Corporation and the Participant at the time of issuance of shares of Class A Common Stock under the Stock Issuance Program.

AF. Stock Issuance Program shall mean the stock issuance program in effect

under the Plan.

AG. Subsidiary shall mean any corporation (other than the Corporation) in

an unbroken chain of corporations beginning with the Corporation, provided each corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such claim.

AH. Take-Over Price shall mean the greater of (i) the Fair Market Value

per share of Class A Common Stock on the date the option is surrendered to the Corporation in connection with a Hostile Take-Over or (ii) the highest reported price per share of Class A Common Stock paid by the tender offeror in effecting such Hostile Take-Over. However, if the surrendered option is an Incentive Option, the Take-Over Price shall not exceed the clause (i) price per share.

AI. Taxes shall mean the Federal, state and local income and employment

tax liabilities incurred by the holder of Nonstatutory Options or unvested shares of Class A Common Stock in connection with the exercise of those options or the vesting of those shares.

AJ. 10% Stockholder shall mean the owner of stock (as determined under

Code Section 424(d)) possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Corporation (or any Parent or Subsidiary).

ATL PRODUCTS, INC.
1996 STOCK INCENTIVE PLAN

ARTICLE ONE

GENERAL PROVISIONS

I. PURPOSE OF THE PLAN

This 1996 Stock Incentive Plan is intended to promote the interests of ATL Products, Inc., a Delaware corporation, by providing eligible persons with the opportunity to acquire a proprietary interest, or otherwise increase their proprietary interest, in the Corporation as an incentive for them to remain in the service of the Corporation.

Capitalized terms shall have the meanings assigned to such terms in the attached Appendix.

II. STRUCTURE OF THE PLAN

A. The Plan shall be divided into three separate equity programs:

(i) the Discretionary Option Grant Program under which eligible persons may, at the discretion of the Plan Administrator, be granted options to purchase shares of Class B Common Stock,

(ii) the Stock Issuance Program under which eligible persons may, at the discretion of the Plan Administrator, be issued shares of Class B Common Stock directly, either through the immediate purchase of such shares or as a bonus for services rendered the Corporation (or any Parent or Subsidiary), and

(iii) the Automatic Option Grant Program under which eligible non-employee Board members shall automatically receive option grants at periodic intervals to purchase shares of Class B Common Stock.

B. The provisions of Articles One and Five shall apply to all equity programs under the Plan and shall govern the interests of all persons under the Plan.

III. ADMINISTRATION OF THE PLAN

A. Prior to the Section 12 Registration Date, the Discretionary Option Grant and Stock Issuance Programs shall be administered by the Board. Effective with the Section 12 Registration Date, the Primary Committee shall have sole and exclusive authority to administer the Discretionary Option Grant and Stock Issuance Programs with respect to Section 16 Insiders. Administration of the Discretionary Option Grant and Stock Issuance Programs with respect to all other persons eligible to participate in those programs may, at the Board's discretion, be vested in the

Primary Committee or a Secondary Committee, or the Board may retain the power to administer those programs with respect to all such persons.

B. Members of the Primary Committee or any Secondary Committee shall serve for such period of time as the Board may determine and may be removed by the Board at any time. The Board may also at any time terminate the functions of any Secondary Committee and reassume all powers and authority previously delegated to such committee.

C. Each Plan Administrator shall, within the scope of its administrative functions under the Plan, have full power and authority (subject to the provisions of the Plan) to establish such rules and regulations as it may deem appropriate for proper administration of the Discretionary Option Grant and Stock Issuance Programs and to make such determinations under, and issue such interpretations of, the provisions of such programs and any outstanding options or stock issuances thereunder as it may deem necessary or advisable. Decisions of the Plan Administrator within the scope of its administrative functions under the Plan shall be final and binding on all parties who have an interest in the Discretionary Option Grant and Stock Issuance Programs under its jurisdiction or any option or stock issuance thereunder.

D. Service on the Primary Committee or the Secondary Committee shall constitute service as a Board member, and members of each such committee shall accordingly be entitled to full indemnification and reimbursement as Board members for their service on such committee. No member of the Primary Committee or the Secondary Committee shall be liable for any act or omission made in good faith with respect to the Plan or any option grants or stock issuances under the Plan.

E. Administration of the Automatic Option Grant shall be self-executing in accordance with the terms of those programs, and no Plan Administrator shall exercise any discretionary functions with respect to any option grants or stock issuances made under those programs.

IV. ELIGIBILITY

A. The persons eligible to participate in the Discretionary Option Grant and Stock Issuance Programs are as follows:

(i) Employees,

(ii) non-employee members of the Board or the board of directors of any Parent or Subsidiary, and

(iii) consultants and other independent advisors who provide services to the Corporation (or any Parent or Subsidiary).

B. Each Plan Administrator shall, within the scope of its administrative jurisdiction under the Plan, have full authority to determine, (i) with respect to the option grants under the Discretionary Option Grant Program, which eligible persons are to receive option grants, the time or times when such option grants are to be made, the number of shares to be covered by

-2-

each such grant, the status of the granted option as either an Incentive Option or a Non-Statutory Option, the time or times when each option is to become exercisable, the vesting schedule (if any) applicable to the option shares and the maximum term for which the option is to remain outstanding and (ii) with respect to stock issuances under the Stock Issuance Program, which eligible persons are to receive stock issuances, the time or times when such issuances are to be made, the number of shares to be issued to each Participant, the vesting schedule (if any) applicable to the issued shares and the consideration to be paid for such shares.

C. The Plan Administrator shall have the absolute discretion either to grant options in accordance with the Discretionary Option Grant Program or to effect stock issuances in accordance with the Stock Issuance Program.

D. The individuals who shall be eligible to participate in the Automatic Option Grant Program shall be limited to (i) those individuals who first become non-employee Board members after the Plan Effective Date, whether through appointment by the Board or election by the Corporation's stockholders, and (ii) those individuals who continue to serve as non-employee Board members at one or more Annual Stockholders Meetings held after the Underwriting Date. A non-employee Board member who has previously been in the employ of the Corporation (or any Parent or Subsidiary) shall not be eligible to receive an option grant under the Automatic Option Grant Program at the time he or she first becomes a non-employee Board member, but shall be eligible to receive periodic option grants under the Automatic Option Grant Program while he or she continues to serve as a non-employee Board member.

V. STOCK SUBJECT TO THE PLAN

A. The stock issuable under the Plan shall be shares of authorized but unissued or reacquired Class B Common Stock, including shares repurchased by the Corporation on the open market. The maximum number of shares of Class B Common Stock initially reserved for issuance over the term of the Plan shall not exceed two million (2,000,000) shares.

B. No one person participating in the Plan may receive options, separately exercisable stock appreciation rights and direct stock issuances for more than two hundred fifty thousand (250,000) shares of Class B Common Stock in the aggregate per calendar year, beginning with the 1997 calendar year.

C. Shares of Class B Common Stock subject to outstanding options shall be available for subsequent issuance under the Plan to the extent those options expire or terminate for any reason prior to exercise in full. Unvested shares issued under the Plan and subsequently repurchased by the Corporation, at the original issue price paid per share, pursuant to the Corporation's repurchase rights under the Plan shall be added back to the number of shares of Class B Common Stock reserved for issuance under the Plan and shall accordingly be available for reissuance through one or more subsequent option grants or direct stock issuances under the Plan. However, should the exercise price of an option under the Plan be paid with shares of Class B Common Stock or should shares of Class B Common Stock otherwise issuable under the Plan be withheld by the Corporation in satisfaction of the withholding taxes incurred in connection with the exercise of an option or the vesting of a stock issuance under the Plan, then the number of shares of

-3-

Class B Common Stock available for issuance under the Plan shall be reduced by

the gross number of shares for which the option is exercised or which vest under the stock issuance, and not by the net number of shares of Class B Common Stock issued to the holder of such option or stock issuance.

D. If any change is made to the Class B Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Class B Common Stock as a class without the Corporation's receipt of consideration, appropriate adjustments shall be made to (i) the maximum number and/or class of securities issuable under the Plan, (ii) the number and/or class of securities for which any one person may be granted stock options, separately exercisable stock appreciation rights and direct stock issuances under this Plan per calendar year, (iii) the number and/or class of securities for which grants are subsequently to be made under the Automatic Option Grant Program to new and continuing non-employee Board members, (iv) the number and/or class of securities and the exercise price per share in effect under each outstanding option under the Plan. Such adjustments to the outstanding options are to be effected in a manner which shall preclude the enlargement or dilution of rights and benefits under such options. The adjustments determined by the Plan Administrator shall be final, binding and conclusive.

ARTICLE TWO

DISCRETIONARY OPTION GRANT PROGRAM

I. OPTION TERMS

Each option shall be evidenced by one or more documents in the form approved by the Plan Administrator; provided, however, that each such document

shall comply with the terms specified below. Each document evidencing an Incentive Option shall, in addition, be subject to the provisions of the Plan applicable to such options.

A. Exercise Price.

1. The exercise price per share shall be fixed by the Plan Administrator but shall not be less than one hundred percent (100%) of the Fair Market Value per share of Class B Common Stock on the option grant date. However, if the person to whom the option is granted is a 10% Stockholder, then the exercise price per share shall not be less than one hundred ten percent (110%) of the Fair Market Value per share of Common Stock on the option grant date.

2. The exercise price shall become immediately due upon exercise of the option and shall be payable in one or more of the forms specified below:

(i) cash or check made payable to the Corporation, or

(ii) shares of Common Stock or Class B Common Stock held for the requisite period necessary to avoid a charge to the Corporation's earnings for financial reporting purposes and valued at Fair Market Value on the Exercise Date.

-4-

Should the Class B Common Stock be registered under Section 12(g) of the 1934 Act at the time the option is exercised, then the exercise price for any vested shares purchased under the option may be paid through a special sale and remittance procedure pursuant to which the Optionee shall concurrently provide irrevocable written instructions to (a) a Corporation-designated brokerage firm to effect the immediate sale of the purchased shares and remit to the Corporation, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate exercise price payable for the purchased shares plus all applicable Federal, state and local income and employment taxes required to be withheld by the Corporation by reason of such exercise and (b) the Corporation to deliver the certificates for the purchased shares to such brokerage firm in order to complete the sale.

Except to the extent such sale and remittance procedure is utilized, payment of the exercise price for the purchased shares must be made on the Exercise Date.

B. Exercise and Term of Options.

Each option shall be exercisable at such time or times, during such period and for such number of shares as shall be determined by the Plan Administrator and set forth in the documents evidencing the option. However, no option shall have a term in excess of ten (10) years measured from the option grant date.

C. Effect of Termination of Service.

1. The following provisions shall govern the exercise of any options held by the Optionee at the time of cessation of Service or death:

(i) Any option outstanding at the time of the Optionee's cessation of Service for any reason shall remain exercisable for such period of time thereafter as shall be determined by the Plan Administrator and set forth in the documents evidencing the option, but no such option shall be exercisable after the expiration of the option term.

(ii) Any option exercisable in whole or in part by the Optionee at the time of death may be subsequently exercised by the personal representative of the Optionee's estate or by the person or persons to whom the option is transferred pursuant to the Optionee's will or in accordance with the laws of descent and distribution.

(iii) During the applicable post-Service exercise period, the option may not be exercised in the aggregate for more than the number of vested shares for which the option is exercisable on the date of the Optionee's cessation of Service. Upon the expiration of the applicable exercise period or (if earlier) upon the expiration of the option term, the option shall terminate and cease to be outstanding for any vested shares for which the option has not been exercised. However, the option shall, immediately upon the Optionee's cessation of Service, terminate and cease to be outstanding to the extent the option is not otherwise at that time exercisable for vested shares.

2. The Plan Administrator shall have complete discretion, exercisable either at the time an option is granted or at any time while the option remains outstanding, to:

-5-

(i) extend the period of time for which the option is to remain exercisable following the Optionee's cessation of Service from the limited exercise period otherwise in effect for that option to such greater period of time as the Plan Administrator shall deem appropriate, but in no event beyond the expiration of the option term, and/or

(ii) permit the option to be exercised, during the applicable post-Service exercise period, not only with respect to the number of vested shares of Common Stock for which such option is exercisable at the time of the Optionee's cessation of Service but also with respect to one or more additional installments in which the Optionee would have vested had the Optionee continued in Service.

D. Stockholder Rights. The holder of an option shall have no stockholder rights with respect to the shares subject to the option until such person shall have exercised the option, paid the exercise price and become a holder of record of the purchased shares.

E. Unvested Shares. The Plan Administrator shall have the discretion to grant options which are exercisable for unvested shares of Class B Common Stock. Should the Optionee cease Service while holding such unvested shares, the Corporation shall have the right to repurchase, at the exercise price paid per share, all or (at the discretion of the Corporation and with the consent of the Optionee) any of those unvested shares. The terms upon which such repurchase right shall be exercisable (including the period and procedure for exercise and the appropriate vesting schedule for the purchased shares) shall be established by the Plan Administrator and set forth in the document evidencing such repurchase right. The Plan Administrator may not impose a vesting schedule upon any option grant or any shares of Class B Common Stock subject to the option which is more restrictive than twenty percent (20%) per year vesting, with the initial vesting to occur not later than one (1) year after the option grant date.

F. Limited Transferability of Options. During the lifetime of the Optionee, Incentive Options shall be exercisable only by the Optionee and shall not be assignable or transferable other than by will or by the laws of descent and distribution following the Optionee's death.

II. INCENTIVE OPTIONS

The terms specified below shall be applicable to all Incentive Options. Except as modified by the provisions of this Section II, all the provisions of Articles One, Two and Five shall be applicable to Incentive Options. Options designated as Non-Statutory Options when issued under the Plan shall not be subject to the terms of this Section II.

A. Eligibility. Incentive Options may be granted only to Employees.

B. Dollar Limitation. The aggregate Fair Market Value of the shares

of Class B Common Stock (determined as of the respective date or dates of grant) for which one or more options granted to any Employee under the Plan (or any other option plan of the Corporation or any Parent or Subsidiary) may for the first time become exercisable as Incentive Options during any one calendar year shall not exceed the sum of One Hundred Thousand Dollars (\$100,000). To the extent

-6-

the Employee holds two (2) or more such options which become exercisable for the first time in the same calendar year, the foregoing limitation on the exercisability of such options as Incentive Options shall be applied on the basis of the order in which such options are granted.

C. 10% Stockholder. If any Employee to whom an Incentive Option is

granted is a 10% Stockholder, then the option term shall not exceed five (5) years measured from the option grant date.

III. CORPORATE TRANSACTION/CHANGE IN CONTROL

A. In the event of any Corporate Transaction, each outstanding option shall automatically accelerate so that each such option shall, immediately prior to the effective date of the Corporate Transaction, become fully exercisable with respect to the total number of shares of Class B Common Stock at the time subject to such option and may be exercised for any or all of those shares as fully-vested shares of Class B Common Stock. Subject to Section III.E. of this Article Two, an unvested outstanding option shall not so accelerate if and to the extent: (i) such option is, in connection with the Corporate Transaction, either to be assumed by the successor corporation (or parent thereof) or to be replaced with a comparable option to purchase shares of the capital stock of the successor corporation (or parent thereof), (ii) such option is to be replaced with a cash incentive program of the successor corporation which preserves the spread existing on the unvested option shares at the time of the Corporate Transaction and provides for subsequent payout in accordance with the same vesting schedule applicable to those option shares or (iii) the acceleration of such option is subject to other limitations imposed by the Plan Administrator at the time of the option grant. The determination of option comparability under clause (i) above shall be made by the Plan Administrator, and its determination shall be final, binding and conclusive.

B. All outstanding repurchase rights shall also terminate automatically, and the Class B Common Stock subject to those terminated rights shall immediately vest in full, in the event of any Corporate Transaction, except to the extent: (i) those repurchase rights are to be assigned to the successor corporation (or parent thereof) in connection with such Corporate Transaction or (ii) such accelerated vesting is precluded by other limitations imposed by the Plan Administrator at the time the repurchase right is issued.

C. Immediately following the consummation of the Corporate Transaction, all outstanding options shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof).

D. Each option which is assumed in connection with a Corporate Transaction shall be appropriately adjusted, immediately after such Corporate Transaction, to apply to the number and class of securities which would have been issuable to the Optionee in consummation of such Corporate Transaction had the option been exercised immediately prior to such Corporate Transaction. Appropriate adjustments to reflect such Corporate Transaction shall also be made to (i) the exercise price payable per share under each outstanding option, provided the aggregate exercise price payable for such securities shall remain

the same, (ii) the maximum number and/or class of securities available for issuance over the remaining term of the Plan and (iii) the maximum

-7-

number and/or class of securities for which any one person may be granted stock options, separately exercisable stock appreciation rights and direct stock issuances under the Plan per calendar year.

E. Notwithstanding Section III.A. of this Article Two, the Plan Administrator shall have the discretionary authority, exercisable either at the time the option is granted or at any time while the option remains outstanding, to provide for the automatic acceleration of one or more outstanding options under the Discretionary Option Grant Program upon the occurrence of a Corporate Transaction, whether or not those options are to be assumed or replaced in the Corporate Transaction. In addition, the Plan Administrator shall have the discretionary authority to structure one or more of the Corporation's repurchase rights so that those rights shall not be assignable in connection with a Corporate Transaction and shall accordingly terminate upon the consummation of such Corporate Transaction, and the shares subject to those terminated

repurchase rights shall immediately vest in full, whether or not the options under which those shares are purchasable are to be assumed by the successor corporation.

F. The Plan Administrator shall have full power and authority exercisable, either at the time the option is granted or at any time while the option remains outstanding, to provide for the automatic acceleration of one or more outstanding options under the Discretionary Option Grant Program in the event the Optionee's Service is subsequently terminated by reason of an Involuntary Termination within a designated period (not to exceed eighteen (18) months) following the effective date of any Corporate Transaction in which those options are assumed or replaced and do not otherwise accelerate. Any options so accelerated shall remain exercisable for fully-vested shares until the earlier

of (i) the expiration of the option term or (ii) the expiration of the one (1)-year period measured from the effective date of the Involuntary Termination. In addition, the Plan Administrator shall have the discretionary authority to structure one or more of the Corporation's repurchase rights so that those repurchase rights shall immediately terminate with respect to any shares held by the Optionee at the time of his or her Involuntary Termination, and the shares subject to those terminated rights shall accordingly vest in full.

G. The Plan Administrator shall have full power and authority exercisable, either at the time the option is granted or at any time while the option remains outstanding, to provide for the automatic acceleration of one or more outstanding options under the Discretionary Option Grant Program upon (i) a Change in Control or (ii) the subsequent termination of the Optionee's Service by reason of an Involuntary Termination within a designated period (not to exceed eighteen (18) months) following the effective date of such Change in Control. Each option so accelerated shall remain exercisable for fully-vested shares until the earlier of (i) the expiration of the option term or (ii) the

expiration of the one (1)-year period measured from the effective date of the Optionee's cessation of Service. In addition, the Plan Administrator shall have the discretionary authority to structure one or more of the Corporation's repurchase rights so that those repurchase rights shall immediately terminate with respect to any shares held by the Optionee at the time of such Change in Control or Involuntary Termination, and the shares subject to those terminated rights shall accordingly vest in full.

H. The portion of any Incentive Option accelerated in connection with a Corporate Transaction or Change in Control shall remain exercisable as an Incentive Option only to the extent the applicable One Hundred Thousand Dollar limitation is not exceeded. To the extent

-8-

such dollar limitation is exceeded, the accelerated portion of such option shall be exercisable as a Non-Statutory Option under the Federal tax laws.

I. The outstanding options shall in no way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

IV. CANCELLATION AND REGRANT OF OPTIONS

The Plan Administrator shall have the authority to effect, at any time and from time to time, with the consent of the affected option holders, the cancellation of any or all outstanding options under the Discretionary Option Grant Program and to grant in substitution new options covering the same or different number of shares of Class B Common Stock but with an exercise price per share equal to the Fair Market Value per share of Class B Common Stock on the new grant date.

V. STOCK APPRECIATION RIGHTS

A. The Plan Administrator shall have the authority to grant to selected Optionees tandem stock appreciation rights and/or limited stock appreciation rights.

B. The following terms shall govern the grant and exercise of tandem stock appreciation rights:

(i) One or more Optionees may be granted the right, exercisable upon such terms as the Plan Administrator may establish, to elect between the exercise of the underlying option for shares of Class B Common Stock and the surrender of that option in exchange for a distribution from the Corporation in an amount equal to the excess of (a) the Fair Market Value (on the option surrender date) of the number of shares in which the Optionee is at the time vested under the surrendered option (or surrendered portion thereof) over (b) the aggregate exercise price payable for such shares.

(ii) No such option surrender shall be effective unless it is approved by the Plan Administrator, either at the time of the actual option

surrender or at any earlier time. If the surrender is so approved, then the distribution to which the Optionee shall be entitled may be made in shares of Class B Common Stock valued at Fair Market Value on the option surrender date, in cash, or partly in shares and partly in cash, as the Plan Administrator shall in its sole discretion deem appropriate.

(iii) If the surrender of an option is not approved by the Plan Administrator, then the Optionee shall retain whatever rights the Optionee had under the surrendered option (or surrendered portion thereof) on the option surrender date and may exercise such rights at any time prior to the later of

(a) five (5) business days after the receipt of the rejection notice or (b) the last day on which the option is otherwise exercisable in accordance with the terms of the documents evidencing such option, but in no event may such rights be exercised more than ten (10) years after the option grant date.

-9-

C. The following terms shall govern the grant and exercise of limited stock appreciation rights:

(i) One or more Section 16 Insiders may be granted limited stock appreciation rights with respect to their outstanding options.

(ii) Upon the occurrence of a Hostile Takeover, each individual holding one or more options with such a limited stock appreciation right shall have the unconditional right (exercisable for a thirty (30)-day period following such Hostile Takeover) to surrender each such option to the Corporation, to the extent the option is at the time exercisable for vested shares of Class B Common Stock. In return for the surrendered option, the Optionee shall receive a cash distribution from the Corporation in an amount equal to the excess of (A) the Takeover Price of the shares of Class B Common Stock which are at the time vested under each surrendered option (or surrendered portion thereof) over (B) the aggregate exercise price payable for such shares. Such cash distribution shall be paid within five (5) days following the option surrender date.

(iii) The Plan Administrator shall pre-approve, at the time the limited right is granted, the subsequent exercise of that right in accordance with the terms of the grant and the provisions of this Section V. No additional approval of the Plan Administrator or the Board shall be required at the time of the actual option surrender and cash distribution.

(iv) The balance of the option (if any) shall remain outstanding and exercisable in accordance with the documents evidencing such option.

ARTICLE THREE

STOCK ISSUANCE PROGRAM

I. STOCK ISSUANCE TERMS

Shares of Class B Common Stock may be issued under the Stock Issuance Program through direct and immediate issuances without any intervening option grants. Each such stock issuance shall be evidenced by a Stock Issuance Agreement which complies with the terms specified below.

A. Purchase Price.

1. The purchase price per share shall be fixed by the Plan Administrator, but shall not be less than one hundred percent (100%) of the Fair Market Value per share of Class B Common Stock on the issuance date. However, the purchase price per share of Common Stock issued to a 10% Stockholder shall not be less than one hundred and ten percent (110%) of such Fair Market Value.

2. Subject to the provisions of Section I of Article Five, shares of Class B Common Stock may be issued under the Stock Issuance Program for any of the following items of consideration which the Plan Administrator may deem appropriate in each individual instance:

(i) cash or check made payable to the Corporation, or

-10-

(ii) past services rendered to the Corporation (or any Parent or Subsidiary).

B. Vesting Provisions.

1. Shares of Class B Common Stock issued under the Stock Issuance Program may, in the discretion of the Plan Administrator, be fully and

immediately vested upon issuance or may vest in one or more installments over the Participant's period of Service or upon attainment of specified performance objectives. However, the Plan Administrator may not impose a vesting schedule upon any stock issuance effected under the Stock Issuance Program which is more restrictive than twenty percent (20%) per year vesting, with initial vesting to occur not later than one (1) year after the issuance date.

2. Any new, substituted or additional securities or other property (including money paid other than as a regular cash dividend) which the Participant may have the right to receive with respect to the Participant's unvested shares of Class B Common Stock by reason of any stock dividend, stock split, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Class B Common Stock as a class without the Corporation's receipt of consideration shall be issued subject to (i) the same vesting requirements applicable to the Participant's unvested shares of Class B Common Stock and (ii) such escrow arrangements as the Plan Administrator shall deem appropriate,

3. The Participant shall have full stockholder rights with respect to any shares of Class B Common Stock issued to the Participant under the Stock Issuance Program, whether or not the Participant's interest in those shares is vested. Accordingly, the Participant shall have the right to vote such shares and to receive any regular cash dividends paid on such shares.

4. Should the Participant cease to remain in Service while holding one or more unvested shares of Class B Common Stock issued under the Stock Issuance Program or should the performance objectives not be attained with respect to one or more such unvested shares of Class B Common Stock, then those shares shall be immediately surrendered to the Corporation for cancellation, and the Participant shall have no further stockholder rights with respect to those shares. The Corporation shall repay to the Participant any cash consideration paid for the surrendered shares and shall cancel the unpaid principal balance of any outstanding purchase-money note of the Participant attributable to the surrendered shares.

5. The Plan Administrator may in its discretion waive the surrender and cancellation of one or more unvested shares of Class B Common Stock which would otherwise occur upon the cessation of the Participant's Service or the non-attainment of the performance objectives applicable to those shares. Such waiver shall result in the immediate vesting of the Participant's interest in the shares as to which the waiver applies. Such waiver may be effected at any time, whether before or after the Participant's cessation of Service or the attainment or non-attainment of the applicable performance objectives.

-11-

II. CORPORATE TRANSACTION/CHANGE IN CONTROL

A. All of the Corporation's outstanding repurchase rights under the Stock Issuance Program shall terminate automatically, and all the shares of Class B Common Stock subject to those terminated rights shall immediately vest in full, in the event of any Corporate Transaction, except to the extent (i) those repurchase rights are to be assigned to the successor corporation (or parent thereof) in connection with such Corporate Transaction or (ii) such accelerated vesting is precluded by other limitations imposed in the Stock Issuance Agreement.

B. Notwithstanding Section II.A. of this Article Three, the Plan Administrator shall have the discretionary authority, exercisable either at the time the unvested shares are issued or any time while the Corporation's repurchase rights with respect to those shares remain outstanding under the Stock Issuance Program, to structure one or more of those repurchase rights so that such rights shall not be assignable in connection with a Corporate Transaction and shall accordingly terminate upon the consummation of such Corporate Transaction, and the shares subject to those terminated repurchase rights shall immediately vest in full, in the event the Participant's Service should subsequently terminate by reason of an Involuntary Termination within a designated period (not to exceed eighteen (18) months) following the effective date of any Corporate Transaction in which those repurchase rights are assigned to the successor corporation (or parent thereof).

C. The Plan Administrator shall have the discretionary authority, exercisable either at the time the unvested shares are issued or any time while the Corporation's repurchase rights with respect to those shares remain outstanding under the Stock Issuance Program, to structure one or more of those repurchase rights so that such rights shall automatically terminate in whole or in part, and the shares of Class B Common Stock subject to those terminated rights shall immediately vest, upon (i) a Change in Control or (ii) the subsequent termination of the Participant's Service by reason of an Involuntary Termination within a designated period (not to exceed eighteen (18) months) following the effective date of such Change in Control or Involuntary Termination.

III. SHARE ESCROW/LEGENDS

Unvested shares may, in the Plan Administrator's discretion, be held in escrow by the Corporation until the Participant's interest in such shares vests or may be issued directly to the Participant with restrictive legends on the certificates evidencing those unvested shares.

ARTICLE FOUR

AUTOMATIC OPTION GRANT PROGRAM

I. OPTION TERMS

A. Grant Dates. Option grants shall be made on the dates specified

below:

1. Each individual who is first elected or appointed as a non-employee Board member at any time after the Plan Effective Date shall automatically be granted, on the date of such initial election or appointment, a Non-Statutory Option to purchase ten thousand (10,000)

-12-

shares of Class B Common Stock, provided that individual is not then in the employ of the Corporation or any Parent or Subsidiary.

2. On the date of each Annual Stockholders Meeting held after the Underwriting Date, each individual who is to continue to serve as a non-employee Board member, whether or not that individual is standing for re-election to the Board at that particular Annual Meeting, shall automatically be granted a Non-Statutory Option to purchase seven thousand (7,000) shares of Class B Common Stock. There shall be no limit on the number of such 7,000-share option grants any one non-employee Board member may receive over his or her period of Board service, and non-employee Board members who have previously been in the employ of the Corporation (or any Parent or Subsidiary) shall be eligible to receive one or more such annual option grants over their period of continued Board service.

B. Exercise Price.

1. The exercise price per share shall be equal to one hundred percent (100%) of the Fair Market Value per share of Class B Common Stock on the option grant date.

2. The exercise price shall be payable in one or more of the alternative forms authorized under the Discretionary Option Grant Program. Except to the extent the sale and remittance procedure specified thereunder is utilized, payment of the exercise price for the purchased shares must be made on the Exercise Date.

C. Option Term. Each option shall have a term of ten (10) years

measured from the option grant date.

D. Exercise and Vesting of Options. Each initial 10,000-share option

grant shall be immediately exercisable for any or all of the option shares as fully-vested shares of Class B Common Stock and shall remain so exercisable until the expiration or sooner termination of the option term. Each annual 7,000-share option grant shall also be immediately exercisable for any or all of the option shares. However, the shares of Class B Common Stock purchased under each annual 7,000-share option grant shall be subject to repurchase by the Corporation, at the exercise price paid per share, upon the Optionee's cessation of Board service prior to vesting in those shares. Each annual 7,000-share grant shall vest, and the Corporation's repurchase right shall lapse, in a series of four (4) successive equal annual installments upon the Optionee's completion of each year of Board service over the four (4)-year period measured from the option grant date.

E. Termination of Board Service. The following provisions shall

govern the exercise of any options held by the Optionee at the time the Optionee ceases to serve as a Board member:

(i) The Optionee (or, in the event of Optionee's death, the personal representative of the Optionee's estate or the person or persons to whom the option is transferred pursuant to the Optionee's will or in accordance with the laws of descent and distribution) shall have

-13-

a twelve (12)-month period following the date of such cessation of Board service in which to exercise each such option.

(ii) During the twelve (12)-month exercise period, the option may not be exercised in the aggregate for more than the number of vested shares of Class B Common Stock for which the option is exercisable at the time of the Optionee's cessation of Board service.

(iii) Should the Optionee cease to serve as a Board member by reason of death or Permanent Disability, then all shares at the time subject to the option shall immediately vest so that such option may, during the twelve (12)-month exercise period following such cessation of Board service, be exercised for all or any portion of those shares as fully-vested shares of Class B Common Stock.

(iv) In no event shall the option remain exercisable after the expiration of the option term. Upon the expiration of the twelve (12)-month exercise period or (if earlier) upon the expiration of the option term, the option shall terminate and cease to be outstanding for any vested shares for which the option has not been exercised. However, the option shall, immediately upon the Optionee's cessation of Board service for any reason other than death or Permanent Disability, terminate and cease to be outstanding to the extent the option is not otherwise at that time exercisable for vested shares.

II. CORPORATE TRANSACTION/CHANGE IN CONTROL/HOSTILE TAKEOVER

A. In the event of any Corporate Transaction, the shares of Class B Common Stock at the time subject to each outstanding option but not otherwise vested shall automatically vest in full so that each such option shall, immediately prior to the effective date of the Corporate Transaction, become fully exercisable for all of the shares of Class B Common Stock at the time subject to such option and may be exercised for all or any portion of those shares as fully-vested shares of Class B Common Stock. Immediately following the consummation of the Corporate Transaction, each automatic option grant shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof).

B. In connection with any Change in Control, the shares of Class B Common Stock at the time subject to each outstanding option but not otherwise vested shall automatically vest in full so that each such option shall, immediately prior to the effective date of the Change in Control, become fully exercisable for all of the shares of Class B Common Stock at the time subject to such option and may be exercised for all or any portion of those shares as fully-vested shares of Class B Common Stock. Each such option shall remain exercisable for such fully-vested option shares until the expiration or sooner termination of the option term or the surrender of the option in connection with a Hostile Takeover.

C. Upon the occurrence of a Hostile Takeover, the Optionee shall have a thirty (30)-day period in which to surrender to the Corporation each of his or her outstanding automatic option grants. The Optionee shall in return be entitled to a cash distribution from the Corporation in an amount equal to the excess of (i) the Takeover Price of the shares of Class B Common Stock at

-14-

the time subject to each surrendered option (whether or not the Optionee is otherwise at the time vested in those shares) over (ii) the aggregate exercise price payable for such shares. Such cash distribution shall be paid within five (5) days following the surrender of the option to the Corporation. Shareholder approval of the Plan shall constitute pre-approval of the grant of each such option surrender right under this Automatic Option Grant Program and the subsequent exercise of such right in accordance with the terms and provisions of this Section II.C. No additional approval of the Board or any Plan Administrator shall be required at the time of the actual option surrender and cash distribution.

D. Each option which is assumed in connection with a Corporate Transaction shall be appropriately adjusted, immediately after such Corporate Transaction, to apply to the number and class of securities which would have been issuable to the Optionee in consummation of such Corporate Transaction had the option been exercised immediately prior to such Corporate Transaction. Appropriate adjustments shall also be made to the exercise price payable per share under each outstanding option, provided the aggregate exercise price payable for such securities shall remain the same.

E. The grant of options under the Automatic Option Grant Program shall in no way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

III. REMAINING TERMS

The remaining terms of each option granted under the Automatic Option Grant Program shall be the same as the terms in effect for option grants made

under the Discretionary Option Grant Program.

ARTICLE FIVE

MISCELLANEOUS

I. FINANCING

The Plan Administrator may permit any Optionee or Participant to pay the option exercise price under the Discretionary Option Grant Program or the purchase price of shares issued under the Stock Issuance Program by delivering a full-recourse, interest bearing promissory note payable in one or more installments. The terms of any such promissory note (including the interest rate and the terms of repayment) shall be established by the Plan Administrator in its sole discretion. In no event may the maximum credit available to the Optionee or Participant exceed the sum of (i) the aggregate option exercise price or purchase price payable for the purchased shares plus (ii) any Federal, state and local income and employment tax liability incurred by the Optionee or the Participant in connection with the option exercise or share purchase.

-15-

II. TAX WITHHOLDING

A. The Corporation's obligation to deliver shares of Class B Common Stock upon the exercise of options or the issuance or vesting of such shares under the Plan shall be subject to the satisfaction of all applicable Federal, state and local income and employment tax withholding requirements.

B. The Plan Administrator may, in its discretion, provide any or all holders of Non-Statutory Options or unvested shares of Class B Common Stock under the Plan (other than the options granted or the shares issued under the Automatic Option Grant Program) with the right to use shares of Class B Common Stock in satisfaction of all or part of the Taxes incurred by such holders in connection with the exercise of their options or the vesting of their shares. Such right may be provided to any such holder in either or both of the following formats:

Stock Withholding: The election to have the Corporation withhold, from the

shares of Class B Common Stock otherwise issuable upon the exercise of such Non-Statutory Option or the vesting of such shares, a portion of those shares with an aggregate Fair Market Value equal to the percentage of the Taxes (not to exceed one hundred percent (100%)) designated by the holder.

Stock Delivery: The election to deliver to the Corporation, at the time

the Non-Statutory Option is exercised or the shares vest, one or more shares of Class B Common Stock or Common Stock previously acquired by such holder (other than in connection with the option exercise or share vesting triggering the Taxes) with an aggregate Fair Market Value equal to the percentage of the Taxes (not to exceed one hundred percent (100%)) designated by the holder.

III. EFFECTIVE DATE AND TERM OF THE PLAN

A. The Plan shall become effective immediately upon the Plan Effective Date, and options may be granted under the Discretionary Option Grant and Automatic Option Grant Programs at any time on or after the Plan Effective Date. However, no options granted under the Plan may be exercised, and no shares shall be issued under the Stock Issuance Program, until the Plan is approved by the Corporation's stockholders. If such stockholder approval is not obtained within twelve (12) months after the Plan Effective Date, then all options previously granted under the Discretionary Option Grant or Automatic Option Grant Program shall terminate and cease to be outstanding, and no further options shall be granted and no shares shall be issued under the Plan.

B. The Plan shall terminate upon the earliest of (i) December 18,

2006, (ii) the date on which all shares available for issuance under the Plan shall have been issued as fully-vested shares or (iii) the termination of all outstanding options in connection with a Corporate Transaction. Upon such a clause (i) plan termination, any outstanding option grants and unvested stock issuances shall thereafter continue to have force and effect in accordance with the provisions of the documents evidencing such grants or issuances.

IV. AMENDMENT OF THE PLAN

A. The Board shall have complete and exclusive power and authority to amend or modify the Plan in any or all respects. However, no such amendment or modification shall adversely

-16-

affect the rights and obligations with respect to stock options or unvested

stock issuances at the time outstanding under the Plan unless the Optionee or the Participant consents to such amendment or modification. In addition, certain amendments may require stockholder approval pursuant to applicable laws or regulations.

B. Options to purchase shares of Class B Common Stock may be granted under the Discretionary Option Grant Program and shares of Class B Common Stock may be issued under the Stock Issuance Program that are in each instance in excess of the number of shares then available for issuance under the Plan, provided any excess shares actually issued under those programs shall be held in escrow until there is obtained stockholder approval of an amendment sufficiently increasing the number of shares of Class B Common Stock available for issuance under the Plan. If such stockholder approval is not obtained within twelve (12) months after the date the first such excess issuances are made, then (i) any unexercised options granted on the basis of such excess shares shall terminate and cease to be outstanding and (ii) the Corporation shall promptly refund to the Optionees and the Participants the exercise or purchase price paid for any excess shares issued under the Plan and held in escrow, together with interest (at the applicable Short Term Federal Rate) for the period the shares were held in escrow, and such shares shall thereupon be automatically cancelled and cease to be outstanding.

V. USE OF PROCEEDS

Any cash proceeds received by the Corporation from the sale of shares of Class B Common Stock under the Plan shall be used for general corporate purposes.

VI. REGULATORY APPROVALS

A. The implementation of the Plan, the granting of any stock option under the Plan and the issuance of any shares of Class B Common Stock (i) upon the exercise of any granted option or (ii) under the Stock Issuance Program shall be subject to the Corporation's procurement of all approvals and permits required by regulatory authorities having jurisdiction over the Plan, the stock options granted under it and the shares of Class B Common Stock issued pursuant to it.

B. No shares of Class B Common Stock or other assets shall be issued or delivered under the Plan unless and until there shall have been compliance with all applicable requirements of Federal and state securities laws, including the filing and effectiveness of the Form S-8 registration statement for the shares of Class B Common Stock issuable under the Plan, and all applicable listing requirements of any stock exchange (or the Nasdaq National Market, if applicable) on which Class B Common Stock is then listed for trading.

VII. NO EMPLOYMENT/SERVICE RIGHTS

Nothing in the Plan shall confer upon the Optionee or the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation (or any Parent or Subsidiary employing or retaining such person) or of the Optionee or the Participant, which rights are hereby expressly reserved by each, to terminate such person's Service at any time for any reason, with or without cause.

-17-

APPENDIX

The following definitions shall be in effect under the Plan:

- A. Automatic Option Grant Program shall mean the automatic option

grant program in effect under the Plan.
- B. Board shall mean the Corporation's Board of Directors.

- C. Change in Control shall mean a change in ownership or control of

the Corporation effected through either of the following transactions:

(i) the acquisition, directly or indirectly by any person or related group of persons (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation), of beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities pursuant to a tender or exchange offer made directly to the Corporation's stockholders, or

(ii) a change in the composition of the Board over a period of thirty-six (36) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be

comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.

D. Code shall mean the Internal Revenue Code of 1986, as amended.

E. Class B Common Stock shall mean the Corporation's Class B common

stock.

F. Common Stock shall mean the Corporation's common stock.

G. Corporate Transaction shall mean either of the following stockholder-

approved transactions to which the Corporation is a party:

(i) a merger or consolidation in which securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction, or

(ii) the sale, transfer or other disposition of all or substantially all of the Corporation's assets in complete liquidation or dissolution of the Corporation.

1

H. Corporation shall mean ATL Products, Inc., a Delaware corporation, and

any successor corporation which shall assume the Plan and the outstanding options and stock issuances under the Plan.

I. Discretionary Option Grant Program shall mean the discretionary option

grant program in effect under the Plan.

J. Eligible Director shall mean a non-employee Board member eligible to

participate in the Automatic Option Grant Program in accordance with the eligibility provisions of Article One.

K. Employee shall mean an individual who is in the employ of the

Corporation (or any Parent or Subsidiary), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

L. Exercise Date shall mean the date on which the Corporation shall have

received written notice of the option exercise.

M. Fair Market Value per share of Class B Common Stock or Common Stock on

any relevant date shall be determined in accordance with the following provisions:

(i) if the Class B Common Stock or Common Stock is at the time traded on the Nasdaq National Market, then the Fair Market Value shall be deemed equal to the closing selling price per share of Class B Common Stock or Common Stock on the date in question, as such price is reported on the Nasdaq National Market or any successor system. If there is no closing selling price for the Class B Common Stock or Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(ii) If the Class B Common Stock or Common Stock is at the time listed on any Stock Exchange, then the Fair Market Value shall be deemed equal to the closing selling price per share of Class B Common Stock or Common Stock on the date in question on the Stock Exchange determined by the Plan Administrator to be the primary market for the Class B Common Stock or Common Stock, as such price is officially quoted in the composite tape of transactions on such exchange. If there is no closing selling price for the Class B Common Stock or Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(iii) If the Fair Market Value of Class B Common Stock or Common Stock is not determinable pursuant to subparagraph (i) or (ii) of this provision, then the Fair Market Value shall be determined by the Plan Administrator, after taking into account such factors as it shall deem appropriate.

N. Hostile Takeover shall mean the acquisition, directly or indirectly,

by any person or related group of persons (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation) of beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities pursuant to a tender or

A-2

exchange offer made directly to the Corporation's stockholders which the Board does not recommend such stockholders to accept.

O. Incentive Option shall mean an option which satisfies the requirements

of Code Section 422.

P. Involuntary Termination shall mean the termination of the Service of

any individual which occurs by reason of:

(i) such individual's involuntary dismissal or discharge by the Corporation for reasons other than Misconduct, or

(ii) such individual's voluntary resignation following (A) a change in his or her position with the Corporation which materially reduces his or her level of responsibility, (B) a reduction in his or her level of compensation (including base salary, fringe benefits and target bonus under any corporate-performance based bonus or incentive programs) by more than fifteen percent (15%) or (C) a relocation of such individual's place of employment by more than fifty (50) miles, provided and only if such change, reduction or relocation is effected by the Corporation without the individual's consent.

Q. Misconduct shall mean the commission of any act of fraud, embezzlement

or dishonesty by the Optionee or Participant or any other intentional misconduct by such person adversely affecting the business or affairs of the Corporation (or any Parent or Subsidiary) in a material manner.

R. 1934 Act shall mean the Securities Exchange Act of 1934, as amended.

S. Non-Statutory Option shall mean an option not intended to satisfy the requirements of Code Section 422.

T. Optionee shall mean any person to whom an option is granted under the

Discretionary Option Grant, Automatic Option Grant or Director Fee Option Grant Program.

U. Parent shall mean any corporation (other than the Corporation) in an

unbroken chain of corporations ending with the Corporation, provided each corporation in the unbroken chain (other than the Corporation) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

V. Participant shall mean any person who is issued shares of Class B

Common Stock under the Stock Issuance Program.

W. Permanent Disability or Permanently Disabled shall mean the inability

of the Optionee or the Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of twelve (12) months or more. However, solely for purposes of the Automatic Option Grant Program, Permanent Disability or Permanently Disabled shall mean the inability of the

A-3

non-employee Board member to perform his or her usual duties as a Board member by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of twelve (12) months or more.

X. Plan shall mean the Corporation's 1996 Stock Incentive Plan, as set

forth in this document.

Y. Plan Administrator shall mean the particular entity, whether the

Primary Committee, the Board or the Secondary Committee, which is authorized to administer the Discretionary Option Grant and Stock Issuance Programs with respect to one or more classes of eligible persons, to the extent such entity is carrying out its administrative functions under those programs with respect to the persons under its jurisdiction.

Z. Plan Effective Date shall mean December 19, 1996, the date on which

the Plan was adopted by the Board.

AA. Primary Committee shall mean the committee of two (2) or more non-

employee Board members appointed by the Board to administer the Discretionary Option Grant and Stock Issuance Programs with respect to Section 16 Insiders.

AB. Secondary Committee shall mean a committee of one (1) or more Board

members appointed by the Board to administer the Discretionary Option Grant and Stock Issuance Programs with respect to eligible persons other than Section 16 Insiders.

AC. Section 12 Registration Date shall mean the date on which the Class B

Common Stock is first registered under Section 12(g) of Section 16 of the 1934 Act.

AD. Section 16 Insider shall mean an officer or director of the

Corporation subject to the short-swing profit liabilities of Section 16 of the 1934 Act.

AE. Service shall mean the performance of services for the Corporation (or

any Parent or Subsidiary) by a person in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent advisor, except to the extent otherwise specifically provided in the documents evidencing the option grant or stock issuance.

AF. Stock Exchange shall mean either the American Stock Exchange or the

New York Stock Exchange.

AG. Stock Issuance Agreement shall mean the agreement entered into by the

Corporation and the Participant at the time of issuance of shares of Class B Common Stock under the Stock Issuance Program.

AH. Stock Issuance Program shall mean the stock issuance program in effect

under the Plan.

AI. Subsidiary shall mean any corporation (other than the Corporation) in

an unbroken chain of corporations beginning with the Corporation, provided each corporation (other than the last

A-4

corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

AJ. Takeover Price shall mean the greater of (i) the Fair Market Value per

share of Class B Common Stock on the date the option is surrendered to the Corporation in connection with a Hostile Takeover or (ii) the highest reported price per share of Class B Common Stock paid by the tender offeror in effecting such Hostile Takeover. However, if the surrendered option an Incentive Option, the Takeover Price shall not exceed the clause (i) price per share.

AK. Taxes shall mean the Federal, state and local income and employment

tax liabilities incurred by the holder of Non-Statutory Options or unvested shares of Class B Common Stock in connection with the exercise of those options or the vesting of those shares.

AL. 10% Stockholder shall mean the owner of stock (as determined under

Code Section 424(d)) possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Corporation (or any Parent or Subsidiary).

AM. Underwriting Agreement shall mean the agreement between the

Corporation and the underwriter or underwriters managing the initial public

offering of the Common Stock.

AN. Underwriting Date shall mean the date on which the Underwriting

Agreement is executed and priced in connection with an initial public offering of the Common Stock.