

**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): April 15, 2016

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.)

224 Airport Parkway, 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 1.01 Entry into a Material Definitive Agreement

Reference is made to that certain Credit Agreement, dated March 29, 2012 (the "Credit Agreement"), by and among Wells Fargo Capital Finance LLC, as administrative agent (the "Agent"), the lenders that are parties thereto (the "Lenders"), and Quantum Corporation (the "Company").

On April 15, 2016, the Company entered into the Ninth Amendment to Credit Agreement (the "Ninth Amendment"), among the Company, the Agent and the Lenders, pursuant to which, among other amendments, the Credit Agreement was amended to modify the maturity date. The Credit Agreement, as amended by the Ninth Amendment, matures on the earlier of (i) August 10, 2017 and (ii) the date that is 91 days prior to the earliest maturity of the Company's 4.50% Convertible Senior Subordinated Notes due 2017.

In addition, the financial covenants were amended to change the amount of excess availability the Company is required to maintain over time. The \$5 million excess availability requirement will increase by \$1.5 million on June 1, 2016, and on the first day of each September, December, March and June occurring thereafter.

The borrowing base has also been amended to change the maximum amount of intellectual property assets which are included in the borrowing base. Currently, up to \$32 million of intellectual property assets may be included in the borrowing base, which amount will be reduced by \$1.5 million on the first day of each June, September, December and March occurring after March 1, 2016.

Finally, within 60 days following the date of the Ninth Amendment, the Company shall facilitate and pay for a field examination, inventory appraisal and intellectual property valuation.

The foregoing description does not purport to be complete and is qualified in its entirety by reference to the Credit Agreement and the Ninth Amendment to Credit Agreement, a copy of which is attached as Exhibit 10.1, and incorporated herein by reference.

Item 2.02. Results of Financial Operations and Financial Condition

On April 18, 2016, Quantum Corporation issued a press release announcing the Ninth Amendment and preliminary earnings for its fourth quarter of fiscal 2016, 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

- 10.1 Ninth Amendment to Credit Agreement, dated April 15, 2016, by and among Wells Fargo Capital Finance, LLC, as administrative agent, the lenders that are parties thereto, and Quantum Corporation
 - 99.1 Press Release, dated April 18, 2016
-

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

/s/ SHAWN D. HALL

Shawn D. Hall

Senior Vice President, General Counsel and Secretary

Dated: April 18, 2016

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
10.1	Ninth Amendment to Credit Agreement, dated April 15, 2016, by and among Wells Fargo Capital Finance, LLC, as administrative agent, the lenders that are parties thereto, and Quantum Corporation
99.1	Press Release, dated April 18, 2016.

NINTH AMENDMENT TO CREDIT AGREEMENT

THIS NINTH AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is entered into as of April 15, 2016, by and among the Lenders identified on the signature pages hereof (such Lenders, together with their respective successors and permitted assigns, are referred to hereinafter each individually as a "Lender" and collectively as the "Lenders"), WELLS FARGO CAPITAL FINANCE, LLC, a Delaware limited liability company, as administrative agent for the Lenders (in such capacity, "Agent") and QUANTUM CORPORATION, a Delaware corporation ("Borrower").

WHEREAS, Borrower, Agent, and Lenders are parties to that certain Credit Agreement dated as of March 29, 2012 (as amended, modified or supplemented from time to time, the "Credit Agreement"); and

WHEREAS, Borrower, Agent and Lenders have agreed to amend the Credit Agreement in certain respects, subject to the terms and conditions contained herein.

NOW THEREFORE, in consideration of the premises and mutual agreements herein contained, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to such terms in the Credit Agreement.

2. Amendments to Credit Agreement. Subject to the satisfaction of the conditions set forth in Section 5 below and in reliance upon the representations and warranties of Borrower set forth in Section 6 below, the Credit Agreement is amended as follows:

(a) Section 7(c) of the Credit Agreement is hereby amended and restated in its entirety, as follows:

(b) "(c) Minimum All-Times Liquidity. Maintain, at all times during the most recently completed month, (i) Liquidity of at least \$10,000,000 and (ii) Excess Availability of at least \$5,000,000; provided that, such amount referenced in this clause (ii) shall be increased on June 1, 2016 and on each September 1, December 1, March 1 and June 1 occurring after June 1, 2016, by an amount equal to \$1,500,000."

(c) The definition of "Maturity Date" contained in Schedule 1.1 of the Credit Agreement is hereby amended and restated in its entirety, as follows:

"Maturity Date" means the earliest of (i) August 10, 2017, and (ii) the date that is 91 days prior to the earliest date of maturity under the 2012 Convertible Trust Indenture."

(d) The definition of "Revolver Sub-Facility Component" contained in Schedule 1.1 of the Credit Agreement is hereby amended and restated in its entirety, as follows:

"Revolver Sub-Facility Component" means, as of any date of determination, an amount equal to \$33,000,000; provided that, commencing on the Commencement Date, such amount shall be reduced (i) on March 1, 2016, by an amount equal to \$1,000,000, and (ii) on each June 1, September 1, December 1 and March 1 occurring after March 1, 2016, by an amount equal to \$1,500,000."

Exhibit 10.1

(e) Exhibit C-1 to the Credit Agreement is hereby amended and restated in its entirety as set forth on Annex I attached hereto.

3. Continuing Effect. Except as expressly set forth in Section 2 of this Amendment, nothing in this Amendment shall constitute a modification or alteration of the terms, conditions or covenants of the Credit Agreement or any other Loan Document, or a waiver of any other terms or provisions thereof, and the Credit Agreement and the other Loan Documents shall remain unchanged and shall continue in full force and effect, in each case as amended hereby.

4. Reaffirmation and Confirmation. Borrower hereby ratifies, affirms, acknowledges and agrees that the Credit Agreement and the other Loan Documents represent the valid, enforceable and collectible obligations of Borrower, and further acknowledges that there are no existing claims, defenses, personal or otherwise, or rights of setoff whatsoever with respect to the Credit Agreement or any other Loan Document. Borrower hereby agrees that this Amendment in no way acts as a release or relinquishment of the Liens and rights securing payments of the Obligations. The Liens and rights securing payment of the Obligations are hereby ratified and confirmed by Borrower in all respects.

5. Conditions to Effectiveness. This Amendment shall become effective as of the date hereof and upon the satisfaction of the following conditions precedent:

(a) Each party hereto shall have executed and delivered this Amendment to Agent;

(b) Agent shall have received the Ninth Amendment Fee referred to below; and

(c) No Default or Event of Default shall have occurred and be continuing on the date hereof or as of the date of the effectiveness of this Amendment.

6. Representations and Warranties. In order to induce Agent and Lenders to enter into this Amendment, Borrower hereby represents and warrants to Agent and Lenders, after giving effect to this Amendment:

(a) All representations and warranties contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on the date of this Amendment, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of such earlier date);

(b) No Default or Event of Default has occurred and is continuing; and

(c) This Amendment and the Credit Agreement, as modified hereby, constitute legal, valid and binding obligations of Borrower and are enforceable against Borrower in accordance with their respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally.

Exhibit 10.1

7. Ninth Amendment Fee. Borrower shall pay to Agent, for the ratable benefit of the Lenders based on their respective Pro Rata Shares, a fee equal to \$37,500 (the "Ninth Amendment Fee") which shall be fully earned and due and payable on the date hereof.

8. Post-Closing Covenant. Notwithstanding anything to the contrary set forth in the Credit Agreement, and without limiting any of, and in addition to each of, Agent's rights under Section 2.10(c) of the Credit Agreement, Borrower shall cooperate in the preparation of, and Agent or its designee shall have the right to conduct, at Borrower's expense, a field examination, inventory appraisal and intellectual property valuation (collectively, the "Post-Closing Audit") within 60 days of the date hereof (or such later date as Agent may agree to in its sole discretion). In furtherance of the foregoing, Borrower agrees to cooperate in respect of the conduct of such Post-Closing Audit, and further agrees that all costs and charges for such Post-Closing Audit shall be for the account of Borrower and payable on demand. Any failure by Borrower to comply with the requirements of this Section 8 shall constitute an immediate Event of Default.

9. Miscellaneous.

(a) Expenses. Borrower agrees to pay on demand (i) all reasonable and documented costs and expenses of Agent (including the reasonable and documented fees and expenses of outside counsel for Agent) in connection with the preparation, negotiation, execution, delivery and administration of this Amendment and all other instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith, and (ii) the reasonable and documented fees of outside counsel to Silicon Valley Bank, as a Lender, in connection with their review of this Amendment. All obligations provided in this Section 8(a) shall survive any termination of this Amendment and the Credit Agreement as amended hereby.

(b) Governing Law. This Amendment shall be a contract made under and governed by the internal laws of the State of California.

(c) Counterparts. This Amendment may be executed in any number of counterparts, and by the parties hereto on the same or separate counterparts, and each such counterpart, when executed and delivered, shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment.

[Remainder of page intentionally left blank; signature page follows]

ANNEX I

EXHIBIT C-1

FORM OF COMPLIANCE CERTIFICATE

[on Borrower's letterhead]

To: Wells Fargo Capital Finance,
LLC

2450 Colorado Avenue, Suite 3000W

Santa Monica, California 90404-3597

Attn: Business Finance Division Manager

Re: Compliance Certificate dated

Ladies and Gentlemen:

Reference is made to that certain **CREDIT AGREEMENT** (the "Credit Agreement") dated as of March 29, 2012, by and among the lenders identified on the signature pages thereof (such lenders, together with their respective successors and permitted assigns, are referred to hereinafter each individually as a "Lender" and collectively as the "Lenders"), **WELLS FARGO CAPITAL FINANCE, LLC**, a Delaware limited liability company, as administrative agent for the Lenders ("Agent"), and **QUANTUM CORPORATION**, a Delaware corporation (the "Borrower"). Capitalized terms used in this Compliance Certificate have the meanings set forth in the Credit Agreement or the Security Agreement (as defined in the Credit Agreement) unless specifically defined herein.

Pursuant to Schedule 5.1 of the Credit Agreement, the undersigned officer of Borrower hereby certifies that:

1. The financial information of Borrower and its Subsidiaries furnished in Schedule 1 attached hereto¹, To be the applicable financial statements delivered pursuant to clause (a) or (d) of Schedule 5.1 of the Credit Agreement, as applicable, concurrently with the delivery of this Compliance Certificate., has been prepared in accordance with GAAP (except for quarter-end and year-end adjustments and the lack of footnotes), and fairly presents in all material respects the financial condition of Borrower and its Subsidiaries.

2. Such officer has reviewed the terms of the Credit Agreement and has made, or caused to be made under his/her supervision, a review in reasonable detail of the transactions and condition of Borrower and its Subsidiaries during the accounting period covered by the financial statements delivered pursuant to Schedule 5.1 of the Credit Agreement substantially concurrently herewith.

¹ To be the applicable financial statements delivered pursuant to clause (a) or (d) of Schedule 5.1 of the Credit Agreement, as applicable, concurrently with the delivery of this Compliance Certificate

3. Such review has not disclosed the existence on and as of the date hereof, and the undersigned does not have knowledge of the existence as of the date hereof, of any event or condition that constitutes a Default or Event of Default, except for such conditions or events listed on Schedule 2 attached hereto, specifying the nature and period of existence thereof and what action Borrower has taken, are taking, or propose to take with respect thereto.

4. The representations and warranties of Borrower set forth in the Credit Agreement and the other Loan Documents are true and correct in all material respects on and as of the date hereof (except to the extent they relate to a specified date), except as set forth on Schedule 3 attached hereto.

5. Borrower is in compliance with the applicable covenants contained in Section 7 of the Credit Agreement as demonstrated on Schedule 4 attached hereto.

6. Schedule 5 attached hereto sets forth all Collateral obtained by the Loan Parties since the later of (x) the Closing Date and (y) the date of the last Compliance Certificate delivered to Agent that contained this certification, that is evidenced by or consists of Negotiable Collateral, Investment Property, or Chattel Paper having an aggregate value or face amount of \$500,000 or more for all such Negotiable Collateral, Investment Property, or Chattel Paper.

7. Schedule 6 attached hereto sets forth all letters of credit having a face amount or value of \$500,000 or more in the aggregate with respect to which, since the later of (x) the Closing Date and (y) the date of the last Compliance Certificate delivered to Agent that contained this certification, any Loan Party has become the beneficiary.

8. Schedule 7 attached hereto sets forth all Commercial Tort Claims obtained by the Loan Parties since the later of (x) the Closing Date and (y) the date of the last Compliance Certificate delivered to Agent that contained this certification, that have a value, or involve an asserted claim, in the amount of \$500,000 or more in the aggregate for all Commercial Tort Claims.

9. Schedule 8 attached hereto sets forth all Accounts or Chattel Paper included in the calculation of the Borrowing Base (other than Accounts and Chattel Paper the aggregate value of which does not at any one time exceed \$1,000,000) that arise out of a contract or contracts with the United States or any department, agency, or instrumentality thereof.

10. Schedule 9 attached hereto sets forth all new Patents, Trademarks and Copyrights that are registered or the subject of pending applications for registrations, and all Intellectual Property Licenses that are material to the conduct of any Loan Party's business, in each case, which were acquired, registered or for which applications for registration were filed since the later of (x) the Closing Date and (y) the date of the last Compliance Certificate delivered to Agent that contained this certification, and any statement of use or amendment to allege use with respect to intent-to-use trademark applications.

11. Schedule 10 attached hereto sets forth a list of all of the Loan Parties' products constituting proprietary software that generate revenue of the Loan Parties in excess of \$2,500,000,

and such list identifies all of the Loan Parties' products constituting proprietary software that are material to generating revenue of the Loan Parties.

12. Schedule 11 attached hereto sets forth all Pledged Interests constituting Collateral having value in the amount of \$750,000 or more, individually, or having value in the aggregate for all Pledged Interests of \$2,000,000 or more, acquired, obtained or received by any Loan Party since the later of (x) the Closing Date and (y) the date of the last Compliance Certificate delivered to Agent that contained this certification. The applicable Loan Party has delivered to Agent a duly executed Pledged Interests Addendum identifying such Pledged Interests.²

12. Schedule 12 attached hereto sets forth any fee interest in Real Property having a fair market value in excess of \$2,500,000 acquired by any Loan Party since the later of (x) the Closing Date and (y) the date of the last Compliance Certificate delivered to Agent that contained this certification.

13. Schedule 13 attached hereto (i) sets forth any default, breach, violation or acceleration existing under any Pledged Note or any event which, with the passage of time or the giving of notice, or both, would constitute a default, breach, violation, or event of acceleration under any Pledged Note and (ii) includes copies of all material written notices (including notices of default) given or received with respect to the Pledged Notes since the later of (x) the Closing Date and (y) the date of the last Compliance Certificate delivered to Agent that contained this certification.

14. Schedule 14 attached hereto sets forth all new locations, since the later of (x) the Closing Date and (y) the date of the last Compliance Certificate delivered to Agent that contained this certification, at which Inventory (other than (i) Service Inventory and (ii) Inventory at any location where the value of all Inventory at such location is less than \$1,000,000) is located.]³

² Note to Quantum: If the new Pledged Interests are in respect of a new Subsidiary, please also deliver the documents contemplated by Section 5.11 of the Credit Agreement with respect to such Subsidiary (if the Subsidiary is to be a Loan Party).

³ Insert these certifications for the compliance certificates delivered with respect to each calendar month; provided that, if (x) the Revolver Usage as of every day during the calendar month most recently ended is less than \$5,000,000 and (y) no Default or Event of Default has occurred and is continuing, these certifications shall only be required to be inserted for compliance certificates delivered with respect to a month ending on a calendar quarter

Exhibit 10.1

IN WITNESS WHEREOF, this Compliance Certificate is executed by the undersigned this ____ day of _____,

_____.

QUANTUM CORPORATION

By: _____
Name: _____
Title: _____

SCHEDULE 1

Financial Information

SCHEDULE 2

Default or Event of Default

SCHEDULE 3

Representations and Warranties

SCHEDULE 4

Financial Covenants

[1. Fixed Charge Coverage Ratio.

Borrower's Fixed Charge Coverage Ratio, measured on a month-end basis, for the month ending _____, _____ is _____:1.0, which [is/is not] greater than or equal to the ratio set forth in Section 7(a) of the Credit Agreement for such month.]⁴

2. Minimum Average Liquidity.

Borrower's Average Liquidity for the month ending _____, _____ is \$ _____, which [is/is not] greater than or equal to the amount set forth in Section 7(b) of the Credit Agreement for such month.

3. Minimum All-Times Liquidity.

Borrower's Liquidity and Excess Availability, during the most recently completed month, were at all times greater than or equal to \$ _____ and \$ _____, respectively, which such amounts [are/are not] greater than or equal to the applicable amounts set forth in Section 7(c) of the Credit Agreement.

⁴ Insert this certification for the compliance certificates delivered with respect to each calendar month during which Revolver Usage as of any day during such calendar month is equal to or greater than \$5,000,000

[SCHEDULE 5

Negotiable Collateral, Investment Property, and Chattel Paper

SCHEDULE 6

Letter-of-Credit Rights

SCHEDULE 7

Commercial Tort Claims

SCHEDULE 8
Government Contracts

SCHEDULE 9

Patents, Trademarks, Copyrights and Intellectual Property Licenses

SCHEDULE 10

Products Constituting Proprietary Software

SCHEDULE 11

Pledged Interests Constituting Collateral

SCHEDULE 12
Owned Real Property

SCHEDULE 13

Defaults Under Pledged Notes

SCHEDULE 14
Locations of Inventory]



News Release

Contact:

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Public Relations
Quantum Corp.
+1 (408) 944-4044
brad.cohen@quantum.com

For Release:

April 18, 2016
5:00 a.m. PDT

Brinlea Johnson or Allise Furlani
Investor Relations
The Blueshirt Group
+1 (212) 331-8424 or +1 (212) 331-8433
brinlea@blueshirtgroup.com or allise@blueshirtgroup.com

Quantum Extends Bank Credit Facility to August 2017

Company Also Announces Positive Preliminary Fiscal Fourth Quarter 2016 Results

SAN JOSE, Calif. - April 18, 2016 - Quantum Corp. (NYSE: QTM) today announced it has amended its credit agreement with Wells Fargo Capital Finance, LLC to extend the availability of its credit line to August 10, 2017.*

In addition to the amended credit agreement, Quantum also announced preliminary results for the fiscal fourth quarter 2016 ended March 31, 2016:

- Total revenue was approximately \$120 million, the midpoint of the company's January guidance range.
- On a GAAP basis, Quantum expects operating income of approximately \$5 million and earnings per diluted share of approximately \$0.01, excluding a possible non-cash goodwill impairment charge for the quarter. The amount of the charge will be finalized during the company's annual audit and could range from \$0 to \$56 million, as stated in Quantum's Form 10-Q filing on February 5, 2016.
- On a non-GAAP basis, Quantum expects operating income of approximately \$8.5 million and earnings per diluted share of approximately \$0.02 for the fiscal fourth quarter.

* For additional information on the amended credit agreement, please refer to Quantum's Form 8-K filing with the U.S. Securities and Exchange Commission, dated April 18, 2016.

“I’m pleased with the progress we made in the quarter, including the combination of solid revenue and profitability which again demonstrated the leverage in our financial model,” said Jon Gacek, president and CEO of Quantum. “We also built a strong foundation for fiscal 2017, extending our credit line beyond the current year and securing a major, multi-year scale-out storage win for a large cloud project that is expected to contribute significant revenue over the course of fiscal 2017. In fact, we expect this win and our overall scale-out storage opportunity will result in year-over-year total revenue growth in fiscal 2017 as well as higher profitability and cash flow.”

Quantum will provide more detailed financial results for the fourth quarter and further discuss the company’s outlook for fiscal 2017 in its earnings announcement on May 10, 2016.

Earnings Conference Call and Audio Webcast Notification

Quantum will issue a news release on its fiscal fourth quarter financial results on Tuesday, May 10, 2016, after the close of the market. The company will also hold a conference call and live audio webcast to discuss these results that same day at 2:00 p.m. PDT. Press and industry analysts are invited to attend in listen-only mode.

Dial-in number: 1-503-343-6063

Participant passcode: 90829818

Replay number: 1-404-537-3406

Replay passcode: 90829818

Replay expiration: May 17, 2016

Webcast site: www.quantum.com/investors

About Quantum

Quantum is a leading expert in scale-out storage, archive and data protection, providing solutions for capturing, sharing and preserving digital assets over the entire data lifecycle. From small businesses to major enterprises, more than 100,000 customers have trusted Quantum to address their most demanding data workflow challenges. Quantum’s end-to-end, tiered storage foundation enables customers to maximize the value of their data by making it accessible whenever and wherever needed, retaining it indefinitely and reducing total cost and complexity. See how at www.quantum.com/customerstories.

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Quantum and the Quantum logo are registered trademarks of Quantum Corporation and its affiliates in the United States and/or other countries. All other trademarks are the property of their respective owners.

“Safe Harbor” Statement: This press release contains “forward-looking” statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. Specifically, but without limitation, statements relating to expected FY 2016 Q4 revenue and operating income results, the possible goodwill impairment charge, the securing of a major, multi-year scale-out storage win and associated revenue contribution, and anticipated year-over-year total revenue growth in fiscal 2017, as well as higher profitability and cash flow, are forward-looking statements within the meaning of the Safe Harbor. All forward-looking statements in this press release are based on information available to Quantum on the date hereof. These statements involve known and unknown risks, uncertainties and other factors that may cause Quantum’s actual results to differ materially from those implied by the forward-looking statements. More detailed information about these 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,” in Quantum’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on February 5, 2016 and in Quantum’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on June 12, 2015. Quantum expressly disclaims any obligation to update or alter its forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

Use of Non-GAAP Financial Measures

Quantum believes that the non-GAAP financial measures disclosed above provide useful and supplemental information to investors regarding its quarterly financial performance. Quantum management and Board of Directors use these non-GAAP financial measures internally to understand, manage and evaluate the company’s business results and make operating decisions. For instance, Quantum management often makes decisions regarding staffing, future management priorities and how the company will direct future operating expenses on the basis of non-GAAP financial measures. In addition, compensation of our employees is based in part on the performance of our business based on non-GAAP operating income.

The non-GAAP financial measures used in this press release exclude the impact of the items below for the following reasons:

- more -

Amortization of Intangible Assets

This includes acquired intangibles such as purchased technology and customer relationships in connection with prior acquisitions. These expenses are not factored into management's evaluation of potential acquisitions or Quantum's performance after completion of the acquisitions because they are not related to Quantum's core operating performance. In addition, the frequency and amount of such charges can vary significantly based on the size and timing of acquisitions and the maturities of the businesses being acquired. Excluding acquisition-related charges from non-GAAP measures provides investors with a basis to compare Quantum against the performance of other companies without the variability caused by purchase accounting.

Share-Based Compensation Expense

Share-based compensation expense relates primarily to equity awards such as restricted stock units. Share-based compensation is a non-cash expense that varies in amount from period to period and is dependent on market forces that are often beyond Quantum's control. Management believes that non-GAAP measures adjusted for share-based compensation provide investors with a basis to measure Quantum's core performance against the performance of other companies without the variability created by share-based compensation as a result of the variety of equity awards used by other companies and the varying methodologies and assumptions used.

Restructuring Charges

Restructuring charges primarily relate to expenses associated with changes to Quantum's operating structure. Restructuring charges are excluded from non-GAAP financial measures because they are not considered core operating activities. Although Quantum has engaged in various restructuring activities in the past, each has been a discrete event based on a unique set of business objectives. Management believes that it is appropriate to exclude restructuring charges from Quantum's non-GAAP financial measures, as it enhances the ability of investors to compare Quantum's period-over-period operating results from continuing operations.

Crossroads Patent Litigation Costs

Crossroads patent litigation costs are expenses incurred to defend ourselves and perform other activities related to a patent infringement lawsuit filed by Crossroads Systems, Inc. These costs are excluded from non-GAAP financial measures because they are not considered core operating activities, and management believes that it is appropriate to exclude these costs in order to provide investors the ability to compare Quantum's period-over-period operating results from continuing operations.

Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. They are limited in value because they exclude charges that have a material impact on the company's reported financial results and, therefore, should not be relied upon as the sole financial measures to evaluate the company. The non-GAAP financial measures are meant to supplement, and be viewed in conjunction with, GAAP financial measures. Investors are encouraged to review the reconciliation of the non-GAAP financial measures to their most directly comparable GAAP financial measures as provided in the tables accompanying this press release.

QUANTUM CORPORATION
GAAP TO NON-GAAP RECONCILIATION
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31, 2016		
	Income From Operations	Net Income	Per Share Net Income, Diluted
GAAP*	\$ 5,150	\$ 2,950	\$ 0.01
Non-GAAP Reconciling Items:			
Amortization of intangibles	50	50	
Share-based compensation	1,600	1,600	
Restructuring charges	1,500	1,500	
Crossroads patent litigation costs	200	200	
Non-GAAP	\$ 8,500	\$ 6,300	\$ 0.02
Computation of diluted net income per share:			
	GAAP	Non-GAAP	
Net income	\$ 2,950	\$ 6,300	
Interest of dilutive convertible notes	—	902	
Income for purposes of computing income per diluted share	<u>\$ 2,950</u>	<u>\$ 7,202</u>	
Weighted average shares:			
Basic	265,392	265,392	
Dilutive shares from stock plans	540	540	
Dilutive shares from convertible notes	—	42,502	
Diluted	<u>265,932</u>	<u>308,434</u>	

* Fourth quarter of fiscal 2016 GAAP income from operations, net income and basic and diluted earnings per share do not reflect a potential goodwill impairment write-off. As of the date of this press release, we have not finalized our impairment analysis. Depending on the results of our evaluation, we may determine that some or all of our goodwill is impaired, which could result in an impairment charge that could range from \$0 to \$55.6 million.

The non-GAAP financial information set forth in this table is not prepared in accordance with generally accepted accounting principles and may be different from non-GAAP financial information used by other companies.

- end -