



***Press Release
For Immediate Release***

**Overland Storage to Demonstrate Technology Leadership
at Intel Developer Forum**

Low Cost, Intelligent Processing, Virtual Tape Functionality Showcased

INTEL DEVELOPER FORUM, SAN FRANCISCO, Aug. 23, 2005 – Overland Storage, Inc. (NASDAQ: OVRL) will demonstrate its REO Protection OS™ software on both Intel architecture (IA) and Intel XScale® technology processing computing platforms at this week's Intel Developer Forum in the Storage Community Showcase booth number 209 – showing a range of high-performance, feature-rich storage networking backup and recovery solutions. REO Protection OS is an enhanced version of the highly intelligent software core designed for the award-winning REO SERIES™ of disk-based backup and recovery appliances, which includes virtual tape, dynamic virtual tape and full tape library emulation at a low price point. The REO family of backup and recovery appliances offers a choice of iSCSI or Fibre Channel connectivity, providing added flexibility in storage area network (SAN) connectivity.

Overland will showcase high-value software that can be run on an Intel computing platform, either IA or Intel XScale technology, making intelligent data protection solutions even more affordable. Delivering greater performance and cost savings, Overland is making the powerful Protection OS more attractive to a broader base of small office/home office (SOHO) and small- to mid-size business (SMB) customers.

The combination of Protection OS and complex intelligent processing technology-based high-performance platforms allows customers to streamline the management of storage and maximize storage capacity. New data protection solutions require intelligent processing capabilities to deal with more complex environments, including advanced virtual tape features like Protection OS's built-in virtual tape library (VTL). VTL allows users to configure any combination of virtual tape libraries, virtual tape drives and/or disk volumes, while preserving initial hardware investments.

"Customers want backup and recovery solutions that are simple and effective," said John Matze, vice president and chief technology officer of Overland. "Our customers look to us for the widest choice of low-cost, high-functionality solutions available. Providing the speed benefits of disk and long-term archival benefits of tape on any platform is critical to the future of data protection."

“Intel XScale technology delivers IT benefits beyond gigahertz to help small-to-medium companies save power and money, increase storage security, and improve productivity,” said Mike Wall, general manager for Intel's Storage Components Division. “Solutions, such as the Overland REO Protection OS software that are based on Intel platforms, are attractive to a large population of price-sensitive storage buyers seeking scalable storage solutions.”

REO Protection OS serves as a foundation for enhanced data protection. This flexible architecture enables storage professionals to integrate new functionality while retaining a single, stable hardware platform. For more information, please visit www.overlandstorage.com

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 REO SERIES™ of disk-based backup and recovery appliances and the NEO SERIES™ 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," "expects," "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 to make the acquisition accretive to the company's operating results by the first quarter of fiscal year 2007; possible delays in new product introductions by the company including the new primary storage appliance to be based on the Zetta software, the company's next generation tape library platform and enhancements to its 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 publicly update any forward-looking statements to reflect new information, events or circumstances after the date of this release.

Overland, Overland Storage, REO SERIES and NEO SERIES are trademarks or registered trademarks of Overland Storage, Inc.

CONTACT INFORMATION:

Melinda Hutcheon, PR Manager
Overland Storage
mhutcheon@overlandstorage.com
(858) 495-4187

Jamie Ernst
Brodeur, for Overland Storage
jernst@brodeur.com
(210) 495-5757

#