

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): January 23, 2008

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

Check 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 General 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))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Financial Operations and Financial Condition

On January 23, 2008, Quantum Corporation issued a press release announcing earnings for its third quarter and first nine months 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 January 23, 2008

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: January 23, 2008

EXHIBIT INDEX

Exhibit

Description

99.1 Press Release, dated January 23, 2008.

Press release, dated January 23, 2008.

Quantum®

News Release

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QUANTUM CORPORATION REPORTS FISCAL THIRD QUARTER RESULTS**Generates Highest GAAP Operating Income in Three Years**

SAN JOSE, Calif., Jan. 23, 2008— Quantum Corp. (NYSE:QTM), the leading global specialist in backup, recovery and archive, today announced that revenue for its fiscal third quarter (FQ3'08), ended Dec. 31, 2007, was \$253 million. Although this was down from \$302 million in the same quarter last year (FQ3'07), the company more than doubled its GAAP operating income to \$9 million. This was the highest level in three years and reflected Quantum's focus on pursuing higher margin sales over low-margin revenue opportunities.

The company reported a GAAP net loss of \$2 million for FQ3'08, or 1 cent per share, compared to a \$10 million net loss (5 cents per share) in FQ3'07. The \$2 million net loss in the recent December quarter included two major expense items totaling \$16 million: \$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 8 cents.

Quantum increased its GAAP gross margin rate to 35 percent in FQ3'08, up from 29 percent in the comparable quarter last year. This was the highest GAAP gross margin rate for the company in more than five years. In addition to delivering strong gross margin

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performance, the company reduced its GAAP operating expenses to \$78 million, from \$85 million in the same period last year. During FQ3'08, Quantum also paid down \$20 million of its debt related to the August 2006 acquisition of ADIC. At quarter end, the Company had reduced this debt by 27 percent since the acquisition and had a balance of \$360 million. Interest expense for the period was \$11 million, down \$4 million from the comparable quarter last year.

“We are pleased with the continued progress we made in executing on our financial model last quarter,” said Rick Belluzzo, chairman and CEO of Quantum. “Our strategy of focusing on the higher margin segments of our business and reducing our expense structure has enabled us to deliver solid operating income, generate cash and pay down our debt. At the same time, however, we recognize the need to grow branded revenue and have undertaken a number of actions across the company which we believe will help drive such growth over the coming quarters. This includes building a stronger disk and software business, with an increasing contribution from our DXi-Series family of disk-based data de-duplication and replication solutions.”

Quantum's product revenue, which includes sales of the company's hardware and software products, totaled \$185 million in FQ3'08. This represented a net decrease of approximately \$50 million from the same quarter last year. The components of product revenue were as follows:

- Disk systems and software revenue was \$14 million, up \$2 million from FQ3'07, as a strong contribution from Quantum's DXi3500 and DXi5500 de-duplication and replication appliances offset the revenue decline in sales of the company's legacy disk products.
- Tape automation systems revenue totaled \$113 million in FQ3'08, a decline of \$30 million from the comparable period last year, with lower sales in almost all product categories.
- Revenue from devices and non-royalty media sales totaled \$58 million in the December quarter, down \$22 million from the same quarter last year, as non-royalty media revenue grew but device sales declined.

Service revenue, which includes hardware service contracts as well as repair, installation and professional services, was \$41 million in FQ3'08. This was up \$3 million over FQ3'07.

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Quantum had \$27 million in royalty revenue for FQ3'08, down approximately \$2 million from the same quarter last year.

The company increased its branded share of non-royalty revenue to 62 percent in FQ3'08, from 54 percent in FQ3'07.

Continued Validation for Quantum's DXi™ Solutions

During the December quarter, Quantum continued to see solid validation for its DXi-Series solutions. The company increased its combined DXi3500 and DXi5500 revenues by 31 percent sequentially and now has an installed base of approximately 200 customers across a range of industries and geographies. One-third of Quantum's DXi-Series revenues in the quarter came from repeat purchases, and about 50 percent of customers bought a replication license, which indicates the continued growth opportunity for the company in this market. In addition, the DXi-Series portfolio is gaining increased recognition within the storage industry, most recently by the editors of *Storage* magazine and SearchStorage.com, who named the DXi-Series appliances as a finalist in the backup hardware category for their 2007 Storage Products of the Year (winners to be announced next month).

One of the key factors underlying the DXi-Series' growing momentum has been Quantum's focus on building an integrated, scalable family of data de-duplication and replication solutions for addressing customers' needs from remote sites to primary data centers. This includes providing policy-based de-duplication and direct tape creation in the company's new DXi7500 enterprise solution, which it plans to begin shipping later this quarter. Quantum has already received more than 200 requests for DXi7500 quotes from customers excited about the product and the benefits it offers.

Conference Call and Audio Webcast Notification

Quantum will hold a conference call today, Jan. 23, 2008, at 2:00 p.m. PST, to discuss its fiscal third quarter results. Press and industry analysts are invited to attend in listen-only mode. Dial-in number: (303) 262-2137 (U.S. & International). Quantum will provide a live audio webcast of the conference call beginning today, Jan. 23, 2008, at 2:00 p.m. PST. Site for the webcast and related information: <http://www.quantum.com/investors>.

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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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“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) our belief that actions undertaken across the company will help drive branded revenue growth over the coming quarters; (2) the scheduled shipping of the DXi7500 later this quarter, along with the product's expected benefits; and (3) the expectation that momentum in the data de-duplication and replication markets will increase, 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 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 September 30, 2007, filed with the Securities and Exchange Commission on November 8, 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”, “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)

| | Three Months Ended Dec 31, | | Nine Months Ended Dec 31, | |
|--|----------------------------|---------------------|---------------------------|---------------------|
| | 2007 (Unaudited) | 2006 (Unaudited) | 2007 (Unaudited) | 2006 (Unaudited) |
| Revenue | | | | |
| Product | \$ 185,130 | \$ 234,949 | \$ 551,734 | \$ 570,993 |
| Service | 40,628 | 37,923 | 119,740 | 83,460 |
| Royalty | 26,753 | 29,027 | 75,312 | 84,411 |
| Total revenue | <u>252,511</u> | <u>301,899</u> | <u>746,786</u> | <u>738,864</u> |
| Cost of revenue | | | | |
| Product | 133,885 | 184,932 | 412,623 | 464,275 |
| Service | 31,453 | 27,951 | 90,421 | 62,935 |
| Restructuring charges related to cost of revenue | — | — | 237 | — |
| Total cost of revenue | <u>165,338</u> | <u>212,883</u> | <u>503,281</u> | <u>527,210</u> |
| Gross margin | 87,173 | 89,016 | 243,505 | 211,654 |
| Operating expenses | | | | |
| Research and development | 20,127 | 30,245 | 68,985 | 78,407 |
| Sales and marketing | 39,371 | 36,524 | 108,980 | 86,243 |
| General and administrative | 18,787 | 18,048 | 58,290 | 46,399 |
| Restructuring charges | 98 | 545 | 9,429 | 7,288 |
| In-process research and development | — | — | — | 14,700 |
| | <u>78,383</u> | <u>85,362</u> | <u>245,684</u> | <u>233,037</u> |
| Income (loss) from operations | 8,790 | 3,654 | (2,179) | (21,383) |
| Interest income and other, net | 331 | 2,243 | 6,200 | 6,273 |
| Interest expense | (10,952) | (15,266) | (48,785) | (25,974) |
| Loss before income taxes | (1,831) | (9,369) | (44,764) | (41,084) |
| Income tax provision | 559 | 155 | 678 | 2,692 |
| Net loss | <u>\$ (2,390)</u> | <u>\$ (9,524)</u> | <u>\$ (45,442)</u> | <u>\$ (43,776)</u> |
| Basic and diluted net loss per share | <u>\$ (0.01)</u> | <u>\$ (0.05)</u> | <u>\$ (0.22)</u> | <u>\$ (0.23)</u> |
| Basic and diluted weighted average common and common equivalent shares | 204,243 | 194,087 | 201,211 | 190,814 |

Included in the above Statements of Operations:

| | Three Months Ended Dec 31, | | Nine Months Ended Dec 31, | |
|---|----------------------------|-------------|---------------------------|-------------|
| | 2007 | 2006 | 2007 | 2006 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Expense related to retiring prior debt facility | \$ — | \$ — | \$ 12,602 | \$ — |
| Accelerated depreciation on legacy IT system | — | — | 2,179 | — |
| Accelerated depreciation related to facility closures | 66 | — | 132 | — |
| Inventory valuation adjustment to fair value | — | — | — | 1,960 |
| Retention expense | | | | |
| Cost of revenue | 33 | 538 | 252 | 747 |
| Research and development | — | 353 | — | 490 |
| Sales and marketing | — | 790 | — | 1,097 |
| General and administrative | 41 | 91 | 114 | 126 |
| | 74 | 1,772 | 366 | 2,460 |
| Amortization of intangibles | | | | |
| Cost of revenue | 7,351 | 8,347 | 23,907 | 18,064 |
| Research and development | 521 | 326 | 932 | 865 |
| Sales and marketing | 4,177 | 5,313 | 12,623 | 10,003 |
| General and administrative | 25 | 25 | 75 | 189 |
| | 12,074 | 14,011 | 37,537 | 29,121 |
| Share-based compensation | | | | |
| Cost of revenue | 584 | 333 | 1,522 | 854 |
| Research and development | 984 | 717 | 2,901 | 1,757 |
| Sales and marketing | 861 | 563 | 2,444 | 1,404 |
| General and administrative | 1,476 | 927 | 3,557 | 2,532 |
| | 3,905 | 2,540 | 10,424 | 6,547 |

QUANTUM CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

| | December 31, 2007 (Unaudited) | March 31, 2007 * |
|--|-------------------------------------|------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 83,420 | \$ 60,581 |
| Marketable securities | — | 35,000 |
| Accounts receivable, net | 209,803 | 149,435 |
| Inventories | 73,657 | 91,153 |
| Deferred income taxes | 14,713 | 17,137 |
| Other current assets | 30,597 | 33,155 |
| Total current assets | 412,190 | 386,461 |
| Long-term assets: | | |
| Property and equipment, less accumulated depreciation | 40,447 | 50,241 |
| Service parts for maintenance, less accumulated amortization | 78,147 | 82,361 |
| Purchased technology, less accumulated amortization | 81,685 | 106,524 |
| Other intangible assets, less accumulated amortization | 79,379 | 92,077 |
| Goodwill | 388,670 | 390,032 |
| Other long-term assets | 13,270 | 18,133 |
| Total long-term assets | 681,598 | 739,368 |
| | \$ 1,093,788 | \$ 1,125,829 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 98,201 | \$ 92,292 |
| Accrued warranty | 22,063 | 30,669 |
| Deferred revenue, current | 69,543 | 57,617 |
| Current portion of long-term debt | 4,000 | 25,000 |
| Accrued restructuring charges | 4,473 | 13,289 |
| Other accrued liabilities | 87,027 | 110,583 |
| Total current liabilities | 285,307 | 329,450 |
| Long-term liabilities: | | |
| Deferred revenue, long-term | 28,988 | 27,634 |
| Deferred income taxes | 14,310 | 16,751 |
| Long-term debt | 356,000 | 337,500 |
| Convertible subordinated debt | 160,000 | 160,000 |
| Other long-term liabilities | 13,941 | 53 |
| Total long-term liabilities | 573,239 | 541,938 |
| Stockholders' equity | 235,242 | 254,441 |
| | \$ 1,093,788 | \$ 1,125,829 |

* Derived from the March 31, 2007 audited Consolidated Financial Statements.

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

| | Nine Months Ended December 31, | |
|--|-----------------------------------|---------------------|
| | 2007 (Unaudited) | 2006 (Unaudited) |
| Cash flows from operating activities: | | |
| Net loss | \$ (45,442) | \$ (43,776) |
| Adjustments to reconcile net loss to net cash used in operating activities | | |
| Depreciation | 20,411 | 20,057 |
| Amortization ** | 58,497 | 38,254 |
| Realized gain on sale of securities | (2,122) | — |
| In-process research and development | — | 14,700 |
| Gain on Ireland facility closure | — | (476) |
| Deferred income taxes | (18) | (29) |
| Share-based compensation | 10,424 | 6,547 |
| Fixed assets written off in restructuring | 568 | 382 |
| Change in assets and liabilities: | | |
| Accounts receivable | (60,368) | (5,204) |
| Inventories | 10,464 | 18,574 |
| Service parts for maintenance | (7,426) | (13,924) |
| Accounts payable | 14,214 | (23,108) |
| Income taxes payable | 33 | 978 |
| Accrued warranty | (8,606) | (5,822) |
| Deferred revenue | 13,280 | 8,051 |
| Accrued restructuring charges | (8,314) | (12,962) |
| Other assets and liabilities | (1,491) | (10,624) |
| Net cash used in operating activities | (5,896) | (8,382) |
| Cash flows from investing activities: | | |
| Purchases of marketable securities | (65,000) | (564,758) |
| Proceeds from sale of marketable securities | 100,000 | 624,757 |
| Purchases of property and equipment | (17,356) | (11,255) |
| Proceeds from sale of investment | 5,441 | — |
| Proceeds from sale 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 | 25,261 | (490,641) |
| Cash flows from financing activities: | | |
| Borrowings of long-term debt, net | 441,953 | 486,683 |
| Repayments of long-term debt | (452,500) | (7,750) |
| Proceeds from issuance of common stock, net | 14,021 | 6,460 |
| Net cash provided by financing activities | 3,474 | 485,393 |
| Net increase (decrease) in cash and cash equivalents | 22,839 | (13,630) |
| Cash and cash equivalents at beginning of period | 60,581 | 123,298 |
| Cash and cash equivalents at end of period | <u>\$ 83,420</u> | <u>\$ 109,668</u> |

** Amortization for the nine months ended December 31, 2007 includes \$8.1 million of our prior debt facility's capitalized debt costs.