
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(c)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

INPIXON

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
 - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 1. Title of each class of securities to which transaction applies:
 2. Aggregate number of securities to which transaction applies:
 3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 4. Proposed maximum aggregate value of transaction:
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 - Fee paid previously with preliminary materials:
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 2. Form, Schedule or Registration Statement No.:
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 4. Date Filed:
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-



Inpixon
2479 E. Bayshore Road, Suite 195
Palo Alto, CA 94303

ANNUAL MEETING OF STOCKHOLDERS

To be Held on December __, 2017

Dear Stockholder:

You are hereby invited to attend the Annual Meeting of Stockholders of Inpixon (the "Company") on December __, 2017, which will be held at 2479 E. Bayshore Road, Suite 195, Palo Alto, CA 94303 at 1:00 p.m., local time (the "Annual Meeting"). Enclosed with this letter are your Notice of Annual Meeting of Stockholders, Proxy Statement and Proxy voting card. The Proxy Statement included with this notice discusses each of our proposals to be considered at the Annual Meeting. Please also review our annual report on Form 10-K for the year ended December 31, 2016 which is included with these materials and is available on our website at <http://www.inpixon.com> (under "Investors").

At this year's annual meeting, you will be asked to: (1) elect four directors to serve until our next annual meeting or until the election and qualification of their successors; (2) authorize an amendment to our Restated Articles of Incorporation to effect a reverse stock split of our outstanding common stock at a ratio between 1-for-5 and 1-for-50, to be determined at the discretion of the Company's Board of Directors (the "Board"), for the purpose of complying with NASDAQ Listing Rule 5550(a)(2), subject to the Board's discretion to abandon such amendment (the "Reverse Split Proposal"); (3) increase our authorized shares of common stock to 200,000,000; (4) approve, as required by and in accordance with NASDAQ Listing Rule 5635(d), the potential issuance in excess of 20% of our outstanding shares of common stock (the "Conversion Shares") in connection with the conversion of securities issued to Hillair Capital Investment L.P. ("Hillair") and any resulting change of control, as defined by NASDAQ Listing Rule 5635(b) (the "20% Issuance Proposal"); (5) ratify the appointment of Marcum LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017; (6) increase the number of shares available for issuance under our 2011 Employee Incentive Plan to 25,000,000 (pre-split); (7) approve issuance of shares under our Warrant Exercise program; (8) approve issuance of shares under a future financing; (9) approve the adjournment of the Annual Meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the meeting to approve the Reverse Split Proposal and/or the 20% Issuance Proposal; and (10) transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

Our board of directors has fixed the close of business on October 30, 2017 as the record date for determining the stockholders entitled to notice of and to vote at the Annual Meeting and any adjournment and postponements thereof.

I hope that you attend the Annual Meeting in person. Whether or not you plan to be with us, please vote over the Internet or complete, sign, date, and return your voting card promptly in the enclosed envelope.

Sincerely,

/s/ Nadir Ali

Nadir Ali
Chief Executive Officer

Palo Alto, California
November __, 2017



Inpixon
2479 E. Bayshore Road, Suite 195
Palo Alto, CA 94303

Notice of Annual Meeting of Stockholders
to be held December __, 2017

To the Stockholders of Inpixon:

The 2017 Annual Meeting of Stockholders will be held at 2479 E. Bayshore Road, Suite 195, Palo Alto, CA 94303 at 1:00 p.m., local time, on December __, 2017. During the Annual Meeting, stockholders will be asked to:

- (1) elect four directors to serve until our next annual meeting or until the election and qualification of their successors;
- (2) authorize an amendment to our Restated Articles of Incorporation to effect a reverse stock split of our outstanding common stock at a ratio between 1-for-5 and 1-for-50, to be determined at the discretion of the Company's Board of Directors (the "Board"), for the purpose of complying with NASDAQ Listing Rule 5550(a)(2), subject to the Board's discretion to abandon such amendment (the "Reverse Split Proposal");
- (3) increase our authorized shares of common stock to 200,000,000;
- (4) approve, as required by and in accordance with NASDAQ Listing Rule 5635(d), the potential issuance in excess of 20% of our outstanding shares of common stock (the "Conversion Shares") in connection with the conversion of securities issued to Hillair Capital Investment L.P. ("Hillair") and any resulting change of control, as defined by NASDAQ Listing Rule 5635(b) (the "20% Issuance Proposal");
- (5) ratify the appointment of Marcum LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017;
- (6) increase the number of shares available for issuance under our 2011 Employee Incentive Plan to 25,000,000 (on a pre-split basis);
- (7) approve issuance of shares under our Warrant Conversion program;
- (8) approve issuance of shares under a future financing;
- (9) approve the adjournment of the Annual Meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the meeting to approve the Reverse Split Proposal and/or the 20% Issuance Proposal; and
- (10) transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

If you are a stockholder as of October 30, 2017, you may vote at the meeting. The date of mailing this Notice of Meeting and Proxy Statement is on or about November __, 2017.

By order of our board of directors,

/s/ Nadir Ali

Nadir Ali
Chief Executive Officer

November __, 2017

PROXY STATEMENT

This Proxy Statement and the accompanying proxy card are first being mailed, beginning on or about November 10, 2017, to owners of shares of common stock of Inpixon (which may be referred to in this Proxy Statement as “we,” “us,” “Inpixon,” or the “Company”) in connection with the solicitation of proxies by our Board of Directors (the “Board”) for our annual meeting of stockholders to be held on December __, 2017 at 1:00 p.m., local time, at 2479 E. Bayshore Road, Suite 195, Palo Alto, CA 94303 (referred to as the “Annual Meeting”). This proxy procedure permits all stockholders, many of whom are unable to attend the Annual Meeting, to vote their shares at the Annual Meeting. Our Board encourages you to read this document thoroughly and to take this opportunity to vote on the matters to be decided at the Annual Meeting.

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IMPORTANT NOTICE

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, YOU ARE REQUESTED TO VOTE OVER THE INTERNET, BY TELEPHONE, OR MARK, DATE AND SIGN THE ENCLOSED PROXY CARD AND RETURN IT AS PROMPTLY AS POSSIBLE IN THE ENCLOSED ENVELOPE. VOTING BY USING THE ABOVE METHODS WILL NOT PREVENT YOU FROM VOTING IN PERSON AT THE MEETING.

THANK YOU FOR ACTING PROMPTLY

[IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON DECEMBER XX, 2017: The Notice of Annual Meeting, Proxy Statement and Annual Report on Form 10-K and Form 10-K/A for the year ended December 31, 2016 are also available at <http://www.Inpixon.com>, which does not have “cookies” that identify visitors to the site.

ABOUT THE MEETING: QUESTIONS AND ANSWERS

What am I voting on?

At this year's meeting, you will be asked to:

- (1) elect four directors to serve on the Board until the next annual meeting of stockholders or until the election and qualification of their successors;
- (2) authorize an amendment to our Restated Articles of Incorporation (the "Charter") to effect a reverse stock split of our outstanding common stock, at a ratio between 1-for-5 and 1-for-50, to be determined at the discretion of the Board, for the purpose of complying with NASDAQ Listing Rule 5550(a)(2) (the "Reverse Split"), subject to the Board's discretion to abandon the amendment (referred to in this proxy statement as, the "Reverse Split Proposal");
- (3) Authorize an amendment to our Charter to increase our authorized shares of Common Stock from 50,000,000 to 200,000,000 shares;
- (4) approve, as required by and in accordance with NASDAQ Listing Rule 5635(d), the potential issuance in excess of 20% of our outstanding shares of common stock (the "Conversion Shares") in connection with the conversion of securities issued to Hillair Capital Investment L.P. ("Hillair") and any resulting change of control, as defined in NASDAQ Listing Rule 5635(b) (referred to in this proxy statement as the "20% Issuance Proposal");]
- (5) ratify the appointment of Marcum LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017;
- (6) Approve an amendment to the Inpixon 2011 Equity Incentive Plan, to increase the number of shares of common stock reserved for issuance under the Plan from 400,000 shares to up to a maximum of 25,000,000 shares (on a pre-split basis);
- (7) approve issuance of shares under our Warrant Conversion Program;
- (8) Inpixon seeks to approve the issuance of securities including but not limited to common stock, preferred stock, warrants, trade-debt conversion, convertible notes or other securities convertible or exercisable for equity securities of the Company in one or more potential non-public capital-raising transactions or offerings within six months from the date of approval up to \$7 million where the maximum discount at which securities will be offered at a price will be equivalent up to a discount of 30% below the market price of our common stock with a floor of \$.10 and up to 50 million shares, as required by and in accordance with NASDAQ Listing Rule 5635(d);
- (9) approve the adjournment of the Annual Meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the meeting to approve the Reverse Split Proposal and/or the 20% Issuance Proposal; and
- (10) transact any other business properly brought before the Annual Meeting or any adjournments thereof.

Who is entitled to vote at the Annual Meeting, and how many votes do they have?

Stockholders of record at the close of business on October 30, 2017 (the "Record Date") may vote at the Annual Meeting. Pursuant to the rights of our stockholders contained in our charter documents each share of our common stock has one vote. There were _____ shares of common stock outstanding on October 30, 2017. From October 30, 2017 through November 20, 2017, you may inspect a list of stockholders eligible to vote. If you would like to inspect the list, please call Wendy Loundermon, our Vice President of Finance and Secretary, at (703) 665-0585 to arrange a visit to our offices. In addition, the list of stockholders will be available for viewing by stockholders at the Annual Meeting.]

How do I vote?

You may vote over the Internet, by mail or in person at the Annual Meeting. Please be aware that if you vote over the Internet, you may incur costs such as Internet access charges for which you will be responsible.

Vote by Internet. Registered stockholders can vote via the Internet at www.proxyvote.com. You will need to use the control number appearing on your proxy card to vote via the Internet. You can use the Internet to transmit your voting instructions up until 11:59 p.m. Eastern Time on [December __, 2017]. Internet voting is available 24 hours a day. If you vote via the Internet, you do not need to return a proxy card.

Vote by Telephone. Registered stockholders can vote by telephone by calling the toll-free telephone number 1-800-690-6903. You will need to use the control number appearing on your proxy card to vote by telephone. You may transmit your voting instructions from any touch-tone telephone up until 11:59 p.m. Eastern Time on December __, 2017. Telephone voting is available 24 hours a day. If you vote by telephone, you do not need to vote over the Internet or return a proxy card.

Vote by Mail. If you are a registered stockholder and received a printed proxy card, you can vote by marking, dating and signing it, and returning it in the postage-paid envelope provided to Inpixon. Please promptly mail your proxy card to ensure that it is received prior to the closing of the polls at the Annual Meeting.

Vote in Person at the Meeting. If you attend the Annual Meeting and plan to vote in person, we will provide you with a ballot at the Annual Meeting. If your shares are registered directly in your name, you are considered the stockholder of record and you have the right to vote in person at the Annual Meeting. If your shares are held in the name of your broker or other nominee, you are considered the beneficial owner of shares held in street name. As a beneficial owner, if you wish to vote at the Annual Meeting, you will need to bring to the Annual Meeting a legal proxy from your broker or other nominee authorizing you to vote those shares.

If your shares are held in the name of a bank, broker or other nominee (a "Nominee"), you will receive separate voting instructions from your Nominee describing how to vote your shares. The availability of Internet voting will depend on the voting process of your Nominee. Please check with your Nominee and follow the voting instructions it provides.

You should instruct your Nominee how to vote your shares. If you do not give voting instructions to the Nominee, the Nominee will determine if it has the discretionary authority to vote on the particular matter. Under applicable rules, brokers have the discretion to vote on routine matters, such as the ratification of the selection of accounting firms, but do not have discretion to vote on non-routine matters. Under the regulations applicable to New York Stock Exchange member brokerage firms (many of whom are the record holders of shares of our common stock), the uncontested election of directors is no longer considered a routine matter. Matters related to executive compensation are also not considered routine. As a result, if you are a beneficial owner and hold your shares in street name, but do not give your Nominee instructions on how to vote your shares with respect to these matters, votes may not be cast on your behalf. If your Nominee indicates on its proxy card that it does not have discretionary authority to vote on a particular proposal, your shares will be considered to be "broker non-votes" with regard to that matter. Broker non-votes and abstentions will be counted as present for purposes of determining whether enough votes are present to hold our Annual Meeting. A broker non-vote or abstention will not have any effect on a proposal where the requirement for approval is the affirmative vote of the majority of votes cast by the holders of all of the shares present in person or represented by proxy at the meeting and entitled to vote on such matter.

What is a proxy?

A proxy is a person you appoint to vote on your behalf. By using the methods discussed above except voting in person at the meeting, you will be appointing Nadir Ali, our Chief Executive Officer, and Wendy Loundermon, our Principal Financial and Accounting Officer, as your proxies. They may act together or individually to vote on your behalf, and will have the authority to appoint a substitute to act as proxy. If you are unable to attend the Annual Meeting, please vote by proxy so that your shares of common stock may be voted.

How will my proxy vote my shares?

If you are a stockholder of record, your proxy will vote according to your instructions. If you choose to vote by mail and complete and return the enclosed proxy card but do not indicate your vote, your proxy will vote "FOR" any Proposal for which you do not indicate your vote. We do not intend to bring any other matter for a vote at the Annual Meeting, and we do not know of anyone else who intends to do so. Your proxies are authorized to vote on your behalf, however, using their best judgment, on any other business that properly comes before the Annual Meeting.

How do I change my vote?

If you are a stockholder of record, you may revoke your proxy at any time before your shares are voted at the Annual Meeting by:

- notifying our Vice President of Financing and Secretary, Wendy Loundermon, in writing at 2479 E. Bayshore Road, Suite 195, Palo Alto, CA 94303, that you are revoking your proxy;
- submitting a proxy at a later date via the Internet, or by signing and delivering a proxy card relating to the same shares and bearing a later date than the date of the previous proxy prior to the vote at the Annual Meeting, in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or
- attending and voting by ballot at the Annual Meeting.

If your shares are held in the name of a Nominee, you should check with your Nominee and follow the voting instructions your Nominee provides.

Who will count the votes?

A representative from Broadridge Financial Solutions, Inc., will act as the inspector of election and count the votes.

What constitutes a quorum?

The holders of a majority of the eligible votes as of the record date, either present or represented by proxy, constitute a quorum. A quorum is necessary in order to conduct the Annual Meeting. If you choose to have your shares represented by proxy at the Annual Meeting, you will be considered part of the quorum. Both abstentions and broker non-votes are counted as present for the purpose of determining the presence of a quorum. If a quorum is not present at the Annual Meeting, the stockholders holding a majority of the eligible votes present in person or by proxy may adjourn the meeting to a later date. If an adjournment is for more than 45 days or a new record date is fixed for the adjourned meeting, we will provide notice of the adjourned meeting to each stockholder of record entitled to vote at the meeting.

Why is Inpixon seeking to implement the Reverse Split?

On August 14, 2017 the NASDAQ Capital Market (“NASDAQ”) notified the Company that it was not in compliance with NASDAQ Listing Rule 5550(a)(2), which requires the bid price of the Company’s common stock to be at least \$1.00 per share. Subsequently, NASDAQ notified the Company that it would have until February 12, 2018 to regain compliance with the minimum bid price requirement. While the Company continues to seek alternative options, the Reverse Split is being proposed in order to increase the market price of our common stock to satisfy the \$1.00 minimum closing bid price required to avoid the delisting of our common stock from The NASDAQ Global Select Market (“NASDAQ”), if necessary. In addition, a higher stock price may, among other things, increase the attractiveness of our common stock to the investment community.

What are the consequences of being delisted from NASDAQ?

If we are not able to satisfy the minimum closing bid price requirement prior to February 12, 2018 and we do not effect the Reverse Split in order to meet the \$1.00 minimum closing bid price continued listing requirement of NASDAQ, our common stock would be delisted from NASDAQ. If we are delisted from NASDAQ, we may be forced to seek to be traded on the OTC Bulletin Board or the “pink sheets,” which would require our market makers to request that our common stock be so listed. There are a number of negative consequences that could result from our delisting from NASDAQ, including, but not limited to, the following:

- the liquidity and market price of our common stock may be negatively impacted and the spread between the “bid” and “asked” prices quoted by market makers may be increased;
- our access to capital may be reduced, causing us to have less flexibility in responding to our capital requirements;
- our institutional investors may be less interested in or prohibited from investing in our common stock, which may cause the market price of our common stock to decline;
- we will no longer be deemed a “covered security” under Section 18 of the Securities Act of 1933, as amended, and, as a result, we will lose our exemption from state securities regulations, making the granting of stock options and other equity incentives to our employees more difficult; and
- if our stock is traded as a “penny stock,” transactions in our stock would be more difficult and cumbersome.

What would be the principal effects of the Reverse Split?

If implemented, the Reverse Split will have the following effects:

- the market price of our common stock immediately upon effect of the Reverse Split will increase substantially over the market price of our common stock immediately prior to the Reverse Split; and
- the number of outstanding shares of common stock will be reduced to 3,211,027 if the Reverse Split is implemented at a ratio of 1 for 5 and 321,103 if the Reverse Split is implemented at a ratio of 1 for 50 (prior to taking into account the effect of eliminating fractional shares or any issuances of common stock after October 26, 2017)

Are my pre-split stock certificates still good after the Reverse Split? Do I need to exchange them for new stock certificates?

If the Reverse Split is implemented, as of the effective date and time of the Reverse Split, each certificate representing pre-split shares of common stock will, until surrendered and exchanged, be deemed to represent only the relevant number of post-split shares of common stock. As soon as practicable after the effective date of the Reverse Split, our transfer agent, Corporate Stock Transfer, will mail you a letter of transmittal. Upon receipt of your properly completed and executed letter of transmittal and your stock certificate(s), you will be issued the appropriate number of shares of common stock either as stock certificates (including legends, if appropriate) or electronically in book-entry form, as determined by Inpixon.

What if I hold some or all of my shares electronically in book-entry form? Do I need to take any action to receive post-split shares?

If you hold shares of our common stock in book-entry form (that is, you do not have stock certificates evidencing your ownership of our common stock but instead received a statement reflecting the number of shares registered in your account), you do not need to take any action to receive your post-split shares, if the Reverse Split is implemented. If you are entitled to post-split shares, a transaction statement will be sent automatically to your address of record indicating the number of shares you hold.

What happens to any fractional shares resulting from the Reverse Split?

If you would be entitled to receive fractional shares as a result of the Reverse Split because you hold a number of shares of common stock before the reverse stock split that is not evenly divisible (in other words, it would result in a fractional interest following the Reverse Split), the Company shall not issue to any holder a fractional share of common stock on account of the Reverse Split. Rather, any fractional share of common stock resulting from such change shall be rounded upward to the nearest whole share of common stock. Share interests issued due to rounding are given solely to save the expense and inconvenience of issuing fractional shares of common stock and do not represent separately bargained for consideration.

What happens to equity awards under Inpixon's Amended and Restated 2011 Employee Stock Incentive Plan as a result of the Reverse Split?

If the Reverse Split is implemented, all shares of common stock subject to the outstanding equity awards (including stock options, performance shares and restricted stock) under Inpixon's Amended and Restated 2011 Employee Stock Incentive Plan (the "Plan") will be converted upon the effective date and time of the Reverse Split into between 2-20% of such number of such shares immediately preceding the Reverse Split (subject to adjustment for fractional interests), depending on the Reverse Split Ratio approved by the Board. In addition, the exercise price of outstanding equity awards (including stock options and stock appreciation rights) will be adjusted to 5-50 times the exercise price specified before the Reverse Split. As a result, the approximate aggregate exercise price will remain the same following the Reverse Split. No fractional shares will be issued pursuant to the Plan following the Reverse Split. Therefore, if the number of shares subject to the outstanding equity awards immediately before the Reverse Split is not evenly divisible (in other words, it would result in a fractional interest following the Reverse Split), the number of shares of common stock issuable pursuant to such equity awards (including upon exercise of stock options and stock appreciation rights) will be rounded up to the nearest whole number.

What vote is required to approve each proposal?

Election of Directors. For Proposal 1, the election of directors, the nominees will be elected by a majority of the votes cast by the holders of shares of common stock present in person or represented by proxy and entitled to vote in the election. You may choose to vote, or withhold your vote, separately for each nominee. A properly executed proxy or voting instructions marked "Abstain" with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for the purposes of determining whether there is a quorum.

Approval of the Reverse Split Proposal. For Proposal 2, the affirmative vote of the holders of shares of common stock representing a majority of the votes cast by the holders of all of the issued and outstanding shares of common stock will be required for approval

Approval of the 20% Issuance Proposal. For Proposal 3, the affirmative vote of the holders of shares of common stock representing a majority of the votes cast by the holders of all of the shares of common stock present in person or represented by proxy and entitled to voting on such matter, other than Hillair, will be required for approval.

All Other Proposals. Any other proposal that might properly come before the meeting will require the affirmative vote of the holders of shares of common stock representing a majority of the votes cast by the holders of all of the shares of stock present or represented and entitled to voting on such matter at the meeting in order to be approved, except when a different vote is required by law, our Charter or our Bylaws.

Abstentions and broker non-votes with respect to any matter will be counted as present and entitled to vote on that matter for purposes of establishing a quorum. A broker non-vote or abstention will not have any effect on a proposal where the requirement for approval is the affirmative vote of the majority of votes cast by the holders of all of the shares present in person or represented by proxy at the meeting and entitled to vote on such matter. Accordingly, neither broker non-votes or abstentions will have any effect on Proposals 1 -5.

What percentage of our common stock do our directors and officers own?

As of October 20, 2017, our director-nominees and executive officers beneficially owned approximately 2.4% of our outstanding common stock, excluding shares of common stock issuable within sixty days. See the discussion under the heading "Security Ownership of Certain Beneficial Owners and Management" for more details.

Who is soliciting proxies, how are they being solicited, and who pays the cost?

We, on behalf of our Board, through our directors, officers, and employees, are soliciting proxies primarily by mail and the Internet. Further, proxies may also be solicited in person, by telephone, or facsimile. We will pay the cost of soliciting proxies. We will also reimburse stockbrokers and other custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to the owners of our common stock.

Who is our Independent Registered Public Accounting Firm, and will they be represented at the Annual Meeting?

Marcum LLP served as the independent registered public accounting firm auditing and reporting on our financial statements for the fiscal year ended December 31, 2016 and has been appointed to serve as our independent registered public accounting firm for 2017. We expect that representatives of Marcum LLP will be physically present or be available via phone at the Annual Meeting. They will have an opportunity to make a statement, if they desire, and will be available to answer appropriate questions at the Annual Meeting.

What are the recommendations of our Board?

The recommendations of our Board are set forth together with the description of each proposal in this Proxy Statement. In summary, the Board recommends a vote FOR all of the proposals.

With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the Board or, if no recommendation is given, in their own discretion.

If you sign and return your proxy card but do not specify how you want to vote your shares, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board.

EXECUTIVE OFFICERS, DIRECTORS, AND CORPORATE GOVERNANCE

MANAGEMENT

The following table sets forth the names and ages of all of our current directors and executive officers. Our officers are appointed by, and serve at the pleasure of, the Company's Board of Directors.

Name	Age	Position
Nadir Ali	49	Chief Executive Officer and Director
Bret Osborn	52	Chief Sales Officer
Soumya Das	45	Chief Marketing Officer
Wendy Lounderson	48	Principal Financial and Accounting Officer and Secretary of Inpixon, CFO and Secretary of Inpixon Federal, Inc., Vice President of Finance and Secretary of Inpixon USA and Secretary of Inpixon Canada, Inc.
Leonard Oppenheim	71	Director
Kareem Irfan	58	Director
Tanveer Khader	50	Director

Nadir Ali

Mr. Ali joined Inpixon as its Chief Executive Officer and as a director of the Company in September 2011. Prior thereto, from 2001, he served as President of Inpixon Consulting Inc. and its subsidiaries. As the Chief Executive Officer of the Company, Mr. Ali is responsible for establishing the vision, strategic intent, and the operational aspects of Inpixon. Mr. Ali works with the Inpixon executive team to deliver both operational and strategic leadership and has over 15 years of experience in the consulting and high tech industries.

Prior to joining Inpixon, from 1998-2001, Mr. Ali was the co-founder and Managing Director of Tira Capital, an early stage technology fund. Immediately prior thereto, Mr. Ali served as Vice President of Strategic Planning for Isadra, Inc., an e-commerce software start-up. Mr. Ali led the company's capital raising efforts and its eventual sale to VerticalNet. From 1995 through 1998, Mr. Ali was Vice President of Strategic Programs at Inpixon Information Systems (acquired by Vanstar Government Systems in 1997), a leading computer systems integrator. Mr. Ali played a key operations role and was responsible for implementing and managing the company's \$1 billion plus in multi-year contracts. He worked closely with the investment bankers on the sale of Inpixon Information Systems to Vanstar in 1997. This started Mr. Ali's mergers and acquisitions experience which was enhanced with additional M&A activity totaling \$150 million. This experience is critical and relevant to Inpixon's strategy today. Mr. Ali's extensive experience in Inpixon's core government business, as well as extensive contacts and relationships in Silicon Valley and Washington, D.C. were further considered by the Company in appointing Mr. Ali to the Board of Directors. From 1989 to 1994 he was a management consultant, first with Deloitte & Touche LLC in San Francisco and then independently. Mr. Ali received a Bachelor of Arts degree in Economics from the University of California at Berkeley in 1989. Mr. Ali's valuable entrepreneurial, management, M&A and technology experience together with his in-depth knowledge of the Company provide him with the qualifications and skills to serve as a director of our Company.

Bret Osborn

Mr. Osborn joined Inpixon as President of Lilien Systems ("Lilien", *n.k.a.* Inpixon USA) during the Company's acquisition of Lilien on March 20, 2013. On May 21, 2015, he was appointed as Chief Sales Officer of the Company. Mr. Osborn is a seasoned, highly successful sales executive with responsibility for Inpixon's global sales teams. He oversees the Company's direct sales teams as well as its worldwide reseller partner and systems integration channels. Prior to joining Lilien in 2005, Mr. Osborn held various sales management positions with Blue Arc, EMC Corporation, and Lanier Worldwide.

Soumya Das

Mr. Das joined Inpixon as Chief Marketing Officer, effective November 7, 2016. Prior to joining Inpixon, from November 2013 until January 2016, Mr. Das was the Chief Marketing Officer of Indetiv, a security technology company. From January 2012 until October 2013, Mr. Das was the Chief Marketing Officer of SecureAuth, a provider of multi-factor authentication, single sign-on, adaptive authentication and self-services tools for different applications. Prior to joining SecureAuth, Mr. Das was the Vice President, Marketing and Strategy of CrownPeak, a provider of web content management solutions, from April 2010 until January 2012. Mr. Das earned an MBA from Richmond College, London, United Kingdom, a post-graduate diploma in Export/Import Management and Bachelor of Business Management from Andhra University in India.

Wendy Loundermon

Ms. Loundermon, who was appointed our Principal Financial and Accounting Officer on July 19, 2017, has overseen all of Inpixon's finance, accounting and HR activities from 2002 until October 2014 and was re-appointed as Interim CFO of the Company effective January 2015 through October 2015. She has continued on with the Company as Vice President of Finance. Ms. Loundermon has over 20 years of finance and accounting experience. She is currently responsible for the preparation and filing of financial statements and reports for all companies, tax return filings, and managing the accounting staff. Ms. Loundermon received a Bachelor of Science degree in Accounting and a Master of Science degree in Taxation from George Mason University.

Leonard A. Oppenheim

Mr. Oppenheim has served as a director of the Company since July 29, 2011. Mr. Oppenheim retired from business in 2001 and has since been active as a private investor. From 1999 to 2001, he was a partner in Faxon Research, a company offering independent research to professional investors. From 1983 to 1999, Mr. Oppenheim was a principal in the Investment Banking and Institutional Sales division of Montgomery Securities. Prior to that, he was a practicing attorney. Mr. Oppenheim is a graduate of New York University Law School. Mr. Oppenheim served on the Board of Apricus Biosciences, Inc. (Nasdaq: APRI), a publicly held bioscience company, from June 2005 to May 2014. Mr. Oppenheim's public company board experience is essential to the Company. Mr. Oppenheim also meets the Audit Committee Member requirements as a financial expert. Mr. Oppenheim's public company board experience and financial knowledge provide him with the qualifications and skills to serve as a director of our Company.

Kareem M. Irfan

Mr. Irfan has served as a director of the Company since July 8, 2014. Since 2014, Mr. Irfan has been the CEO (Global Businesses) of Cranes Software International (Cranes), a business group offering business intelligence, data analytics and engineering software solutions and services. Previously, Mr. Irfan was Chief Strategy Officer at Cranes starting in 2011. From 2005 until 2011, he was General Counsel at Schneider Electric, a Paris-based global company which specializes in electricity distribution, automation and energy management solutions. Mr. Irfan served earlier as Chief IP & IT Counsel at Square D Co., a US-based electrical distribution and automation business and also practiced law at two international IP law firms in Chicago. Mr. Irfan is a graduate of DePaul University College of Law, holds a MS in Computer Engineering from the University of Illinois, and a BS in Electronics Engineering from Bangalore University. Mr. Irfan's extensive experience in advising information technology companies, managing corporate governance and regulatory management policies, and over fifteen years of executive management leadership give him strong qualifications and skills to serve as a director of our Company.

Tanveer A. Khader

Mr. Khader has served as a director of the Company since July 8, 2014. Since 2010, Mr. Khader has been the Executive Vice President of Systat Software Inc., a company offering scientific software products for statisticians and researchers. Prior thereto he was Senior Vice President from 2008-2010, Vice President from 2004-2008, and General Manager from 2002-2004. Mr. Khader holds a BE in Engineering from Bangalore University and a degree in Business Administration from St. Joseph's Commerce College. Mr. Khader's extensive experience with software development, data analytics and strategic planning give him the qualifications and skills to serve as director of our Company.

Board of Directors

Our Board may establish the authorized number of directors from time to time by resolution. The current authorized number of directors is seven. Our current directors, if elected, will continue to serve as directors until the next annual meeting of stockholders and until his or her successor has been elected and qualified, or until his or her earlier death, resignation, or removal.

We continue to review our corporate governance policies and practices by comparing our policies and practices with those suggested by various groups or authorities active in evaluating or setting best practices for corporate governance of public companies. Based on this review, we have adopted, and will continue to adopt, changes that the Board believes are the appropriate corporate governance policies and practices for our Company.

Independence of Directors

In determining the independence of our directors, we apply the definition of “independent director” provided under the listing rules of The NASDAQ Stock Market LLC (“NASDAQ”). Pursuant to these rules, the Board has determined that all of the directors currently serving on the Board, are independent within the meaning of NASDAQ Listing Rule 5605 with the exception of Nadir Ali, who is an executive officer.

Committees of our Board

The Board has three standing committees: the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee.

Audit Committee

The Audit Committee consists of three directors. Leonard Oppenheim, Tanveer Khader, and Kareem Irfan, all of whom are “independent” as defined under section 5605(a)(2) of the NASDAQ Listing Rules. In addition, the Board has determined that Leonard Oppenheim qualifies as an “audit committee financial expert” as defined in the rules of the SEC. The Audit Committee operates pursuant to a charter, which can be viewed on our website at <http://www.Inpixon.com> (under “Investors”). The Audit Committee met 5 times during 2016 with all members in attendance at each meeting, except Kareem Irfan and Tanveer Khader who were each not present at one of the meetings. All members attended more than 75% of such committee meetings. The role of the Audit Committee is to:

- oversee management’s preparation of our financial statements and management’s conduct of the accounting and financial reporting processes;
- oversee management’s maintenance of internal controls and procedures for financial reporting;
- oversee our compliance with applicable legal and regulatory requirements, including without limitation, those requirements relating to financial controls and reporting;
- oversee the independent auditor’s qualifications and independence;
- oversee the performance of the independent auditors, including the annual independent audit of our financial statements;
- prepare the report required by the rules of the Securities and Exchange Commission (the “SEC”) to be included in our Proxy Statement; and
- discharge such duties and responsibilities as may be required of the Committee by the provisions of applicable law, rule or regulation.

Compensation Committee

The Compensation Committee consists of three directors, Leonard Oppenheim, Tanveer Khader and Kareem Irfan, all of whom are “independent” as defined in section 5605(a)(2) of the NASDAQ Listing Rules. The Compensation Committee did not hold an official meeting during 2016 but rather conducted business through written consents. The role of the Compensation Committee is to:

- develop and recommend to the independent directors of the Board the annual compensation (base salary, bonus, stock options and other benefits) for our President/Chief Executive Officer;
- review, approve and recommend to the independent directors of the Board the annual compensation (base salary, bonus and other benefits) for all of our Executive Officers (as used in Section 16 of the Securities Exchange Act of 1934 and defined in Rule 16a-1 thereunder);
- review, approve and recommend to the Board the aggregate number of equity grants to be granted to all other employees; and
- ensure that a significant portion of executive compensation is reasonably related to the long-term interest of our stockholders.

A copy of the charter of the Compensation Committee is available on our website at <http://www.Inpixon.com> (under “Investors”).

The Compensation Committee may form and delegate a subcommittee consisting of one or more members to perform the functions of the Compensation Committee. The Compensation Committee may engage outside advisers, including outside auditors, attorneys and consultants, as it deems necessary to discharge its responsibilities. The Compensation Committee has sole authority to retain and terminate any compensation expert or consultant to be used to provide advice on compensation levels or assist in the evaluation of director, President/Chief Executive Officer or senior executive compensation, including sole authority to approve the fees of any expert or consultant and other retention terms. In addition, the Compensation Committee considers, but is not bound by, the recommendations of our Chief Executive Officer with respect to the compensation packages of our other executive officers.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee, or the “Governance Committee”, consists of three directors, Leonard Oppenheim, Kareem Irfan and Tanveer Khader, all of whom are “independent” as defined in section 5605(a)(2) of the NASDAQ Listing Rules. The Governance Committee did not hold an official meeting during 2016 but rather conducted business through written consents. The role of the Governance Committee is to:

- evaluate from time to time the appropriate size (number of members) of the Board and recommend any increase or decrease;
- determine the desired skills and attributes of members of the Board, taking into account the needs of the business and listing standards;
- establish criteria for prospective members, conduct candidate searches, interview prospective candidates, and oversee programs to introduce the candidate to us, our management, and operations;
- annually recommend to the Board persons to be nominated for election as directors;
- recommend to the Board the members of all standing Committees;
- periodically review the “independence” of each director;
- adopt or develop for Board consideration corporate governance principles and policies; and
- provide oversight to the strategic planning process conducted annually by our management.

A copy of the charter of the Governance Committee is available on our website at <http://www.Inpixon.com> (under “Investors”).

Stockholder Communications

Stockholders may communicate with the members of the Board, either individually or collectively, by writing to the Board at 2479 E. Bayshore Road, Suite 195, Palo Alto, CA 94303. These communications will be reviewed by the Secretary as agent for the non-employee directors in facilitating direct communication to the Board. The Secretary will treat communications containing complaints relating to accounting, internal accounting controls, or auditing matters as reports under our Whistleblower Policy. Further, the Secretary will disregard communications that are bulk mail, solicitations to purchase products or services not directly related either to us or the non-employee directors' roles as members of the Board, sent other than by stockholders in their capacities as such or from particular authors or regarding particular subjects that the non-employee directors may specify from time to time, and all other communications which do not meet the applicable requirements or criteria described below, consistent with the instructions of the non-employee directors.

General Communications. The Secretary will summarize all stockholder communications directly relating to our business operations, the Board, our officers, our activities or other matters and opportunities closely related to us. This summary and copies of the actual stockholder communications will then be circulated to the Chairman of the Governance Committee.

Stockholder Proposals and Director Nominations and Recommendations. Stockholder proposals are reviewed by the Secretary for compliance with the requirements for such proposals set forth in our Bylaws and in Regulation 14a-8 promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"). Stockholder proposals that meet these requirements will be summarized by the Secretary. Summaries and copies of the stockholder proposals are circulated to the Chairman of the Governance Committee.

Stockholder nominations for directors are reviewed by the Secretary for compliance with the requirements for director nominations that are set forth in our Bylaws. Stockholder nominations for directors that meet these requirements are summarized by the Secretary. Summaries and copies of the nominations or recommendations are then circulated to the Chairman of the Governance Committee.

The Governance Committee will consider director candidates recommended by stockholders. If a director candidate is recommended by a stockholder, the Governance Committee expects to evaluate such candidate in the same manner it evaluates director candidates it identifies. Stockholders desiring to make a recommendation to the Governance Committee should follow the procedures set forth above regarding stockholder nominations for directors.

Retention of Stockholder Communications. Any stockholder communications which are not circulated to the Chairman of the Governance Committee because they do not meet the applicable requirements or criteria described above will be retained by the Secretary for at least ninety calendar days from the date on which they are received, so that these communications may be reviewed by the directors generally if such information relates to the Board as a whole, or by any individual to whom the communication was addressed, should any director elect to do so.

Distribution of Stockholder Communications. Except as otherwise required by law or upon the request of a non-employee director, the Chairman of the Governance Committee will determine when and whether a stockholder communication should be circulated among one or more members of the Board and/or Company management.

Director Qualifications and Diversity

The Board seeks independent directors who represent a diversity of backgrounds and experiences that will enhance the quality of the Board's deliberations and decisions. Candidates should have substantial experience with one or more publicly traded companies or should have achieved a high level of distinction in their chosen fields. The Board is particularly interested in maintaining a mix that includes individuals who are active or retired executive officers and senior executives, particularly those with experience in technology; research and development; finance, accounting and banking; or marketing and sales.

There is no difference in the manner in which the Governance Committee evaluates nominees for director based on whether the nominee is recommended by a stockholder. In evaluating nominations to the Board, the Governance Committee also looks for depth and breadth of experience within the Company's industry and otherwise, outside time commitments, special areas of expertise, accounting and finance knowledge, business judgment, leadership ability, experience in developing and assessing business strategies, corporate governance expertise, and for incumbent members of the Board, the past performance of the incumbent director. Each of the candidates nominated for election to our Board was recommended by the Governance Committee.

Code of Business Conduct and Ethics

The Board has adopted a code of business conduct and ethics (the "Code") designed, in part, to deter wrongdoing and to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with or submits to the Securities and Exchange Commission and in the Company's other public communications, compliance with applicable governmental laws, rules and regulations, the prompt internal reporting of Code violations to an appropriate person or persons, as identified in the Code and accountability for adherence to the Code. The Code applies to all directors, executive officers and employees of the Company. The Code is periodically reviewed by the Board. In the event we determine to amend or waive certain provisions of the Code, we intend to disclose such amendments or waivers on our website at <http://www.Inpixon.com> under the heading "Investors" within four business days following such amendment or waiver or as otherwise required by the NASDAQ Listing Rules.

Risk Oversight

Our Board provides risk oversight for our entire company by receiving management presentations, including risk assessments, and discussing these assessments with management. The Board's overall risk oversight, which focuses primarily on risks and exposures associated with current matters that may present material risk to our operations, plans, prospects or reputation, is supplemented by the various committees. The Audit Committee discusses with management and our independent registered public accounting firm our risk management guidelines and policies, our major financial risk exposures and the steps taken to monitor and control such exposures. Our Compensation Committee oversees risks related to our compensation programs and discusses with management its annual assessment of our employee compensation policies and programs. Our Governance Committee oversees risks related to corporate governance and management and director succession planning.

Board Leadership Structure

The Chairman of the Board presides at all meetings of the Board. Currently, the offices of Chairman of the Board and Chief Executive Officer are separated. The Company has no fixed policy with respect to the separation of the offices of the Chairman of the Board and Chief Executive Officer. The Board believes that the separation of the offices of the Chairman of the Board and Chief Executive Officer is in the best interests of the Company and will review this determination from time to time.

Director Compensation

The following table provides certain summary information concerning compensation awarded to, earned by or paid to our Directors in the year ended December 31, 2016 except those Directors who were also Named Executive Officers and whose compensation information has been disclosed above.

Name	Fees Earned or paid in cash (\$)	Stock awards (\$)	Option awards (\$)	Non-equity Incentive plan compensation (\$)	Nonqualified deferred compensation earnings (\$)	All other compensation (\$)	Total (\$)
Leonard Oppenheim	\$ 45,500	\$ 44,872	\$ 16,960	-	-	-	\$ 107,332
Thomas Steding	\$ 43,500	\$ 32,200	\$ 35,360	-	-	\$ 23,750(1)	\$ 134,810
Kareem Irfan	\$ 31,250	\$ 32,200	\$ 16,960	-	-	-	\$ 80,410
Tanveer Khader	\$ 31,000	\$ 32,200	\$ 16,960	-	-	-	\$ 80,160
A. Salam Qureishi	\$ -	\$ -	\$ -	-	-	\$ 360,000(1)	\$ 360,000
Geoffrey Lilien	\$ -	\$ -	\$ -	-	-	\$ 197,905(2)	\$ 197,905

Directors are entitled to reimbursement of ordinary and reasonable expenses incurred in exercising their responsibilities and duties as a director. Additionally, on July 14, 2014 the Board approved to award its independent directors the following compensation for fiscal year 2014 (July 2014 – June 2015) (subject to a definitive agreement): \$20,000 per year for their services rendered on the Board, \$2,500 per year for service on a committee, a non-qualified stock option grant to purchase 10,000 shares of the Company’s common stock under the Company’s 2011 Employee Stock Incentive Plan which was amended and restated on May 2, 2014 (the “Plan”), and a restricted stock award of 20,000 shares of common stock under the Plan, which will vest in increments of 5,000 shares per quarter over a period of one year from the grant date. Effective July 1, 2015 the Board approved the following compensation plan for the independent directors: \$30,000 per year for their services rendered on the Board, \$15,000 per year for service as the audit committee chair, \$10,000 per year for service as the compensation committee chair, \$6,000 per year for service on the audit committee, \$4,000 per year for service on the compensation committee, \$2,500 per year for service on the Governance Committee, a non-qualified stock option grant to purchase 20,000 shares of the Company’s common stock under the Company’s Employee Stock Incentive Plan, and a restricted stock award of 20,000 shares of common stock under the Plan, which will vest in increments of 5,000 shares per quarter over a period of one year from the grant date. The payment of any portion of the above compensation, including the grants of any securities under the Plan shall be subject to the terms and conditions of definitive agreements to be entered into between the Company and its independent directors.

Compliance with Section 16 of the Exchange Act

Based solely upon a review of Forms 3 and 4 and amendments thereto furnished to us under Rule 16a-3(e) during the year ended December 31, 2016, Forms 5 and any amendments thereto furnished to us with respect to the year ended December 31, 2016, and the representations made by the reporting persons to us, we believe that the following person(s) who, at any time during such fiscal year was a director, officer or beneficial owner of more than 10% of the Company’s common stock, failed to comply with all Section 16(a) filing requirements during the fiscal year:

Name	Number of Late Reports	Number of Transactions not Reported on a Timely Basis	Failure to File a Required Form
Bret Osborn	1*	1	0

* Mr. Osborn was late filing a Form 4 reflecting a purchase of 15,000 shares of Common Stock on May 19, 2016.

EXECUTIVE COMPENSATION AND RELATED INFORMATION

The table below sets forth, for the last two fiscal years, the compensation earned by (i) each individual who served as our principal executive officer, (ii) our two other most highly compensated executive officers, other than our principal executive officer, who were serving as an executive officer at the end of the last fiscal year, and (iii) up to two additional individuals for whom disclosure would have been provided pursuant to the preceding paragraph (ii) but for the fact that the individual was not serving as an executive officer of the Company at the end of the last completed fiscal year. Together, these three individuals are sometimes referred to as the “Named Executive Officers.”

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Nadir Ali, Chief Executive Officer of Inpixon	2016	\$ 252,400	\$ 249,348	\$ —	\$ 158,000 ⁽³⁾	\$ 659,748
	2015	\$ 252,400	\$ 266,329	\$ 507,500 ⁽¹⁾	\$ 183,399 ⁽²⁾	\$ 1,209,628
Kevin Harris Chief Financial Officer of Inpixon	2016	\$ 285,000	\$ 81,125	\$ —	\$ 2,000 ⁽⁶⁾	\$ 368,125
	2015	\$ 58,461	\$ 20,000	\$ 130,500 ⁽¹⁾	\$ —	\$ 208,961
Craig Harper, Chief Technology Officer of Inpixon	2016	\$ 240,000	\$ 65,824	\$ 23,300 ⁽¹⁾	\$ 10,999 ⁽⁴⁾	\$ 340,123
	2015	\$ 220,001	\$ 110,000	\$ 180,050 ⁽¹⁾	\$ 7,020 ⁽⁵⁾	\$ 517,071

- (1) The fair value of employee option grants are estimated on the date of grant using the Black-Scholes option pricing model with key weighted average assumptions, expected stock volatility and risk free interest rates based on US Treasury rates from the applicable periods.
- (2) Accrued vacation paid as compensation and housing allowance.
- (3) Represents housing allowance and fringe benefits.
- (4) Represents fringe benefits and auto allowance.
- (5) Represents an automobile allowance.
- (6) Represents fringe benefits.

Outstanding Equity Awards at Fiscal Year-End

Other than as set forth below, there were no outstanding unexercised options, unvested stock, and/or equity incentive plan awards issued to our named executive officers as of December 31, 2016.

Name	Option Awards					Stock Awards				
	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Equity incentive plan awards: number of securities underlying unexercised unearned options (#)	Option exercise price (\$)	Option expiration date	Number of shares or units of stock that have not vested #	Market value of shares of units of stock that have not vested (\$)	Equity incentive plan awards: number of unearned shares, units or other rights that have not vested (#)	Equity incentive plan awards: market or payout value of unearned shares, units or other rights that have not vested (\$) ⁽¹⁾	
Nadir Ali	8,333 ⁽¹⁾	-0-	-0-	4.68	12/21/2022	-0-	-0-	-0-	-0-	
	28,646 ⁽²⁾	13,021 ⁽²⁾	-0-	40.50	08/12/2023	-0-	-0-	-0-	-0-	
	17,361 ⁽³⁾	15,972 ⁽³⁾	-0-	34.80	04/17/2025	-0-	-0-	-0-	-0-	
Kevin Harris	4,167 ⁽⁴⁾	12,500 ⁽⁴⁾	-0-	14.85	10/19/2025	-0-	-0-	-0-	-0-	
Craig Harper	3,542 ⁽³⁾	1,458 ⁽³⁾	-0-	56.85	07/03/2024	-0-	-0-	-0-	-0-	
	4,688 ⁽³⁾	3,646 ⁽³⁾	-0-	23.40	02/12/2025	-0-	-0-	-0-	-0-	
	2,917 ⁽³⁾	3,750 ⁽³⁾	-0-	26.25	08/05/2025	-0-	-0-	-0-	-0-	
	1,389 ⁽³⁾	5,278 ⁽³⁾	-0-	7.05	07/20/2026	-0-	-0-	-0-	-0-	

- (1) This option is 100% vested.
- (2) This option vests 25% on August 14, 2015 and vests 25% over the following three anniversaries of the grant date.
- (3) This option vests 1/48th per month at the end of each month starting on the grant date.
- (4) This option vests 25% each year for 4 years.

Employment Agreements and Arrangements

Named Executive Officers

On July 1, 2010, Nadir Ali entered into an “at will” Employment and Non-Compete Agreement, as subsequently amended, with Inpixon Federal, Inc., Inpixon Government Services and Inpixon Consulting prior to their acquisition by the Company. Under the terms of the Employment Agreement Mr. Ali serves as President. The Employment Agreement was assumed by the Company and Mr. Ali became CEO in September 2011. Mr. Ali’s salary under the Agreement was initially \$240,000 per annum plus other benefits including a bonus plan, a housing allowance, health insurance, life insurance and other standard Inpixon employee benefits. If Mr. Ali’s employment is terminated without Cause (as defined), he will receive his base salary for 12 months from the date of termination. Mr. Ali’s employment agreement provides that he will not compete with the Company and will be subject to non-solicitation provisions relating to employees, consultants and customers, distributors, partners, joint ventures or suppliers of the Company during the term of his employment or consulting relationship with the Company. On April 17, 2015, the Compensation Committee approved the increase of Mr. Ali’s annual salary to \$252,400, effective January 1, 2015.

On October 12, 2015, effective as of October 19, 2015, Inpixon entered into an employment agreement with Kevin Harris (the “Harris Employment Agreement”). Mr. Harris served as Chief Financial Officer of the Company until his resignation in July 2017, and all information is provided for historical purposes only. In accordance with the terms of the Harris Employment Agreement, Mr. Harris received a base salary of \$285,000 per annum. In addition, Mr. Harris was to receive a bonus that is between 25% and 50% of his base salary for each calendar quarter, provided that both the Company and Mr. Harris met quarterly performance goals, and the specific amount of bonus would have been determined by the Company, in its sole discretion. The Harris Employment Agreement was effective for an initial term of twenty-four (24) months and was to be automatically renewed for one additional twelve (12) month period, unless either party terminated the agreement pursuant to the applicable provisions. The Company could terminate the services of Mr. Harris with or without “just cause,” as defined in the Harris Employment Agreement. If the Company terminated Mr. Harris’s employment without just cause, or if Mr. Harris resigned within twenty-four (24) months following a change of control (as defined in the Harris Employment Agreement) and as a result of a material diminution of his position or compensation, Mr. Harris would have received (1) his base salary at the then current rate and levels for four (4) months if Mr. Harris had been employed by the Company for under six (6) months as of the date of termination or resignation, for six (6) months if Mr. Harris had been employed by the Company at least six (6) but not more than twelve (12) months as of the date of termination or resignation, for nine (9) months if Mr. Harris had been employed by the Company more than twelve (12) but not more than twenty-four (24) months as of the date of termination or resignation, or for twelve (12) months if Mr. Harris had been employed by the Company for more than twenty-four (24) months as of the date of resignation or termination; (2) 50% of the value of any accrued but unpaid bonus that Mr. Harris otherwise would have received; (3) the value of any accrued but unpaid vacation time; and (4) any unreimbursed business expenses and travel expenses that are reimbursable under the Harris Employment Agreement. If the Company terminated Mr. Harris’s employment with just cause, Mr. Harris would receive only the portion of his base salary and accrued but unused vacation pay that had been earned through the date of termination. Mr. Harris resigned as our CFO on July 14, 2017.

On June 20, 2014, Craig Harper entered into an offer letter with Inpixon USA (the “Harper Offer Letter”). Mr. Harper serve as Chief Technology Officer of the Company until his resignation in August 2017, and all information is provided for historical purposes only. Pursuant to the Harper Offer Letter, Mr. Harper’s compensation arrangements included: (1) an annual salary of \$200,000; (2) a quarterly profitability bonus based on Inpixon USA’s EBITDA Percentage (as defined in the Harper Offer Letter); (3) a quarterly gross profit bonus based on the Company’s Gross Profit (as defined in the Harper Offer Letter); (4) a quarterly sales commission based on Inpixon USA’s Gross Profit (as defined in the Harper Offer Letter); (5) auto allowance of \$585 per month; (6) 75,000 stock options subject to the Board approval; and (7) all the other benefits normally provided to full-time employees. The goals and rates for the above bonuses and commission were determined by the company. In addition, the quarterly bonuses and commission could only be earned if Mr. Harper was employed in good standing for a full quarter. Effective July 1, 2015 Mr. Harper’s annual salary was increased to \$240,000 per year, which was subsequent increased to \$300,000, effective March 1, 2017. On September 9, 2017, Mr. Harper resigned as our CTO.

Other Executive Officers

On March 20, 2013, upon the Company's acquisition of Lilien Systems, Lilien Systems ("Lilien", *n.k.a.* "Inpixon USA") entered into a two year employment agreement with Bret Osborn to serve as President of Lilien Systems (the "Osborn Employment Agreement"). Under the Osborn Employment Agreement, Mr. Osborn's salary was \$180,000 per year and he was eligible to receive compensation under a bonus plan. If the contract was terminated by Lilien for Cause (as defined in the Osborn Employment Agreement), or if Mr. Osborn resigned without Good Reason (as defined), Mr. Osborn would only receive his compensation earned through the termination date. If the contract was terminated by Lilien without Cause or if Mr. Osborn terminated his employment for Good Reason, or upon a Change in Control (as defined), Mr. Osborn would also be entitled to one year's severance pay; all non-vested equity in the Company would accelerate and vest on the date of termination and all healthcare and life insurance coverage through the end of the term shall be paid by the Company. The Osborn Employment Agreement expired on March 20, 2015 in accordance with its terms, after which Mr. Osborn continues to provide services to the Company.

On June 7, 2016, and effective as of January 1, 2016, Mr. Osborn entered into a compensation letter with the Company (the "Osborn Compensation Letter"). Mr. Osborn currently serves as Chief Sales Officer of the Company. Pursuant to the Osborn Compensation Letter, Mr. Osborn's compensation arrangements include: (1) an annual salary of \$180,000; (2) a quarterly sales commission based on Gross profit for all products and services sold by all Inpixon USA EAMs (as defined in the Osborn Compensation Letter) and all sales/net revenue for AirPatrol and LightMiner products; (3) quarterly bonuses based on various subsidiaries' Gross Profit and/or Net Revenues (as defined in the Osborn Compensation Letter); (4) a recoverable draw of \$10,000 per month against current and future quarterly commission or bonuses; and (5) auto allowance of \$585 per month. The quarterly commission and bonuses can only be earned if Mr. Osborn is employed in good standing for a full quarter. The Company reserves the right to modify the compensation plan in the Osborn Compensation letter at any time and upon written notice to Mr. Osborn.

On October 21, 2014, and effective as of October 1, 2014, the Company entered into an at-will employment agreement with Wendy Loundermon (the "Loundermon Employment Agreement"). Ms. Loundermon currently serves as Vice President of Finance and Secretary of the Company, CFO and Secretary of Inpixon Federal, Inc., Vice President of Finance and Secretary of Inpixon USA and Secretary of Inpixon Canada, Inc. Pursuant to the Loundermon Employment Agreement, Ms. Loundermon is compensated at an annual rate of \$200,000 and is entitled to benefits customarily provided to senior management including equity awards and cash bonuses subject to the satisfaction of certain performance goals determined by the Company. The standards and goals and the bonus targets is set by the Compensation Committee, in its sole discretion. The Company may terminate the services of Ms. Loundermon with or without "cause," as defined in the Loundermon Employment Agreement. If the Company terminates Ms. Loundermon's employment without cause or in connection with a change of control (as defined in the Loundermon Employment Agreement), Ms. Loundermon will receive (1) severance consisting of her base salary at the then current rate for twelve (12) months from the date of termination, and (2) her accrued but unpaid salary. If Ms. Loundermon's employment is terminated under any circumstances other than the above, Ms. Loundermon will receive her accrued but unpaid salary.

On November 4, 2016, and effective as of November 7, 2016, Inpixon USA entered into an employment agreement with Soumya Das (the "Das Employment Agreement"). Mr. Das currently serves as Chief Marketing Officer of the Company. In accordance with the terms of the Das Employment Agreement, Mr. Das will receive a base salary of \$250,000 per annum. In addition, Mr. Das will receive a bonuses up to \$75,000 annually, provided that he completes the required tasks before their deadlines, and the tasks, their deadlines and the amount of corresponding bonuses shall be determined by the company and the CEO. The Das Employment Agreement shall be effective for an initial term of twenty-four (24) months and shall automatically be renewed for one additional twelve (12) month period, unless either party terminates the agreement pursuant to the applicable provisions. The company may terminate the services of Mr. Das with or without "just cause," as defined in the Das Employment Agreement. If the company terminates Mr. Das's employment without just cause, or if Mr. Das resigns within twenty-four (24) months following a change of control (as defined in the Das Employment Agreement) and as a result of a material diminution of his position or compensation, Mr. Das will receive (1) his base salary at the then current rate and levels for one (1) month if Mr. Das has been employed by the company for at least six (6) months but not more than twelve (12) months as of the date of termination or resignation, for three (3) months if Mr. Das has been employed by the company more than twelve (12) but not more than twenty-four (24) months as of the date of termination or resignation, or for six (6) months if Mr. Das has been employed by the company for more than twenty-four (24) months as of the date of resignation or termination; (2) 50% of the value of any accrued but unpaid bonus that Mr. Das otherwise would have received; (3) the value of any accrued but unpaid vacation time; and (4) any unreimbursed business expenses and travel expenses that are reimbursable under the Das Employment Agreement. If the company terminates Mr. Das's employment with just cause, Mr. Das will receive only the portion of his base salary and accrued but unused vacation pay that has been earned through the date of termination.

Securities Authorized for Issuance under Equity Compensation Plans

On September 1, 2011 our Board of Directors and stockholders adopted our 2011 Employee Stock Incentive Plan, which was amended and restated on May 2, 2014. The purpose of the 2011 Employee Stock Incentive Plan is to provide an incentive to attract and retain directors, officers, consultants, advisors and employees whose services are considered valuable, to encourage a sense of proprietorship, and to stimulate an active interest of these persons in our development and financial success. Under the 2011 Employee Stock Incentive Plan, we are authorized to issue up to 175,633 shares of Common Stock, with yearly increases equal to 10% of the number of shares issued during the prior calendar year, including incentive stock options intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended, non-qualified stock options, stock appreciation rights, performance shares, restricted stock and long term incentive awards. On June 18, 2015 the stockholders approved an amendment to the 2011 Employee Stock Incentive Plan increasing the number of shares of common stock authorized for awards under the 2011 Employee Stock Incentive Plan by 200,000, subject to annual increases. Thus, effective as of January 1, 2017, an aggregate of 498,858 shares are authorized for grant under the 2011 Employee Stock Incentive Plan. The 2011 Employee Stock Incentive Plan is administered by our Board until authority is delegated to a committee of the Board of Directors.

The table below provides information as of January 1, 2017 regarding the 2011 Employee Stock Incentive Plan and such other compensation plans under which equity securities of the Company have been authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column a) (c)
Equity compensation plans approved by security holders	325,192	\$ 22.87	173,666
Equity compensation plans not approved by security holders	41,667 ⁽¹⁾	\$ 40.50	0
Total	366,859	\$ 24.87	173,666

(1) Options granted to Nadir Ali on August 14, 2013.

Director Compensation

The following table provides certain summary information concerning compensation awarded to, earned by or paid to our Directors in the year ended December 31, 2016 except Nadir Ali, whose aggregate compensation information has been disclosed above.

Name	Fees Earned or paid in cash (\$)	Stock awards (\$)	Option awards (\$)	Non-equity Incentive plan compensation (\$)	Nonqualified deferred compensation earnings (\$)	All other compensation (\$)	Total (\$)
Leonard Oppenheim	\$ 54,500	\$ 16,650	\$ —	—	—	\$ —	\$ 71,150
Thomas Steding ⁽²⁾	\$ 37,417	\$ 7,200	\$ —	—	—	\$ 50,000 ⁽¹⁾	\$ 94,617
Kareem Irfan	\$ 43,583	\$ 7,200	\$ —	—	—	\$ —	\$ 50,783
Tanveer Khader	\$ 43,667	\$ 7,100	\$ —	—	—	\$ —	\$ 50,767
A. Salam Qureshi ⁽³⁾	\$ —	\$ —	\$ —	—	—	\$ 270,000 ⁽¹⁾	\$ 270,000
Geoffrey Lilien ⁽²⁾	\$ 29,500	\$ —	\$ —	—	—	\$ —	\$ 29,500

(1) Compensation under a consulting agreement as fully described in Item 13.

(2) Board of Directors term ended on November 8, 2016.

(3) Resigned from our Board of Directors on September 30, 2016.

Directors are entitled to reimbursement of ordinary and reasonable expenses incurred in exercising their responsibilities and duties as a director. Effective July 1, 2015 the Board approved the following compensation plan for the independent directors: \$30,000 per year for their services rendered on the Board, \$15,000 per year for service as the audit committee chair, \$10,000 per year for service as the compensation committee chair, \$6,000 per year for service on the audit committee, \$4,000 per year for service on the compensation committee, \$2,500 per year for service on the nominating committee, a non-qualified stock option grant to purchase 1,334 shares of the Company's common stock under the Plan, and restricted stock awards of 1,336 shares of Common Stock under the Plan, which are granted in four equal installments on a quarterly basis and are each 100% vested upon grant. The payment of any portion of the Compensation, including the grants of any securities under the Plan shall be subject to the terms and conditions of definitive agreements to be entered into between the Company and its independent directors.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of October 20, 2017, regarding the beneficial ownership of our common stock by the following persons:

- each person or entity who, to our knowledge, owns more than 5% of our common stock;
- our Named Executive Officers;
- each director; and
- all of our executive officers and directors as a group.

Unless otherwise indicated in the footnotes to the following table, each person named in the table has sole voting and investment power and that person's address is c/o Inpixon, 2479 E. Bayshore Road, Suite 195, Palo Alto, California 94303. Shares of common stock subject to options, warrants, or other rights currently exercisable or exercisable within 60 days of October 20, 2017, are deemed to be beneficially owned and outstanding for computing the share ownership and percentage of the stockholder holding the options, warrants or other rights, but are not deemed outstanding for computing the percentage of any other stockholder.

Name and Address of Beneficial Owner	Amount and nature of beneficial ownership	Percent of Class ⁽¹⁾
Nadir Ali	126,462 ⁽⁴⁾	*
Bret Osborn	55,596 ⁽⁸⁾	*
Leonard Oppenheim	9,541 ⁽⁹⁾	*
Kareem Ifran	5,562 ⁽¹⁰⁾	*
Tanveer Khader	150,097 ⁽⁶⁾	1.0%
Wendy Loundermon	28,322 ⁽²⁾	*
Soumya Das	6,750 ⁽³⁾	*
Craig Harper	16,314 ⁽¹¹⁾	*
All Directors and Executive Officers as a Group (7 persons)	398,644⁽⁷⁾	2.4%

* less than 1% of the issued and outstanding shares of common stock.

(1) Based on 15,545,378 shares outstanding on October 20, 2017.

(2) Includes (i) 1,220 shares of common stock held of record by Ms. Loundermon, (ii) 25,652 shares of common stock issuable to Ms. Loundermon upon exercise of outstanding stock options, and (iii) warrants for 1,450 shares held directly by Ms. Loundermon.

(3) Includes (i) 4,667 shares of common stock held of record by Mr. Das, and (ii) 2,083 shares of common stock issuable to Mr. Das upon exercise of outstanding stock options.

(4) Includes (i) 38,028 shares of common stock held of record by Nadir Ali, (ii) 63,559 shares of common stock issuable to Nadir Ali upon exercise of an outstanding stock option, (iii) 3,660 shares of common stock held of record by Lubna Qureishi, Mr. Ali's wife, (iv) 18,298 shares of common stock held of record by the Qureishi Ali Grandchildren Trust, and (v) 2,917 shares of common stock issuable to Lubna Qureishi upon exercise of an outstanding common stock purchase warrant. Mr. Ali is the joint-trustee (with his wife Lubna Qureishi) of the Qureishi Ali Grandchildren Trust and has voting and investment control over the shares held.

(5) Reserved

(6) Includes (i) 144,535 shares of common stock owned directly by SyHolding Corp., (ii) 4,007 shares of common stock held of record by Mr. Khader and (iii) 1,555 shares of common stock issuable to Tanveer Khader upon exercise of outstanding stock options. Tanveer Khader holds the power to vote and dispose of the SyHoldings Corporation shares.

(7) Includes (i) 108,143 shares of common stock held directly, or by spouse, (ii) 162,832 shares of common stock held of record by entities, (iii) 122,802 shares of common stock issuable upon exercise of stock options, and (iv) 4,867 shares of common stock issuable upon exercise of common stock purchase warrants.

(8) Includes (i) 44,067 shares of common stock held of record by Mr. Osborn and (ii) 11,529 shares of common stock issuable to Bret Osborn upon exercise of outstanding stock options.

(9) Includes (i) 7,486 shares of common stock held of record by Mr. Oppenheim, (ii) 1,555 shares of common stock issuable to Leonard Oppenheim upon exercise of outstanding stock options, and (iii) warrants for 500 shares held directly by Mr. Oppenheim.

(10) Includes (i) 4,007 shares of common stock held of record by Mr. Irfan and (ii) 1,555 shares of common stock issuable to Kareem Irfan upon exercise of outstanding stock options.

(11) Includes (i) 1,000 shares of common stock held of record by Mr. Harper and (ii) 15,314 shares of common stock issuable to Craig Harper upon exercise of outstanding stock options.

(12)

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Related Party Transactions

SEC regulations define the related person transactions that require disclosure to include any transaction, arrangement or relationship in which the amount involved exceeds the lesser of \$120,000 or one percent of the average of our total assets at year-end for the last two completed fiscal years in which we were or are to be a participant and in which a related person had or will have a direct or indirect material interest. A related person is: (i) an executive officer, director or director nominee, (ii) a beneficial owner of more than 5% of our common stock, (iii) an immediate family member of an executive officer, director or director nominee or beneficial owner of more than 5% of our common stock, or (iv) any entity that is owned or controlled by any of the foregoing persons or in which any of the foregoing persons has a substantial ownership interest or control.

For the period from January 1, 2015, through the date of this proxy statement, described below are certain transactions or series of transactions between us and certain related persons.

Note Payable to Related Party

The Company has borrowed funds from Sysorex Consulting, Inc., which is a stockholder of the Company and for which Abdus Salam Qureishi, the former Chairman of the Board, is the majority stockholder, pursuant to an oral agreement with no stated interest rate and which is payable upon demand. Non-interest bearing amounts due on demand from Sysorex Consulting, Inc. to Sysorex Arabia LLC were \$665,554 as of December 31, 2016, December 31, 2015 and December 31, 2014. These advances were made to fund operations of Sysorex Consulting and recorded as intercompany accounts without any written agreement. The largest aggregate amount of principal outstanding during the years ended December 31, 2016, 2015 and 2014 was \$665,554 with no principal or interest paid during those periods.

Agreements with Duroob Technology, Inc.

During 2015, the Company borrowed funds for working capital from Duroob Technology, Inc., a Saudi Arabian limited liability company (“Duroob”), a related party as Duroob’s CEO owns a minority interest in Inpixon Arabia LLC, pursuant to an oral agreement with no stated interest rate and which is payable upon demand. As of December 31, 2016 and 2015, Duroob was owed \$1,600 and \$1,867, respectively. The largest aggregate amount of principal outstanding during the years ended December 31, 2016 and 2015 was \$2,401 and \$1,867, respectively, and there were no interest payments paid during such years. Sysorex Arabia LLC is 50.2% owned by the Company and 49.8% owned by Abdul Aziz Salloum (“Salloum”), its general manager. Salloum is also the CEO and principal stockholder of Duroob.

Consulting Agreements

Effective April 1, 2013, the Company entered into a Consulting Services Ordering Agreement with its then Chairman of the Board, Mr. Abdus Salam Qureishi. Under the agreement, Mr. Qureishi, as the former CEO of the Company, would consult on various operations of the Company and be compensated at an hourly rate of \$375 per hour. The original term was for one year, expiring March 31, 2014, which was extended to March 31, 2016 by two amendments to the agreement. On March 25, 2016, the Company entered into an Amendment No. 3 (the “Amended Agreement”) with Mr. Qureishi, effective March 16, 2016, pursuant to which the Company agreed to pay Mr. Qureishi a fee of \$20,000 per month for all consulting services performed during the term of the agreement. In addition, the Amended Agreement provided for an extension of the term for an additional nine months from March 31, 2016 to December 31, 2016. Mr. Qureishi received \$270,000, \$360,000 and \$360,000 during 2016, 2015 and 2014, respectively.

Thomas Steding, a director, resigned from the Audit Committee of the Company's Board effective November 1, 2015. Mr. Steding signed an agreement (the "Steding Consulting Agreement") to provide consulting services to the Company subsequent to that date. The services required by the consulting agreement include providing guidance on general management and leadership, cultural practices and reinforcement, marketing strategy and positioning, product development best practice, weekly control practices, executive development, and similar services. The term of the agreement expired on October 31, 2016. Mr. Steding was paid \$5,000 per month as compensation for his services, received an option to purchase 50,000 shares of the Company's common stock and was reimbursed, in accordance with the Company's travel and entertainment policy, expenses incurred by him in providing the services. The right to purchase 1/48th of the option shares will vest for each month of Mr. Steding's continuous service to the Company, starting on the date the Board approves the option grant. Mr. Steding was not elected as a director at the Company's 2016 Annual Meeting of Stockholders and no longer served on the Company's Board or any committees after November 8, 2016.

Kevin Harris, our former Chief Financial Officer, resigned as of July 14, 2017. Inpixon and Kevin Harris have agreed to serve as a senior financial advisor to Inpixon's Chief Executive Officer. In this new role, Mr. Harris will continue as an at-will employee with monthly compensation of \$10,000. Pursuant to the terms of Mr. Harris's he was entitled to a cash bonus of approximately \$53,000. Inpixon has agreed to pay such bonus as soon as possible but no later than over 3 pay periods, beginning with the pay period ending July 31, 2017. This arrangement was terminated on July 31, 2017.

Employment Agreements with Prior Officers

On March 20, 2013, upon the Company's acquisition of Lilien, Lilien entered into a two-year employment agreement with Geoffrey Lilien, as CEO of Lilien (the "Lilien Employment Agreement"). Under the Lilien Employment Agreement, Mr. Lilien's salary was \$238,704 and he was eligible to receive compensation under a bonus plan. If the agreement is terminated by Lilien for Cause (as defined in the Lilien Employment Agreement), or if Mr. Lilien resigns without Good Reason (as defined in the Lilien Employment Agreement), Mr. Lilien shall only receive his compensation earned through the termination date. If the agreement is terminated by Mr. Lilien without Cause or if Mr. Lilien terminates his employment for Good Reason, or upon a Change in Control (as defined in the Lilien Employment Agreement), Mr. Lilien shall also be entitled to one year's severance pay; all non-vested equity in the Company shall accelerate and vest on the date of termination and all healthcare and life insurance coverage through the end of the term shall be paid by the Company. For purposes of this agreement, Cause shall include, among other things: the gross profits for calendar years ending December 31, 2013 and 2014 attributable to Mr. Lilien are more than 25% below the Gross Profit Projections for Lilien provided by Mr. Lilien. After the expiration of the Lilien Employment Agreement and effective April 1, 2015, Mr. Lilien's compensation arrangement includes a salary of \$10,000 a month. He was eligible for commissions and bonuses during the 1st quarter of 2015 and was eligible to participate in the Company's health insurance plan until December 31, 2015. This arrangement with Mr. Lilien terminated December 31, 2015.

On April 18, 2014, upon the Company's acquisition of AirPatrol, AirPatrol entered into an employment agreement with A. Sage Osterfeld to serve as Chief Marketing Officer of AirPatrol (the "Osterfeld Employment Agreement"). Under the Osterfeld Employment Agreement, Mr. Osterfeld's base salary is \$180,000 per year and he is eligible to receive compensation under the company's bonus programs and participate in the Company's equity incentive plans. Either AirPatrol or Mr. Osterfeld may terminate this agreement with 30-day prior notice. If this agreement is terminated for any reason, Mr. Osterfeld shall receive (1) any earned but unpaid base salary and annual bonus through the date of termination; (2) any unreimbursed expenses incurred through the date of termination; (3) the value of any accrued but unpaid vacation time; and (4) any other vested accrued benefits Mr. Osterfeld may be entitled to. If AirPatrol terminates this agreement without "Cause" (as defined in the Osterfeld Employment Agreement), Mr. Osterfeld terminates this agreement with Good Reason (as defined in the Osterfeld Employment Agreement), or Mr. Osterfeld's employment is not assumed upon a Change of Control (as defined in the Osterfeld Employment Agreement), in addition to the above payments, AirPatrol shall pay Mr. Osterfeld three-month base salary less all applicable taxes on the date of such termination. Mr. Osterfeld's annual salary was increased to \$200,000 on March 1, 2015. The Osterfeld Employment Agreement was terminated as of August 31, 2016 and the Company did not make any severance payment upon the termination.

PROPOSAL 1 — ELECTION OF DIRECTORS

Nominees for Election

The Company's Board currently consists of four directors. The terms of the rest of our current directors will expire at the Annual Meeting, after their election. The following four individuals, all of whom are currently serving on our Board, are nominated for election this year:

- Nadir Ali
- Leonard Oppenheim
- Kareem Irfan
- Tanveer Khader

If a quorum is present at the Annual Meeting, then nominees will be elected by a majority of the votes cast by the holders of shares of common stock present in person or represented by proxy and entitled to vote at the meeting. There is no cumulative voting in the election of directors.

If elected, each of these individuals will serve until the next annual meeting of stockholders and until his or her successor has been elected and qualified, or until his or her earlier death, resignation, or removal. In the event that any nominee for any reason is unable to serve, or for good cause will not serve, the proxies will be voted for such substitute nominee as our Board may determine. We are not aware of any nominee who will be unable to serve, or for good cause will not serve, as a director.

Unless otherwise provided by law, any vacancy on the Board, including a vacancy created by an increase in the authorized number of directors, may be filled by the stockholders, by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director.

The relevant experiences, qualifications, attributes or skills of each nominee that led our Board to recommend the above persons as a nominee for director are described in the section entitled "Executive Officers, Directors, and Corporate Governance."

The election of directors, the nominees will be elected by a majority of the votes cast by the holders of shares of common stock present in person or represented by proxy and entitled to vote in the election. You may choose to vote, or withhold your vote, separately for each nominee. A properly executed proxy or voting instructions marked "Abstain" with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for the purposes of determining whether there is a quorum. The Board recommends that you vote FOR the election of the nominated directors.

PROPOSAL 2 – THE REVERSE SPLIT PROPOSAL

Our Board has unanimously adopted resolutions approving a proposal to amend our Restated Articles of Incorporation (the "Charter") to effect the Reverse Split of all our outstanding shares of common stock, at a ratio between 1-for-5 and 1-for-50, to be determined at the discretion of the Board, for the purpose of complying with NASDAQ Listing Rule 5550(a)(2), subject to the Board's discretion to abandon such amendment. If this proposal is approved, the Board may decide not to effect a Reverse Split if it determines that it is not in the best interests of the Company to do so. The Board does not currently intend to seek re-approval of a Reverse Split for any delay in implementing a Reverse Split unless twelve months has passed from the date of the meeting (the "Authorized Period"). If the Board determines to implement a Reverse Split, it will become effective upon filing the amendment to the Charter with the Secretary of State of the State of Nevada or at such later date specified therein.

The text of the proposed amendment of our Charter to effect the Reverse Split is included as Annex A to this Proxy Statement.

Purpose of a Reverse Split

The primary purpose of a Reverse Split, if implemented, would be to increase the market price of our common stock so that we can meet the minimum bid price rule requirements of NASDAQ. On August 14, 2017, we received a deficiency letter from The NASDAQ Stock Market LLC (“NASDAQ”) indicating that, based on our closing bid price for the last 30 consecutive business days, we do not comply with the minimum bid price requirement of \$1.00 per share, as set forth in NASDAQ Listing Rule 5550(a)(2). The notification has no immediate effect on the listing of our common stock on The NASDAQ Capital Market. In accordance with NASDAQ Listing Rule 5810(c)(3)(A), we have a grace period of 180 calendar days, or until February 12, 2018, to regain compliance with the minimum closing bid price requirement for continued listing. In order to regain compliance, the minimum closing bid price per share of our common stock must be at least \$1.00 for a minimum of ten consecutive business days. In the event we do not regain compliance by February 12, 2018, we may be afforded an additional 180-day compliance period, provided it demonstrates that it meets all other applicable standards for initial listing on The NASDAQ Capital Market (except the bid price requirement), and provide written notice of our intention to cure the minimum bid price deficiency during the second grace period, by effecting a reverse stock split, if necessary. If we fail to regain compliance after the second grace period, our stock will be subject to delisting by NASDAQ.

As of October 20, 2017, the last reported closing price of the Company’s common stock was \$.53. A delisting of the Company’s common stock may materially and adversely affect a holder’s ability to dispose of, or to obtain accurate quotations as to the market value, of, the common stock. In addition, any delisting may cause the common stock to be subject to “penny stock” regulations promulgated by the SEC. Under such regulations, broker-dealers are required to, among other things, comply with disclosure and special suitability determinations prior to the sale of shares of common stock. If the Company’s common stock becomes subject to these regulations, the market price of the common stock and the liquidity thereof could be materially and adversely affected. Reducing the number of outstanding shares of our common stock should, absent other factors, increase the per share market price of our common stock, although we cannot provide any assurance that our minimum bid price would remain above the minimum bid price requirement of NASDAQ. Accordingly, we believe that approval of authorization of the Board to effect a Reverse Split in its discretion is in the Company’s and our stockholders’ best interests.

In addition to increasing the market price of our common stock so that we can meet the minimum bid price rule requirements of NASDAQ, we believe that a Reverse Split could enhance the appeal of the common stock to the financial community, including institutional investors, and the general investing public. We believe that a number of institutional investors and investment funds are reluctant to invest in lower-priced securities and that brokerage firms may be reluctant to recommend lower-priced stock to their clients, which may be due in part to a perception that lower-priced securities are less promising as investments, are less liquid in the event that an investor wishes to sell its shares, or are less likely to be followed by institutional securities research firms and therefore to have less third-party analysis of the Company available to investors. In addition, certain institutional investors or investment funds may be prohibited from buying stocks whose price is below a certain threshold. We believe that the reduction in the number of issued and outstanding shares of the common stock caused by a Reverse Split, together with the anticipated increased stock price immediately following and resulting from a Reverse Split, may encourage interest and trading in our common stock and thus possibly promote greater liquidity for our stockholders, thereby resulting in a broader market for the common stock than that which currently exists.

Reducing the number of outstanding shares of our common stock through a Reverse Split is intended, absent other factors, to increase the per share market price of our common stock. However, other factors, such as our financial results, market conditions and the market perception of our business, may adversely affect the market price of our common stock. As a result, there can be no assurance that a Reverse Split, if completed, will result in the intended benefits described above, that the market price of our common stock will increase following a Reverse Split or that the market price of our common stock will not decrease in the future. Additionally, we cannot assure you that the market price per share of our common stock after a Reverse Split will increase in proportion to the reduction in the number of shares of our common stock outstanding before such Reverse Split. Accordingly, the total market capitalization of our common stock after a Reverse Split may be lower than the total market capitalization before a Reverse Split.

We cannot be sure that our share price will comply with the requirements for continued listing of our shares of common stock on NASDAQ in the future or that we will comply with the other continued listing requirements. If our shares of common stock lose their status on NASDAQ, we believe that our shares of common stock would likely be eligible to be quoted on an inter-dealer electronic quotation and trading system operated by OTC Markets Group. These markets are generally considered to be less efficient than, and not as broad as, NASDAQ. Selling our shares of common stock on these markets could be more difficult because smaller quantities of shares would likely be bought and sold, and transactions could be delayed. In addition, in the event that our shares of common stock are delisted, broker-dealers have certain regulatory burdens imposed upon them, which may discourage them from effecting transactions in our common stock, further limiting the liquidity of our common stock. These factors could result in lower prices and larger spreads in the bid and ask prices for our common stock.

A delisting from NASDAQ and continued or further declines in our share price could also greatly impair our ability to raise additional necessary capital through equity or debt financing, and could significantly increase the ownership dilution to stockholders caused by our issuing equity in financing or other transactions. There are risks associated with a Reverse Split, including that a Reverse Split may not result in a sustained increase in the per share price of our common stock.

We cannot predict whether a Reverse Split will increase the market price for our common stock on a sustained basis. The history of similar stock split combinations for companies in like circumstances is varied. There is no assurance that:

- the market price per share of our common stock after a Reverse Split will rise in proportion to the reduction in the number of shares of our common stock outstanding before a Reverse Split;
- a Reverse Split will result in a per share price that will attract brokers and investors who do not trade in lower priced stocks; and
- the market price per share will either exceed or remain in excess of the \$1.00 minimum bid price as required by NASDAQ, or that we will otherwise meet the requirements of NASDAQ for continued inclusion for trading on NASDAQ.

The market price of our common stock will also be based on our performance and other factors, some of which are unrelated to the number of shares outstanding. If a Reverse Split is effected and the market price of our common stock declines, the percentage decline as an absolute number and as a percentage of our overall market capitalization may be greater than would occur in the absence of a Reverse Split. Furthermore, the liquidity of our common stock could be adversely affected by the reduced number of shares that would be outstanding after a Reverse Split.

Board Discretion to Implement a Reverse Split

If this proposal is approved by the Company's stockholders, the Board will have the authority, in its sole determination without any further action necessary by the stockholders, to effect one or more Reverse Splits during the Authorized Period at the ratio set forth above, as determined by the Board. The Board may, in its sole determination, choose to not effect a Reverse Split. The Board believes that granting this discretionary authority provides the Board with maximum flexibility to react to prevailing market conditions and future changes to the market price of our common stock, and therefore better enables it to act in the best interests of the Company. In addition to the Reverse Split, the Board is also pursuing other alternatives that may enable the Company to meet with the requirements for continued listing of our shares of common stock on NASDAQ. In exercising its discretion, the Board may consider the following factors:

- the historical trading price and trading volume of the Company's common stock;
- the then-prevailing trading price and trading volume of the Company's common stock and the anticipated impact of a Reverse Split on the trading market for the Company's common stock; and
- the prevailing general market and economic conditions.

At the close of business on October 26, 2017 the Company had 16,055,135 shares of common stock issued and outstanding. Following the effectiveness of the Reverse Split, if implemented, at a 1-for-5 ratio, the Company would have approximately 3,112,127 shares of common stock issued and outstanding (without giving effect to the treatment of fractional shares or any issuances of common stock after October 26, 2017) following a Reverse Split and at a 1-for-50 ratio, the Company would have approximately 321,103 shares of common stock issued and outstanding (without giving effect to the treatment of fractional shares or any issuances of common stock after October 26, 2017) following a Reverse Split. The actual number of shares of common stock outstanding after giving effect to a Reverse Split will depend on the ratio that is ultimately selected by the Board, and the number of shares of common stock outstanding at the time a Reverse Split is effected. The Company does not expect a Reverse Split to have any economic effect on stockholders, warrant holders, debt holders or holders of options, except to the extent a Reverse Split results in fractional shares as discussed below.

Procedure for Effecting a Reverse Split

Subject to the stockholder approval, if the Board decides to implement a Reverse Split, the Board will effect the split at a ratio between 1-for-5 and 1-for-50, to be determined at the discretion of the Board. We will file a Certificate of Amendment to our Restated Articles of Incorporation, substantially in the form attached to this Proxy Statement as Annex A, with the Secretary of State of the State of Nevada to effect a Reverse Split. A Reverse Split would become effective at such time as the Certificate of Amendment is filed with the Secretary of State of the State of Nevada or at such later time as is specified therein. No further action on the part of the Company's stockholders would be required and all shares of our common stock that were issued and outstanding immediately prior thereto would automatically be converted into new shares of our common stock based on a Reverse Split exchange ratio. As soon as practicable after the effective date of a Reverse Split, stockholders of record on the record date for the implemented Reverse Split would receive a letter from our transfer agent asking them to return the outstanding certificates representing our pre-split shares, which would be cancelled upon receipt by our transfer agent, and new certificates representing the post-split shares of our common stock would be sent to each of our stockholders. We will bear the costs of the issuance of the new stock certificates.

Effects of a Reverse Split

If a Reverse Split is approved by the stockholders and implemented by the Board, the principal effect will be to proportionately decrease the number of outstanding shares of common stock based on the split ratio. The shares of common stock are currently registered under Section 12(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Company is thus subject to the periodic reporting and other requirements of the Exchange Act in the United States. A Reverse Split will not affect the registration of our common stock with the SEC or NASDAQ, where the common stock is quoted. Following a Reverse Split, our common stock would continue to be listed on NASDAQ, assuming the Company's compliance with the other continued listing standards of NASDAQ, although the shares will receive a new CUSIP number.

Proportionate voting rights and other rights of the holders of shares of the Company's common stock will not be affected by a Reverse Split, other than as a result of the treatment of fractional shares as described below. For example, a holder of 2% of the voting power of the outstanding shares immediately prior to the effectiveness of a Reverse Split will generally continue to hold 2% of the voting power of the outstanding common stock after a Reverse Split. The number of stockholders of record will not be affected by a Reverse Split, other than as a result of the treatment of fractional shares as described below. If approved and implemented, a Reverse Split may result in some stockholders owning "odd lots" of less than 100 shares. Odd lot shares may be more difficult to sell, and brokerage commissions and other costs of transactions in odd lots are generally somewhat higher than the costs of transactions in "round lots" of even multiples of 100 shares. The Board believes, however, that these potential effects are outweighed by the benefits to the Company of a Reverse Split.

The table, which does not take into account an increase in the authorized shares to 200,000,000, below illustrates the number of shares of common stock authorized for issuance following the Reverse Split, the approximate number of shares of common stock that would remain outstanding following the Reverse Split, and the number of unreserved shares of common stock available for future issuance following the Reverse Split. The information in the following table is based on 16,055,135 shares of common stock issued and outstanding as of October 26, 2017 and 4,071,024 shares reserved for future issuance as of October 26, 2017.

Proposed Ratio	Number of Common Shares Authorized	Approximate Number of Common Shares Outstanding	Approximate Number of Unreserved Common Shares Available for Future Issuance
1-for-5	10,000,000	3,211,027	6,788,973
1-for-50	1,000,000	321,103	678,897

As reflected in the table above, the number of authorized shares of our common stock will not be reduced by the Reverse Split. Accordingly, the Reverse Split will have the effect of creating additional unissued and unreserved shares of our common stock. We have no current arrangements or understandings providing for the issuance of any of the additional authorized and unreserved shares of our common stock that would be available as a result of the proposed Reverse Split. However, these additional shares may be used by us for various purposes in the future without further stockholder approval (subject to applicable NASDAQ marketplace rules), including, among other things: (i) raising capital necessary to fund our future operations, (ii) providing equity incentives to our employees, officers, directors and consultants, (iii) entering into collaborations and other strategic relationships and (iv) expanding our business through the acquisition of other businesses or products.

Effect of the Reverse Stock Split on the Company's Amended and Restated 2011 Employee Stock Incentive Plan Warrants, and Convertible or Exchangeable Securities

Based upon the split ratio, proportionate adjustments are generally required to be made to the per share exercise price and the number of shares issuable upon the exercise or conversion of all outstanding options, warrants, convertible or exchangeable securities entitling the holders to purchase, exchange for, or convert into, shares of common stock. This would result in approximately the same aggregate price being required to be paid under such options, warrants, convertible or exchangeable securities upon exercise, and approximately the same value of shares of common stock being delivered upon such exercise, exchange or conversion, immediately following a Reverse Split as was the case immediately preceding such split. The number of shares deliverable upon settlement or vesting of restricted stock awards will be similarly adjusted, subject to our treatment of fractional shares. The number of shares reserved for issuance pursuant to these securities will be proportionately based upon the ratio determined by the Board, subject to our treatment of fractional shares.

Accounting Matters

The amendment to the Company's Charter will not affect the par value of our common stock per share, which will remain \$0.001 par value per share. As a result, the stated capital attributable to common stock and the additional paid-in capital account on our balance sheet will not change due to a Reverse Split. Reported per share net income or loss will be higher because there will be fewer shares of common stock outstanding.

Effective Date

A Reverse Split would become effective upon the filing of a Certificate of Amendment to our Charter with the office of the Secretary of State of the State of Nevada or at such later date as is specified in such filing. On the effective date, shares of common stock issued and outstanding, in each case, immediately prior thereto, will be combined and converted, automatically and without any action on the part of the stockholders, into new shares of common stock in accordance with the ratio determined by the Board within the limits set forth in this proposal.

No Going Private Transaction

Notwithstanding the decrease in the number of outstanding shares following the implementation of the Reverse Split, the Board does not intend for this transaction to be the first step in a "going private transaction" within the meaning of Rule 13e-3 of the Securities Exchange Act of 1934, as amended, and the implementation of the proposed Reverse Split will not cause the Company to go private.

Treatment of Fractional Shares

No fractional shares would be issued if, as a result a Reverse Split, a registered stockholder would otherwise become entitled to a fractional share. Instead, stockholders who otherwise would be entitled to receive fractional shares because they hold a number of shares not evenly divisible by the ratio of a Reverse Split will automatically be entitled to receive an additional share of the Company's common stock. In other words, any fractional share will be rounded up to the nearest whole number.

Book-Entry Shares

If a Reverse Split is effected, stockholders who hold uncertificated shares (i.e., shares held in book-entry form and not represented by a physical share certificate), either as direct or beneficial owners, will have their holdings electronically adjusted by the Company's transfer agent (and, for beneficial owners, by their brokers or banks that hold in "street name" for their benefit, as the case may be) to give effect to a Reverse Split.

Stockholders who hold uncertificated shares as direct owners will be sent a statement of holding from the Company's transfer agent that indicates the number of shares owned in book-entry form.

Certificated Shares

If a Reverse Split is effected, stockholders holding certificated shares (i.e., shares represented by one or more physical share certificates) will receive a transmittal letter from the Company's transfer agent promptly after the effectiveness of a Reverse Split. The transmittal letter will be accompanied by instructions specifying how stockholders holding certificated shares can exchange certificates representing the pre-split shares for a statement of holding.

Beginning after the effectiveness of a Reverse Split, each certificate representing shares of our pre-split common stock will be deemed for all corporate purposes to evidence ownership of post-split common stock.

STOCKHOLDERS SHOULD NOT DESTROY ANY PRE-SPLIT STOCK CERTIFICATE AND SHOULD NOT SUBMIT ANY CERTIFICATES UNTIL THEY ARE REQUESTED TO DO SO.

Possible Effects of Additional Issuances of Common Stock and History of Prior Reverse Splits

Following the effective time of a Reverse Split, there will be an increase in the number of authorized but unissued shares of our common stock. Under the Nevada Revised Statutes (the "NRS"), the Board can issue additional shares of common stock without stockholder approval, which would have the effect of diluting existing holders of our common stock.

Additional shares of common stock, if issued, would have a dilutive effect upon the percentage of equity of the Company owned by our present stockholders. The issuance of such additional shares of common stock might be disadvantageous to current stockholders in that any additional issuances would potentially reduce per share dividends, if any. Stockholders should consider, however, that the possible impact upon dividends is likely to be minimal in view of the fact that the Company does not intend to pay any dividends on its common stock in the foreseeable future. In addition, the issuance of such additional shares of common stock, by reducing the percentage of equity of the Company owned by present stockholders, would reduce such present stockholders' ability to influence the election of directors or any other action taken by the holders of common stock.

In the future the Board could, subject to its fiduciary duties and applicable law, use the increased number of authorized but unissued shares to frustrate persons seeking to take over or otherwise gain control of our Company by, for example, privately placing shares with purchasers who might side with the Board in opposing a hostile takeover bid. Shares of common stock could also be issued to a holder that would thereafter have sufficient voting power to assure that any proposal to amend or repeal the Company's bylaws or Restated Articles of Incorporation would not receive the requisite vote. Such uses of the Company's common stock could render more difficult, or discourage, an attempt to acquire control of the Company if such transactions were opposed by the Board. A result of the anti-takeover effect of the increase in the number of authorized shares could be that stockholders would be denied the opportunity to obtain any advantages of a hostile takeover, including, but not limited to, receiving a premium to the then current market price of our common stock, if the same was so offered by a party attempting a hostile takeover of our Company. The Company is not aware of any party's interest in or efforts to engage in a hostile takeover attempt as of the date of this Proxy Statement.

On November 8, 2016, our stockholders approved a reverse stock split at a ratio between 1-for-5 and 1-for-15, in the discretion of our board of directors. On the same date, the Board of Directors determined to effect a reverse stock split of the Company's common stock at a 1-for-15 ratio (the "2016 Reverse Stock Split"). The 2016 Reverse Stock Split became effective as of March 1, 2017.

The Company effected the 2016 Reverse Stock Split for some of the same reasons for which the Board of Directors is recommending the proposed reverse stock split. The trading price of the Common Stock was below the \$1.00 minimum bid price required under the NASDAQ Marketplace Rules for 30 consecutive business days. On March 1, 2017, the first trading day after the effectiveness of the 2016 Reverse Stock Split, the closing price of the Common Stock on the NASDAQ Capital Market was \$3.90 per share.

On December 6, 2013, our Board of Directors and stockholders holding a majority of our outstanding voting power approved a resolution authorizing our Board of Directors to effect a reverse split of our common stock at an exchange ratio of one-for-two with our Board of Directors retaining the discretion as to whether to implement the reverse split and adjust the ratio immediately following the effectiveness of the registration statement of which this prospectus is a part and concurrent with the pricing of this Offering. The 2014 Reverse Stock Split became effective as of April 9, 2014.

The Company effected the 2014 Reverse Stock Split for to meet the NASDAQ Capital Market listing requirements. On April 9, 2014, the first trading day after the effectiveness of the 2014 Reverse Stock Split, the closing price of the Common Stock on the NASDAQ Capital Market was \$3.80 per share.

Certain Material U.S. Federal Income Tax Consequences of a Reverse Stock Split

The following discussion summarizes certain material U.S. federal income tax consequences relating to the participation in a reverse stock split by a U.S. stockholder that holds the shares as a capital asset. This discussion is based on the provisions of the Internal Revenue Code of 1986, as amended, final, temporary and proposed U.S. Treasury regulations promulgated thereunder and current administrative rulings and judicial decisions, all as in effect as of the date hereof. All of these authorities may be subject to differing interpretations or repealed, revoked or modified, possibly with retroactive effect, which could materially alter the tax consequences set forth herein.

For purposes of this summary, a "U.S. stockholder" refers to a beneficial owner of common stock who is any of the following for U.S. federal income tax purposes: (i) a citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if (1) its administration is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all of its substantial decisions, or (2) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person. A non-U.S. holder of common stock is a stockholder who is not a U.S. stockholder.

This summary does not represent a detailed description of the U.S. federal income tax consequences to a stockholder in light of his, her or its particular circumstances. In addition, it does not purport to be complete and does not address all aspects of federal income taxation that may be relevant to stockholders in light of their particular circumstances or to any stockholder that may be subject to special tax rules, including, without limitation: (1) stockholders subject to the alternative minimum tax; (2) banks, insurance companies, or other financial institutions; (3) tax-exempt organizations; (4) dealers in securities or commodities; (5) regulated investment companies or real estate investment trusts; (6) traders in securities that elect to use a mark-to-market method of accounting for their securities holdings; (7) U.S. stockholders whose "functional currency" is not the U.S. dollar; (8) persons holding common stock as a position in a hedging transaction, "straddle," "conversion transaction" or other risk reduction transaction; (9) persons who acquire shares of common stock in connection with employment or other performance of services; (10) dealers and other stockholders that do not own their shares of common stock as capital assets; (11) U.S. expatriates, (12) foreign persons; (13) resident alien individuals; or (14) stockholders who directly or indirectly hold their stock in an entity that is treated as a partnership for U.S. federal tax purposes. Moreover, this description does not address the U.S. federal estate and gift tax, alternative minimum tax, or other tax consequences of a Reverse Split.

There can be no assurance that the Internal Revenue Service (the “IRS”) will not take a contrary position to the tax consequences described herein or that such position will be sustained by a court. In addition, U.S. tax laws are subject to change, possibly with retroactive effect, which may result in U.S. federal income tax considerations different from those summarized below. No opinion of counsel or ruling from the IRS has been obtained with respect to the U.S. federal income tax consequences of a Reverse Split.

This discussion is for general information only and is not tax advice. All stockholders should consult their own tax advisors with respect to the U.S. federal, state, local and non-U.S. tax consequences of a Reverse Split.

Based on the assumption that a Reverse Split will constitute a tax-free reorganization within the meaning of Section 368(a)(1)(E) of the Internal Revenue Code, and subject to the limitations and qualifications set forth in this discussion, the following U.S. federal income tax consequences should result from a Reverse Split:

- A stockholder should not recognize gain or loss in a Reverse Split;
- the aggregate tax basis of the post-Reverse Split shares should be equal to the aggregate tax basis of the pre-Reverse Split shares; and
- the holding period of the post-Reverse Split shares should include the holding period of the pre-Reverse Split shares.

THE PRECEDING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF A REVERSE SPLIT AND DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OR DISCUSSION OF ALL POTENTIAL TAX EFFECTS RELEVANT THERETO. YOU SHOULD CONSULT YOUR OWN TAX ADVISORS AS TO THE PARTICULAR FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES OF A REVERSE SPLIT IN LIGHT OF YOUR SPECIFIC CIRCUMSTANCES.

No Appraisal Rights

Under the NRS, stockholders are not entitled to rights of appraisal with respect to the proposed amendment to our Certificate of Incorporation to effect a Reverse Split, and we will not independently provide our stockholders with any such right.

The affirmative vote of the holders of shares of common stock representing a majority of the votes cast by the holders of all of the shares of common stock issued and outstanding on the Record Date will be required for approval of the Reverse Split Proposal. The Board recommends that you vote FOR the approval of the Reverse Split Proposal.

PROPOSAL 3 – INCREASE IN AUTHORIZED SHARES TO 200,000,000

Overview

Our Board of Directors has determined that it is advisable and in our and our stockholders’ best interests to increase the number of authorized shares of common stock from 50,000,000 to 200,000,000 shares, par value \$0.001 per share. Accordingly, stockholders are asked to approve an amendment to our amended and restated certification of incorporation to effectuate such increase.

The Board of Directors strongly believes that the increase in the number of authorized shares of common stock is necessary to provide us with resources and flexibility with respect to our capital sufficient to execute our business plans and strategy.

The number of authorized shares of common stock following the amendment of our amended and restated certificate of incorporation as a result of the approval of this Proposal 7 will not be reduced by the reverse stock split.

Accordingly, the Board of Directors has unanimously approved a resolution proposing such amendment to our amended and restated certificate of incorporation and directed that it be submitted for approval at the Annual Meeting.

The text of the form of the proposed amendment to our amended and restated certificate of incorporation, which assumes the approval of this Proposal, is attached hereto as Annex C.

Of the 50,000,000 shares of common stock currently authorized, 16,055,135 shares of common stock were outstanding as of October 26, 2017, in addition to the following:

307,928 shares issuable upon the exercise of stock options at a weighted average exercise price of \$25.14 per share;

3,130,492 shares issuable upon the exercise of warrants at a weighted average exercise price of \$0.75 per share; and

404,255 shares of common stock issuable upon the conversion of the outstanding balance of \$2,850,000 of a debenture at the present conversion price of \$7.05 per share.

The number of shares outstanding or reserved for issuance under outstanding options, warrants and other derivative securities set forth above does not reflect the reverse stock split set forth in Proposal 2 above. If the reverse stock split is approved, such number of shares, but not the number of authorized shares, would be adjusted proportionally.

Reasons for the Proposed Increase in Number of Authorized Shares of Common Stock

To provide us with resources and flexibility with respect to our capital sufficient to execute our business plans and strategy: The increase in authorized shares of common stock will provide us greater flexibility with respect to our capital structure for various purposes as the need may arise from time to time. These purposes may include: raising capital, establishing strategic relationships with other companies, expanding our business through the acquisition of other businesses or products and providing equity incentives to employees, officers or directors.

Principal Effects of Increase in Number of Authorized Shares of Common Stock

If stockholders approve this Proposal 3, the additional authorized common stock will have rights identical to the currently outstanding shares of our common stock. The proposed amendment will not affect the par value of the common stock, which will remain at \$0.001 per share. Approval of this Proposal 3 and issuance of the additional authorized shares of common stock would not affect the rights of the holders of currently outstanding shares of our common stock, except for effects incidental to increasing the number of shares of our common stock outstanding, such as dilution of any earnings per share and voting rights of current holders of common stock.

The additional shares of common stock authorized by the approval of this Proposal 3 could be issued by our Board without further vote of our stockholders except as may be required in particular cases by our amended and restated certificate of incorporation, the Delaware General Corporation Law or other applicable law, regulatory agencies or NASDAQ rules. Stockholders do not have preemptive rights to subscribe to additional securities that we may issue, which means that current stockholders do not have a prior right thereunder to purchase any new issue of common stock, or securities that are convertible into common stock, in order to maintain their proportionate ownership interests in the Company.

Our stockholders are not entitled to dissenters' or appraisal rights under the Nevada Corporation Law with respect to the proposed amendment to our amended and restated certificate of incorporation to increase the number of authorized shares of common stock and we will not independently provide the stockholders with any such right if the increase is implemented.

The proposed amendment to our amended and restated certificate of incorporation to increase the number of authorized shares of our common stock could, under certain circumstances, have an anti-takeover effect. The additional shares of common stock that would become available for issuance if this Proposal 3 is approved could also be used by us to oppose a hostile takeover attempt or to delay or prevent changes in control or our management. For example, without further shareholder approval, the Board could adopt a "poison pill" which would, under certain circumstances related to an acquisition of our securities not approved by the Board, give certain holders the right to acquire additional shares of common stock at a low price, or the Board could strategically sell shares of common stock in a private transaction to purchasers who would oppose a takeover or favor the current Board.

Although this proposal to increase the authorized capital and common stock has been prompted by business and financial considerations and not by the threat of any hostile takeover attempt (nor is the Board currently aware of any such attempts directed at us), nevertheless, stockholders should be aware that approval of this Proposal 7 could facilitate future efforts by us to deter or prevent changes in control, including transactions in which the shareholders might otherwise receive a premium for their shares over then current market prices.

Required Vote and Recommendation of the Board of Directors

Approval of this proposal requires the affirmative vote of the holders of a majority of our issued and outstanding shares of common stock.

Abstentions will be counted for the purposes of determining the presence or absence of a quorum. Abstentions will have the effect of a vote AGAINST the proposal.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE PROPOSAL.

This proposal will be effective upon its approval by our stockholders at the Annual Meeting and is not conditioned upon the approval by our stockholders of any other proposal. As each proposal will be presented to our stockholders at the Annual Meeting in the order presented herein, if this proposal is approved by our stockholders, it will become effective.

PROPOSAL 4 –THE 20% ISSUANCE PROPOSAL

Our common stock is currently listed on The NASDAQ Capital Market and we are subject to the marketplace rules of The NASDAQ Stock Market LLC. NASDAQ Listing Rule 5635(d) requires us to obtain stockholder approval prior to the issuance of our common stock in connection with the sale, issuance or potential issuance by us of common stock (or securities convertible into or exercisable common stock) equal to 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance for less than the greater of book or market value of the stock. In addition, NASDAQ Listing Rule 5635(b) requires us to obtain stockholder approval prior to the issuance of securities which will result in a “change of control” of the Company. In this regard, a change of control refers to an issuance of securities that will result in any investor or group owning, or having the right to acquire, 20% or more of the Company’s outstanding shares of common stock or voting power and such ownership or voting power would be the largest ownership position.

On August 9, 2016, we entered into a Securities Purchase Agreement (the “Purchase Agreement”) with Hillair pursuant to which we issued and sold (i) an 8% Original Issue Discount Senior Convertible Debenture (the “Debenture”) in an aggregate principal amount of \$5,700,000 (the “Principal Amount”) due on August 9, 2018 and (ii) 2,250 shares of newly created Series 1 Convertible Preferred Stock, par value \$0.001 per share (the “Preferred Stock”, together with the Debenture, the “Securities”), for an aggregate purchase price of \$5,000,000 (the “Transaction”).

Interest on the Debenture accrues at a rate of 8.0% per annum and is payable quarterly on February 9, May 9, August 9 and November 9, commencing on May 9, 2017, as well as the dates on which principal payments are made, as described in the Debenture in cash, or upon notice to the holder and compliance with certain equity conditions as set forth in the Debenture in shares of the Company’s common stock. The number of shares of common stock to be paid for any interest payment equals to the quotient of (x) the applicable dollar amount to be paid divided by (y) the Conversion Price (as defined below). Subject to certain limitations including the beneficial ownership limitation and the maximum issuable shares limitation equal to 19.99% of the issued and outstanding common stock of the Company (the “Maximum Share Limitation”), which may be removed upon receipt of stockholder approval, the Debenture is convertible at any time at the option of the holder at a conversion price of \$1.50 per share, subject to adjustments provided in the Debenture (the “Conversion Price”).

Material amendments to the terms of the SPA relating to the Debentures which may include (1) the addition of a conversion premium equal to up to 130% of the outstanding principal and accrued interest due and payable for up to an aggregate principal amount of \$3,705,000 plus accrued but unpaid interest; and (2) a reduction in the conversion price at a maximum discount equal to 30% of the closing price as of (a) the date on which stockholder approval for this proposal has been obtained or (b) the date immediately prior to the applicable conversion date, with a floor of \$0.10 for up to an aggregate of 42,000,000 shares of common stock; and (3) the termination of all security interests on the Company's assets.

We are seeking approval from the stockholders to authorize the potential issuance of 20% or more of our common stock or 20% or more of our voting power outstanding in order to authorize potential issuances of our common stock to the holders of the Debentures in connection with the conversion and/or redemption of the Debentures and any resulting change of control, as defined in NASDAQ Listing Rule 5635(b), which may result from the issuance of the securities upon conversion of the Debentures to such debenture holders, as such terms are amended.

The issuance of shares of our common stock would dilute, and thereby reduce, each existing stockholder's proportionate ownership in our common stock. The stockholders do not have preemptive rights to subscribe to additional shares that may be issued by the Company in order to maintain their proportionate ownership of the common stock. Such issuances could also dilute the voting power of a person seeking control of the Company, thereby deterring or rendering more difficult a merger, tender offer, proxy contest or an extraordinary corporate transaction opposed by the Company.

Dilution Table Assuming 200,000,000 Authorized Shares	Approximate Number of Common Shares Outstanding	Approximate Number of Common Shares Issued Under the 20% Issuance Proposal	Approximate Number of Unreserved Common Shares Outstanding
Pre-Split	16,055,135	42,000,000	58,055,135
Proposed Reverse Split Using 1-for-5 Ratio	3,211,027	8,400,000	11,611,027
Proposed Reverse Split Using 1-for-50 Ratio	321,103	840,000	1,161,103

No Appraisal Rights

Under the NRS, stockholders are not entitled to rights of appraisal with respect to Proposal 3, and we will not independently provide our stockholders with any such right.

The affirmative vote of the holders of shares of common stock representing a majority of the votes cast by the holders of all of the shares of common stock present in person or represented by proxy and entitled to voting on such matter will be required for approval of the 20% Issuance Proposal. The Board recommends that you vote FOR the approval of the 20% Issuance Proposal.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Board has:

- reviewed and discussed the Company's audited consolidated financial statements for the year ended December 31, 2016 with management;
- discussed with the Company's independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1 AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; and
- received the written disclosures and letter from the independent auditors required by the applicable requirements of the Public Accounting Oversight Board regarding the independent auditors communications with the Audit Committee concerning independence, and has discussed with Marcum LLP matters relating to its independence.

In reliance on the review and discussions referred to above, the Audit Committee recommended to the Board that the consolidated financial statements audited by Marcum LLP for the fiscal year ended December 31, 2016 be included in its Annual Report on Form 10-K for such fiscal year.

Audit Committee of the Board

Leonard Oppenheim
Tanveer Khader
Kareem Irfan

**PROPOSAL 5 – RATIFICATION OF APPOINTMENT
OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board has appointed Marcum LLP (“Marcum”) as our independent registered public accounting firm to audit our financial statements for the fiscal year ending December 31, 2017. Marcum has served as our independent registered public accounting firm since 2012.

Stockholder ratification of the selection of Marcum as our independent registered public accounting firm is not required by our Bylaws or the Nevada Revised Statutes. The Board seeks such ratification as a matter of good corporate practice. Should the stockholders fail to ratify the selection of Marcum as our independent registered public accounting firm, the Board will reconsider whether to retain that firm for fiscal year 2017. In making its recommendation to the Board that stockholders ratify the appointment of Marcum as our independent registered public accounting firm for the fiscal year ending December 31, 2017, the Audit Committee considered whether Marcum’s provision of non-audit services is compatible with maintaining the independence of our independent registered public accounting firm. The Audit Committee pre-approved the audit fees, audit-related fees, tax fees and all other fees described below in accordance with our pre-approval policy and believes such fees are compatible with the independence of Marcum. Set forth below are approximate fees for services rendered by Marcum LLP, our independent registered public accounting firm, for the fiscal years ended December 31, 2016 and 2015.

	2016	2015
Audit Fees ⁽¹⁾	\$ 317,426	\$ 266,042
Audit Related Fees	\$ 11,135	\$ 65,311
Tax Fees	\$ --	\$ --
All Other Fees	\$ --	\$ --

(1) Audit fees represent fees for professional services provided in connection with the audit of our financial statements and review of our quarterly financial statements and audit services provided in connection with other statutory or regulatory filings.

Audit Fees. The “Audit Fees” are the aggregate fees of Marcum attributable to professional services rendered in 2016 and 2015 for the audit of our annual financial statements, for review of financial statements included in our quarterly reports on Form 10-Q or for services that are normally provided by Marcum in connection with statutory and regulatory filings or engagements for that fiscal year. These fees include fees billed for professional services rendered by Marcum for the review of registration statements or services that are normally provided in connection with statutory and regulatory filings or engagements for those fiscal years.

Audit-Related Fees. Marcum billed us for professional services that were reasonably related to the performance of the audit or review of financial statements in 2016 and 2015, which are not included under Audit Fees above including the filing of our registration statements, including our Registration Statement on Form S-3. This amount also includes audit fees related to acquisitions.

Tax Fees. Marcum did not perform any tax advice or planning services in 2016 or 2015.

All Other Fees. Marcum did not perform any services for us or charge any fees other than the services described above in 2016 and 2015.

Pre-approval Policies and Procedures

The Audit Committee is required to review and approve in advance the retention of the independent auditors for the performance of all audit and lawfully permitted non-audit services and the fees for such services. The Audit Committee may delegate to one or more of its members the authority to grant pre-approvals for the performance of non-audit services, and any such Audit Committee member who pre-approves a non-audit service must report the pre-approval to the full Audit Committee at its next scheduled meeting. The Audit Committee is required to periodically notify the Board of their approvals. The required pre-approval policies and procedures were complied with during 2016.

Pre-approval Policies and Procedures

The Audit Committee is required to review and approve in advance the retention of the independent auditors for the performance of all audit and lawfully permitted non-audit services and the fees for such services. The Audit Committee may delegate to one or more of its members the authority to grant pre-approvals for the performance of non-audit services, and any such Audit Committee member who pre-approves a non-audit service must report the pre-approval to the full Audit Committee at its next scheduled meeting. The Audit Committee is required to periodically notify the Board of their approvals. The required pre-approval policies and procedures were complied with during 2015.

Marcum LLP Representatives at Annual Meeting

We expect that representatives of Marcum will be physically present or available via phone at the Annual Meeting. They will be given the opportunity to make a statement if they desire to do so, and they will be available to respond to appropriate questions after the meeting.

The affirmative vote of the holders of shares of common stock representing a majority of the votes cast by the holders of all of the shares of common stock present in person or represented by proxy and entitled to voting on such matter will be required for the ratification of the appointment of Marcum LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017.

The Board recommends that you vote FOR the ratification of Marcum LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017.

PROPOSAL 6 – INCREASE IN AUTHORIZED SHARES IN OUR 2011 EMPLOYEE INCENTIVE PLAN

Approval of Amendments

At the Annual Meeting, shareholders will be asked to approve amendments to our 2011 Employee Stock Incentive Plan (the “Employee Plan”), which was adopted as described below. The amendment to the Employee Plan is would increase the number of shares authorized for issuance under the Employees Plan from 498,858 to 25,000,000.

The plan is an important part of our compensation program. It promotes financial saving for the future by our employees, fosters good employee relations, and encourages employees to acquire shares of our common stock, thereby better aligning their interests with those of the other shareholders. Therefore, the Board believes it is essential to our ability to attract, retain, and motivate highly qualified employees in an extremely competitive environment both in the United States and internationally.

On September 1, 2011 our Board of Directors and stockholders adopted our 2011 Employee Stock Incentive Plan, which was amended and restated on May 2, 2014. The purpose of the 2011 Employee Stock Incentive Plan is to provide an incentive to attract and retain directors, officers, consultants, advisors and employees whose services are considered valuable, to encourage a sense of proprietorship, and to stimulate an active interest of these persons in our development and financial success. Under the 2011 Employee Stock Incentive Plan, we are authorized to issue up to 175,633 shares of Common Stock, with yearly increases equal to 10% of the number of shares issued during the prior calendar year, including incentive stock options intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended, non-qualified stock options, stock appreciation rights, performance shares, restricted stock and long term incentive awards. On June 18, 2015 the stockholders approved an amendment to the 2011 Employee Stock Incentive Plan increasing the number of shares of common stock authorized for awards under the 2011 Employee Stock Incentive Plan by 200,000, subject to annual increases. Thus, effective as of January 1, 2017, an aggregate of 498,858 shares are authorized for grant under the 2011 Employee Stock Incentive Plan. The 2011 Employee Stock Incentive Plan is administered by our Board until authority is delegated to a committee of the Board of Directors.

The table below provides information as of January 1, 2017 regarding the 2011 Employee Stock Incentive Plan and such other compensation plans under which equity securities of the Company have been authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column a) (c)
Equity compensation plans approved by security holders	325,192	\$ 22.87	173,666
Equity compensation plans not approved by security holders	41,667 ⁽¹⁾	\$ 40.50	0
Total	366,859	\$ 24.87	173,666

(1) Options granted to Nadir Ali on August 14, 2013.

Material Features of the Plan

The following is a summary of the material features of the Plan and its operation. The summary is qualified in its entirety by reference to the Plan as set forth in Annex A.

The Plan is intended to encourage ownership of common stock by our employees and directors and certain of our consultants in order to attract and retain such people, to induce them to work for the benefit of us and to provide additional incentive for them to promote our success. The number of shares of our common stock reserved for issuance under the Plan is 3,195,773, which number is automatically increased on January 1 of each of year by 10% of the aggregate number of shares of common stock issued by the Company in the prior calendar year.

Types of Awards. The Plan provides for the granting of incentive stock options, NQSOs, stock grants and other stock-based awards, including Restricted Stock (as defined in the Plan).

- *Incentive and Nonqualified Stock Options.* The plan administrator determines the exercise price of each stock option. The exercise price of an NQSO may not be less than the fair market value of our common stock on the date of grant. The exercise price of an incentive stock option may not be less than the fair market value of our common stock on the date of grant if the recipient holds 10% or less of the combined voting power of our securities, or 110% of the fair market value of a share of our common stock on the date of grant otherwise.
- *Stock Grants.* The plan administrator may grant or sell stock, including restricted stock, to any participant, which purchase price, if any, may not be less than the par value of shares of our common stock. The stock grant will be subject to the conditions and restrictions determined by the administrator. The recipient of a stock grant shall have the rights of a stockholder with respect to the shares of stock issued to the holder under the Plan.
- *Stock-Based Awards.* The administrator of the Plan may grant other stock-based awards, including stock appreciation rights, and restricted stock, with terms approved by the administrator, including restrictions related to the awards. The holder of a stock-based award shall not have the rights of a stockholder except to the extent permitted in the applicable agreement.

Plan Administration. Our board is the administrator of the Plan, except to the extent it delegates its authority to a committee, in which case the committee shall be the administrator. Our board has delegated this authority to our compensation committee as the Plan relates to the Company's Executive Officers (as defined in Section 16 of the Securities Exchange Act of 1934, as amended). The Board of Directors has the authority to authorize awards to all other employees. The administrator has the authority to determine the terms of awards, including exercise and purchase price, the number of shares subject to awards, the value of our common stock, the vesting schedule applicable to awards, the form of consideration, if any, payable upon exercise or settlement of an award and the terms of award agreements for use under the Plan.

Eligibility. Our board will determine the participants in the Plan from among our employees, directors and consultants. A grant may be approved in advance with the effectiveness of the grant contingent and effective upon such person's commencement of service within a specified period.

Termination of Service. Unless otherwise provided by our board or in an award agreement, upon a termination of a participant's service, all unvested options then held by the participant will terminate and all other unvested awards will be forfeited.

Transferability. Awards under the Plan may not be transferred except by will or by the laws of descent and distribution, unless otherwise provided by our board in its discretion and set forth in the applicable agreement, provided that no award may be transferred for value.

Adjustment. In the event of a stock dividend, stock split, recapitalization or reorganization or other change in change in capital structure, our board will make appropriate adjustments to the number and kind of shares of stock or securities subject to awards.

Corporate Transaction. If we are acquired, our board of directors (or compensation committee) will: (i) arrange for the surviving entity or acquiring entity (or the surviving or acquiring entity's parent company) to assume or continue the award or to substitute a similar award for the award; (ii) cancel or arrange for cancellation of the award, to the extent not vested or not exercised prior to the effective time of the transaction, in exchange for such cash consideration, if any, as our board of directors in its sole discretion, may consider appropriate; or (iii) make a payment, in such form as may be determined by our board of directors equal to the excess, if any, of (A) the value of the property the holder would have received upon the exercise of the award immediately prior to the effective time of the transaction, over (B) any exercise price payable by such holder in connection with such exercise. In addition in connection with such transaction, our board of directors may accelerate the vesting, in whole or in part, of the award (and, if applicable, the time at which the award may be exercised) to a date prior to the effective time of such transaction and may arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by us with respect to an award.

Amendment and Termination. The Plan will terminate on August 31, 2021 or at an earlier date by vote of our board; provided, however, that any such earlier termination shall not affect any awards granted under the Plan prior to the date of such termination. The Plan may be amended by our board, except that our board may not alter the terms of the Plan if it would adversely affect a participant's rights under an outstanding stock right without the participant's consent. Stockholder approval will be required for any amendment to the Plan to the extent such approval is required by law, include the Internal Revenue Code or applicable stock exchange requirements.

Amendment of Outstanding Awards. The administrator may amend any term or condition of any outstanding award including, without limitation, to reduce or increase the exercise price or purchase price, accelerate the vesting schedule or extend the expiration date, provided that no such amendment shall impair the rights of a participant without such participant's consent.

Federal Income Tax Consequences of the Plan

The federal income tax consequences of grants under the Plan will depend on the type of grant. The following description provides only a general description of the application of federal income tax laws to grants under the Plan. This discussion is intended for the information of stockholders considering how to vote at the Annual Meeting and not as tax guidance to grantees, as the consequences may vary with the types of grants made, the identity of the grantees and the method of payment or settlement. The summary does not address the effects of other federal taxes (including possible "golden parachute" excise taxes) or taxes imposed under state, local, or foreign tax laws.

From the grantees' standpoint, as a general rule, ordinary income will be recognized at the time of delivery of shares of our common stock or payment of cash under the Plan. Future appreciation on shares of our common stock held beyond the ordinary income recognition event will be taxable as capital gain when the shares of our common stock are sold. The tax rate applicable to capital gain will depend upon how long the grantee holds the shares. We, as a general rule, will be entitled to a tax deduction that corresponds in time and amount to the ordinary income recognized by the grantee, and we will not be entitled to any tax deduction with respect to capital gain income recognized by the grantee.

Exceptions to these general rules arise under the following circumstances:

- If shares of our common stock, when delivered, are subject to a substantial risk of forfeiture by reason of any employment or performance-related condition, ordinary income taxation and our tax deduction will be delayed until the risk of forfeiture lapses, unless the grantee makes a special election to accelerate taxation under section 83(b) of the Code.
- If an employee exercises a stock option that qualifies as an ISO, no ordinary income will be recognized, and we will not be entitled to any tax deduction, if shares of our common stock acquired upon exercise of the stock option are held until the later of (A) one year from the date of exercise and (B) two years from the date of grant. However, if the employee disposes of the shares acquired upon exercise of an ISO before satisfying both holding period requirements, the employee will recognize ordinary income at the time of the disposition equal to the difference between the fair market value of the shares on the date of exercise (or the amount realized on the disposition, if less) and the exercise price, and we will be entitled to a tax deduction in that amount. The gain, if any, in excess of the amount recognized as ordinary income will be long-term or short-term capital gain, depending upon the length of time the employee held the shares before the disposition.
- A grant may be subject to a 20% tax, in addition to ordinary income tax, at the time the grant becomes vested, plus interest, if the grant constitutes deferred compensation under section 409A of the Code and the requirements of section 409A of the Code are not satisfied.

Section 162(m) of the Code generally disallows a publicly held corporation's tax deduction for compensation paid to its chief executive officer or certain other officers in excess of \$1 million in any year. Qualified performance-based compensation is excluded from the \$1 million deductibility limit, and therefore remains fully deductible by the corporation that pays it. We intend that options and SARs granted under the Plan will be qualified performance-based compensation. Stock units, stock awards, dividend equivalents, and other stock-based awards granted under the Plan may be designated as qualified performance-based compensation if the Committee conditions such grants on the achievement of specific performance goals in accordance with the requirements of section 162(m) of the Code.

We have the right to require that grantees pay to us an amount necessary for us to satisfy our federal, state or local tax withholding obligations with respect to grants. We may withhold from other amounts payable to a grantee an amount necessary to satisfy these obligations. The Committee may permit a grantee to satisfy our withholding obligation with respect to grants paid in shares of our common stock by having shares withheld, at the time the grants become taxable, provided that the number of shares withheld does not exceed the individual's minimum applicable withholding tax rate for federal, state and local tax liabilities.

The affirmative vote of the holders of a majority of the common shares voted on the proposal and represented at the annual meeting in person or by proxy is required to approve the amendment to the Plan. The Board of Directors recommends that you vote FOR this proposal.

PROPOSAL 7 – APPROVE ISSUANCE OF SHARES UNDER OUR WARRANT EXERCISE PROGRAM IN ACCORDANCE WITH NASDAQ LISTING RULE 5635(D)

Our common stock is currently listed on The NASDAQ Capital Market and we are subject to the marketplace rules of The NASDAQ Stock Market LLC. NASDAQ Listing Rule 5635(d) requires us to obtain stockholder approval prior to the issuance of our common stock in connection with the sale, issuance or potential issuance by us of common stock (or securities convertible into or exercisable common stock) equal to 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance for less than the greater of book or market value of the stock. In addition, NASDAQ Listing Rule 5635(b) requires us to obtain stockholder approval prior to the issuance of securities which will result in a “change of control” of the Company. In this regard, a change of control refers to an issuance of securities that will result in any investor or group owning, or having the right to acquire, 20% or more of the Company’s outstanding shares of common stock or voting power and such ownership or voting power would be the largest ownership position.

Warrant Exercise Agreement

On August 9, 2017, the Company entered into a warrant exercise agreement (the “Warrant Exercise Agreement”) with certain holders of the Company’s warrants (collectively, the “Warrant Holders” and each, a “Warrant Holder”), pursuant to which the Warrant Holders agreed to exercise, for up to an aggregate of 1,095,719 shares of common stock, par value \$0.001 per share (“Common Stock”), those warrants (the “Warrants”) issued pursuant to that certain warrant agency agreement, dated as of June 30, 2017 (the “Warrant Agency Agreement”), by and between the Company and Corporate Stock Transfer, as warrant agent (the “Warrant Agent”), provided that the Company will agree to:

(a) amend the Warrant Agency Agreement to reduce the exercise price of the Warrants from \$1.325 per share to \$0.30 per share in accordance with the terms and conditions of Amendment No. 1 to the Warrant Agency Agreement to be entered into between the Company and the Warrant Agent (“Warrant Agreement Amendment”), with the consent of Aegis Capital Corp. (“Aegis”) and the registered holders of a majority of the outstanding Warrants; and

(b) issue additional warrants to the Warrant Holders, for the number of shares of Common Stock that shall be equal to the number of exercised shares purchased by such Warrant Holder (the “Additional Warrant Shares”), at an exercise price of \$0.55 per share (the “Additional Warrant”) for warrants to purchase up to an aggregate of 1,095,719 shares of Common Stock.

The Warrant Holders agreed to exercise up to 1,095,719 shares of Common Stock underlying the Warrants (the “Exercised Shares”) for aggregate gross proceeds of \$328,715.70 from the exercise of the Warrants which will be used for general working capital purposes, including the payment of outstanding debt and trade payables in the ordinary course of the Company’s business and prior practices. The Warrants and Exercised Shares were registered on the Registration Statement on Form S-1 filed by the Company (333-218173) and declared effective on June 28, 2017.

Additional Warrants

In connection with the exercise of the Warrants, the Company will issue a 5-year warrant to each Warrant Holder for the number of shares of Common Stock that shall be equal to the number of exercised shares purchased by such Warrant Holder (the “Warrant Shares”), at an exercise price of \$0.55 per share (each, an “Additional Warrant”, and collectively, the “Additional Warrants”). If, after the six month anniversary of the issuance date of an Additional Warrant, there is no effective registration statement registering, or no current prospectus available for, the resale of the Warrant Shares by the Warrant Holder, then the Additional Warrant may also be exercised, in whole or in part, by means of a “cashless exercise”. The Additional Warrant may not be exercised if, after giving effect to the exercise the Warrant Holder, together with its affiliates, would beneficially own in excess of 4.99% of the number of shares of the Company’s Common Stock outstanding immediately after giving effect to the issuance of the Warrant Shares. Upon notice to the Company, the Warrant Holder may increase or decrease the ownership limitation, provided that the ownership limitation in no event exceeds 9.99% of the number of shares of the Company’s Common Stock outstanding immediately after giving effect to the issuance of the Warrant Shares. If at any time after the six month anniversary of the Issue Date, there is no effective registration statement registering, or no current prospectus available for, the resale of the Warrant Shares by the Holder, then this Warrant may also be exercised, in whole or in part, at such time by means of a “cashless exercise”

In addition, if the Company has not obtained approval as may be required by the applicable rules and regulations of the Nasdaq Stock Market (or any successor entity) from the shareholders of the Company with respect to the transactions contemplated by the Exercise Agreement, resulting in the issuance of shares of Common Stock in excess of 19.99% of the issued and outstanding Common Stock immediately prior to the execution and delivery of the Exercise Agreement and/or a change of control in connection with the transactions contemplated by the Exercise Agreement (excluding the issuance of the shares of Common Stock issuable upon exercise of the Registered Warrants), then the Company may not issue greater than 1,298,281 shares of Common Stock (subject to adjustment for forward and reverse stock splits, recapitalizations and the like), in the aggregate, upon the exercise of the Additional Warrants.

The affirmative vote of the holders of shares of common stock representing a majority of the votes cast by the holders of all of the shares of common stock present in person or represented by proxy and entitled to voting on such matter will be required for approval of the 20% Issuance Proposal. The Board recommends that you vote FOR the approval of the Warrant Exercise Program Proposal.

PROPOSAL 8 – TO APPROVE THE ABILITY TO ISSUE EQUITY OR INSTRUMENTS CONVERTIBLE INTO EQUITY UP TO A MAXIMUM OF \$7,000,000

The Company seeks to approve the issuance of securities including but not limited to common stock, preferred stock, warrants, trade-debt conversion, convertible notes or other securities convertible or exercisable for equity securities of the Company in one or more potential non-public capital-raising transactions up to \$7,000,000 where the maximum discount at which securities will be offered at a price will be equivalent up to a discount of 30% below the market price of our common stock with a floor of \$.10, on a post split basis as required by and in accordance with NASDAQ Listing Rule 5635(d). The maximum number of shares to be issued in this proposal would be 50 million shares. The term of approval sought is six months from the date of shareholder approval. While the Company is aware that NASDAQ routinely looks for a maximum of three months, the Company does not feel that provides sufficient flexibility and seeks six months for further ability to have time to seek the least dilutive options available. However, should NASDAQ not permit the six month period, the Company would voluntarily agree to reduce the time period to three months.

The purpose of this Proposal is to provide the Company with flexibility to settle its trade debt without utilizing cash which is necessary for the Company to continue operations. Also, it would provide the Company with short term ability to raise needed capital for operations without necessarily the time or expense of seeking funding in the capital markets on a public offering basis. The Company would not enter into any transaction or transactions which would constitute a change in control with respect to transactions approved under this Proposal.

On October 24, 2017, Inpixon (the “Company”) received notice from the staff of NASDAQ (the “Staff Delisting Determination”) that based upon the Company’s continued non-compliance with the Minimum Stockholders’ Equity Requirement (as defined below), the Company’s common stock would be subject to delisting from NASDAQ, unless the Company timely requests an appeal hearing before the NASDAQ Hearings Panel (the “Panel”). The Company has requested a hearing to appeal the Staff Delisting Determination, which will stay the suspension and delisting action pending the issuance of a written decision by the Panel. As previously disclosed by the Company, on May 19, 2017, NASDAQ notified the Company that it did not evidence compliance with the minimum \$2,500,000 stockholders’ equity requirement for continued listing set forth in NASDAQ Listing Rule 5550(b) (the “Minimum Stockholders’ Equity Requirement”). In accordance with the NASDAQ Listing Rules, the Company was provided with a 180 calendar day period, through September 30, 2017, to regain compliance with the rule. The Company did not evidence compliance with the rule by September 30, 2017, which resulted in the issuance of the Staff Delisting Determination on October 24, 2017. The Company is currently evaluating various alternative courses of action to regain compliance with the Minimum Stockholders’ Equity Requirement and plans to submit an updated plan of compliance prior to such hearing; however, there can be no assurance that the Panel will grant the Company’s request for continued listing or that the Company will regain compliance with the applicable criteria within the period of time that may be granted by the Panel. Approval of this Proposal will also ensure the Company is able to continue to meet this continued listing requirement for NASDAQ."

Dilution Table Assuming 200,000,000 Authorized Shares	Approximate Number of Common Shares Outstanding	Approximate Number of Common Shares Issued Under the Future Financing Proposal	Approximate Number of Unreserved Common Shares Outstanding
Pre-Split	16,055,135	50,000,000	66,055,135
Proposed Reverse Split Using 1-for-5 Ratio	3,211,027	10,000,000	13,211,027
Proposed Reverse Split Using 1-for-50 Ratio	321,103	1,000,000	1,321,103

The Company’s Board of Directors recommends that the shareholders vote FOR this proposal.

PROPOSAL 9 — TO APPROVE THE ADJOURNMENT OF THE ANNUAL MEETING, IF NECESSARY, TO SOLICIT ADDITIONAL PROXIES IF THERE ARE NOT SUFFICIENT VOTES AT THE TIME OF THE MEETING TO APPROVE THE REVERSE SPLIT PROPOSAL AND/OR THE 20% ISSUANCE PROPOSAL

We are asking our stockholders to consider and vote upon an adjournment by stockholders of the Annual Meeting from time to time, if necessary or advisable (as determined by the Company), to solicit additional proxies in the event there are not sufficient votes at the time of the Annual Meeting to approve the Reverse Split Proposal as described in Proposal 2 and/or the 20% Issuance Proposals as described in Proposal 4 and Proposal 7.

The affirmative vote of the holders of shares of common stock representing a majority of the votes cast by the holders of all of the shares of stock present in person or represented by proxy and entitled to voting on such matter will be required for approval of the adjournment of the Annual Meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the meeting to approve the Reverse Split Proposal and/or the 20% Issuance Proposal. The Board recommends that you vote FOR the approval to adjourn the Annual Meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the meeting to approve the Reverse Split Proposal and/or the 20% Issuance Proposal and/or the Warrant Exercise Program Proposal.

**REQUIREMENTS FOR ADVANCE NOTIFICATION OF NOMINATIONS
AND STOCKHOLDER PROPOSALS**

Stockholder proposals submitted to us pursuant to Rule 14a-8 promulgated under the Exchange Act for inclusion in our Proxy Statement and form of proxy for our 2018 Annual Meeting of stockholders must be received by us no later than _____, 2018, which is 120 calendar days before the one-year anniversary of the date on which the Company first mailed this Proxy Statement, and must comply with the requirements of the proxy rules promulgated by the SEC. Stockholder proposals should be addressed to our Secretary at 2479 E. Bayshore Road, Suite 195, Palo Alto, CA 94303.

Recommendations from stockholders which are received after the deadline likely will not be considered timely for consideration by the Committee for next year's Annual Meeting.

OTHER MATTERS

The Board does not intend to bring any other matters before the Annual Meeting and has no reason to believe any other matters will be presented. If other matters properly do come before the Annual Meeting, however, it is the intention of the persons named as proxy agents in the enclosed proxy card to vote on such matters as recommended by the Board, or if no recommendation is given, in their own discretion.

The Company's Annual Report on Form 10-K for fiscal year ended December 31, 2016 is being mailed with this Proxy Statement to stockholders entitled to notice of the Annual Meeting. The Annual Report includes the consolidated financial statements, and management's discussion and analysis of financial condition and results of operations. The costs of preparing, assembling, mailing and soliciting the proxies will be borne by us. Proxies may be solicited, without extra compensation, by our officers and employees by mail, telephone, facsimile, personal interviews and other methods of communication.

If you and other residents at your mailing address own shares in street name, your broker or bank may have sent you a notice that your household will receive only one copy of proxy materials for each company in which you hold shares through that broker or bank. This practice of sending only one copy of proxy materials is known as householding. If you did not respond that you did not want to participate in householding, you were deemed to have consented to the process. If the foregoing procedures apply to you, your broker has sent one copy of our Proxy Statement to your address. If you want to receive separate copies of the proxy materials in the future, or you are receiving multiple copies and would like to receive only one copy per household, you should contact your stockbroker, bank or other nominee record holder, or you may contact us at the address or telephone number below. In any event, if you did not receive an individual copy of this Proxy Statement, we will send a copy to you if you address your written request to, or call, Wendy Loundermon, Vice President of Finance and Secretary of Inpixon, 2479 E. Bayshore Road, Suite 195, Palo Alto, CA 94303, telephone number (703) 665-0585.

Copies of the documents referred to above that appear on our website are also available, without charge, upon request by any stockholder addressed to our Corporate Secretary, Inpixon Global, 2479 E. Bayshore Road, Suite 195, Palo Alto, CA 94303.

ANNEX A

Certificate of Amendment to Articles of Incorporation
For Nevada Profit Corporations
(Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

1. Name of corporation:

Inpixon

2. The articles have been amended as follows: (provide article numbers, if available)

The Restated Articles of Incorporation are hereby amended by adding the following as a new subsection (1) to Section (A):

“Upon the effectiveness of the filing (the “*Effective Time*”) of the Amendment of Restated Articles of Incorporation, pursuant to the Chapter 78 of the NRS, each [] shares of the Corporation’s Common Stock issued and outstanding immediately prior to the Effective Time shall be reclassified and combined into one (1) validly issued, fully paid and non-assessable share of the Corporation’s Common Stock automatically and without any further action by the Corporation or the holder thereof, subject to the treatment of fractional share interests as described below (the “*Reverse Stock Split*”). The Corporation shall not issue to any holder a fractional share of Common Stock on account of the Reverse Stock Split. Rather, any fractional share of Common Stock resulting from such change shall be rounded upward to the nearest whole share of Common Stock. Share interests issued due to rounding are given solely to save the expense and inconvenience of issuing fractional shares of Common Stock and do not represent separately bargained for consideration. Until surrendered, each certificate that immediately prior to the Effective Time represented shares of Common Stock (“*Old Certificates*”) shall only represent the number of whole shares of Common Stock into which the shares of Common Stock formerly represented by such Old Certificate were combined into as a result of the Reverse Stock Split.”

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise a least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is: Shares representing []% of the outstanding voting power (or []% of the shares voted) were voted in favor of the amendment.

4. Effective date of filing: (optional)
(must not be later than 90 days after the certificate is filed)

5. Signature: (required)

Signature of Officer Nadir Ali, Chief Executive Officer

“PRELIMINARY PROXY CARD – SUBJECT TO COMPLETION”

PROXY CARD

INPIXON

**This proxy is solicited on behalf of the Board of Directors
for the Annual Meeting on November __, 2017**

This proxy will be voted as specified by the stockholder. If no specification is made, all shares will be voted “FOR” the approval of the three proposals set forth in the Proxy Statement.

TO BE INSERTED IN THE DEFINITIVE PROXY STATEMENT
