



For Immediate Release

Press Contact:

Heather Levy
Crossroads Systems
hlevy@crossroads.com
512.928.7272

Crossroads Systems Announces Restructuring Plans

Focusing on Customers and Corporate Growth

AUSTIN, Texas – Sept 28, 2007 – Crossroads Systems, Inc. (OTCBB Pink Sheets: CRDS.PK), a leading provider of data protection and Business Information Assurance (BIA) solutions, today announced its restructuring plans following an analysis of the company's growth opportunities, prospective customer needs and standard financial efficiency practices.

Over the last 24 months, Crossroads Systems has transitioned its business model from delivering SAN connectivity products through exclusive OEM relationships to offering data protection solutions through expanded direct and indirect sales channels. In order to accomplish this substantial transition, Crossroads invested heavily into product and corporate development. From a product development perspective, Crossroads succeeded in meeting its objectives by deploying 2 new lines of products and launching several new products - which now constitute nearly 70 percent of Crossroads' entire product portfolio. From a corporate development perspective, Crossroads completed several successful acquisitions including GRAU and Tape Laboratories as well as nearly doubled its workforce. Crossroads has now gained substantial corporate momentum and is equipped with several unique, award-winning products. Yet, to keep on expanding, the company is realigning its workforce and operating expenses to match the needs of its customer-base and its future corporate growth opportunities.

As a result of this new corporate focus, normal business attrition activities, improvements in labor efficiencies and unnecessary organizational redundancies, Crossroads is performing job and expense reductions. In both cases, the reductions are coming largely from the product development area where the company had invested heavily. In terms of jobs, Crossroads is reducing back its workforce by approximately 8 percent. From an expense reduction perspective, one noteworthy area of expense reduction taking place is related to the redeployment of product development and product support activities in North America as opposed to sub-contracting in India. This outsourcing change reduces the overhead of managing a remote development team and enables the company to engage field resources locally for direct access and support of our customer-base.

For more information about Crossroads, please visit our website at: www.crossroads.com.

Crossroads Systems, Inc.
11000 North Mo-Pac Expressway
Austin, Texas 78759
Tel.: 866.BUY.CRDS
866.289.2737
512.349.0300
Fax: 512.349.0304
www.crossroads.com



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.

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.

© 2007 Crossroads Systems, Inc. Crossroads and Crossroads Systems are registered trademarks of Crossroads Systems, Inc. All specifications are subject to change without notice.

###

Crossroads Systems, Inc.
11000 North Mo-Pac Expressway
Austin, Texas 78759
Tel.: 866.BUY.CRDS
866.289.2737
512.349.0300
Fax: 512.349.0304
www.crossroads.com