



For Immediate Release

Overland Storage REO 9000 Expansion Array Delivers Affordable Capacity-On-Demand for Disk-Based Backup and Recovery

Market Leading REO 9000 with Protection OS now scales up to 38 terabytes of protected storage

SAN DIEGO – Oct. 3, 2005 – To address demand for higher capacity backup and recovery appliances, Overland Storage, Inc. (NASDAQ: OVRL) today announced the Overland REO 9000™ Expansion Array. This array enables customers to add RAID 5 capacity to the REO 9000 disk-based backup and recovery appliance in increments of four or eight terabytes. Ideal for organizations that require more scalable data protection solutions, the REO 9000 Expansion Array combined with the REO 9000 with Protection OS™ delivers up to 38 terabytes of protected storage at an industry-leading price point.

Overland's REO 9000 Expansion Array allows customers to purchase only the capacity needed as their business and data storage requirements expand. The REO 9000 Expansion Array can add up to 28 terabytes of additional protected storage capacity to a REO 9000 with Protection OS, providing users with a high-capacity, high-performance solution that protects existing investments.

"We have dramatically increased the amount of customer data that can be protected by a single appliance running REO Protection OS software," said Michael Kerman, vice president and general manager, Overland Storage. "The REO 9000 now allows users to store months of backup data online with a simple, economical solution that can grow to meet their future needs."

"The REO disk-based backup appliances have led the market for SMB customers," said Tony Asaro, senior analyst for the Enterprise Strategy Group. "Overland is approaching the market by emphasizing value-based pricing, ease of use, and the intelligence of its Protection OS suite. ESG Research has found that customers want to retain backup data onto disk for relatively long periods of time so they can rapidly recover data. With the increased capacity support, the REO is an excellent recovery appliance. Additionally, being able to scale to 38 terabytes enables Overland to extend its reach to larger customers, leveraging its leadership and success in the SMB market."

Overland's REO SERIES provides fast, reliable and feature-rich disk-based backup and recovery. Every REO appliance comes with Protection OS software, which delivers embedded data protection intelligence including virtualization, management and connectivity features. In addition, the built-in virtual tape library (VTL) functionality

allows the REO to be configured as any combination of virtual tape libraries, virtual tape drives and/or disk volumes, providing maximum flexibility.

In addition to the REO 9000 Expansion Array, Overland is also announcing the immediate availability of REO 9000 appliances with high-capacity 500 gigabyte SATA disk drives. These new models increase the range of capacity options for a standalone REO 9000 from 3 terabytes to 12 terabytes, and provide a 25 percent increase in the maximum capacity of a single unit.

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.

Overland, Overland Storage, REO SERIES, NEO SERIES and Protection OS are trademarks of Overland Storage, Inc.

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; possible delays in new product introductions by the company including the new REO9000 expansion array, 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; 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 for the most recently completed fiscal year. 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.

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