



## Overland Storage, Inc. Adopts Shareholder Rights Plan

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SAN DIEGO, Aug. 22 /PRNewswire-FirstCall/ -- Overland Storage, Inc. (Nasdaq: OVRL) announced today that its Board of Directors has adopted a Shareholder Rights Plan (the Rights Plan). The Rights Plan is similar to those adopted by many other public companies and is designed to protect the company's shareholders against abusive or coercive takeover tactics.

The Rights Plan is designed to protect the company's shareholders against abusive or coercive takeover tactics and other takeover tactics not in the best interests of the company and its shareholders, such as acquisitions of control or large blocks in open market or private transactions without paying all shareholders a fair premium, coercive tender offers and inadequate offers. The Rights Plan is also designed to provide the Board with an adequate opportunity to evaluate any offer and maximize shareholder value. It is not intended to prevent an offer that the Board of Directors concludes is in the best interest of the company and its shareholders, but is intended to encourage anyone seeking to acquire the company to negotiate directly with the Board of Directors.

The company will make a dividend distribution of one Common Share Purchase Right (the Rights) for each outstanding share of the company's common stock. Each Right represents the right to purchase, under certain circumstances, one-third of a share of the company's common stock. The rights will become exercisable upon the earlier to occur of a public announcement of the acquisition by a person or group of 15 percent or more of the company's common stock, and 10 days after the commencement of, or announcement of an intention to make, a tender or exchange offer for the company's common stock that would upon consummation result in the acquisition of 15 percent or more of the company's common stock (the earlier of such dates is referred to as the Distribution Date). The Rights expire after 10 years unless redeemed or exchanged earlier by the Board of Directors. The Rights distribution will not be taxable to shareholders.

If any person or group becomes the beneficial owner of 15 percent or more of the company's common stock (with certain limited exceptions), then each Right not owned by the 15 percent shareholder will entitle its holder to purchase, at a per share exercise price equal to one-half of the market value of the company's common stock, one-third of a share of the company's common stock. In addition, if after any person has become a 15 percent shareholder, the company is involved in a merger or other business combination with any other person, each Right will entitle its holder (other than the 15 percent shareholder) to purchase, at the Right's initial exercise price, common shares of the acquiring company or its parent having a value of twice the Right's initial exercise price.

A complete copy of the Rights Plan will be included in a Form 8-K that the company plans to file shortly with the Securities and Exchange Commission.

### About Overland Storage

Now in its 25th year, Overland Storage is a market leader and innovative provider of simply protected storage solutions -- smart data protection appliances and software modules designed to work together, affordably, to ensure that information is automatically safe, readily available and always there. Overland's award-winning data protection solutions include the REO SERIES(TM) of disk-based backup and recovery appliances and the NEO SERIES(TM) of tape libraries. Overland sells its products through leading OEMs, commercial distributors, storage integrators and value-added resellers. For more information, visit Overland's web site at [www.overlandstorage.com](http://www.overlandstorage.com).

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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 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 and its shareholders' actual results could differ materially from those contained in such statements. Factors that could cause or contribute to such differences include risks and uncertainties associated with the impact of the shareholders' rights plan on potential acquirers and its validity under California law. 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 currently on file with the SEC. 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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