



## **Overland Data Reports 34 Percent Increase in Revenues and 71 Percent Increase in Earnings Per Share for Fiscal 1999 Second Quarter**

January 13, 1999

SAN DIEGO--(BUSINESS WIRE)--Jan. 13, 1999--Overland Data Inc. (Nasdaq/NMS:OVRL) Wednesday reported that revenues for its second fiscal quarter ended Dec. 31, 1998, grew 34 percent to \$24.2 million compared to \$18.1 million in the same period of the prior year.

Net income for the quarter amounted to \$1.3 million compared to \$789,000 in the prior year, and on a per share basis amounted to \$0.12, a 71 percent increase from \$0.07 in the prior year.

This represents the third successive quarter of strong revenue and earnings growth compared with the prior year's quarter. With the exception of discontinued products, sales growth was reported in all product families.

A particularly strong performance was posted for the company's flagship DLT-based LibraryXpress family of products which grew by 55 percent over the prior year's quarter and reached record levels. The company also noted that record sales were posted by its European operations, where revenues grew by 26 percent over the prior year.

The company's gross margin for the quarter of 30.2 percent was down compared to 31.6 percent in the same quarter of the prior year because of a stronger OEM sales mix, but was stable with the immediately preceding quarter. Operating expenses, which were held flat on a sequential quarter basis, fell from 26.0 percent of sales in the prior year to 22.5 percent in the current quarter.

The company also noted that approximately 400,000 shares of its common stock were repurchased during the quarter, accounting for almost all of its cash usage.

Scott McClendon, Overland's president and chief executive officer, commented on the results: "We are extremely pleased with our second quarter results. Sales of our LibraryXpress products reached a new record, and we are optimistic about even greater opportunities for market penetration with these products in the future.

"Our OEM customers, both domestically and abroad, are pleased with the reliability and performance of these units and sales to our commercial distribution customers continue to grow."

"As we head into our seasonally soft third quarter when OEM orders typically slow," added McClendon, "we believe that Overland is positioning itself well to benefit from the paradigm shift we are seeing in the delivery of storage products.

"We are convinced that strong OEM relationships are essential, as are partnerships with the most well-recognized commercial distributors and storage specialty VARs. Our research and development efforts are focused on delivering new products to meet the increasing demands of high availability network managers and to position Overland to capitalize on the most successful tape technologies.

"We are excited about our recently announced Web-TLC(TM) software technology that enables platform-independent remote operation and management of our automated tape libraries from anywhere in the world over the Internet via a standard Web browser. Finally, we are gratified with the recent market recognition of our performance to date, and anticipate record results for our full fiscal year ending June 30, 1999."

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 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, 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.

OVERLAND DATA INC.  
CONSOLIDATED STATEMENTS OF OPERATION  
(In thousands, except per share data)

	Three Months Ended Dec. 31		Six Months Ended Dec. 31	
	1998	1997	1998	1997
	(Unaudited)		(Unaudited)	
Net sales	\$24,240	\$18,071	\$48,612	\$32,069
Cost of goods sold	16,927	12,367	33,883	21,705
Gross profit	7,313	5,704	14,729	10,364
Operating expenses:				
Sales and marketing	3,015	2,196	5,803	4,303
Research and development	1,219	957	2,587	1,903
General and administrative	1,208	1,537	2,529	3,068
Total expenses	5,442	4,690	10,919	9,274
Operating income	1,871	1,014	3,810	1,090
Interest income, net	221	220	457	463
Other income, net	77	38	112	5
Income before income taxes	2,169	1,272	4,379	1,558
Income taxes	854	483	1,716	592
Net income	\$ 1,315	\$ 789	\$ 2,663	\$ 966
Earnings per share:				
Basic	\$ 0.13	\$ 0.07	\$ 0.26	\$ 0.09
Fully-diluted	\$ 0.12	\$ 0.07	\$ 0.25	\$ 0.09
Shares used in computing earnings per share:				
Basic	10,232	10,538	10,386	10,498
Fully-diluted	10,654	11,111	10,685	11,100

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

Dec. 31,      June 30,  
1998            1998  
(unaudited)

ASSETS

Cash and equivalents	\$17,202	\$15,550
Accounts receivable, net	14,030	15,683
Inventories, net	14,723	16,077

Other current assets	2,516	2,431
Total current assets	48,471	49,741
Property, plant and equipment, net	4,025	4,207
Other assets	76	48
Total assets	\$52,572	\$53,996

LIABILITIES & EQUITY

Current liabilities	8,250	10,243
Long-term debt	--	--
Other liabilities	663	385
Shareholders' equity	43,659	43,368
Total liabilities and equity	\$52,572	\$53,996

CONTACT: Overland Data Scott McClendon or Vernon A. LoForti 619/571-5555