



Overland Data Reports Fiscal 1998 First Quarter Results

October 16, 1997

SAN DIEGO, California - Overland Data, Inc. (NASDAQ/NMS:OVRL) reported today that revenues for its first fiscal quarter ended September 30, 1997 totaled \$14.0 million, up 17% from revenues of \$12.0 million in the same quarter of the prior year. Net income for the quarter amounted to \$177,000, or \$.02 per share, compared to \$325,000, or \$.04 per share, in the prior year, reflecting an increase in marketing and administrative expenditures in support of the Company's popular LibraryXpress product line and future growth.

The Company reported that strong sales of its DLTTM-based LibraryXpress product line were made possible by a continually improving supply of drives from Quantum. This gain was partially offset by declines in its more mature 18/36-track product line in Europe and 9-track product line worldwide. Gross margins declined compared to the prior year as a result of a higher level of sales to OEM's and upper-level distributors and price pressure in the marketplace.

Scott McClendon, Overland Data President and CEO stated: "As expected, our first quarter was seasonally slow, so we did not see sequential revenue growth over the fourth quarter of last year. Nonetheless, we are pleased with our progress during the quarter. New OEM customer agreements were announced with Digital Equipment Corporation, Siemens Nixdorf and NCR for our flagship LibraryXpress products, which we expect will contribute to increased revenues during the remainder of fiscal 1998. We have initiated new marketing programs to promote the LibraryXpress and have added some key people to strengthen our team. Additionally, the development of our new tape technology is proceeding well and we hope to be able to announce a product path in the near future."

Overland Data is a technology leader in high-performance scaleable tape solutions for high-capacity backup, interchange, HSM and archival storage. The Company offers three complete technology choices: DLT, 18- and 36-track, and 9-track, designed for workstations, networks and midrange systems. Overland's award-winning products meet the needs of end users, distributors and OEMs in industries worldwide.

-- Table Follows --

Except for the factual statements made herein, the information contained in this press release consists of forward looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those contained in such statements. Factors that could cause or contribute to such differences include unexpected shortages of critical components, rescheduling or cancellation of customer orders, the timing and market acceptance of new product introductions by the Company and its competitors, and general competition and price pressures in the marketplace. Reference is also made to other factors set forth in the Company's filings with the Securities and Exchange Commission including the "Risk Factors", "Management's Discussion and Analysis" and other sections of the Company's Form 10-K for the most recently completed fiscal year.

OVERLAND DATA, INC.

CONSOLIDATED STATEMENTS OF OPERATION

(Unaudited)

(In thousands, except per share data)

	<i>Three Months Ended</i>	
	<i>September 30</i>	
	<i>1997</i>	<i>1996</i>
Net sales	\$ 13,998	\$ 12,013
Cost of goods sold	9,338	7,568
Gross profit	4,660	4,445

Operating expenses:

Sales and marketing	2,107	1,780
Research and development	946	1,115
General and administrative	1,531	950
Total expenses.....	4,584	3,845
Operating income	76	600
Other income (expense), net	210	(58)
Income before income taxes	286	542
Income taxes	109	217
Net income	\$ 177	\$ 325
Net income per share	\$ 0.02	\$ 0.04
Shares used in computing net income per share	10,983	8,137

* DLT is a claimed trademark of Quantum Corp. worldwide. All other products are trademarks or registered trademarks of their respective companies.