



Overland Data Reports Record Second Quarter 2002; Sales and Earnings Hit New Highs

January 17, 2002

SAN DIEGO, Jan 17, 2002 (BUSINESS WIRE) -- Overland Data Inc. (Nasdaq:OVRL) today reported revenues and net income for the second quarter and first half of fiscal 2002 that exceeded analyst estimates.

Revenues for the second quarter of fiscal 2002 were a record \$45.6 million, compared to \$43.6 million in the second quarter of fiscal 2001. Net income for the second quarter of fiscal 2002 was \$2.0 million, or \$0.18 per fully diluted share, compared to \$1.8 million, or \$0.17 per fully diluted share, in the second quarter of fiscal 2001.

Revenues for the six-month period ended Dec. 31, 2001 were \$85.6 million compared to revenues of \$81.3 million during the same period of the prior fiscal year. Net income for the first half of fiscal 2002 amounted to \$3.0 million, or \$0.28 per fully diluted share, compared to net income of \$3.2 million, or \$0.29 per fully diluted share, for the corresponding period in fiscal 2001.

Christopher Calisi, president and CEO of Overland Data, said, "In this difficult economic environment, we are extremely pleased to report record financial results that exceed both our expectations for the quarter as well as the results we achieved during the more robust environment of the prior year. Our second-quarter results reflect the payoff of our focus on the mid-range tape automation market and widespread acceptance and demand for our Neo(TM) tape library systems, which are strategically positioned for a constrained economy. We introduced Neo in March 2001, and it has proved to be the most successful product launch in our company's history. In the space of three quarters, Neo sales have gone from zero to 43 percent of total revenues. Neo is considered by many to be the 'best-of-breed' in the mid-range tape storage segment based on its true modular field scalability and highly fault-tolerant design."

Calisi continued, "Late last fiscal year, we shed an under-performing line of business, restructured our company and reduced operating expenses. We then implemented a plan to reinvest some of those savings in a 75 percent expansion of our branded sales force designed to capitalize on the traction of the Neo series. We have made significant progress in this effort and the results are beginning to show. In the second quarter of fiscal 2002, sales of our branded products, excluding discontinued Tecmar products, grew by 22 percent compared to the prior year quarter. Sales to our OEM customers grew three percent during the comparable period. We expect both our domestic and international channel sales to continue to grow in coming quarters.

"Earnings are also being strengthened by license agreements for VR2, our proprietary data encoding technology. In December we announced an agreement with Quantum Corporation, bringing the total number of licensees to four. We are working closely with Quantum on its next generation tape drive development, and will be receiving engineering service revenues until shipping commences. The other licensees have either begun shipping VR2-enabled drives, or intend to begin shipping in the near future. Our VR2 portfolio has the potential to significantly improve our earnings in fiscal 2003 and beyond.

"As we look into the third quarter of fiscal 2002, we expect that our revenues, although seasonally down from the second quarter, will grow 15-20 percent over the prior year's quarter. We expect earnings per share to double over the prior year quarter, which included a non-recurring gain from the sale of a product line. Excluding that gain, we expect earnings per share to grow by over 400 percent. We believe that the mid-range segment will continue to experience greater growth than the tape automation sector as a whole. Overland Data is well positioned to play a major role in the protection of critical corporate data, assuring business continuity," Calisi concluded.

About Overland

Overland Data is a global supplier of innovative data storage and storage automation solutions for computer networks. The company's reputation for delivering high availability products sets the standard for intelligent automated storage and scalability. Overland is the market leader in the mid-range tape automation market and sells its products worldwide through leading OEMs, commercial distributors, 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, its competitors or its licensees, the timing and amount of licensing royalties, 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 management conference call discussing second quarter fiscal year 2002 results and outlook will be held beginning at 10:30 a.m. EST, Jan. 17, 2002, 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 on Overland's Web site.

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

	Three Months		Six Months	
	Ended December 31,		Ended December 31,	
	2001	2000	2001	2000
	(Unaudited)		(Unaudited)	
Net sales	\$45,615	\$43,586	\$85,588	\$81,313
Cost of goods sold	33,818	32,029	64,468	59,206
Gross profit	11,797	11,557	21,120	22,107
Operating expenses:				
Sales and marketing	4,717	3,886	8,924	8,030
Research and development	1,886	2,563	3,513	4,878
General and administrative	2,076	2,133	4,202	4,044
Total expenses	8,679	8,582	16,639	16,952
Operating income	3,118	2,975	4,481	5,155
Interest income, net	77	90	184	192
Other expense, net	(23)	(12)	199	(137)
Income before income taxes	3,172	3,053	4,864	5,210
Income taxes	1,205	1,206	1,848	2,058
Net income	\$1,967	\$1,847	\$3,016	\$3,152
Earnings per share:				
Basic	\$0.19	\$0.18	\$0.29	\$0.30
Diluted	\$0.18	\$0.17	\$0.28	\$0.29
Shares used in computing earnings per share:				
Basic	10,580	10,347	10,553	10,337
Diluted	10,936	10,870	10,848	10,958

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

	December 31, 2001	June 30, 2001
ASSETS		
Cash and equivalents	\$14,910	\$10,844
Accounts receivable, net	30,140	24,090
Inventories	20,287	23,329
Other current assets	6,453	6,376
Total current assets	71,790	64,639
Property, plant and equipment, net	6,996	4,795
Other assets	788	737
Total assets	\$79,574	\$70,171
LIABILITIES & EQUITY		
Current liabilities	\$21,609	\$17,640
Long-term debt	2,198	--
Other long-term liabilities	837	852

Shareholders' equity	54,930	51,679
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Total liabilities and equity	\$79,574	\$70,171
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