



Nominating and Corporate Governance Committee

I. PURPOSE

The purpose of the Nominating and Corporate Governance Committee (the "Committee") of the Board of Directors (the "Board") of Crossroads Systems, Inc. (the "Company") is to assist the Board in discharging the Board's responsibilities regarding:

- the identification of qualified candidates to become Board members;
- the selection of nominees for election as directors at the next annual meeting of stockholders (or special meeting of stockholders at which directors are to be elected);
- the selection of candidates to fill any vacancies on the Board; and
- oversight of the evaluation of the Board.

In furtherance of these purposes, the Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time prescribe.

II. MEMBERSHIP AND MEETINGS

The Committee members shall be appointed by, and shall serve at the discretion of, the Board. The Committee shall consist of no fewer than three (3) members of the Board. The Board may designate one member of the Committee as its chair. The Committee may form and delegate authority to subcommittees when appropriate. Members of the Committee shall not have a relationship with the Company or its affiliates that may interfere with the exercise of their independence, and shall otherwise be deemed "Independent Directors" as defined by the listing standards of the Nasdaq Stock Market, Inc. (the "Nasdaq Rules"); provided, however, that the Company may avail of itself of any phase-in rules applicable to newly-listed companies in connection with an initial public offering.

The Committee shall meet at least on an annual basis, but as frequently as the Committee deems necessary. The operation of the Committee, including with respect to actions without meetings, notice of meetings, waiver of notice, quorums and voting requirements, shall be as set forth in the Company's bylaws. The Committee will cause to be kept adequate minutes of all its proceedings. The Committee shall report the information elicited by its activities to the and, where appropriate, its recommendations for action by the Board at their next meeting subsequent to that of the Committee. Certain actions by the Committee may be similarly reported to the Board for approval, ratification, and/or confirmation.

III. DUTIES AND RESPONSIBILITIES

In addition to such other duties as the Board may from time to time assign, the principal responsibilities and functions of the Committee are as follows:

Corporate Governance Generally

- Review, develop and make recommendations to the Board related to corporate governance guidelines and policies applicable to the Company.
- Review proposed changes to the Company's Certificate of Incorporation and bylaws and make recommendations to the Board.
- Formulate and oversee procedures to facilitate stockholder communications with the Board, including requirements related to the timing, manner, substance, collection and response to such communications.
- Review governance related stockholder proposals and recommend Board responses.
- Overseeing compliance by the Board and its committees with applicable laws and regulations, including those promulgated by the Securities and Exchange Commission and the Nasdaq Rules.
- Annually evaluate the effectiveness of the Committee (which evaluation shall compare the performance of the Committee with the requirements of this charter), and report the results of this evaluation to the Board.
- Oversight of risks relating to management and Board succession planning, the independence of the Board and potential conflicts of interest, and stockholder responses to the Company's business practices.
- Regularly review and make recommendations about changes to the charter of the Corporate Governance and Nominating Committee.

Board Composition, Evaluation and Nominating Activities

- Overseeing the Board evaluation process including conducting periodic evaluations of the performance of the Board as a whole and each Board committee and evaluating the performance of Board members eligible for re election.
- Establish criteria for the selection of new members to the Board, taking into account at a minimum all applicable laws, rules, regulations and other applicable requirements and best practices, a potential candidate's experience and areas of expertise. Such criteria may also include one or more of the following factors:
 - diversity of professional disciplines and backgrounds on the Board;
 - prominence, reputation and community involvement of candidate;
 - candidate's ability to promote and enhance the reputation of the Company and its subsidiaries;
 - candidate's time availability to devote to a directorship;
 - candidate's qualifications that compliment and enhance the overall core competencies of the Board;
 - potential conflicts of interest of candidate;
 - independence of candidate; and
 - interest of all stockholders generally.
- Annually review any stockholder nominations for directors as required by the bylaws of the Company and present to the Board a list of individuals recommended for nomination for election to the Board at the annual meeting of stockholders.
- Assist the Board in making a determination of each outside director's "independence" in accordance with the Nasdaq Rules.
- Formulate and recommend to the Board for adoption a policy regarding the consideration of nominees proposed by stockholders for election to the Company's Board, and adopt procedures regarding the submission of stockholder nomination requests.
- Reviewing the disclosure included in the Company's proxy statement regarding the Company's director nomination process.
- Monitor the orientation and any continuing education programs for directors.

Board Committees

1. Annually review the composition of each committee and present recommendations for committee memberships to the Board as needed.
2. Periodically reviewing the charter and composition of each Board committee and making recommendations to the Board for the creation of additional Board committees or the change in mandate or dissolution of Board committees.

The foregoing list of duties is not exhaustive and the Committee may in addition perform such other functions as may be necessary or appropriate.

In performing its duties, the Committee shall have the authority, at the Company's expense, to retain, hire, and obtain advice, reports or opinions from internal or external legal counsel and expert advisors.