



For Immediate Release

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Crossroads Systems Acquires Data Storage Assets from Germany-Based Grau Data Storage

Crossroads' Strategic Acquisition Strategy Continues and Expands Business Information Assurance Offerings

AUSTIN, Texas – July 3, 2007 – Crossroads Systems, Inc. (OTCBB Pink Sheets: CRDS.PK), a leading provider of Business Information Assurance (BIA) solutions, today announced the acquisition of Grau Data Storage's well-known FileMigrator Agent, the Company's leading Hierarchical Storage Management (HSM) system. The software product, FileMigrator Agent (FMA) launched a year ago, has generated more than \$750,000 in revenue and was acquired by Crossroads for less than \$1 million in cash.

Acquisition Fuels Further Growth Opportunities, Expansion into Europe

Through the acquisition, Crossroads gains Grau's significant OEM agreement with HP along with a solid sales presence in Europe. Additionally, the acquisition adds U.S. registered intellectual property, as well as other data storage assets that greatly expand Crossroads' fast-growing line of BIA solutions.

Grau is the latest of Crossroads' three acquisitions since 2004, adding valuable intellectual property that strengthens its BIA product offerings, accelerates innovation, meets customer demand and expands partner opportunities. A leading specialist in archiving and storage solutions since 1990, Grau technology allows Crossroads to offer scalable, reliable and flexible migration of files as part of corporate/enterprise data consolidation efforts in the area of Hierarchical Storage Management (HSM) in the network or within an Information Lifecycle Management (ILM) solution.

FileMigrator Agent: Significantly Reduces Daily Backup Volume, Costs

Crossroads now offers systematic migration of inactive and rarely used data on file servers to Network Attached Storage (NAS) devices through the newly-acquired FileMigrator Agent. Using this agent, storage capacity on active servers can be freed up ensuring a reduction in data backup volume. This migration is transparent to the user –inactive data is physically migrated but is still visible to the user. Thus, users can recall their data at anytime.

With the FileMigrator Agent, the inactive data can be migrated to more cost-effective disk systems (CIFS-supported NAS devices), tape media, or into archive systems. The existing file server structure is untouched. Therefore, integration of the backend data storage system is not problematic. Data protection is also greatly enhanced since the FMA allows for multiple copies of inactive data to be written to different locations. By generating redundant copies on multiple NAS devices, a fault-tolerant environment is generated. If one NAS device is down,

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the content of the data can be automatically restored from another. FileMigrator's benefits include:

- **Storage Consolidation**
In environments where each server in the network backs up its data on separate drives, the FileMigrator Agent pulls the data together at a central point for archiving. This central point can also serve as a bridge upon the failure of any server.
- **Cluster Ready**
The FileMigrator Agent supports Windows file servers in a cluster, thus enabling seamless archival and retrieval of information in a highly available, high-performance environment.
- **Flexible Migration Policies**
Individual data management policies can be user-generated via a graphical user interface (GUI), command line or API. User-defined criteria for migration includes: File size, file age, access date and attributes, as well as the exclusion of special files.

"Organizations continually look for cost-effective methods that easily integrate into their environments and automate their systems," said Rob Sims, President and CEO of Crossroads Systems. "Crossroads' acquisition empowers us to deliver on a more powerful BIA roadmap, enabling OEM vendors to deliver leading-edge solutions and end-customers to migrate inactive data from their current environment – creating a more intelligent and efficient backup infrastructure."

"The success of the GRAU FileMigrator Agent software in regions outside Europe, especially in the United States, has led to an increasing demand for sales support," said Herbert Grau, founder and CEO of Grau Data Storage. "Through the acquisition, Crossroads can now offer this support to OEM and channel partners throughout the world."

About GRAU Data Storage AG

GRAU Data Storage AG, headquartered in Schwäbisch Gmünd, was founded in 1990. The company is specialized in the development and marketing of hardware and software systems for HSM and archiving. Its innovative storage solutions are installed at the facilities of numerous renowned customers. For its sales operations, Grau has succeeded in acquiring a range of highly competent OEM partners and resellers.

About Crossroads Systems, Inc.

Headquartered in Austin, Texas, Crossroads Systems is a leading provider of Business Information Assurance (BIA) solutions. Crossroads' solutions serve the growing needs of data storage, business continuity, disaster recovery, information protection, risk management and BIA markets. Crossroads' offerings help companies store, manage and ensure the security, resiliency and access to their most important asset—critical data. Crossroads' products are embedded in leading industry companies' solutions including EMC, HP, Quantum and Sun Microsystems. Crossroads (CRDS.PK) is traded on the Over the Counter Bulletin Board (OTCBB) and is a member of key industry associations including the Storage Networking Industry Association (SNIA). For more information about Crossroads Systems, please visit www.crossroads.com or call 1-866-BUY-CRDS / 1-866-643-7148.

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Forward-Looking Statements

This release may include forward-looking statements. The words "believe," "expect," "intend," "plan," "project," "will" and similar phrases as they relate to Crossroads are intended to identify such forward-looking statements. These statements reflect the current views and assumptions of Crossroads and are subject to various risks and uncertainties that could cause actual results to differ materially from expectations.

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