



Overland Storage Announces Preliminary First Quarter Revenues

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Branded Channel Sales Remain Strong

Overland Storage, Inc. (Nasdaq: OVRL), a leading provider of storage solutions, today announced that revenues for its first fiscal quarter ended Sept. 30, 2002 are expected to be approximately \$34.0 million, lower than previously anticipated.

Christopher Calisi, president and CEO of Overland Storage, explained, "As we have previously discussed, our largest OEM customer is undergoing a transition that, as expected, has impacted sales. Although we are disappointed with our revenues for the quarter, we are confident about the outlook for the second half of our fiscal year. We have been told by our largest customer that their supply of a predecessor product is being exhausted faster than expected and that many of their transitional issues should be resolved by the end of calendar 2002. Internally, we have taken steps to constrain expenses in our December 2002 quarter while preserving our ability to respond to higher levels of business in 2003.

"Additionally," stated Calisi, "sales through our branded channel continue at record levels, and the product launch for our newest OEM customer is tracking to schedule, with a strong backlog of initial orders. We have posted the first sales in our new software business, and one of our high profile VR2 licensees has commenced shipment on a new VR2-powered tape drive. We look forward to discussing our complete results in our conference call on Oct. 17, 2002."

About Overland Storage

Overland Storage, Inc. 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 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, 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, including the launch of the company's new software business unit, 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.

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