Overland Storage's Tape Libraries Garner Top Honors in the Product Features Category of Latest Diogenes Labs-Storage Magazine Quality Awards

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Overland NEO SERIES and ARCvault Receive Accolades for Interoperability, Scalability, Manageability, Reliability and Overall Product Quality

SAN DIEGO, Jan 24, 2007 /PRNewswire-FirstCall via COMTEX News Network/ -- Overland Storage, Inc. (Nasdaq: OVRL) today announced that its NEO SERIES(R) and ARCvault(TM) 24 tape libraries received top ranking in the product features category of the second annual Diogenes Labs-Storage magazine Quality Awards. The honors represent the latest industry validation of Overland's mid-range family of tape automation solutions, which are ideally suited for a wide range of backup, recovery and archive applications.

The 2006 Quality Awards surveyed 385 Storage magazine readers who contributed more than 500 product evaluations in five main categories, including product features, initial product quality, product reliability, sales force competence and technical support. Overland's NEO SERIES and ARCvault achieved the highest marks for mid-range tape library product features, with survey respondents commenting very favorably to a series of questions about system interoperability, scalability, management features, user interface and overall product design.

Overland also obtained the highest score for best product value among mid- range tape libraries, earning NEO and ARCvault a second-place ranking in the initial product quality category. This important segment of the survey also posed a series of questions to assess how easy the various products were to install, configure and operate. Overland earned a top-three showing in the overall rankings, including the crucial "Would you buy this product again?" category, which reinforces strong customer satisfaction and loyalty.

According to Michael Kerman, vice president and chief strategy officer of Overland Storage, the Diogenes Labs-Storage magazine Quality Awards are particularly noteworthy because they represent end-user opinions and insight in determining which storage products perform best in actual field use. "Overland's top ranking in this latest industry survey of mid-range tape libraries substantiates our continuing commitment to giving our customers full-featured products at an outstanding value while providing a simple growth path to meet both current and emerging data protection needs," he said.

A range of customer implementations reinforce the many performance benefits of Overland's NEO SERIES and ARCvault products, including;

- American Casino and Entertainment Properties: Subsidiary led by billionaire financier Carl Icahn relies on Overland's NEO 8000 top-of- the-line tape library to handle long-term backup and recovery needs that doubled over an eight-month period while meeting SOX and Nevada Gaming commission regulations. As a result, backups were reduced from 20 to three hours while administering archivals takes one-tenth of the time previously required.
- San Jacinto College: Texas school takes advantage of Overland's entry- level ARCvault tape library at a remote disaster recovery site to backup to 12 times the capacity of a single drive at the same price while leveraging disk-to-disk-to-tape (D2D2T) backup to protect 13 TBs of data.
- National Instruments: A leader in virtual instrumentation consolidates backups on Overland's NEO 8000 to accelerate the process and lower media costs. By combining the NEO with Overland's REO disk-based appliance for D2D2T data protection, the company has realized a 75 percent reduction in time and personnel costs.
- Physicians Accounting: Medical billing firm meets critical Recovery Time Objectives/Recovery Point Objectives while lowering administrative overhead by more than 40 percent by combining the NEO 2000 and REO 1000 for fail-safe data protection.

The NEO SERIES and ARCvault family of tape automation solutions as well as Overland's REO SERIES are available through Overland's partners worldwide.

About Overland Storage

Now in its 26th 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(R) of disk- based backup, recovery appliances and VTL; and the NEO SERIES(R) and ARCvault(TM) tape automation solutions. 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 and ARCvault lines, 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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