



Overland Storage Reports Resignation of Director and Notification From NASDAQ Related to Compliance With Audit Committee Requirement

June 14, 2007

SAN DIEGO, June 14 /PRNewswire-FirstCall/ -- Overland Storage, Inc. (Nasdaq: OVRL) has previously reported that Mark Barrenechea resigned from its board of directors, effective June 9, 2007. Mr. Barrenechea recently was named president and chief executive officer of Rackable Systems, Inc. and notified Overland that the responsibilities of this new position are such that he is unable to continue to serve on Overland's board. Mr. Barrenechea also had served as a member of Overland's audit committee.

On June 11, 2007, Overland notified The NASDAQ Stock Market that it was not in compliance with Marketplace Rule 4350(d)(2)(A) due to the vacancy on the audit committee created by the resignation of Mr. Barrenechea.

On June 13, 2007, Overland received a letter from the Listing Qualifications Staff of NASDAQ stating that, solely as a result of the resignation of Mark Barrenechea, Overland is no longer in compliance with NASDAQ's audit committee requirements, as set forth in Marketplace Rule 4350(d)(2)(A). Rule 4350(d)(2)(A) requires the Company to maintain an audit committee comprising at least three independent directors, as defined by NASDAQ's rules. The Company currently has two independent directors on its audit committee.

Consistent with Marketplace Rule 4350(d)(4), Overland will be provided a cure period to regain compliance with NASDAQ's audit committee requirements, until the earlier of Overland's next annual meeting of shareholders or June 9, 2008; or, if the next annual meeting of shareholders is held before December 6, 2007, then the Company must evidence compliance no later than December 6, 2007.

The Company is currently considering the composition of its audit committee and intends to appoint a third independent member to the committee within the specified cure period.

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(TM) RAID SERIES of affordable, high-capacity storage; REO SERIES(R) of disk-based backup, recovery and VTL appliances; and the NEO SERIES(R) and ARCvaultTM family of 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 <http://www.overlandstorage.com>.

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