



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

May 4, 2011

Via E-mail

Eric L. Kelly, CEO  
Overland Storage, Inc.  
9112 Spectrum Center Boulevard  
San Diego, CA 92123

**Re: Overland Storage, Inc.  
Registration Statement on Form S-3  
Filed April 15, 2011  
File No. 333-173542**

Dear Mr. Kelly:

We have limited our review of your registration statement to those issues we have addressed in our comments. In some of our comments, we may ask you to provide us with information so we may better understand your disclosure.

Please respond to this letter by amending your registration statement and providing the requested information. If you do not believe our comments apply to your facts or circumstances or do not believe an amendment is appropriate, please tell us why in your response.

After reviewing any amendment to your registration statement and the information you provide in response to these comments, we may have additional comments.

Incorporation of Certain Documents by Reference, page 2

1. Please incorporate by reference your current report on Form 8-K filed on July 8, 2010, or advise. Refer to Item 12(a)(2) of Form S-3.

Selling Shareholders, page 10

2. In regard to the shares of your common stock being offered by the Clinton Magnolia Master Fund, Pinnacle Family Office Investments L.P., and the Kingsbrook Opportunities Master Fund Ltd., please ensure that you clearly identify the natural person or persons that have voting and dispositive control over such shares.
3. We note that the Benchmark Company is a registered broker-dealer. Since it does not appear that this entity received the shares it is offering for sale as transaction-based compensation for the performance of investment banking or similar services, please revise to identify this selling shareholder as an underwriter, or advise.

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We urge all persons who are responsible for the accuracy and adequacy of the disclosure in the filing to be certain that the filing includes the information the Securities Act of 1933 and all applicable Securities Act rules require. Since the company and its management are in possession of all facts relating to a company's disclosure, they are responsible for the accuracy and adequacy of the disclosures they have made.

Notwithstanding our comments, in the event you request acceleration of the effective date of the pending registration statement please provide a written statement from the company acknowledging that:

- should the Commission or the staff, acting pursuant to delegated authority, declare the filing effective, it does not foreclose the Commission from taking any action with respect to the filing;
- the action of the Commission or the staff, acting pursuant to delegated authority, in declaring the filing effective, does not relieve the company from its full responsibility for the adequacy and accuracy of the disclosure in the filing; and
- the company may not assert staff comments and the declaration of effectiveness as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

Please refer to Rule 461 regarding requests for acceleration. We will consider a written request for acceleration of the effective date of the registration statement as confirmation of the fact that those requesting acceleration are aware of their respective responsibilities under the Securities Act of 1933 and the Securities Exchange Act of 1934 as they relate to the proposed public offering of the securities specified in the above registration statement. Please allow adequate time for us to review any amendment prior to the requested effective date of the registration statement.

If you have any questions regarding these comments, please contact Matthew Crispino at (202) 551-3456. Should you require further assistance, you may contact me at (202) 551-3462.

Sincerely,

/s/ Mark P. Shuman

Mark P. Shuman  
Branch Chief - Legal

cc: Via E-mail  
Warren T. Lazarow, Esq.  
O'Melveny & Myers LLP