



Overland Storage Announces Preliminary Fourth Quarter Revenues; Announces Win of Major System OEM Customer

July 3, 2002

SAN DIEGO, Jul 3, 2002 /PRNewswire-FirstCall via COMTEX/ -- Overland Storage, Inc. (Nasdaq: OVRL) today announced that revenues for its fourth fiscal quarter ended June 30, 2002 are expected to be in excess of \$34 million, lower than originally anticipated.

Also, today, Overland announced that it received notification from a major system OEM customer that it has been selected to become the new supplier of the OEM's mid-range tape automation product offering.

Christopher Calisi, president and CEO of Overland Storage, said: "Though disappointed about this revenue shortfall, we understand that a significant contributing factor was the corporate transformation that is being finalized by our largest OEM customer, including a change in its fiscal year end. Typically we have experienced strong sales in the final month of our fiscal quarter because it coincided with the final month of this customer's quarter. This June, however, was not the final month of this customer's new quarter and sales failed to reach anticipated levels. Additionally, fourth quarter sales in our European and Asia Pacific branded channels were significantly lower than expected.

"Looking ahead, we are extremely gratified to have been selected as the new supplier to another major system OEM customer. This is a significant win that will contribute to revenues and earnings starting in the first half of fiscal year 2003. Further, this win will lessen our dependence on our largest OEM customer. Additionally, we are encouraged by the strong growth of our domestic branded sales channel that posted record revenues in the fourth quarter, indicating that our investment in an expanded sales force is paying off.

"Given these developments, we plan to expand our upcoming earnings guidance from a single quarter to the full fiscal year, including quantification of our expectations from the previously-announced expanded relationship with our largest OEM customer and our new system OEM customer. We will discuss the outlook for 2003 during our year-end earnings call scheduled for August 14. In summary, we are excited about the many opportunities ahead, including the new software business that we launched on June 11 and our expanded corporate strategy. In fact, we are more encouraged about fiscal 2003 than any year in Overland's history."

About Overland Storage

Overland Storage, Inc. (Nasdaq: OVRL) is a global supplier of innovative hardware and software storage solutions for mid-range computer networks. The Company's reputation for delivering high availability products, including the award-winning NEO Series of tape libraries, sets the standard for intelligent, automated and scalable storage solutions. Overland sells its products worldwide through leading OEMs, commercial distributors, storage integrators and value-added resellers. On June 28, 2002, the Company changed its name from Overland Data, Inc. For more information, visit Overland's Web site at www.overlandstorage.com.

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 any new hardware, software or other product introduction by the company, its customers 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.

MAKE YOUR OPINION COUNT - [Click Here](#)
<http://tbutton.prnewswire.com/prn/11690X41856517>

SOURCE Overland Storage, Inc.

CONTACT: investors, Cynthia A. Bond, Director of Corporate Communications of Overland Storage, Inc., +1-858-571-5555, cbond@overlandstorage.com; or media, Jamie Cohen of Brodeur Worldwide, +1-310-316-9335, jcohen@brodeur.com, for Overland Storage, Inc.

URL: <http://www.overlandstorage.com>
<http://www.prnewswire.com>

Copyright (C) 2002 PR Newswire. All rights reserved.