



# Press Release

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## **FOR IMMEDIATE RELEASE**

# **Crossroads Systems, Inc. Announces Completion of \$10 Million Equity Financing**

**AUSTIN, Texas, October 22, 2010** – Crossroads Systems, Inc. (Pink Sheets: CRDS.PK) (the “Company”), a global leader in SaaS solutions for enterprise cloud storage, announced the completion of a \$10.0 million equity financing in a private placement transaction to a group of institutional investors led by Compass Global Management, Ltd.

The Company sold 12,500,000 shares of its common stock at \$0.80 per share for gross proceeds to the Company of \$10.0 million and issued warrants to purchase an additional 4,296,875 shares of common stock (including shares underlying a warrant issued to the placement agent) with an exercise price of \$0.80 per share. The net proceeds of the offering, after deducting placement agent fees and estimated financing expenses, are expected to be approximately \$9.2 million. MDB Capital Group LLC acted as sole placement agent for the offering.

“This equity financing marks an important inflection point for Crossroads Systems which we believe validates our vision to become a global leader delivering high-value software solutions for enterprise cloud storage,” said Rob Sims, President and CEO of Crossroads Systems. “The cloud storage market is growing rapidly with large underserved needs that we believe Crossroads Systems is well-positioned to address. With this capital, Crossroads Systems will be able to accelerate its strategic operating and growth plan.”

In conjunction with this equity financing, Crossroads Systems agreed to become a reporting company and to arrange for the quotation of its common stock and warrants on the OTC bulletin board or the listing of its common stock and warrants on a NASDAQ exchange during 2011.

The securities sold by the Company in the private placement, and the underlying shares of common stock issuable upon exercise of the warrants sold in the private placement, have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold absent such registration or an applicable exemption from the registration requirements. In connection with the offering, the Company entered into a registration rights agreement with investors that requires that the Company to register the securities issued in the financing.

**About Crossroads Systems, Inc.**

Crossroads Systems, Inc., headquartered in Austin, Texas, has been a world leader in storage routing and virtualization since 1996, developing more than 100 patents granted and pending. Crossroads Systems proprietary data routing technology and storage management solutions have more than 125,000 installations in most Fortune 2000 companies. Crossroads Systems now seeks to bring unique software and SaaS solutions to the enterprise storage sector and for the first time, deliver tiered storage solutions to Cloud Service Providers and private enterprise clouds. Crossroads Systems' common stock trades over-the-counter on Pink Sheets, and the Company posts its financial disclosure reports, press releases and other related documentation on the OTCIQ Web service of the Pink Sheets Web site. For more information regarding Crossroads Systems, visit [www.crossroads.com](http://www.crossroads.com).

**Safe Harbor Statement**

Statements in this press release, including any projections contained in this release, regarding our business that are not historical facts are "forward-looking statements" that involve risks and uncertainties. Forward-looking statements are not guarantees of future performance and are inherently subject to uncertainties and other factors which could cause actual results to differ materially from the forward-looking statements and there can be no assurance that any projections included in this release will come to pass or that the Company will be able to satisfy its obligations to become a reporting company or to arrange for the quotation of its common stock or its warrants on the OTC bulletin board or the listing of its common stock or warrants on a NASDAQ exchange. The words "believe," "expect," "intend," "plan," "project," "will" and similar phrases as they relate to Crossroads Systems are intended to identify such forward-looking statements. These statements reflect the current views, assumptions, estimates and projections of Crossroads Systems and are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. These factors and uncertainties include, but are not limited to: our limited cash and a history of losses; the limited number of potential customers; our market being characterized by rapidly advancing technology; regional, and national and international economic conditions and events and the impact they may have on us and our customers, such as the current worldwide recession.

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