



Optimizing data **STORAGE, PROTECTION & AVAILABILITY**

FalconStor Announces Industry's First Continuous Data Protection (CDP) Virtual Appliance for VMware

Virtual Appliance Enables Continuous Availability of Data and Infrastructure for the Industry's Leading Virtualized Server Platform

Melville, New York – September 5, 2007 – FalconStor Software, Inc. (NASDAQ: FALC), the market leader in disk-based data protection solutions, today announced the release of the FalconStor® Continuous Data Protection (CDP) Virtual Appliance for VMware®, a complete data protection solution for both physical and virtual VMware machines. Integrated with the VMware ESX server, this unified solution provides organizations with the ability to eliminate mandatory restores and meet data protection challenges by providing periodic and any-point-in-time access to prevent disaster recovery scenarios and deliver true business continuity.

FalconStor CDP Virtual Appliance for VMware is a pre-built, pre-configured and ready-to-run software application packaged with the operating system inside a virtual machine. This cost-correct virtual appliance is easily deployed in under ten minutes - reducing infrastructure cost/complexity, simplifying deployment, and maximizing ROI in VMware environments. The combination of FalconStor CDP with VMware virtualization technologies allows organizations to deploy FalconStor storage services using physical as well as virtual servers. This ensures the continuous availability of mission critical databases, messaging data, files, and even entire systems in the event of hardware or software failures or site-level disaster.

"FalconStor consistently delivers solutions that give our customers the best data protection at the right price," said Myron Bari, president & CEO of IPM, a New York-based solution provider and VMware VIP - Premier Enterprise Partner. "With the introduction of the CDP Virtual Appliance for VMware, FalconStor has taken data protection to an entirely new level by creating a single solution that meets customers' continuous availability needs across both physical and virtual environments."

Seamlessly integrated with the ESX server, the FalconStor CDP Virtual Appliance provides continuous availability to data with 100% data integrity. Highlights include:

- Pre-configured virtual appliance for easy integration and deployment
- Advanced data protection capabilities such as snapshot, mirroring, and journaling for any point-in-time access
- Agent and application aware snapshots for transactional integrity and immediate access with no data loss
- Simple protection and availability processes, needing no additional scripting
- Replication option extends data protection to remote sites and guards against unplanned disaster
- HyperTrac™ server-less backup acceleration eliminates backup windows and impact on host performance

"The challenge for VMware physical and virtual environments is in their complexity and slow recovery procedures, plus we have found that backup and disaster recovery procedures are difficult to validate," said Kozo Shiota, president and CEO of Network World Corporation. "FalconStor has been able to address these issues simply, to deliver a cost effective, accurate solution that protects the system, data, and physical and virtual servers, locally and remotely, for complete business continuity."

Simple to use, the FalconStor CDP Virtual Appliance enables physical-to-virtual (P2V) recovery of a crashed physical server, virtual-to-virtual (V2V) recovery of a crashed guest system, and recovers a lost file or database, regardless of size, in minutes.

FalconStor will offer public demonstrations of this groundbreaking solution in booth # 1112 at VMworld 2007, September 11-13 in San Francisco.

"A centralized and virtualized storage infrastructure is critical to realizing the full benefits of virtualization," said Wendy Petty, FalconStor vice president of sales, "By combining VMware Virtual Infrastructure and FalconStor data protection software, customers get a solution that delivers significantly improved infrastructure scalability and management, high availability, high reliability, and significant cost savings. We believe it's the simplest, fastest, and most accurate all-around data protection solution for VMware environments."

FalconStor CDP Virtual Appliance for VMware is now available through FalconStor's global network of Solution Provider partners. For more information, visit <http://www.falconstor.com/en/solutions/?pg=Application&sb=VMware&sm=CDP>

About FalconStor Software, Inc.

FalconStor Software, Inc. (NASDAQ: FALC) is the market leader in disk-based data protection. We deliver proven, comprehensive data protection solutions that facilitate the continuous availability of business-critical data with speed, integrity, and simplicity. Our technology-independent solutions, built upon the award-winning IPStor® virtualization platform, include the industry leading VirtualTape

Library (VTL) with Single Instance Repository (SIR) for de-duplication, Continuous Data Protection (CDP), Storage Virtualization, and Replication for disaster recovery and remote office protection. Our products are available from major OEMs and solution providers including EMC, SUN, Brocade, H3C, and COPAN and are deployed by thousands of customers worldwide, from small businesses to Fortune 1000 enterprises.

FalconStor is headquartered in Melville, N.Y., with offices throughout Europe and the Asia Pacific regions including Paris, Tokyo and Taiwan. For more information, visit www.falconstor.com or call 1-866-NOW-FALC (866-669-3252).

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