



Overland Storage REO Accelerates Critical Backups and Restores for State of Oregon

August 19, 2004

Speed, Flexibility and Affordability Drive Adoption of High-Performance Disk-Based Appliance by State Government Agency

SAN DIEGO, Aug. 19 /PRNewswire-FirstCall/ -- Overland Storage, Inc. (Nasdaq: OVRL), the leading provider of backup and recovery solutions, today announced that the State of Oregon's Department of Consumer and Business Services has selected its REO(TM) disk-based backup and recovery system to protect mission-critical data for its nine divisions and 17 field offices. As a high-performance disk-based backup and recovery appliance, the REO significantly increases the speed of full backups over previous methods, while boosting recovery times to provide near-instantaneous restores of current data. West Coast Technology, an Overland value-added reseller, facilitated the sale.

The State of Oregon's Department of Consumer and Business Services regulates vital entities including Insurance, Banking and Securities; Worker's Compensation; and Occupational Safety & Health Agency (OSHA). A growing reliance on electronic data throughout the agency's divisions caused storage requirements to escalate, doubling annually for the past three years. As a result, the state decided to augment its existing tape backup operations with a streamlined disk-to-disk (D2D) solution.

According to Ellen Murphy, backup administrator for the Department of Consumer and Business Services, the REO system dramatically reduced the delay, expense and burden of backing up and recovering critical data. "The speed, flexibility and ease with which the REO backs up and restores data have exceeded our expectations," she said. "The REO accelerates our entire backup and recovery operation considerably -- for significantly less than the price of other alternatives we investigated."

With the REO in place, the department can now back up eight servers simultaneously, enabling it to back up all 65 of its servers in less than six hours -- a significant improvement over the 24 hours it took previously, even using fast LTO drives. In addition, the department can move the data from the REO to tape (D2D2T) without affecting network performance, which had been problematic in the past.

"We now have the flexibility to conduct duplications and vault processes outside the typical off-hours window," Murphy said. "And managing the device using the Web-based interface is so easy that I can manage backup and restore operations even while away from the office." Murphy added that the department is assessing the REO's use in centralizing field office backups, eliminating the need to rely on non-technical staff to manage tapes.

"The State of Oregon's use of REO demonstrates the power of disk to quickly and seamlessly back up data," said Dave Holloway, chief operating officer, West Coast Technology. "REO is the only product that offered the department the high level of data protection it demands and the certainty that its data is not only securely backed up, but can be instantaneously recovered."

According to Murphy, another benefit of the REO platform is the ability to perform near-instantaneous restores. Prior to its implementation, the department took upward of 45 minutes to locate and mount tapes in its library. Now, restores can be completed almost immediately without additional administrative intervention. To augment its tape operation, the department is evaluating Overland's NEO(R) 2000 library system because its scalable, modular architecture is ideal for handling incremental growth. The addition of a second REO system is also planned.

"REO plays a pivotal role in ensuring the success of the State of Oregon's backup and recovery efforts," said John Matze, vice president and chief technology officer, Overland Storage. "The product's versatility makes it simple to improve backup and recovery times while easily integrating into existing storage and archival processes."

Introduced in April 2004, the REO 4000 is Overland's next-generation disk-based backup and recovery product that supports data transfer rates of up to 300 GB per hour, performing significantly faster than many other disk-based products. The easy-to-install, preconfigured system incorporates high-capacity, serial ATA disks, specialized software, both iSCSI and Fibre Channel connectivity, and RAID 5 capabilities. When integrated with tape automation, such as Overland's NEO Series of tape libraries, REO provides a comprehensive disk-to-disk-to-tape solution. The REO is available through select Overland partners.

About Overland Storage

For more than 20 years, Overland Storage has delivered world-class data protection solutions designed to ensure business continuity. Focused on backup and recovery, Overland's data protection solutions are designed for entry-level and midrange computing environments. These include the REO family of disk-based backup and recovery appliances and the award-winning NEO Series of tape libraries. Overland sells its products worldwide through leading OEMs, commercial distributors, storage integrators and value-added resellers. For more information, visit Overland's website 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 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, its competitors or its licensees, including the company's new REO and NEO 8000 products, the timing and amount of licensing royalties, general competition and price pressures in the marketplace, the company's ability to control costs and expenses and economic conditions. 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-Q for the qtr ended March 31, 2004. 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.

All trademarks, trade names, service marks, and logos referenced herein belong to their respective companies.

SOURCE Overland Storage, Inc.

08/19/2004

CONTACT: Investor Relations, Cynthia A. Bond, Director of Corporate Communications, +1-858-571-5555, cbond@overlandstorage.com, or Media Inquiries, Melinda Hutcheon, PR Manager, +1-858-495-4187, mhutcheon@overlandstorage.com, both of Overland Storage; or Jamie Ernst of Brodeur Worldwide, +1-210-495-5757, jernst@brodeur.com, for Overland Storage

Web site: <http://www.overlandstorage.com>