

OVERLAND STORAGE, INC.

Shareholder Communications Policy

(Approved October 20, 2004)

1. It is the policy of the Company to facilitate communications of security holders with the Board of Directors, board committees and individual directors.

2. The Company's acceptance and forwarding of a communication to the Board, any board committee or any member or members of the Board does not imply that the directors owe or assume any fiduciary duty to the person submitting the communication, all such duties being only as prescribed by applicable law.

3. Communications to the directors must either be in writing and sent care of the Company's legal department to the Company's headquarters address or delivered via e-mail to a special e-mail address established by the legal department.

4. The following types of communications are not appropriate for delivery to directors under these procedures:

- Communications regarding individual grievances or other interests that are personal to the party submitting the communication and could not reasonably be construed to be of concern to security holders or other constituencies of the Company (such as employees, members of the communities in which the Company operates its businesses, customers and suppliers) generally;

- Communications that advocate the Company's engaging in illegal activities;

- Communications of a commercial nature, such as advertisements and solicitations;

- Communications that, under community standards, contain offensive, scurrilous or abusive content; and

- Communications that have no rational relevance to the business or operations of the Company (it being understood, however, that issues of social concern arising by reason of the business and operations of the Company are not intended to be excluded under this criterion).

5. All communications must be accompanied by the following information:

- a statement of the type and amount of the securities of the Company that the person holds;

- any special interest, meaning an interest not in the capacity of a shareholder of the Company, of the person in the subject matter of the communication; and

- the address, telephone number and e-mail address, if any, of the person submitting the communication.

6. The Company's legal department shall designate one or more of its personnel to assume responsibility for receipt and processing of communications to directors.

7. Upon receipt, each communication shall be entered into an intake record maintained for this purpose, including the name of the person submitting the communication, the date and time of receipt of the communication, the information concerning the person submitting the communication required to accompany the communication and a brief statement of the subject matter of the communication. The record shall also indicate the action taken with respect to the communication, as prescribed by these procedures. The intake record will be provided to the Board for their review on a quarterly basis.

8. The personnel responsible for receiving and processing the communications shall send an acknowledgment of receipt to each person submitting a communication. The acknowledgement shall indicate that communications appropriate for delivery to the directors under these procedures will be so delivered, but that it is not the practice of the directors to respond individually to the communications. Rather, the Chairman of the Board shall be responsible to respond as he or she deems appropriate.

9. The personnel responsible for receiving and processing the communications shall review each communication to determine whether:

- the communication satisfies the procedural requirements for submission under paragraph (5) above; and

- the substance of the communication is of a type that is appropriate for delivery to the directors under the criteria set forth in paragraph (4) above.

10. If a communication does not conform to the procedural requirements under paragraph (4) above, the communication shall be returned to the person submitting the communication, together with a brief explanation of the defect(s).

11. If the personnel responsible for receiving and processing the communications determine that the substance of the communication is not of a type that is appropriate for delivery to the directors under these procedures, the personnel shall refer the communication to the chief financial officer of the Company, and if the chief financial officer confirms this assessment, the personnel shall take no further action with respect to such communication. The chief financial officer may, however, forward the communication elsewhere in the Company for review and possible response.

12. If a communication is not presented to the directors because the personnel responsible for receiving and processing the communications deems that it is not appropriate for delivery to the directors or does not satisfy the procedural requirements set forth under paragraphs (4) and (5) above, that communication must nonetheless be made available to any director or directors to whom it was directed and who wishes to review it.

13. Communications determined to be appropriate for delivery to directors, shall be assembled by the responsible personnel for delivery.

14. The assembled communications shall be delivered to the director or directors to whom the communications are addressed as soon as practicable.

15. The personnel responsible for receiving and processing the communications may accompany the communications delivered to the Board with relevant materials or analyses, together with any recommendations of management, that may be useful to the directors in the consideration of the communications.

16. If so instructed by the Chairman of the Board, communications directed to the Board as a whole, but relating to the area of competence of one of the Board's committees, shall be delivered to that committee, with a copy to the Chairman.