

Overland Storage, Inc.

SHAREHOLDER COMMUNICATIONS POLICY

(Approved September 14, 2005)

- 1) It is the policy of the Company to facilitate communications between security holders and 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 Secretary to the Company's headquarters address or delivered via e-mail to secretary@overlandstorage.com.
- 4) The following types of communications are not appropriate for delivery to directors under these procedures:
 - a) 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;
 - b) Communications that advocate the Company's engaging in illegal activities;
 - c) Communications of a commercial nature, such as advertisements and solicitations;
 - d) Communications that, under community standards, contain offensive, scurrilous or abusive content; and
 - e) 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) a statement of the type and amount of the securities of the Company that the person holds;

- b) 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
 - c) the address, telephone number and e-mail address, if any, of the person submitting the communication.
- 6) The Company's Secretary, in concert with the Company's Manager of Legal Affairs, will assume responsibility for receipt and processing of communications to directors.
- 7) Upon receipt, the Manager of Legal Affairs shall enter each communication 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 Secretary shall promptly 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.
- 9) The Secretary shall review each communication to assess whether:
 - a) the communication satisfies the procedural requirements for submission under paragraph (5) above; and
 - b) 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) The Secretary shall provide a copy of each communication to the Chairman of the Board, together with the Secretary's preliminary assessment. The Chairman will evaluate the Secretary's assessment and make the final determination of whether the communication is appropriate for delivery to other directors.
- 11) If a communication does not conform to the procedural requirements under paragraph (4) or (5) above, the communication shall be returned by the Secretary to the person submitting the communication, together with a brief explanation of the defect(s).
- 12) If a communication is not presented to other directors because the Chairman deems that it does not satisfy the procedural requirements set forth under paragraphs (4) and/or (5) above, that communication will 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) Communications determined to be appropriate for delivery to directors shall be promptly delivered by the Secretary to the director or directors to whom the communications are addressed.
- 15) The Secretary 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) Communications directed to a committee of the Board shall be delivered to the Chairman of such committee with a copy to each committee member.