



CHARTER OF THE AUDIT COMMITTEE

OF THE BOARD OF DIRECTORS

Adopted as of September 12, 2005

1. Purpose.

The purpose of the Audit Committee of the Board of Directors (the "**Board**") of Quantum Corporation (the "**Company**") shall be to:

- a) provide oversight of the Company's accounting and financial reporting processes and the audit of the Company's financial statements;
- b) assist the Board in the oversight of: (i) the integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements; (iii) the independent auditor's performance, qualifications and independence; and (iv) the performance of the Company's internal audit function;
- c) prepare an Audit Committee report as required by the Securities and Exchange Commission (the "**SEC**") to be included in the Company's annual proxy statement; and
- d) provide to the Board such information and materials as it believes useful to make the Board aware of financial matters.

In addition, the Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time prescribe.

2. Membership and Organization.

a) **Composition.** The Audit Committee members will be appointed by, and will serve at the discretion of, the Company's Board of Directors. The Audit Committee will consist of at least three (3) members of the Board. Members of the Audit Committee must meet the following criteria (as well as any criteria required by the SEC and rules adopted by the SEC (the "**SEC Rules**")):

- i. each member must satisfy the requirements for independence set out in: (i) Section 303A.02 of the corporate governance rules of the New York Stock Exchange Listed Company Manual (the "**NYSE Rules**"); and (ii) the criteria provided in Rule 10A-3(b)(1) of the Securities and Exchange Act of 1934 or under any other applicable SEC Rules;
- ii. each member must be "financially literate," in accordance with the Audit Committee requirements of the NYSE Rules;
- iii. at least one (1) member must have "accounting or related financial management expertise," in accordance with the Audit Committee requirements of the NYSE Rules; and

iv. if a member simultaneously serves on the audit committees of more than three (3) public companies, then the board must determine that this simultaneous service would not impair the ability of the member to effectively serve on the Company's audit committee.

b) **Meetings.** The Audit Committee will meet at least four (4) times annually. The Audit Committee may establish its own meeting schedule. A majority of the members of the Audit Committee present in person or by telephone shall constitute a quorum. The Audit Committee will meet separately and periodically with each of the Chief Executive Officer, the Chief Financial Officer and the internal auditors of the Company, at such times as are appropriate to review the financial affairs of the Company. The Audit Committee will meet separately and periodically with the independent auditors of the Company, at such times as it deems appropriate, but not less than quarterly.

The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

c) **Compensation.** Members of the Audit Committee shall receive such fees, if any, for their service as Audit Committee members as may be determined by the Board. Members of the Audit Committee may not receive any compensation from the Company except the fees that they receive for service as a member of the Board or any committee thereof.

3. Responsibilities and Duties.

The responsibilities and duties of the Audit Committee shall include:

Review and Reporting Procedures

a) obtaining and reviewing, at least annually, a report by the independent auditor describing: (i) the independent auditor's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five (5) years, respecting one or more independent audits by the independent auditor, and any steps taken to deal with such issues; and (iii) all relationships between the independent auditor and the Company;

b) reviewing: (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (ii) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; (iii) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements; and (iv) the type and presentation of information to be included in earnings press releases (paying particular attention to any use of "pro forma," or "adjusted" non-GAAP information), as well as review any financial information and earnings guidance provided to analysts and rating agencies;

c) discussing with management and the independent auditor the Company's annual audited financial statements and quarterly unaudited financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition

and Results of Operations” prior to filing the Company’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, respectively, with the SEC;

d) discussing policies with respect to risk assessment and risk management, including: (i) the guidelines and policies governing the process used by the Company’s CEO and senior management to assess and manage the Company’s exposure to risk; and (ii) the major financial risk exposures and the steps management has taken to monitor and control such exposures;

e) reporting regularly to the Board, including reporting any issues brought to the attention of the Audit Committee with respect to the quality or integrity of the Company’s financial statements, the Company’s compliance with legal or regulatory requirements, the performance and independence of the Company’s independent auditor and the performance of the Company’s internal audit function;

f) reviewing its own charter and processes and providing an annual performance evaluation of the Audit Committee to the Board;

g) reviewing the independent audit by: (i) reviewing the independent auditor’s proposed audit scope and approach; (ii) discussing with the Company’s independent auditor the financial statements and audit findings, including any significant adjustments, management judgments and accounting estimates, significant new accounting policies and disagreements with management and any other matters described in SAS No. 61; and (iii) reviewing reports submitted to the Audit Committee by the independent auditor;

h) directing the Company’s independent auditor to review before filing with the SEC the Company’s interim financial statements included in quarterly reports on Form 10-Q, using professional standards and procedures for conducting such reviews;

i) reviewing and approving in advance any proposed related party transactions;

Independent Auditors

j) appointing, compensating, retaining and overseeing the work of the independent auditor (including resolving disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;

k) reviewing and evaluating the qualifications, performance and independence of the lead partner of the independent auditor, including taking into account the opinions of management and the Company’s internal auditors;

l) considering whether, in addition to assuring the regular rotation of the lead audit partner as required by law, there should be regular rotation of the audit firm itself and presenting its conclusions with respect to the independent auditor to the full Board;

m) reviewing with the independent auditor any audit problems or difficulties and management’s response, including a regular review of any difficulties the independent auditor encountered in the course of the audit work, including any restrictions on the scope of the independent auditor’s activities or on access to requested information, and any significant

disagreements with management as well as the responsibilities, budget and staffing of the Company's internal audit function;

n) conducting a post-audit review of the financial statements and audit findings, including any suggestions for improvements provided to management by the independent auditor, and management's response to such suggestions;

o) reviewing the qualifications and independence of the independent auditor, including: (i) obtaining on a periodic basis a formal written statement from the independent auditor regarding relationships and services with the Company that may impact independence, as defined by applicable standards and SEC Rules; (ii) presenting this statement to the Board; and (iii) to the extent there are relationships, working with the Board to take any appropriate action;

p) setting clear hiring policies for employees or former employees of the independent auditor;

q) pre-approving audit and permissible non-audit services provided to the Company by the independent auditor in the manner contemplated by applicable rules, except where pre-approval of audit and permissible non-audit services is not required under applicable rules;

Regulatory Compliance and Other Matters

r) providing an Audit Committee report for inclusion in the Company's annual proxy statement in accordance with SEC Rules;

s) overseeing compliance with SEC Rules for disclosure of the independent auditor's services and Audit Committee members, member qualifications and activities;

t) establishing procedures for receiving, retaining and treating complaints received by the Company regarding accounting, internal accounting controls or auditing matters and procedures for the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters;

u) determining the appropriate funding for payment of: (i) compensation to the independent auditor engaged to prepare or issue an audit report or perform other audit, review or attest services for the Company; (ii) compensation to any independent legal, accounting or other advisors retained by the Audit Committee; and (iii) ordinary administrative expenses of the Audit Committee necessary or appropriate for the performance of its duties;

v) reviewing the Company's code of ethics for its principal executive and senior financial officers; and

w) retaining, as it determines necessary, independent legal, accounting or other advisors to advise or assist the Audit Committee in the performance of any of the responsibilities and duties set forth above.