



**Eric Terry Law, PLLC**  
ATTORNEY AT LAW

JULY 14, 2017

**Crossroads Systems, Inc.**  
**Attn: Mark Hood**  
**Executive Vice President, Corporate Development**  
**11000 North Mopac Expressway, Suite 150**  
**Austin, Texas 78759**

**Via Email**

**Re: Crossroads Systems, Inc. – Financial Restructuring; Formal Chapter 11  
Bankruptcy**

Dear Mr. Hood:

We appreciate being selected by Crossroads Systems, Ins. (“**CROSSROADS**”) to represent it. This letter sets forth terms of our engagement. If we provide services to **CROSSROADS** before a signed copy of this letter is returned to us, such services are provided under the terms of this letter. If **CROSSROADS** has any questions about these terms, please call me.

**Client**

Our client is **CROSSROADS**. Our representation in this matter is limited to **CROSSROADS**, and the term “**CROSSROADS**” does not include, and our representation of **CROSSROADS** does not mean that we represent the owners, members, managers, officers, or employees of **CROSSROADS**. In addition, our representation of **CROSSROADS** does not mean we represent affiliates of **CROSSROADS**, if any, such as a parent, subsidiary, or sister entity or any limited or general partner of **CROSSROADS**.

**Scope of Work**

We have been engaged by **CROSSROADS** to file a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. In this regard, we will file the necessary petition, schedules and statements of financial affairs. We will also finalize and file a plan and disclosure statement with the intention of presenting those pleadings contemporaneously with filing the voluntary petition. As discussed, this will involve serious negotiations and anticipated agreements with your creditors and potential investors before the actual bankruptcy filing, including negotiations with 210 Capital. We will represent **CROSSROADS** as a debtor in possession and counsel it with respect to its duties and obligations in that regard. We will attend necessary meetings and hearings. We will diligently pursue confirmation of a plan of reorganization or other possible agreement with the creditors. Our engagement is limited to providing legal services and does not include accounting, financial, management, or other non-legal services.

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CROSSROADS

July 14, 2017

Page 2

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### **Conflicts of Interest**

You have provided us with a list of the major creditors of CROSSROADS and its board members. We have checked our conflict of interest records and have found no indication of any current or prior representation that would be a conflict. If during the course of our representation CROSSROADS becomes aware of any other person or entity with interests adverse to CROSSROADS in connection with this matter, CROSSROADS should promptly advise us so that we can check our records for any conflict.

### **Sanctions**

In certain instances, it may become appropriate for CROSSROADS to consider seeking sanctions from a court against an opponent or opponent's counsel. If we reach a professional judgment that CROSSROADS should consider such, we will so advise CROSSROADS. However, we reserve the right to decline to seek such sanctions because of conflicts or for other reasons. If we conclude that we are not able to seek such sanctions, but CROSSROADS desires to seek such sanctions, we will consult with CROSSROADS to determine alternative courses CROSSROADS might follow.

### **Cooperation**

We will need the full cooperation of CROSSROADS and timely and full disclosure of facts. We assume and must rely on the accuracy and completeness of the facts disclosed to us in providing our advice. Failure to provide full disclosure and discovery may cause the court to impose sanctions; these may be severe and may include striking defenses or claims and imposing monetary fines.

### **Certain Relationships**

From time to time we represent or may be represented by other lawyers and law firms. We also refer matters to and are referred matters by lawyers and law firms; in some cases these law firm relationships may be long-standing and involve a network of law firms that regularly refer matters to each other. We do not attempt to determine if any of the lawyers or law firms involved in those relationships are also involved as counsel for any adverse party. We will not advise nor seek the consent of CROSSROADS prior to establishing an attorney-client or business referral relationship with a lawyer or law firm in the future.

As a result, it is possible that a party with interests adverse to the interests of CROSSROADS may be represented by an attorney with a relationship to us of the types described above. None of those relationships will adversely affect or limit our representation of CROSSROADS. However, if CROSSROADS has concerns regarding specific lawyers or law firms or about our policies generally, please let us know so that we can address those concerns at the outset.

### **Personnel**

I will have the primary responsibility for representing CROSSROADS. On rare occasions, I may subcontract with other lawyers (including younger lawyers or lawyers who work in different areas from mine) and legal assistants may be involved when I believe it would be beneficial to CROSSROADS. I will not charge you for services rendered by a lawyer I have retained to assist in this representation without first consulting with you and obtaining your approval to engage such a lawyer.

## CROSSROADS

July 14, 2017

Page 3

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### Evaluations

Although we have discussed the merits of the case, and I may have expressed some tentative views about possible legal strategies that might ultimately lead to a successful result, and we may do so again from time to time, we do not guarantee the outcome of any particular legal controversy or issue. A successful result is not always possible under the applicable facts and law. All of our communications in this matter must necessarily be limited by our knowledge of the facts and will be based on the state of the law as it then exists.

### Records

**CROSSROADS** should retain all originals and copies of documents it desires for future reference. At the conclusion of our representation we ask that **CROSSROADS** take possession of its file. We will be entitled to make copies if we choose. With respect to all documents **CROSSROADS** delivers to us it is **CROSSROADS's** responsibility to take possession of all documents, such as original contracts, that **CROSSROADS** believes are important to it and that may be in its file. We shall have no responsibility with regard to such documents.

If **CROSSROADS** does not take possession of its file at the conclusion of the representation, we may store such portions of the file as we believe appropriate for a limited period of time only. Our storage of **CROSSROADS's** file is only for our convenience. We assume no liability for the acts or omissions of the storage facility or for the safekeeping of **CROSSROADS's** file. We may elect at any time to discontinue such storage. During the time that we store the file, **CROSSROADS** may at any time request possession of the file. Ultimately the file will be destroyed if **CROSSROADS** has not taken possession of it. We will not contact **CROSSROADS** prior to such destruction.

### Disclosure to Third Parties

From time to time we use services provided by third parties. These include litigation support, storage, document management, computer systems, information technology services, accounting and financial services, and similar services. We also may use contract lawyers and non-lawyers in certain matters. As a result, these parties may have access to confidential client information. We endeavor to deal only with providers who understand our obligation to maintain the confidences of our clients. If **CROSSROADS** has any concerns about this, please contact us so that we may address those concerns.

### Fees

Our fee is generally based on the time spent by each attorney and legal assistant and the hourly rates we establish based upon the level of expertise of each attorney or legal assistant. The time for which we charge includes all time spent in representing the interests of **CROSSROADS** and will include, for example, telephone and office conferences with **CROSSROADS**, counsel for other parties, conferences among our legal and non-legal personnel, research and investigation, responses to requests for information, and travel time. Our time is billed in minimum increments of one-tenth of an hour. However, fees derived from these calculations may be modified when we consider other factors involved, such as the novelty and difficulty of the issues involved, the skill required to perform the legal services properly, time constraints which may necessitate extraordinary effort, the amount involved and the results obtained through our services, the likelihood that such employment will preclude other employment, the

CROSSROADS

July 14, 2017

Page 4

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fee customarily charged by others for similar services, and the nature and length of our relationship with **CROSSROADS**.

My current hourly rate for this engagement is **\$350.00**.

#### Additional Charges

We do not charge for normal internal office expenses such as long distance telephone charges and facsimile charges, document copying, printing and scanning expenses, computerized legal and other research systems. We will bill at our actual cost travel expenses, filing and recording fees charges from outside vendors for printing and postage associated with discovery or service of pleadings as well as charges for messenger and special delivery services. Charges assessed by outside vendors will be billed at cost.

If consultants or other support services (e.g., mediators, arbitrators, court reporters, investigators, etc.) are retained or required, **CROSSROADS** will be responsible for paying the fees directly to these individuals or firms. We will advise these providers that they are being retained by **CROSSROADS** and for its benefit and that **CROSSROADS** is responsible for payment of their fees. Those providers may bill **CROSSROADS** directly or may send their bills to us, in which case we will forward them for payment directly to the provider. These invoices should be paid within thirty days of their receipt.

#### Billing Practices and Payment

We bill for matters on a monthly basis. Payment of our bills is due upon receipt of our invoice. All amounts not paid within thirty (30) days of the date of our invoice therefor will bear interest from the date of the invoice at the rate of ten percent (10%) per annum compounded annually. We may, subject to ethical requirements and any limitations imposed by a court, terminate our representation of, or cease further work for, **CROSSROADS** until payment is received. After the bankruptcy is filed, we will apply for fees and expenses as required by the Bankruptcy Code.

#### Fee Estimates

We may, from time to time, give **CROSSROADS** estimates of fees and expenses for the matter. However, actual fees and expenses that are incurred are determined by a number of factors, many of which are beyond our control, particularly when other parties are involved. Our estimate is only an estimate, not a budget or cap, and our fees may exceed the estimate by a significant amount.

#### Retainer

When undertaking work for a new client, we require a retainer. Our retainer for this particular matter is **\$51,717.00 (\$50,000.00 plus the filing fee of \$1717)**. This is not an estimate of our fees and expenses in this matter. The retainer will be deposited in our trust account, and we will draw against this retainer to satisfy our invoices on a weekly basis, copies of which will be sent to **CROSSROADS**. If the retainer has been depleted to below **\$10,000.00** within two business days before the bankruptcy filing, **CROSSROADS** will replenish the retainer to **\$10,000.00**. To the extent funds placed in our pooled trust account bear interest, such interest will be paid to a charitable foundation in accordance with rules of the State Bar of Texas.

CROSSROADS

July 14, 2017

Page 5

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Our wire transfer information is as follows:

BBVA Compass  
ABA/Routing #: 113010547  
For Further Credit to:  
Eric Terry Law PLLC  
IOLTA Account 6715673671

#### **Termination**

**CROSSROADS** may terminate our employment at any time by notifying us. We may withdraw from our representation of **CROSSROADS** by notifying **CROSSROADS** in writing. In either case, our withdrawal will be accomplished subject to applicable ethical requirements and any necessary court approval. Upon termination of our representation, **CROSSROADS** will be obligated to pay us for all services rendered and expenses incurred through the date of termination.

#### **Applicable Law**

This engagement letter and **CROSSROADS**'s and our rights and obligations hereunder are governed by the laws of the State of Texas.

#### **Independent Legal Review**

We have written this engagement letter on our own behalf. **CROSSROADS** should feel free to seek independent legal advice from independent legal counsel regarding this engagement letter. We will provide you with names of counsel with whom to discuss the terms of this engagement letter if you request.

#### **Attorney Complaint Information**

Although we intend to maintain the high standard of ethical conduct towards **CROSSROADS** and others as set out and enforced by the State Bar of Texas, if for any reason **CROSSROADS** believes an attorney in our Firm has violated the written rules of professional conduct for lawyers and has questions prior to filing a grievance, **CROSSROADS** may either contact the Office of the Chief Disciplinary Counsel of the State Bar of Texas by calling 1-866-224-5999 (toll free) or writing to P. O. Box 12487, Austin, Texas 78711-2487. Please note that by signing the grievance form any attorney-client privilege which would otherwise keep discussions between your attorney and you confidential will be waived.

#### **Media Inquiries**

From time to time, we may receive media inquiries concerning this matter. Applicable ethical requirements may preclude or limit our response to those inquiries. Subject to ethical limitations, we will abide by the instructions of **CROSSROADS** concerning whether and in what manner we respond to media inquiries.

CROSSROADS

July 14, 2017

Page 6

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**Electronic Mail**

In the course of our representation, we may have occasion to communicate with **CROSSROADS** and with others by electronic mail. Such communications will not be encrypted. Although interception of such communications by a third party would constitute a violation of federal law, we can offer no assurance that such interception will not occur. We will abide by any instructions **CROSSROADS** may give us concerning electronic mail communications; in the absence of such instructions, we will use our own judgment regarding the advisability of using such means of communication.

**Texas Lawyer's Creed**

On November 7, 1989, the Supreme Court of Texas adopted the Texas Lawyer's Creed - a Mandate for Professionalism. Paragraph II, subparagraph I of the Creed requires us to advise you of its contents when we undertake representation. A copy of the Creed is enclosed. We intend to abide by the Creed.

**Commencement of Representation**

Please sign and return the enclosed copy of this letter together with the retainer stated above. Our representation in this matter will not commence until we have received a signed copy of the engagement letter and all other items required by it.

We look forward to representing **CROSSROADS**.

[SIGNATURES ON FOLLOWING PAGE]

CROSSROADS

July 14, 2017

Page 7

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Very truly yours,

ERIC TERRY LAW PLLC

BY: /s/ ERIC TERRY

ERIC TERRY

**Enclosure**

CROSSROADS

July 14, 2017

Page 8

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**CROSSROADS SYSTEMS, INC. AGREES TO RETAIN  
ERIC TERRY LAW PLLC  
ON THE FOREGOING TERMS.**

**CROSSROADS SYSTEMS, INC.**

By: 

Name: Mark Hood

Title: Executive Vice President, Corporate Development

Dated: Aug 7 2017