



First OEM Product Featuring Overland Storage's REO Protection OS(TM) Brought to Market

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Tier-One OEM Leverages Overland's VTL Leadership With New SMB Solution

SAN DIEGO, May 30, 2006 /PRNewswire-FirstCall via COMTEX News Network/ -- Overland Storage, Inc. (Nasdaq: OVRL) today announced that the first OEM product featuring the REO Protection OS(TM) intelligent, embedded data protection software has been brought to market. The introduction of these products furthers Overland's long-established leadership position in the virtual tape library (VTL) market.

"As the world's best-selling disk-based backup and recovery appliances, the REO SERIES leverages the intelligence, flexibility and VTL functionality of REO Protection OS, providing customers with the highest level of data protection," said Christopher Calisi, president and chief executive officer, Overland Storage. "With the introduction of this new line of OEM products, Overland has expanded its reach into small to medium-sized organizations that need unattended backup and improved restore performance. We are very pleased to see this product come to market."

Previously available only through Overland's branded REO SERIES(TM) disk-based backup and recovery appliances, the REO 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.

"Through both OEM and branded products, Overland will continue to simplify data protection for our partners and customers through innovative, affordable solutions," Calisi added. "We look forward to powering future products with the REO Protection OS."

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 ULTAMUS SERIES(TM) of protected primary storage appliances; the REO SERIES(TM) of disk-based backup and recovery appliances; and the NEO SERIES(R) 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 related to the acquisition; possible delays in new product introductions and shipments by the company including the new ULTAMUS line and the new tape automation platform currently under development, including versions subject to the company's new OEM contracts; possible delays in enhancements to the company's 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 that may result from the transition of manufacturing to Sanmina-SCI; 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 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 update publicly any forward-looking statements to reflect new information, events or circumstances after the date of this release.

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SOURCE Overland Storage, Inc.

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