SECURITIES & EXCHANGE COMMISSION EDGAR FILING

QUANTUM CORP /DE/

Form: 10-K/A

Date Filed: 2013-03-08

Corporate Issuer CIK: 709283

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

Amendment No. 1

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended March 31, 2012
OR
❑ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____
Commission file number 1-13449

QUANTUM CORPORATION

(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**94-2665054** **(I.R.S. Employer Identification No.)**
1650 Technology Drive, Suite 800, San Jose, California **(Address of principal executive offices)**	**95110** **(Zip Code)**

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
QUANTUM CORPORATION COMMON STOCK	NEW YORK STOCK EXCHANGE

Securities registered pursuant to Section 12(g) of the Act:
NONE

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ❑ NO x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES ❑ NO x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES x NO ❑

Indicate by checkmark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES x NO ❑

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ❑ Accelerated filer x Non-accelerated filer ❑ Smaller Reporting Company ❑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ❑ NO x

The aggregate market value of Quantum Corporation's common stock, $0.01 par value per share, held by nonaffiliates of the registrant was approximately $248.4 million on September 30, 2011 the last day of the registrant's most recently completed second fiscal quarter, based on the closing sales price of the registrant's common stock on that date on the New York Stock Exchange. For purposes of this disclosure, shares of common stock held by persons who hold more than 5% of the outstanding shares of common stock and shares held by officers and directors of the registrant have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily conclusive for other purposes.

As of the close of business on June 8, 2012, there were approximately 236.7 million shares of the registrant's common stock issued and outstanding .

DOCUMENTS INCORPORATED BY REFERENCE

The registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on August 15, 2012, which the registrant will file with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this report, is incorporated by reference in Part III of this Form 10-K to the extent stated herein.

EXPLANATORY NOTE

The purpose of this Amendment to the Form 10-K for the year ended March 31, 2012, originally filed with the Securities and Exchange Commission on June 14, 2012 (the "Form 10-K"), is solely to correct the Report of Independent Registered Public Accounting Firm to include reference to the Statements of Comprehensive Income (Loss), which was inadvertently omitted from the initial filing. This Amendment also contains currently dated certifications as Exhibits 31.1., 31.2, 32.1 and 32.2 and a currently dated consent of PricewaterhouseCoopers LLP as Exhibit 23. Although only the revised Report of Independent Registered Public Accounting Firm changed, the entire Item 8 is included in this Amendment.

No other changes have been made to the Form 10-K. This Amendment speaks as of the original filing date of the Form 10-K, does not reflect events that may have occurred subsequent to the original filing date and does not modify or update in any way disclosures made in the original Form 10-K.

PART II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and
Stockholders of Quantum Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of comprehensive income (loss), of stockholders' deficit, and of cash flows present fairly, in all material respects, the financial position of Quantum Corporation and its subsidiaries at March 31, 2012 and March 31, 2011, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2012 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Seattle, Washington
June 14, 2012

QUANTUM CORPORATION
CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)

	March 31, 2012	March 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 51,261	$ 76,010
Restricted cash	4,230	1,863
Accounts receivable, net of allowance for doubtful accounts of $217 and $403, respectively	110,840	114,969
Manufacturing inventories	61,111	48,131
Service parts inventories	39,050	45,036
Deferred income taxes	5,295	6,271
Other current assets	9,434	11,274
Total current assets	281,221	303,554
Long-term assets:		
Property and equipment, less accumulated depreciation	25,440	24,980
Amortizable intangible assets, less accumulated amortization	25,763	44,711
In-process research and development	349	—
Goodwill	55,613	46,770
Other long-term assets	6,962	10,950
Total long-term assets	114,127	127,411
	$ 395,348	$ 430,965
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	$ 56,304	$ 52,203
Accrued warranty	7,586	7,034
Deferred revenue, current	93,441	87,488
Current portion of long-term debt	—	1,067
Accrued restructuring charges	1,752	4,028
Accrued compensation	31,971	31,249
Income taxes payable	1,133	1,172
Other accrued liabilities	17,866	21,418
Total current liabilities	210,053	205,659
Long-term liabilities:		
Deferred revenue, long-term	36,430	34,281
Deferred income taxes	4,564	6,820
Long-term debt	49,495	103,267
Convertible subordinated debt	135,000	135,000
Other long-term liabilities	6,486	7,049
Total long-term liabilities	231,975	286,417
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock:		
Preferred stock, 20,000 shares authorized; no shares issued as of March 31, 2012 and March 31, 2011	—	—
Common stock:		
Common stock, $0.01 par value; 1,000,000 shares authorized; 236,402 and 227,311 shares issued and outstanding as of March 31, 2012 and 2011, respectively	2,364	2,273
Capital in excess of par value	409,770	385,911
Accumulated deficit	(465,397)	(456,588)
Accumulated other comprehensive income	6,583	7,293
Stockholders' deficit	(46,680)	(61,111)
	$ 395,348	$ 430,965

The accompanying notes are an integral part of these Consolidated Financial Statements.

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

	For the year ended March 31,		
	2012	2011	2010
Product revenue	$ 451,340	$ 456,903	$ 456,101
Service revenue	144,364	151,095	156,477
Royalty revenue	56,666	64,272	68,849
Total revenue	652,370	672,270	681,427
Product cost of revenue	290,376	294,375	300,568
Service cost of revenue	88,459	94,311	100,822
Restructuring charges (benefit) related to cost of revenue	(300)	602	—
Total cost of revenue	378,535	389,288	401,390
Gross margin	273,835	282,982	280,037
Operating expenses:			
Research and development	74,365	73,008	69,949
Sales and marketing	130,938	122,768	114,612
General and administrative	62,910	59,460	61,372
Restructuring charges	1,930	3,042	4,795
Total operating expenses	270,143	258,278	250,728
Gain on sale of patents	1,500	—	—
Income from operations	5,192	24,704	29,309
Other income and expense	(118)	1,199	1,255
Interest expense	(10,686)	(20,163)	(25,515)
Gain (loss) on debt extinguishment, net of costs	(2,310)	(1,186)	12,859
Income (loss) before income taxes	(7,922)	4,554	17,908
Income tax provision	887	13	1,274
Net income (loss)	$ (8,809)	$ 4,541	$ 16,634
Net income (loss) per share:			
Basic	$ (0.04)	$ 0.02	$ 0.08
Diluted	(0.04)	0.02	0.02
Weighted average shares:			
Basic	232,599	220,888	212,672
Diluted	232,599	229,738	223,761

The accompanying notes are an integral part of these Consolidated Financial Statements.

QUANTUM CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	For the year ended March 31,		
	2012	2011	2010
Net income (loss)	$ (8,809)	$ 4,541	$ 16,634
Other comprehensive income (loss), net of taxes:			
Foreign currency translation adjustments	(513)	1,083	459
Net unrealized gain (loss) on revaluation of long-term intercompany balances, net of taxes of $(52), $(37) and $10, respectively	(197)	(139)	38
Total other comprehensive income (loss)	(710)	944	497
Total comprehensive income (loss)	$ (9,519)	$ 5,485	$ 17,131

The accompanying notes are an integral part of these Consolidated Financial Statements.

QUANTUM CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the year ended March 31,		
	2012	2011	2010
Cash flows from operating activities:			
Net income (loss)	$ (8,809)	$ 4,541	$ 16,634
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation	11,774	11,657	12,098
Amortization	23,101	30,304	38,461
Service parts lower of cost or market adjustment	10,736	13,796	11,424
(Gain) loss on debt extinguishment	2,310	1,186	(15,613)
Deferred income taxes	(1,280)	(184)	(466)
Share-based compensation	13,737	10,421	9,789
Other non-cash writeoffs	—	302	—
Changes in assets and liabilities, net of effect of acquisition:			
Accounts receivable	4,134	(14,935)	4,454
Manufacturing inventories	(21,373)	(1,460)	2,328
Service parts inventories	3,642	1,955	3,217
Accounts payable	4,107	(1,466)	11,495
Accrued warranty	552	1,150	(5,268)
Deferred revenue	8,073	(3,876)	9,484
Accrued restructuring charges	(2,284)	227	(917)
Accrued compensation	810	(302)	3,824
Income taxes payable	12	(1,454)	(2,239)
Other assets and liabilities	(3,582)	465	1,459
Net cash provided by operating activities	45,660	52,327	100,164
Cash flows from investing activities:			
Purchases of property and equipment	(11,414)	(12,339)	(8,595)
(Increase) decrease in restricted cash	(2,505)	32	(112)
Return of principal from other investments	97	2,204	166
Payment for business acquisition, net of cash acquired	(8,152)	—	—
Net cash used in investing activities	(21,974)	(10,103)	(8,541)
Cash flows from financing activities:			
Borrowings of long-term debt, net	48,535	—	120,042
Repayments of long-term debt	(104,334)	(203,449)	(61,934)
Borrowings of convertible subordinated debt, net	—	130,022	—
Repayments of convertible subordinated debt	—	(22,099)	(122,288)
Payment of taxes due upon vesting of restricted stock	(2,944)	(2,307)	(1,069)
Proceeds from issuance of common stock	10,390	16,547	2,851
Net cash used in financing activities	(48,353)	(81,286)	(62,398)
Effect of exchange rate changes on cash and cash equivalents	(82)	125	190
Net increase (decrease) in cash and cash equivalents	(24,749)	(38,937)	29,415
Cash and cash equivalents at beginning of period	76,010	114,947	85,532
Cash and cash equivalents at end of period	$ 51,261	$ 76,010	$ 114,947
Supplemental disclosure of cash flow information:			
Fair value of common stock issued for business combination	$ 2,767	$ —	$ —
Purchases of property and equipment included in accounts payable	1,902	—	—
Cash paid during the year for:			
Interest	8,266	16,478	24,781
Income taxes, net of refunds	1,857	1,868	1,856

The accompanying notes are an integral part of these Consolidated Financial Statements.

QUANTUM CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(In thousands)

	Common Stock					
	Shares	Amount	Capital in Excess of Par Value	Retained Deficit	Accumulated Other Comprehensive Income	Total
Balances as of March 31, 2009	210,231	$ 2,102	$ 349,850	$ (477,763)	$ 5,852	$ (119,959)
Net income	—	—	—	16,634	—	16,634
Foreign currency translation adjustments	—	—	—	—	459	459
Net unrealized gain on revaluation of long-term intercompany balance, net of tax of $10	—	—	—	—	38	38
Shares issued under employee stock incentive plans, net	4,715	47	1,735	—	—	1,782
Share-based compensation expense	—	—	9,789	—	—	9,789
Balances as of March 31, 2010	214,946	2,149	361,374	(461,129)	6,349	(91,257)
Net income	—	—	—	4,541	—	4,541
Foreign currency translation adjustments	—	—	—	—	1,083	1,083
Net unrealized loss on revaluation of long-term intercompany balance, net of tax of $(37)	—	—	—	—	(139)	(139)
Shares issued under employee stock purchase plan	3,234	32	3,912	—	—	3,944
Shares issued under employee stock incentive plans, net	9,131	92	10,204	—	—	10,296
Share-based compensation expense	—	—	10,421	—	—	10,421
Balances as of March 31, 2011	227,311	2,273	385,911	(456,588)	7,293	(61,111)
Net loss	—	—	—	(8,809)	—	(8,809)
Foreign currency translation adjustments	—	—	—	—	(513)	(513)
Net unrealized loss on revaluation of long-term intercompany balance, net of tax of $(52)	—	—	—	—	(197)	(197)
Shares issued under employee stock purchase plan	3,036	31	5,012	—	—	5,043
Shares issued under employee stock incentive plans, net	5,084	51	2,352	—	—	2,403
Shares issued in connection with business acquisition	971	9	2,758	—	—	2,767
Share-based compensation expense	—	—	13,737	—	—	13,737
Balances as of March 31, 2012	236,402	$ 2,364	$ 409,770	$ (465,397)	$ 6,583	$ (46,680)

The accompanying notes are an integral part of these Consolidated Financial Statements.

NOTE 1: BASIS OF PRESENTATION

Quantum Corporation (“Quantum”, the “Company”, “us” or “we”), founded in 1980, is a global expert in data protection and big data management. We provide solutions for storing and protecting information in physical, virtual, cloud and big data environments that are designed to help customers be certain they are maximizing the value of their data over its entire lifecycle. With our solutions, customers can better adapt in a world of continuing change by keeping and protecting more data for a longer period of time while reducing costs and increasing return on investment. We work closely with a broad network of distributors, value-added resellers (“VARs”), direct marketing resellers (“DMRs”), original equipment manufacturers (“OEMs”) and other suppliers to meet customers’ evolving data protection and big data management needs. Our stock is traded on the New York Stock Exchange under the symbol QTM.

The accompanying Consolidated Financial Statements include the accounts of Quantum and our wholly-owned subsidiaries. On June 13, 2011, we acquired Pancetera Software, Inc. (“Pancetera”), and Pancetera’s results of operations are included in our Consolidated Statements of Operations from that date. All intercompany accounts and transactions have been eliminated. The preparation of our Consolidated Financial Statements in conformity with generally accepted accounting principles (“GAAP”) in the U.S. requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. We base estimates on historical experience and on various assumptions about the future that are believed to be reasonable based on available information. Our reported financial position or results of operations may be materially different under different conditions or when using different estimates and assumptions, particularly with respect to significant accounting policies, which are discussed below. In the event that estimates or assumptions prove to differ from actual results, adjustments are made in the current period to reflect this current information.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue consists of sales of hardware, software and services, as well as royalties we earn for the license of certain intellectual property. Revenue is recognized from the sale of products and services when it is realized or realizable and earned. Revenue is considered realized and earned when: persuasive evidence of an arrangement exists; delivery has occurred or services have been rendered; the price to the buyer is fixed or determinable; and when collectibility is reasonably assured. Royalty revenue is recognized when earned or amounts can be reasonably estimated.

Product Revenue — Hardware

Revenue for hardware products sold to distributors, VARs, DMRs, OEMs and end users is generally recognized upon shipment. When significant post-delivery obligations exist, the related revenue is deferred until such obligations are fulfilled. If there are customer acceptance criteria in the contract, we recognize revenue upon end user acceptance, which typically occurs after delivery and installation are completed.

In the period revenue is recognized, allowances are provided for estimated future price adjustments, such as rebates, price protection and future product returns. These allowances are based on programs in existence at the time revenue is recognized, plans regarding future price adjustments, the customers’ master agreements and historical product return rates. Since we have historically been able to reliably estimate the amount of allowances required, we recognize revenue, net of projected allowances, upon shipment to our customers. If we were unable to reliably estimate the amount of revenue adjustments in any specific reporting period, then we would be required to defer recognition of the revenue until the rights had lapsed and we were no longer under any obligation to reduce the price or accept the return of the product.

Product Revenue — Software

Software revenue is generally recognized upon shipment or electronic delivery and when vendor-specific objective evidence ("VSOE") of fair value for undelivered elements exists. For software arrangements with multiple elements, the residual method is used to determine the amount of product revenue to be recognized. Under the residual method, the VSOE of fair value for the undelivered elements is deferred and the remaining portion of the arrangement consideration is recognized as product revenue, assuming all other revenue recognition criteria of appropriate revenue guidance have been met. Revenue from post-contract customer support agreements, which entitle customers to both telephone support and any unspecified upgrades and enhancements during the term of the agreement, is recognized ratably over the term of the support agreement.

We license certain software to customers under licensing agreements that allow those customers to embed our software into specific products they offer. As consideration, licensees pay us a fee based on the amount of sales of their products that incorporate our software. On a periodic and timely basis, the licensees provide us with reports listing their sales to end users for which they owe us license fees. As the reports substantiate delivery has occurred, we recognize revenue based on the information in these reports or when amounts can be reasonably estimated.

Service Revenue

Revenue for service is generally recognized upon services being rendered. Service revenue consists of customer field support agreements for our hardware products, installation, professional services and out-of-warranty repairs. For customer field support agreements, revenue equal to the separately stated price of these service contracts for our hardware products is initially deferred and recognized as revenue ratably over the contract period. Installation and professional services are not considered essential to the functionality of our products as these services do not alter the product capabilities, do not require specialized skills and may be performed by our customers or other vendors. Installation and professional services are recognized upon completion. Out-of-warranty repair revenue is recognized upon completion of the repair.

Royalty Revenue

We license certain intellectual property to third party manufacturers under arrangements that are represented by master contracts. The master contracts give the third party manufacturers rights to the intellectual property which include allowing them to either manufacture or include the intellectual property in products for resale. As consideration, the licensees pay us a per-unit royalty for sales of their products that incorporate our intellectual property. On a periodic and timely basis, the licensees provide us with reports listing units sold to end users subject to the royalties. As the reports substantiate delivery has occurred, we recognize revenue based on the information in these reports or when amounts can be reasonably estimated.

Multiple Element Arrangements

For multiple deliverable revenue arrangements with customers which are not subject to software revenue guidance, we separate the deliverables based on specific criteria, assign an estimated selling price to each deliverable based on the selling price hierarchy using VSOE, third-party evidence of selling price ("TPE") or estimated selling price ("ESP") and allocate the total arrangement consideration using the relative selling price method. When VSOE cannot be established we attempt to establish the selling price of each element based on TPE. TPE is determined based on competitor prices for largely interchangeable products when sold separately. When we are unable to establish selling price using VSOE or TPE, we use ESP. For ESP, we consider our discounting and internal pricing practices. Additionally, for certain transactions we evaluate whether any undelivered elements are essential to the functionality of the delivered elements in order to determine the appropriate timing of revenue recognition. If specific criteria are not met, the arrangement is accounted for as one unit of accounting which results in revenue being deferred until the earlier of when such criteria are met, when the last undelivered element is delivered or ratably over the contract term as appropriate.

Service Cost of Revenue

We classify expenses as service cost of revenue by estimating the portion of our total cost of revenue that relates to providing field support to our customers under contract, installation, integration and repair services. These estimates are based upon a variety of factors, including the nature of the support activity and the level of infrastructure required to support the activities from which we earn service revenue. In the event our service business changes, our estimates of cost of service revenue may be impacted. Service cost of revenue excludes costs associated with basic warranty support on new products.

Shipping and Handling Fees

Shipping and handling fees are included in cost of revenue and were $20.3 million, $22.2 million and $26.1 million in fiscal 2012, 2011 and 2010, respectively.

Research and Development Costs

Expenditures relating to the development of new products and processes are expensed as incurred. These costs include expenditures for employee compensation, materials used in the development effort, other internal costs, as well as expenditures for third party professional services. We have determined that technological feasibility for our software products is reached shortly before the products are released to manufacturing. Costs incurred after technological feasibility is established have not been material. We expense software-related research and development costs as incurred.

Advertising Expense

We expense advertising costs as incurred. Advertising expense for the years ended March 31, 2012, 2011 and 2010 was $4.3 million, $5.0 million and $3.9 million, respectively.

Restructuring Charges

In recent periods and over the past several years, we have recorded significant restructuring charges related to the realignment and restructuring of our business operations. These charges represent expenses incurred in connection with strategic planning, certain cost reduction programs and acquisition integrations that we have implemented and consist of the cost of involuntary termination benefits, facilities charges, asset write-offs and other costs of exiting activities or geographies.

The charges for involuntary termination costs and associated expenses often require the use of estimates, primarily related to the number of employees to be paid severance and the amounts to be paid, largely based on years of service and statutory requirements. Assumptions to estimate facility exit costs include the ability to secure sublease income largely based on market conditions, the likelihood and amounts of a negotiated settlement for contractual lease obligations and other exit costs. Other estimates for restructuring charges consist of the realizable value of assets including associated disposal costs and termination fees with third parties for other contractual commitments.

Share-Based Compensation

We account for share-based compensation using the Black-Scholes stock option pricing model to estimate the fair value of share-based awards at the date of grant. The Black-Scholes model requires the use of highly subjective assumptions, including expected life, expected volatility and expected risk-free rate of return. Other reasonable assumptions could provide differing results. We calculate a forfeiture rate to estimate the share-based awards that will ultimately vest based on types of awards and historical experience. Additionally, for awards which are performance based, we make estimates as to the probability of the underlying performance being achieved.

Foreign Currency Translation and Transactions

Assets, liabilities and operations of foreign offices and subsidiaries are recorded based on the functional currency of the entity. For a majority of our foreign operations, the functional currency is the U.S. dollar. The assets and liabilities of foreign offices with a local functional currency are translated, for consolidation purposes, at current exchange rates from the local currency to the reporting currency, the U.S. dollar. The resulting gains or losses are reported as a component of other comprehensive income. Foreign exchange gains and losses from changes in the exchange rates underlying intercompany balances that are of a long-term investment nature are also reported as a component of other comprehensive income. Assets and liabilities denominated in other than the functional currency are remeasured each month with the remeasurement gain or loss recorded in other income and expense in the Consolidated Statements of Operations. Foreign currency gains and losses recorded in other income and expense were a $0.1 million loss in fiscal 2012, a $0.3 million gain in fiscal 2011 and a $0.6 million loss in fiscal 2010.

Income Taxes

We recognize deferred tax assets and liabilities due to the effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. We also reduce deferred tax assets by a valuation allowance if it is more likely than not that some or all of the deferred tax asset will not be realized.

We recognize the benefit from a tax position only if it is more-likely-than-not that the position would be sustained upon audit based solely on the technical merits of the tax position. The calculation of our tax liabilities requires judgment related to uncertainties in the application of complex tax regulations. It is inherently difficult and subjective to estimate such amounts, as we have to determine the probability of various possible outcomes. We reevaluate these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit and new audit activity. A change in recognition or measurement would result in the recognition of a tax benefit or an additional tax charge to the provision.

We recognize interest and penalties related to uncertain tax positions in the income tax provision in the Consolidated Statements of Operations. To the extent accrued interest and penalties do not become payable, amounts accrued will be reduced and reflected as a reduction of the overall income tax provision in the period that such determination is made.

Cash Equivalents, Restricted Cash and Other Investments

We consider all highly liquid debt instruments with a maturity of 90 days or less at the time of purchase to be cash equivalents. Cash equivalents are carried at fair value, which approximates their cost.

Restricted cash is comprised of bank guarantees and similar required minimum balances that serve as cash collateral in connection with various items including insurance requirements, value added taxes, ongoing tax audits and leases in certain countries.

We also hold investments in private technology venture limited partnerships. These investments individually represent voting ownership interests of less than 20%. Ownership interests in these limited partnerships are accounted for under the equity method unless our interest is so minor (typically less than 5%) that we have virtually no influence over the partnership operating and financial policies, in which case the cost method is used. Currently, our investments in these limited partnerships are accounted for using the equity method.

Investments in other privately held companies are accounted for under the cost method unless we hold a significant stake. We review non-marketable equity investments on a regular basis to determine if there has been any impairment of value which is other than temporary by reviewing their financial information, gaining knowledge of any new financing or other business agreements and assessing their operating viability.

Allowance for Doubtful Accounts

We perform ongoing credit evaluations of our customers' financial condition and, for the majority of our customers, require no collateral. For customers that do not meet our credit standards, we often require a form of collateral, such as cash deposits or letters of credit prior to the completion of a transaction. These credit evaluations require significant judgment and are based on multiple sources of information. We analyze such factors as our historical bad debt experience, industry and geographic concentrations of credit risk, current economic trends and changes in customer payment terms. We maintain an allowance for doubtful accounts based on historical experience and expected collectibility of outstanding accounts receivable. We record bad debt expense in general and administrative expenses.

Manufacturing Inventories

Our manufacturing inventory is stated at the lower of cost or market, with cost computed on a first-in, first-out ("FIFO") basis. Adjustments to reduce the cost of manufacturing inventory to its net realizable value, if required, are made for estimated excess, obsolete or impaired balances. Factors influencing these adjustments include declines in demand, rapid technological changes, product life cycle and development plans, component cost trends, product pricing, physical deterioration and quality issues. Revisions to these adjustments would be required if these factors differ from our estimates.

Service Parts Inventories

Our service parts inventories are stated at the lower of cost or market. We carry service parts because we generally provide product warranty for 1 to 3 years and earn revenue by providing enhanced and extended warranty and repair service during and beyond this warranty period. Service parts inventories consist of both component parts, which are primarily used to repair defective units, and finished units, which are provided for customer use permanently or on a temporary basis while the defective unit is being repaired. Defective parts returned from customers that can be repaired are repaired and put back into service parts inventories at their fair value. We record adjustments to reduce the carrying value of service parts inventory to its net realizable value, and we dispose of parts with a net realizable value of zero. Factors influencing these adjustments include product life cycles, end of service life plans and volume of enhanced or extended warranty service contracts. Estimates of net realizable value involve significant estimates and judgments about the future, and revisions would be required if these factors differ from our estimates.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization, computed on a straight-line basis over the estimated useful lives of the assets as follows:

Machinery and equipment	3 to 5 years
Computer equipment	3 to 5 years
ERP software	10 years
Other software	3 years
Furniture and fixtures	5 years
Other office equipment	5 years
Leasehold improvements	Life of lease

Amortizable Intangible and Other Long-lived Assets

We review amortizable intangible and other long-lived assets (“long-lived assets”) for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. The company operates as a single reporting unit for business and operating purposes, and our impairment evaluation also treats the company as a single reporting unit. Impairment indicators we consider include adverse changes in the business climate that could affect the value of our long-lived assets, changes in our stock price and resulting market capitalization relative to book value, downward revisions in our revenue outlook, decreases or slower than expected growth in sales of products and relative weakness in customer channels. If we indentify impairment indicators, we evaluate recoverability using an undiscounted cash flow approach. Estimates of future cash flows incorporate company forecasts and our expectations of future use of our long-lived assets, and these factors are impacted by market conditions. If impairment is indicated, an impairment charge is recorded to write the long-lived assets down to their estimated fair value.

Goodwill

We evaluate goodwill for impairment annually during the fourth quarter of our fiscal year, or more frequently when indicators of impairment are present. During fiscal 2012, we early adopted the accounting guidance that allows entities to perform a qualitative assessment to determine whether a quantitative calculation is necessary. As a result, we may perform a qualitative test, a quantitative test, or both for the annual impairment assessment. Some of the impairment indicators we consider include changes in our stock price and resulting market capitalization relative to book value, changes in the business climate, business strategy or product mix, changes to the long-term economic outlook and testing long-lived assets for recoverability. We operate as a single reporting unit and consider the company as a whole when reviewing these factors. If impairment is indicated, a goodwill impairment charge is recorded to write the goodwill down to its implied fair value.

Accrued Warranty

We generally warrant our hardware products against defects for periods ranging from 1 to 3 years from the date of sale. Our tape automation systems and disk systems may carry service agreements with customers that choose to extend or upgrade the warranty service. We provide repair services from our facility in Colorado Springs, Colorado as well as multiple third party providers inside and outside of the U.S. We use a combination of internal resources and third party service providers to supply field service and support. We continue to evaluate repair sites, and any resulting actions taken may affect the future costs of repair. If the actual costs were to differ significantly from our estimates, we would record the impact of these unforeseen costs or cost reductions in subsequent periods.

We estimate future failure rates based upon historical product failure trends as well as anticipated future failure rates if believed to be significantly different from historical trends. Similarly, we estimate future costs of repair based upon historical trends and anticipated future costs if they are expected to significantly differ, for example due to negotiated agreements with third parties. We use a consistent model and exercise considerable judgment in determining the underlying estimates. Our model requires an element of subjectivity for all of our products. For example, historical rates of return are not completely indicative of future return rates and we must therefore exercise judgment with respect to future deviations from our historical return rate. When actual failure rates differ significantly from our estimates, we record the impact in subsequent periods and update our assumptions and forecasting models accordingly. As our newer products mature, we are able to improve our estimates with respect to these products. It is reasonably likely that assumptions will be updated for failure rates and, therefore, our accrued warranty estimate could change in the future.

Business Combinations

We allocate the purchase price paid to the assets acquired and liabilities assumed in a business combination at their estimated fair values as of the acquisition date. Any excess purchase price above the identified net tangible and intangible assets and assumed liabilities is allocated to goodwill. We consider fair value to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We estimate fair value using the fair value hierarchy for the tangible and intangible assets acquired as well as liabilities and contingencies assumed from the acquired company.

Derivative Financial Instruments

We recognize all derivatives, whether designated in hedging relationships or not, on the balance sheet at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and the hedged item are recognized in earnings. If the derivative is designated as a cash flow hedge, changes in the fair value of the derivative are recorded in other comprehensive income and are recognized in the Consolidated Statements of Operations when the hedged item affects earnings. Derivatives not designated or qualifying as a hedging instrument are adjusted to fair value through earnings. We may, from time to time, enter into derivative instruments to hedge against known or forecasted market exposures.

Common Stock Repurchases

During fiscal 2000, the Board of Directors authorized us to repurchase up to $700 million of our common stock in open market or private transactions. As of March 31, 2012 and 2011, there was $87.9 million remaining on our authorization to repurchase Quantum common stock. Our ability to repurchase our common stock is restricted unless we meet certain thresholds under the terms of the Wells Fargo credit agreement (“WF credit agreement”).

Fair Value of Financial Instruments

We use exit prices, that is the price to sell an asset or transfer a liability, to measure assets and liabilities that are within the scope of the fair value measurements guidance. We classify these assets and liabilities based on the following fair value hierarchy:

Level 1: Quoted (observable) market prices in active markets for identical assets or liabilities.
Level 2: Observable inputs other than Level 1, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The assets measured and recorded at fair value on a recurring basis consist of money market funds which are valued using quoted market prices at the respective balance sheet dates and are level 1 fair value measurements (in thousands):

	As of March 31,	
	2012	2011
Money market funds	$ 37,776	$ 68,560

We have certain non-financial assets that are measured at fair value on a non-recurring basis when there is an indicator of impairment, and they are recorded at fair value only when an impairment is recognized. These assets include property and equipment, amortizable intangible assets, in-process research and development (“IPR&D”) and goodwill. We did not record impairments to any non-financial assets in fiscal 2012 or fiscal 2011. We do not have any non-financial liabilities measured and recorded at fair value on a non-recurring basis.

We have financial liabilities for which we are obligated to repay the carrying value, unless the holder agrees to a lesser amount. The carrying value and fair value of these financial liabilities were as follows (in thousands):

	As of March 31,			
	2012		2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Senior secured revolving debt[1]	$ 49,495	$ 49,495	$ —	$ —
Senior secured term debt[2]	—	—	104,334	103,812
Convertible subordinated debt[3]	135,000	136,350	135,000	133,126

(1) Fair value based on outstanding borrowings and market interest rates.

(2) Fair value based on non-binding broker quotes using current market information.

(3) Fair value based on quoted market prices.

Risks and Uncertainties

As is typical in the information storage industry, a significant portion of our customer base is concentrated among a small number of OEMs, distributors and large VARs. The loss of any one of our more significant customers, or a significant decrease in the sales volume with one of these significant customers, could have a material adverse effect on our results of operations and financial condition. Furthermore, if there is a downturn in general economic conditions, the resulting effect on IT spending could also have a material adverse effect on our results of operations and financial condition. We also face risks and uncertainties since our competitors in one area may be customers or suppliers in another.

A limited number of products comprise a significant majority of our sales, and due to increasingly rapid technological change in the industry, our future operating results depend on our ability to develop and successfully introduce new products.

Concentration of Credit Risk

We currently invest our excess cash in deposits with major banks and in money market funds. In the past, we have also held investments in short-term debt securities of companies with strong credit ratings from a variety of industries, and we may make investments in these securities in the future. We have not experienced any material losses on these investments and limit the amount of credit exposure to any one issuer and to any one type of investment.

We sell products to customers in a wide variety of industries on a worldwide basis. In countries or industries where we are exposed to material credit risk, we may require collateral, including cash deposits and letters of credit prior to the completion of a transaction. We do not believe we have significant credit risk beyond that provided for in the financial statements in the ordinary course of business.

Sales to our top five customers represented 34% of revenue in fiscal 2012 compared to 33% of revenue in fiscal 2011 and 37% of revenue in fiscal 2010. We had no customers that comprised 10% or greater of revenue in fiscal 2012. Sales to our largest customer, Dell Inc. (“Dell”), were 10% of revenue in fiscal 2011 compared to 13% of revenue in fiscal 2010.

Recently Adopted Accounting Pronouncements

In the first quarter of fiscal 2012, we adopted the goodwill impairment guidance for reporting units with zero or negative carrying amounts. Adoption of this standard did not have an impact on our financial position or results of operations.

In the first quarter of fiscal 2012, we adopted the guidance for disclosure of supplementary pro forma information for business combinations. Adoption of this standard did not have an impact on our financial position or results of operations, other than the additional disclosures included in the notes to the Consolidated Financial Statements.

In the fourth quarter of fiscal 2012, we early adopted the guidance regarding the presentation of other comprehensive income. We elected to present other comprehensive income in two separate but consecutive statements of net income and its components followed immediately by a statement of other comprehensive income (loss). Adoption of this standard did not have an impact on our financial position or results of operations, other than the additional statement in the Consolidated Financial Statements.

In the fourth quarter of fiscal 2012, we early adopted the guidance that allows entities to perform a qualitative assessment for step one goodwill impairment testing. Adoption of this standard did not have an impact on our financial position or results of operations.

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* ("ASU 2011-04"), which amends the accounting standards for fair value measurements and disclosures. ASU 2011-04 provides clarifications about the application of existing fair value measurement and disclosure requirements. In addition, ASU 2011-04 changes how to measure fair value of financial instruments managed within a portfolio and how to apply premiums and discounts. There are also additional disclosures required. ASU 2011-04 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. We will apply this standard beginning in fiscal 2013 and do not anticipate adoption will impact our statements of financial position or results of operations.

NOTE 3: ACQUISITION

On June 13, 2011, in order to enhance our product offerings and technology portfolio we acquired Pancetera pursuant to a statutory merger in exchange for approximately $11.0 million, comprised of $8.2 million in cash and $2.8 million in Quantum common stock. We acquired all outstanding shares of Pancetera and assumed all of Pancetera's outstanding unvested stock options according to the option exchange ratio defined in the merger agreement with Pancetera. We also assumed unvested restricted Pancetera common stock in accordance with the merger agreement. Pancetera's results of operations are included in our Consolidated Statements of Operations and Cash Flows from the June 13, 2011 acquisition date.

The acquisition was recorded under the acquisition method of accounting, resulting in the purchase price being allocated to the assets acquired and liabilities assumed based on their estimated fair values. The excess of the purchase price over the assets acquired and liabilities assumed was recorded as goodwill. The allocation of assets acquired and liabilities assumed is set forth below (in thousands):

Current assets	$ 46
Property and equipment	37
Amortizable intangible assets	1,795
In-process research and development	349
Goodwill	8,843
Current liabilities	(116)
Total purchase price	$ 10,954

In performing our purchase price allocation, we considered, among other factors, our intention for future use of acquired assets, analyses of historical financial performance and estimates of future performance of Pancetera's existing and future products. The fair value of current assets, property and equipment and current liabilities was based on market prices at the acquisition date. The fair value of amortizable intangible assets and IPR&D was based, in part, on a valuation using a discounted cash flow approach and other valuation techniques as well as management's estimates and assumptions.

The amortizable intangible assets are all related to developed technology and are included in purchased technology within Note 5 "Intangible Assets and Goodwill." Purchased technology, which comprises products that have reached technological feasibility, was primarily related to SmartRead®. SmartRead is patented technology, primarily comprised of a set of algorithms that reduce storage input-output when performing maintenance tasks such as backup, replication or migration of virtual machines. Pancetera products containing the SmartRead technology included SmartView ™ and SmartMotion ™, which have been rebranded as vmPRO software solutions. Purchased technology intangible assets also include a combination of Pancetera processes, patents and trade secrets related to the design and development of these products. This proprietary know-how can be leveraged to develop new technology and improve our products. The SmartRead purchased technology intangible asset has an amortization period of four years.

IPR&D represents incomplete Pancetera research and development projects that had not reached technological feasibility as of the acquisition date. Due to the nature of IPR&D, the expected life is indeterminate and we periodically evaluate for attainment of technological feasibility or impairment. Technological feasibility is established when an enterprise has completed all planning, designing, coding and testing activities that are necessary to establish that a product can be produced to meet its design specifications including functions, features and technical performance requirements. The value assigned to IPR&D was determined by considering the importance of each project to our overall development plan, estimating costs to develop the purchased IPR&D into commercially viable products, estimating the resulting net cash flows from the projects when completed and discounting the net cash flows using a discount rate of 18% to their present value based on the percentage of completion of the IPR&D projects.

The goodwill as a result of this acquisition is not expected to be deductible for tax purposes. In addition, we incurred acquisition expenses of $0.3 million during fiscal 2012 which are included in general and administrative expense in our Consolidated Statements of Operations. The following unaudited supplemental pro forma information presents the combined results of operations of Quantum and Pancetera as if the acquisition had occurred as of the beginning of fiscal 2011 (in thousands):

	As of March 31	
	2012	2011
Pro forma revenue	$ 652,404	$ 672,376
Pro forma net loss	(9,506)	(1,303)

NOTE 4: BALANCE SHEET DETAILS

Cash, cash equivalents and restricted cash consisted of (in thousands):

	As of March 31	
	2012	2011
Cash	$ 17,715	$ 8,744
Certificates of deposit	—	569
Money market funds	37,776	68,560
	$ 55,491	$ 77,873

Manufacturing inventories consisted of (in thousands):

	As of March 31	
	2012	2011
Finished goods	$ 22,122	$ 19,999
Work in process	5,781	7,385
Materials and purchased parts	33,208	20,747
	$ 61,111	$ 48,131

Service parts inventories consisted of (in thousands):

	As of March 31	
	2012	2011
Finished goods	$ 19,202	$ 25,348
Component parts	19,848	19,688
	$ 39,050	$ 45,036

Property and equipment consisted of (in thousands):

	As of March 31	
	2012	2011
Machinery and equipment	$ 162,182	$ 154,206
Furniture and fixtures	7,045	7,193
Leasehold improvements	23,348	22,563

	As of March 31	
	2012	2011
	192,575	183,962
Less: accumulated depreciation	(167,135)	(158,982)
	$ 25,440	$ 24,980

NOTE 5: INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

Acquired intangible assets are amortized over their estimated useful lives, which generally range from one to eight years. In estimating the useful lives of intangible assets, we considered the following factors:

- The cash flow projections used to estimate the useful lives of the intangible assets showed a trend of growth that was expected to continue for an extended period of time;
- Our tape automation products, disk systems and software, in particular, have long development cycles; these products have experienced long product life cycles; and
- Our ability to leverage core technology into data protection and big data and archive solutions and, therefore, to extend the lives of these technologies.

Acquired IPR&D is amortized over its estimated useful life once technological feasibility is reached. If IPR&D is determined to not have technological feasibility or is abandoned, we write off the IPR&D in that period.

Following is the weighted average amortization period for our amortizable intangible assets:

	Amortization (Years)
Purchased technology	6.2
Trademarks	6.0
Customer lists	7.1
All intangible assets	6.5

Intangible amortization within our Consolidated Statements of Operations for the years ended March 31, 2012, 2011 and 2010 follows (in thousands):

	For the year ended March 31,		
	2012	2011	2010
Purchased technology	$ 7,583	$ 14,862	$ 22,469
Trademarks	700	810	810
Non-compete agreements	32	100	100
Customer lists	12,428	12,609	12,765
	$ 20,743	$ 28,381	$ 36,144

The following tables provide a summary of the carrying value of amortizable intangible assets (in thousands):

	As of March 31,					
	2012			2011		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Purchased technology	$ 182,922	$ (176,893)	$ 6,029	$ 188,167	$ (176,350)	$ 11,817
Trademarks	3,900	(3,656)	244	27,260	(26,316)	944
Non-compete agreements	—	—	—	500	(468)	32
Customer lists	106,419	(86,929)	19,490	106,419	(74,501)	31,918
	$ 293,241	$ (267,478)	$ 25,763	$ 322,346	$ (277,635)	$ 44,711

The total expected future amortization related to intangible assets is provided in the table below (in thousands):

	Amortization
Fiscal 2013	$ 13,283
Fiscal 2014	8,849
Fiscal 2015	3,541
Fiscal 2016	90
Total as of March 31, 2012	$ 25,763

We did not have impairment indicators for our long-lived assets in fiscal 2012, fiscal 2011 and fiscal 2010. In fiscal 2012, we wrote off $30.9 million of fully amortized intangible assets related to fiscal 2002 and 2003 acquisitions.

Goodwill

The following provides a summary of the carrying value of goodwill (in thousands):

	Goodwill	Accumulated Impairment Losses	Net Amount
Balance March 31, 2010	$ 385,770	$ (339,000)	$ 46,770
Fiscal 2011 activity	—	—	—
Balance March 31, 2011	385,770	(339,000)	46,770
Pancetera acquisition	8,843	—	8,843
Balance March 31, 2012	$ 394,613	$ (339,000)	$ 55,613

Our annual impairment evaluation for goodwill in the fourth quarter of fiscal 2012 and fiscal 2011 did not indicate any impairment of our goodwill for fiscal 2012 or fiscal 2011.

NOTE 6: ACCRUED WARRANTY

The following table details the change in the accrued warranty balance (in thousands):

	For the year ended March 31,	
	2012	2011
Beginning balance	$ 7,034	$ 5,884
Additional warranties issued	9,973	11,049
Adjustments for warranties issued in prior fiscal years	1,956	2,610
Settlements	(11,377)	(12,509)
Ending balance	$ 7,586	$ 7,034

We warrant our products against defects for 1 to 3 years. A provision for estimated future costs and estimated returns for credit relating to warranty is recorded when products are shipped and revenue recognized. Our estimate of future costs to satisfy warranty obligations is primarily based on historical trends and, if believed to be significantly different from historical trends, estimates of future failure rates and future costs of repair. Future costs of repair include materials consumed in the repair, labor and overhead amounts necessary to perform the repair. If future actual failure rates differ from our estimates, we record the impact in subsequent periods. If future actual costs of repair were to differ significantly from our estimates, we would record the impact of these unforeseen cost differences in subsequent periods.

NOTE 7: LONG-TERM DEBT AND CONVERTIBLE SUBORDINATED DEBT

Our debt consisted of the following (in thousands):

	As of March 31,	
	2012	2011
Senior secured revolving debt	$ 49,495	$ —
Senior secured term debt	—	104,334
Convertible subordinated debt	135,000	135,000
	$ 184,495	$ 239,334

Long-Term Debt

Wells Fargo Credit Agreement

On March 29, 2012, we refinanced the senior secured credit agreement with Credit Suisse (“CS credit agreement”) by entering into a senior secured credit agreement with Wells Fargo Capital Finance, LLC (“Wells Fargo”) providing a revolving credit facility up to $75 million (“WF credit agreement”). The WF credit agreement matures March 29, 2017, or August 16, 2015 if our convertible subordinated notes remain outstanding on that date. We borrowed $49.5 million on March 29, 2012 to repay all borrowings under the CS credit agreement. Amounts borrowed are included in long-term debt on the Consolidated Balance Sheets. We incurred and capitalized $1.0 million of fees related to the WF credit agreement which are included in other long-term assets in our Consolidated Balance Sheets. These fees are being amortized to interest expense over the term of the WF credit agreement.

Under the WF credit agreement, we may borrow on a revolving basis amounts to be used to refinance all debts under our CS credit agreement as well as for general purposes. The maximum principal amount that may be borrowed is the lesser of $75 million, reduced by $1.0 million per quarter commencing July 1, 2012, or the amount of the monthly borrowing base. The monthly borrowing base is comprised of a cash component, an accounts receivable component and an inventory component. We may prepay all or a portion of any amounts borrowed without penalty or premium.

The interest rate on amounts borrowed is based on an election by us of an annual rate equal to (1) a base rate established by Wells Fargo plus an applicable margin of 1.0% to 1.5%, based on availability levels under the WF credit agreement or (2) the LIBOR rate plus an applicable margin ranging from 2.0% and 2.5%, based on availability levels under the WF credit agreement.

At March 31, 2012, we had $49.5 million outstanding borrowings at an interest rate of 4.50%, and subsequently elected the LIBOR rate plus applicable margin on April 5, 2012, bringing the interest rate to 2.72%. In addition, we have letters of credit totaling $0.1 million, reducing the amounts available to borrow on the revolver to $25.4 million at March 31, 2012. Quarterly, we are required to pay a 0.375% commitment fee on undrawn amounts under the revolving credit facility.

The WF credit agreement contains customary covenants, including cross-default provisions, as well as financial covenants that require the fixed charge coverage ratio to be greater than 1.20 for the 12 month period ending on the last day of any month and average liquidity for the most recently completed month of at least $15 million during the period commencing on March 29, 2012 and ending on September 30, 2012, increasing to $20 million on October 1, 2012. In addition, to avoid triggering mandatory field audits and Wells Fargo controlling our cash receipts, we must maintain average liquidity of at least $20 million during the period commencing on March 29, 2012 and ending on September 30, 2012, increasing to $25 million on October 1, 2012. Both the fixed charge coverage ratio and average liquidity are defined in the WF credit agreement. There is also a blanket lien on all of our assets under a security agreement with Wells Fargo. As of March 31, 2012, we were in compliance with all covenants.

Credit Suisse Credit Agreement

On July 12, 2007, we refinanced a prior credit facility by entering into a senior secured credit agreement with Credit Suisse providing a $50 million revolving credit facility and a $400 million senior secured term loan. We borrowed $400 million on the term loan to repay all borrowings under a prior credit facility used to fund the Advanced Digital Information Corporation acquisition. We incurred and capitalized $8.1 million of loan fees related to the CS credit agreement which were included in other long-term assets in our Consolidated Balance Sheets. These fees were amortized to interest expense over the respective loan terms. Interest accrued on the term loan at our option based on either, a prime rate plus a margin of 2.5%, or a LIBOR rate plus a margin of 3.5%. During fiscal 2011, we made principal payments of $81.7 million on the CS credit agreement term loan, and in fiscal 2012 we made principal payments of $104.3 million to fully extinguish the term loan and CS credit agreement.

Subordinated Term Loans

On November 15, 2010, we paid $121.7 million plus $1.8 million in accrued and unpaid interest to settle subordinated term loans with EMC International Company. As a result of the voluntary prepayment in full of these term loans, we have satisfied all of our obligations under these loans. We funded this payment using proceeds from the 3.50% convertible subordinated notes.

Convertible Subordinated Debt

Current Notes Issued November 2010

On November 15, 2010, we issued $135 million aggregate principal amount of the current notes due November 15, 2015 (“current notes”) with a conversion price of $4.33 per share of our common stock. We may not redeem the notes prior to their maturity date although investors may convert the current notes into Quantum common stock until November 14, 2015 at their option. In addition, since purchasers are qualified institutional investors, as defined in Rule 144 under the Securities Act of 1933 (“Securities Act”), the current notes have not been registered under the Securities Act. We pay 3.50% interest per annum on the principal amount of the current notes semi-annually on May 15 and November 15 of each year. The terms of the current notes are governed by an agreement dated November 15, 2010 between Quantum and U.S. Bank National Association. The current notes are subordinated to any existing indebtedness and other liabilities.

We incurred and capitalized $5.0 million of loan fees in fiscal 2011 for the current notes which are included in other long-term assets in our Consolidated Balance Sheets. These fees are amortized to interest expense over the loan term.

4.375% Notes Issued July 2003

On July 30, 2010, we paid $22.1 million plus $0.5 million in accrued and unpaid interest to redeem the 4.375% convertible subordinated notes outstanding at that date in accordance with the contractual terms at maturity. These notes matured August 1, 2010.

Gain (Loss) on Debt Extinguishment, Net of Costs

In fiscal 2012, in connection with fully extinguishing the CS term loan and credit agreement on March 29, 2012, we wrote off $2.3 million of unamortized debt costs related to the CS term loan and credit agreement.

In fiscal 2011, in connection with the repayment of our subordinated term loans on November 15, 2010, we wrote off $1.2 million of unamortized debt costs related to these term loans.

In fiscal 2010, in connection with a tender offer and a private transaction for the 4.375% convertible subordinated notes issued July 2003, we recorded a gain on debt extinguishment, net of costs, of $12.9 million comprised of a gross gain of $15.6 million, reduced by $2.1 million in expenses and $0.6 million of unamortized debt costs related to these notes.

Debt Maturities

A summary of the scheduled maturities for our outstanding debt as of March 31, 2012 follows (in thousands):

	Debt Maturity
Fiscal 2013 to fiscal 2015	$ —
Fiscal 2016	135,000
Fiscal 2017	49,495
Total as of March 31, 2012	$ 184,495

Derivatives

We do not engage in hedging activity for speculative or trading purposes. Under the terms of the CS credit agreement, we were required to hedge floating interest rate exposure on 50% of our funded debt balance through December 31, 2009. We entered into an interest rate collar instrument with a financial institution that fixed the interest rate on $100.0 million of our variable rate term loan from December 31, 2008 through December 31, 2009. We incurred $1.5 million in interest expense in fiscal 2010 on this collar.

Our interest rate collar did not meet all of the criteria necessary for hedge accounting. We recorded the fair market value in other accrued liabilities in the Consolidated Balance Sheets and the change in fair market value in other income and expense in the Consolidated Statements of Operations, recognizing a gain of $1.2 million in fiscal 2010. As of December 31, 2009, the interest rate collar had expired.

NOTE 8: RESTRUCTURING CHARGES

Our restructuring actions are steps undertaken to reduce costs in an effort to return to consistent profitability. In fiscal 2012 and 2011, restructuring actions to consolidate operations supporting our business were the result of strategic management decisions. In fiscal 2010, restructuring actions to consolidate operations supporting our business were undertaken to improve operational efficiencies and to adapt our operations in recognition of economic conditions. The following summarizes the type of restructuring expense for fiscal 2012, 2011 and 2010 (in thousands):

	For the year ended March 31,		
	2012	2011	2010
Severance and benefits	$ 1,585	$ 3,580	$ 602
Facilities	345	(538)	4,792
Other	(300)	602	(599)
	$ 1,630	$ 3,644	$ 4,795

Fiscal 2012

Restructuring charges in fiscal 2012 were primarily due to severance and benefits expenses of $1.6 million as a result of strategic management decisions to consolidate operations supporting our business. Most areas of the business, including international operations, were impacted by these restructuring actions. The employees impacted were in our research and development, sales and marketing and service teams. Facility restructuring charges for fiscal 2012 were primarily due to negotiating a lease settlement on a facility vacated in India. The other restructuring reversal for fiscal 2012 was due to actual payments lower than estimated on a supplier relationship exited in fiscal 2011.

Fiscal 2011

Restructuring charges in fiscal 2011 were primarily due to severance and benefits expenses of $3.6 million as a result of strategic management decisions to consolidate operations supporting our business. Most areas of the business, including international operations, were impacted by these restructuring actions. The employees impacted were in our management, sales and marketing, research and development and service teams. The facility reversals in fiscal 2011 were primarily due to negotiating settlements for lease liabilities on two vacated facilities in the U.S. for amounts lower than the outstanding lease contracts. The other restructuring charges were costs from exiting a supplier relationship in fiscal 2011.

Fiscal 2010

For fiscal 2010, restructuring charges were primarily due to $4.8 million in remaining contractual lease payments for facilities vacated in the U.S. during fiscal 2010. We also vacated a facility in India and negotiated a settlement for an amount lower than the outstanding lease contract. Severance and benefits restructuring charges for fiscal 2010 were due largely to eliminating additional positions in the U.S. and changes in our estimates, primarily in Europe, as we completed settlement negotiations with various local authorities. The other restructuring reversal in fiscal 2010 was due to negotiating a settlement for contract termination fees related to a program cancelled in a prior year.

The following tables show the activity and the estimated timing of future payouts for accrued restructuring (in thousands):

	Severance and benefits	Facilities	Other	Total
Balance as of March 31, 2009	$ 3,454	$ 628	$ 599	$ 4,681
Restructuring costs	1,182	5,047	—	6,229
Restructuring charge reversal	(580)	(255)	(599)	(1,434)
Cash payments	(3,597)	(2,124)	—	(5,721)
Non-cash charges and other	35	5	—	40
Balance as of March 31, 2010	494	3,301	—	3,795
Restructuring costs	3,586	307	602	4,495
Restructuring charge reversal	(6)	(845)	—	(851)
Cash payments	(1,189)	(1,920)	—	(3,109)
Non-cash charges and other	—	—	(302)	(302)
Balance as of March 31, 2011	2,885	843	300	4,028
Restructuring costs	1,864	345	—	2,209
Restructuring charge reversal	(279)	—	(300)	(579)
Cash payments	(3,181)	(748)	—	(3,929)
Assumed restructuring liability	23	—	—	23
Balance as of March 31, 2012	$ 1,312	$ 440	$ —	$ 1,752
Estimated timing of future payouts:				
Fiscal 2013	$ 1,312	$ 297	$ —	$ 1,609
Fiscal 2014 to 2016	—	143	—	143
	$ 1,312	$ 440	$ —	$ 1,752

The $1.8 million restructuring accrual as of March 31, 2012 is primarily comprised of severance and benefits obligations, the majority of which will be paid in fiscal 2013. The amounts accrued for vacant facilities will be paid over their respective lease terms, which continue through fiscal 2016.

Additional charges may be incurred in the future related to these restructurings, particularly if the actual costs associated with restructured activities are higher than estimated. Until we achieve sustained profitability, we may incur additional charges in the future related to additional cost reduction steps. Future charges that we may incur associated with future cost reductions are not estimable at this time.

NOTE 9: STOCK INCENTIVE PLANS AND SHARE-BASED COMPENSATION

Description of Stock Incentive Plans

Active Stock Incentive Plans

We have a Long-Term Incentive Plan that provides for the issuance of stock options, stock appreciation rights, stock purchase rights and long-term performance awards to our employees, officers, and consultants, as well as a Nonemployee Director Equity Incentive Plan that provides for the issuance of stock options, stock appreciation rights, stock purchase rights and long-term performance awards to our nonemployee directors, collectively the “Active Plans.” These plans have authorized 79.5 million shares of stock of which 7.3 million shares of stock were available for grant as of March 31, 2012.

There are 26.5 million stock options and restricted shares outstanding under the Active Plans as of March 31, 2012, which expire at various times through June 2018.

With the exception of fiscal 2010, in recent years we have primarily granted restricted stock units with a zero purchase price. We continue to grant stock options to employees in certain circumstances. In fiscal 2010, due to a combination of factors including our share price at the beginning of the fiscal year, we primarily granted stock options to our employees. Stock options granted in fiscal 2012, 2011 and 2010 generally vest over three to four years and have contractual terms of seven years. Grants prior to fiscal 2005 had contractual terms of ten years. Stock options under the Active Plans are granted at prices determined by the Board of Directors, but at not less than the fair market value. The majority of restricted stock units granted to employees in fiscal 2012, 2011 and 2010 vest over two to three years. Stock option and restricted stock grants to nonemployee directors typically vest over one year. Both stock options and restricted stock units granted under the Active Plans are subject to forfeiture if employment terminates.

Other Stock Option Plans

During the first quarter of fiscal 2012, we assumed outstanding unvested options and unvested restricted shares of Pancetera which were exchanged into options and restricted shares of Quantum common stock, respectively, in accordance with the merger agreement. As of June 13, 2011, Pancetera had approximately 0.8 million unvested stock options and 0.5 million unvested restricted shares outstanding. Based on the exchange ratio of 0.2403 calculated in accordance with the formula in the merger agreement, we assumed the outstanding unvested options, which are exercisable for an aggregate of 194,000 shares of Quantum common stock. Based on the relative cash and stock consideration for Pancetera shares per the merger agreement, the unvested restricted shares became 33,000 unvested restricted shares of Quantum common stock and $200,000 in cash held in escrow. The estimated fair value of unvested Pancetera options, unvested restricted shares and cash held in escrow related to future service is being recognized over the remaining service period.

In addition to the Active Plans, we have other stock option plans, including plans assumed in acquisitions, ("Other Plans") under which stock options, stock appreciation rights, stock purchase rights, restricted stock awards and long-term performance awards to employees, consultants, officers and affiliates were authorized. Stock options granted and assumed under the Other Plans generally vested over one to four years and expired ten years after the grant date and restricted stock granted under the Other Plans generally vested over one to three years. The Other Plans have been terminated and outstanding stock options granted and assumed remain outstanding and continue to be governed by the terms and conditions of the respective other stock option plan. Stock options and restricted stock granted under the Other Plans are subject to forfeiture if employment terminates. Stock options under the Other Plans were granted at prices determined by the Board of Directors, but at not less than the fair market value and stock options assumed were governed by the acquisition agreement. Stock options expire at various times through June 2021.

Stock Purchase Plan

We have an employee stock purchase plan (the "Purchase Plan") that allows for the purchase of stock at 85% of fair market value at the date of grant or the exercise date, whichever value is less. The Purchase Plan is qualified under Section 423 of the Internal Revenue Code. Under the Purchase Plan, rights to purchase shares are granted during the second and fourth quarter of each fiscal year. Due to cancellation of rights from August 2008 through January 2010 by the Board of Directors, there were no rights to purchase shares granted during this period. Rights to purchase shares were reinstated in February 2010 or the fourth quarter of fiscal 2010. The Purchase Plan allows a maximum amount of two million shares to be purchased in any one six month offering period. Employees purchased 3.0 million shares and 3.2 million shares of common stock under the Purchase Plan in fiscal 2012 and 2011, respectively. The weighted-average price of stock purchased under the Purchase Plan was $1.66 and $1.22 in fiscal 2012 and 2011, respectively. There were 2.9 million shares available for issuance as of March 31, 2012.

Determining Fair Value

We use the Black-Scholes stock option valuation model for estimating fair value of stock options granted under our plans and rights to acquire stock granted under our Purchase Plan. We amortize the fair value of stock options on a ratable basis over the requisite service periods, which are generally the vesting periods. The expected life of awards granted represents the period of time that they are expected to be outstanding. We determine the expected life based on historical experience with similar awards, giving consideration to the contractual terms, exercise patterns and post-vesting forfeitures. We estimate volatility based on the historical volatility of our common stock over the most recent period corresponding with the estimated expected life of the award. We base the risk-free interest rate used in the Black-Scholes stock option valuation model on the implied yield currently available on U.S. Treasury zero-coupon issues with an equivalent term equal to the expected life of the award. We have not paid any cash dividends on our common stock and do not anticipate paying any cash dividends in the foreseeable future. We use historical data to estimate forfeitures and record share-based compensation for those awards that are expected to vest. We adjust share-based compensation for actual forfeitures.

Stock Options

The weighted-average estimated fair values and the assumptions used in calculating fair values for stock options granted under the Active Plans during each fiscal period are as follows:

	For the year ended March 31,		
	2012	2011	2010
Stock option life (in years)	4.0	4.2	3.9
Risk-free interest rate	1.57%	2.02%	2.05%
Stock price volatility	112.33%	106.75%	107.67%
Weighted-average grant date fair value	$ 1.91	$ 1.96	$ 0.73

The weighted-average fair value of stock options assumed from Pancetera, as well as the weighted-average assumptions used in calculating these values were based on estimates at the acquisition date as follows:

Option life (in years)	5.2
Risk-free interest rate	1.65%
Stock price volatility	100.93%
Weighted-average fair value	$ 2.67

The assumed options have a 10 year contractual life from the original grant date.

Restricted Stock

The fair value of our restricted stock is the intrinsic value as of the grant date.

Stock Purchase Plan

The weighted-average fair values and the assumptions used in calculating fair values during each fiscal period are as follows:

	For the year ended March 31,		
	2012	2011	2010
Option life (in years)	0.50	0.50	0.50
Risk-free interest rate	0.06%	0.19%	0.15%
Stock price volatility	70.29%	68.56%	69.14%
Weighted-average grant date fair value	$ 0.82	$ 0.72	$ 0.82

Share-Based Compensation Expense

The following tables summarize share-based compensation expense (in thousands):

	For the year ended March 31,		
	2012	2011	2010
Share-based compensation expense included in operations:			
Cost of revenue	$ 2,203	$ 1,768	$ 1,366
Research and development	3,250	2,486	2,373
Sales and marketing	4,048	3,121	2,581
General and administrative	4,236	3,046	3,469
Total share-based compensation expense	$ 13,737	$ 10,421	$ 9,789

	For the year ended March 31,		
	2012	2011	2010
Share-based compensation by type of award:			
Stock options	$ 2,622	$ 3,586	$ 3,633
Restricted stock	9,053	5,329	5,878
Stock purchase plan	2,062	1,506	278
Total share-based compensation expense	$ 13,737	$ 10,421	$ 9,789

The total share-based compensation cost capitalized as part of inventory as of March 31, 2012 and 2011 was not material. During fiscal 2012, 2011 and 2010, no tax benefit was realized for the tax deduction from stock option exercises and other awards due to tax benefit carryforwards and tax ordering requirements.

As of March 31, 2012, there was $3.0 million of total unrecognized compensation cost related to stock options granted under our plans. This unrecognized compensation cost is expected to be recognized over a weighted-average period of 1.5 years. Total intrinsic value of stock options exercised for the years ended March 31, 2012, 2011 and 2010 was $3.7 million, $8.9 million and $1.9 million, respectively. We settle stock option exercises by issuing additional common shares.

As of March 31, 2012, there was $20.8 million of total unrecognized compensation cost related to nonvested restricted stock. The unrecognized compensation cost for restricted stock is expected to be recognized over a weighted-average period of 1.9 years. Total fair value of awards released during the years ended March 31, 2012, 2011 and 2010 was $9.4 million, $7.5 million and $3.1 million, respectively, based on the fair value of our common stock on the date of award release. We issue additional common shares upon vesting of restricted stock units.

Stock Activity

Stock Options

A summary of activity relating to all of our stock option plans is as follows (stock options and intrinsic value in thousands):

	Stock Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding as of March 31, 2009	25,626	$ 3.02		
Granted	9,655	1.01		
Exercised	(1,883)	1.51		
Forfeited	(1,778)	3.32		
Expired	(291)	11.08		
Outstanding as of March 31, 2010	31,329	2.40		
Granted	204	2.66		
Exercised	(6,634)	1.90		
Forfeited	(1,747)	2.05		
Expired	(1,072)	5.56		
Outstanding as of March 31, 2011	22,080	2.43		
Granted and assumed	1,619	2.33		
Exercised	(2,982)	1.79		
Forfeited	(619)	1.90		
Expired	(704)	8.25		
Outstanding as of March 31, 2012	19,394	$ 2.32	2.72	$ 12,695
Vested and expected to vest at March 31, 2012	19,215	$ 2.32	2.69	$ 12,646
Exercisable as of March 31, 2012	15,963	$ 2.46	2.21	$ 9,379

The following table summarizes information about stock options outstanding and exercisable as of March 31, 2012 (stock options in thousands):

Range of Exercise Prices	Stock Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Stock Options Exercisable	Weighted-Average Exercise Price
$ 0.11 - $ 0.63	213	$ 0.52	6.57	79	$ 0.42
$ 0.77 - $ 0.98	5,094	0.98	4.21	3,377	0.98
$ 1.00 - $ 1.42	690	1.23	3.49	635	1.23
$ 1.52 - $ 2.21	4,579	2.02	1.53	4,564	2.02
$ 2.29 - $ 3.42	5,850	2.91	2.69	4,340	3.04
$ 3.43 - $ 4.55	2,443	3.79	1.95	2,443	3.79
$ 6.70 - $ 7.50	525	6.73	0.09	525	6.73
	19,394	$ 2.32	2.72	15,963	$ 2.46

Expiration dates ranged from April 2012 to June 2021 for stock options outstanding at March 31, 2012. Prices for stock options exercised during the three-year period ended March 31, 2012, ranged from $0.11 to $3.86.

Restricted Stock

A summary of activity relating to our restricted stock follows (shares in thousands):

	Shares	Weighted-Average Grant Date Fair Value
Nonvested at March 31, 2009	6,258	$ 1.78
Granted	2,526	1.45
Vested	(2,853)	2.01
Forfeited	(796)	0.83
Nonvested at March 31, 2010	5,135	1.64
Granted	5,757	1.95
Vested	(3,665)	1.60
Forfeited	(587)	1.45
Nonvested at March 31, 2011	6,640	1.95
Granted and assumed	6,669	3.14
Vested	(3,058)	1.88
Forfeited	(1,390)	2.73
Nonvested at March 31, 2012	8,861	$ 2.75

NOTE 10: 401K PLAN

Substantially all of the U.S. employees are eligible to make contributions to our 401(k) savings and investment plan. We typically make discretionary contributions to the plan by matching a percentage of our employees' contributions. Employer contributions were $3.0 million, $2.6 million and $2.5 million in fiscal 2012, 2011 and 2010, respectively.

NOTE 11: INCOME TAXES

Pre-tax income (loss) reflected in the Consolidated Statements of Operations for the years ended March 31, 2012, 2011 and 2010 follows (in thousands):

	For the year ended March 31,		
	2012	2011	2010
U.S	$ (8,589)	$ 271	$ 16,374
Foreign	667	4,283	1,534
	$ (7,922)	$ 4,554	$ 17,908

Income tax provision consists of the following (in thousands):

	For the year ended March 31,		
	2012	2011	2010
Federal:			
Current	$ —	$ (302)	$ (465)
Deferred	—	—	—
	—	(302)	(465)
State:			
Current	301	446	(361)
Deferred	—	—	—
	301	446	(361)
Foreign:			
Current	1,847	74	2,577
Deferred	(1,261)	(205)	(477)
	586	(131)	2,100
Income tax provision	$ 887	$ 13	$ 1,274

The income tax provision differs from the amount computed by applying the federal statutory rate of 35% to income (loss) before income taxes as follows (in thousands):

	For the year ended March 31,		
	2012	2011	2010
Expense (benefit) at federal statutory rate	$ (2,773)	$ 1,594	$ 6,268
State taxes	301	380	340
Unbenefited losses and credits	3,471	(1,235)	(5,591)
Net accrual (release) of contingent tax reserves	(176)	(466)	315
Other	64	(260)	(58)
	$ 887	$ 13	$ 1,274

Significant components of deferred tax assets and liabilities are as follows (in thousands):

	As of March 31,	
	2012	2011
Deferred tax assets:		
Inventory valuation method	$ 6,429	$ 10,366
Accrued warranty expense	3,072	2,849
Distribution reserves	2,377	1,936
Loss carryforwards	54,162	50,179
Foreign tax and research and development credit carryforwards	221,459	221,354
Restructuring charge accruals	710	1,410
Other accruals and reserves not currently deductible for tax purposes	35,177	31,322
Depreciation and amortization methods	4,824	9,572
	328,210	328,988
Less valuation allowance	(252,402)	(245,241)
Deferred tax asset	$ 75,808	$ 83,747
Deferred tax liabilities:		
Acquired intangibles	$ (10,186)	$ (17,884)
Tax on unremitted foreign earnings	(15,712)	(16,557)
Other	(49,179)	(49,855)
Deferred tax liability	$ (75,077)	$ (84,296)
Net deferred tax asset (liability)	$ 731	$ (549)

A reconciliation of the gross unrecognized tax benefits follows (in thousands):

	For the year ended March 31,		
	2012	2011	2010
Beginning balance	$ 33,012	$ 33,292	$ 32,210
Settlement and effective settlements with tax authorities and related remeasurements	(255)	(357)	—
Lapse of statute of limitations	(105)	(228)	(290)
Increase in balances related to tax positions taken in prior period	92	82	800
Increases in balances related to tax positions taken during current period	—	223	572
Ending balance	$ 32,744	$ 33,012	$ 33,292

During fiscal 2012, we recorded a net decrease in our unrecognized tax benefits. Including interest and penalties, the total unrecognized tax benefit at March 31, 2012 was $33.6 million, all of which, if recognized, would favorably affect the effective tax rate. At March 31, 2012 accrued interest and penalties totaled $0.9 million.

We file our tax returns as prescribed by the laws of the jurisdictions in which we operate. Our U.S. tax returns have been audited for years through 2002 by the Internal Revenue Service. In other major jurisdictions, we are generally open to examination for the most recent three to five fiscal years. Although timing of the resolution and closure on audits is highly uncertain, we do not believe it is likely that the unrecognized tax benefits would materially change in the next 12 months.

As of March 31, 2012, we had federal net operating loss and tax credit carryforwards of approximately $202.7 million and $156.9 million, respectively. Our federal net operating loss carryforwards include $33.6 million attributable to excess tax deductions from stock option exercises, and are not included in the deferred tax assets shown above. The benefit of these loss carryforwards will be credited to equity when realized. The net operating loss and tax credit carryforwards expire in varying amounts beginning in fiscal 2013 if not previously utilized, the utilization of which is limited under the tax law ownership change provision. These carryforwards include $10.8 million of acquired net operating losses and $15.6 million of credits.

Certain changes in stock ownership could result in a limitation on the amount of net operating loss and tax credit carryovers that can be utilized each year. Should the company undergo such a change in stock ownership, it could severely limit the usage of these carryover tax attributes against future income, resulting in additional tax charges.

Due to our history of net losses and the difficulty in predicting future results, we believe that we cannot rely on projections of future taxable income to realize the deferred tax assets. Accordingly, we have established a full valuation allowance against our U.S. net deferred tax assets. Significant management judgment is required in determining our deferred tax assets and liabilities and valuation allowances for purposes of assessing our ability to realize any future benefit from our net deferred tax assets. We intend to maintain this valuation allowance until sufficient positive evidence exists to support the reversal of the valuation allowance. Our income tax expense recorded in the future will be reduced to the extent that sufficient positive evidence materializes to support a reversal of, or decrease in, our valuation allowance.

NOTE 12: NET INCOME (LOSS) PER SHARE

Equity Instruments Outstanding

We have granted stock options and restricted stock units under our Plans that, upon exercise and vesting, respectively, would increase shares outstanding. On November 15, 2010, we issued 3.50% convertible subordinated notes which are convertible at the option of the holders at any time prior to maturity into shares of Quantum common stock at a conversion price of $4.33 per share. These notes, if converted, would increase shares outstanding.

On June 3, 2009 we entered into an agreement with EMC Corporation (“EMC”) which provides for the issuance of certain warrants. On June 23, 2009, we issued a warrant to EMC to purchase 10 million shares of our common stock at a $0.38 per share exercise price. Only in the event of a change of control of Quantum will this warrant vest and be exercisable. It expires seven years from the date of issuance or three years after change of control, whichever occurs first. Due to these terms, no share-based compensation expense related to this warrant has been recorded to date.

At March 31, 2010, we had outstanding 4.375% convertible subordinated notes which were convertible at the option of the holders at any time prior to maturity into shares of Quantum common stock at a conversion price of $4.35 per share.

Net Income (Loss) per Share

The following table set forth the computation of basic and diluted net income (loss) per share (in thousands, except per-share data):

	For the year ended March 31,		
	2012	2011	2010
Net income (loss)	$ (8,809)	$ 4,541	$ 16,634
Interest on dilutive notes	—	—	1,249
Net gain on extinguishment of dilutive notes	—	—	(12,859)
Income (loss) for purposes of computing income (loss) per diluted share	$ (8,809)	$ 4,541	$ 5,024
Weighted average shares and common share equivalents (“CSE”):			
Basic	232,599	220,888	212,672
Dilutive CSE from stock plans	—	8,815	4,056
Dilutive CSE from purchase plan	—	35	471
Dilutive CSE from convertible notes	—	—	6,562
Diluted	232,599	229,738	223,761
Basic net income (loss) per share	$ (0.04)	$ 0.02	$ 0.08
Diluted net income (loss) per share	$ (0.04)	$ 0.02	$ 0.02

The computations of diluted net income (loss) per share for the periods presented excluded the following because the effect would have been antidilutive:

- For fiscal 2012 and 2011, 31.2 million and 11.6 million weighted equivalent shares, respectively, of the 3.50% convertible subordinated notes were excluded.
- Stock options to purchase 11.5 million, 10.4 million and 18.8 million weighted average shares in fiscal 2012, 2011 and 2010 respectively, were excluded.
- Unvested restricted stock units of 5.1 million, 49,000 and 0.2 million weighted average shares for fiscal 2012, 2011 and 2012, respectively, were excluded.

NOTE 13: COMMITMENTS AND CONTINGENCIES

Lease Commitments

We lease certain facilities under non-cancelable lease agreements and also have equipment leases for various office equipment. Some of the leases have renewal options ranging from one to ten years and others contain escalation clauses. These leases are operating leases.

In February 2006, we leased a campus facility in Colorado Springs, Colorado, comprised of three buildings in three separate operating leases with initial terms of five, seven and 15 years. In August 2010, we negotiated lower lease rates and a five year extension on one of the buildings. The future minimum lease payment schedule below includes $29.9 million for this Colorado Springs campus.

Rent expense was $12.7 million in both fiscal 2012 and 2011 and $13.8 million for fiscal 2010. Sublease income was immaterial in fiscal 2012 and 2011 and was $0.7 million for fiscal 2010.

Future minimum lease payments are as follows (in thousands):

	Lease Payments
For the year ending March 31,	
2013	$ 12,285
2014	10,055
2015	9,095
2016	7,334
2017	5,190
Thereafter	18,411
	$ 62,370

Commitments to Purchase Inventory

We use contract manufacturers for certain manufacturing functions. Under these arrangements, the contract manufacturer procures inventory to manufacture products based upon our forecast of customer demand. We are responsible for the financial impact on the contract manufacturer of any reduction or product mix shift in the forecast relative to materials that the contract manufacturer had already purchased under a prior forecast. Such a variance in forecasted demand could require a cash payment for finished goods in excess of current customer demand or for costs of excess or obsolete inventory. As of March 31, 2012 and 2011, we had issued non-cancelable purchase commitments for $34.3 million and $33.8 million, respectively, to purchase finished goods from our contract manufacturers.

Legal Proceedings

On September 12, 2011, Compression Technology Solutions LLC (“CTS”) filed a patent infringement lawsuit against a group of companies, consisting of Quantum, CA., Inc., EMC Corporation, Hewlett-Packard Company, International Business Machines Corp., NetApp, Inc. and Quest Software, Inc., in the U.S. District Court in the Eastern District of Missouri, alleging that certain unspecified products of the defendants, characterized as “deduplication software systems,” and, in the case of Quantum, including Quantum’s “DXi Series Deduplication software,” fall within the scope of patent 5,414,650. CTS is seeking injunctive relief, as well as the recovery of monetary damages, including treble damages for willful infringement. We do not believe we infringe the CTS patent; we believe that the CTS patent is invalid, and we intend to defend ourselves vigorously. In April 2012, our motion to transfer venue was granted and the lawsuit was transferred to the U.S. District Court in the Northern District of California. Due to the inherent uncertainty of litigation, we cannot identify probable or estimable damages related to the lawsuit.

Indemnifications

We have certain financial guarantees, both express and implied, related to product liability and potential infringement of intellectual property. Other than certain product liabilities recorded as of March 31, 2012 and 2011, we did not record a liability associated with these guarantees, as we have little or no history of costs associated with such indemnification requirements. Contingent liabilities associated with product liability may be mitigated by insurance coverage that we maintain.

In the normal course of business to facilitate transactions of our services and products, we indemnify certain parties with respect to certain matters. We have agreed to hold certain parties harmless against losses arising from a breach of representations or covenants, or out of intellectual property infringement or other claims made against certain parties. These agreements may limit the time within which an indemnification claim can be made and the amount of the claim. In addition, we have entered into indemnification agreements with our officers and directors, and our bylaws contain similar indemnification obligations to our agents.

It is not possible to determine the maximum potential amount under these indemnification agreements due to the limited history of our indemnification claims and the unique facts and circumstances involved in each particular agreement. Historically, payments made by us under these agreements have not had a material impact on our operating results, financial position or cash flows.

NOTE 14: GEOGRAPHIC AND CUSTOMER INFORMATION

Revenue, attributed to regions based on the location of customers, and long-lived assets, comprised of property and equipment, by region were as follows (in thousands):

	As of and for the year ended March 31,					
	2012		2011		2010	
	Revenue	Long-Lived Assets	Revenue	Long-Lived Assets	Revenue	Long-Lived Assets
Americas	$ 411,517	$ 23,738	$ 430,125	$ 23,596	$ 448,830	$ 22,522
Europe	177,661	1,030	179,519	787	188,367	1,099
Asia Pacific	63,192	672	62,626	597	44,230	907
	$ 652,370	$ 25,440	$ 672,270	$ 24,980	$ 681,427	$ 24,528

No customer accounted for 10% or more of our revenue in fiscal 2012. Dell accounted for $68.7 million and 10% of revenue in fiscal 2011 and $86.5 million or 13% of revenue in fiscal 2010.

Following are revenues attributable to each of our product groups, services and royalties (in thousands):

	For the year ended March 31,		
	2012	2011	2010
Disk systems and software solutions	$ 119,044	$ 110,678	$ 83,508
Tape automation systems	245,030	254,153	263,977
Devices and media	87,266	92,072	108,616
Service	144,364	151,095	156,477
Royalty	56,666	64,272	68,849
Total revenue	$ 652,370	$ 672,270	$ 681,427

NOTE 15: UNAUDITED QUARTERLY FINANCIAL DATA

(In thousands, except per share data)	For the year ended March 31, 2012			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenue	$ 153,535	$ 165,039	$ 173,492	$ 160,304
Gross margin	63,262	71,611	73,717	65,245
Net income (loss)	(5,226)	3,561	3,914	(11,058)
Basic and diluted net income (loss) per share	(0.02)	0.01	0.02	(0.05)

	For the year ended March 31, 2011			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenue	$ 163,225	$ 167,722	$ 176,226	$ 165,097
Gross margin	67,454	71,396	75,570	68,562
Net income (loss)	(2,696)	3,025	5,864	(1,652)
Basic and diluted net income (loss) per share	(0.01)	0.01	0.03	(0.01)

SCHEDULE II

CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS

Allowance for doubtful accounts (in thousands):

	Balance at beginning of period	Releases charged to expense	Deductions (i)	Balance at end of period
For the year ended:				
March 31, 2010	$ 1,999	$ (453)	$ (748)	$ 798
March 31, 2011	798	(502)	107	403
March 31, 2012	403	(125)	(61)	217

(i) Uncollectible accounts written off, net of recoveries.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Upon written request, we will provide, without charge, a copy of our Annual Report on Form 10-K, including the Consolidated Financial Statements, financial statement schedules and any exhibits for our most recent fiscal year. All requests should be sent to:

Investor Relations
Quantum Corporation
1650 Technology Drive, Suite 800
San Jose, California 95110
(408) 944-4450

(a) The following documents are filed as a part of this Report:

1. **Financial Statements—**Our Consolidated Financial Statements are listed in the Index to Consolidated Financial Statements.

2. **Financial Statement Schedules —** Our consolidated valuation and qualifying accounts (Schedule II) financial statement schedule is listed in the Index to Consolidated Financial Statements. All other schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the Consolidated Financial Statements or the notes hereto.

(b) **Exhibits**

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
2.1	Agreement and Plan of Merger by and between Registrant, Pancetera Software, Inc., Quarry Acquisition Corporation and Henrik Rosendahl as the stockholder representative, dated June 13, 2011.	10-Q	001-13449	10.8	August 9, 2011
3.1	Amended and Restated Certificate of Incorporation of Registrant.	8-K	001-13449	3.1	August 16, 2007
3.2	Amended and Restated By-laws of Registrant, as amended.	8-K	001-13449	3.1	December 5, 2008
3.3	Certificate of Designation of Rights, Preferences and Privileges of Series B Junior Participating Preferred Stock.	S-3	333-109587	4.7	October 9, 2003
3.4	Certification of Amendment to the Bylaws of Quantum Corporation, as adopted on January 20, 2010.	8-K	001-13449	3.1	January 26, 2010
4.1	Stockholder Agreement, dated as of October 28, 2002, by and between Registrant and Private Capital Management.	10-Q	001-13449	4.2	November 13, 2002
4.2	Indenture for 3.50% Convertible Senior Subordinated Notes due 2015, between the Registrant and U.S. Bank National Association, as trustee, dated November 15, 2010, including the form of 3.50% Convertible Senior Subordinated Note due 2015.	8-K	001-13449	4.1	November 15, 2010
10.1	Form of Indemnification Agreement between Registrant and the Named Executive Officers and Directors. *	8-K	001-13449	10.4	April 4, 2007
10.2	Chief Executive Change of Control Agreement between Registrant and Jon W. Gacek.*	8-K	001-13449	10.3	April 5, 2011
10.3	Executive Chairman Change of Control Agreement between Registrant and Richard E. Belluzzo.*	8-K	001-13449	10.4	April 5, 2011
10.4	Form of Officer Change of Control Agreement between Registrant and each of Registrant's Executive Officers (Other than the Executive Chairman and the CEO).*	8-K	001-13449	10.5	April 5, 2011
10.5	Form of Amended and Restated Director Change of Control Agreement between Registrant and the Directors (Other than the Executive Chairman and the CEO).*	8-K	001-13449	10.2	May 10, 2011
10.6	Amended and Restated 1993 Long-Term Incentive Plan effective November 10, 2007. *	8-K	001-13449	10.1	November 15, 2007
10.7	Form of Restricted Stock Unit Agreement. For U.S. employees under the Amended and Restated 1993 Long-Term Incentive Plan. *	10-Q	001-13449	10.3	November 7, 2008
10.8	Form of Restricted Stock Unit Agreement. For non-U.S. employees under the Amended and Restated 1993 Long-Term Incentive Plan. *	10-Q	001-13449	10.4	November 7, 2008
10.9	Form of Stock Option Agreement. For U.S. employees under the Amended and Restated 1993 Long-Term Incentive Plan. *	10-K	001-13449	10.9	June 14, 2011
10.10	Form of Stock Option Agreement. For non-U.S. employees under the Amended and Restated 1993 Long-Term Incentive Plan. *	10-K	001-13449	10.10	June 14, 2011
10.11	Form of Stock Option Agreement. For Chief Executive Officer under the Amended and Restated 1993 Long-Term Incentive Plan. *	10-K	001-13449	10.11	June 14, 2011
10.12	Amended and Restated Nonemployee Director Equity Incentive Plan effective November 10, 2007. *	8-K	001-13449	10.2	November 15, 2007
10.13	Form of Stock Option Agreement under the Amended and Restated Nonemployee Director Equity Incentive Plan, effective November 10, 2007. *	10-K	001-13449	10.13	June 14, 2011

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
10.14	Form of Restricted Stock Unit Agreement under the Amended and Restated Nonemployee Director Equity Incentive Plan, effective November 10, 2007. *	10-Q	001-13449	10.2	November 7, 2008
10.15	Advanced Digital Information Corporation Amended and Restated 1999 Stock Incentive Compensation Plan. *	S-8	001-13449	4.4	August 25, 2006
10.16	Employment Offer Letter, dated March 31, 2011, between Registrant and Jon W. Gacek.*	8-K	001-13449	10.1	April 5, 2011
10.17	Offer Letter, dated March 31, 2011, between Registrant and Richard E. Belluzzo.*	8-K	001-13449	10.2	April 5, 2011
10.18	Employment Offer Letter, dated August 31, 2006, between Registrant and William C. Britts. *	8-K	001-13449	10.1	September 7, 2006
10.19	Amendment to Employment Offer Letter between Registrant and William C. Britts. *	10-Q	001-13449	10.6	November 7, 2008
10.20	Amendment to Employment Offer Letter between Registrant and William C. Britts.*	10-Q	001-13449	10.3	February 5, 2010
10.21	Offer Letter, dated May 25, 2007, between Registrant and Joseph A. Marengi. *	8-K	001-13449	10.1	May 25, 2007
10.22	Credit Agreement, dated March 29, 2012, by and among the Registrant, Wells Fargo Capital Finance, LLC, as Administrative Agent, and the Lenders party thereto. ‡				
10.23	Security Agreement, dated March 29, 2012, among the Registrant and Wells Fargo Capital Finance, LLC.	8-K	001-13449	10.2	April 2, 2012
10.24	Offer Letter of Mr. David A. Krall, dated August 11, 2011.*	8-K	001-13449	10.1	August 22, 2011
10.25	Offer Letter, dated May 2, 2011, between Registrant and David E. Roberson. *	8-K	001-13449	10.1	May 10, 2011
10.26	Agreement for Purchase and Sale of Real Property, dated as November 18, 2005, among Registrant, SELCO Service Corporation and CS/Federal Drive LLC, as amended by Amendments 1 through 6.	8-K	001-13449	10.1	February 10, 2006
10.27	Lease Agreement, dated February 6, 2006, between Registrant and CS/Federal Drive AB LLC (for Building A).	8-K	001-13449	10.2	February 10, 2006
10.28	Lease Agreement, dated February 6, 2006, between Registrant and CS/Federal Drive AB LLC (for Building B).	8-K	001-13449	10.3	February 10, 2006
10.29	Lease Agreement, dated February 6, 2006, between Registrant and CS/Federal Drive AB LLC (for Building C).	8-K	001-13449	10.4	February 10, 2006
10.30	Patent Cross License Agreement, dated February 27, 2006, between Registrant and Storage Technology Corporation.	8-K	001-13449	10.1	March 3, 2006
10.31	Tax Sharing and Indemnity Agreement by and among Registrant, Maxtor Corporation and Insula Corporation, dated April 2, 2001.	8-K	001-13449	10.1	December 29, 2004
10.32	Mutual General Release and Global Settlement Agreement, dated as of December 23, 2004, between Maxtor Corporation and Registrant.	10-Q	001-13449	10.4	February 2, 2005
10.33	Offer Letter, dated August 20, 2007, between Registrant and Paul Auvil. *	8-K	001-13449	10.1	August 29, 2007
10.34	Warrant Purchase Agreement, dated as of June 3, 2009, by and between Quantum Corporation and EMC Corporation.	8-K	001-13449	10.1	June 9, 2009
10.35	First Amendment to the Purchase Agreement, dated as of June 17, 2009, by and between Quantum Corporation and EMC Corporation.	8-K	001-13449	10.1	June 23, 2009
10.36	Amended and Restated Employee Stock Purchase Plan, dated January 1, 2010.*	8-K	001-13449	10.1	January 6, 2010

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
12.1	Ratio of Earnings to Fixed Charges.	10-K	001-13449	12.1	June 14, 2012
21	Quantum Subsidiaries.	10-K	001-13449	21	June 14, 2012
23	Consent of Independent Registered Public Accounting Firm, PricewaterhouseCoopers LLP. ‡				
24	Power of Attorney (see signature page).				
31.1	Certification of the Chief Executive Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002. ‡				
31.2	Certification of the Chief Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002. ‡				
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002. †				
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002. †				
101.INS	XBRL Instance Document.	10-K	001-13449	101.INS	June 14, 2012
101.SCH	XBRL Taxonomy Extension Schema Document.	10-K	001-13449	101.SCH	June 14, 2012
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	10-K	001-13449	101.CAL	June 14, 2012
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	10-K	001-13449	101.DEF	June 14, 2012
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	10-K	001-13449	101.LAB	June 14, 2012
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	10-K	001-13449	101.PRE	June 14, 2012

* Indicates management contract or compensatory plan, contract or arrangement.

‡ Filed herewith.

† Furnished herewith.

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, thereunto duly authorized.

QUANTUM CORPORATION

/s/ LINDA M. BREARD

Linda M. Breard
Chief Financial Officer
(Principal Financial and Chief Accounting Officer)

Dated: March 8, 2013

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (Nos. 333-64350, 333-136912, 333-147621, 333-161060, 333-175208, and 333-184854) of Quantum Corporation of our report dated June 14, 2012 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K/A.

/s/ PricewaterhouseCoopers LLP
Seattle, Washington
March 8, 2013

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302(a)
OF THE SARBANES-OXLEY ACT OF 2002

I, Jon W. Gacek, certify that:

1) I have reviewed this annual report on Form 10-K of Quantum Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; and

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

Date: March 8, 2013

/s/ JON W. GACEK

Jon W. Gacek
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302(a)
OF THE SARBANES-OXLEY ACT OF 2002

I, Linda M. Breard, certify that:

1) I have reviewed this annual report on Form 10-K of Quantum Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; and

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

Date: March 8, 2013

/s/ LINDA M. BREARD
Linda M. Breard
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Jon W. Gacek, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Quantum Corporation, on Form 10-K for the year ended March 31, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of Quantum Corporation.

Date: March 8, 2013

QUANTUM CORPORATION

/s/ JON W. GACEK

Jon W. Gacek
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Linda M. Breard, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Quantum Corporation, on Form 10-K for the year ended March 31, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of Quantum Corporation.

Date: March 8, 2013

QUANTUM CORPORATION

/s/ LINDA M. BREARD
Linda M. Breard
Chief Financial Officer
(Principal Financial Officer)