



Overland Storage Extends Disk-Based Backup Leadership With Shipment of 2000th REO

October 18, 2005

Sage Telecom Chooses REO With Protection OS for Reliable Data Backup
and Instant Recovery

SAN DIEGO, Oct. 18 /PRNewswire-FirstCall/ -- Reinforcing its position as the leader in disk-based backup and recovery, Overland Storage, Inc. (Nasdaq: OVRL) today announced the shipment of its 2000th REO SERIES(TM) appliance. This milestone closely follows the shipment of the 1,000th REO, continuing Overland's leadership in volume of disk-based appliances shipped. The REO SERIES with Protection OS improves backup speed and reliability, provides near-instant data recovery, and significantly reduces backup administration costs.

Over the past two years, Overland has successfully introduced several disk-based backup and recovery appliances under the REO family, including the REO 9000(TM), which can be expanded up to 38 TB; the REO 4000(TM), with 2 TB raw capacity; and the REO 1000(TM), with 1 TB raw capacity. Every REO appliance comes with Protection OS software, which delivers embedded data protection intelligence including virtualization, management and connectivity features. In addition, the built-in virtual tape library (VTL) functionality allows the REO 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.

"The need for reliable backup and near instantaneous access to data is a must-have, and our customers and channel partners are quickly realizing that the REO is an exceptional value," said Christopher Calisi, president and CEO, Overland Storage. "Leveraging the success of the REO, we will continue to focus our efforts on advancing disk as an integral component of today's protected storage environments."

Sage Telecom, one of the fastest growing local exchange carriers with more than 550,000 residential and small business customers in 11 states, purchased the 2000th REO, and is quickly realizing the benefits of REO's virtual tape in its storage environment. As Sage's customer base, number of call records and data requirements grew -- more than doubling in the last two years -- it sought a new storage solution to decrease its backup window, which continued into Monday afternoons and severely impacted network performance. Based on the recommendation of value-added reseller Dallas Digital, Sage opted for a disk-to-disk-to-tape (D2D2T) strategy using the versatile REO 9000 disk-based backup and recovery appliance and the high performance NEO 8000(TM) automated tape library. By backing up its servers to REO 9000, Sage saved 30 hours a week -- an 80 percent improvement in backup time. Furthermore, network performance is no longer an issue and the REO 9000 allows Sage to restore data almost instantaneously.

"Overland's REO provides unmatched versatility and has decreased the time to backup our servers by 80 percent. And it gave us fast data recovery in an easy-to-use, affordable solution," said Tony Ledbetter, director of information technology for Sage Telecom. "My life became easier instantly."

"We continue to be impressed by the strong market adoption of the REO SERIES," said Tony Asaro, senior analyst for Enterprise Strategy Group. "The success of the REO is a testament to how well it addresses today's most pressing backup and recovery challenges -- namely shortening backup windows, providing near-instantaneous recovery, improving backup reliability, and easing administration."

Enterprise Strategy Group ranks Overland REO as the market leader in disk-based backup appliances (<http://www.overlandstorage.com/PDFs/d2dleader.pdf>), and the REO 4000 recently received Disk Product of the Year honors at the Storage Awards in London.

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 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.

Overland, Overland Storage, REO SERIES, NEO SERIES and Protection OS are trademarks of Overland Storage, Inc.

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 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.

SOURCE Overland Storage, Inc.

CONTACT: Melinda Hutcheon,
PR Manager of Overland Storage,
+1-858-495-4187,
mhutcheon@overlandstorage.com;

or

Christopher Walker of Brodeur,
+1-602-808-1170,
cwalker@brodeur.com, f

or Overland Storage. Web site: <http://www.overlandstorage.com>