



Overland Data Reports \$.11 Per Share Profit on Record Net Sales of \$34.4 Million for Third Quarter of Fiscal Year 2000

April 20, 2000

SAN DIEGO, Calif.--(BUSINESS WIRE)--April 20, 2000--Overland Data, Inc. (Nasdaq:OVRL) today reported record sales and a 57% year-over-year increase in earnings per share for the third quarter of its fiscal year 2000 as sales to Compaq Computer (NYSE:CPQ) grew 293% over the prior year and 86% over the previous quarter.

For the third quarter ended March 31, 2000, Overland reported net sales of \$34,354,000, up 54% over net sales of \$22,263,000 for the third quarter of fiscal year 1999. Net income for the third quarter of fiscal year 2000 totaled \$1,161,000, or \$.11 per share, compared to \$736,000, or \$.07 per share for the comparable quarter of the prior fiscal year. Included in net income for the third quarter of fiscal year 2000 was a reduction in the Company's bad debt reserves of approximately \$250,000, or slightly more than \$.01 per share, due to an improvement in the quality of the Company's accounts receivable given the growing percentage of sales to OEM customers. This benefit was offset by an operating loss of about \$345,000, or \$.02 per share, at the Company's new subsidiary, Tecmar, Inc., whose assets were acquired by Overland on February 23, 2000 as part of the Company's growth strategy targeting the entry-level tape backup market. Tecmar's operating loss was attributable to lower than expected sales of Tecmar's line of Ditto(TM) products caused by a temporary shortage of media in the marketplace and higher R&D expenses associated with the development of next generation Travan tape drives, previously a joint effort with Overland.

For the nine-month period ended March 31, 2000, the Company reported net sales of \$84,668,000, compared with net sales of \$70,875,000 for the same period of the prior fiscal year. Net income for the first nine months of fiscal year 2000 was \$1,809,000, or \$.17 per share, compared with \$3,399,000, or \$.32 per share, for the first nine months of fiscal year 1999. The decrease in net income during the first nine months of fiscal year 2000 was due largely to a lower gross margin resulting from a larger percentage of OEM sales, reduced sales of mature and discontinued products with higher margins, and lower prices on Overland's branded products in the first half of the year due in part to industry pricing pressures.

OEM sales to Compaq during the third quarter of fiscal year 2000 totaled \$19.9 million, or 59% of total sales. The higher level of sales to Compaq enabled Overland to achieve record net sales during the third fiscal quarter of 2000 despite a decline in sales of its branded products both in the U.S. and in Europe. The Company believes this decline was due in part to the carryover effect, experienced in much of the industry, relating to a post Y2K slow-down in purchases while companies evaluate the effectiveness of their systems changes.

The gain in net income for the third quarter of fiscal 2000 as compared with the prior year was due to the higher level of net sales, partially offset by a lower gross margin of 26% versus 29% in the prior year due to a larger percentage of OEM sales, and by an increase in total operating expenses. Although operating expenses were higher compared to the prior year on a real dollar basis, expenses as a percentage of net sales were lower at 20.7%, compared to 24.9% in the third quarter of fiscal 1999.

"We are pleased with our overall level of performance for the third quarter of fiscal year 2000," stated Scott McClendon, Overland Data President and Chief Executive Officer, "and with the progress we are making in the execution of our strategy for growth as demonstrated by accelerating shipments of our new AIT LibraryPro(TM), the addition of our DLT1 and SANPiper(TM) (Fibre Channel) product lines, plus the addition of new channel partners and Seagate as an OEM customer for automated LTO products. We are also pleased about our progress in making VR2 an industry standard with Tandberg Data's shipment of its first VR2-based SLR100 tape drives and our announcement this week of a letter of intent with StorageTek to license VR2.

"In our core DLT business, OEM sales exceeded our expectations, resulting in higher-volume manufacturing that enabled us to achieve favorable overhead absorption levels and lower per-unit production costs. Sales of our branded products, however, were disappointing in the fiscal third quarter," added McClendon. "We hope to see channel demand increase in the future as the overhang of Y2K related purchases lessens. Additional efforts to bolster sales of our branded products include our new B2B Internet initiative announced earlier this week, which simplifies and reduces the cost of order administration for our channel partners.

"Regarding our outlook for our recently acquired Tecmar business, media is now available, but there is still inventory of Ditto and Travan drives in the distributor channel which must sell through before Tecmar's revenues can fully recover. As a result, in the third quarter and into the fourth quarter, Tecmar's growth profits are not sufficient to offset its operating costs, including our investment in the development of the next generation of VR2-enhanced Travan backup products.

"At the same time, we are working with a number of potential new OEM customers for both Tecmar and Overland products which could contribute to our results in the fourth quarter and into fiscal 2001. Given our performance in the fiscal year to date and the outlook for fourth quarter sales, we continue to anticipate another record revenue year in fiscal 2000," stated McClendon.

Overland also reported that Frank Kirchhoff, Vice President of Sales, will retire from the Company effective June 30, 2000 to pursue professional interests in unrelated industries. "Frank has been a highly valued member of our organization over the past seven years," stated McClendon, "and we will be sorry to see him move on. At the same time, we understand Frank's desire after 30 years in the storage industry to focus his attention and energy in other areas of interest. We will miss Frank at Overland, and wish him well in his new ventures." McClendon stated that Overland has commenced a search for Kirchhoff's successor and that the Company hopes to have that individual in place prior to his departure.

About Overland

Overland Data is a global supplier of innovative data storage and storage automation solutions for computer networks. The Company's award-winning DLT LibraryXpress(TM) SmartScale Storage(R) architecture has set new standards for intelligent automated storage and scalability and established Overland as a leader in the midrange tape storage market. Today, Overland is broadening its product line and technology offerings to address additional segments of the storage market, including the entry-level small-business market as well as the higher-end enterprise environment. Overland's patented Variable Rate Randomizer (VR2) data encoding technology, capable of substantially increasing the capacity and throughput of linear tape formats, is being applied by the Company to Travan tape drives, and has been licensed to Storage Technology, Seagate Technology, Tandberg Data and Imation Corp. for inclusion in next-generation tape drives. Overland products, acclaimed for their quality and reliability, are sold worldwide through leading OEMs, including Compaq, IBM, Fujitsu Siemens Computers and Groupe Bull, and commercial distributors such as Ingram Micro, Tech Data Corp. and Bell Microproducts, as well as storage integrators and value-added resellers.

Except for the factual statements made herein, the information contained in this news release consists of forward-looking statements that involve risks, uncertainties and assumptions that are difficult to predict. Words and expressions reflecting optimism and satisfaction with current prospects, as well as words such as "believe," "intends," "expects," "plans," "anticipates" and variations thereof, identify forward-looking statements, but their absence does not mean that a statement is not forward-looking. Such forward-looking statements are not guarantees of performance, and 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, loss of a major customer, the timing and market acceptance of new-product introductions by the Company and its competitors, general competition and price pressures in the marketplace, the Company's ability to control costs and expenses, as well as its ability to execute successfully its B2B internet initiative and to profitably deploy the recently acquired Tecmar assets. 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. These forward-looking statements speak only as of the date of this release, and the Company undertakes no obligation to publicly update any forward-looking statements to reflect new information, events or circumstances after the date of this release. #

Note to Editors: DLT and DLTape are registered trademarks of

Quantum Corp. worldwide

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OVERLAND DATA, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	March 31		March 31	
	2000	1999	2000	1999
	(Unaudited)		(Unaudited)	
Net sales	\$ 34,354	\$ 22,263	\$ 84,668	\$ 70,875
Cost of goods sold	25,529	15,741	62,625	49,624
Gross profit	8,825	6,522	22,043	21,251
Operating expenses:				
Sales and marketing	3,587	2,966	9,963	8,769
Research and development	2,027	1,305	5,272	3,892
General and administrative	1,500	1,282	4,464	3,811
Total expenses	7,114	5,553	19,699	16,472
Operating income	1,711	969	2,344	4,779
Interest income, net	171	188	545	645
Other income, net	37	56	101	168
Income before income taxes	1,919	1,213	2,990	5,592
Income taxes	758	477	1,181	2,193
Net income	\$ 1,161	\$ 736	\$ 1,809	\$ 3,399
Earnings per share:				
Basic	\$ 0.11	\$ 0.07	\$ 0.18	\$ 0.33
Diluted	\$ 0.11	\$ 0.07	\$ 0.17	\$ 0.32

OVERLAND DATA, INC.
SELECTED BALANCE SHEET INFORMATION
(In thousands)

March 31, June 30,
2000 1999

(unaudited)

ASSETS

Cash and equivalents	\$ 13,994	\$ 16,199
Accounts receivable, net	22,770	13,885
Inventories	19,439	17,704
Other current assets	3,905	3,511
Total current assets	60,108	51,299
Property, plant and equipment, net	4,702	4,657
Other assets	410	274
Total assets	\$ 65,220	\$ 56,230

LIABILITIES & EQUITY

Current liabilities	\$ 16,618	\$ 10,318
Long-term debt	--	--
Other long-term liabilities	1,822	1,105
Shareholders' equity	46,780	44,807
Total liabilities and equity	\$ 65,220	\$ 56,230

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