



## **Overland Data Reports Third Quarter Fiscal Year 2001 Results; Company Revises Outlook for Balance of Fiscal Year and Announces Cost Reduction Actions**

April 19, 2001

SAN DIEGO--(BUSINESS WIRE)--April 19, 2001--Overland Data Inc. (Nasdaq:OVRL) today reported revenue for its third fiscal quarter ended March 31, 2001, of \$37,018,000, up 8% over revenue of \$34,354,000 for the same quarter last year.

Revenue was approximately 7% below analyst expectations due primarily to soft OEM and domestic channel sales. Net income for the third fiscal quarter totaled \$850,000, or \$0.08 per diluted share, compared with \$1,161,000, or \$0.11 per share, in the third quarter of fiscal year 2000.

Included in net income for the third quarter of fiscal year 2001 was a one-time after-tax gain of \$491,000, or \$0.04 per share, generated by the sale of Overland's SLR Loader design rights and related assets to Tandberg Data.

The company also announced that it has taken specific steps to reduce operating expenses, including a reduction in the number of employees and salaries that is expected to result in annualized savings of \$3.5 million.

The decline in net income during the third quarter of 2001 as compared with the same quarter last year was due to operating expenses growing at a faster rate than revenues. Although gross margin for the quarter was level with the prior year quarter at 25.7%, total operating expenses for the third quarter of 2001 increased to 23.8% of sales, compared with 20.7% of sales in the same quarter of the prior year.

Overland reported net income of \$4,002,000, or \$0.37 per share, for the nine-month period ended March 31, 2001, a 121% gain over net income of \$1,809,000, or \$0.17 per share, for the first nine months of the prior fiscal year.

Revenues for the first nine months of 2001 totaled \$118,331,000, up 40% over revenues of \$84,668,000 in the same period last year. Gross margin for the first nine months of 2001 was 26.7% versus 26.0% in the same period in fiscal year 2000.

Christopher Calisi, the new president and chief executive officer of Overland Data, stated: "Despite our sales gain over last year, weakness in overall technology spending led to some softness at the end of the quarter, versus our expectation, in our OEM and domestic channel sales for the third quarter of 2001. In light of the reduced outlook for technology spending in the short and intermediate terms, we have acted decisively to reduce our operating expenses with the objective of improving our profitability and predictability going forward. Effective today, we have reduced our full-time workforce by about 8%, or 26 people, eliminated 17 temporary positions, cut salaries 10% and eliminated officer bonuses for the second half of fiscal year 2001. These reductions will result in an after-tax severance charge of approximately \$335,000, or \$0.03 per share, in the fourth quarter of fiscal year 2001, but will reduce annual payroll expenses by approximately \$3.5 million.

"These cost reductions reflect the company's revised outlook for the fourth quarter of 2001 and beyond," added Calisi. "Based on the current outlook, we expect fourth quarter revenues to be essentially flat with the third quarter of 2001, and that net income for the fourth quarter, absent one-time charges and gains, will improve relative to the third quarter as a result of our cost reductions. These results would preserve our outlook for a record year for Overland in fiscal year 2001, both in terms of revenues and earnings.

"We intend to improve our return on sales in spite of short-term market softness," continued Calisi. "We view the future for Overland and the data storage market with optimism, and are positioning the company with the goal to maximize its profitability when technology spending rebounds. In addition to lowering our cost structure, we plan to grow revenues in the next fiscal year by increasing our share of the mid-range market through effective marketing of our newly introduced Neo line of next-generation 'Super Drive' tape automation products."

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 third-quarter fiscal year 2001 results and outlook will be held beginning at 2 p.m. PDT (5 p.m. EDT) today, April 19, 2001, and will be posted at [www.overlanddata.com](http://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		Nine Months Ended	
	March 31,		March 31,	
	2001	2000	2001	2000
	(Unaudited)		(Unaudited)	
Net sales	\$ 37,018	\$ 34,354	\$ 118,331	\$ 84,668
Cost of goods sold	27,502	25,529	86,708	62,625
Gross profit	9,516	8,825	31,623	22,043
Operating expenses:				
Sales and marketing	4,038	3,587	12,068	9,963
Research and development	2,675	2,027	7,553	5,272
General and administrative	2,088	1,500	6,132	4,464
Total expenses	8,801	7,114	25,753	19,699
Operating income	715	1,711	5,870	2,344
Interest income, net	158	171	350	545
Other income, net	532	37	395	101
Income before income taxes	1,405	1,919	6,615	2,990
Income taxes	555	758	2,613	1,181
Net income	\$ 850	\$ 1,161	\$ 4,002	\$ 1,809
Earnings per share:				
Basic	\$ 0.08	\$ 0.11	\$ 0.39	\$ 0.18
Diluted	\$ 0.08	\$ 0.11	\$ 0.37	\$ 0.17
Shares used in computing earnings per share:				
Basic	10,385	10,118	10,371	10,087
Diluted	10,971	10,984	10,931	10,435

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

	March 31,	June 30,
	2001	2000
	(unaudited)	
ASSETS		
Cash and equivalents	\$ 12,971	\$ 15,774
Accounts receivable, net	22,964	22,798
Inventories	27,066	22,108
Other current assets	6,080	5,075
Total current assets	69,081	65,755
Property, plant and equipment, net	5,503	5,033
Other assets	491	595
Total assets	\$ 75,075	\$ 71,383
LIABILITIES & EQUITY		
Current liabilities	\$ 21,313	\$ 22,498
Long-term debt	--	--
Other long-term liabilities	1,393	1,388
Shareholders' equity	52,369	47,497
Total liabilities and equity	\$ 75,075	\$ 71,383

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**CONTACT:** Overland Data

858/571-5555

Christopher Calisi, ccalisi@overlanddata.com

Vernon LoForti, vloforti@overlanddata.com

<http://www.overlanddata.com>