



***Press Release  
For Immediate Release***

**Overland Storage Doubles VTL Capacity on New REO 4500c D2D Backup and Recovery Appliance Featuring Hardware Compression**

*Power Industry Pioneer Embraces REO 4500c to Strengthen Corporate-Wide Business Continuity while Slashing Backup and Recovery Efforts by Nearly 75 Percent*

SAN DIEGO –September 10, 2007 – Overland Storage, Inc. (NASDAQ: OVRL) today announced the REO™ 4500c, the latest member of its REO SERIES® of versatile, disk-based backup, recovery and virtual tape library (VTL) appliances with simple yet powerful hardware compression capabilities. The REO 4500c effectively solves the three biggest data protection challenges—backups, restores and retention—by doubling the amount of backup data that can be stored on disk.

The REO 4500c slashes backup windows and facilitates faster, more reliable restores while also enabling major cost savings by conserving valuable power and rack space. Additional performance gains can be achieved by using the REO 4500c in conjunction with Overland's exclusive Dynamic Virtual Tape™ (DVT) technology, which features intelligent provisioning for optimizing capacity utilization of both virtual and physical tape cartridges. The combination of Overland's DVT and new hardware compression capability delivers the most efficient and cost-effective VTL on the market.

In addition to hardware compression, the new REO also leverages industry-leading features on the REO 4500 platform, including:

- Up to 27 TBs of raw data capacity, which can be compressed to 45 TBs of virtual tape capacity;
- Dual 4 Gb/s Fibre Channel and iSCSI host connectivity;
- Configuration flexibility with up to six VTLs, 32 virtual tape drives and up to 512 virtual cartridges;
- Up to 16 initiators per VTL device; and
- Dual redundant power supplies as well as secure web-based management.

According to Michael Kerman, vice president of worldwide marketing and chief strategy officer for Overland Storage, the introduction of hardware compression is a key element in Overland's tiered data protection strategy. "When configured with our exclusive Dynamic Virtual Tape feature, the REO sets the bar for economical retention of more backup data on disk while also facilitating faster, painless recovery operations."

For the Reagan family of companies, a Gretna, La.-based group of power industry pioneers, a focus on improving business continuity led to the deployment of Overland's REO™ 9000 and 1000 D2D VTLs following the near-calamitous impact of Hurricane Katrina. After reaping the many benefits of disk-based data protection, the company experienced a 150-percent data growth in less than a year due to a changing business model at its American Warrior business, one of the country's leading gas compressor packagers.

Reagan's corporate technology team built on its proven success with Overland's REO SERIES by upgrading one of its REO 1000 models to the new REO 4500c for its increased VTL capacity and transfer speeds. "Overland's 4500c delivers a powerful performance boost in a compact, 2u appliance that is extremely easy to use," says Craig Levesque, director of information technology. "By taking advantage of its new hardware compression feature, we have tripled the speed of our D2D backups to reduce our overall backup window by nearly 75 percent. Moreover, we now can store up to 12 weeks of data on disk for one of our fastest growing locations."

The company also plans to leverage the expandable REO 4500c, which can scale to 45 TBs of usable capacity, to accommodate the need for an alternate disaster recovery site. "Overland's REO 4500c easily can augment our offsite disaster recovery requirements while giving us an extra measure of data protection should a disruption occur at one of our facilities," adds Levesque. "With the REO SERIES in place at our various businesses, we all sleep much better at night."

Overland's REO 4500c is ideally suited for companies searching for an affordable and proven way to improve backup performance, data recovery and at the same time, increase disk-based data retention. Existing Overland Storage customers can leverage the company's professional services to upgrade to the REO 4500c.

### **Availability and Pricing**

Overland's REO 4500c now is available from Overland partners worldwide for a starting MSRP of \$36,155.

### **About Overland Storage**

Now in its 27<sup>th</sup> year, Overland Storage is a market leader and 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® and ARCvault™ tape libraries, REO SERIES® disk-based appliances with Virtual Tape Library (VTL) capabilities and ULTAMUS™ RAID high-performance, high-density storage. 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](http://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,” “hopes,” “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 possible delays in new product introductions and shipments by the company including the new ULTAMUS and ARCvault product lines; possible delays in enhancements and new offerings in the company's REO line; market acceptance of the company's other new product offerings; the performance of the company's newly restructured management team; the timing and market acceptance of new product introductions by competitors; unexpected charges resulting from the termination of the relationship with the company's former outsourced manufacturing partner; inefficiencies and excessive manufacturing costs in the company's San Diego facility; 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 periodic reports 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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