

**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): July 27, 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 Suite 300, 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))
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Item 2.02. Results of Financial Operations and Financial Condition

On July 27, 2016, Quantum Corporation issued a press release announcing earnings for its first quarter of fiscal 2017, 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 July 27, 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: July 27, 2016

EXHIBIT INDEX

| <u>Exhibit</u> | <u>Description</u> |
|----------------|-------------------------------------|
| 99.1 | Press Release, dated July 27, 2016. |



News Release

Contact:

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

For Release:

July 27, 2016
1:15 p.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 Corporation Reports Fiscal First Quarter 2017 Results

Year-Over-Year Highlights:

- Total revenue growth of 5%
- 20th consecutive quarter of year-over-year growth in scale-out storage revenue, up 11%
- Data protection revenue growth of 6%
- GAAP and non-GAAP improvement in bottom line performance of \$7.0 million and \$7.3 million, respectively

SAN JOSE, Calif. – July 27, 2016 – Quantum Corp. (NYSE: QTM) today reported results for the fiscal first quarter 2017 ended June 30, 2016 (all comparisons are relative to the fiscal first quarter 2016)¹ :

- Total revenue was \$116.3 million, an increase of \$5.4 million.
- Scale-out storage revenue grew to \$30.8 million, up from \$27.8 million.
- Total data protection revenue increased to \$76.9 million, consisting of \$21.5 million in disk backup systems revenue (up 24 percent), \$42.6 million in tape automation revenue (down 4 percent) and \$12.8 million in devices and media revenue (up 17 percent).
- Royalty revenue was \$8.6 million, a decline of \$1.6 million.
- Quantum reported a GAAP operating loss of \$2.1 million and non-GAAP² operating income of \$2.1 million, an improvement of \$6.1 million and \$6.5 million, respectively.
- The GAAP net loss was \$3.8 million, or \$0.01 per diluted share, and non-GAAP net income was \$360,000, or \$0.00 per diluted share. This represented an improvement of \$0.03 per diluted share on both a GAAP and non-GAAP basis.

¹ Revenue figures for scale-out storage, data protection, disk backup systems and tape automation include related service revenue.

² A reconciliation of GAAP to non-GAAP financial measures is included in the accompanying tables. Historical data on non-GAAP items is available in the company's supplemental financial information posted on its website.

- The company generated \$5.2 million in cash from operations, in contrast to using \$13.6 million in cash in the comparable quarter a year ago.

“We’re very pleased with our first quarter results, as we delivered year-over-year revenue growth, with strong contributions from both our scale-out storage and data protection product lines,” said Jon Gacek, president and CEO of Quantum. “In scale-out storage, we continued to build on our momentum, securing major wins across our priority vertical markets and use cases and further expanding the addressable markets where our scale-out storage solutions offer unique value. For example, in April we announced a large public cloud, scale-out storage win, which we expected to generate \$10 million in total revenue for the year. That opportunity has since expanded, and we now expect the resulting revenue contributions — which started in the first quarter — to total at least \$20 million for the year.

“On the data protection side of our business, we closed a multi-million dollar DXi[®] deduplication deal and capitalized on a more stable tape backup market, where we are a long-standing leader. We also significantly improved our bottom line performance, as we continued to benefit from the cost reductions and operational changes we implemented over the previous six months, which further strengthened our business model and the leverage it provides.

“In short, we had a strong start to fiscal 2017, and we’re focused on building on our momentum to drive continued growth, profitability and cash flow. Based on our first quarter results, we have increased confidence in our ability to meet the full year guidance we provided on our May earnings call.”

Fiscal Second Quarter 2017 Outlook

Quantum provided the following guidance for the fiscal second quarter:

- Total revenue of \$118 million to \$122 million.
- GAAP and non-GAAP gross margin of 41-42 percent.
- GAAP and non-GAAP operating expenses of \$50 million to \$51 million and \$48 million to \$49 million, respectively.
- Interest expense of \$1.5 million and taxes of \$400,000.
- GAAP and non-GAAP loss per share of \$0.01 to \$0.00.

Finally, Quantum CFO Fuad Ahmad provided an update on the company’s refinancing activities.

“We are in discussions with a number of financial institutions regarding expanding our credit line to provide sufficient near- and long-term liquidity and to create a clear and executable roadmap to address our convertible notes due November 2017,” said Ahmad. “We’ve received strong indications of interest from two different lending sources, each of which has provided preliminary terms that, if successfully executed in a definitive agreement, not

only would provide substantial additional liquidity but also should alleviate any perceived market risks related to the convertible notes.”

Fiscal First Quarter 2017 Business Highlights

- Quantum introduced three new reference architectures for video surveillance and security environments. These architectures address the storage challenges presented by new fixed cameras, expansions of existing security systems, and law enforcement implementations. They are based on the company’s unique tiered storage approach which provides the performance, capacity and accessibility that are essential in meeting today’s increasing demands for managing surveillance data.
- The company announced that Avid® has developed a connector for its Interplay® | MAM system and Quantum’s StorNext Storage Manager™ that enables seamless integration of Quantum archive storage systems into Avid media environments. As a result, media and entertainment customers now have the ability to access and control StorNext® archive and restore functions through Interplay | MAM, including automated movement of content across different archive storage tiers. This solution provides more intelligent, long-term content management, faster access to a nearline archive tier via standard network protocols and better protection of Avid projects with an archive strategy.
- Lab testing by Enterprise Strategy Group, an independent analyst firm, confirmed that Quantum’s Artico™ active archive appliance offers a simple-to-configure-and-manage tiered archive that is easily integrated into existing workflows. ESG Lab demonstrated that Artico works with tape, object storage and cloud repositories while its policy-based data management enables data movement, protection and resiliency, retention and encryption. ESG also affirmed that Artico’s NAS connectivity makes it easy to integrate and that its automated tiered storage engine makes it transparent to archive data on demand.
- Komprise Inc. and Quantum announced a joint solution which enables organizations to seamlessly integrate archive storage into their active workflows to cope with exponential data growth under tight budgets. The combination of Komprise data management software and services with Quantum Lattus® object storage or Artico active archive solutions delivers scalable capacity and automated data movement without disrupting users or applications.

Conference Call and Audio Webcast Notification

Quantum will hold a conference call today, July 27, 2016, at 2:00 p.m. PDT to discuss its fiscal first quarter results. Press and industry analysts are invited to attend in listen-only mode.

Dial-in number: 1-503-343-6063 (U.S. and International); access code: 50251682

Replay number: 1-404-537-3406 (U.S. and International); access code: 50251682

Replay expiration: Aug. 3, 2016

Webcast site: www.quantum.com/investors

About Quantum

- more-

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, the Quantum logo, Artico, DXi, Lattus, StorNext and StorNext Storage Manager are either registered trademarks or 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: i) our expectation that a large public cloud, scale-out storage win will result in revenue of at least \$20 million for the year; ii) our focus on building on our momentum to drive continued growth, profitability and cash flow, our increased confidence in our ability to meet our full year guidance; iii) all of our statements under the heading titled "Fiscal Second Quarter 2017 Outlook"; and iv) our statements regarding our refinancing activities, 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 Annual Report on Form 10-K filed with the Securities and Exchange Commission on June 3, 2016. 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:

Amortization of Intangible Assets

This includes acquired intangibles such as purchased technology 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 stock options and 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.

Proxy Contest and Related Costs

Proxy contest and related costs are expenses incurred to respond to activities and inquiries of VIEX Capital Advisors, LLC, including their proxy solicitation. These costs are not considered core operating activities. 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.

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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.

Important Information

Quantum Corp. ("Quantum"), will file with the Securities and Exchange Commission ("SEC") and provide to its stockholders a proxy statement in connection with its 2016 annual meeting. STOCKHOLDERS ARE URGED TO READ THIS PROXY STATEMENT, THE ACCOMPANYING WHITE PROXY CARD AND OTHER RELEVANT DOCUMENTS FILED BY QUANTUM WITH THE SEC IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Stockholders will be able to obtain free copies of these documents through the website maintained by the SEC at <http://www.sec.gov> and through the website maintained by Quantum at <http://www.quantum.com> or by directing a request to Quantum Corporation, Attn: Investor Relations, 224 Airport Parkway, Suite 300, San Jose, California 95110.

Certain Information Regarding Participants

Quantum, its directors and certain of its officers and other employees may be deemed to be participants in the solicitation of Quantum's stockholders in connection with its 2016 annual meeting. Information regarding the names, affiliations and direct and indirect interests (by security holdings or otherwise) of such participants can be found in Quantum's annual report on Form 10-K, filed with the SEC on June 3, 2016, as amended by Amendment No. 1 to Form 10-K, filed with the SEC on July 27, 2016 (together, the "Form 10-K"). To the extent holdings of Quantum's securities by such persons have changed since the amounts printed in the Form 10-K, such changes have been or will be reflected on Initial Statements of Beneficial Ownership on Form 3 or on Statements of Change in Ownership on Form 4 filed with the SEC.

More detailed information regarding the identity of potential participants, and their direct or indirect interests, by security holdings or otherwise, will be set forth in the proxy statement and other materials to be filed with the SEC in connection with Quantum's 2016 Annual Meeting. Stockholders will be able to obtain a free copy of the proxy statement and other documents filed by Quantum with the SEC through the website maintained by the SEC at <http://www.sec.gov> and through the website maintained by Quantum at <http://www.quantum.com> or by directing a request to Quantum Corporation, Attn: Investor Relations, 224 Airport Parkway, Suite 300, San Jose, California 95110.

- more-

QUANTUM CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

| Assets | June 30, 2016 | March 31, 2016* |
|--|----------------------|------------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 34,496 | \$ 33,870 |
| Restricted cash | 2,782 | 2,788 |
| Accounts receivable | 90,533 | 105,959 |
| Manufacturing inventories | 36,197 | 40,614 |
| Service parts inventories | 20,649 | 21,407 |
| Other current assets | 7,106 | 6,953 |
| Total current assets | <u>191,763</u> | <u>211,591</u> |
| Long-term assets: | | |
| Property and equipment | 12,172 | 12,939 |
| Intangible assets | 403 | 451 |
| Other long-term assets | 4,412 | 4,565 |
| Total long-term assets | <u>16,987</u> | <u>17,955</u> |
| | <u>\$ 208,750</u> | <u>\$ 229,546</u> |
| Liabilities and Stockholders' Deficit | | |
| Current liabilities: | | |
| Accounts payable | \$ 37,593 | \$ 46,136 |
| Accrued warranty | 3,444 | 3,430 |
| Deferred revenue, current | 86,638 | 88,919 |
| Accrued restructuring charges, current | 2,516 | 1,621 |
| Long-term debt, current | 300 | 3,000 |
| Accrued compensation | 23,265 | 22,744 |
| Other accrued liabilities | 10,794 | 13,806 |
| Total current liabilities | <u>164,550</u> | <u>179,656</u> |
| Long-term liabilities: | | |
| Deferred revenue, long-term | 33,282 | 35,427 |
| Accrued restructuring charges, long-term | 947 | 1,116 |
| Long-term debt | 61,450 | 62,709 |
| Convertible subordinated debt, long-term | 69,368 | 69,253 |
| Other long-term liabilities | 8,213 | 8,324 |
| Total long-term liabilities | <u>173,260</u> | <u>176,829</u> |
| Stockholders' deficit | <u>(129,060)</u> | <u>(126,939)</u> |
| | <u>\$ 208,750</u> | <u>\$ 229,546</u> |

* Derived from the March 31, 2016 audited Consolidated Financial Statements.

- more-

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

| | Three Months Ended | |
|---|--------------------|--------------------|
| | June 30, 2016 | June 30, 2015 |
| Revenue: | | |
| Product | \$ 71,826 | \$ 62,719 |
| Service | 35,818 | 37,939 |
| Royalty | 8,640 | 10,198 |
| Total revenue | <u>116,284</u> | <u>110,856</u> |
| Cost of revenue: | | |
| Product | 50,132 | 46,964 |
| Service | 15,781 | 16,927 |
| Total cost of revenue | <u>65,913</u> | <u>63,891</u> |
| Gross margin | 50,371 | 46,965 |
| Operating expenses: | | |
| Research and development | 11,058 | 13,323 |
| Sales and marketing | 26,367 | 27,605 |
| General and administrative | 12,960 | 13,986 |
| Restructuring charges | 2,052 | 258 |
| Total operating expenses | <u>52,437</u> | <u>55,172</u> |
| Loss from operations | (2,066) | (8,207) |
| Other income and expense | 156 | (286) |
| Interest expense | (1,508) | (1,923) |
| Loss before income taxes | (3,418) | (10,416) |
| Income tax provision | 377 | 339 |
| Net loss | <u>\$ (3,795)</u> | <u>\$ (10,755)</u> |
| Basic and diluted net loss per share | \$ (0.01) | \$ (0.04) |
| Weighted average basic and diluted shares | 266,337 | 258,448 |
| Included in the above Statements of Operations: | | |
| Amortization of intangibles: | | |
| Cost of revenue | \$ 48 | \$ 137 |
| | 48 | 137 |
| Share-based compensation: | | |
| Cost of revenue | 280 | 362 |
| Research and development | 403 | 549 |
| Sales and marketing | 612 | 870 |
| General and administrative | 703 | 872 |
| | 1,998 | 2,653 |
| Proxy contest and related costs: | | |
| General and administrative | 45 | — |
| | 45 | — |
| Crossroads patent litigation costs: | | |
| General and administrative | 12 | 721 |
| | \$ 12 | \$ 721 |

- more -

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

| | Three Months Ended | |
|---|--------------------|---------------|
| | June 30, 2016 | June 30, 2015 |
| Cash flows from operating activities: | | |
| Net loss | \$ (3,795) | \$ (10,755) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Depreciation | 1,383 | 1,718 |
| Amortization of intangible assets | 48 | 137 |
| Amortization of debt issuance costs | 168 | 324 |
| Service parts lower of cost or market adjustment | 1,337 | 1,146 |
| Deferred income taxes | 75 | 38 |
| Share-based compensation | 1,998 | 2,653 |
| Changes in assets and liabilities: | | |
| Accounts receivable | 15,426 | 26,830 |
| Manufacturing inventories | 3,686 | (63) |
| Service parts inventories | (124) | (472) |
| Accounts payable | (8,364) | (18,702) |
| Accrued warranty | 14 | (619) |
| Deferred revenue | (4,426) | (8,682) |
| Accrued restructuring charges | 726 | (1,291) |
| Accrued compensation | 580 | (1,062) |
| Other assets and liabilities | (3,571) | (4,759) |
| Net cash provided by (used in) operating activities | 5,161 | (13,559) |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (529) | (840) |
| Change in restricted cash | (15) | (59) |
| Net cash used in investing activities | (544) | (899) |
| Cash flows from financing activities: | | |
| Borrowings of long-term debt, net | 3,000 | — |
| Repayments of long-term debt | (6,959) | — |
| Payment of taxes due upon vesting of restricted stock | (27) | (74) |
| Proceeds from issuance of common stock | — | 266 |
| Net cash provided by (used in) financing activities | (3,986) | 192 |
| Effect of exchange rate changes on cash and cash equivalents | (5) | 3 |
| Net increase (decrease) in cash and cash equivalents | 626 | (14,263) |
| Cash and cash equivalents at beginning of period | 33,870 | 67,948 |
| Cash and cash equivalents at end of period | \$ 34,496 | \$ 53,685 |

- more -

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

Three Months Ended June 30, 2016

| | Gross Margin | Gross Margin Rate | Income (Loss) From Operations | Operating Margin | Net Income (Loss) | Per Share Net Income (Loss), Basic | Per Share Net Income (Loss), Diluted |
|---|--------------|-------------------|-------------------------------|------------------|-------------------|------------------------------------|--------------------------------------|
| GAAP | \$ 50,371 | 43.3% | \$ (2,066) | (1.8)% | \$ (3,795) | \$ (0.01) | \$ (0.01) |
| Non-GAAP Reconciling Items: | | | | | | | |
| Amortization of intangibles | 48 | | 48 | | 48 | | |
| Share-based compensation | 280 | | 1,998 | | 1,998 | | |
| Restructuring charges | — | | 2,052 | | 2,052 | | |
| Proxy contest and related costs | — | | 45 | | 45 | | |
| Crossroads patent litigation costs | — | | 12 | | 12 | | |
| Non-GAAP | \$ 50,699 | 43.6% | \$ 2,089 | 1.8 % | \$ 360 | \$ 0.00 | \$ 0.00 |
| Computation of basic and diluted net income (loss) per share: | | | | | | GAAP | Non-GAAP |
| Net income (loss) | | | | | | \$ (3,795) | \$ 360 |
| Weighted average shares: | | | | | | | |
| Basic | | | | | | 266,337 | 266,337 |
| Dilutive shares from stock plans | | | | | | — | 1,023 |
| Diluted | | | | | | 266,337 | 267,360 |

Three Months Ended June 30, 2015

| | Gross Margin | Gross Margin Rate | Loss From Operations | Operating Margin | Net Loss | Per Share Net Loss, Basic | Per Share Net Loss, Diluted |
|--|--------------|-------------------|----------------------|------------------|-------------|---------------------------|-----------------------------|
| GAAP | \$ 46,965 | 42.4% | \$ (8,207) | (7.4)% | \$ (10,755) | \$ (0.04) | \$ (0.04) |
| Non-GAAP Reconciling Items: | | | | | | | |
| Amortization of intangibles | 137 | | 137 | | 137 | | |
| Share-based compensation | 362 | | 2,653 | | 2,653 | | |
| Restructuring charges | — | | 258 | | 258 | | |
| Crossroads patent litigation costs | — | | 721 | | 721 | | |
| Non-GAAP | \$ 47,464 | 42.8% | \$ (4,438) | (4.0)% | \$ (6,986) | \$ (0.03) | \$ (0.03) |
| Computation of basic and diluted net loss per share: | | | | | | GAAP | Non-GAAP |
| Net loss | | | | | | \$ (10,755) | \$ (6,986) |
| Weighted average shares: | | | | | | | |
| Basic and diluted | | | | | | 258,448 | 258,448 |

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.

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QUANTUM CORPORATION
FORECAST SECOND QUARTER FISCAL 2017
GAAP TO NON-GAAP RECONCILIATION
(In thousands, except per share amounts)
(Unaudited)

| | Percentage Range | |
|--|-------------------|-----------|
| Forecast gross margin rate on a GAAP basis | 40.7% | 41.8% |
| Forecast share-based compensation | 0.2% | 0.3% |
| Forecast gross margin rate on a non-GAAP basis | 41.0% | 42.0% |
| | Dollar Range | |
| Forecast operating expense on a GAAP basis | \$ 49.8 | \$ 50.8 |
| Forecast share-based compensation | (1.6) | |
| Forecast Crossroads patent litigation costs | (0.2) | |
| Forecast operating expense on a non-GAAP basis | \$ 48.0 | \$ 49.0 |
| | Dollars per Share | |
| Forecast diluted earnings per share on a GAAP basis | \$ (0.01) | \$ (0.00) |
| Forecast share-based compensation | 0.00 | |
| Forecast Crossroads patent litigation costs | 0.00 | |
| Forecast diluted earnings per share on a non-GAAP basis | \$ (0.01) | \$ (0.00) |

Estimates based on current (July 27, 2016) projections.

The projected GAAP and non-GAAP financial information set forth in this table represent forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For risk factors that could impact these projections, see our Annual Report on Form 10-K as filed with the SEC on June 3, 2016. We disclaim any obligation to update information in any forward-looking statement.

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.

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