

THE PRECEDING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE REVERSE STOCK SPLIT AND DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OR DISCUSSION OF ALL POTENTIAL TAX EFFECTS RELEVANT THERETO. YOU SHOULD CONSULT YOUR OWN TAX ADVISORS AS TO THE PARTICULAR FEDERAL, STATE, LOCAL, FOREIGN, AND OTHER TAX CONSEQUENCES OF THE REVERSE STOCK SPLIT, IN LIGHT OF YOUR SPECIFIC CIRCUMSTANCES.

THE BOARD RECOMMENDS A VOTE “FOR” THIS PROPOSAL.

COMPENSATION DISCUSSION & ANALYSIS

This Compensation Discussion and Analysis describes the overall philosophy and material elements of compensation provided to the principal executive officer, the principal financial officer, and the three executive officers who were the next most highly-compensated executive officers of Quantum Corporation as of the end of Fiscal 2009. These individuals are:

- Richard E. Belluzzo, our Chairman of the Board of Directors and Chief Executive Officer (our “CEO”);
- Jon W. Gacek, our Executive Vice President, Chief Operating Officer and Chief Financial Officer (our “COO/CFO”);
- William C. Britts, our Executive Vice President, Sales and Marketing;
- Gerald G. Lopatin, our Executive Vice President, Engineering; and
- Shawn D. Hall, our Senior Vice President, General Counsel and Secretary.

Effective in June 2009, Mr. Gacek was promoted to the position of Chief Operating Officer of Quantum Corporation in addition to his position as Chief Financial Officer and Mr. Hall was promoted from the position of Vice President to Senior Vice President. At the same, Mr. Britts’ title changed from Executive Vice President, Sales, Marketing and Service to Executive Vice President, Sales and Marketing.

These executive officers were our named executive officers (the “NEOs” or “Named Executive Officers”) for Fiscal 2009. In this Compensation Discussion and Analysis, Quantum Corporation is referred to as “our,” “us,” “we,” or “the Company.”

Compensation Objectives and Philosophy

The Leadership and Compensation Committee (the “Committee”) believes that our executive compensation program should facilitate achievement of the Company’s short-term and long-term business objectives. To this end, the Committee aims to attract, motivate, and retain the most qualified executive talent to accomplish these objectives. The Committee believes that the value of the compensation program should be heavily connected to overall corporate and individual performance.

Consequently, our executive compensation program is designed to offer target cash and equity compensation opportunities at market-competitive levels (i.e., the market median) and to reward superior performance with above-market compensation. Company performance, as measured by pre-established corporate financial metrics and share price, determine annual and long-term compensation levels. Actual annual executive compensation is expected to be below the market median if the Company does not achieve its performance objectives, as has been the case in recent years. The Committee believes that this program aligns the interests of our executive officers with those of stockholders in promoting the creation of long-term stockholder value.

Process for Determining Executive Compensation

Role of the Leadership and Compensation Committee – Except as described in the following sentence, the Committee oversees and approves all compensation and benefit arrangements for our executive officers, including the NEOs. In the case of the compensation of our CEO, the Committee, together with the other independent members of the Board of Directors, reviews and approves the CEO’s compensation. A substantial portion of the Committee’s work involves determining total compensation levels for our executive officers and evaluating corporate and executive performance. The Committee considers a variety of factors when determining total compensation levels. These factors include the recommendations of our CEO, COO/CFO and Senior Vice President of Human Resources, the recommendations of the Committee’s compensation consultant, and the results of competitive studies and analyses prepared by the Committee’s compensation consultant and management.