



## Overland Data Reports Fiscal 1998 Second Quarter Results

January 14, 1998

SAN DIEGO, California - Overland Data, Inc. (NASDAQ/NMS: OVRL) today reported results for its second fiscal quarter ended December 31, 1997. Revenues for the quarter increased 19% to \$18.1 million compared to \$15.2 million in the same period of the prior year. Net income was \$789,000, or \$.07 per share, compared to \$1 million, or \$.13 per share (on pre-IPO shares), in the prior year.

For the six months ended December 31, 1997, revenues of \$32.1 million were up 18% from \$27.2 million in the same period of the prior year. Net income for the six months amounted to \$966,000, or \$.09 per share, compared to \$1.4 million, or \$.17 per share, in the prior year.

The Company reported strong sales to its OEM customers of both its award-winning DLT-based LibraryXpress products and its 36-track products. LibraryXpress sales were up significantly over both the same quarter of the prior year and the immediately preceding quarter. Demand for units incorporating Quantum's newest DLT7000 drive was strong. As anticipated, these gains were partially offset by declines in the Company's more mature 18-track and 9-track product lines. Gross margins declined compared to the prior year as a result of a higher level of sales to OEM's and upper-level distributors.

Commenting on the results, Scott McClendon, Overland's President & CEO, stated: "We are pleased with the strong growth in sales of our LibraryXpress product line, which continues to win awards. Recently, we introduced the LoaderXpress, which is extremely price competitive and should enable us to capture additional market share. Our second and fourth fiscal quarters have historically been seasonally strong quarters for our OEM customers, and this year is no exception. We are now focusing significant resources on the deployment of our recently announced VR<sup>2</sup> technology. Although investments in this technology and in people, infrastructure and advertising have increased expense levels, we believe such investments are sound and are expected to provide leverage as we open new distribution channels and expand our business later in calendar 1998."

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 --

**OVERLAND DATA, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATION**  
(Unaudited)

(In thousands, except per share data)

	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	<i>December 31</i>		<i>December 31</i>	
	<i>1997</i>	<i>1996</i>	<i>1997</i>	<i>1996</i>
Net sales .....	\$ 18,071	\$ 15,220	\$ 32,069	\$ 27,233
Cost of goods sold .....	12,367	9,848	21,705	17,421
Gross profit .....	5,704	5,372	10,364	9,812

**Operating expenses:**

Sales and marketing .....	2,196	1,778	4,303	3,558
Research and development .....	957	979	1,903	2,095
General and administrative .....	1,537	798	3,068	1,749
Total expenses .....	4,690	3,555	9,274	7,402
Operating income .....	1,014	1,817	1,090	2,410
Other income (expense), net .....	258	(77)	468	(129)
Income before income taxes .....	1,272	1,740	1,558	2,281
Income taxes .....	483	696	592	913
Net income .....	\$ 789	\$ 1,044	\$ 966	\$ 1,368
Basic earnings per share .....	\$ 0.07	\$ 0.20	\$ 0.09	\$ 0.27
Diluted earnings per share .....	\$ 0.07	\$ 0.13	\$ 0.09	\$ 0.17

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, seasonality of major OEM customers, 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.

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