Quantum

QUANTUM CORPORATION
ANNUAL OPERATING PLAN
YEAR ENDING MARCH 31, 1994

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Quantum Corporation
FY 1994 Annual Operating Plan

Table of Contents

I. EXECUTIVE SUMMARY

This report summarizes Quantum's operating results of FY 93 and projected financial performance in FY 94.

For FY 93, we reported:

- Total revenues of $1.7 billion, a 51% increase from FY 92;
- Gross margin of 19.0%; and
- Operating income of $149 million, a 98% increase from FY 92.

For FY 94, we project:

- Total revenues of $2.3 billion, a 35% increase from FY 93;
- Gross margin of 16.1%; and
- Operating income of $144 million, a 3% decrease from FY 93.

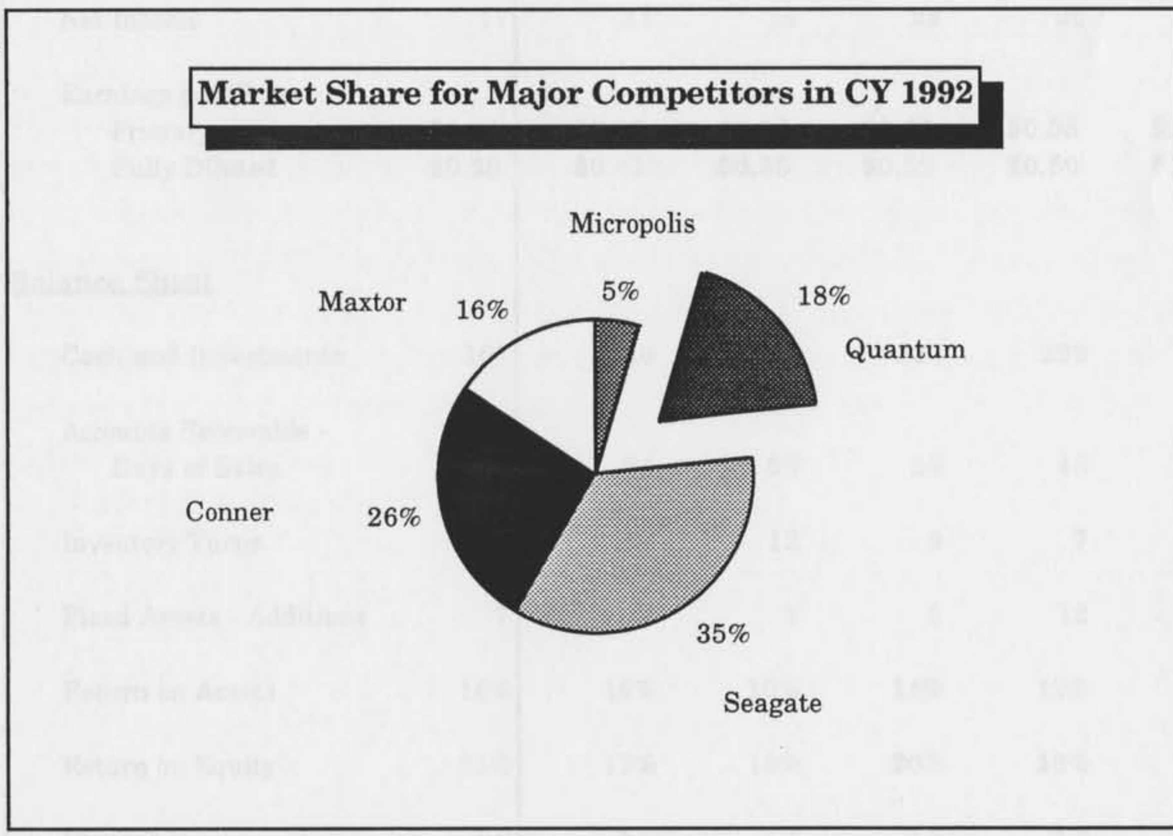
Our fiscal 1993 was dominated by two key issues -- insufficient product to meet demand in our first three quarters, and extremely intense price competition, especially in distribution, in the last two quarters.

Demand was exceptionally strong during calendar 1992, driven by the PC price wars. We entered the year unable to meet the total demand for our products and made a strategic decision to focus on meeting the needs of our major OEM customers; that strategy served us well as those customers -- Apple, Compaq, Dell, AST, and HP -- have been some of the key beneficiaries of consolidation in the PC industry. Although we do not see a drop-off in demand, it appears that the growth in PC unit shipments is slowing down in calendar 1993 relative to calendar 1992.

The intense pricing pressure of the last two quarters has been driven by several factors, including over-supply at certain key capacity points, aggravated by the rapid shift to 120MB and higher capacities for entry-level PC systems. Many of our competitors have significant levels of inventory at lower capacity points; as that inventory is liquidated, pricing of higher capacity PC products is also coming under significant pressure. Pricing declines in excess of 20% in a quarter on some of our key products have put significant pressure on our margins and earnings.

We enter our fiscal 1994 focused on protecting against further margin erosion and controlling expenses.

Despite the difficult business environment that developed over the last two quarters, we have thus far been able to avoid some of the more dismal circumstances of some of our competitors. Several have indicated that their March quarter results would be significantly below expectations, and at least two, Conner and Seagate, are planning restructurings or layoffs. One of the keys to our ability to withstand the pricing pressures has been the manufacturing ramp and customer acceptance of the ProDrive ELS drives. Since we believe these drives are the most cost effective at their respective capacity points on the market, we are able to lower our prices while maintaining more acceptable margins than are some of our competitors.



Details of the actual FY 93 results and FY 94 projections are reported in the following sections of this report.

II. FY 1993 FINANCIAL COMMENTARY

Consolidated	Q4 92	Q1 93	Q2 93	Q3 93	Q4 93	FY 1993
Statement of Operations						
Revenues	345	368	363	459	507	1,697
Gross Margin%	19.7%	20.2%	18.3%	19.5%	18.2%	19.0%
Operating Expenses	39	40	39	45	51	174
Operating Income	29	34	28	45	42	149
Net Income	17	21	18	28	26	94
Earnings per Share						
Primary	$0.38	$0.47	$0.39	$0.62	$0.58	$2.06
Fully Diluted	$0.38	$0.41	$0.35	$0.52	$0.50	$1.77
Balance Sheet						
Cash and Investments	161	340	361	330	292	
Accounts Receivable - Days of Sales	51	54	55	55	48	
Inventory Turns	13	17	12	9	7	
Fixed Assets - Additions	7	9	7	5	12	33
Return on Assets	14%	16%	10%	14%	12%	17%
Return on Equity	25%	17%	13%	20%	18%	18%
Current Ratio	1.9	3.3	3.1	2.6	2.8	

Our fiscal 1993 results were above plan, despite our being unable to meet demand for three quarters, due to strong PC market demand. Sales were 14% above plan, while operating income was 48% above plan, due in large part to our ability to control operating expenses despite our higher sales.

	Fiscal 1993		Q4 Fiscal 1993	
	Plan	Actual	Plan	Actual
Sales	$1,490M	**$1,697M**	$394M	**$507M**
Gross Margin	$275M	**$323M**	$75M	**$93M**
Operating Expense	$174M	**$174M**	$47M	**$51M**
Operating Income	$101M	**$149M**	$28M	**$42M**
Unit Volume	6,552K	**7,346K**	1,837K	**2,365K**

Although competitive pricing pressure has been intense because of excess inventories across the industry at key capacity points, we were able to achieve a gross margin slightly above plan. This was due to the strong market acceptance of our more cost-effective ProDrive ELS products, the move to higher capacity (higher margin) drives in the PC market, and the significant improvement in gross margin in the high capacity storage business. However, the intense pricing pressure is expected to continue into the first quarter or two of fiscal 1994 as the industry works through the excess inventory situations, and will have a negative impact on gross margins going forward.

Actual and planned revenue by channel are shown below:

	Fiscal 1993		Q4 Fiscal 1993	
	Plan	Actual	Plan	Actual
OEM Sales	$920M	**$1,129M**	$239M	**$342M**
Distribution Sales	$489M	**$509M**	$130M	**$150M**
VAP/La Cie Sales	$81M	**$59M**	$25M	**$15M**
Consolidated Sales	$1,490M	**$1,697M**	$394M	**$507M**

Sales to OEMs increased 56% to $1,129 million; Apple represented 20% of sales for the year. No other customer accounted for more than 10% of sales for the year, although Compaq accounted for 10% for the third quarter.

Distribution sales increased 25% from FY 92 to $509 million in FY 93; these sales were constrained for the first three quarters of the year by our inability to meet demand. Pricing pressures were especially intense in distribution with average unit price (AUP) declines of 20% or more in one quarter on certain products. By the end of the fiscal year, AUPs in distribution were lower than those to OEMs except for the 525MB and gigabyte products. Gross margin on our distribution sales also fell below what we achieved on our sales to OEMs in the fourth quarter.

Actual and planned consolidated revenue and units are shown below by product line:

	Revenue ($, millions)			Units (thousands)		
	Plan	Actual	% of Plan	Plan	Actual	% of Plan
Business PC	$1,161	$1,410	121%	5,769	6,637	115%
Portable	88	95	108%	405	427	105%
HCSG	160	133	83%	237	182	77%
VAP/LaCie	81	59	73%	141	100	71%
Total	**$1,490**	**$1,697**	**114%**	**6,552**	**7,346**	**112%**

Business PC Products

Business PC products accounted for 83% of our sales for the year, with the ProDrive ELS line increasing to 51% of total sales and 64% of units shipped by the fourth quarter. The move to higher capacity products in the PC market is evident in our results, as 240MB (ProDrive LPS) was our single largest capacity point in terms of revenue in both our third and fourth quarters. With the move to higher capacities, we have adjusted build plans with MKE, and are no longer building 40 or 80MB products except to specific customer request.

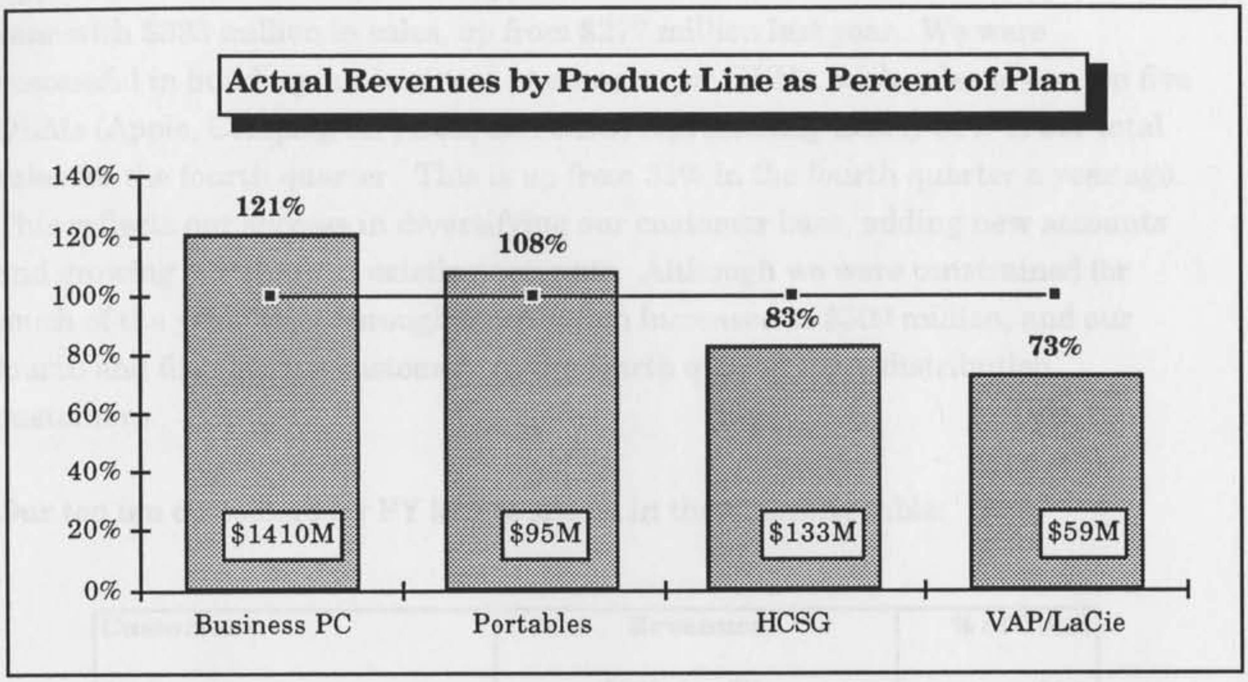
Portable Storage Products

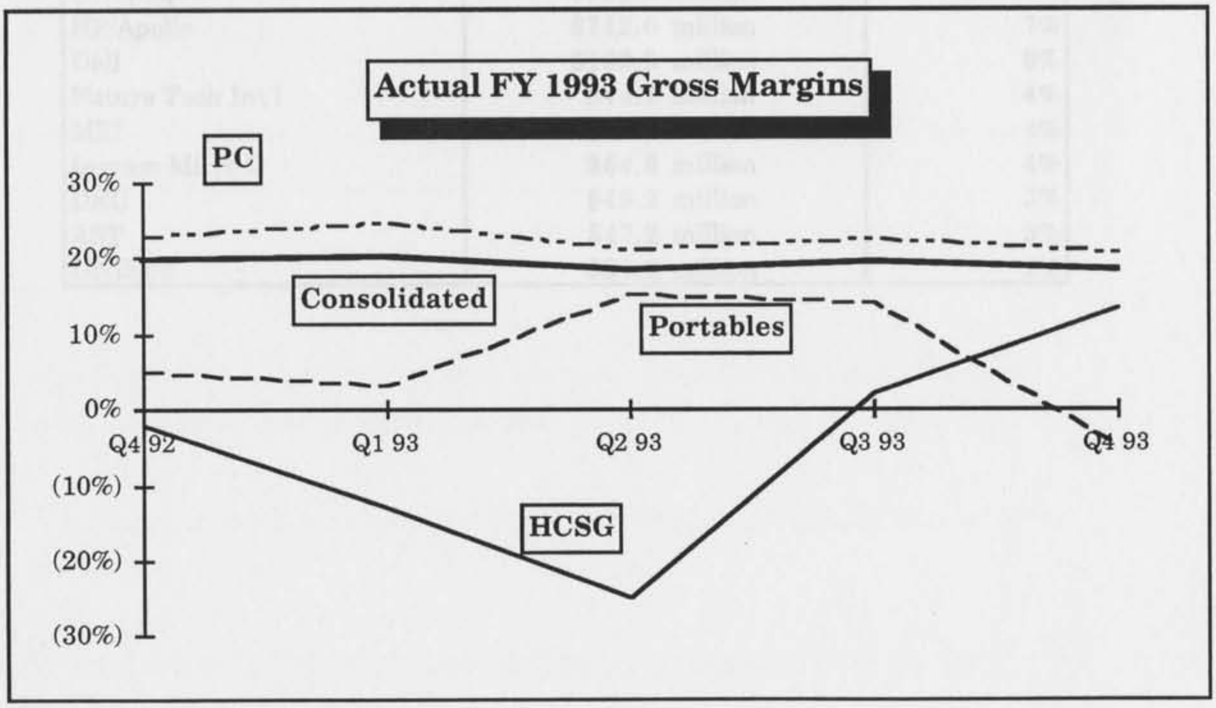
Although shipments and revenue exceeded plan for the year, gross margin continued to be below 10% because of the extreme price orientation of that market. Virtually all Go•Drive product prices declined in excess of 10% during the fourth quarter, with the Go•Drive 40, 60, and 120 prices declining in excess of 20%. This problem was exacerbated by our inability to get Rocket qualified at Apple and other high volume notebook accounts.

High Capacity Storage Group

HCSG made tremendous improvements during the year, starting the year with a negative 13.1% gross margin, and exiting the fourth quarter with gross margin of 13.5%. The improvement in gross margin was due primarily to higher yields (consistently above 75% on all HCSG products by the end of the year) and increased sales through distribution where AUPs are higher than direct sales to OEMs. Revenue in the fourth quarter was more than double what we achieved in the first quarter, and represented over 10% of our total sales for the first time.

The following graphs depict FY 93 revenues and gross margins by product line, as well as how these revenues compare to budget.





MAJOR CUSTOMERS

Apple remained our largest customer in fiscal 1993, and we continued to be Apple's primary drive supplier. Apple accounted for 20% of our business for the year with $333 million in sales, up from $277 million last year. We were successful in building our business at other major OEMs, with sales to our top five OEMs (Apple, Compaq, HP, Dell, and DEC) representing nearly 50% of our total sales for the fourth quarter. This is up from 31% in the fourth quarter a year ago. This reflects our success in diversifying our customer base, adding new accounts and growing our share at existing accounts. Although we were constrained for much of the year, sales through distribution increased to $509 million, and our fourth and fifth largest customers in the fourth quarter were distribution customers.

Our top ten customers for FY 93 are shown in the following table:

Customer	Revenues	% of Total
Apple	$333.0 million	20%
Compaq	$136.0 million	8%
HP/Apollo	$112.6 million	7%
Dell	$109.3 million	6%
Future Tech Int'l	$74.1 million	4%
MEI	$73.5 million	4%
Ingram Micro D	$64.8 million	4%
DEC	$49.2 million	3%
AST	$47.2 million	3%
UNISYS	$34.0 million	2%

III. CORPORATE GOAL AND STRATEGIES

Quantum's Corporate Goal

Quantum's corporate goal is to become an industry leader in revenues, achieving \$3.8 billion in sales by FY 96 while maintaining profitability as measured by a return on sales above the industry average. Quantum's corporate goal will be achieved by increasing the business through our OEM and distribution sales channels. OEM revenue is targeted to increase from \$1.1 billion in FY 93 to \$2.4 billion in FY 96, while distribution revenue is targeted to increase from \$509 million in FY 93 to \$1.4 billion in FY 96.

In order to achieve our corporate goal, we will:

- Aggressively gain share as a hard disk drive (HDD) supplier in the two of our targeted market segments in which we have a smaller presence - High Capacity Storage Group and Portables;

- Strive for a modest gain in market share in our major market segment - Business PC products.

- Continue to place top priority on strategic OEMs and aggressively expand in the growing distribution channels; and

Quantum's Corporate Strategy

In order to achieve Quantum's corporate goal, the following overall and segment strategies have been identified:

- Maintain our leading position in bringing the <u>highest quality</u> products to market.

- Become the supplier considered <u>easiest to do business</u> with by our customers.

- Be the first to market with leading edge OEM products targeted at the largest revenue opportunities.

- Invest in the infrastructure required to support Quantum's growth objectives.

- Leverage the manufacturing strength of MKE and continue to find ways to act as one company.

Segment Strategy - PCs

Be the leading supplier of low cost HDD products for non-portable computer applications.

- Time to Market

  Be first to market with low cost products that satisfy the minimum specifications for Apple and Compaq, and deliver in volume to market "Sweet Spots".

- Product Quality/Reliability

  Achieve the lowest integration defects per million (DPM) and Annual Field Return (AFR) in the industry, as measured by Apple and Compaq.

- Ease of Doing Business

  Change reputation in the industry and become the preferred company to do business with (as measured by customer report cards).

Segment Strategy - Portables

Increase portables market share to 14% in FY 94 and above 25% by FY 96. Acquire and keep Apple and Compaq as customers.

- Entry Strategy

Product Planning:	Focus product planning on winning Apple (#1) and Compaq (#2).
Pricing:	If necessary, be the price leader at Apple and Compaq. Match competitors' prices at top strategic accounts.

- Time to Market

  Be first to market with small (Portable) form factor products to serve Apple and Compaq.

- High Quality/Reliability

  Achieve the lowest integration DPM and AFR in the industry as measured by Apple and Compaq.

- Ease of Doing Business

  Change reputation in the industry and become the preferred company to do business with (as measured by Apple and Compaq report cards).

Segment Strategy - HCSG

Keep HP and win a broad range of industry leading customers in high performance PCs, entry-level and mid-range workstations, PC LAN/Network file servers, and RAID suppliers.

- Entry Strategy

Product Planning:	Focus on leading capacity, <u>small form-factor HDDs</u> (e.g. 1" vs. 1.6").
Customers:	Broaden customer focus beyond top three workstation suppliers.

- Time to Market

  Be first to market with highest capacity and lowest power in low profile products.

- High Quality/Reliability

  Achieve the lowest integration DPM and AFR in the industry as measured by HP and leading customers.

- Ease of Doing Business

  Change reputation in the industry and become the preferred company to do business with (as measured by HP and leading customer report cards).

Distribution Strategy

Be among the top two HDD suppliers in market share and achieve $1.4 billion in revenues by the end of FY 96.

- Provide high and consistent product availability.
- Provide competitively priced products (for sales to "Sweet Spot" capacity points).
- Maintain industrial distributor base and expand commercial channels by increasing focus on low cost, high growth channels as well as international markets.
- Be the preferred HDD supplier to do business with by providing superior worldwide logistics, physical distribution, and tailored channel programs and policies.

- Improve brand awareness among brand specifiers through increased and consistent product availability and an integrated, worldwide marketing communications plan.

Investments

In order to achieve the segment strategies, as well as the corporate strategies of Time to Market, Product Quality and Ease of Doing Business, Quantum is making a number of investments. A complete list of investments for FY 94 can be found in "Section V - FY 1994 Supporting Schedules."

IV. FY 1994 AOP FINANCIAL COMMENTARY

INCOME STATEMENT

In the FY 94 AOP, we project annual gross margin to decrease by 2.9%, even though we project sales to increase by 35%. This projection is based on our experience in the fourth quarter of FY 93.

- We expect pricing pressures to continue into FY 94. In Q4 of FY 93, pricing pressures in the HDD industry has driven some of our product prices down over 20%.

- The Japanese yen appreciated by over 12% in Q4 of FY 93. Since our major supplier, MKE, is located in Japan, the appreciation of the Japanese yen has directly affected negotiated material costs.

- We are late to market with the Roadrunner and Thunderbolt products.

- The analysis of the operating results from our major competitors for the most recent quarter ending March 31, 1993. Conner, Western Digital and Maxtor have reported results that are below expectations. In addition, Conner and Seagate are planning to restrucure their operations, which may include layoffs.

Sales

Revenues ($M)

Product	Projected Revenues	% of Total Revenues	% Inc/(Dec) Over FY93
Business PC	$1,812	79%	29%
Portables	$157	7%	65%
HCSG	$288	13%	116%
VAP/LaCie	$43	2%	(28%)
Total Revenues	$2,300	100%	36%

Units (000)

Product	Projected Unit Volume	% of Total Unit Volume	% Inc/(Dec) Over FY93
Business PC	10,118	89%	52%
Portables	741	7%	74%
HCSG	450	4%	147%
Total Volume	11,309	100%	54%

Revenue is forecasted to be $2.3 billion, a 36% increase over last year's revenue of $1.7 billion. Assumptions included in the FY 94 revenue target include:

- A gain in market share of 1-2%, as defined by Quantum's share of the top 5 competitors' revenues - Conner, Maxtor, Micropolis, Quantum and Seagate;

- An increase in the distribution business to 39% of total sales by the fourth quarter, or 58% annually, while OEM business is projected to increase by 29%;

- The introduction of new products (Thunderbolt, Roadrunner, Uzi, and Empire) by the third quarter;

- A strengthening of our Portable and HCSG products. While PC products will continue to be the major contributor to revenues, we project its share of revenues will decrease from 83% to 79%, while Portable and HCSG combined sales will increase to 19% of revenues from the current 13%; and

- An increase in total units shipped of 54%; offset by

- A decrease in combined AUPs of 5% during the year from $214 in the fourth quarter FY 93 to $203 by the end of the fiscal year. The steepest declines come during the first two quarters of FY 94 due to severe pricing pressures;

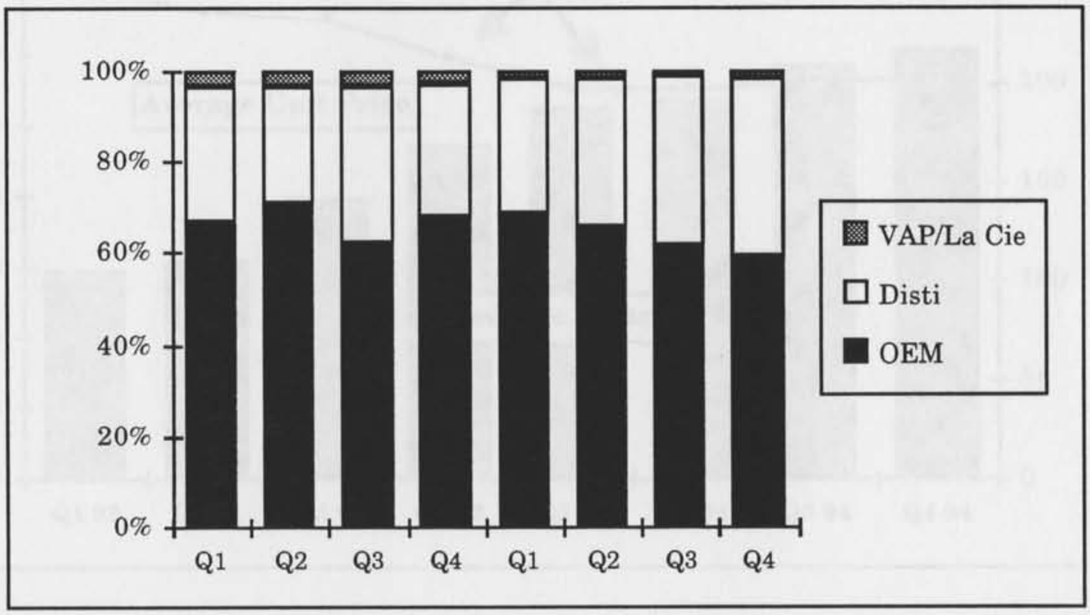
- An $11 million price protection accrual for PC sales through the Distribution channel in the first two quarters, when pricing pressure is expected to be most severe; and

- Projection of revenues to remain flat for the first half of the year.

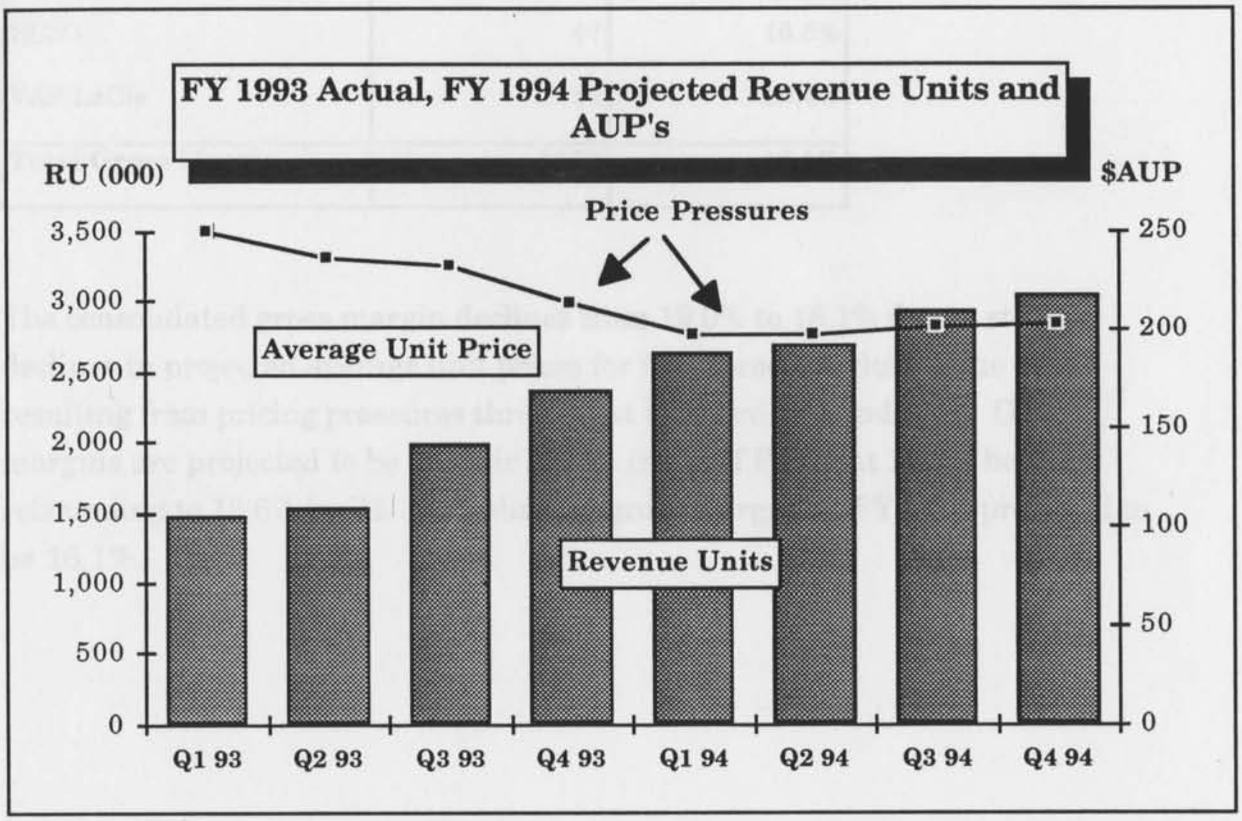
The chart on the following page summarizes the projected OEM and distribution channel sales for actual FY 93 and projected FY 94.

Revenue by Sales Channel ($M)

	FY93				FY 93	FY94				FY 94
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
OEM	$246	$257	$284	$342	$1,129	$363	$355	$369	$372	$1,458
Disti	108	92	159	150	509	157	174	222	248	800
VAP/LaCie	15	14	16	15	59	10	12	10	11	42
	$369	$363	$459	$507	$1,697	$530	$540	$600	$630	$2,300



Despite the increase in unit volume of 54%, we project revenues to increase by only 30% due to rapidly declining AUPs. As shown in the following graph which highlights the expected revenue units and AUPs for FY 93 and FY 94, we expect the severe pricing pressures from the HDD industry in Q4 of FY 93 to continue into the first half of FY 94.



Gross Margin

Product material costs for PC and Portable Products are based on Quantum's preliminary price negotiations with MKE. The material costs of HCSG products reflects current vendor price quotes.

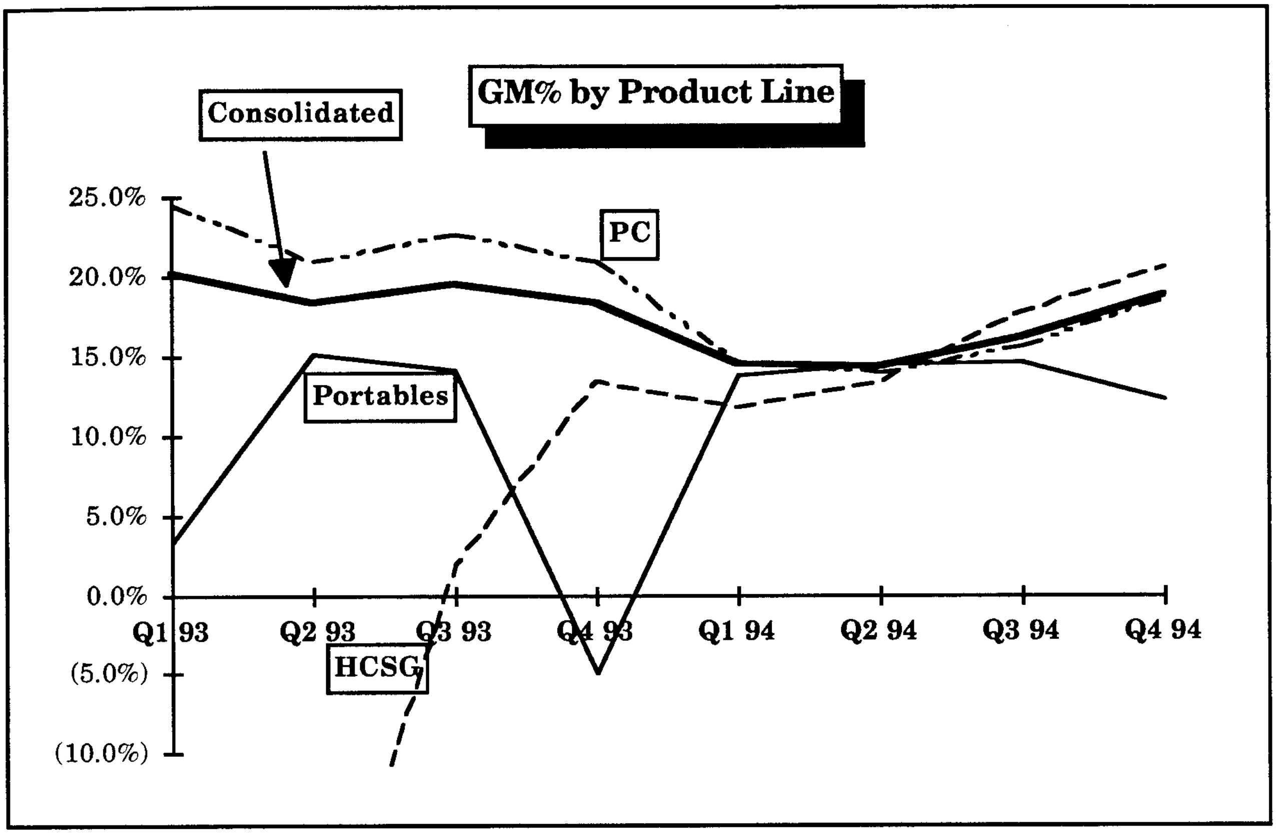
The following table details the projected gross margins by product family.

Gross Margin ($M)

Product	Projected GM ($M)	Projected GM (%)
Business PC	$277	15.9%
Portables	21	13.9%
HCSG	47	16.5%
VAP/LaCie	14	32.4%
Total Gross Margin	$359	16.1%

The consolidated gross margin declines from 19.0% to 16.1% due to steep declines in projected average unit prices for most products during the year resulting from pricing pressures throughout the hard disk industry. Gross margins are projected to be at their lowest in Q2 of FY 94 at 13.7% before rebounding to 18.6% in Q4. Consolidated gross margin for FY 94 is projected to be 16.1%.

Actual FY 93 and projected FY 94 gross margin by market segment is illustrated in the graph below.



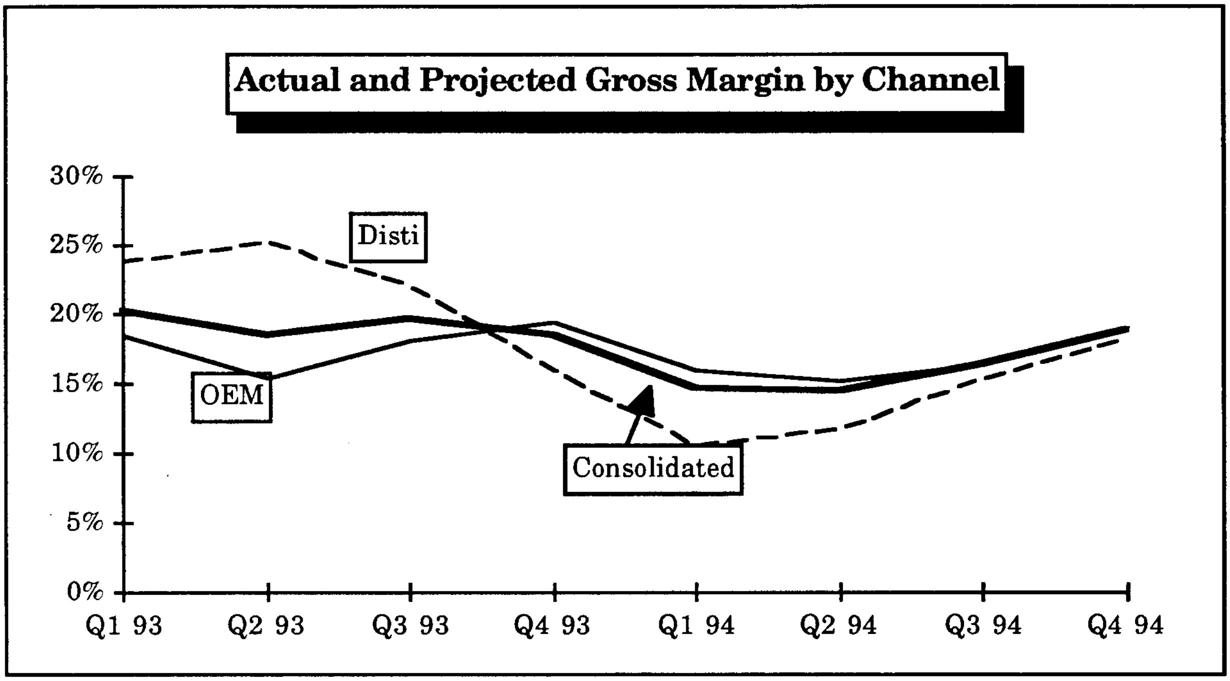
We estimate the following gross margins for the major market segments:

- PC gross margin is projected to decrease from an average of 22.2% in FY 93 to an average of 15.3% in FY 94, with its lowest at 13.2% in Q2. With the introduction of the new products, Roadrunner and Thunderbolt, in the second half of the year, we expect gross margin for PC products to increase to 18.4% by the end of the FY 94.

- While gross margin for Portables averaged 7.7% in FY 93, we expect it to improve to 14.4% in FY 94 as older products (Go•Drive series) are transitioned to the newer Rocket and Uzi product lines.

- HCSG products are projected to contribute a gross margin of 16.5% for FY 94, up from (0.2%) in FY 93. We expect gross margin to increase throughout the year as new products are introduced, and as overhead efficiency improves from increased production volume.

- Gross margins for the OEM and Disti channels are projected to decrease in the first two quarters of FY 94, and rebound by the end of the fiscal year. Actual FY 93 and projected FY 94 gross margins by sales channel are shown in the following graph.



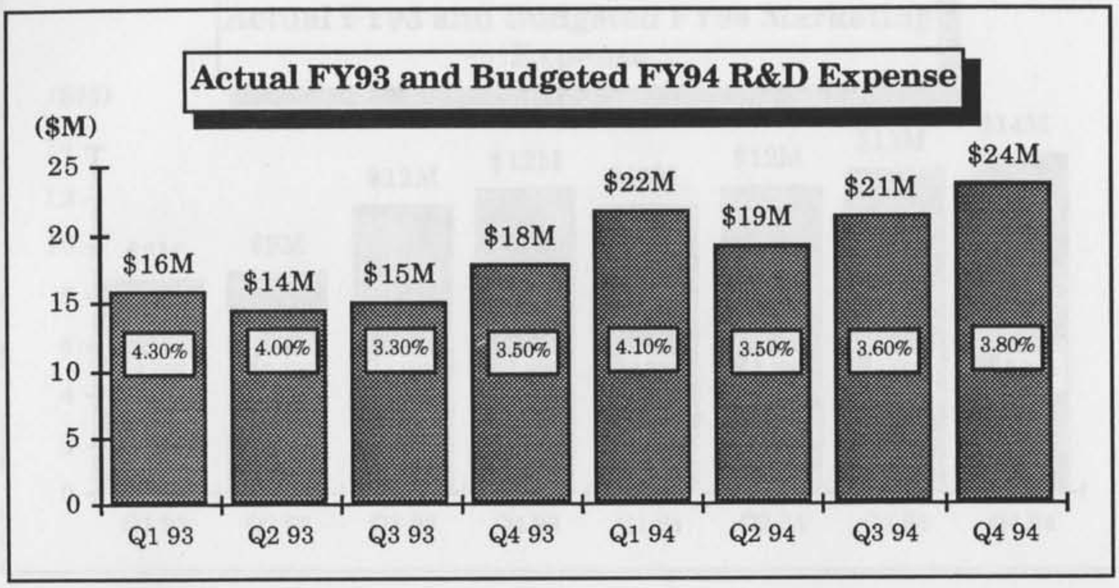
Operating Expenses

Operating Expenses ($M)

Organization	FY 1993 Expenses	FY 1994 Expenses	% Increase Over FY93
R&D	$63	$86	36%
Marketing	41	51	23%
Sales	36	41	14%
General Administrative	34	46	35%
Other	0	2	100%
Operating Expenses	$174	$226	30%
Interest, Net	2	5	150%
Taxes	53	49	(8%)
Total Expenses	$229	$280	22%

Total operating expenses for FY 94 are planned at $226 million, or 10% of revenue, compared with $174 million in FY 93, also at 10% of revenue. Higher development, marketing, and finance expenses account for the majority of the increase.

Research & Development Expense

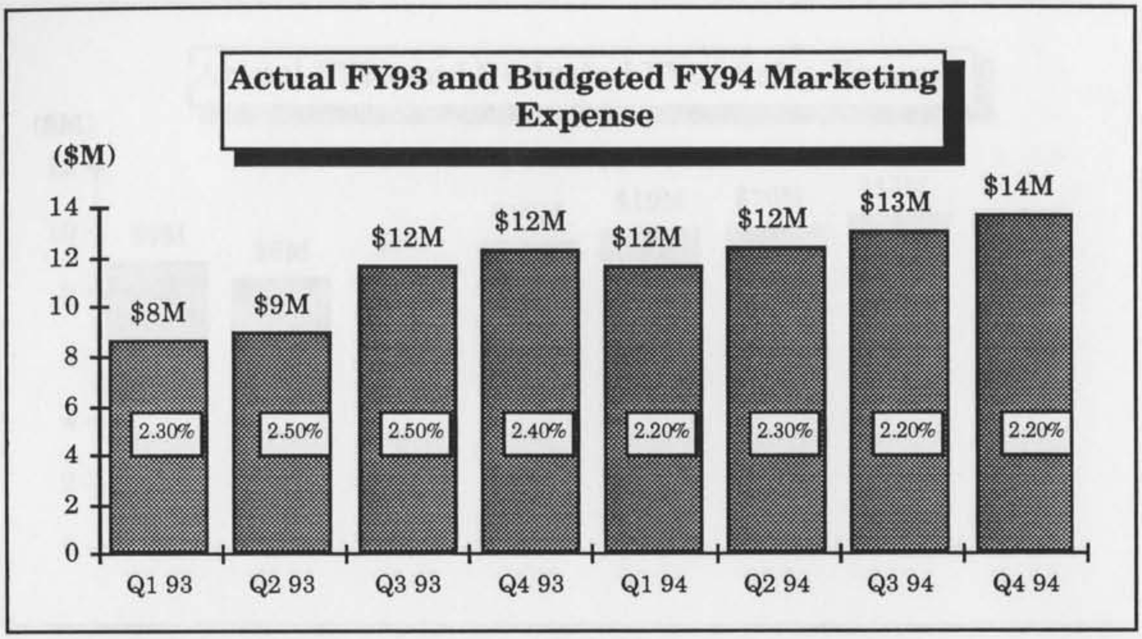


To maintain our past efforts with innovative products and new technology, and to remain an aggressive competitor in the HDD industry, we continue to invest heavily into our research and development efforts. We project average quarterly Research & Development expense to increase from $16 million per quarter to $22 million and remain at about 3.7% of revenue. The increases result from the following projects and programs to be undertaken in FY 94.

- The addition of three new development teams: 1.8" drive, MR (MagnetoResistive) Integration team (to integrate MR technology into a new program), and an additional 3.5" drive development team; and

- A greater number of preproduction builds required due to the addition of large OEM customers (such as Compaq, IBM).

Marketing Expense

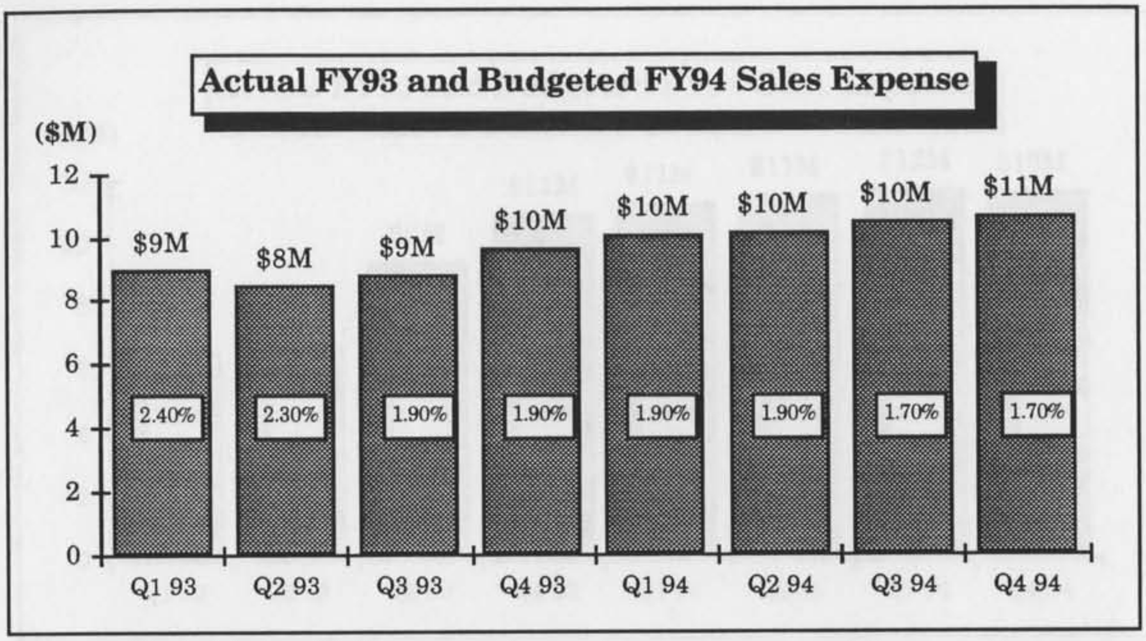


We project Marketing expenses to increase by $10 million from FY 93 to $51 million in FY 94 due to:

- An increase in Coop advertising expense of $5.6 million resulting from an increase in sales to distributors, from $509 million to $800 million; and

- Projected growth in Applications Engineering due to additional investment required to support an increasing number of products and a larger customer base.

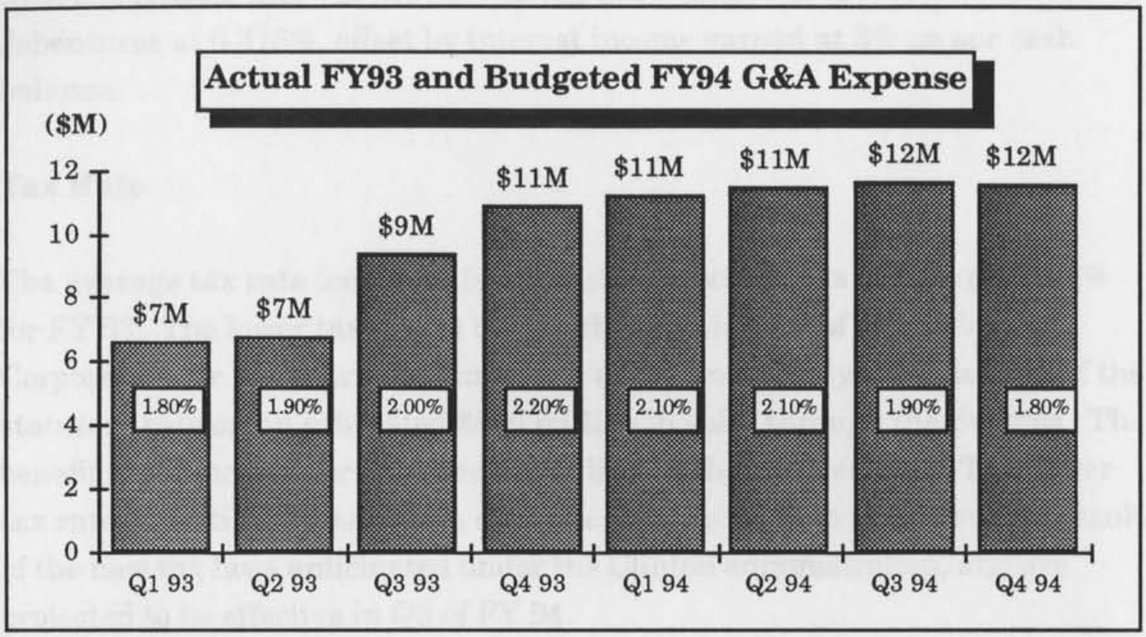
Sales Expense



We project sales expense to increase by $5 million over FY 93 as a result of:

- The establishment of the Asia Pacific Headquarters in Singapore; and
- Expansion of sales in offices in Europe and Asia.

General & Administrative Expense



The major increase in general and administrative expenses results from the finance area. Finance expense increases $11 million over FY 93 levels due to:

- Projected increases in bad debt, to allow for an expanded customer base;
- The investment in the Swiss operations, which is established to reduce our effective tax rate; and
- An inclusion of $1.2 million for ongoing litigation with Rodime Corporation.

Other Operating Expense

Other operating expense includes a $2.0 million estimate for unforseen contingencies.

Interest, Net

Interest, reflects interest expense on the $213 million of convertible debentures at 6.375%, offset by interest income earned at 3% on our cash balance.

Tax Rate

The average tax rate for FY 94 is forecasted to be 35%, as compared to 36% for FY 93. The lower tax rate is the result of the impact of the Swiss Corporation for the year. This impact is an approximately 6% reduction of the statutory rate on an estimated $660 million in sales through the Swissco. The benefit could increase or decrease depending on the sales volume. This lower tax rate is partially offset by an estimated 2% increase in tax rates as a result of the new tax laws anticipated under the Clinton administration, and are projected to be effective in Q3 of FY 94.

BALANCE SHEET and CASH FLOW

Balance Sheet($M)

Product	Actual FY93 Balance	Projected FY94 Balance	% Increase Over FY93
Cash	$289	$340	18%
Accounts Receivable	267	364	36%
Inventory	223	217	(3%)
Capital Equipment, net	75	91	22%
Payable to MKE	176	189	7%
Common Stock	100	100	0%
Retained Earnings	298	388	30%

- Cash is expected to increase in fiscal 1994 from $289 million at March 31, 1993 to $340 million at March 31, 1994, with the majority of the increase in the second half of FY 94. The increase is due to the positive cash flow from operations of approximately $51 million.

- Accounts receivable is expected to increase throughout the year from $267 million at March 31, 1993 to $364 million at March 31, 1994 due to the higher level of sales. Days sales outstanding (DSO) is estimated at 53 days consistent with previous fiscal year.

- Inventory is expected to decrease slightly throughout the year from $223 million at March 31, 1993 to $217 million at March 31, 1994, due to increased emphasis on inventory management. We are forecasting to exit FY 94 at 5 weeks of inventory as compared to 7 weeks at Q4 FY 93.

- Total capital equipment is expected to increase by $42 million in fiscal 1994. For detail of the investments, see the Capital Budget schedule included in Section V of this report.

- The payable to MKE increases slightly from $176 million at March 31, 1992 to $189 million at March 31, 1994 reflecting the increased sales volume in the third and fourth quarters of FY 94.

Quantum Corporation

FY 1994 AOP Supporting Schedules

Quantum Fiscal 1994 Annual Operating Plan
Product Summary

PRODUCT NAME	INTERNAL NAME	SIZE	Capacity (MB)	No. of HEADS	No. of DISKS
High Capacity Storage Group					
ProDrive 425	Maui	3 1/2-inch	425	10	5
ProDrive LPS 525	Ensign	3 1/2-inch	525	6	3
ProDrive 700	Enterprise	3 1/2-inch	700	8	4
ProDrive 1050	Enterprise	3 1/2-inch	1050	12	6
ProDrive 1250	Enterprise	3 1/2-inch	1225	14	7
ProDrive LPS 540	Empire	3 1/2-inch	540	4	2
ProDrive LPS 1080	Empire	3 1/2-inch	1080	8	4
PC's					
ProDrive LPS 52	Batman	3 1/2-inch	52	2	1
ProDrive LPS 105	Batman	3 1/2-inch	105	4	2
ProDrive LPS 120	Gemini	3 1/2-inch	122	2	1
ProDrive LPS 240	Gemini	3 1/2-inch	245	4	2
ProDrive ELS 42	Pioneer	3 1/2-inch	42	1	1
ProDrive ELS 85	Pioneer	3 1/2-inch	85	2	1
ProDrive ELS 127	Pioneer	3 1/2-inch	127	3	2
ProDrive ELS 170	Pioneer	3 1/2-inch	170	4	2
ProDrive ELS 90	Roadrunner	3 1/2-inch	90	1	1
ProDrive ELS 130	Roadrunner	3 1/2-inch	130	2	1
ProDrive ELS 180	Roadrunner	3 1/2-inch	180	3	2
ProDrive ELS 360	Roadrunner	3 1/2-inch	360	4	2
ProDrive LPS 270	Thunderbolt	3 1/2-inch	270	2	1
ProDrive LPS 540	Thunderbolt	3 1/2-inch	540	4	2
Portables					
Go•Drive 40	Terminator	2 1/2-inch	43	2	1
Go•Drive 80	Terminator	2 1/2-inch	86	4	2
Go•Drive 60	Bullet	2 1/2-inch	63	2	1
Go•Drive 120	Bullet	2 1/2-inch	127	4	2
Go•Drive GRS 80	Rocket	2 1/2-inch	84	2	1
Go•Drive GRS 160	Rocket	2 1/2-inch	169	4	2
Go•Drive GLS 85	Uzi	2 1/2-inch	85	2	1
Go•Drive GLS 127	Uzi	2 1/2-inch	127	3	2
Go•Drive GLS 170	Uzi	2 1/2-inch	170	4	2
Go•Drive GLS 256	Uzi	2 1/2-inch	256	6	3

Quantum Corporation
Fiscal 1994 Annual Operating Plan
Concolidated Income Statement ($M)

	Q4 93	Q1 94	Q2 94	Q3 94	Q4 94	FY 1994
Revenue	$507	$530	$540	$600	$630	$2,300
Cost of Sales						
Material	366	404	413	452	459	1,728
Overhead	31	29	30	32	32	123
Quality/Engineering	7	7	7	7	8	29
Warranty	4	13	12	12	12	50
Other	5	0	0	0	0	0
	414	453	463	503	512	1,930
Gross Margin	92	77	77	97	118	370
Gross Margin %	18.2%	14.5%	14.3%	16.2%	18.8%	16.1%
Operating Expenses						
Research & Development	18	22	19	21	24	86
Marketing	12	12	12	13	14	51
Sales	10	10	10	10	11	41
General and Administration	11	11	11	12	12	46
Other	0	1	1	1	1	2
	51	55	54	57	60	226
Operating Income	42	22	24	40	58	144
Operating Income %	8.3%	4.1%	4.4%	6.7%	9.2%	6.2%
Interest Income/(Expense), net	(1)	(1)	(1)	(1)	(1)	(5)
Income Tax	15	7	8	14	20	49
Net Income	26	13	15	25	37	90
($)						
Primary E.P.S.	$0.58	$0.29	$0.31	$0.53	$0.76	$1.91
Fully Diluted E.P.S.	$0.50	$0.26	$0.29	$0.46	$0.65	$1.67
Shares used in per share calculations:						
Primary	45,523	46,288	46,538	47,591	48,544	47,243
Fully Diluted	57,231	57,996	58,246	59,299	60,262	58,951
Tax Rate	36%	35%	35%	35%	35%	35%

Note:

Minor differences due to rounding.

Quantum Corporation
Fiscal 1994 Annual Operating Plan
Consolidated Income Statement - %

	Q4 93	**Q1 94**	**Q2 94**	**Q3 94**	**Q4 94**	**FY 1994**
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales						
Material	72.3%	76.2%	76.5%	75.3%	72.9%	75.1%
Overhead	6.1%	5.5%	5.6%	5.3%	5.1%	5.4%
Quality /Engineering	1.5%	1.3%	1.3%	1.2%	1.2%	1.3%
Warranty	0.9%	2.5%	2.3%	2.1%	2.0%	2.2%
Other	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	81.8%	85.5%	85.7%	83.8%	81.2%	83.9%
Gross Margin %	18.2%	14.5%	14.3%	16.2%	18.8%	16.1%
Operating Expenses						
Research & Development	3.5%	4.1%	3.5%	3.6%	3.8%	3.7%
Marketing	2.4%	2.2%	2.3%	2.2%	2.2%	2.2%
Sales	1.9%	1.9%	1.9%	1.7%	1.7%	1.8%
General and Administration	2.2%	2.1%	2.1%	1.9%	1.8%	2.0%
Other	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%
	10.0%	10.4%	9.9%	9.5%	9.6%	9.8%
Operating Income %	8.3%	4.1%	4.4%	6.7%	9.2%	6.2%
Interest, net	(0.1%)	(0.3%)	(0.2%)	(0.2%)	(0.2%)	(0.2%)
Income Tax	2.9%	1.3%	1.4%	2.3%	3.2%	2.1%
Net Income	5.2%	2.5%	2.8%	4.2%	5.8%	3.9%

Note:
Minor differences due to rounding.

Quantum Corporation
Fiscal 1994 Annual Operating Plan
Consolidated Balance Sheet ($M)

	Q4 93	Q1 94	Q2 94	Q3 94	Q4 94
ASSETS					
Current Assets					
Cash & Equivalents	289	273	295	316	340
Accounts Receivable	267	309	315	347	364
Inventory	223	233	211	218	217
Other	51	33	33	33	33
	830	849	855	914	954
Fixed Assets					
Capital Equipment	144	153	167	177	187
Accumulated Depreciation	(69)	(75)	(82)	(88)	(96)
	75	78	85	89	91
Debenture Issuance Cost	5	5	5	5	5
Cash & Marketable Securities	3	3	3	3	3
Other	5	4	4	4	4
Goodwill	8	8	8	7	7
Total Assets	927	946	960	1,022	1,064
LIABILITIES & EQUITY					
Current Liabilities					
MKE Payable	176	168	164	192	189
Accounts Payable	39	67	65	71	76
Accrued Warranty Expense	42	48	52	56	59
Other	58	37	37	37	37
	316	320	319	356	360
Deferred Taxes	0	2	2	2	2
Subordinated Debentures	213	213	213	213	213
Shareholders' Equity					
Common Stocks	100	100	100	100	100
Retained Earnings	298	311	326	351	388
	398	411	426	451	489
Total Liabilities & Equity	927	946	960	1,022	1,064

Note: Minor differences due to rounding.

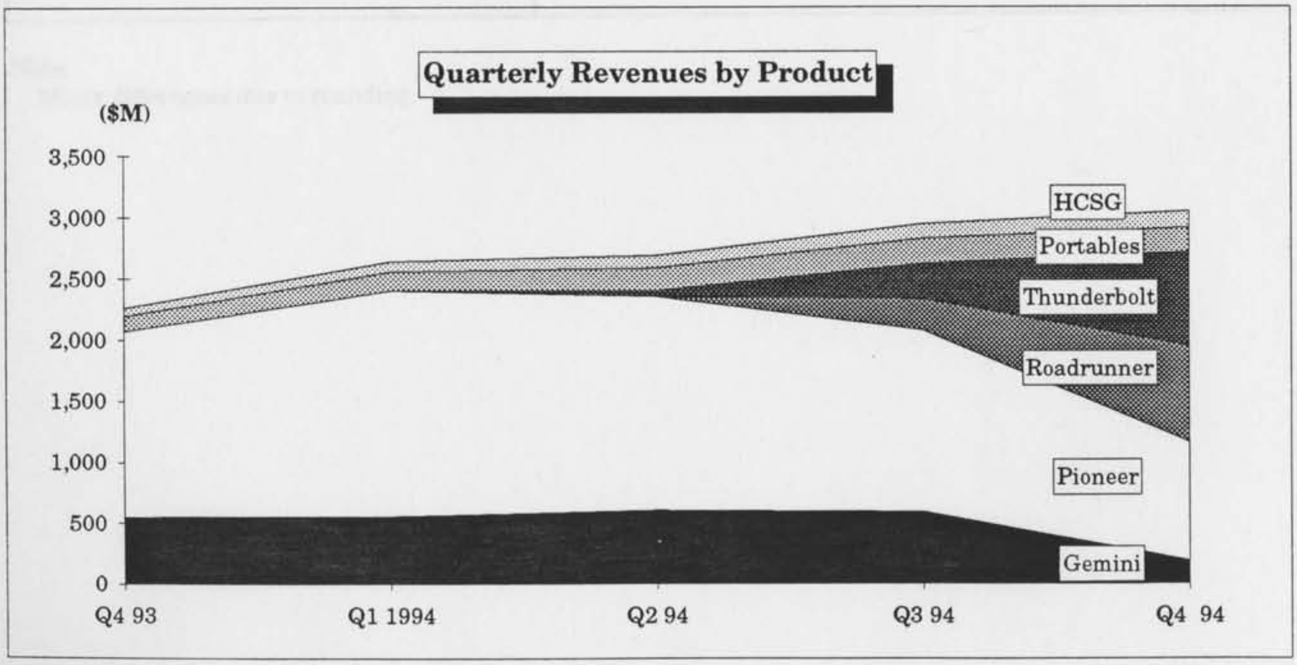
Quantum Corporation
Fiscal 1994 Annual Operating Plan
Consolidated Statement of Cash Flow ($M)

	Q1 94	Q2 94	Q3 94	Q4 94	FY 1994
Beginning Cash Balance	122	106	127	148	122
Cash Receipts					
Accounts Receivable	487	534	569	612	2,203
MKE Receivable	25	25	25	25	100
Interest Income	2	2	2	3	9
Stock Issuance	0	0	0	0	0
Other	0	0	0	0	0
	514	561	596	640	2,312
Cash Disbursements					
Expenses	128	150	153	164	594
MKE Inventory	373	360	388	412	1,532
Taxes	7	8	14	20	49
Debenture Issuance	0	0	0	0	(1)
Interest Expense	4	4	4	4	14
Depreciation & Goodwill	(6)	(7)	(7)	(8)	(28)
Other-Parts purchased for MKE	25	25	25	25	100
	530	540	575	617	2,261
Net Cash Flow	(15)	21	21	23	51
Ending Cash Balance	106	127	148	172	173
Balance Sheet and Cash Flow Assumptions					
Accounts Receivable - Days of Sales	53	53	53	53	
Inventory Turns	7	9	9	9	

Note:
Minor differences due to rounding.

Quantum Corporation
Fiscal 1994 Annual Operating Plan
Consolidated Revenues by Product Line ($M)

Revenues ($M)	Q4 93	Q1 94	Q2 94	Q3 94	Q4 94	FY 1994
PC						
Batman	9	0	0	0	0	0
Gemini	153	137	141	129	39	446
Pioneer	256	297	271	224	140	932
Roadruner	0	0	0	46	136	182
Thunderbolt	0	0	13	71	179	263
Disti Price Protection	0	(7)	(4)	0	0	(11)
Total PC	418	427	421	470	494	1,812
Portables						
Bullet	5	7	6	5	5	23
Rocket	8	21	28	20	18	87
Terminator	9	6	0	0	0	6
Uzi	0	0	6	19	17	43
Total Portables	21	33	41	43	40	157
HCSG						
Empire	0	0	4	25	50	79
Ensign	24	28	33	23	16	100
Enterpeise	21	30	30	28	19	106
Maui	8	2	0	0	0	2
Total HCSG	52	59	67	77	85	288
VAP/LaCie	15	10	12	10	11	43
Total Consolidated Revenues	507	530	540	600	630	2,300



Note:
Minor differences due to rounding.

Quantum Corporation
Fiscal 1994 Annual Operating Plan
Consolidated Revenue Units by Product Line

Revenues Units	**Q4 93**	**Q1 94**	**Q2 94**	**Q3 94**	**Q4 94**	**FY 1994**
PC						
Batman	79,015	0	0	0	0	0
Gemini	548,625	551,980	605,135	588,500	186,050	1,931,665
Pioneer	1,519,015	1,841,755	1,739,420	1,485,535	965,865	6,032,575
Roadrunner	0	0	0	257,260	792,070	1,049,330
Thunderbolt	0	0	50,500	286,860	767,230	1,104,590
Total PC	2,146,655	2,393,735	2,395,055	2,618,155	2,711,215	10,118,165
Portables						
Bullet	20,320	27,640	28,440	23,665	23,055	102,800
Rocket	37,855	83,875	120,655	81,135	79,050	364,715
Terminator	64,940	40,985	2,585	0	0	43,570
Uzi	0	2,860	33,610	98,040	95,515	230,025
Total Portables	123,110	155,360	185,290	202,840	197,620	741,110
HCSG						
Empire	0	0	5,000	37,000	76,000	118,000
Ensign	37,655	51,500	65,000	48,000	36,000	200,500
Enterpeise	20,245	33,500	35,000	35,000	25,000	128,500
Maui	11,360	3,000	0	0	0	3,000
Total HCSG	69,260	88,000	105,000	120,000	137,000	450,000
VAP/LaCie	24,580	0	0	0	0	0
Other	1,330	0	0	0	0	0
Total Consolidated Units	2,364,940	2,637,095	2,685,345	2,940,995	3,045,835	11,309,270

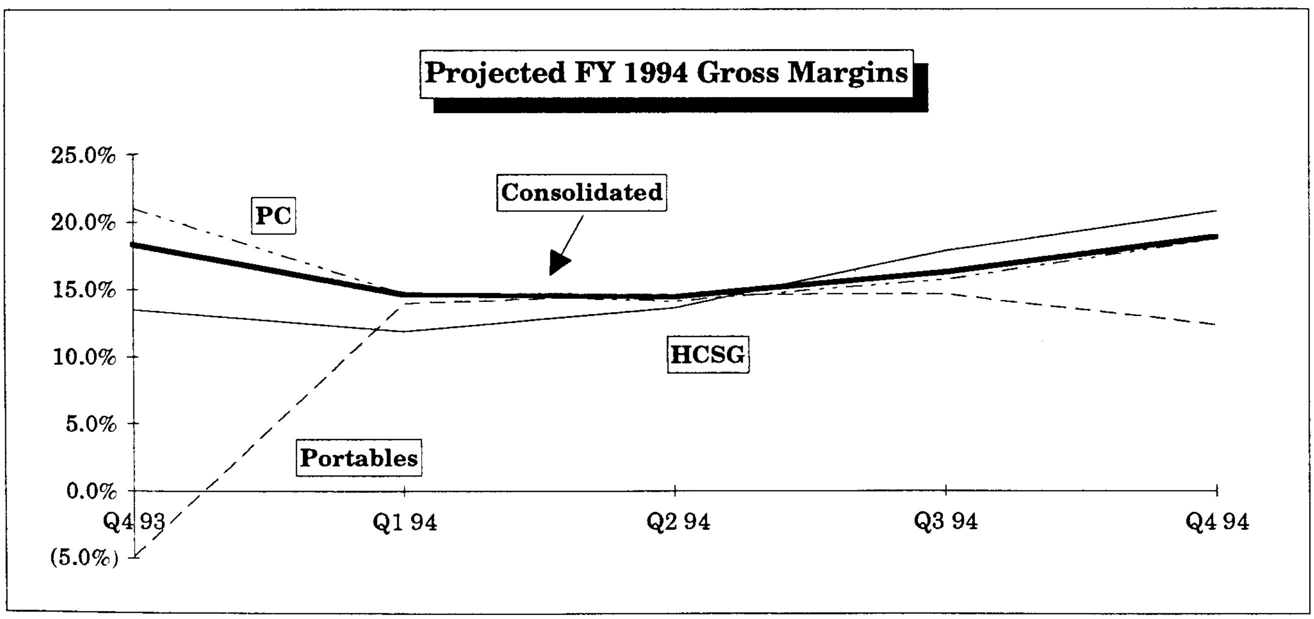
Note:
Minor differences due to rounding.

Quantum Corporation
Fiscal 1994 Annual Operating Plan
Consolidated AUP (Average Unit Price) by Product Line

Average Unit Price ($)	**Q4 93**	**Q1 94**	**Q2 94**	**Q3 94**	**Q4 94**	**FY 1994**
PC						
Batman	112	0	0	0	0	0
Gemini	279	247	233	219	209	231
Pioneer	169	161	156	151	145	155
Roadruner	0	0	0	178	172	174
Thunderbolt	0	0	256	249	234	239
Weighted Avg - PC	195	178	176	180	182	179
Portables						
Bullet	227	240	221	210	199	219
Rocket	209	245	232	243	230	237
Terminator	132	140	179	0	0	142
Uzi	0	168	192	192	182	187
Weighted Avg - Portables	171	215	222	214	203	213
HCSG						
Empire	0	0	780	689	659	674
Ensign	630	540	510	480	450	500
Enterprise	1,050	884	845	801	746	824
Magnum	163	0	0	0	0	0
Maui	661	610	0	0	0	610
Weighted Avg - HCSG	756	673	635	638	620	639
Weighted Avg - Total	**214**	**197**	**197**	**201**	**203**	**200**

Quantum Corporation
Fiscal 1994 Annual Operating Plan
Consolidated Gross Margin by Product Line

Gross Margin %	Q4 93	Q1 94	Q2 94	Q3 94	Q4 94	FY 1994
PC						
Batman	(27.5%)	0.0%	0.0%	0.0%	0.0%	0.0%
Gemini	21.6%	13.3%	12.0%	9.9%	6.5%	11.3%
Pioneer	22.3%	17.2%	15.9%	15.2%	13.5%	15.8%
Roadruner	0.0%	0.0%	0.0%	18.9%	19.1%	19.0%
Thunderbolt	0.0%	0.0%	25.8%	25.5%	25.0%	25.1%
Weighted Avg - PC	21.0%	14.6%	14.1%	15.7%	18.6%	15.9%
Portables						
Bullet	6.3%	12.4%	6.3%	2.2%	(2.5%)	5.4%
Rocket	15.6%	20.9%	17.4%	18.7%	16.0%	18.2%
Terminator	(29.8%)	(9.2%)	(34.6%)	0.0%	0.0%	(11.1%)
Uzi	0.0%	10.4%	14.1%	13.7%	12.3%	13.2%
Weighted Avg - Portables	(4.9%)	13.9%	14.6%	14.6%	12.3%	13.9%
HCSG						
Empire	0.0%	0.0%	27.7%	27.0%	28.6%	28.1%
Ensign	10.4%	6.6%	7.9%	7.2%	3.2%	6.6%
Enterprise	30.6%	18.0%	18.1%	18.2%	14.9%	17.5%
Magnum	(445.4%)	0.0%	0.0%	0.0%	0.0%	0.0%
Maui	(23.2%)	(9.0%)	0.0%	0.0%	0.0%	(9.0%)
Weighted Avg - HCSG	13.5%	11.8%	13.6%	17.8%	20.7%	16.5%
Weighted Avg - Total	**18.3%**	**14.5%**	**14.4%**	**16.2%**	**18.8%**	**16.1%**



Quantum Corporation
Fiscal 1994 Annual Operating Plan
Revenue Forecast by Distribution Channels

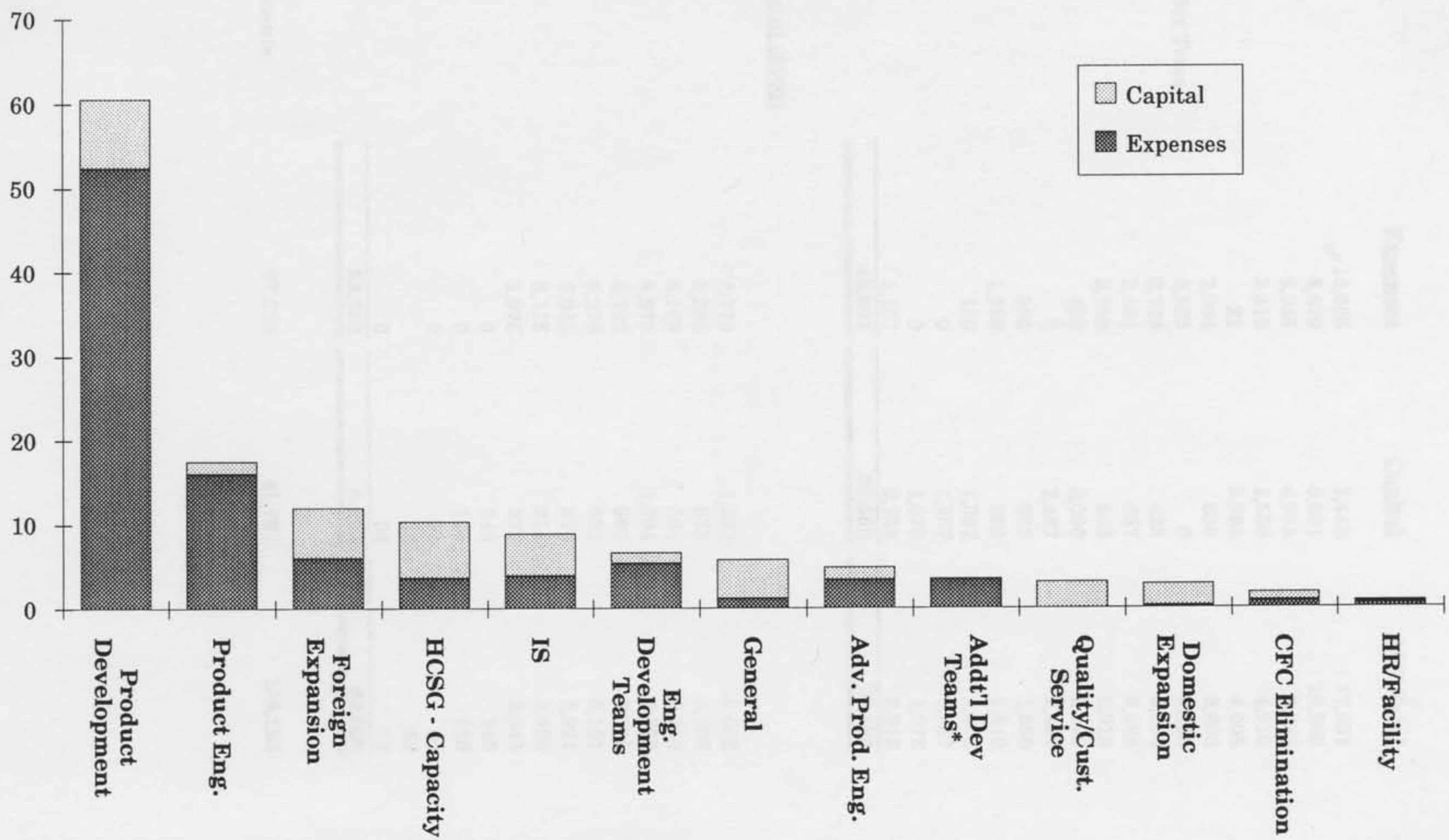
Revenues ($M)	Q4 93	Q1 94	Q2 94	Q3 94	Q4 94	FY 1994
OEM	$342	$363	$355	$369	$372	$1,458
Distribution	150	157	174	222	248	800
VAP/LaCie	15	10	12	10	11	42
Total	$507	$530	$540	$600	$630	$2,300

Units Shipped	Q4 93	Q1 94	Q2 94	Q3 94	Q4 94	FY 1994
OEM	1,584,657	1,792,970	1,771,888	1,850,889	1,828,271	7,244,018
Distribution	780,281	844,122	913,458	1,090,106	1,217,564	4,065,250
Total	2,364,938	2,637,092	2,685,346	2,940,995	3,045,835	11,309,268

Average Unit Price	Q4 93	Q1 94	Q2 94	Q3 94	Q4 94	FY 1994
OEM	$214	$199	$195	$193	$197	$196
Distribution	$601	$197	$198	$206	$212	$204

Note:
Minor differences due to rounding.

AOP FY 94 Investments



* Includes Infrastructure, Design and Development Teams

Detailed Investments by Project

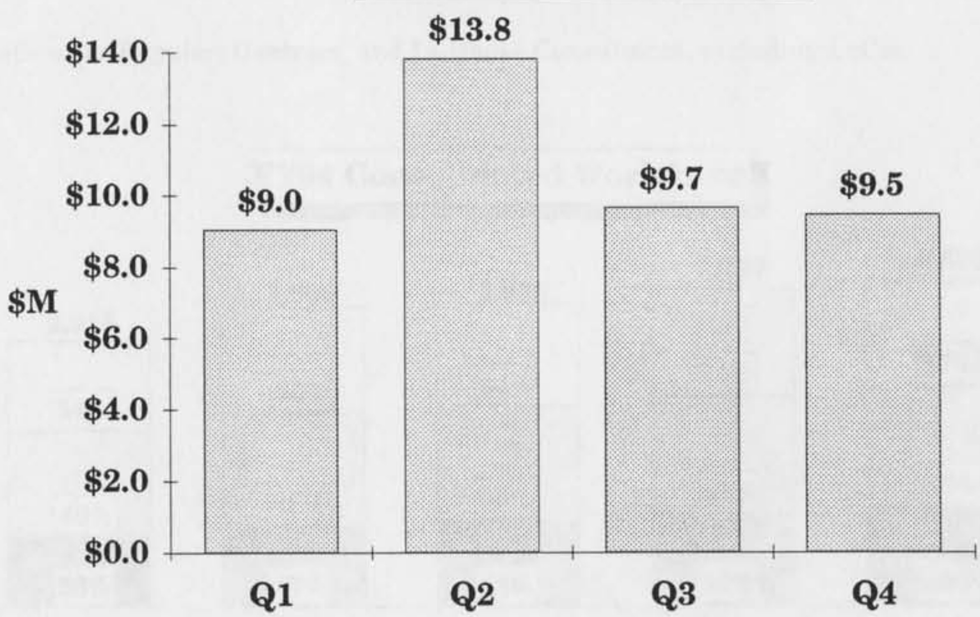
Investments ($000)	Expenses	Capital	AOP Total
Product Eng.	16,085	1,446	17,531
HCSG - Capacity	3,679	6,681	10,360
IS	3,955	4,983	8,938
Adv. Prod. Eng.	3,410	1,500	4,910
General	21	3,984	4,005
BPC Development	2,964	636	3,600
Infra/Design/Addt'l Dev Team	3,523	0	3,523
SWISSCO	2,733	423	3,156
MR Tech Team	2,431	637	3,068
Pac Rim Expansion	2,356	563	2,919
Cust. Ser./Malay	499	2,000	2,499
Ireland Expansion	0	2,487	2,487
CFC Elimination	885	983	1,868
Other	1,158	652	1,810
Cust Srvc (525 Syc)	150	1,382	1,532
Qual. Process	0	1,367	1,367
Qual. - Inc. Capacity	0	1,078	1,078
Other	1,157	2,758	3,915
	45,007	**33,559**	**78,565**

Product Development ($000)			
Thunderbolt	8,773	1,293	10,066
APE/ART	8,286	873	9,159
Uzi	8,169	564	8,733
Head Media	5,979	1,394	7,373
Roadrunner	5,732	983	6,715
Empire	5,278	883	6,161
E 94	5,045	876	5,921
Empire Plus	3,115	314	3,429
1.8" Drive	1,975	373	2,348
Pioneer	0	345	345
Lethal Series	0	125	125
Gemini	0	91	91
Ensign		57	57
Enterprise	0	38	38
	52,352	**8,208**	**60,560**
Total AOP Investments	**97,359**	**41,767**	**139,125**

Quantum Corporation
Fiscal 1994 Annual Operating Plan
Capital Budget by Project
$Millions

	FY94 AOP	Percent of Total
Product Development - Mfg	6.4	15%
Product Development - R&D	4.1	10%
Product Development - Other	3.4	8%
General/Other	14.2	34%
MIS	3.0	7%
Ireland Expansion	2.7	6%
Tech Development	2.6	6%
Customer Service Center - Malaysia	2.0	5%
Qualification Process	1.4	3%
Order to Fulfillment	1.1	3%
Quality - Capacity/Capability	1.1	3%
	42.0	100%

FY94 Capital Additions

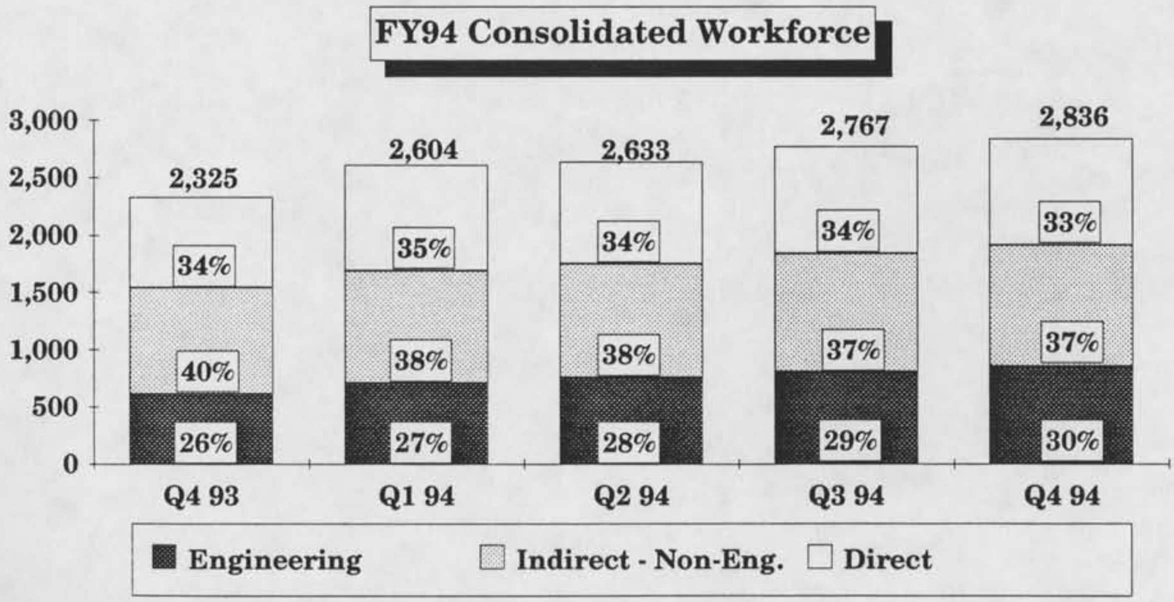


Quantum Corporation
Fiscal 1994 Annual Operating Plan
Consolidated Workforce

	FY93	FY94			
	Q4	**Q1**	**Q2**	**Q3**	**Q4**
INDIRECT					
Domestic - Non- Engineering	782	792	789	812	836
Domestic - Engineering	612	705	754	804	851
International	149	189	204	219	224
Total Indirect	1,543	1,686	1,747	1,835	1,911
DIRECT					
Domestic	654	744	710	747	739
International	128	174	176	185	186
Total Direct	782	918	886	932	925
Total Workforce	2,325	2,604	2,633	2,767	2,836

Indirect Growth from Q4 93	
Domestic - Non-Engineering	7%
Domestic - Engineering	39%
International	50%
Total Indirect	24%

Workforce is defined as Regular, Contract, and In-House Consultants, excluding LaCie.



Dave Brown