UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the **Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): October 24, 2007

Quantum Corporation

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)

1-13449 (Commission File No.)

94-2665054 (IRS Employer Identification No.)

1650 Technology Drive, Suite 800 San Jose, CA 95110 (Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (408) 944-4000

	the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see ral Instruction A.2. below):
	Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
	Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
	Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
П	Pre-commencement communications pursuant to Rule 13e-4(c) under the Eychange Act (17 CFR 240 13e-4(c))

Item 2.02. Results of Financial Operations and Financial Condition

On October 24, 2007, Quantum Corporation issued a press release announcing earnings for its second quarter of fiscal 2008, a copy of which is attached as Exhibit 99.1 hereto and incorporated by reference.

This information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

99.1 Press Release, dated October 24, 2007

SIGNATURE

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

QUANTUM CORPORATION

By: /s/ Shawn D. Hall

Shawn D. Hall

Vice President, General Counsel and Secretary

Dated: October 24, 2007

EXHIBIT INDE	v

Description

<u>Exhibit</u> 99.1

Press Release, dated October 24, 2007.

Quantum.

News Release

Contact:
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Public Relations
Quantum Corp.
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Marilyn Keys Investor Relations Quantum Corp. (408) 944-4450 investor.relations@quantum.com

QUANTUM CORPORATION'S FISCAL SECOND QUARTER RESULTS SHOW CONTINUED PROGRESS IN EXECUTING ON KEY GOALS

Combined Disk Systems and Software Revenue Up Nearly 100 Percent Year-over-Year

SAN JOSE, Calif., Oct. 24, 2007 – Quantum Corp. (NYSE:QTM), the leading global specialist in backup, recovery and archive, today announced that revenue for its fiscal second quarter (FQ2'08), ended Sept. 30, 2007, was \$249 million. Although this was roughly flat with the same quarter last year (FQ2'07)*, the company increased its GAAP gross margin rate from 28.2 percent to 31.5 percent, reflecting its focus on pursuing higher margin sales over low-margin revenue opportunities.

The company reported a GAAP net loss of \$20 million for FQ2'08, or 10 cents per share, compared to a \$31 million net loss (16 cents per share) in FQ2'07. The \$20 million net loss in FQ2'08 included a number of major expense items totaling \$29 million: \$13 million in costs primarily associated with refinancing the ADIC acquisition-related debt on more favorable terms; \$12 million in amortization of intangibles; and \$4 million in stock-based compensation charges. The net impact of these items reduced earnings per share on a diluted basis by approximately 14 cents.

* FQ2'07 included only five-and-a-half weeks of combined Quantum and ADIC results.

In addition to Quantum's strong gross margin performance, the company continued to reduce its operating expenses. In FQ2'08, GAAP operating expenses totaled \$75 million, down from \$92 million in the same quarter last year.

"Our September quarter results demonstrate the solid progress we're making in executing on our strategic goals," said Rick Belluzzo, chairman and CEO of Quantum. "Our operating income as a percentage of revenue was the highest it's been in more than five years, when intangible amortization, stock-based compensation and acquisition-related expenses are excluded. In addition, we increased our disk systems and software revenue by nearly 100 percent year-over-year, with growing momentum behind our DXi-Series disk-based solutions featuring data de-duplication and replication."

Among the other highlights in the quarter, Quantum's branded sales reached an all-time high as a percentage of total non-royalty revenue, which helped drive the company's strong gross margin performance and reflected its continued success in building a more end-user focused business. Nevertheless, Quantum said it recognized the need to demonstrate further branded revenue growth and that this would be a major priority moving forward.

Quantum's product revenue, which includes sales of the company's hardware and software products, totaled \$185 million in FQ2'08. This represented a net decrease of approximately \$10 million over FQ2'07, with greater revenue contributions from tape automation and disk systems and software partially offsetting a decline in lower-margin device and non-royalty media revenue. Reflecting Quantum's strategic focus on growing its branded sales, the company increased the percentage of its non-royalty revenue from such sales to 63 percent in the September quarter. This exceeded the 60 percent target Quantum set last year shortly after completing the ADIC acquisition.

The components of product revenue were as follows:

- Tape automation systems revenue totaled \$110 million in FQ2'08, an increase of \$5 million over the comparable quarter last year, with an increase in higher-margin branded sales offsetting a decline in lower-margin OEM business.
- Disk systems and software revenue was \$15 million, up \$7 million from FQ2'07, with significant increases in both disk systems and software revenues.
- Revenue from devices and non-royalty media sales totaled \$60 million in the September quarter, down \$22 million from the same quarter last year, largely reflecting Quantum's focus on pursuing higher margin sales over lower-margin revenue opportunities.

Service revenue, which includes hardware service contracts as well as repair, installation and professional services, was \$39 million in FQ2'08. This was up \$12 million over FQ2'07, due to a larger installed base of branded product customers.

Quantum had \$25 million in royalty revenue for FQ2'08, down approximately \$3 million from the same quarter last year.

Continued Disk Systems and Software Momentum

In announcing its September quarter results, Quantum highlighted the continuing momentum in its disk systems and software business. After only two full quarters of shipping its DXi3500 and DXi5500 disk backup appliances with data de-duplication and replication capabilities, Quantum already has more than 120 customers, spanning a range of industries and geographies. Among these are a number of large accounts that have standardized on its DXi-Series solutions, including a Fortune 500 beverage company, a U.S. government security agency, a major international telecommunications provider, a regional health care benefits provider in the U.S., and one of the leading international broadcasting companies – to name just a few. The company is also starting to see significant repeat purchases, reflecting the DXi-Series' strong value proposition and positive customer experience. These purchases accounted for roughly a third of DXi-Series revenue in FQ2'08 and helped increase the average size of a DXi-Series deal to more than double that of the prior quarter.

Quantum also cited several factors that make it well positioned to build on the DXi-Series momentum. The company reported significant customer interest in its new enterprise system, the DXi7500, with nearly 150 requests for quotes already received since the product was announced this summer. With the addition of the DXi7500, scheduled to begin shipping in the next few months, Quantum will be the first company to provide the benefits of data de-duplication, remote replication and disk-to-tape creation across distributed sites, midrange environments, and primary data centers. This strength will be particularly valuable as Quantum looks to grow its DXi-Series revenue, in part by leveraging its installed base of more than 60,000 branded tape automation systems and 3,600 other disk systems and software deployments.

On the software side, Quantum continued to expand the market presence of its StorNext data management software in FQ2'08, with particularly strong growth in EMEA and APAC. This was the first full quarter of shipments with Distributed LAN Client capability, which extends high-performance and resilient data sharing beyond Fibre Channel SAN environments to clients connecting via IP-based networks. This led to a range of new customer wins, including a major U.S. government agency, a large oil and gas company in China, and two leading defense and technology companies. In addition, Quantum worked with HP to extend HP's sales of StorNext beyond the media and entertainment industry to federal government and high performance computing environments. All of this will add to the more than 100 petabytes of data already managed by StorNext around the world.

Conference Call and Audio Webcast Notification

Quantum will hold a conference call today, Oct. 24, 2007, at 2:00 p.m. PDT, to discuss its fiscal second quarter results. Press and industry analysts are invited to attend in listenonly mode. Dial-in number: (303) 262-2005 (U.S. & International). Quantum will provide a live audio webcast of the conference call beginning today, Oct. 24, 2007, at 2:00 p.m. PDT. Site for the webcast and related information: http://www.quantum.com/investors.

About Quantum

Quantum Corp. (NYSE:QTM) is the leading global storage company specializing in backup, recovery and archive. Combining focused expertise, customer-driven innovation, and platform independence, Quantum provides a comprehensive, integrated range of disk, tape, and software solutions supported by a world-class sales and service organization. As a long-standing and trusted partner, the company works closely with a broad network of resellers, OEMs and other suppliers to meet customers' evolving data protection needs. Quantum Corp., 1650 Technology Drive, Suite 800, San Jose, CA 95110, (408) 944-4000, www.quantum.com.

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Quantum and the Quantum logo are trademarks of Quantum Corporation registered in the United States and other countries. DXi and StorNext are trademarks of Quantum Corporation. All other trademarks are the property of their respective owners.

"Safe Harbor" Statement under the U.S. Private Securities Litigation Reform Act of 1995: This press release contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. Specifically, without limitation, statements relating to: (1) the Company being well positioned to build on the DXi-Series momentum; (2) the scheduled shipping of the DXi7500 in the next few months, along with the product's expected benefits; and (3) the Company's expectation that it will add to the more than 100 petabytes of data already managed by StorNext around the world, are forward-looking statements within the meaning of the Safe Harbor. These statements are based on management's current expectations and are subject to certain risks and uncertainties. As a result, actual results may differ materially from the forward-looking statements contained herein. Factors that could cause actual results to differ materially from those described herein include, but are not limited to: (a) the failure to compete successfully in the highly competitive and rapidly changing marketplace for backup, recovery, archive and other storage products and services; (b) our ability to successfully execute to our product roadmaps and timely ship our products; (c) the risk that lower volumes and continuing price and cost pressures could lead to lower gross margin rate; (d) media royalties from media manufacturers coming in at lower levels than expected; (e) operational risks associated with the changes being made to our manufacturing infrastructure; (f) acceptance of, or demand for, our products being lower than anticipated; and (g) difficulties in retaining key employees. More detailed information about these risk factors, and additional risk factors, are set forth in Quantum's periodic filings with the Securities and Exchange Commission, including, but not limited to, those risks and uncertainties listed in the section entitled "Risk Factors," on pages 12 to 21 of Quantum's Annual Report on Form 10-K for fiscal year 2007, filed with the Securities and Exchange Commission on June 13, 2007 and on pages 32 to 42 of Quantum's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2007, filed with the Securities and Exchange Commission on August 9, 2007. In particular, you should review the risk factors on pages 12 through 14 of our Form 10-K under the headings "A large percentage of our sales come from a few customers, and these customers have no minimum or long-term purchase commitments. The loss of, or a significant reduction in demand from, one or more key customers could materially and adversely affect our business, financial condition, and operating results", "From time to time we make acquisitions, such as the recent acquisition of ADIC. The failure to successfully integrate recent or future acquisitions could harm our business, financial condition, and operating results", "In connection with the acquisition of ADIC, we drew on our \$500 million credit facility with Key Bank, substantially increasing our debt service obligations and constraining our ability to operate our business. If we are unable to generate sufficient cash flow from operations to meet these debt obligations, our business financial condition and operating results will be materially and adversely affected", "Our credit agreement contains various covenants that limit our discretion in the operation of our business, which could have an adverse effect on our business, financial condition, and results of operations", "We derive almost all of our revenue from products incorporating tape technology. If competition from alternative storage technologies continues or increases, our business, financial condition, and operating results would be materially and adversely harmed" and "Competition has increased, and may increasingly intensify, in the tape drive and tape automation markets as a result of competitors introducing products based on new technology standards, which could materially and adversely affect our business, financial condition, and results of operations." Quantum expressly disclaims any obligation to update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

QUANTUM CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (In thousands, except per share amounts)

Revenue Command Command <t< th=""><th></th><th></th><th colspan="2">September 30, Septe</th><th colspan="2">mths Ended mber 30, 2006</th></t<>			September 30, Septe		mths Ended mber 30, 2006	
Product \$184973 \$19248 \$2560 \$1,000 \$27,88 \$71,12 \$45,50 \$27,88 \$71,12 \$45,50 \$28,30 \$28,40 <th< th=""><th></th><th></th><th></th><th></th><th></th></th<>						
Service 39,00 27,288 19,10 55,354 Royally 248,00 20,30 48,50 55,384 Total revene 248,00 20,30 34,25 58,085 Cott of revener 218,00 20,30 38,26 29,308 Service 28,60 20,30 31,93 31,933 48,248 Gross angin 70,613 50,50 21,828 48,182 Gross angin 22,500 25,814 48,88 48,162 General and administrative 22,500 25,814 48,88 48,162 General and administrative 17,98 15,900 20,10 40,70 Restructing charges research and development 3,13 20,50 9,00 28,33 Restructing charges research and development 3,13 10,00 9,01 3,10 2,00 2,00 2,00 2,00 2,00 2,00 2,00 2,00 2,00 2,00 2,00 2,00 2,00 2,00 2,00 2,00 2,00 2						
Ryalpy 24,26 27,83 45,50 53,84 Total revene 248,07 20,307 94,275 34,96 Cost for venue 28,67 20,375 58,06 24,84 Product 28,67 20,375 58,06 34,94 Restructuring charges related to cost of revenue 170,22 170,75 31,94 31,242 Total cost of revenue 170,22 170,75 31,94 31,243 31,242 Operating expenses 22,200 25,83 4,888 4,816 Research and development 22,201 25,90 49,70 General administrativ 34,23 20,50 49,70 Research development 21 6,60 32,10 14,70 In-processes 21 6,60 32,31 41,70 4,70 Research development 31,51 20,67 5,80 4,00 In-processes research and development 31,51 20,67 5,00 4,00 Income (sos) from operations 31,51 20,67	Product			,	. ,	
Total revenue	W-1-1-1-1					
Brodict 141,508 18,932 278,738 279,348 Service 28,637 20,375 88,968 43,048 Restructuring charges related to cost of revenue 1702,32 17,975 337,943 134,327 Gross margin 70,225 70,757 315,433 126,381 Openting expenses margin 22,500 25,834 48,888 48,162 Restructing charges and development 22,500 15,833 29,501 20,501 Sales and marketing 31,23 12,061 9,070 9,071 9,071 General and administrative 17,066 15,033 29,503 18,513 28,513 18,518 48,162 18,003 18,003 28,513 18,003 18,0	Royalty	24,526	27,833	48,559	55,384	
Product 41,150 15,332 28,783 29,19,34 Service turing charges related to cost of revenue — — 22,07 — To locot of revenue 70,223 7,07 31,03 31,23 Gross margin 70,225 7,06 15,23 12,638 Operating expenses — 22,00 25,34 48,858 48,162 Sales and marketing 13,95 15,00 49,79 48,162 Sales and marketing charges 21,7 66,0 93,31 6,43 General and administrative 1,19,86 15,00 9,70 14,00 Restructing charges 21,01 1,60 9,31 6,47 Restructing charges 21,01 2,60 9,33 6,43 Restructing charges 3,31 2,67 1,50 1,50 6,00 1,50 6,00 1,50 1,50 1,50 1,50 1,50 1,50 1,50 1,50 1,50 1,50 1,50 1,50 1,50 1,50 1,50	Total revenue	248,507	250,370	494,275	436,965	
Service 28,67 20,375 8,948 of 3,948 of 3,948 Restructuring charges related to cost of revenue 170,222 17,975 337,943 134,327 Total cost of revenue 70,023 17,975 337,943 134,327 Operating expenses 22,500 25,834 48,858 48,162 Seles and marketing 34,233 29,01 69,009 49,709 General and administrative 17,000 15,000 9,313 6,431 Restructuring charges 217 6,600 9,313 6,431 Restructuring charges 217 4,600 9,313 6,431 Restructuring charges 217 4,600 9,313 6,431 Restructuring charges 21,000 14,000 9,310 16,732 Restructuring charges 21,000 14,000 14,000 14,000 Restructuring charges 21,000 14,000 14,000 14,000 14,000 14,000 14,000 14,000 14,000 14,000 14,000 14,000 14,000	Cost of revenue					
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Gross margin Research and developments 12,500 25,814 48,885 48,162 Selse and marketing 42,250 25,814 48,885 48,162 Sels and marketing 42,233 29,601 69,600 49,719 General and administrative 17,986 15,493 39,303 28,511 Restructuring charges 17,986 16,203 16,740 In-process research and development 1,796 12,808 167,00 Income (loss) from operations 3,319 21,607 10,909 Incerest income and other, net 21,191 8,500 40,000 Interest stances 21,191 8,250 10,000 Incert states 21,200 8,000 8,01 9,000 Incert stances 21,200 8,000 </td <td>Restructuring charges related to cost of revenue</td> <td></td> <td></td> <td>237</td> <td></td>	Restructuring charges related to cost of revenue			237		
Operating expenses 22.50 25.81 4.88.85 4.8.16 Researd and development 32.30 25.90 6.96.90 49.719 General and administrative 17.96 15.40 39.50 28.51 Restructuring charges 217 6.60 9.31 6.74 in-process research and development 74.96 92.28 16.70 14.70 incene (loss) from operations 3.31 2.167 1.60 2.50.31 incerest income and other, net 1.51 2.067 5.80 40.30 interest income and other, net 1.91 2.02 1.80 40.30 interest income and other, net 1.91 2.02 1.90 2.523 1.00 1.00 1.00 2.01 <td>Total cost of revenue</td> <td>170,232</td> <td>179,757</td> <td>337,943</td> <td>314,327</td>	Total cost of revenue	170,232	179,757	337,943	314,327	
Research and development 22,500 25,814 48,858 48,162 Sales and marketing 34,253 29,601 69,00 49,719 General and administrative 17,986 15,493 39,503 28,351 Restructuring charges 217 6,600 9,311 6,740 In-process research and development 74,956 9,288 16,700 14,700 Income (loss) from operations 31,91 21,675 10,090 20,323 Interest expense (24,199 8,540 37,833 10,008 Loss before income tax expense (24,199 8,540 37,833 10,008 Loss before income tax expense (24,199 8,540 37,833 10,008 Loss before income tax expense (24,199 8,542 4,030 1,010 Interest expense (24,199 8,542 4,030 1,311 1,008 2,032 1,032 1,032 1,032 1,032 1,032 1,032 1,032 1,032 1,032 1,032 1,032 1,032	Gross margin	78,275	70,613	156,332	122,638	
Sales and marketing 34,253 29,011 69,009 47,19 General and administrative 17,986 51,283 30,503 28,311 Restructuring charges 217 6,600 9,331 6,743 In-process research and development 31,900 12,700 14,700 Income (loss) from operations 3,319 21,675 10,909 20,307 Increst income and other, net 15,152 20,70 5,800 40,300 Increst income and other, net 19,308 82,451 42,933 (3,783) (3,178) Increst income taxes (19,308) 82,504 43,030 (3,783) (3,178) Increst income taxes (19,308) 82,502 119 2,537 Not So 20,000 5,0						
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Process research and development 74,000 74						
Page			-,		- ,	
Income (loss) from operations 3,319 21,675 10,969 25,037 Interest proces 1,512 2,067 5,869 4,030 Interest proces 24,199 (8,546 37,833 10,708 Increst expense 1,9368 (28,154 42,933 31,715 Income taxes 1,9368 28,154 42,933 31,715 Income tax provision 2,0207 3,000 3,001 2,037 Income tax provision 3,000 3,001 3,001 3,001 Income tax provision 3,000 3,000 Income tax provision 3,000 3,000 Income tax provision 3,000	In-process research and development				14,700	
Name		74,956	92,288	167,301	147,675	
Interest expense	Income (loss) from operations	3,319	(21,675)	(10,969)	(25,037)	
Coss before income taxes 19,368 12,57	Interest income and other, net	1,512	2,067	5,869	4,030	
Note that provision 1,099 2,522 119 2,537 Note	Interest expense	(24,199)	(8,546)	(37,833)	(10,708)	
Note that provision 1,099 2,522 119 2,537 Note	Loss before income taxes	(19,368)	(28,154)	(42,933)	(31,715)	
Basic and diluted net loss per share \$ (0.10) \$ (0.10) \$ (0.10) \$ (0.18) Basic and diluted weighted average common and common equivalent shares 201,142 190,158 199,700 189,178 Included in the above Statements of Operations: Expense related to retiring prior debt facility \$ 12,602 \$ - \$ 12,602 \$ - Accelerated depreciation on legacy IT system - - 2,179 - Accelerated depreciation on legacy IT system - 66 - 66 - Inventory valuation adjustment to fair value - 1,960 - 1,960 Retention expense - - 1,960 - 1,960 Research and development - 137 - 137 - 137 - 137 - 137 - 137 - 137 - 307 - 307 - 307 - 307 - 307 - 307 - 307 - 307 - 307 - 307	Income tax provision			119		
Basic and diluted weighted average common and common equivalent shares 19,700 189,178 189,170 189,170 18	Net loss	\$ (20,467)	\$ (30,676)	\$ (43,052)	\$ (34,252)	
Expense related to retiring prior debt facility \$12,602 \$ - \$12,602 \$ - \$40.00 \$ - \$	Basic and diluted net loss per share	\$ (0.10)	\$ (0.16)	\$ (0.21)	\$ (0.18)	
Expense related to retiring prior debt facility \$ 12,602 \$ — \$ 12,602 \$ — Accelerated depreciation on legacy IT system — 2,179 — Accelerated depreciation related to facility closures 66 — 66 — Inventory valuation adjustment to fair value — 1,960 — 1,960 Retention expense — 1,960 — 1,960 Cost of revenue 53 209 219 209 Research and development — 307 — 307 Sales and marketing — 307 — 307 Cost of revenue 8,047 5,586 16,556 9,717 Research and development 206 344 411 539 Sales and marketing 4,223 3,625 8,446 4,690 General and administrative 25 18 50 164 Share-based compensation 572 270 938 521 Research and development 572 270 938	Basic and diluted weighted average common and common equivalent shares	201,142	190,158	199,700	189,178	
Accelerated depreciation on legacy IT system — — 2,179 — Accelerated depreciation related to facility closures 66 — 66 — Inventory valuation adjustment to fair value — 1,960 — 1,960 Retention expense — 32 209 219 209 Research and development — 137 — 137 Sales and marketing — 307 — 307 General and administrative 73 35 73 35 Amortization of intangibles — 126 688 292 688 Cost of revenue 8,047 5,586 16,556 9,717 Research and development 206 344 411 539 Sales and marketing 4,223 3,625 8,446 4,690 Cost of revenue 25 18 50 164 Share-based compensation — 1,505 9,73 25,43 15,110 Share-based compensation —	Included in the above Statements of Operations:					
Accelerated depreciation on legacy IT system — — 2,179 — Accelerated depreciation related to facility closures 66 — 66 — 1,960 — 3,07 — 1,960 3,07 — 3,07 — 3,07 — 3,07 — 3,07 — 3,07 — 3,08 5,08 8,08 2,92 6,88 2,92 6,88 2,92 6,88 2,92 6,88 2,92 6,88 2,92 6,8	Expense related to retiring prior debt facility	\$ 12,602	\$ —	\$ 12,602	\$ —	
Inventory valuation adjustment to fair value — 1,960 — 1,960 Retention expense — 3 209 219 209 Research and development — 137 — 137 Sales and marketing — 307 — 307 General and administrative 73 35 73 35 Amortization of intangibles — 126 688 292 688 Cost of revenue 8,047 5,586 16,556 9,717 Research and development 206 344 411 539 Sales and marketing 4,223 3,625 8,446 4,690 General and administrative 25 18 50 164 Share-based compensation 25 18 50 164 Cost of revenue 572 270 938 521 Research and development 1,058 563 1,917 1,040 Sales and marketing 1,000 501 1,583 8		_	_	2,179	_	
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Cost of revenue 53 209 219 209 Research and development — 137 — 137 Sales and marketing — 307 — 307 General and administrative 73 35 73 35 Amortization of intangibles 126 688 292 688 Cost of revenue 8,047 5,586 16,556 9,717 Research and development 206 344 411 539 Sales and marketing 4,223 3,625 8,446 4,690 General and administrative 25 18 50 164 Share-based compensation 572 270 938 521 Research and development 1,058 563 1,917 1,040 Sales and marketing 1,000 501 1,583 841 General and administrative 1,039 895 2,081 1,605	Inventory valuation adjustment to fair value	_	1,960	_	1,960	
Research and development — 137 — 137 Sales and marketing — 307 — 307 General and administrative 73 35 73 35 Amortization of intangibles 126 688 292 688 Cost of revenue 8,047 5,586 16,556 9,717 Research and development 206 344 411 539 Sales and marketing 4,223 3,625 8,446 4,690 General and administrative 25 18 50 164 Share-based compensation 12,501 9,573 25,463 15,110 Share-based compensation 572 270 938 521 Research and development 1,058 563 1,917 1,040 Sales and marketing 1,000 501 1,583 841 General and administrative 1,039 895 2,081 1,605	Retention expense					
Sales and marketing — 307 — 307 General and administrative 73 35 73 35 Amortization of intangibles 126 688 292 688 Amortization of intangibles 8,047 5,586 16,556 9,717 Research and development 206 344 411 539 Sales and marketing 4,223 3,625 8,446 4,690 General and administrative 25 18 50 164 Share-based compensation 12,501 9,573 25,463 15,110 Share-based compensation 572 270 938 521 Research and development 1,058 563 1,917 1,040 Sales and marketing 1,000 501 1,583 841 General and administrative 1,039 895 2,081 1,605		53		219		
General and administrative 73 35 73 35 Amortization of intangibles 8,047 5,586 16,556 9,717 Research and development 206 344 411 539 Sales and marketing 4,223 3,625 8,446 4,690 General and administrative 25 18 50 164 Share-based compensation 25 270 938 521 Research and development 1,058 563 1,917 1,040 Sales and marketing 1,000 501 1,583 841 General and administrative 1,039 895 2,081 1,605	*					
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Research and development 206 344 411 539 Sales and marketing 4,223 3,625 8,446 4,690 General and administrative 25 18 50 164 12,501 9,573 25,463 15,110 Share-based compensation Cost of revenue 572 270 938 521 Research and development 1,058 563 1,917 1,040 Sales and marketing 1,000 501 1,583 841 General and administrative 1,039 895 2,081 1,605	<u> </u>					
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Share-based compensation 12,501 9,573 25,463 15,110 Cost of revenue 572 270 938 521 Research and development 1,058 563 1,917 1,040 Sales and marketing 1,000 501 1,583 841 General and administrative 1,039 895 2,081 1,605			/			
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Cost of revenue 572 270 938 521 Research and development 1,058 563 1,917 1,040 Sales and marketing 1,000 501 1,583 841 General and administrative 1,039 895 2,081 1,605	Share-based compensation	12,501	9,5/3	25,463	15,110	
Research and development 1,058 563 1,917 1,040 Sales and marketing 1,000 501 1,583 841 General and administrative 1,039 895 2,081 1,605		572	270	938	521	
Sales and marketing 1,000 501 1,583 841 General and administrative 1,039 895 2,081 1,605						
General and administrative <u>1,039</u> 895 <u>2,081</u> 1,605		,			,	
	C C C C C C C C C C C C C C C C C C C					
			2,229	6,519	4,007	

QUANTUM CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS (In thousands)

	September 30, 2007 (Unaudited)	March 31, 2007
Assets	(1 1)	
Current assets:		
Cash and cash equivalents	\$ 83,634	\$ 60,581
Marketable securities	_	35,000
Accounts receivable, net	198,918	149,435
Inventories	69,019	91,153
Deferred income taxes	14,708	17,137
Other current assets	31,037	33,155
Total current assets	397,316	386,461
Long-term assets:		
Property and equipment, less accumulated depreciation	42,489	50,241
Service parts for maintenance, less accumulated amortization	79,659	82,361
Purchased technology, less accumulated amortization	89,557	106,524
Other intangible assets, less accumulated amortization	83,581	92,077
Goodwill	389,669	390,032
Other long-term assets	13,184	18,133
Total long-term assets	698,139	739,368
	\$ 1,095,455	\$ 1,125,829
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 84,499	\$ 92,292
Accrued warranty	24,082	30,669
Deferred revenue, current	62,290	57,617
Current portion of long-term debt	4,000	25,000
Accrued restructuring charges	9,140	13,289
Other accrued liabilities	91,094	110,583
Total current liabilities	275,105	329,450
Long-term liabilities:		
Deferred revenue, long-term	27,670	27,634
Deferred income taxes	14,309	16,751
Long-term debt	376,000	337,500
Convertible subordinated debt	160,000	160,000
Other long-term liabilities	13,773	53
Total long-term liabilities	591,752	541,938
Stockholders' equity	228,598	254,441
	\$ 1,095,455	\$ 1,125,829

^{*} Derived from the March 31, 2007 audited Consolidated Financial Statements

QUANTUM CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (In thousands)

		Six Months Ended September 30,	
	2007 (Unaudited)	2006 (Unaudited)	
Cash flows from operating activities:	(Chadanca)	(Chaddica)	
Net loss	\$ (43,052)	\$ (34,252)	
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation	15,245	11,343	
Amortization **	42,763	19,839	
Realized gain on sale of securities	(2,122)	_	
In-process research and development	<u> </u>	14,700	
Gain on Ireland facility closure	_	(476)	
Deferred income taxes	(14)	(36)	
Share-based compensation	6,519	4,007	
Fixed assets written off in restructuring	568	_	
Change in assets and liabilities:			
Accounts receivable	(49,483)	(10,937)	
Inventories	15,102	107	
Service parts for maintenance	(5,390)	(11,848)	
Accounts payable	512	(2,297)	
Income taxes payable	(621)	1,056	
Accrued warranty	(6,587)	(4,026)	
Deferred revenue	4,709	1,801	
Accrued restructuring charges	(3,647)	(8,348)	
Other assets and liabilities	1,294	4,222	
Net cash used in operating activities	(24,204)	(15,145)	
Cash flows from investing activities:			
Purchases of marketable securities	(65,000)	(464,758)	
Proceeds from sale of marketable securities	100,000	544,733	
Purchases of property and equipment	(13,831)	(9,651)	
Proceeds from sale of investment	5,441	_	
Proceeds from sales of Ireland facility	_	6,000	
Proceeds from sale of subsidiary, net of cash sold	2,176	_	
Payments made in connection with business acquisitions, net of cash		(545,385)	
Net cash provided by (used in) investing activities	28,786	(469,061)	
Cash flows from financing activities:			
Borrowings of long-term debt, net	441,953	486,808	
Repayments of long-term debt	(432,500)	_	
Proceeds from issuance of common stock, net	9,018	3,087	
Net cash provided by financing activities	18,471	489,895	
Net increase in cash and cash equivalents	23,053	5,689	
Cash and cash equivalents at beginning of period	60,581	123,298	
Cash and cash equivalents at end of period	\$ 83,634	\$ 128,987	

Amortization for the six months ended September 30, 2007 includes \$8.1 million of our prior debt facility's capitalized debt costs.