



Overland Data Reports Results for First Quarter of Fiscal Year 2002; Performance Exceeds Previously Reset Higher Expectations

October 18, 2001

SAN DIEGO--(BUSINESS WIRE)--Oct. 18, 2001--Overland Data Inc. (Nasdaq:OVRL) today reported revenue and net income for the first quarter of its fiscal year 2002 that exceeded both original analyst estimates as well as higher expectations reset by the Company in a previously issued preliminary release.

For the quarter ended September 30, 2001, Overland reported revenue of \$39,972,000, up 6% from revenue of \$37,727,000 in the same period of the prior year. Net income for the first quarter of fiscal year 2002 totaled \$1,050,000, or \$0.10 per share, compared to \$1,305,000, or \$0.12 per share, for the same period of the prior year.

The revenue growth reflects a strong performance by the Company's recently introduced Neo(TM) series of tape library products. The reduced profitability results from a lower gross margin of 23.3% for the quarter ended September 30, 2001 as compared to 28.0% in the first quarter of fiscal year 2001. This reflects a higher concentration of sales generated by new products which initially generate lower gross margins until their costs are reduced by economies to be realized from ramping production volumes. Partially offsetting the decline in gross profit, however, were lower operating expenses during the first quarter of fiscal year 2002. Operating expenses for the first quarter of fiscal year 2002 were 19.9% of sales, down from 22.2% of sales in the same quarter of the prior year primarily due to reduced research and development expenses. This expense reduction resulted from the Company's exit from the entry-level tape drive business in June 2001 and its completion of the Neo development.

Christopher Calisi, President and CEO of Overland, stated, "Considering the continued sluggishness in the economy and the impact of the tragic events of September 11, we are very pleased with our performance for the first quarter of fiscal year 2002. We are especially gratified by the rapid growth in sales of our Neo tape library system, which we began shipping in March of this year. On a sequential basis, Neo sales more than doubled over last quarter and it has become the most successful product introduction in Overland's history. We believe that the marketplace is recognizing the enhanced feature set of Neo and that as the economy strengthens, it will further drive sales in both our OEM and branded sales channels. We will continue to leverage this winning product through increased sales and marketing efforts over the next several quarters.

"Also contributing to our first quarter performance," added Calisi, "was the reduction in our cost structure and operating expenses resulting from management actions taken during the second half of last year. We remain committed to managing our operations in an efficient way to improve both the level and predictability of our performance in the future. As we look forward to the second quarter of fiscal year 2002, we currently expect sequential quarterly growth in both revenues and earnings. More specifically, we estimate that revenue and earnings per share for the quarter ending December 31, 2001 will increase approximately 5% and 30%, respectively. And, in the long term, we continue to believe that the midrange segment of the storage marketplace will experience the fastest growth and will benefit from an increased focus on disaster recovery and protection of critical corporate data."

Overland is a global supplier of storage automation solutions and related technologies designed to meet and surpass the critical requirements of high-availability network computing environments, from entry level to the enterprise. The company is a recognized leader in technology innovation and product reliability. Its award-winning products meet the critical needs of end users, distributors and OEMs in industries worldwide.

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 or future 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 economic conditions and technology spending levels, 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 and the company's ability to control costs and expenses. 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.

Webcast: A live audio Webcast of Overland Data's quarterly management conference call on first quarter fiscal year 2002 results and outlook will be held beginning at 2 p.m. PDT (5 p.m. EDT) today, October 18, 2001, and will be posted at www.overlanddata.com. Please provide adequate time to log on. Following the broadcast, the conference call will be archived for future access at Overland's Web site.

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

Three Months Ended	
September 30,	
2001	2000

(Unaudited)

Net sales	39,972	\$37,727
Cost of goods sold	30,649	27,177
Gross profit	9,323	10,550
Operating expenses:		
Sales and marketing	4,207	4,144
Research and development	1,627	2,315
General and administrative	2,126	1,911
Total expenses	7,960	8,370
Operating income	1,363	2,180
Interest income, net	108	102
Other income (expense), net	222	(125)
Income before income taxes	1,693	2,157
Income taxes	643	852
Net income	\$ 1,050	\$ 1,305

Earnings per share:

Basic	\$ 0.10	\$ 0.13
Diluted	\$ 0.10	\$ 0.12

Shares used in computing earnings per share:

Basic	10,525	10,300
Diluted	10,760	10,990

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

	September 30, 2001 (unaudited)	June 30, 2001
ASSETS		
Cash and equivalents	\$ 13,720	\$ 10,844
Accounts receivable, net	27,668	24,090
Inventories	21,532	23,329
Other current assets	6,763	6,376
Total current assets	69,683	64,639
Property, plant and equipment, net	4,740	4,795
Other assets	751	737
Total assets	\$ 75,174	\$ 70,171
LIABILITIES & EQUITY		
Current liabilities	\$ 21,352	\$ 17,640
Long-term debt	--	--
Other long-term liabilities	837	852
Shareholders' equity	52,985	51,679
Total liabilities and equity	\$ 75,174	\$ 70,171

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