



Overland Storage Signs Software License Agreement With Major OEM Customer

October 11, 2005

SAN DIEGO, Oct. 11 /PRNewswire-FirstCall/ -- Overland Storage, Inc. (Nasdaq: OVRL) today announced that it has signed a License and Distribution Agreement with a major OEM customer for the company's REO Protection OS(TM) intelligent, embedded data protection software. The OEM has chosen the REO software as the platform for a disk-based virtual tape solution targeted at the small to medium-sized business (SMB) market. Overland anticipates first shipments of software pursuant to this agreement during the first calendar quarter of 2006.

"This licensing agreement represents an important endorsement of REO and provides us with an opportunity to further penetrate the SMB backup and recovery market. Our REO SERIES(TM) disk-based recovery and appliances have already achieved measurable success in this market. Earlier this year, Enterprise Strategy Group validated that the REO SERIES with Protection OS has recorded the industry's highest volume of units shipped. REO Protection OS extends the capabilities and value of disk-based appliances by providing a solid foundation from which today's small to medium-sized organizations can solve their complex and resource-intensive backup and recovery challenges. Because of its flexibility and success to-date, REO Protection OS is a perfect fit with our OEM partners' solutions for this market," explained Christopher Calisi, president and chief executive officer, Overland Storage.

REO Protection OS includes Overland's virtual tape, dynamic virtual tape and full tape library emulation. Unlike other basic disk-based arrays, Protection OS delivers embedded data protection intelligence including sophisticated virtualization, management and connectivity features. Additionally, the built-in virtual tape library (VTL) functionality allows disk-based appliances to be configured as any combination of virtual tape libraries, virtual tape drives and/or disk volumes, providing maximum flexibility while preserving the initial hardware investment. As a result, customers using physical tape libraries can easily implement disk-based appliances using REO Protection OS without changing backup policies or procedures. The flexible architecture provided by the REO Protection OS software also allows new functionality to be integrated while maintaining a single, stable hardware platform. The full combination of features enables customers to streamline management and maximize available storage capacity.

"We will continue to simplify data protection for our partners and customers through innovative, affordable software and hardware solutions like the REO Protection OS, REO SERIES and NEO SERIES(TM) libraries -- each a leading solution in its market," added Calisi.

More information on Overland's REO Protection OS; REO SERIES disk-based backup and recovery appliances; or NEO SERIES automated tape libraries can be found at http://www2.overlandstorage.com/product_index.aspx.

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.

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," "estimates," "expects," "projects," "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 risks and uncertainties associated with the company's acquisition of Zetta Systems, Inc., including possible integration difficulties and successful execution of the business plan; possible delays in new product introductions by the company including the new REO9000 expansion array, the new primary storage appliance to be based on the Zetta software, the company's next generation tape library platform and enhancements to its REO line; market acceptance of the company's new product offerings; the timing and market acceptance of new product introductions by competitors; the speed at which HP transitions from the products it currently buys from the company to its next-generation products to be purchased from another vendor; delays, unbudgeted expenses, inefficiencies and production problems; worldwide information technology spending levels; unexpected shortages of critical components; rescheduling or cancellation of customer orders; loss of a major customer; 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 general 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-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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