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FalconStor CDP Maximizes Business Continuity for Maxim Group

Storage Decisions Conference, New York — September 26, 2007 — FalconStor Software, Inc. (NASDAQ: FALC), the market leader in disk-based data protection solutions, today announced that Maxim Group, a New York based investment banking, securities and investment management firm, has selected FalconStor® Continuous Data Protection (CDP) to ensure continuous availability of its financial products for its customers.

Maxim Group was seeking to improve its business continuity and disaster recovery strategy. They wanted to enhance their current plan, focusing on speed of recoverability and integrity of data, in their primary data center, as well as at their remote branch offices.

Working in conjunction with Chi Corporation, a leading FalconStor Solution Provider, the company chose the FalconStor CDP solution because it offered the fastest, most granular recovery of mission-critical databases, messaging data, and files; as well as bare metal recovery of entire systems. The solution will provide Maxim Group centralized backup, granular recoverability, and remote replication and offsite data protection.

“The FalconStor CDP solution, powered by IPStor®, enables Maxim Group to leverage our existing infrastructure to implement a cost effective formal disk based backup and disaster recovery solution to meet our stringent RTO (Recovery Time Objective) and RPO (Recovery Point Objective), says John Michaels, CTO, Maxim Group. “The FalconStor CDP solution enables us to recover files, volumes, and mailboxes in the data center with complete transactional integrity in less than 10 minutes or even recover entire systems from a disaster within 30 minutes. After an extensive evaluation of various 3rd party solutions, FalconStor was the only company who could meet all of our requirements for business continuity.”

The implementation configuration will include FalconStor CDP210 6TB appliances, FalconStor DiskSafe™ backup agent to provide continuous block level protection and bare metal recoverability for Maxim’s SQL and Exchange servers, as well as FalconStor FileSafe™ backup agent to protect their public drive directories, home drive files, and PST’s.

In addition to this local data protection, Maxim will leverage FalconStor bi-directional replication technology to replicate data between their primary datacenter and disaster recovery facilities in Woodbury. This will help John Michaels take a significant step toward achieving his goal of an enhanced DR strategy for Maxim Group.

Looking forward, Michaels is already discussing with Chi Corporation the possibility of leveraging FalconStor technology behind a completely virtualized environment as the next phase in his vision.

John R. Thome, Jr. from Chi Corporation states, “As a company focused on providing financial services and products tailored to each of its customers’ specific needs, Maxim Group requires a data protection solution that is aligned with its customer service vision. FalconStor, with its

breadth and depth of offerings is the ideal provider.”

Wendy Petty, Vice President North American Sales at FalconStor states, “We are pleased to team up with Chi to maximize the business continuity and resilience to a disaster for Maxim Group. The recent certifications of our solutions by VMware and HP continue to demonstrate FalconStor’s commitment to enable our reseller partners to deliver well qualified solutions to end-user customers with optimal interoperability and rapid realization of ROI.”

About Maxim Group

Maxim Group is a leading investment banking, securities and investment management firm. The Firm provides an array of financial services including: investment banking, equity research, private wealth management, structured products, and global institutional equity, fixed-income and derivative sales & trading to a diverse range of corporate clients, institutional investors and high net worth individuals.

Maxim Group is registered as a broker-dealer with the U.S. Securities and Exchange Commission and is a member of the following: Financial Industry Regulatory Authority (FINRA); Municipal Securities Rulemaking Board (MSRB); Securities Insurance Protection Corporation (SIPC); International Securities Exchange (ISE); NASDAQ Stock Market; and NYSE Arca, Inc. For additional information, please visit <http://www.maximgrp.com>.

About Chi Corporation

Chi Corporation is a leading specialist in storage networking solutions. Since the late 60's when Chi evolved out of Case Western Reserve University, businesses around the world have depended on Chi Corporation to deliver comprehensive solutions that store, distribute, manage, and protect their organization's chief asset - information.

Chi Corporation provides backup and data storage solutions from hardware vendors such as Hitachi Data Systems, Overland Storage, and Quantum and software solutions from FalconStor, BakBone, CommVault, and CA. Chi Corporation also provides complete RAID and NAS solutions scaling from desktop RAID solutions to enterprise level SAN configurations with products from Nexsan, FalconStor, and Qlogic.

About FalconStor

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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