



## Overland Storage Files Form 10-K

October 17, 2008

SAN DIEGO, Oct. 17 /PRNewswire-FirstCall/ -- Overland Storage, Inc. (Nasdaq: OVRL), today reported that it filed its Annual Report on Form 10-K for the fiscal year ended June 30, 2008 with the Securities and Exchange Commission on October 14, 2008. The Form 10-K was originally due on September 29, 2008, but the Company required more time to complete additional procedures to test for the recoverability of long-lived assets, including property and equipment, in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. The Company took advantage of the 15 day extension provided by SEC Rule 12b-25 and filed its Form 10-K within that prescribed period of time.

The Company announced on August 29, 2008 that it had affected a restructuring after its June 27, 2008 acquisition of the Snap Server business from Adaptec, Inc. and cut approximately \$10 million in spending from its plans for the 2009 fiscal year. The Company has also stated that it is currently exploring funding alternatives to enable it to continue its operations and execute its strategy. The recent history of operating and cash flow losses, as well as the uncertainty of obtaining additional funding, were factors taken into account in the impairment analysis performed by the Company. Ultimately, the Company determined that the accounting rules of SFAS No. 144 required it to write down its fixed assets to estimated fair value and recorded a non-cash impairment charge of \$7.4 million (\$0.58 per share) in the fourth quarter of fiscal 2008. This charge was not originally reflected in the results included in the Company's earnings release of August 7, 2008, which, except for that charge, were unchanged.

Because of the uncertainties discussed above and other matters discussed in the Form 10-K, the Company's independent registered public accounting firm included an explanatory paragraph in their opinion on the Company's financial statements included in the Form 10-K relating to the Company's ability to continue as a going concern. The Company discusses this matter, including its plans to address future financing needs, in Note 1 to the financial statements included in the Form 10-K. The Company is required by NASDAQ Marketplace Rule 4350(b)(1)(B) to separately disclose in a press release the receipt of a going-concern auditor opinion.

### About Overland Storage

Overland Storage is an innovative provider of smart, affordable data protection appliances that help midrange and distributed enterprises ensure business-critical data is constantly protected, readily available and always there. Overland's award-winning products include NEO SERIES(R) and ARCVault(R) tape libraries, REO SERIES(R) disk-based appliances with Virtual Tape Library (VTL) capabilities, ULTAMUS(R) RAID SAN-based appliances and Snap Server NAS-based appliances. 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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