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SCHEDULE 13D

UNDER THE SECURITIES EXCHANGE ACT OF 1934  
(Amendment No. 5)<sup>1</sup>

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**SPHERE 3D CORP.**

(Name of Issuer)

COMMON STOCK, NO PAR VALUE PER SHARE  
(Title of Class of Securities)

84841L100  
(CUSIP number)

Jennifer M. Pulick  
Chief Compliance Officer and General Counsel  
Cyrus Capital Partners, L.P.  
399 Park Avenue, 39th Floor  
New York, New York 10022  
(212) 380-5821

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

December 20, 2016  
(Date of Event Which Requires Filing of this Statement)

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If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box .

(Continued on the following pages)

(Page 1 of 15 pages)

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<sup>1</sup> The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 (the "Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act.

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1.	NAMES OF REPORTING PERSONS <b>Cyrus Capital Partners, L.P.</b>	
2.	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>	
3.	SEC USE ONLY	
4.	SOURCE OF FUNDS <b>AF</b>	
5.	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="checkbox"/>	
6.	CITIZENSHIP OR PLACE OF ORGANIZATION <b>Delaware</b>	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7.	SOLE VOTING POWER <b>0</b>
	8.	SHARED VOTING POWER <b>17,184,055<sup>1</sup></b>
	9.	SOLE DISPOSITIVE POWER <b>0</b>
	10.	SHARED DISPOSITIVE POWER <b>17,184,055<sup>1</sup></b>
11.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>17,184,055<sup>1</sup></b>	
12.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 <b>28.3%<sup>1</sup></b>	
14.	TYPE OF REPORTING PERSON <b>PN</b>	

<sup>1</sup> Includes (i) 8,166,666 Common Shares issuable upon conversion of US\$24,500,000 in principal amount of the New Debentures at a Conversion Price of US\$3.00 per share, (ii) 300,000 Common Shares issuable upon exercise of the 2015 Warrants, (iii) 500,000 Common Shares issuable upon exercise of the December 2015 Warrants and (iv) 500,000 Common Shares issuable upon exercise of the February 2016 Warrants.

1.	NAMES OF REPORTING PERSONS <b>Crescent 1, L.P.</b>		
2.	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>		
3.	SEC USE ONLY		
4.	SOURCE OF FUNDS <b>OO</b>		
5.	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="checkbox"/>		
6.	CITIZENSHIP OR PLACE OF ORGANIZATION <b>Delaware</b>		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7.	SOLE VOTING POWER <b>0</b>	
	8.	SHARED VOTING POWER <b>174,041</b>	
	9.	SOLE DISPOSITIVE POWER <b>0</b>	
	10.	SHARED DISPOSITIVE POWER <b>174,041</b>	
11.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>174,041</b>		
12.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>		
13.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 <b>0.3 %</b>		
14.	TYPE OF REPORTING PERSON <b>PN</b>		

1.	NAMES OF REPORTING PERSONS <b>CRS Master Fund, L.P.</b>		
2.	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>		
3.	SEC USE ONLY		
4.	SOURCE OF FUNDS <b>OO</b>		
5.	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="checkbox"/>		
6.	CITIZENSHIP OR PLACE OF ORGANIZATION <b>Cayman Islands</b>		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7.	SOLE VOTING POWER	<b>0</b>
	8.	SHARED VOTING POWER	<b>151,458</b>
	9.	SOLE DISPOSITIVE POWER	<b>0</b>
	10.	SHARED DISPOSITIVE POWER	<b>151,458</b>
11.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>151,458</b>		
12.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>		
13.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 <b>0.3%</b>		
14.	TYPE OF REPORTING PERSON <b>PN</b>		

1.	NAMES OF REPORTING PERSONS <b>Cyrus Opportunities Master Fund II, Ltd.</b>		
2.	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>		
3.	SEC USE ONLY		
4.	SOURCE OF FUNDS <b>OO</b>		
5.	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="checkbox"/>		
6.	CITIZENSHIP OR PLACE OF ORGANIZATION <b>Cayman Island</b>		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7.	SOLE VOTING POWER	<b>0</b>
	8.	SHARED VOTING POWER	<b>473,355</b>
	9.	SOLE DISPOSITIVE POWER	<b>0</b>
	10.	SHARED DISPOSITIVE POWER	<b>473,355</b>
11.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>473,355</b>		
12.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>		
13.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 <b>0.9 %</b>		
14.	TYPE OF REPORTING PERSON <b>CO</b>		

1.	NAMES OF REPORTING PERSONS <b>Cyrus Select Opportunities Master Fund, Ltd.</b>		
2.	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>		
3.	SEC USE ONLY		
4.	SOURCE OF FUNDS <b>OO</b>		
5.	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="checkbox"/>		
6.	CITIZENSHIP OR PLACE OF ORGANIZATION <b>Cayman Islands</b>		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7.	SOLE VOTING POWER	<b>0</b>
	8.	SHARED VOTING POWER	<b>76,427</b>
	9.	SOLE DISPOSITIVE POWER	<b>0</b>
	10.	SHARED DISPOSITIVE POWER	<b>76,427</b>
11.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>76,427</b>		
12.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>		
13.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 <b>0.1%</b>		
14.	TYPE OF REPORTING PERSON <b>CO</b>		

1.	NAMES OF REPORTING PERSONS <b>Cyrus Capital Partners GP, L.L.C.</b>		
2.	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>		
3.	SEC USE ONLY		
4.	SOURCE OF FUNDS <b>AF</b>		
5.	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="checkbox"/>		
6.	CITIZENSHIP OR PLACE OF ORGANIZATION <b>Delaware</b>		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7.	SOLE VOTING POWER	<b>0</b>
	8.	SHARED VOTING POWER	<b>17,184,055<sup>1</sup></b>
	9.	SOLE DISPOSITIVE POWER	<b>0</b>
	10.	SHARED DISPOSITIVE POWER	<b>17,184,055<sup>1</sup></b>
11.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>17,184,055<sup>1</sup></b>		
12.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>		
13.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 <b>28.3%<sup>1</sup></b>		
14.	TYPE OF REPORTING PERSON <b>OO</b>		

- 1 Includes (i) 8,166,666 Common Shares issuable upon conversion of US\$24,500,000 in principal amount of the New Debentures at a Conversion Price of US\$3.00 per share, (ii) 300,000 Common Shares issuable upon exercise of the 2015 Warrants, (iii) 500,000 Common Shares issuable upon exercise of the December 2015 Warrants and (iv) 500,000 Common Shares issuable upon exercise of the February 2016 Warrants.

1.	NAMES OF REPORTING PERSONS <b>Cyrus Capital Advisors, L.L.C.</b>	
2.	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>	
3.	SEC USE ONLY	
4.	SOURCE OF FUNDS <b>AF</b>	
5.	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="checkbox"/>	
6.	CITIZENSHIP OR PLACE OF ORGANIZATION <b>Delaware</b>	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7.	SOLE VOTING POWER <b>0</b>
	8.	SHARED VOTING POWER <b>325,499</b>
	9.	SOLE DISPOSITIVE POWER <b>0</b>
	10.	SHARED DISPOSITIVE POWER <b>325,499</b>
11.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>325,499</b>	
12.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 <b>0.6 %</b>	
14.	TYPE OF REPORTING PERSON <b>OO</b>	



1.	NAMES OF REPORTING PERSONS <b>FBC Holdings S.à r.l.</b>	
2.	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>	
3.	SEC USE ONLY	
4.	SOURCE OF FUNDS <b>OO</b>	
5.	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="checkbox"/>	
6.	CITIZENSHIP OR PLACE OF ORGANIZATION <b>Luxembourg</b>	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7.	SOLE VOTING POWER <b>0</b>
	8.	SHARED VOTING POWER <b>16,308,774<sup>1</sup></b>
	9.	SOLE DISPOSITIVE POWER <b>0</b>
	10.	SHARED DISPOSITIVE POWER <b>16,308,774<sup>1</sup></b>
11.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>16,308,774<sup>1</sup></b>	
12.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 <b>26.9%<sup>1</sup></b>	
14.	TYPE OF REPORTING PERSON <b>CO</b>	

<sup>1</sup> Includes (i) 8,166,666 Common Shares issuable upon conversion of US\$24,500,000 in principal amount of the New Debentures at a Conversion Price of US\$3.00 per share, (ii) 300,000 Common Shares issuable upon exercise of the 2015 Warrants, (iii) 500,000 Common Shares issuable upon exercise of the December 2015 Warrants and (iv) 500,000 Common Shares issuable upon exercise of the February 2016 Warrants.

1.	NAMES OF REPORTING PERSONS <b>Stephen C. Freidheim</b>	
2.	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>	
3.	SEC USE ONLY	
4.	SOURCE OF FUNDS <b>AF</b>	
5.	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="checkbox"/>	
6.	CITIZENSHIP OR PLACE OF ORGANIZATION <b>United States</b>	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7.	SOLE VOTING POWER <b>0</b>
	8.	SHARED VOTING POWER <b>17,184,055</b> <sup>1</sup>
	9.	SOLE DISPOSITIVE POWER <b>0</b>
	10.	SHARED DISPOSITIVE POWER <b>17,184,055</b> <sup>1</sup>
11.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>17,184,055</b> <sup>1</sup>	
12.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 <b>28.3%</b> <sup>1</sup>	
14.	TYPE OF REPORTING PERSON <b>IN</b>	

<sup>1</sup> Includes (i) 8,166,666 Common Shares issuable upon conversion of US\$24,500,000 in principal amount of the New Debentures at a Conversion Price of US\$3.00 per share, (ii) 300,000 Common Shares issuable upon exercise of the 2015 Warrants, (iii) 500,000 Common Shares issuable upon exercise of the December 2015 Warrants and (iv) 500,000 Common Shares issuable upon exercise of the February 2016 Warrants.

**ITEM 1. Security and Issuer**

This constitutes Amendment No. 5 (“Amendment No. 5”) to the Schedule 13D relating to the shares of Common Stock of Sphere 3D Corporation (the “Issuer” or “Sphere 3D”) filed with the SEC on December 11, 2014 as subsequently amended by Amendment No. 1 filed on August 4, 2015 and further amended by Amendment No. 2 filed on January 4, 2016, Amendment No. 3 filed on April 28, 2016 and Amendment No. 4 filed on September 27, 2016 (as so amended, the “Schedule 13D”) by Cyrus Capital Partners, L.P., a Delaware limited partnership (“Cyrus Capital”), Crescent 1, L.P., a Delaware limited partnership (“CRES”), CRS Master Fund, L.P., a Cayman Islands exempted limited partnership (“CRS”), Cyrus Opportunities Master Fund II, Ltd., a Cayman Islands exempted limited company (“CMFII”), Cyrus Select Opportunities Master Fund, Ltd., a Cayman Islands exempted limited company (“CSOM”), Cyrus Capital Partners GP, L.L.C., a Delaware limited liability company (“Cyrus GP”), Cyrus Capital Advisors, L.L.C., a Delaware limited liability company (“Cyrus Advisors”), FBC Holdings S.à r.l., a Luxembourg private limited liability company (“FBC”) and Mr. Stephen C. Freidheim (each of Cyrus Capital, CRES, CRS, CMFII, CSOM, Cyrus GP, Cyrus Advisors, FBC and Mr. Freidheim, a “Reporting Person” and collectively the “Reporting Persons”). This Amendment No. 5 amends the Schedule 13D as specifically set forth herein. Only those items amended are reported herein. Capitalized terms used in this Amendment No. 5 without being defined herein have the respective meanings given to them in the Schedule 13D.

**ITEM 4. Purpose of Transaction**

On December 20, 2016, Cyrus Capital sent a letter (the “Letter”) to Mr. Eric Kelly, the Chairman and Chief Executive Officer of the Issuer outlining some of its concerns with the Issuer’s management, operations and performance. Attached to the Letter was the resignation of Daniel J. Bordessa, a partner at Cyrus Capital, from the Board of Directors of the Issuer.

A copy of the Letter is attached hereto as Exhibit 99.4 and is incorporated herein by reference.

The Reporting Persons expect to independently evaluate on an ongoing basis Sphere 3D’s financial condition and prospects and their interest in, and intentions with respect to, Sphere 3D and their investment in the securities of, Sphere 3D, which review may be based on various factors, including whether various strategic transactions have occurred or may occur, Sphere 3D’s business and financial condition, results of operations and prospects, general economic and industry conditions, the securities markets in general and those for Sphere 3D’s securities in particular, as well as other developments and other investment opportunities. Each of the Reporting Persons reserves the right to change its intentions and develop plans or proposals at any time, as it deems appropriate. Each of the Reporting Persons may at any time and from time to time, in the open market, in privately negotiated transactions or otherwise, acquire additional securities of Sphere 3D including Common Shares, dispose of all or a portion of the securities of Sphere 3D, including the Common Shares, that the Reporting Persons now own or may hereafter acquire, and/or enter into derivative transactions with institutional counterparties with respect to Sphere 3D’s securities. In addition, the Reporting Persons may engage in discussions with management of Sphere 3D, members of the board of directors of Sphere 3D, shareholders of Sphere 3D, industry analysts, existing or potential strategic partners or competitors, investment and finance professionals, sources of credit, other investors and other relevant parties concerning the operations, management, composition of Sphere 3D’s board of directors and management, ownership, capital structure, balance sheet management, strategy and future plans of Sphere 3D including the possibility of proposing one of more acquisitions, business combinations, mergers, asset sales, asset purchases or other similar transactions involving Sphere 3D and other third parties.

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Except as set forth herein, the Reporting Persons do not have present plans or proposals at this time that relate to or would result in any of the transactions described in subparagraphs (a) through (j) of Item 4 of Schedule 13D. The information set forth in Item 6 of this Schedule 13D is hereby incorporated herein by reference.

**ITEM 5. Interest in Securities of the Issuer**

(a) and (b) Items 7 through 11 and 13 of each of the cover pages of this Schedule 13D are incorporated herein by reference. Such information is based on 51,192,287 Common Shares outstanding at July 27, 2016 as disclosed in the Management Information Circular of Sphere 3D dated as of August 4, 2016.

(c) There have been no transactions with respect to the securities of Sphere 3D during the sixty days prior to the date of this Schedule 13D by the Reporting Persons, or to their knowledge, by any executive officer or director of the Reporting Persons.

(d) No other person is known by any Reporting Persons to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, securities of Sphere 3D beneficially owned by any Reporting Person.

(e) Not applicable.

**ITEM 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer**

The Reporting Persons may be deemed to be a "group" pursuant to Section 13(d)(3) of the Act. Neither the filing of this Schedule 13D nor any of its contents shall be deemed to constitute an admission that the Reporting Persons or any of their respective affiliates are the beneficial owners of any Common Stock beneficially owned by any of the Reporting Persons for purposes of Section 13(d) of the Act, the rules promulgated thereunder or for any other purpose.

The information set forth in Item 4 of this Schedule 13D is hereby incorporated by reference.

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**ITEM 7. Material to be Filed as Exhibits**

- 99.2 Joint Filing Agreement as required by Rule 13d-1(k)(1) under the Securities Exchange Act of 1934, as amended (incorporated by reference to Schedule 13D as filed with the Securities and Exchange Commission on December 11, 2014)
  - 99.4 Letter from Cyrus Capital to the Issuer dated December 20, 2016
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**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, each of the undersigned hereby certifies that the information set forth in this statement is true, complete and correct.

EXECUTED as a sealed instrument this 21st day of December, 2016

**CYRUS CAPITAL PARTNERS, L.P.**

By: Cyrus Capital Partners GP, L.L.C., its general partner

By: /s/ Stephen C. Freidheim

Name: Stephen C. Freidheim

Title: Manager

**CRESCENT 1, L.P.**

By: Cyrus Capital Advisors, L.L.C., its general partner

By: Cyrus Capital Partners GP, L.L.C., its managing member

By: /s/ Stephen C. Freidheim

Name: Stephen C. Freidheim

Title: Manager

**CRS MASTER FUND, L.P.**

By: Cyrus Capital Advisors, L.L.C., its general partner

By: Cyrus Capital Partners GP, L.L.C., its managing member

By: /s/ Stephen C. Freidheim

Name: Stephen C. Freidheim

Title: Manager

**CYRUS OPPORTUNITIES MASTER FUND II, LTD.**

By: /s/ Stephen C. Freidheim

Name: Stephen C. Freidheim

Title: Authorized signatory

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CYRUS SELECT OPPORTUNITIES MASTER FUND, LTD.

By: /s/ Stephen C. Freidheim

Name: Stephen C. Freidheim

Title: Authorized signatory

CYRUS CAPITAL PARTNERS GP, L.L.C.

By: /s/ Stephen C. Freidheim

Name: Stephen C. Freidheim

Title: Manager

CYRUS CAPITAL ADVISORS, L.L.C.

By: Cyrus Capital Partners GP, L.L.C., its managing member

By: /s/ Stephen C. Freidheim

Name: Stephen C. Freidheim

Title: Manager

FBC HOLDINGS S.á r.l.

By: Cyrus Capital Partners, L.P., as investment manager of the shareholders

By: Cyrus Capital Partners GP, L.L.C., its general partner

By: /s/ Stephen C. Freidheim

Name: Stephen C. Freidheim

Title: Manager

STEPHEN C. FREIDHEIM

/s/ Stephen C. Freidheim

Stephen C. Freidheim

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December 20, 2016

**Via Federal Express and Electronic Mail**

Mr. Eric Kelly, Chairman & Chief Executive Officer  
Sphere 3D Corp.  
240 Matheson Blvd. East  
Mississauga, Ontario, Canada L4Z 1 X1

Dear Eric:

Cyrus Capital Partners, L.P., together with its managed affiliates (collectively, "**Cyrus**" or "**we**"), currently holds approximately 28.3% of equity interests in Sphere 3D Corp. (the "**Company**" or "**Sphere**"), and as such is one of the largest shareholders. In addition to our equity ownership, Cyrus is also a debtholder of the Company through various loan instruments (as detailed in our previously filed Schedule 13D and amendments thereto).

As you know, during Cyrus' time as shareholder, we have consistently tried to work with and be supportive of the Company's Board of Directors (the "**Board**") and management team. However, recently, we have become frustrated with numerous aspects of Sphere management's ability to address the Company's operating and costs structures as well as its ability to grow its revenue. This has led to significant financial hardships that, in our view, have endangered the Company's long-term viability.

We believe, based on our thorough evaluation, that, Sphere must implement a restructuring plan which we have discussed with the board and management. In order for Cyrus to be supportive of a restructuring, we believe that it must address the following:

1. Separation of Sphere assets into distinct operational segments.
2. Creation of wholly-owned subsidiaries of Sphere to hold the assets related to each distinct operational segment.
3. Exchange certain debt of the Company (including debt currently held by Cyrus) for equity interests in Sphere or such newly-formed subsidiaries.
4. Modification to Sphere's existing management and executive compensation arrangements and roles.
5. Address the revenue growth issues across all of Sphere's businesses.

399 Park Avenue, 39th Floor, New York, NY 10022 • Tel 212.380.5800 • Fax 212.380.5801

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6. Provide additional financing to certain businesses of the Company, subject to the conditions outlined above.

If executed correctly, we believe that a full restructuring would bring substantial benefits to all Sphere shareholders and stakeholders. In addition, Cyrus has indicated its willingness to provide additional financing to the Company to allow it to achieve a restructuring.

Cyrus intends to continue to actively engage to influence management, the Board and the Company with respect implementing a restructuring plan. Separately, we are at an internal level, discussing various strategic alternatives, including potential merger and acquisition candidates, financing arrangements and balance sheet optimization tactics that we believe will benefit Sphere and its shareholders.

Given this recent divergence of views between Cyrus and Sphere, Daniel J. Bordessa, who is a partner at Cyrus, has decided to resign from his position on the Board before any conflicts arise. A copy of Mr. Bordessa's signed resignation letter is attached as Exhibit A to this letter.

Cyrus believes that the businesses of Sphere are currently significantly underperforming their potential and that a restructuring of the Company on the basis outlined in this letter would allow Sphere to reach its full potential substantially increasing and maximizing shareholder and stakeholder value. We look forward to working constructively with the Board and management team in the near future.

Sincerely,

/s/ Thomas Stamatelos  
Thomas Stamatelos  
Chief Operating Officer  
Cyrus Capital Partners, L.P.

Enclosure

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Exhibit A

**Resignation Letter  
LETTER OF RESIGNATION**

To the Board of Directors of  
SPHERE 3D CORP.:

In connection with the Letter sent by Cyrus Capital Partners, L.P. on the date hereof to Mr. Eric Kelly, the Chairman of the Board of Directors (the "Board") of Sphere 3D Corp. (the "*Company*"), I hereby resign as a member of the Company's Board, including as a member of any and all committees of the Company's Board on which I presently serve. My resignation is effective immediately.

Sincerely,

/s/ Daniel Bordessa  
Daniel Bordessa

Dated: December 20, 2016

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