UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2018

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: **001-36404**

INPIXON
(Exact name of registrant as specified in its charter)

Nevada	**88-0434915**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2479 Bayshore Road **Suite 195** **Palo Alto, CA**	**94303**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(408) 702-2167**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, par value $0.001	43,842,968
(Class)	Outstanding at August 9, 2018

INPIXON

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND OTHER INFORMATION CONTAINED IN THIS REPORT

This Quarterly Report on Form 10-Q (this "Form 10-Q") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and the provisions of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements give our current expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historical or current facts. You can find many (but not all) of these statements by looking for words such as "approximates," "believes," "hopes," "expects," "anticipates," "estimates," "projects," "intends," "plans," "would," "should," "could," "may" or other similar expressions in this Form 10-Q. In particular, these include statements relating to future actions; prospective products, applications, customers and technologies; future performance or results of anticipated products; anticipated expenses; and projected financial results. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

- our limited cash and our history of losses;
- our ability to achieve profitability;
- our limited operating history with recent acquisitions;
- emerging competition and rapidly advancing technology in our industry that may outpace our technology;
- customer demand for the products and services we develop;
- the impact of competitive or alternative products, technologies and pricing;
- our ability to manufacture any products we develop;
- general economic conditions and events and the impact they may have on us and our potential customers;
- our ability to obtain adequate financing in the future;
- our ability to continue as a going concern;
- lawsuits and other claims by third parties;
- our ability to successfully complete the spin-off of Sysorex, Inc., formerly known as Inpixon USA ("Sysorex"), including the impact of the spin-off on the businesses of Inpixon and Sysorex;
- our success at managing the risks involved in the foregoing items; and
- other factors discussed in this Form 10-Q.

We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have included important factors in the cautionary statements included in this Form 10-Q, particularly in the "Risk Factors" section, that we believe could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make or collaborations or strategic partnerships we may enter into.

You should read this Form 10-Q and the documents that we have filed as exhibits to this Form 10-Q completely and with the understanding that our actual future results may be materially different from what we expect. We do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Unless otherwise stated or the context otherwise requires, the terms "Inpixon," "we," "us," "our," and the "Company" refer collectively to Inpixon and its subsidiaries.

Except where indicated, all share and per share data in this Form 10-Q, including the unaudited condensed consolidated financial statements, reflect the 1 for 15 reverse stock split of the Company's issued and outstanding common stock effected on March 1, 2017 and the 1 for 30 reverse stock split of the Company's issued and outstanding common stock effected on February 6, 2018.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

The accompanying condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information which are the accounting principles that are generally accepted in the United States of America and in accordance with the instructions for Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, the condensed consolidated financial statements contain all material adjustments, consisting only of normal recurring adjustments necessary to present fairly the financial condition, results of operations, and cash flows of the Company for the interim periods presented.

The results for the period ended June 30, 2018 are not necessarily indicative of the results of operations for the full year. These financial statements and related notes should be read in conjunction with the consolidated financial statements and notes thereto included in our audited consolidated financial statements for the fiscal years ended December 31, 2017 and 2016 included in the Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC") on March 27, 2018.

INPIXON AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except number of shares and par value data)

	As of June 30, 2018 (Unaudited)	As of December 31, 2017 (Audited)
Assets		
Current Assets		
Cash and cash equivalents	$ 8,336	$ 141
Accounts receivable, net	1,364	2,310
Notes and other receivables	167	183
Inventory	852	790
Prepaid licenses and maintenance contracts	12	4,638
Assets held for sale	--	23
Prepaid assets and other current assets	1,044	1,123
Total Current Assets	11,775	9,208
Prepaid licenses and maintenance contracts, non-current	--	2,264
Property and equipment, net	331	520
Software development costs, net	1,567	2,017
Intangible assets, net	10,208	12,678
Goodwill	636	636
Other assets	375	368
Total Assets	$ 24,892	$ 27,691

The accompanying notes are an integral part of these financial statements.

INPIXON AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)

(In thousands, except number of shares and par value data)

	As of June 30, 2018 (Unaudited)	As of December 31, 2017 (Audited)
Liabilities and Stockholders' (Deficit) Equity		
Current Liabilities		
Accounts payable	$ 18,637	$ 25,834
Accrued liabilities	1,434	5,421
Deferred revenue	109	5,611
Short-term debt	1,815	3,058
Derivative liabilities	--	48
Liabilities held for sale	--	2,059
Total Current Liabilities	21,995	42,031
Long Term Liabilities		
Deferred revenue, non-current	--	2,636
Long-term debt	142	767
Other liabilities	75	113
Acquisition liability - Integrio	62	997
Total Liabilities	22,274	46,544
Stockholders' (Deficit) Equity		
Preferred Stock - $0.001 par value; 5,000,000 shares authorized, 0 issued and outstanding as of June 30, 2018 and December 31, 2017	--	--
Series 4 Convertible Preferred Stock - $1,000 stated value; 10,185 shares authorized; 2,318.2933 and 0 issued and 2,318.2933 and 0 outstanding at June 30, 2018 and December 31, 2017. Liquidation preference of $0 at June 30, 2018 and December 31, 2017.	--	--
Common Stock - $0.001 par value; 250,000,000 shares authorized; 38,252,920 and 962,200 issued and 38,252,389 and 961,669 outstanding at June 30, 2018 and December 31, 2017, respectively.	38	1
Additional paid-in capital	108,539	78,302
Treasury stock, at cost, 531 shares	(695)	(695)
Accumulated other comprehensive income	26	31
Accumulated deficit (excluding $2,442 reclassified to additional paid in capital in quasi-reorganization)	(105,299)	(94,486)
Stockholders' (Deficit) Equity Attributable to Inpixon	2,609	(16,847)
Non-controlling Interest	9	(2,006)
Total Stockholders' (Deficit) Equity	2,618	(18,853)
Total Liabilities and Stockholders' (Deficit) Equity	$ 24,892	$ 27,691

The accompanying notes are an integral part of these financial statements.

INPIXON AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
Revenues				
Products	$ 707	$ 12,210	$ 1,182	$ 21,659
Services	1,121	2,886	2,740	6,919
Total Revenues	1,828	15,096	3,922	28,578
Cost of Revenues				
Products	343	10,231	598	18,285
Services	474	1,481	1,078	3,620
Total Cost of Revenues	817	11,712	1,676	21,905
Gross Profit	1,011	3,384	2,246	6,673
Operating Expenses				
Research and development	321	454	681	1,012
Sales and marketing	975	2,181	1,944	4,221
General and administrative	4,841	4,595	9,017	9,255
Acquisition related costs	--	2	16	5
Amortization of intangibles	1,323	1,382	2,645	2,767
Total Operating Expenses	7,460	8,614	14,303	17,260
Loss from Operations	(6,449)	(5,230)	(12,057)	(10,587)
Other Income (Expense)				
Interest expense	(356)	(1,344)	(1,638)	(2,027)
Change in fair value of derivative liability	--	152	48	208
Gain on the sale of Sysorex Arabia	--	--	23	--
Gain on the settlement of obligations	1	--	1	--
Other income/(expense)	949	--	1,524	(65)
Total Other Income (Expense)	594	(1,192)	(42)	(1,884)
Net Loss from Continuing Operations	(5,855)	(6,422)	(12,099)	(12,471)
Loss from Discontinued Operations, Net of Tax	--	(9)	--	(17)
Net Loss	(5,855)	(6,431)	(12,099)	(12,488)
Net Gain (Loss) Attributable to Non-controlling Interest	3	(4)	2	(9)
Net Loss Attributable to Stockholders of Inpixon	$ (5,858)	$ (6,427)	$ (12,101)	$ (12,479)
Deemed dividend to preferred stockholders	(9,727)	--	(11,235)	--
Net Loss Attributable to Common Stockholders	(15,585)	(6,427)	(23,336)	(12,479)
Net Loss Per Basic and Diluted Common Share				
Loss from continuing operations	$ (1.08)	$ (81.20)	$ (3.44)	$ (164.63)
Loss from discontinued operations	$ --	$ (0.11)	$ --	$ (0.22)
Net Loss Per Share - Basic and Diluted	$ (1.08)	$ (81.26)	$ (3.44)	$ (164.74)
Weighted Average Shares Outstanding				
Basic and Diluted	14,482,423	79,088	6,782,169	75,750

The accompanying notes are an integral part of these financial statements.

INPIXON AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
Net Loss	$ (5,855)	$ (6,431)	$ (12,099)	$ (12,488)
Unrealized foreign exchange gain/(loss) from cumulative translation adjustments	2	(21)	(5)	(11)
Comprehensive Loss	$ (5,853)	$ (6,452)	$ (12,104)	$ (12,499)

The accompanying notes are an integral part of these financial statements.

INPIXON AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' (DEFICIT) EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2018
(Unaudited)
(In thousands, except per share data)

	Series 3 Convertible Preferred Stock		Series 4 Convertible Preferred Stock		Common Stock		Additional Paid-In	Treasury Stock		Accumulated Other Comprehensive	Accumulated	Non-Controlling	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Shares	Amount	Income (Loss)	Deficit	Interest	(Deficit) Equity
Balance - January 1, 2018	--	$ --	--	$ --	962,200	$ 1	$ 78,302	(531)	$ (695)	$ 31	$ (94,485)	$ (2,006)	$ (18,852)
Common shares issued for services	--	--	--	--	7,838	--	80	--	--	--	--	--	$ 80
Stock options granted to employees for services	--	--	--	--	--	--	777	--	--	--	--	--	$ 777
Fractional shares issued for stock split	--	--	--	--	9,718	--	--	--	--	--	--	--	$ --
Common and preferred shares issued in public offering, net	10,185	--	10,115.0000	--	3,925,780	6	27,957	--	--	--	--	--	$ 27,963
Redemption of convertible series 3 preferred stock	(10,185)	--	--	--	4,334,032	2	(4)	--	--	--	--	--	$ (2)
Redemption of convertible series 4 preferred stock	--	--	(7,796.7067)	--	28,738,093	29	(29)	--	--	--	--	--	$ --
Common shares issued for extinguishment of debenture liability	--	--	--	--	275,259	--	1,456	--	--	--	--	--	$ 1,456
Sale of Sysorex Arabia	--	--	--	--	--	--	--	--	--	--	--	2,013	$ 2,013
Adoption of accounting standards (Note 2)	--	--	--	--	--	--	--	--	--	--	1,287	--	$ 1,287
Cumulative Translation Adjustment	--	--	--	--	--	--	--	--	--	(5)	--	--	$ (5)
Net loss	--	--	--	--	--	--	--	--	--	--	(12,101)	2	$ (12,099)
Balance - June 30, 2018	--	$ --	2,318.2933	$ --	38,252,920	$ 38	$ 108,539	(531)	$ (695)	$ 26	$ (105,299)	$ 9	$ 2,618

The accompanying notes are an integral part of these financial statements.

INPIXON AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended June 30,	
	2018	2017
	(Unaudited)	
Cash Flows from Operating Activities		
Net loss	$ (12,099)	$ (12,488)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,040	834
Amortization of intangible assets	2,645	2,767
Stock based compensation	857	993
Amortization of technology	33	33
Change in fair value of derivative liability	(48)	(208)
Amortization of debt discount	417	1,251
Amortization of deferred financing costs	--	102
Provision for doubtful accounts	221	--
Gain on the settlement of liabilities	(262)	--
Gain on the sale of Sysorex Arabia	(23)	--
Other	2	41
Changes in operating assets and liabilities:		
Accounts receivable and other receivables	741	5,691
Inventory	(62)	267
Other current assets	78	523
Prepaid licenses and maintenance contracts	(12)	5,644
Other assets	(41)	(106)
Accounts payable	(6,934)	2,839
Accrued liabilities	(3,561)	(515)
Deferred revenue	52	(6,024)
Other liabilities	(973)	(101)
Total Adjustments	(5,830)	14,031
Net Cash (Used in) Provided by Operating Activities	(17,929)	1,543
Cash Flows Used in Investing Activities		
Purchase of property and equipment	(39)	(86)
Investment in capitalized software	(364)	(718)
Investment in technology	(175)	--
Net Cash Flows Used in Investing Activities	(578)	(804)
Cash Flows from Financing Activities		
Repayments to bank facility	(1,141)	(4,345)
Net proceeds from issuance of common stock, preferred stock and warrants	27,961	5,570
Repayment of notes payable	(113)	(20)
Repayment of debenture	--	(3,050)
Net proceeds from convertible promissory notes	--	2,000
Repayment of convertible promissory notes	--	(2,662)
Net Cash Provided by (Used In) Financing Activities	26,707	(2,507)
Effect of Foreign Exchange Rate on Changes on Cash	(5)	(11)
Net Increase (Decrease) in Cash and Cash Equivalents	8,195	(1,779)
Cash and Cash Equivalents - Beginning of period	141	1,821
Cash and Cash Equivalents - End of period	$ 8,336	$ 42
Supplemental Disclosure of cash flow information:		
Cash paid for:		
Interest	$ 695	$ 468
Income Taxes	$ --	$ --
Supplemental disclosures of non-cash investing and financing activities:		
Reclassification of warrants to derivative liabilities	$ --	$ 3,773
Issuance of shares for acquisition	$ --	$ 567
Issuance of shares for settlement of accrued interest	$ --	$ 316
Common shares issued for extinguishment of debenture liability	$ 1,456	$ --
Adjustments to opening retained earnings for adoption of ASC 606	$ 1,287	$ --

The accompanying notes are an integral part of these financial statements.

Note 1 - Organization and Nature of Business and Going Concern

Inpixon, through its wholly-owned subsidiaries, Sysorex, Inc., formerly known as (f/k/a) Inpixon USA ("Sysorex"), Sysorex Government Services, Inc., f/k/a Inpixon Federal, Inc. ("SGS"), Inpixon Canada, Inc. ("Inpixon Canada"), and its majority-owned subsidiary Sysorex India Limited ("Sysorex India") (unless otherwise stated or the context otherwise requires, the terms "Inpixon" "we," "us," "our" and the "Company" refer collectively to Inpixon and the above subsidiaries), provides Big Data analytics and location based products and related services for the cyber-security and Internet of Things markets. The Company is headquartered in California, and has sales and subsidiary offices in Virginia, California, Hyderabad, India and Vancouver, Canada.

On December 31, 2017, and as more fully described in Note 4, the Company acquired approximately 82.5% of the outstanding equity securities of Sysorex India which is in the business of IT Services including software application and development, quality assurance ("QA") and testing and graphical user interface ("GUI") development.

On May 18, 2018 Inpixon Federal, Inc. formerly changed its name with the State of Virginia to Sysorex Government Services, Inc. On July 26, 2018, and as more fully described in Note 17, Inpixon USA was part of a reorganization whereby the surviving entity was named Sysorex, Inc.

Going Concern and Management's Plans

As of June 30, 2018, the Company has a working capital deficiency of approximately $10.2 million. For the six months ended June 30, 2018, the Company incurred a net loss of approximately $12.1 million. The aforementioned factors raise substantial doubt about the Company's ability to continue as a going concern. The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of asset amounts or the classification of liabilities that might be necessary should the Company be unable to continue as a going concern within one year after the date the financial statements are issued.

On January 5, 2018, the Company entered into a securities purchase agreement with certain investors pursuant to which it sold an aggregate of 599,812 shares of the Company's common stock and warrants to purchase up to 599,812 shares of common stock at a purchase price of $5.31 per share of common stock for aggregate gross proceeds of approximately $3.2 million. On February 20, 2018, the Company completed a public offering consisting of an aggregate of 3,325,968 Class A units, at a price to the public of $2.35 per Class A unit, and 10,184.9752 Class B units, at a price to the public of $1,000 per Class B unit for aggregate gross proceeds of approximately $18 million. On April 24, 2018, the Company completed a public offering consisting of 10,115 units at a price to the public of $1,000 per unit for aggregate net proceeds after expenses of approximately $9.2 million.

The Company expects its capital resources as of June 30, 2018, availability on the Payplant Facility to finance purchase orders and invoices in an amount equal to 80% of the face value of purchase orders received (as described in Note 8), funds from higher margin business line expansion and credit limitation improvements should be sufficient to fund planned operations during the year ending December 31, 2018. However, the Company is pursuing strategic transactions and if the Company pursues acquisitions, other expansion plans or changes its business plan it may need to raise additional capital. The Company may raise the additional capital, if needed, through the issuance of equity, equity-linked or debt securities. The Company's board of directors has approved the separation of the Company's infrastructure business segment, sometimes referred to as the Value Added Reseller ("VAR") business from the indoor positioning analytics business, pursuant to a Separation and Distribution Agreement, dated August 7, 2018 which is anticipated to reduce operating expenses and eliminate substantially all of the Company's trade debt. In connection with such a transaction, the Company has agreed to contribute an amount equal to $2 million to Sysorex from Inpixon's cash and cash equivalents on Inpixon's balance sheet at the effective time of the spin-off which amount shall be reduced by the aggregate amount of certain operating and other expenses of Sysorex that have been or will be satisfied by Inpixon from June 30, 2018 through the distribution date which will reduce the Company's available capital resources. The Company's condensed consolidated financial statements as of June 30, 2018 have been prepared under the assumption that we will continue as a going concern for the next twelve months from the date the financial statements are issued. Management's plans and assessment of the probability that such plans will mitigate and alleviate any substantial doubt about the Company's ability to continue as a going concern, is dependent upon the ability to attain further operating efficiency, reduce expenditures, and, ultimately, to generate sufficient levels of revenue, which together represent the principal conditions that raise substantial doubt about our ability to continue as a going concern. The Company's condensed consolidated financial statements as of June 30, 2018 do not include any adjustments that might result from the outcome of this uncertainty.

Note 2 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information, which are the accounting principles that are generally accepted in the United States of America. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of the Company's operations for the six month period ended June 30, 2018 is not necessarily indicative of the results to be expected for the year ending December 31, 2018. These interim unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes for the years ended December 31, 2017 and 2016 included in the Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on March 27, 2018.

Note 3 - Summary of Significant Accounting Policies

The Company's complete accounting policies are described in Note 2 to the Company's audited consolidated financial statements and notes for the years ended December 31, 2017 and 2016.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during each of the reporting periods. Actual results could differ from those estimates. The Company's significant estimates consist of:

- the valuation of stock-based compensation;
- the allowance for doubtful accounts;
- the valuation allowance for the deferred tax asset; and
- impairment of long-lived assets and goodwill.

Revenue Recognition

Hardware and Software Revenue Recognition

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-08, "Revenue from Contracts with Customers - Principal versus Agent Considerations", in April 2016, the FASB issued ASU No. 2016-10, "Revenue from Contracts with Customers (Topic 606) - Identifying Performance Obligations and Licensing" and in May 9, 2016, the FASB issued ASU No. 2016-12, "Revenue from Contracts with Customers (Topic 606)", or ASU 2016-12. This update provides clarifying guidance regarding the application of ASU No. 2014-09 - Revenue From Contracts with Customers which is not yet effective. These new standards provide for a single, principles-based model for revenue recognition that replaces the existing revenue recognition guidance. In July 2015, the FASB deferred the effective date of ASU 2014-09 until annual and interim periods beginning on or after December 15, 2017. It has replaced most existing revenue recognition guidance under GAAP. The ASU may be applied retrospectively to historical periods presented or as a cumulative-effect adjustment as of the date of adoption. We have adopted Topic 606 using a modified retrospective approach and will be applied prospectively in our financial statements from January 1, 2018 forward. Revenues under Topic 606 are required to be recognized either at a "point in time" or "over time", depending on the facts and circumstances of the arrangement, and will be evaluated using a five-step model. The adoption of Topic 606 did not have a material impact on our financial statements, either at initial implementation nor will it have a material impact on an ongoing basis.

Note 3 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

For sales of hardware and software products, the Company's performance obligation is satisfied at a point in time when they are shipped to the customer. This is when the customer has title to the product and the risks and rewards of ownership. The delivery of products to our customers occurs in a variety of ways, including (i) as a physical product shipped from the Company's warehouse, (ii) via drop-shipment by a third-party vendor, or (iii) via electronic delivery with respect to software licenses. The Company leverages drop-ship arrangements with many of its vendors and suppliers to deliver products to customers without having to physically hold the inventory at its warehouse. In such arrangements, the Company negotiates the sale price with the customer, pays the supplier directly for the product shipped, bears credit risk of collecting payment from its customers and is ultimately responsible for the acceptability of the product and ensuring that such product meets the standards and requirements of the customer. Accordingly, the Company is the principal in the transaction with the customer and records revenue on a gross basis. The Company receives fixed consideration for sales of hardware and software products. The Company's customers generally pay within 30 to 60 days from the receipt of a customer approved invoice. The Company has elected the practical expedient to expense the costs of obtaining a contract when they are incurred because the amortization period of the asset that otherwise would have been recognized is less than a year.

Software As A Service Revenue Recognition

With respect to sales of our maintenance, consulting and other service agreements including our digital advertising and electronic services, customers pay fixed monthly fees in exchange for the Company's service. The Company's performance obligation is satisfied over time as the digital advertising and electronic services are provided continuously throughout the service period. The Company recognizes revenue evenly over the service period using a time-based measure because the Company is providing continuous access to its service.

License and Maintenance Services Revenue Recognition

The Company provides a customized design and configuration solution for its customers and in this capacity resells hardware, software and other IT equipment license and maintenance services in exchange for fixed fees. The Company selects the vendors and sells the products and services, including maintenance services, that best fit the customer's needs. For sales of maintenance services and warranties, the customer obtains control at the point in time that the services to be provided by a third party vendor are purchased by the customer and therefore the Company's performance obligation to provide the overall systems solution is satisfied at that time. The Company's customers generally pay within 30 to 60 days from the receipt of a customer approved invoice.

Typically, the Company sells maintenance contracts between the manufacturer and the customer for a separate fee with initial contractual periods ranging from one to five years with renewal for additional periods thereafter. The Company's performance obligation is to work with customers to identify the computer maintenance and warranty services that best suit the customer's needs and sell them those products and services however the maintenance is provided to the customer by the manufacturer. While a third party is responsible for actually performing the services for the customer, historically, in accordance with its policies and historical business practices, the Company has assumed responsibility for ensuring that the recommended services that are provided as part of the overall solution meets client expectations and therefore the Company assumes control of the services to be provided before they are performed for the benefit of the customer. In addition, the Company has full discretion in establishing the sale price to the customer which is determined based on the entire customized solution of products and services offered to the customer and bears the credit risk by paying the supplier for purchased services and collecting payment from the customer and therefore recognizes revenue from maintenance services on a gross basis, For these contracts the customer is invoiced one time and pays up front for the full term of the warranty and maintenance contract. Prior to the adoption of ASC 606 as of January 1, 2018, revenue from these contracts was recognized ratably over the contract period with the unearned revenue recorded as deferred revenue and amortized over the contract period. Adoption of Topic 606 has changed the recognition of our license and maintenance revenue as it was previously recognized over time however under the new policy it is recognized at a point in time and therefore the Company's accumulated deferred revenue was accelerated as of January 1, 2018.

Note 3 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Professional Services Revenue Recognition

The Company's professional services include fixed fee and time and materials contracts. Fixed fees are paid monthly, in phases, or upon acceptance of deliverables. The Company's time and materials contracts are paid weekly or monthly based on hours worked. Revenue on time and material contracts is recognized based on a fixed hourly rate as direct labor hours are expended. Materials, or other specified direct costs, are reimbursed as actual costs and may include markup. The Company has elected the practical expedient to recognize revenue for the right to invoice because the Company's right to consideration corresponds directly with the value to the customer of the performance completed to date. For fixed fee contracts, the Company recognizes revenue evenly over the service period using a time-based measure because the Company is providing continuous service. Because the Company's contracts have an expected duration of one year or less, the Company has elected the practical expedient in Accounting Standards Codification ("ASC") 606-10-50-14(a) to not disclose information about its remaining performance obligations. Anticipated losses are recognized as soon as they become known. For the three and six months ended June 30, 2018 and 2017, the Company did not incur any such losses. These amounts are based on known and estimated factors. Revenues from time and material or firm fixed price long-term and short-term contracts are derived principally with various United States government agencies and commercial customers.

Contract Balances

The timing of our revenue recognition may differ from the timing of payment by our customers. We record a receivable when revenue is recognized prior to payment and we have an unconditional right to payment. Alternatively, when payment precedes the provision of the related services, we record deferred revenue until the performance obligations are satisfied. The Company had deferred revenue of approximately $109,000 as of June 30, 2018 related to cash received in advance for product maintenance services provided by the Company's technical staff. The Company expects to satisfy its remaining performance obligations for these maintenance services and recognize the deferred revenue over the next twelve months.

Stock-Based Compensation

The Company accounts for options granted to employees by measuring the cost of services received in exchange for the award of equity instruments based upon the fair value of the award on the date of grant. The fair value of that award is then ratably recognized as an expense over the period during which the recipient is required to provide services in exchange for that award.

Options and warrants granted to consultants and other non-employees are recorded at fair value as of the grant date and subsequently adjusted to fair value at the end of each reporting period until such options and warrants vest, and the fair value of such instruments, as adjusted, is expensed over the related vesting period.

Note 3 - Summary of Significant Accounting Policies (continued)

Stock-Based Compensation (continued)

The Company incurred stock-based compensation charges, net of estimated forfeitures, of $571,000 and $710,000 for the three months ended June 30, 2018 and 2017, and $857,000 and $993,000 for the six months ended June 30, 2018 and 2017, respectively, which are included in general and administrative expenses. The following table summarizes the nature of such charges for the periods then ended (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Compensation and related benefits	$ 571	$ 250	$ 777	$ 512
Professional and legal fees	--	145	80	159
Acquisition transaction costs	--	--	--	7
Interest expense	--	315	--	315
Totals	$ 571	$ 710	$ 857	$ 993

Net Loss Per Share

The Company computes basic and diluted earnings per share by dividing net loss by the weighted average number of common shares outstanding during the period. Basic and diluted net loss per common share were the same since the inclusion of common shares issuable pursuant to the exercise of options and warrants in the calculation of diluted net loss per common shares would have been anti-dilutive.

The following table summarizes the number of common shares and common share equivalents excluded from the calculation of diluted net loss per common share for the six months ended June 30, 2018 and 2017:

	For the Six Months Ended June 30,	
	2018	2017
Options	2,722,309	12,228
Warrants	64,918,852	9,581
Convertible preferred stock	32,110,791	--
Convertible note	630,139	--
Convertible debenture	--	3,927
Reserved for service providers	44,000	--
Totals	100,426,091	25,736

Preferred Stock

The Company applies the accounting standards for distinguishing liabilities from equity under GAAP when determining the classification and measurement of its convertible preferred stock. Preferred shares subject to mandatory redemption are classified as liability instruments and are measured at fair value. Conditionally redeemable preferred shares (including preferred shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, preferred shares are classified as permanent equity.

Note 3 - Summary of Significant Accounting Policies (continued)

Reclassification

Certain accounts in the prior year's financial statements have been reclassified for comparative purposes to conform to the presentation in the current year's financial statements. These reclassifications have no effect on previously reported earnings.

Derivative Liabilities

During the year ended December 31, 2016, the Company issued a convertible debenture that included reset provisions considered to be down-round protection. In addition, the Company issued warrants that include a fundamental transaction clause which provide for the warrant holders to be paid in cash the fair value of the warrants as computed under a Black Scholes valuation model. The Company determined that the conversion feature and warrants are derivative instruments pursuant to ASC 815 "Derivatives and Hedging" issued by the FASB. The accounting treatment of derivative financial instruments requires that the Company bifurcate the conversion feature and record it as a liability at fair value and the fair value of the warrants were computed as defined in the agreement. The instruments are marked-to-market at fair value as of each balance sheet date. Any change in fair value is recorded as a change in the fair value of derivative liabilities for each reporting period. The fair value of the conversion feature was determined using the Binomial Lattice model. The Company reassesses the classification at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification. As of June 30, 2018, the fair value of the derivative liability was $0.

Software Development Costs

The Company develops and utilizes internal software for the processing of data provided by its customers. Costs incurred in this effort are accounted for under the provisions of FASB ASC 350-40, Internal Use Software and ASC 985-20, Software – Cost of Software to be Sold, Leased or Marketed, whereby direct costs related to development and enhancement of internal use software is capitalized, and costs related to maintenance are expensed as incurred. The Company capitalizes its direct internal costs of labor and associated employee benefits that qualify as development or enhancement. These software development costs are amortized over the estimated useful life which management has determined ranges from one to five years.

Impairment of Long-Lived Assets

The Company assesses the recoverability of its long-lived assets, including property and equipment and intangible assets, when there are indications that the assets might be impaired. When evaluating assets for potential impairment, the Company compares the carrying value of the asset to its estimated undiscounted future cash flows. If an asset's carrying value exceeds such estimated cash flows (undiscounted and with interest charges), the Company records an impairment charge for the difference.

Based on its assessments, the Company did not record any impairment charges for the six months ended June 30, 2018 and 2017.

Recent Accounting Standards

In November 2015, the FASB issued ASU 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes" ("ASU 2015-17"). The FASB issued ASU 2015-17 as part of its ongoing Simplification Initiative, with the objective of reducing complexity in accounting standards. The amendments in ASU 2015-17 require entities that present a classified balance sheet to classify all deferred tax liabilities and assets as a noncurrent amount. This guidance does not change the offsetting requirements for deferred tax liabilities and assets, which results in the presentation of one amount on the balance sheet. Additionally, the amendments in ASU 2015-17 align the deferred income tax presentation with the requirements in International Accounting Standards (IAS) 1, Presentation of Financial Statements. The amendments in ASU 2015-17 are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. The adoption of ASU 2015-17 did not have a material impact on its financial statements.

Note 3 - Summary of Significant Accounting Policies (continued)

Recent Accounting Standards (continued)

In September 2017, the FASB issued ASU No. 2017-13, "Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842): Amendments to SEC Paragraphs Pursuant to the Staff Announcement at the July 20, 2017 EITF Meeting and Rescission of Prior SEC Staff Announcements and Observer Comments" that enhances the guidance surrounding sale leaseback transactions, accounting for taxes on leveraged leases and leases with third party value. The related amendments to the Topics described above become effective on the same schedule as Topics 605, 606, 840 and 842.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," ("ASU 2014-09"). ASU 2014-09 supersedes the revenue recognition requirements in ASC 605 - Revenue Recognition ("ASC 605") and most industry-specific guidance throughout ASC 605. The FASB has issued numerous updates that provide clarification on a number of specific issues as well as requiring additional disclosures. The core principle of ASC 606 requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

Note 3 - Summary of Significant Accounting Policies (continued)

Recent Accounting Standards (continued)

The Company adopted ASC 606 effective January 1, 2018 using the modified retrospective method which was applied to all contracts at the date of initial application. We recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of retained earnings. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The cumulative effect of the changes made to our consolidated January 1, 2018 balance sheet for the adoption of *ASU 2014-09, Revenue - Revenue from Contracts with Customers* were as follows (in millions):

	Balance at December 31, 2017	Adjustments due to ASU 2014-09	Balance at January 1, 2018
Balance Sheet:			
Assets			
Prepaid licenses & maintenance contracts, current	$ 4,638	$ (4,638)	$ --
Prepaid licenses & maintenance contracts, non-current	$ 2,264	$ (2,264)	$ --
Liabilities	$ 5,611	$ (5,553)	$ 58
Deferred revenue, current	$ 2,636	$ (2,636)	$ --
Deferred revenue, non-current			
Equity			
Accumulated deficit	$ (94,486)	$ 1,287	$ (93,199)

In accordance with the new revenue standard requirements, the disclosure of the impact of adoption on our condensed consolidated income statement and balance sheet was as follows (in millions):

	For the Three Months Ended June 30, 2018		
	As Reported	Balances Without Adoption of ASC 606	Effect of Change Higher/(Lower)
Income Statement			
Revenues			
Products (A)	707	2,345	(1,638)
Services	1,121	1,121	--
Cost and expenses			
Cost of Revenues			
Products (A)	343	1,728	(1,385)
Services	474	474	--
Gross Profit	1,011	1,264	(253)
Income/Loss from Operations	(6,449)	(6,196)	(253)
Net Income (Loss)	(5,855)	(5,602)	(253)

Note 3 - Summary of Significant Accounting Policies (continued)

Recent Accounting Standards (continued)

	For the Six Months Ended June 30, 2018		
	As Reported	Balances Without Adoption of ASC 606	Effect of Change Higher/(Lower)
Income Statement			
Revenues			
Products (A)	1,182	4,852	(3,670)
Services	2,740	2,740	--
Cost and expenses			
Cost of Revenues			
Products (A)	598	3,700	(3,102)
Services	1,078	1,078	--
Gross Profit	2,246	2,814	(568)
Income/Loss from Operations	(12,057)	(11,489)	(568)
Net Income (Loss)	(12,099)	(11,531)	(568)

	As of June 30, 2018		
	As Reported	Balances Without Adoption of ASC 606	Effect of Change Higher/(Lower)
Balance Sheet			
Assets			
Prepaid Licenses & Maintenance Contracts, current	12	1,548	(1,536)
Prepaid Licenses & Maintenance Contracts, non-Current	--	2,264	(2,264)
Liabilities			
Deferred Revenue , current	109	1,994	(1,885)
Deferred Revenue, non-current	--	2,636	(2,636)
Equity			
Accumulated Deficit	(105,299)	(106,019)	720

(A) Product revenues and cost of revenues include maintenance/licenses contracts that are sold by the company but performed by third parties.

Reverse Stock Split

On March 1, 2017, the Company effectuated a 1-for-15 reverse stock split of its outstanding common stock. In addition, on February 6, 2018, the Company effectuated a 1-for-30 reverse stock split of its outstanding common stock. The financial statements and accompanying notes give effect to both of the reverse stock splits as if they occurred at the beginning of the first period presented.

Subsequent Events

The Company evaluates events and/or transactions occurring after the balance sheet date and before the issue date of the condensed consolidated financial statements to determine if any of those events and/or transactions requires adjustment to or disclosure in the consolidated financial statements.

Note 4 - Sysorex India Acquisition

Effective as of December 31, 2017, the Company acquired approximately 82.5% of the outstanding equity securities of Sysorex India from Sysorex Consulting, Inc. ("SCI") pursuant to that certain Stock Purchase Agreement, dated as of December 31, 2017, by and among the Company, SCI and Sysorex India, in exchange for the assignment by the Company of $37,000 of outstanding receivables.

The Company acquired Sysorex India to pursue sales and business development opportunities in India. In addition, the Company is looking to potentially expand its engineering and development teams in India. Sysorex India is in the business of IT Services including software application and development, QA and testing and GUI development.

The purchase price is allocated as follows (in thousands):

Assets Acquired:	
Cash	$ 1
Fixed assets	14
Other assets	32
Total Assets Acquired	47
Liabilities Assumed:	
Other current liabilities	10
Total Liabilities Assumed	10
Total Purchase Price	$ 37

Note 5 - Inventory

Inventory as of June 30, 2018 and December 31, 2017 consisted of the following (in thousands):

	As of June 30, 2018	As of December 31, 2017
Raw materials	$ 220	$ 220
Work in process	--	7
Finished goods	632	563
Total Inventory	**$ 852**	**$ 790**

Note 6 - Goodwill

The Company has recorded goodwill and other indefinite-lived assets in connection with its acquisitions of Lilien LLC, including all of the outstanding capital stock of Lilien Systems (collectively, "Lilien"), Shoom Inc. ("Shoom"), AirPatrol Corporation ("Airpatrol"), LightMiner Systems, Inc. ("Lightminer") and Integrio, LLC ("Integrio"). Goodwill, which represents the excess of acquisition cost over the fair value of the net tangible and intangible assets of the acquired company, is not amortized. Indefinite-lived intangible assets are stated at fair value as of the date acquired in a business combination. The Company's goodwill balance and other assets with indefinite lives were evaluated for potential impairment during the six months ended June 30, 2018 and 2017 and it was determined that there was no impairment.

Note 7 - Discontinued Operations

As of December 31, 2015, the Company's management decided to close its Saudi Arabia legal entity as business activities and operations have been strategically shifted according to the business plan of the Company. On January 18, 2018, the Company sold its 50.2% interest in Sysorex Arabia to SCI in consideration for SCI's assumption of 50.2% of the assets and liabilities of Sysorex Arabia, totaling approximately $11,500 and $1 million, respectively.

In accordance with ASC topic 360 "Property, Plant and Equipment", the Company had classified the assets and liabilities as available for sale assets and liabilities as of December 31, 2017 in the accompanying condensed consolidated financial statements.

The major categories of assets and liabilities held for sale in the condensed consolidated balance sheets as of December 31, 2017 (in thousands):

	As of December 31, 2017
Assets:	
Accounts receivable, net	$ 1
Notes and other receivables	8
Other assets	14
Total Current Assets	23
Other assets	--
Total Assets	$ 23
Liabilities:	
Current Liabilities:	
Accounts payable	$ 178
Accrued liabilities	918
Deferred revenue	236
Due to related party	5
Short term debt	722
Total Current Liabilities	2,059
Long Term Liabilities	--
Total Liabilities	$ 2,059

The Company has entered into surety bonds with a financial institution in Saudi Arabia which guaranteed performance on certain contracts. Deposits for surety bonds amounted to $0 as of December 31, 2017, as a reserve was placed against the deposit balance during the year ended December 31, 2016 due to the uncertainty of when the bond will be released.

The Company did not recognize any depreciation or amortization expense related to discontinued operations during the six months ended June 30, 2018 or 2017. There were no significant capital expenditures or non-cash operating or investing activities of discontinued operations during the periods presented. The operations of Sysorex Arabia were insignificant for the year ended December 31, 2017. On January 18, 2018, the Company sold its 50.2% interest in Sysorex Arabia to SCI in consideration for SCI's assumption of 50.2% of the assets and liabilities of Sysorex Arabia.

Note 7 - Discontinued Operations (continued)

End of Service Indemnity Provision

In accordance with local labor laws, Sysorex Arabia is required to accrue benefits payable to its employees at the end of their services with Sysorex Arabia. For the six months ended June 30, 2018 and 2017, no amounts were required to be accrued under this provision.

Note 8 - Debt

Debt as of June 30, 2018 and December 31, 2017 consisted of the following (in thousands):

	As of June 30, 2018	As of December 31, 2017
Short-Term Debt		
Notes payable (A)	$ 1,815	$ 1,917
Revolving line of credit (B)	--	1,141
Total Short-Term Debt	**$ 1,815**	**$ 3,058**
Long-Term Debt		
Notes payable	$ 142	$ 175
Senior secured convertible debenture, less debt discount of $417 (C)	--	592
Total Long-Term Debt	**$ 142**	**$ 767**

(A) Convertible Notes Payable

On November 17, 2017, the Company issued a $1.745 million principal face amount convertible promissory note (the "November Note") to an accredited investor (the "November Noteholder") which yielded net proceeds of $1.5 million to the Company pursuant to that certain Securities Purchase Agreement, dated as of November 17, 2017, by and between the Company and the November Noteholder (the "November Note SPA" and together with the November Note, the "November Transaction Documents"). On January 5, 2018, the November Transaction Documents were amended pursuant to a Waiver and First Amendment Agreement (the "Waiver and Amendment Agreement"). The November Note, as amended, bears interest at the rate of 10% per year and is due 10 months after the date of issuance. In accordance with the Waiver and Amendment Agreement, the Conversion Price (as defined in the November Note) was amended to be equal to 70% of the closing bid price reported by the Nasdaq Stock Market as of the date immediately prior to each applicable conversion, subject to a floor of $3.00 (subject to adjustment). The approval of the issuance of the shares of common stock pursuant to the Waiver and Amendment Agreement was obtained at a meeting of stockholders held on February 2, 2018.

Redemptions may occur at any time after the 6 month anniversary of the date of issuance of the November Note with a minimum redemption price equal to the Conversion Price. If the conversion rate is less than the market price, then the redemptions must be made in cash. The November Note contains standard events of default and a schedule of redemption premiums and a most favored nations provision which allows for adjustments upon dilutive issuances which is subject to a floor of $3.00.

On May 23, 2018, the Company and the November Noteholder entered into a Standstill Agreement whereby the November Noteholder agreed to delay for a period of nine months following the Purchase Price Date its right to make redemptions under the November Note. In exchange for the agreement and for reimbursement of the fees incurred by the November Noteholder in having the Standstill Agreement prepared, the Company paid the November Noteholder $68,000 upon execution of the agreement which is included as a part of interest expense in the statement of operations.

Note 8 - Debt (continued)

(B) Revolving Lines of Credit

Payplant Accounts Receivable Bank Line

Pursuant to the terms of that certain Commercial Loan Purchase Agreement, dated as of August 14, 2017 (the "Purchase Agreement"), Gemcap Lending I, LLC ("GemCap") sold and assigned to Payplant LLC, as agent for Payplant Alternatives Fund LLC ("Payplant" or "Lender"), all of its right, title and interest to that certain revolving Secured Promissory Note in an aggregate principal amount of up to $10,000,000 (the "GemCap Note") issued in accordance with that certain Loan and Security Agreement, dated as of November 14, 2016 (the "GemCap Loan"), by and among Gemcap and the Company and its wholly-owned subsidiaries, Sysorex and SGS for an aggregate purchase price of $1,402,770.16.

In connection with the purchase and assignment of the Gemcap Loan in accordance with the Purchase Agreement, the GemCap Loan was amended and restated in accordance with the terms and conditions of the Payplant Loan and Security Agreement, dated as of August 14, 2017, between the Company and Payplant (the "Loan Agreement"). The Loan Agreement allows the Company to request loans (each a "Loan" and collectively the "Loans") from the Lender (in the manner provided therein) with a term of no greater than 360 days in amounts that are equivalent to 80% of the face value of purchase orders received ("Aggregate Loan Amount"). The Lender is not obligated to make the requested loan, however, if the Lender agrees to make the requested loan, before the loan is made, the Company must provide Lender with (i) one or more promissory notes ("Notes") for the amount being loaned in favor of Lender, (ii) one or more guaranties executed in favor of Lender and (iii) other documents and evidence of the completion of such other matters as Lender may request. The principal amount of each Loan shall accrue interest at a 30 day rate of 2% (the "Interest Rate"), calculated per day on the basis of a year of 360 days and, when combined with all fees that may be characterized as interest will not exceed the maximum rate allowed by law Upon the occurrence and during the continuance of any event of default, interest shall accrue at a rate equal to the Interest Rate plus 0.42% per 30 days. All computations of interest shall be made on the basis of a year of 360 days. The promissory note is subject to the interest rates described in the Loan Agreement and is secured by the assets of the Company pursuant to the Loan Agreement and will be satisfied in accordance with the terms of the Payplant Client Agreement.

(C) Senior Secured Debenture

Debenture Amendment

On January 5, 2018, the then holder of that certain 8% Original Issue Discount Note (the "Debenture") of which an aggregate principal amount of $1,004,719 plus interest and the Company agreed to amend the Debenture to:

(i) cause an event of default in the event of the failure by the Company to amend its Articles of Incorporation in order to increase its authorized shares (the "Authorized Share Amendment") or otherwise reserve a sufficient number of shares of common stock for issuance upon conversion of the Debenture on or prior to February 15, 2018; and

(ii) require a reserve of at least 150% of the number of shares into which the Debenture is convertible upon the effectiveness of the Authorized Share Amendment.

On February 5, 2018, the holder of the Debenture delivered a conversion notice to the Company pursuant to which it converted $300,000 of principal of the Debenture into 50,143 shares of the Company's common stock. Such shares of common stock were issued on February 6, 2018.

On February 7, 2018, the holder of the Debenture delivered a conversion notice to the Company pursuant to which it converted $400,000 of principal of the Debenture into 119,296 shares of the Company's common stock.

Note 8 - Debt (continued)

(C) Senior Secured Debenture (continued)

Debenture Amendment (continued)

On February 9, 2018, the holder of the Debenture delivered a final conversion notice to the Company pursuant to which it converted $317,000 of principal of the Debenture into 105,820 shares of the Company's common stock, which satisfied the debenture in full.

The Company analyzed the conversions of the Debenture and determined there was a beneficial conversion feature which has a value of $439,000. The Company recorded this amount as interest expense-debt discount on the condensed consolidated statement of operations and as an increase to additional paid in capital on the condensed consolidated balance sheet.

Note 9 - Capital Raise

January 2018 Capital Raise

On January 5, 2018, the Company entered into that certain Securities Purchase Agreement (the "January 2018 SPA") with certain investors (the "January 2018 Investors") pursuant to which the Company agreed to sell an aggregate of 599,812 shares (the "January 2018 Shares") of the Company's common stock, at a purchase price of $5.31 per share (the "January 2018 Offering") and warrants to purchase up to 599,812 shares (the "January 2018 Warrant Shares") of common stock (the "January 2018 Warrants"). The aggregate gross proceeds for the sale of the January 2018 Shares and January 2018 Warrants was approximately $3.2 million. The January 2018 Warrants were initially exercisable at an exercise price per share equal to $6.60, subject to certain adjustments, and will expire on the five year anniversary of the initial exercise date. Following the February offering described below, the exercise price of the January 2018 Warrants was reduced to $3.00 per share.

February 2018 Public Offering

On February 20, 2018, the Company completed a public offering for approximately $18 million in securities, consisting of an aggregate of 3,325,968 Class A units, at a price to the public of $2.35 per Class A unit, each consisting of one share of the Company's common stock and a five-year warrant to purchase one share of common stock at an exercise price of $3.50 per share ("February 2018 Warrants"), and 10,184.9752 Class B units, at a price to the public of $1,000 per Class B unit, each consisting of one share of the Company's newly designated Series 3 convertible preferred stock ("Series 3 Preferred") with a stated value of $1,000 and initially convertible into approximately 426 shares of our common stock at a conversion price of $2.35 per share for up to an aggregate of 4,334,032 shares of common stock and February 2018 Warrants exercisable for the number of shares of common stock into which the shares of Series 3 Preferred were initially convertible.

The Company received approximately $18 million in gross proceeds from the offering, including $1 million in amounts payable to service providers that participated in the offering, and before placement agent fees and offering expenses payable by the Company. After satisfying the amounts due to service providers and deducting placement agent fees, the net proceeds from the offering were approximately $15.4 million.

The embedded conversion option associated with the Series 3 Preferred shares has a beneficial conversion feature which has a value of $1,508,000. The Company recorded this amount as a deemed dividend on the condensed consolidated statement of operations for these beneficial conversion features.

April 2018 Public Offering

On April 24, 2018, the Company completed a public offering consisting of 10,115 units at a price to the public of $1,000 per unit, each consisting of (i) one share of our newly designated Series 4 convertible preferred stock (the "Series 4 Preferred") with a stated value of $1,000 and initially convertible into approximately 2,174 shares of common stock, at a conversion price of $0.46 per share (subject to adjustment) and (ii) one warrant to purchase such number of shares of common stock as each share of Series 4 Preferred is convertible into. The warrants are immediately exercisable at an exercise price of $0.67 per share (subject to adjustment). The Company received approximately $10.1 million in gross proceeds from this offering, before deducting placement agent fees and offering expenses payable by the Company. After deducting placement agent fees and expenses, the net proceeds from this offering were approximately $9.2 million.

Note 9 - Capital Raise (continued)

April 2018 Public Offering (continued)

The embedded conversion option associated with the Series 4 Preferred shares has a beneficial conversion feature which has a value of $673,000. Additionally, the embedded conversion option had a price reset feature which resulted in the reduction of the conversion price from $0.46 to $0.1779 on June 25, 2018 which has a value of $4,226,000. The Company recorded $4,899,000 as a deemed dividend on the condensed consolidated statement of operations for these beneficial conversion features.

The April 2018 capital raise reset the price of the February 2018 Warrants to the floor price of $0.634 and increased the number of shares issuable upon exercise of such warrants to 42,287,102 shares of common stock. The Company has presented a deemed dividend of $4,828,000 on the condensed consolidated statement of operations for this price reset.

Note 10 - Common Stock

On January 5, 2018 the Company issued 7,838 shares of common stock pursuant to a subscription agreement with a service provider at a purchase price of $10.20 per share, in satisfaction of $80,000 payable to the provider.

On January 5, 2018, the Company entered into a securities purchase agreement with certain investors pursuant to which the Company agreed to sell an aggregate of 599,812 shares of the Company's common stock, at a purchase price of $5.31 per share (see Note 9).

On February 5, 2018, the holder of the Debenture delivered a conversion notice to the Company pursuant to which it converted $300,000 of principal of the Debenture into 50,143 shares of the Company's common stock. Such shares of common stock were issued on February 6, 2018.

On February 7, 2018, the holder of the Debenture delivered a conversion notice to the Company pursuant to which it converted $400,000 of principal of the Debenture into 119,296 shares of the Company's common stock.

On February 9, 2018, the holder of the Debenture delivered a final conversion notice to the Company pursuant to which it converted $317,000 of principal of the Debenture into 105,820 shares of the Company's common stock, which paid the Debenture in full.

On February 20, 2018, the Company completed a public offering including an aggregate of 3,325,968 Class A units, at a price to the public of $2.35 per Class A unit, each consisting of one share of the Company's common stock and a five-year warrant to purchase one share of common stock (see Note 9).

During the three months ended March 31, 2018, 9773.7252 shares of Series 3 Preferred were converted into 4,159,032 shares of the Company's common stock.

During the three months ended March 31, 2018, the Company issued 9,718 shares of common stock for fractional shares due to the reverse stock split effective February 6, 2018.

During the three months ended June 30, 2018, 411.25 shares of Series 3 Preferred were converted into 175,000 shares of the Company's common stock.

During the three months ended June 30, 2018, 7,796.7067 shares of Series 4 Preferred were converted into 28,738,093 shares of the Company's common stock.

Note 11 - Preferred Stock

Series 3 Preferred

On February 15, 2018, the Company filed with the Secretary of State of the State of Nevada the Certificate of Designation that created the Series 3 Preferred, authorized 10,184.9752 shares of Series 3 Preferred and designated the preferences, rights and limitations of the Series 3 Preferred. The Series 3 Preferred is non-voting (except to the extent required by law). The Series 3 Preferred is convertible into the number of shares of Common Stock, determined by dividing the aggregate stated value of the Series 3 Preferred of $1,000 per share to be converted by $2.35.

On February 20, 2018, the Company completed a public offering including an aggregate of 10,184.9752 Class B units, at a price to the public of $1,000 per Class B unit, each consisting of one share of the Company's newly designated Series 3 Preferred with a stated value of $1,000 and initially convertible into approximately 426 shares of our common stock at a conversion price of $2.35 per share (see Note 9).

During the three months ended March 31, 2018, 9773.7252 shares of Series 3 Preferred were converted into 4,159,032 shares of the Company's common stock. During the three months ended June 30, 2018, 411.25 shares of Series 3 Preferred were converted into 175,000 shares of the Company's common stock. As of June 30, 2018 there are no Series 3 Preferred shares outstanding.

Series 4 Preferred

On April 20, 2018, the Company filed with the Secretary of State of the State of Nevada the Certificate of Designation that created the Series 4 Preferred, authorized 10,415 shares of Series 4 Preferred and designated the preferences, rights and limitations of the Series 4 Preferred. The Series 4 Preferred is non-voting (except to the extent required by law) and was convertible into the number of shares of common stock, determined by dividing the aggregate stated value of the Series 4 Preferred of $1,000 per share to be converted by $0.46 (the "Conversion Price"). On June 25, 2018, in accordance with the terms of the price reset provisions described in the Certificate of Designations the Conversion Price of the Series 4 Preferred was adjusted to $0.1779.

On April 24, 2018, the Company completed a public offering consisting of 10,115 units at a price to the public of $1,000 per unit, each consisting of (i) one share of our newly designated Series 4 Preferred and (ii) one warrant to purchase such number of shares of common stock as each share of Series 4 Preferred is convertible into (see Note 9).

During the three months ended June 30, 2018, 7,796.7067 shares of Series 4 Preferred were converted into 28,738,093 shares of the Company's common stock. As of June 30, 2018 there were 2,318.2933 of Series 4 Preferred shares outstanding.

Note 12 - Authorized Share Increase and Reverse Stock Split

On February 2, 2018, the Company filed a Certificate of Amendment to its Articles of Incorporation with the Secretary of State of the State of Nevada to increase the total number of authorized shares of common stock from 50,000,000 to 250,000,000, as approved by the Company's stockholders at a special meeting held on February 2, 2018.

On February 2, 2018, the Company filed a Certificate of Amendment to its Articles of Incorporation with the Secretary of State of the State of Nevada to effect a 1-for-30 reverse stock split of the Company's issued and outstanding shares of common stock, effective as of February 6, 2018.

The financial statements and accompanying notes give effect to the 1-for-30 reverse stock split and increase in authorized shares as if they occurred at the first period presented.

Note 13 - Stock Options

In September 2011, the Company adopted the 2011 Employee Stock Incentive Plan (the "2011 Plan") which provides for the granting of incentive and non-statutory common stock options and stock based incentive awards to employees, non-employee directors, consultants and independent contractors. The plan was amended and restated in May 2014. Unless terminated sooner by the Board of Directors, this plan will terminate on August 31, 2021.

In February 2018, the Company adopted the 2018 Employee Stock Incentive Plan (the "2018 Plan") and in conjunction with the 2011 Plan, the "Option Plans", which will be utilized with the 2011 Plan for employees, corporate officers, directors, consultants and other key persons employed. The 2018 Plan will provide for the granting of incentive stock options, NQSOs, stock grants and other stock-based awards, including Restricted Stock and Restricted Stock Units (as defined in the 2018 Plan).

Incentive stock options granted under the Option Plans are granted at exercise prices not less than 100% of the estimated fair market value of the underlying common stock at date of grant. The exercise price per share for incentive stock options may not be less than 110% of the estimated fair value of the underlying common stock on the grant date for any individual possessing more that 10% of the total outstanding common stock of the Company. Options granted under the Option Plans vest over periods ranging from immediately to four years and are exercisable over periods not exceeding ten years.

The aggregate number of shares that may be awarded under the 2011 Plan as of December 31, 2017 is 16,629 and awarded under the 2018 Plan is 4,000,000. As of June 30, 2018, 2,722,309 of options were granted to employees, directors and consultants of the Company (including 1,389 shares outside of our plan) and 295,709 options were available for future grant under the Option Plans.

During the six months ended June 30, 2018, the Company granted options under the 2018 Plan for the purchase of 2,714,500 shares of common stock to employees and consultants of the Company. These options are 100% vested or vest pro-rata over 48 months, have a life of ten years and an exercise price between $0.18 and $0.36 per share. The Company valued the stock options using the Black-Scholes option valuation model and the fair value of the awards was determined to be $428,000. The fair value of the common stock as of the grant date was determined to be between $0.18 and $0.36 per share.

The Company recorded a stock-based compensation charge of $571,000 and $710,000 for the three months ended June 30, 2018 and 2017, and $857,000 and $993,000 for the six months ended June 30, 2018 and 2017, respectively.

As of June 30, 2018, the fair value of non-vested options totaled $418,245 which will be amortized to expense over the weighted average remaining term of 0.76 years.

The fair value of each employee option grant is estimated on the date of the grant using the Black-Scholes option-pricing model. Key weighted-average assumptions used to apply this pricing model during the six months ended June 30, 2018 and 2017 were as follows:

	For the Six Months Ended June 30,	
	2018	**2017**
Risk-free interest rate	2.79-3.01%	2.27%
Expected life of option grants	5-6 years	7 years
Expected volatility of underlying stock	45.64-46.18%	47.34%
Dividends assumption	$--	$--

The expected stock price volatility for the Company's stock options was determined by the historical volatilities for industry peers and used an average of those volatilities. The Company attributes the value of stock-based compensation to operations on the straight-line single option method. Risk free interest rates were obtained from U.S. Treasury rates for the applicable periods. The dividends assumptions was $0 as the Company historically has not declared any dividends and does not expect to.

Note 14 - Credit Risk and Concentrations

Financial instruments that subject the Company to credit risk consist principally of trade accounts receivable and cash and cash equivalents. The Company performs certain credit evaluation procedures and does not require collateral for financial instruments subject to credit risk. The Company believes that credit risk is limited because the Company routinely assesses the financial strength of its customers and, based upon factors surrounding the credit risk of its customers, establishes an allowance for uncollectible accounts and, consequently, believes that its accounts receivable credit risk exposure beyond such allowances is limited.

The Company maintains cash deposits with financial institutions, which, from time to time, may exceed federally insured limits. Cash is also maintained at foreign financial institutions for its Canadian subsidiary and its majority-owned Saudi Arabia subsidiary. Cash in foreign financial institutions as of June 30, 2018 and December 31, 2017 was immaterial. The Company has not experienced any losses and believes it is not exposed to any significant credit risk from cash.

The following table sets forth the percentages of revenue derived by the Company from those customers which accounted for at least 10% of revenues during the six months ended June 30, 2018 and 2017 (in thousands):

	For the Six Months Ended June 30, 2018		For the Six Months Ended June 30, 2017	
	$	%	$	%
Customer A	644	16%	--	--
Customer B	512	13%	--	--
Customer C	422	11%	--	--
Customer D	--	--	5,264	18%

The following table sets forth the percentages of revenue derived by the Company from those customers which accounted for at least 10% of revenues during the three months ended June 30, 2018 and 2017 (in thousands):

	For the Three Months Ended June 30, 2018		For the Three Months Ended June 30, 2017	
	$	%	$	%
Customer A	319	17%	--	--
Customer B	211	12%	--	--
Customer C	195	11%	--	--
Customer D	--	--	3,648	24%

As of June 30, 2018, Customer A represented approximately 22%, Customer B represented approximately 17%, and Customer C represented approximately 15% of total accounts receivable. As of June 30, 2017, there were no customer concentrations greater than 10% of total accounts receivable.

As of June 30, 2018, two vendors represented approximately 36% and 20% of total gross accounts payable. There were no purchases from these vendors during the three and six months ended June 30, 2018. As of June 30, 2017, one vendor represented approximately 40% of total gross accounts payable. Purchases from this vendor during the three months ended June 30, 2017 were $4.1 million. Purchases from this vendor during the six months ended June 30, 2017 were $5.8 million.

Note 15 - Segment Reporting and Foreign Operations

Effective January 1, 2017 the Company has changed the way it analyzes and assesses divisional performance of the Company. The Company has therefore re-aligned its operating segments along those division business lines and has created the following operating segments. The Company has retroactively applied these new segment categories to the prior periods presented below for comparative purposes.

- Indoor Positioning Analytics: This segment includes Inpixon's proprietary products and services delivered on premise or in the Cloud as well as our hosted Software-as-a-Service (SaaS) based solutions. Our Indoor Positioning Analytics product is based on a unique and patented sensor technology that detects and locates accessible cellular, Wi-Fi and Bluetooth devices and then uses a lightning fast data-analytics engine to deliver actionable insights and intelligent reports for security, marketing, asset management, etc.

- Infrastructure: This segment includes third party hardware, software and related maintenance/warranty products and services that Inpixon resells to commercial and government customers. It includes but is not limited to products for enterprise computing; storage; virtualization; networking; etc. as well as services including custom application/software design; architecture and development; staff augmentation and project management.

Note 15 - Segment Reporting and Foreign Operations (continued)

The following tables present key financial information of the Company's reportable segments before unallocated corporate expenses (in thousands):

	Indoor Positioning Analytics	Infrastructure	Consolidated
For the Three Months Ended June 30, 2018:			
Net revenues	$ 1,274	$ 554	$ 1,828
Cost of net revenues	$ (369)	$ (448)	$ (817)
Gross profit	$ 905	$ 106	$ 1,011
Gross margin %	71%	19%	55%
Depreciation and amortization	$ 120	$ 406	$ 526
Amortization of intangibles	$ 804	$ 519	$ 1,323
For the Three Months Ended June 30, 2017:			
Net revenues	$ 1,156	$ 13,940	$ 15,096
Cost of net revenues	$ (380)	$ (11,332)	$ (11,712)
Gross profit	$ 776	$ 2,608	$ 3,384
Gross margin %	67%	19%	22%
Depreciation and amortization	$ 93	$ 340	$ 433
Amortization of intangibles	$ 863	$ 519	$ 1,382
For the Six Months Ended June 30, 2018:			
Net revenues	$ 2,121	$ 1,801	$ 3,922
Cost of net revenues	$ (604)	$ (1,072)	$ (1,676)
Gross profit	$ 1,517	$ 729	$ 2,246
Gross margin %	72%	40%	57%
Depreciation and amortization	$ 279	$ 761	$ 1,040
Amortization of intangibles	$ 1,607	$ 1,038	$ 2,645
For the Six Months Ended June 30, 2017:			
Net revenues	$ 2,137	$ 26,441	$ 28,578
Cost of net revenues	$ (723)	$ (21,182)	$ (21,905)
Gross profit	$ 1,414	$ 5,259	$ 6,673
Gross margin %	66%	20%	23%
Depreciation and amortization	$ 168	$ 665	$ 833
Amortization of intangibles	$ 1,729	$ 1,038	$ 2,767

Note 15 - Segment Reporting and Foreign Operations (continued)

Reconciliation of reportable segments' combined income from operations to the consolidated loss before income taxes is as follows (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Income from operations of reportable segments	$ 1,011	$ 3,384	$ 2,246	$ 6,673
Unallocated operating expenses	(7,460)	(8,614)	(14,303)	(17,260)
Interest expense	(356)	(1,344)	(1,638)	(2,027)
Other income (expense)	950	152	1,596	143
Loss from discontinued operations	--	(9)	--	(17)
Consolidated loss before income taxes	$ (5,855)	$ (6,431)	$ (12,099)	$ (12,488)

The Company's operations are located primarily in the United States, Canada and Saudi Arabia. Revenues by geographic area are attributed by country of domicile of our subsidiaries. The financial data by geographic area are as follows (in thousands):

	United States	Canada	Saudi Arabia	India	Eliminations	Total
For the Three Months Ended June 30, 2018:						
Revenues by geographic area	$ 1,823	$ 5	$ --	$ 74	$ (74)	$ 1,828
Operating income (loss) by geographic area	$ (6,078)	$ (387)	$ --	$ 16	$ --	$ (6,449)
Net income (loss) by geographic area	$ (5,484)	$ (387)	$ --	$ 16	$ --	$ (5,855)
For the Three Months Ended June 30, 2017:						
Revenues by geographic area	$ 15,025	$ 70	$ --	$ --	$ --	$ 15,096
Operating loss by geographic area	$ (4,784)	$ (447)	$ --	$ --	$ --	$ (5,230)
Net loss by geographic area	$ (5,975)	$ (447)	$ (9)	$ --	$ --	$ (6,431)
For the Six Months Ended June 30, 2018:						
Revenues by geographic area	$ 3,911	$ 11	$ --	$ 126	$ (126)	$ 3,922
Operating income (loss) by geographic area	$ (11,195)	$ (876)	$ --	$ 14	$ --	$ (12,057)
Net income (loss) by geographic area	$ (11,233)	$ (880)	$ --	$ 14	$ --	$ (12,099)
For the Six Months Ended June 30, 2017:						
Revenues by geographic area	$ 28,452	$ 126	$ --	$ --	$ --	$ 28,578
Operating loss by geographic area	$ (9,739)	$ (848)	$ --	$ --	$ --	$ (10,587)
Net loss by geographic area	$ (11,623)	$ (848)	$ (17)	$ --	$ --	$ (12,488)
As of June 30, 2018:						
Identifiable assets by geographic area	$ 24,557	$ 269	$ --	$ 66	$ --	$ 24,892
Long lived assets by geographic area	$ 11,964	$ 133	$ --	$ 9	$ --	$ 12,106
As of December 31, 2017:						
Identifiable assets by geographic area	$ 27,189	$ 432	$ 23	$ 47	$ --	$ 27,691
Long lived assets by geographic area	$ 14,883	$ 318	$ --	$ 14	$ --	$ 15,215

Note 16 - Commitments and Contingencies

Litigation

Certain conditions may exist as of the date the condensed consolidated financial statements are issued which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company, or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed, unless they involve guarantees, in which case the guarantees would be disclosed. There can be no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows.

On August 10, 2017, Embarcadero Technologies, Inc. ("Embarcadero") and Idera, Inc. ("Idera") filed a complaint in the U.S. Federal District Court for the Western District of Texas against SGS and Integrio for failure to pay for purchased software and services pursuant to certain reseller agreements. The complaint alleges that SGS entered into an agreement with Integrio to acquire certain assets and assume certain liabilities of Integrio and are therefore responsible for any amounts due. In the complaint, Embarcadero and Idera demand that SGS and Integrio pay $1,100,000.00 in damages. On April 26, 2018, the parties filed a stipulation of dismissal to dismiss this case with prejudice following entry into a settlement agreement pursuant to which the Company agreed to satisfy the outstanding payables. On April 28, 2018, the court rendered the final judgment to approve this stipulation. The liability has been accrued and is included as a component of accounts payable as of June 30, 2018 in the condensed consolidated balance sheets.

On August 11, 2017, Micro Focus (US) Inc. ("Micro Focus"), filed a complaint in the Circuit Court of Fairfax County, Virginia against SGS for failure to pay a debt settlement entered into on March 13, 2017 for a principal amount of approximately $246,000 plus accrued interest. The complaint demands full payment of the principal amount of approximately $246,000 plus accrued interest. On October 31, 2017, Micro Focus filed a motion for summary judgment against SGS. The Company consented to the court entering summary judgment in favor of Micro Focus in the amount of approximately $246,000, with interest accruing at 10% per annum from June 13, 2017 until payment is completed. On April 19, 2018, the Company signed a settlement agreement with Microfocus for $200,000 which has been paid as of the date of this filing.

On December 7, 2017, the principal of Objective Equity filed a claim in Superior Court of California, County of Santa Clara for $7,500 against Sysorex, claiming non-payment under a settlement agreement. The hearing was held on January 31, 2018 and the case was dismissed in favor of Sysorex.

Note 16 - Commitments and Contingencies (continued)

Litigation (continued)

On March 1, 2017, VersionOne, Inc. filed a complaint in the United States District Court, Eastern District of Virginia, against Inpixon, Sysorex and SGS (collectively, "Defendants"). The complaint alleges that VersionOne provided services to Integrio having a value of approximately $486,000, that in settlement of this amount Integrio and VersionOne entered into an agreement (the "Settlement Agreement") whereby Integrio agreed to pay, and VersionOne agreed to accept as full payment, approximately $243,000 (the "Settlement Amount"), and that as a result of the Defendants' acquisition of the assets of Integrio, Defendants assumed the Settlement Amount but failed to pay amounts owed to VersionOne. The complaint also alleges that, subsequent to closing of the acquisition, VersionOne provided additional services to Defendants having a value of approximately $145,000, for which it has not been paid. VersionOne alleges that, Defendants have an obligation to pay both the Settlement Amount and the cost of the additional services. On Dec. 8, 2017, the court entered judgment against Inpixon, SGS, and Sysorex, jointly and severally, in the amount of approximately $334,000. The liability has been accrued and is included as a component of accounts payable as of June 30, 2018 in the condensed consolidated balance sheets.

On September 5, 2017 Dell Marketing threatened legal action against Sysorex and demanded approximately $1.8 million for payment of unpaid invoices. On or about January 29, 2018 the parties executed a settlement agreement resolving the matter. No court action was filed. The liability has been accrued and is included as a component of accounts payable as of June 30, 2018 in the condensed consolidated balance sheets.

On December 28, 2017, Virtual Imaging, Inc. ("Virtual Imaging") filed a complaint in the United States District Court, Eastern District of Virginia, against Sysorex, and SGS (collectively, the "Defendants"). The complaint alleges that Virtual Imaging provided products to the Defendants having an aggregate value of approximately $3,938,000, of which approximately $3,688,000 remains outstanding and overdue. Virtual Imaging has demanded compensation for the unpaid amount of approximately $3,688,000. The parties have settled this matter and agreed to a settlement payment schedule. The liability has been accrued and is included as a component of accounts payable as of June 30, 2018 in the condensed consolidated balance sheets.

On January 2, 2018 VMS, Inc. sent a demand letter claiming Sysorex owes approximately $1.2 million in unpaid invoices. The parties have settled this matter and agreed to a settlement payment schedule. The liability has been accrued and is included as a component of accounts payable as of June 30, 2018 in the condensed consolidated balance sheets.

On January 22, 2018, Deque Systems, Inc. filed a motion for entry of default judgment (the "Motion") against SGS in the Circuit Court of Fairfax County, Virginia. The Motion alleges that SGS failed to respond to a complaint served on November 22, 2017. The Motion requests a default judgment in the amount of $336,000 plus $20,000 in legal fees. A trial is currently scheduled for September 12, 2018, however, the parties are currently finalizing a settlement agreement. The liability has been accrued and is included as a component of accounts payable as of June 30, 2018 in the condensed consolidated balance sheets.

On February 16, 2018 the Versata Companies submitted a notice of mediation to the WIPO Arbitration and Mediation Center claiming that SGS owes approximately $421,000 in unpaid invoices and late fees. Approximately $176,000 of that amount is under dispute by SGS. The parties are currently negotiating a settlement agreement and payment plan to pay the outstanding liability. The liability has been accrued and is included as a component of accounts payable as of June 30, 2018 in the condensed consolidated balance sheets.

On April 6, 2018, AVT Technology Solutions, LLC, filed a complaint in the United States District Court Middle District of Florida Tamp Division against Inpixon and Sysorex alleging breach of contract, breach of corporate guaranty and unjust enrichment in connection with non-payment for goods received and requesting a judgment in an amount of not less than $9,152,698.71. The Company has filed a motion to dismiss this complaint and is currently finalizing a settlement agreement with AVT. The liability has been accrued and is included as a component of accounts payable as of June 30, 2018 in the condensed consolidated balance sheets.

Note 16 - Commitments and Contingencies (continued)

Litigation (continued)

On March 19, 2018, Inpixon was notified by a consultant for advisory services (the "Consultant") that it believes the Company is required to pay a minimum project fee in an amount equal to $1 million less certain amounts previously paid as a result of the Company's completion of certain financing transactions. On April 18, 2018, the Consultant filed a demand for arbitration with the American Arbitration Association. The Company disputes such claims and intends to defend these matters vigorously and no amounts have been accrued.

Investment in Technology

On May 29, 2018 the Company acquired $175,000 of technology which was capitalized in intangible assets and has an estimated life of three to five years.

Compliance with Nasdaq Continued Listing Requirement

On May 19, 2017, the Company received written notice from the Listing Qualifications Staff of the Nasdaq Stock Market LLC ("Nasdaq") notifying the Company that it no longer complied with Nasdaq Listing Rule 5550(b)(1) due to our failure to maintain a minimum of $2,500,000 in stockholders' equity or to demonstrate compliance with any alternative to such requirement. On October 24, 2017, the Company received notification from Nasdaq that the Company had not regained compliance with the Minimum Stockholders' Equity Requirement. The Company appealed the Staff Delisting Determination and requested a hearing that was held on December 7, 2017. As a result, the suspension and delisting was stayed pending the issuance of a written decision by the Nasdaq Hearings Panel. By decision dated December 14, 2017, the Panel granted the Company's request for a further extension, through April 23, 2018, to evidence compliance with the $2,500,000 stockholders' equity requirement. Following the closing of a public offering on April 24, 2018, on May 2, 2018, the Company received a letter from Nasdaq notifying the Company that it has regained compliance with the $2.5 million minimum stockholders' equity requirement for continued listing on the Nasdaq Capital Market, as set forth in Nasdaq Listing Rule 5550(b)(1).

On May 17, 2018, a letter from the Listing Qualifications Staff of Nasdaq indicating that, based upon the closing bid price of the Company's common stock for the last 30 consecutive business days beginning on April 5, 2018 and ending on May 16, 2018, the Company no longer meets the requirement to maintain a minimum bid price of $1 per share, as set forth in Nasdaq Listing Rule 5550(a)(2).

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company has been provided a period of 180 calendar days, or until November 13, 2018, in which to regain compliance. In order to regain compliance with the minimum bid price requirement, the closing bid price of the Company's common stock must be at least $1 per share for a minimum of ten consecutive business days during this 180-day period. In the event that the Company does not regain compliance within this 180-day period, the Company may be eligible to seek an additional compliance period of 180 calendar days if it meets the continued listing requirement for market value of publicly held shares and all other initial listing standards for the Nasdaq Capital Market, with the exception of the bid price requirement, and provides written notice to Nasdaq of its intent to cure the deficiency during this second compliance period, by effecting a reverse stock split, if necessary. However, if it appears to the Nasdaq staff that the Company will not be able to cure the deficiency, or if the Company is otherwise not eligible, Nasdaq will provide notice to the Company that its common stock will be subject to delisting.

Note 17 - Subsequent Events

Series 4 Preferred Share Conversions

Subsequent to June 30, 2018, 994.5624 shares of Series 4 Preferred were converted into 5,590,570 shares of the Company's common stock.

Inpixon USA Reorganization and Name Change

On July 26, 2018, solely for the purpose of reincorporating the Company into the State of Nevada, Inpixon formed a wholly owned subsidiary in the State of Nevada named "Sysorex, Inc." which was merged with Inpixon USA and resulted in the Company being reincorporated in the State of Nevada under the name "Sysorex, Inc." ("Reincorporation"). At the effective time of the Reincorporation, all of the 3,950,000 issued and outstanding shares of common stock, no par value per share, of Inpixon USA were converted into and exchanged for an aggregate of 39,999,000 fully-paid and non-assessable shares of common stock, par value $0.00001 per share, of Sysorex.

Separation Agreement

On August 7, 2018, the Company entered into a Separation and Distribution Agreement (the "Separation Agreement") with its wholly-owned subsidiary, Sysorex, governing the proposed separation (the "Spin-off") of the Company's IT consulting and value-added reseller business (the "VAR business").

The Separation Agreement incorporates a step plan which provides for the transfer of entities, assets and liabilities at the effective time on the date of the Spin-off pursuant to which (i) the Company will contribute to Sysorex all of the outstanding equity interests of the Sysorex subsidiary entities, (ii) the Company will contribute to Sysorex the "Contributed Cash", as such term is defined in the Separation Agreement, which includes $2 million in cash held by the Company that will be contributed to Sysorex before the Spin-off (which amount shall be reduced by the aggregate amount of certain operating and other expenses of Sysorex that have been or will be satisfied by the Company from June 30, 2018 through the date of the Spin-off), (iii) the Company will transfer certain assets to Sysorex and Sysorex will assume certain of the Company's liabilities and (iv) Sysorex will contribute to the Company certain assets and liabilities related to the Company's indoor positioning analytics business.

One share of Sysorex common stock for every three shares of the Company's common stock outstanding or issuable upon complete conversion of the preferred stock or exercise of certain warrants outstanding as of the record date will be distributed as a stock dividend to holders of the Company's common stock, preferred stock and certain warrants of record as of August 21, 2018. Holders of stock options and other awards under the Company's equity plans will participate in the Spin-off in accordance with an employee matters agreement and the terms of such securities.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion of our financial condition and results of operations in conjunction with the condensed consolidated financial statements and the related notes included elsewhere in this Form 10-Q and with our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017, as filed with the SEC. In addition to our historical condensed consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Form 10-Q, particularly in Part II, Item 1A, "Risk Factors."

Except where indicated, all share and per share data in this section, as well as the condensed consolidated financial statements, reflect the 1 for 15 reverse stock split of the Company's common stock effected on March 1, 2017 and the 1 for 30 reverse stock split effected on February 6, 2018.

Overview of our Business

We provide a number of different technology products and services to private and public sector customers. Effective January 1, 2017 the Company has changed the way it analyzes and assesses divisional performance of the Company. The Company has therefore re-aligned its operating segments along those division business lines and now operates in two segments, namely Indoor Positioning Analytics and Infrastructure. Our premier proprietary product secures, digitizes and optimizes the interior of any premises with indoor positioning and data analytics that provide rich positional information, similar to a global positioning system, and browser-like intelligence for the indoors. Other products and services that we provide include enterprise computing and storage, virtualization, business continuity, data migration, custom application development, networking and information technology, and business consulting services.

Indoor Positioning Analytics Segment

Revenues from our Indoor Positioning Analytics ("IPA") segment were $2.1 for the six months ended June 30, 2018. Our IPA segment does have long sales cycles which are a result from customer related issues such as budget and procurement processes but also because of the early stages of indoor-positioning technology and the learning curve required for customers to implement such solutions. Customers also engage in a pilot program first which prolongs sales cycles and is typical of most emerging technology adoption curves. We anticipate sales cycles to improve in 2018 as our customer base moves from innovators to mainstream customer adoption. The sales cycle is also improving with the increased presence and awareness of beacon and Wi-Fi locationing technologies in the market. IPA segment sales can be licensed based with government customers but are primarily on a SaaS model with commercial customers. Our other SaaS products include cloud-based applications for media customers, which allow us to generate industry analytics that complement our indoor-positioning solutions.

Approximately 95% of our IPA segment purchase orders are recurring SaaS contracts and 4% are license based. We find that our public sector customers prefer the licensing model approach while private sector companies are opting for the SaaS model. However, the sales mix can fluctuate significantly from quarter to quarter.

Infrastructure Segment

Our professional services group provides consulting services ranging from enterprise architecture design to custom application development to data modeling. We offer a full scope of information technology development and implementation services with expertise in a broad range of IT practices including project design and management, systems integration, outsourcing, independent validation and verification, cyber security and more.

Inpixon has many key vendor, technology, wholesale distribution and strategic partner relationships. These relationships are critical for us to deliver solutions to our customers. We have a variety of vendors and also products that we provide to our customers, and most of these products are purchased through the distribution partners. We also have partnerships and teaming agreements with various technology and service providers for this segment as well as our other business segments. These relationships range from joint-selling activities to product integration efforts. We have been facing serious credit challenges with these vendors given our financial circumstances but are working on solving these issues as we move forward and improve our liquidity.

In addition our business is required to meet certain regulatory requirements. Our federal government customers in particular have a range of regulatory requirements including ITAR certifications, DCAA compliancy in our government contracts and other technical or security clearance requirements as may be required from time to time.

We experienced a net loss of approximately $12.1 million for the six months ended June 30, 2018. We cannot assure that we will ever earn revenues sufficient to support our operations, or that we will ever be profitable. In order to continue our operations, we have supplemented the revenues we earned with proceeds from the sale of our equity and debt securities and proceeds from loans and bank credit lines. The Company has raised an aggregate of gross proceeds of $31.3 million in equity capital so far in 2018 to support its operations and also has availability on its Payplant facility. However, we cannot assure that we will be able to raise money in the future if and when we need it to continue our operations. If we cannot raise funds as and when we need them, we may be required to scale back our business operations by reducing expenditures for employees, consultants, business development and marketing efforts, selling assets or one or more segments of our business, or otherwise severely curtailing our operations.

In order to streamline our business our board of directors has approved the separation of our Infrastructure segment or value-added reseller ("VAR") business from our IPA segment, in accordance with the terms of a Separation and Distribution Agreement, dated August 7, 2018, by and between the Company and Sysorex, In 2017, the VAR business represented approximately 92% of our total revenues for 2017, therefore, the spin-off of this business segment would significantly reduce our total revenues as compared to prior years on a consolidated basis, however, such a spin-off would also significantly reduce our total operating expenses and eliminate substantially all of our trade debt. For the six months ended June 30, 2018, revenue from the VAR segment was significantly lower as compared to the same period from prior years as a result of credit limitations with vendors that the Company continues to work on improving. For the six months ended June 30, 2018, revenues from the VAR segment represented approximately 46% of our total revenues and revenues from the IPA segment represented approximately 54% of our total revenues. The spin-off of this segment would allow Inpixon to solely focus on the Indoor Positioning Analytics business for which we have historically recognized lower revenues, but which we believe has greater growth potential and substantially better gross margins than the infrastructure segment. The spin-off would be beneficial to Sysorex and SGS as well because they could focus their resources on their core business without the diversion of resources that would be allocated to the development of the IPA segment and therefore may reach profitability sooner. (See the description under the header "*Spin-off of VAR Business"* described below for additional information about the spin-off).

Recent Events

January 2018 Capital Raise

On January 5, 2018, the Company entered into a securities purchase agreement (the "January 2018 SPA") with certain investors pursuant to which the Company agreed to sell, in a registered direct offering, an aggregate of 599,812 shares (the "January 2018 Shares") of the Company's common stock, par value $0.001 per share ("Common Stock"), at a purchase price of $5.31 per share for aggregate gross proceeds of approximately $3,185,000. Concurrently with the sale of the January 2018 Shares, pursuant to the January 2018 SPA the Company also sold warrants to purchase up to 599,812 shares of Common Stock (the "January 2018 Warrants"). The aggregate gross proceeds for the sale of the January 2018 Shares and January 2018 Warrants was approximately $3.2 million. This offering closed on January 8, 2018.

The January 2018 Warrants became exercisable on February 2, 2018 (the "January 2018 Warrant Initial Exercise Date"), at an exercise price per share equal to $6.60, subject to certain adjustments pursuant to the terms of the January 2018 Warrants (the "January 2018 Warrant Exercise Price"), and will expire on the fifth anniversary of the January 2018 Warrant Initial Exercise Date. As a result of a Dilutive Issuance (as defined in the January 2018 Warrants) as of February 20, 2018, the January 2018 Warrant Exercise Price was adjusted to the floor price of $3.00 per share pursuant to the January 2018 Warrants.

Reverse Stock Split

At a meeting of our stockholders held on February 2, 2018, our stockholders holding a majority of our outstanding voting power approved an amendment to our Articles of Incorporation to effect a reverse stock split of our Common Stock at an exchange ratio between 1-for -5 and 1-for-60 with our Board of Directors retaining the discretion as to whether to implement the reverse stock split and the exact exchange ratio to implement. The Board of Directors approved the implementation of a reverse stock split at a ratio of 1 for 30 effective as of February 6, 2018.

February 2018 Public Offering

On February 20, 2018, the Company completed a public offering for approximately $18 million in securities, consisting of (i) an aggregate of 3,325,968 Class A units, at a price to the public of $2.35 per Class A unit, each consisting of one share of Common Stock, and a five-year warrant to purchase one share of Common Stock, and (ii) 10,184.9752 Class B units, at a price to the public of $1,000 per Class B unit, each consisting of one share of the Company's newly designated Series 3 convertible preferred stock, par value $0.001 per share ("Series 3 Preferred"), with a stated value of $1,000 and initially convertible into approximately 426 shares of Common Stock at a conversion price of $2.35 per share for up to an aggregate of 4,334,032 shares of Common Stock and warrants exercisable for the number of shares of Common Stock into which the shares of Series 3 Preferred is initially convertible. The warrants ("February 2018 Warrant") were immediately exercisable at an exercise price of $3.50 per share (subject to adjustment).

The Company received approximately $18 million in gross proceeds from this offering, including the satisfaction of approximately $1 million in amounts payable to service providers. After satisfying the amounts due to service providers and deducting placement agent fees, the net cash proceeds from this offering was approximately $15.4 million. The Company used the net proceeds from the transactions for working capital and general corporate purposes, including research and development and sales and marketing.

The shares of Series 3 Preferred issued in this offering have all been converted into Common Stock. As a result of the April 2018 offering described below as of April 24, 2018, the exercise price of the February 2018 Warrants was adjusted to the floor price of $0.634 per share and the number of shares of Common Stock underlying the February 2018 Warrants was increased to an aggregate of 42,287,102 shares of Common Stock.

April 2018 Public Offering

On April 24, 2018, the Company completed a public offering consisting of 10,115 units at a price to the public of $1,000 per unit, each consisting of (i) one share of our newly designated Series 4 convertible preferred stock, par value $0.001 per share (the "Series 4 Preferred"), with a stated value of $1,000 and initially convertible into approximately 2,174 shares of Common Stock, at a conversion price of $0.46 per share (subject to adjustment) and (ii) one warrant to purchase such number of shares of Common Stock as each share of Series 4 Preferred is convertible into. The warrants are immediately exercisable at an exercise price of $0.67 per share (subject to adjustment).

The Series 4 Preferred contain an anti-dilution protection feature, to adjust the conversion price if shares of Common Stock are sold or issued for a consideration per share less than the conversion price then in effect (subject to certain exemptions), provided, that the conversion price will not be less than $0.124. In addition, on the 60th day following the original issuance date of the Series 4 Preferred, the conversion price will be reduced, and only reduced, to the lesser of (x) the then conversion price, as may be adjusted, and (y) 80% of the VWAP (as defined in the certificate of designation filed for the Series 4 Preferred) on the trading day immediately prior to the 60th day, provided that the conversion price will not be less than $0.124.

The Company received approximately $10.1 million in gross proceeds from this offering, before deducting placement agent fees and offering expenses payable by the Company. After deducting placement agent fees and expenses, the net proceeds from this offering were approximately $9.2 million. The Company intends to use the net proceeds from this offering for working capital, general corporate purposes (including research and development, sales and marketing and the satisfaction of outstanding amounts payable to our vendors in connection with trade payables). Additionally, the Company may use a portion of the net proceeds of this offering to finance acquisitions of, or investments in, competitive and complementary businesses, products or services as a part of our growth strategy. However, the Company does not have any current commitments with respect to any such acquisitions or investments.

Non-Compliance with Nasdaq Continued Listing Requirement

As previously reported, on May 17, 2018, a letter from the Listing Qualifications Staff of the Nasdaq Stock Market LLC ("Nasdaq") indicating that, based upon the closing bid price of the Company's Common Stock for the last 30 consecutive business days beginning on April 5, 2018 and ending on May 16, 2018, the Company no longer meets the requirement to maintain a minimum bid price of $1 per share, as set forth in Nasdaq Listing Rule 5550(a)(2).

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company has been provided a period of 180 calendar days, or until November 13, 2018, in which to regain compliance. In order to regain compliance with the minimum bid price requirement, the closing bid price of the Company's Common Stock must be at least $1 per share for a minimum of ten consecutive business days during this 180-day period. In the event that the Company does not regain compliance within this 180-day period, the Company may be eligible to seek an additional compliance period of 180 calendar days if it meets the continued listing requirement for market value of publicly held shares and all other initial listing standards for the Nasdaq Capital Market, with the exception of the bid price requirement, and provides written notice to Nasdaq of its intent to cure the deficiency during this second compliance period, by effecting a reverse stock split, if necessary. However, if it appears to the Nasdaq staff that the Company will not be able to cure the deficiency, or if the Company is otherwise not eligible, Nasdaq will provide notice to the Company that its Common Stock will be subject to delisting.

The Notice does not result in the immediate delisting of the Company's Common Stock from the Nasdaq Capital Market. The Company intends to monitor the closing bid price of the Company' s Common Stock and consider its available options in the event that the closing bid price of the Company's Common Stock remains below $1 per share. There can be no assurance that the Company will be able to regain compliance with the minimum bid price requirement or maintain compliance with the other listing requirements.

Spin-off of VAR Business

On April 23, 2018, the Company issued a press release announcing the filing of a Form 10 registration statement with the SEC in connection with the planned spin-off of its wholly-owned subsidiary, Sysorex (including its subsidiary, SGS), which is expected to be renamed "Sysorex, Inc." ("Sysorex") following the consummation of the spin-off transaction. The Form 10 will be effective automatically on August 14, 2018.

In preparation for the Spin-off, on July 26, 2018, solely for the purpose of reincorporating the Company into the State of Nevada, Inpixon formed a wholly owned subsidiary in the State of Nevada named "Sysorex, Inc." which was merged with Inpixon USA and resulted in the Company being reincorporated in the State of Nevada under the name "Sysorex, Inc." ("Reincorporation"). At the effective time of the Reincorporation, all of the 3,950,000 issued and outstanding shares of common stock, no par value per share, of Inpixon USA were converted into and exchanged for an aggregate of 39,999,000 fully-paid and non-assessable shares of common stock, par value $0.00001 per share, of Sysorex.

On August 7, 2018, the Company entered into a Separation and Distribution Agreement (the "Separation Agreement") with its wholly-owned subsidiary, Sysorex, governing the previously discussed separation (the "Spin-off") of the Company's VAR business.

The Separation Agreement incorporates a step plan which provides for the transfer of entities, assets and liabilities at the effective time on the date of the Spin-off, which is anticipated to be August 31, 2018, pursuant to which (i) the Company will contribute to Sysorex all of the outstanding equity interests of the Sysorex subsidiary entities, (ii) the Company will contribute to Sysorex the "Contributed Cash", as such term is defined in the Separation Agreement, which includes $2 million in cash held by the Company that will be contributed to Sysorex before the Spin-off (which amount shall be reduced by the aggregate amount of certain operating and other expenses of Sysorex that have been or will be satisfied by the Company from June 30, 2018 through the date of the Spin-off), (iii) the Company will transfer certain assets to Sysorex and Sysorex will assume certain of the Company's liabilities and (iv) Sysorex will contribute to the Company certain assets and liabilities related to the Company's indoor positioning analytics business.

One share of Sysorex common stock for every three shares of the Company's common stock outstanding or issuable upon complete conversion of the preferred stock or exercise of certain warrants outstanding as of the record date will be distributed pro rata as a stock dividend on or about August 31, 2018 to holders of the Company's common stock, preferred stock and certain warrants of record as of August 21, 2018. Holders of stock options and other awards under the Company's equity plans will participate in the Spin-off in accordance with an employee matters agreement and the terms of such securities.

The Company believes that the separation from Sysorex and the VAR business will separately provide each entity with greater flexibility to focus on and pursue their respective growth strategies with the Company solely focused on the IPA business and Sysorex focused on leveraging the strength of its brand and reputation in order to rebuild and grow its value-added reseller and integration business with federal government and commercial customers. The separation will provide stockholders with an equity ownership in two separate public companies, but we believe that it will also (i) create two sharper, stronger, more focused companies by enabling the management of each company to concentrate efforts on the unique needs of each business and the pursuit of distinct opportunities for long-term growth and profitability, (ii) allow each business to more effectively pursue its own distinct capital structures and capital allocation strategies and design more effective equity compensation programs, and (iii) enable our investors to better evaluate the financial performance, strategies, and other characteristics of each business and company separately, which will permit investors to make investment decisions based on each company's individual performance and potential, enhancing the likelihood that the market will value each company appropriately. As a result, the Company believes that following the separation, each of Inpixon and Sysorex will be better positioned to achieve profitability and long-term shareholder value.

Following the spin-off, the Company will not own any shares of Sysorex common stock and Sysorex will be an independent public reporting company that is anticipated to trade on the OTCQB platform of the OTC Markets Group following the completion of the distribution, subject to the approval of a Form 211 by FINRA and the approval of Sysorex's application on the OTCQB. The completion of the distribution of the Sysorex shares by Inpixon is subject to the satisfaction or waiver of a number of conditions, including, but not limited to the effectiveness of the Registration Statement on Form 10, as amended, for Sysorex's common stock which will occur automatically on August 14, 2018. An Information Statement describing the spin-off and information concerning Sysorex, including the risks of owning Sysorex common stock and other details regarding the distribution must be mailed to participating holders prior to the distribution, the delivery by an independent appraisal firm acceptable to the Company confirming the solvency and financial viability of the Company before the completion of the distribution and each of Inpixon and Sysorex after completion of the distribution.

No assurance can be provided as to the timing of the completion of the spin-off or that all conditions to the spin-off will be met. Furthermore, until the distribution has occurred, the Company will have the right to terminate the distribution, even if all of the conditions are satisfied.

JOBS Act

Pursuant to Section 107 of the Jumpstart Our Business Startups Act of 2012, emerging growth companies may delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected to opt out of this exemption from new or revised accounting standards and, therefore, are subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles, or GAAP. In connection with the preparation of our consolidated financial statements, we are required to make assumptions and estimates about future events, and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors that management believes to be relevant at the time our consolidated financial statements are prepared. On a regular basis, we review the accounting policies, assumptions, estimates and judgments to ensure that our consolidated financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

Our significant accounting policies are discussed in Note 3 of the condensed consolidated financial statements. We believe that the following accounting estimates are the most critical to aid in fully understanding and evaluating our reported financial results, and they require our most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain. There have been no changes to estimates during the periods presented in the filing. Historically, changes in management estimates have not been material.

Revenue Recognition

We provide IT solutions and services to customers with revenues currently derived primarily from the sale of third-party hardware and software products, software, assurance, licenses and other consulting services, including maintenance services. The products and services we sell, and the manner in which they are bundled, are technologically complex and the characterization of these products and services requires judgment in order to apply revenue recognition policies. For all of these revenue sources, we determine whether we are the principal or the agent in accordance with Accounting Standards Codification Topic, 605-45 Principal Agent Considerations.

Hardware and Software Revenue Recognition

For sales of hardware and software products, the Company's performance obligation is satisfied at a point in time when they are shipped to the customer. This is when the customer has title to the product and the risks and rewards of ownership. The delivery of products to our customers occurs in a variety of ways, including (i) as a physical product shipped from the Company's warehouse, (ii) via drop-shipment by a third-party vendor, or (iii) via electronic delivery with respect to software licenses. The Company leverages drop-ship arrangements with many of its vendors and suppliers to deliver products to customers without having to physically hold the inventory at its warehouse. In such arrangements, the Company negotiates the sale price with the customer, pays the supplier directly for the product shipped, bears credit risk of collecting payment from its customers and is ultimately responsible for the acceptability of the product and ensuring that such product meets the standards and requirements of the customer. Accordingly, the Company is the principal in the transaction with the customer and records revenue on a gross basis. The Company receives fixed consideration for sales of hardware and software products. The Company's customers generally pay within 30 to 60 days from the receipt of a customer approved invoice. The Company has elected the practical expedient to expense the costs of obtaining a contract when they are incurred because the amortization period of the asset that otherwise would have been recognized is less than a year.

Software As A Service Revenue Recognition

With respect to sales of our maintenance, consulting and other service agreements including our digital advertising and electronic services, customers pay fixed monthly fees in exchange for the Company's service. The Company's performance obligation is satisfied over time as the digital advertising and electronic services are provided continuously throughout the service period. The Company recognizes revenue evenly over the service period using a time-based measure because the Company is providing continuous access to its service.

Third Party License and Maintenance Services Revenue Recognition

The Company provides a customized design and configuration solution for its customers and in this capacity resells hardware, software and other IT equipment license and maintenance services in exchange for fixed fees. The Company selects the vendors and sells the products and services, including maintenance services, that best fit the customer's needs. For sales of maintenance services and warranties, the customer obtains control at the point in time that the services to be provided by a third party vendor are purchased by the customer and therefore the Company's performance obligation to provide the overall systems solution is satisfied at that time. The Company's customers generally pay within 30 to 60 days from the receipt of a customer approved invoice.

Typically, the Company sells maintenance contracts between the manufacturer and the customer for a separate fee with initial contractual periods ranging from one to five years with renewal for additional periods thereafter. The Company's performance obligation is to work with customers to identify the computer maintenance and warranty services that best suit the customer's needs and sell them those products and services however the maintenance is provided to the customer by the manufacturer. While a third party is responsible for actually performing the services for the customer, historically, in accordance with its policies and historical business practices, the Company has assumed responsibility for ensuring that the recommended services that are provided as part of the overall solution meets client expectations and therefore the Company assumes control of the services to be provided before they are performed for the benefit of the customer. In addition, the Company has full discretion in establishing the sale price to the customer which is determined based on the entire customized solution of products and services offered to the customer and bears the credit risk by paying the supplier for purchased services and collecting payment from the customer and therefore recognizes revenue from maintenance services on a gross basis, For these contracts the customer is invoiced one time and pays up front for the full term of the warranty and maintenance contract. Prior to the adoption of ASC 606 as of January 1, 2018, revenue from these contracts was recognized ratably over the contract period with the unearned revenue recorded as deferred revenue and amortized over the contract period. Adoption of Topic 606 has changed the recognition of our license and maintenance revenue as it was previously recognized over time however under the new policy it is recognized at a point in time and therefore the Company's accumulated deferred revenue was accelerated as of January 1, 2018.

Professional Services Revenue Recognition

The Company's professional services include fixed fee and time and materials contracts. Fixed fees are paid monthly, in phases, or upon acceptance of deliverables. The Company's time and materials contracts are paid weekly or monthly based on hours worked. Revenue on time and material contracts is recognized based on a fixed hourly rate as direct labor hours are expended. Materials, or other specified direct costs, are reimbursed as actual costs and may include markup. The Company has elected the practical expedient to recognize revenue for the right to invoice because the Company's right to consideration corresponds directly with the value to the customer of the performance completed to date. For fixed fee contracts, the Company recognizes revenue evenly over the service period using a time-based measure because the Company is providing continuous service. Because the Company's contracts have an expected duration of one year or less, the Company has elected the practical expedient in ASC 606-10-50-14(a) to not disclose information about its remaining performance obligations. Anticipated losses are recognized as soon as they become known. For the six months ended June 30, 2018 and 2017, the Company did not incur any such losses. These amounts are based on known and estimated factors. Revenues from time and material or firm fixed price long-term and short-term contracts are derived principally with various United States government agencies and commercial customers.

Long-lived Assets

We account for our long-lived assets in accordance with ASC 360, "Accounting for the Impairment or Disposal of Long-Lived Assets", which requires that long-lived assets be evaluated whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or the useful life has changed. Some of the events or changes in circumstances that would trigger an impairment test include, but are not limited to:

- significant under-performance relative to expected and/or historical results (negative comparable sales growth or operating cash flows for two consecutive years);
- significant negative industry or economic trends;
- knowledge of transactions involving the sale of similar property at amounts below our carrying value; or
- our expectation to dispose of long-lived assets before the end of their estimated useful lives, even though the assets do not meet the criteria to be classified as "held for sale."

Long-lived assets are grouped for recognition and measurement of impairment at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets. The impairment test for long-lived assets requires us to assess the recoverability of our long-lived assets by comparing their net carrying value to the sum of undiscounted estimated future cash flows directly associated with and arising from our use and eventual disposition of the assets. If the net carrying value of a group of long-lived assets exceeds the sum of related undiscounted estimated future cash flows, we would be required to record an impairment charge equal to the excess, if any, of net carrying value over fair value.

When assessing the recoverability of our long-lived assets, which include property and equipment and finite-lived intangible assets, we make assumptions regarding estimated future cash flows and other factors. Some of these assumptions involve a high degree of judgment and also bear a significant impact on the assessment conclusions. Included among these assumptions are estimating undiscounted future cash flows, including the projection of comparable sales, operating expenses, capital requirements for maintaining property and equipment and the residual value of asset groups. We formulate estimates from historical experience and assumptions of future performance based on business plans and forecasts, recent economic and business trends, and competitive conditions. In the event that our estimates or related assumptions change in the future, we may be required to record an impairment charge. Based on our evaluation, we did not record a charge for impairment for the six months ended June 30, 2018 and 2017.

The benefits to be derived from our acquired intangibles, will take additional financial resources to continue the development of our technology. Management believes our technology has significant long-term profit potential, and to date, management continues to allocate existing resources to the develop products and services to seek returns on its investment. We continue to seek additional resources, through both capital raising efforts and meeting with industry experts, as part of our continued efforts. Although there can be no assurance that these efforts will be successful, we intend to allocate financial and personnel resources when deemed possible and/or necessary. If we choose to abandon these efforts, or if we determine that such funding is not available, the related development of our technology (resulting in our lack of ability to expand our business), may be subject to significant impairment.

As described previously, we continue to experience weakness in market conditions, a depressed stock price, and challenges in executing our business plans. The Company will continue to monitor these uncertainties in future periods, to determine the impact.

We evaluate the remaining useful lives of long-lived assets and identifiable intangible assets whenever events or circumstances indicate that a revision to the remaining period of amortization is warranted. Such events or circumstances may include (but are not limited to): the effects of obsolescence, demand, competition, and/or other economic factors including the stability of the industry in which we operate, known technological advances, legislative actions, or changes in the regulatory environment. If the estimated remaining useful lives change, the remaining carrying amount of the long-lived assets and identifiable intangible assets would be amortized prospectively over that revised remaining useful life. We have determined that there were no events or circumstances during the six months ended June 30, 2018 and 2017 which would indicate a revision to the remaining amortization period related to any of our long lived assets. Accordingly, we believe that the current estimated useful lives of long-lived assets reflect the period over which they are expected to contribute to future cash flows and are therefore deemed appropriate.

Goodwill and Indefinite-lived Assets

We have recorded goodwill and other indefinite-lived assets in connection with our acquisitions of Lilien LLC ("Lilien"), Shoom, Inc. ("Shoom"), AirPatrol Corporation ("AirPatrol"), LightMiner Systems, Inc. ("LightMiner") and Integrio, LLC ("Integrio"). Goodwill, which represents the excess of acquisition cost over the fair value of the net tangible and intangible assets of the acquired company, is not amortized. Indefinite-lived intangible assets are stated at fair value as of the date acquired in a business combination. We review our goodwill during the fourth quarter of each year, but may need to review goodwill more frequently, if facts and circumstances warrant a review. The evaluation of impairment involves comparing the current fair value of the business to the recorded value, including goodwill. To determine the fair value of the business, we utilize both the income approach, which is based on estimates of future net cash flows, and the market approach, which observes transactional evidence involving similar businesses. There was no goodwill impairment for the six months ended June 30, 2018 or 2017.

We analyze goodwill first to assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform a detailed goodwill impairment test as required. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent.

Events and circumstances for an entity to consider in conducting the qualitative assessment are:

- Macroeconomic conditions such as a deterioration in general economic conditions, limitations on accessing capital, fluctuations in foreign exchange rates, or other developments in equity and credit markets.
- Industry and market considerations such as a deterioration in the environment in which an entity operates, an increased competitive environment, a decline in market-dependent multiples or metrics (considered in both absolute terms and relative to peers), a change in the market for an entity's products or services, or a regulatory or political development.
- Cost factors such as increases in raw materials, labor, or other costs that have a negative effect on earnings and cash flows.
- Overall financial performance such as negative or declining cash flows or a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods.
- Other relevant entity-specific events such as changes in management, key personnel, strategy, or customers, contemplation of bankruptcy, or litigation.
- Events affecting a reporting unit such as a change in the composition or carrying amount of its net assets, a more-likely-than-not expectation of selling or disposing of all, or a portion, of a reporting unit, the testing for recoverability of a significant asset group within a reporting unit, or recognition of a goodwill impairment loss in the financial statements of a subsidiary that is a component of a reporting unit.
- If applicable, a sustained decrease in share price (considered in both absolute terms and relative to peers).

As described previously, we continue to experience weakness in market conditions, a depressed stock price, and challenges in executing our business plans. We also require significant funds to operate and continue to experience losses. If these conditions continue, it may necessitate a requirement to record a goodwill impairment charges. The Company will continue to monitor these uncertainties in future periods.

Software Development Costs

The Company develops and utilizes internal software for the processing of data provided by its customers. Costs incurred in this effort are accounted for under the provisions of FASB ASC 350-40, Internal Use Software and ASC 985-20, Software – Cost of Software to be Sold, Leased or Marketed, whereby direct costs related to development and enhancement of internal use software is capitalized, and costs related to maintenance are expensed as incurred. The Company capitalizes its direct internal costs of labor and associated employee benefits that qualify as development or enhancement. These software development costs are amortized over the estimated useful life which management has determined ranges from one to five years.

Allowance for Doubtful Accounts

We maintain our reserves for credit losses at a level believed by management to be adequate to absorb potential losses inherent in the respective balances. We assign an internal credit quality rating to all new customers and update these ratings regularly, but no less than annually. Management's determination of the adequacy of the reserve for credit losses for our accounts and notes receivable is based on the age of the receivable balance, the customer's credit quality rating, an evaluation of historical credit losses, current economic conditions, and other relevant factors.

As of June 30, 2018 and December 31, 2017, allowance for credit losses included an allowance for doubtful accounts of approximately $1.3 million and approximately $1.1 million, respectively, due to the aging of the items greater than 120 days outstanding and other potential non-collections.

Business Combinations

We account for business combinations using the acquisition method of accounting, and accordingly, the assets and liabilities of the acquired business are recorded at their fair values at the date of acquisition. The excess of the purchase price over the estimated fair value is recorded as goodwill. Any changes in the estimated fair values of the net assets recorded for acquisitions prior to the finalization of more detailed analysis, but not to exceed one year from the date of acquisition, will change the amount of the purchase price allocable to goodwill. Any subsequent changes to any purchase price allocations that are material to our consolidated financial results will be adjusted. All acquisition costs are expensed as incurred and in-process research and development costs are recorded at fair value as an indefinite-lived intangible asset and assessed for impairment thereafter until completion, at which point the asset is amortized over its expected useful life. Separately recognized transactions associated with business combinations are generally expensed subsequent to the acquisition date. The application of business combination and impairment accounting requires the use of significant estimates and assumptions.

Upon acquisition, the accounts and results of operations are consolidated as of and subsequent to the acquisition date and are included in our Consolidated Financial Statements from the acquisition date.

Stock-Based Compensation

We account for equity instruments issued to non-employees in accordance with accounting guidance which requires that such equity instruments are recorded at their fair value on the measurement date, which is typically the date the services are performed.

We account for equity instruments issued to employees in accordance with accounting guidance that requires that awards are recorded at their fair value on the date of grant and are amortized over the vesting period of the award. We recognize compensation costs over the requisite service period of the award, which is generally the vesting term of the equity instrument issued.

The Black-Scholes option valuation model is used to estimate the fair value of the options or the equivalent security granted. The model includes subjective input assumptions that can materially affect the fair value estimates. The model was developed for use in estimating the fair value of traded options or warrants. The expected volatility is estimated based on the average of historical volatilities for industry peers.

The Company incurred stock-based compensation charges, net of estimated forfeitures, of $571,000 and $710,000 for the three months ended June 30, 2018 and 2017, and $857,000 and $993,000 for the six months ended June 30, 2018 and 2017, respectively, which are included in general and administrative expenses.

The fair value of each employee option grant is estimated on the date of the grant using the Black-Scholes option-pricing model. Key weighted-average assumptions used to apply this pricing model for the six months ended June 30, 2018 and 2017 were as follows:

	For the Six Months Ended June 30,	
	2018	2017
Risk-free interest rate	2.79-3.01%	2.27%
Expected life of option grants	5-6 years	7 years
Expected volatility of underlying stock	45.64-46.18%	47.34%
Dividends assumption	$--	$--

Operating Segments

Effective January 1, 2017, the Company has changed the way it analyzes and assesses divisional performance of the Company. The Company has therefore re-aligned its operating segments along those division business lines and has created the following operating segments. The Company has retroactively applied these new segment categories to the prior periods presented below for comparative purposes.

- Indoor Positioning Analytics: This segment includes Inpixon's proprietary products and services delivered on premise or in the Cloud as well as our hosted SaaS based solutions. Our Indoor Positioning Analytics product is based on a unique and patented sensor technology that detects and locates accessible cellular, Wi-Fi and Bluetooth devices and then uses a lightning fast data-analytics engine to deliver actionable insights and intelligent reports for security, marketing, asset management, etc.

- Infrastructure: This segment includes third party hardware, software and related maintenance/warranty products and services that Inpixon resells to commercial and government customers. It includes but is not limited to products for enterprise computing; storage; virtualization; networking; etc. as well as services including custom application/software design; architecture and development; staff augmentation and project management.

Rounding

All dollar amounts in this section have been rounded to the nearest thousand.

Results of Operations

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017

The following table sets forth selected unaudited condensed consolidated financial data as a percentage of our revenue and the percentage of period-over-period change:

	For the Three Months Ended				
	June 30, 2018		June 30, 2017		
(in thousands, except percentages)	Amount	% of Revenues	Amount	% of Revenues	% Change
Product revenues	$ 707	39%	$ 12,210	81%	(94%)
Services revenues	$ 1,121	61%	$ 2,886	19%	(61%)
Cost of net revenues - products	$ 343	19%	$ 10,231	68%	(97%)
Cost of net revenues - services	$ 474	26%	$ 1,481	10%	(68%)
Gross profit	$ 1,011	55%	$ 3,384	22%	(70%)
Operating expenses	$ 7,460	408%	$ 8,614	57%	(13%)
Loss from operations	$ (6,449)	(353%)	$ (5,230)	(35%)	23%
Net loss	$ (5,855)	(320%)	$ (6,431)	(43%)	(9%)
Net loss attributable to common stockholders	$ (5,858)	(320%)	$ (6,427)	(43%)	(9%)

Net Revenues

Net revenues for the three months ended June 30, 2018 were $1.8 million compared to $15.1 million for the comparable period in the prior year. This $13.3 million decrease, or approximately 88%, is primarily associated with the decline in revenues earned by the Infrastructure Segment as a result of supplier credit issues and a $1.6 million decrease in revenue resulting from the adoption of the new ASC 606 revenue recognition policy beginning in January 2018. For the three months ended June 30, 2018, Indoor Positioning Analytics revenue was $1,274,000 compared to $1,156,000 for the prior year period. Infrastructure revenue was $554,000 for the three months ended June 30, 2018, and $13.9 million for the prior year period. We anticipate the Infrastructure Segment revenue (which will be part of Sysorex going forward) will start to recover in Q3 2018 and Q4 2018 as we rebuild our supplier relationships and head into the federal government busy season.

Cost of Revenues

Cost of revenues for the three months ended June 30, 2018 was $817,000 compared to $11.7 million for the prior year period. This decrease of $10.9 million was primarily attributable to lower sales resulting from the capital constraints and supplier credit limitations and a $1.4 million decrease in prepaid maintenance amortization due to the adoption of the new ASC 606 revenue recognition policy beginning in January 2018. Indoor Positioning Analytics cost of revenues was $369,000 for the three months ended June 30, 2018 as compared to $380,000 for the prior period. Infrastructure cost of net revenues was $448,000 for the three months ended June 30, 2018 and $11.3 million for the prior period.

The gross profit margin for the three months ended June 30, 2018 was 55% compared to 22% during the three months ended June 30, 2017. This increase in gross margin is primarily due to the decrease in lower margin storage and maintenance sales. Indoor Positioning Analytics gross margins for the three months ended June 30, 2018 and 2017 were 71% and 67%, respectively. Gross margins for the Infrastructure segment for the three months ended June 30, 2018 and 2017 was 19%.

Operating Expenses

Operating expenses for the three months ended June 30, 2018 were $7.5 million compared to $8.6 million for the prior year period. This decrease of $1.1 million is primarily attributable to a decrease in compensation and occupancy costs due to the downsizing of staff and office locations.

Loss from Operations

Loss from operations for the three months ended June 30, 2018 was $6.4 million compared to $5.2 million for the prior year period. This increase in loss of $1.2 million was primarily attributable due to the decrease in Infrastructure Segment revenues offset by the decrease in operating expenses.

Other Income/Expense

Total other income/expense for the three months ended June 30, 2018 and 2017 was $594,000 and ($1,192,000), respectively. This decrease in loss of $1.8 million in 2018 was primarily attributable to a $600,000 gain on the sale of contracts, $358,000 gain on the Integrio earn out and higher interest expense in 2017 primarily due to a higher interest on the Company's bank credit lines and debt discount.

Provision for Income Taxes

There was no provision for income taxes for the three months ended June 30, 2018 and 2017. Deferred tax assets resulting from such losses are fully reserved as of June 30, 2018 and 2017 since, at present, we have no history of taxable income and it is more likely than not that such assets will not be realized.

Net Loss Attributable to Non-Controlling Interest

Net loss attributable to non-controlling interest for the three months ended June 30, 2018 was $3,000 compared to ($4,000) for the three months ended June 30, 2017.

Net Loss Attributable To Common Stockholders of Inpixon

Net loss attributable to common stockholders of Inpixon for the three months ended June 30, 2018 was $5.9 million compared to $6.4 million for the prior year period. This decrease in loss of $500,000 was attributable to the changes described for the various reporting captions discussed above.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017

The following table sets forth selected unaudited condensed consolidated financial data as a percentage of our revenue and the percentage of period-over-period change:

	For the Six Months Ended				
	June 30, 2018		June 30, 2017		
(in thousands, except percentages)	Amount	% of Revenues	Amount	% of Revenues	% Change
Product revenues	$ 1,182	30%	$ 21,659	76%	(95%)
Services revenues	$ 2,740	70%	$ 6,919	24%	(60%)
Cost of net revenues - products	$ 598	15%	$ 18,285	64%	(97%)
Cost of net revenues - services	$ 1,078	27%	$ 3,620	13%	(70%)
Gross profit	$ 2,246	57%	$ 6,673	23%	(66%)
Operating expenses	$ 14,303	365%	$ 17,260	60%	(17%)
Loss from operations	$ (12,057)	(307%)	$ (10,587)	(37%)	14%
Net loss	$ (12,099)	(308%)	$ (12,488)	(44%)	(3%)
Net loss attributable to common stockholders	$ (12,101)	(309%)	$ (12,479)	(44%)	(3%)

Net Revenues

Net revenues for the six months ended June 30, 2018 were $3.9 million compared to $28.6 million for the comparable period in the prior year. This $24.7 million decrease, or approximately 86%, is primarily associated with the decline in revenues earned by the Infrastructure Segment as a result of supplier credit issues and a $3.7 million decrease in revenue resulting from the adoption of the new ASC 606 revenue recognition policy beginning in January 2018. For the six months ended June 30, 2018 and 2017, Indoor Positioning Analytics revenue was $2.1 million. Infrastructure revenue was $1.8 million for the six months ended June 30, 2018, and $26.4 million for the prior year period. We anticipate the Infrastructure Segment revenue (which will be part of Sysorex going forward) will start to recover in Q3 2018 and Q4 2018 as we rebuild our supplier relationships and head into the federal government busy season.

Cost of Revenues

Cost of revenues for the six months ended June 30, 2018 was $1.7 million compared to $21.9 million for the prior year period. This decrease of $20.2 million was primarily attributable to lower sales resulting from the capital constraints and supplier credit limitations and a $3.1 million decrease in prepaid maintenance amortization due to the adoption of the new ASC 606 revenue recognition policy beginning in January 2018. Indoor Positioning Analytics cost of revenues was $604,000 for the six months ended June 30, 2018 as compared to $723,000 for the prior period. Infrastructure cost of net revenues was $1.1 million for the six months ended June 30, 2018 and $21.2 million for the prior period.

The gross profit margin for the six months ended June 30, 2018 was 57% compared to 23% during the six months ended June 30, 2017. This increase in gross margin is primarily due to the decrease in lower margin storage and maintenance sales. Indoor Positioning Analytics gross margins for the six months ended June 30, 2018 and 2017 were 72% and 66%, respectively. Gross margins for the Infrastructure segment for the six months ended June 30, 2018 and 2017 were 40% and 20%, respectively.

Operating Expenses

Operating expenses for the six months ended June 30, 2018 were $14.3 million compared to $17.3 million for the prior year period. This decrease of $3 million is primarily attributable to a decrease in compensation and occupancy costs due to the downsizing of staff and office locations.

Loss from Operations

Loss from operations for the six months ended June 30, 2018 was $12.1 million compared to $10.6 million for the prior year period. This increase in loss of $1.5 million was primarily attributable due to the decrease in Infrastructure Segment revenues offset by the decrease in operating expenses.

Other Income/Expense

Total other income/expense for the six months ended June 30, 2018 and 2017 was ($42,000) and ($1,884,000), respectively. This decrease in loss of $1.8 million in 2018 was primarily attributable to a gain on the earn out of Integrio of $935,000 in 2018, a $600,000 gain on the sale of contracts in 2018 and higher interest expense in 2017 primarily due to a higher interest on the Company’s bank credit lines and debt discount.

Provision for Income Taxes

There was no provision for income taxes for the six months ended June 30, 2018 and 2017. Deferred tax assets resulting from such losses are fully reserved as of June 30, 2018 and 2017 since, at present, we have no history of taxable income and it is more likely than not that such assets will not be realized.

Net Loss Attributable to Non-Controlling Interest

Net loss attributable to non-controlling interest for the six months ended June 30, 2018 was $2,000 compared to ($9,000) for the six months ended June 30, 2017.

Net Loss Attributable To Common Stockholders of Inpixon

Net loss attributable to common stockholders of Inpixon for the six months ended June 30, 2018 was $12.1 million compared to $12.5 million for the prior year period. This decrease in loss of $400,000 was attributable to the changes described for the various reporting captions discussed above.

Non-GAAP Financial information

EBITDA

EBITDA is defined as net income (loss) before interest, provision for (benefit from) income taxes, and depreciation and amortization. Adjusted EBITDA is used by our management as the matrix in which it manages the business. It is defined as EBITDA plus adjustments for other income or expense items, non-recurring items and non-cash stock-based compensation.

Adjusted EBITDA for the three months ended June 30, 2018 was a loss of $4.1 million compared to a loss of $2.7 million for the prior year period. Adjusted EBITDA for the six months ended June 30, 2018 was a loss of $7.5 million compared to a loss of $6.0 million for the prior year period.

The following table presents a reconciliation of net income/loss attributable to stockholders of Inpixon, which is our GAAP operating performance measure, to Adjusted EBITDA for the three and six months ended June 30, 2018 and 2017 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net loss attributable to common stockholders	$ (5,858)	$ (6,427)	$ (12,101)	$ (12,479)
Adjustments:				
Non-recurring one-time charges:				
Acquisition transaction/financing costs	--	2	16	5
Costs associated with public offering	--	--	81	--
Gain on the settlement of obligations	(129)	--	(262)	--
Gain on earnout	(358)	--	(934)	--
Gain on the sale of Sysorex Arabia	--	--	(23)	--
Gain on the sale of contracts	(601)	--	(601)	--
Change in the fair value of derivative liability	--	(152)	(48)	(208)
Provision for doubtful accounts	105	--	221	--
Severance	--	--	15	27
Stock based compensation – acquisition costs	--	--	--	7
Stock-based compensation - compensation and related benefits	571	711	857	986
Interest expense	356	1,344	1,638	2,027
Depreciation and amortization	1,850	1,816	3,685	3,601
Adjusted EBITDA	$ (4,064)	$ (2,706)	$ (7,456)	$ (6,034)

We rely on Adjusted EBITDA, which is a non-GAAP financial measure for the following:

- to review and assess the operating performance of our Company as permitted by Accounting Standards Codification Topic 280, Segment Reporting;
- to compare our current operating results with corresponding periods and with the operating results of other companies in our industry;
- as a basis for allocating resources to various projects;
- as a measure to evaluate potential economic outcomes of acquisitions, operational alternatives and strategic decisions; and
- to evaluate internally the performance of our personnel.

We have presented Adjusted EBITDA above because we believe it conveys useful information to investors regarding our operating results. We believe it provides an additional way for investors to view our operations, when considered with both our GAAP results and the reconciliation to net income (loss). By including this information we can provide investors with a more complete understanding of our business. Specifically, we present Adjusted EBITDA as supplemental disclosure because of the following:

- We believe Adjusted EBITDA is a useful tool for investors to assess the operating performance of our business without the effect of interest, income taxes, and other non-operating expenses as well as depreciation and amortization which are non-cash expenses;
- We believe that it is useful to provide investors with a standard operating metric used by management to evaluate our operating performance; and
- We believe that the use of Adjusted EBITDA is helpful to compare our results to other companies.

Even though we believe Adjusted EBITDA is useful for investors, it does have limitations as an analytical tool. Thus, we strongly urge investors not to consider this metric in isolation or as a substitute for net income (loss) and the other consolidated statement of operations data prepared in accordance with GAAP. Some of these limitations include the fact that:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements;
- Adjusted EBITDA does not reflect income or other taxes or the cash requirements to make any tax payments; and
- Other companies in our industry may calculate Adjusted EBITDA differently than we do, thereby potentially limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered a measure of discretionary cash available to us to invest in the growth of our business or as a measure of performance in compliance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and providing Adjusted EBITDA only as supplemental information.

Proforma Non-GAAP Net Loss per Share

Basic and diluted net loss per share for the three months ended June 30, 2018 was ($1.08) compared to ($81.26) for the prior year period. Basic and diluted net loss per share for the six months ended June 30, 2018 was ($3.44) compared to ($164.74) for the prior year period. These decreases are attributable to the changes discussed in our results of operations.

Proforma non-GAAP net income (loss) per share is used by our Company's management as an evaluation tool as it manages the business and is defined as net income (loss) per basic and diluted share adjusted for non-cash items including stock based compensation, amortization of intangibles and one time charges including acquisition costs, the costs associated with the public offering, severance costs and changes in the fair value of shares to be issued.

Proforma non-GAAP net loss per basic and diluted common share for the three months ended June 30, 2018 was ($0.34) compared to ($56.70) for the prior year period. Proforma non-GAAP net loss per basic and diluted common share for the six months ended June 30, 2018 was ($1.49) compared to ($117.43) for the prior year period.

The following table presents a reconciliation of net loss per basic and diluted share, which is our GAAP operating performance measure, to proforma non-GAAP net loss per share for the periods reflected:

(thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net loss attributable to common stockholders	$ (5,858)	$ (6,427)	$ (12,101)	$ (12,479)
Adjustments:				
Non-recurring one-time charges:				
Acquisition transaction/financing costs	--	2	16	5
Costs associated with public offering	--	--	81	--
Gain on the settlement of obligations	(129)	--	(262)	--
Gain on earnout	(358)	--	(934)	--
Gain on the sale of Sysorex Arabia	--	--	(23)	--
Gain on the sale of contracts	(601)	--	(601)	--
Change in the fair value of derivative liability	--	(152)	(48)	(208)
Provision for doubtful accounts	105	--	221	--
Severance	--	--	15	27
Stock based compensation – acquisition costs	--	--	--	7
Stock-based compensation - compensation and related benefits	571	711	857	986
Amortization of intangibles	1,323	1,382	2,645	2,767
Proforma non-GAAP net loss	$ (4,947)	$ (4,484)	$ (10,134)	$ (8,895)
Proforma non-GAAP net loss per basic and diluted common share	$ (0.34)	$ (56.70)	$ (1.49)	$ (117.43)
Weighted average basic and diluted common shares outstanding	14,482,423	79,088	6,782,169	75,750

We rely on proforma non-GAAP net loss per share, which is a non-GAAP financial measure and not a substitution for GAAP:

- to review and assess the operating performance of our Company as permitted by Accounting Standards Codification Topic 280, Segment Reporting;
- to compare our current operating results with corresponding periods and with the operating results of other companies in our industry;

- as a measure to evaluate potential economic outcomes of acquisitions, operational alternatives and strategic decisions; and

- to evaluate internally the performance of our personnel.

We have presented proforma non-GAAP net loss per share above because we believe it conveys useful information to investors regarding our operating results. We believe it provides an additional way for investors to view our operations, when considered with both our GAAP results and the reconciliation to net income (loss), and that by including this information we can provide investors with a more complete understanding of our business. Specifically, we present proforma non-GAAP net loss per share as supplemental disclosure because:

- we believe proforma non-GAAP net loss per share is a useful tool for investors to assess the operating performance of our business without the effect of non-cash items including stock based compensation, amortization of intangibles and one time charges including acquisition costs, costs associated with the public offering, severance costs and changes in the fair value of shares to be issued;

- we believe that it is useful to provide investors with a standard operating metric used by management to evaluate our operating performance; and

- we believe that the use of proforma non-GAAP net loss per share is helpful to compare our results to other companies.

Liquidity and Capital Resources as of June 30, 2018 Compared With June 30, 2017

The Company's net cash flows used in operating, investing and financing activities for the six months ended June 30, 2018 and 2017 and certain balances as of the end of those periods are as follows (in thousands):

	For the Six Months Ended June 30,	
(thousands, except per share data)	**2018**	**2017**
Net cash (used in) provided by operating activities	$ (17,929)	$ 1,543
Net cash used in investing activities	(578)	(804)
Net cash used in financing activities	26,707	(2,507)
Effect of foreign exchange rate changes on cash	(5)	(11)
Net increase (decrease) in cash	$ 8,195	$ (1,779)

	March 31, 2018	**December 31, 2017**
Cash and cash equivalents	$ 8,336	$ 141
Working capital deficit	$ (10,220)	$ (32,823)

Operating Activities:

Net cash used in operating activities during the six months ended June 30, 2018 was $17.9 million. Net cash provided by operating activities during the six months ended June 30, 2017 was $1.5 million. Net cash used in operating activities during the six months ended June 30, 2018 consisted of the following (in thousands):

Net loss	$ (12,099)
Non-cash income and expenses	4,882
Net change in operating assets and liabilities	(10,712)
Net cash used in operating activities	$ (17,929)

The non-cash income and expenses of $4.9 million consisted primarily of (in thousands):

$ 1,040	Depreciation and amortization expense
2,645	Amortization of intangibles primarily attributable to the Lilien, Shoom, AirPatrol, LightMiner and Integrio operations, which were acquired effective March 1, 2013, August 31, 2013, April 16, 2014, April 24, 2015 and November 21, 2016, respectively.
857	Stock-based compensation expense attributable to warrants and options issued as part of Company operations and prior acquisitions
417	Amortization of debt discount
(262)	Gain on the settlement of liabilities
185	Other
$ 4,882	Total non-cash income and expenses

The net use of cash due to changes in operating assets and liabilities totaled ($10.9 million) and consisted primarily of the following (in thousands):

$ 741	Decrease in accounts receivable and other receivables
(12)	Increase in prepaid licenses and maintenance contracts
(6,934)	Decrease in accounts payable
52	Increase in deferred revenue
(4,534)	Increase in accrued liabilities and other liabilities
(25)	Increase in inventory and other assets
$ (10,712)	Net use of cash in the changes in operating assets and liabilities

Investing Activities:

Net cash used in investing activities during the six months ended June 30, 2018 was $578,000 compared to net cash used in investing activities of $804,000 for the prior year period. The net cash used in investing activities during the six months ended June 30, 2018 was comprised of approximately $39,000 for the purchase of property and equipment, $364,000 for the investment in capitalized software and $175,000 for and investment in technology.

Financing Activities:

Net cash provided by financing activities during the six months ended June 30, 2018 was approximately $26.7 million. Net cash used in financing activities for the six months ended June 30, 2017 was approximately $2.5 million. The net cash provided by financing activities during the six months ended June 30, 2018 was primarily comprised of $28.0 million from the issuance of stock and warrants, $1.1 million of net repayments to the bank facility and $113,000 of repayments of notes payable.

Liquidity and Capital Resources - General:

Our current capital resources and operating results as of June 30, 2018, as described in the preceding paragraphs, consist of:

1) an overall working capital deficit of $10.2 million;

2) cash of $8.3 million;

3) the Payplant Credit Facility which we borrow against based on eligible assets with a maturity date of August 15, 2018 of which $0 is utilized; and

4) net cash used in operating activities year-to-date of $17.9 million.

The breakdown of our overall working capital deficit is as follows (in thousands):

Working Capital	**Assets**	**Liabilities**	**Net**
Cash and cash equivalents	$ 8,336	$ --	$ 8,336
Accounts receivable, net / accounts payable	1,364	18,637	(17,273)
Notes and other receivables	167	--	167
Prepaid licenses and maintenance contracts / deferred revenue	12	109	(97)
Short-term debt	--	1,815	(1,815)
Other	1,896	1,434	462
Total	$ 11,775	$ 21,995	$ (10,220)

Accounts payable exceeds accounts receivable by $17.3 million. This deficit is expected to be funded by our anticipated cash flow from operations and financing activities, as described below, over the next twelve months.

Net cash used in operating activities during the six months ended June 30, 2018 of $17.9 million consists of net loss of $12.1 million less non-cash expenses of $4.9 million and net cash used in changes in operating assets and liabilities of ($10.7 million). We expect net cash from operations to increase during 2018 as a result of the following:

1) We expect to increase revenue in the infrastructure segment as we resolve our supplier credit issues with the equity capital we raised in January through April 2018 and we expect the IPA segment business to grow and contribute more to operation expenses.

2) Since our equity capital raises this year we have been working with our key distributors and suppliers to address our credit limitation issues. We have already settled some vendor litigations and started re-establishing working relationships with some of our suppliers. Revenues during the six months ended June 30, 2018 could have been higher but were negatively impacted by our inability to timely process orders due to past due amounts and credit limitations with various vendors. We expect to relieve some of these issues as these credit relationships improve allowing us to build this revenue back in upcoming quarters.

The Company's capital resources as of June 30, 2018, availability on the Payplant facility to finance purchase orders and invoices in an amount equal to 80% of the face value of purchase orders received, funds from higher margin business line expansion and credit limitation improvements should be sufficient to fund planned operations during the year ending December 31, 2018 based on current projections. However, if the Company pursues acquisitions, other expansion plans or changes its business plan it may need to raise additional capital. The Company may raise the additional capital if needed through the issuance of equity, equity-linked or debt securities. In addition, Company has agreed to contribute up to $2 million of its capital resources to Sysorex in connection with the spin-off of the VAR business, which amount shall be reduced by the aggregate amount of certain operating and other expenses of Sysorex that have been or will be satisfied by Inpixon from June 30, 2018 through the spin-off date, which will reduce the Company's available capital resources; however, it is anticipated that the transaction, if completed upon the satisfaction or waiver of all conditions described in this report, will reduce operating expenses and eliminate substantially all of our trade debt. No assurance can be provided as to the timing of the completion of the spin-off or that all conditions to the spin-off will be met. Furthermore, until the distribution has occurred, the Company will have the right to terminate the distribution, even if all of the conditions are satisfied.

Going Concern and Management Plans

Our condensed consolidated financial statements as of June 30, 2018 have been prepared under the assumption that we will continue as a going concern for the next twelve months from the date the financial statements are issued. Footnote 1 to the notes to our financial statements as of June 30, 2018 include language referring to our recurring and continuing losses from operations and expressing substantial doubt in our ability to continue as a going concern without additional capital becoming available. Management's plans and assessment of the probability that such plans will mitigate and alleviate any substantial doubt about the Company's ability to continue as a going concern, is dependent upon the ability to obtain additional equity or debt financing, attain further operating efficiency, reduce expenditures, and, ultimately, to generate sufficient levels of revenue, which together represent the principal conditions that raise substantial doubt about our ability to continue as a going concern. Our condensed consolidated financial statements as of June 30, 2018 do not include any adjustments that might result from the outcome of this uncertainty.

Liquidity and Capital Resources – Payplant

Pursuant to the terms of a Commercial Loan Purchase Agreement, dated as of August 14, 2017 (the "Purchase Agreement"), Gemcap Lending I, LLC ("GemCap") sold and assigned to Payplant LLC, as agent for Payplant Alternatives Fund LLC ("Payplant" or "Lender"), all of its right, title and interest to that certain revolving Secured Promissory Note in an aggregate principal amount of up to $10,000,000 (the "GemCap Note") issued in accordance with that certain Loan and Security Agreement, dated as of November 14, 2016 (the "GemCap Loan"), by and among Gemcap and the Company and its wholly-owned subsidiaries, Sysorex and SGS (together with Inpixon and Sysorex, the "Company").

In connection with the purchase and assignment of the Gemcap Loan in accordance with the Purchase Agreement, the GemCap Loan was amended and restated in accordance with the terms and conditions of the Payplant Loan and Security Agreement, dated as of August 14, 2017, between the Company and Payplant (the "Loan Agreement"). The Loan Agreement allows the Company to request loans (each a "Loan" and collectively the "Loans") from the Lender (in the manner provided therein) with a term of no greater than 360 days in amounts that are equivalent to 80% of the face value of purchase orders received ("Aggregate Loan Amount"). The Lender is not obligated to make the requested loan, however, if the Lender agrees to make the requested loan, before the loan is made, the Company must provide Lender with (i) one or more promissory notes ("Notes") for the amount being loaned in favor of Lender, (ii) one or more guaranties executed in favor of Lender and (iii) other documents and evidence of the completion of such other matters as Lender may request. The principal amount of each Loan shall accrue interest at a 30 day rate of 2% (the "Interest Rate"), calculated per day on the basis of a year of 360 days and, when combined with all fees that may be characterized as interest will not exceed the maximum rate allowed by law Upon the occurrence and during the continuance of any event of default, interest shall accrue at a rate equal to the Interest Rate plus 0.42% per 30 days. All computations of interest shall be made on the basis of a year of 360 days. The promissory note is subject to the interest rates described in the Loan Agreement and is secured by the assets of the Company pursuant to the Loan Agreement and will be satisfied in accordance with the terms of the Client Agreement.

As of June 30, 2018, the principal amount outstanding under the Loan Agreement was $0.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet guarantees, interest rate swap transactions or foreign currency contracts. We do not engage in trading activities involving non-exchange traded contracts.

Recently Issued Accounting Standards

For a discussion of recently issued accounting pronouncements, please see the Recent Accounting Standards section of Note 3 to our condensed consolidated financial statements, which is included in this Form 10-Q in Item 1.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this Form 10-Q, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Internal controls are procedures which are designed with the objective of providing reasonable assurance that (1) our transactions are properly authorized, recorded and reported; and (2) our assets are safeguarded against unauthorized or improper use, to permit the preparation of our condensed consolidated financial statements in conformity with GAAP.

In connection with the preparation of this Form 10-Q, management, with the participation of our Principal Executive Officer and Principal Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)). Based upon that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that, as of the end of the period covered by this Form 10-Q, our disclosure controls and procedures were effective.

Changes in Internal Controls

There have been no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 or 15d-15 under the Exchange Act that occurred during the quarter ended June 30, 2018 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations of the Effectiveness of Control

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations of any control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

Embarcadero

As previously reported in the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 filed with the SEC on May 15, 2018 (the "March 2018 Form 10-Q"), on August 10, 2017, Embarcadero Technologies, Inc. ("Embarcadero") and Idera, Inc. ("Idera") filed a complaint in the U.S. Federal District Court for the Western District of Texas against SGS and Integrio Technologies, LLC ("Integrio") for failure to pay for purchased software and services pursuant to certain reseller agreements. The complaint alleges that SGS entered into an agreement with Integrio to acquire certain assets and assume certain liabilities of Integrio and are therefore responsible for any amounts due. In the complaint, Embarcadero and Idera demand that SGS and Integrio pay $1,100,000 in damages. On April 26, 2018, the parties filed a stipulation of dismissal to dismiss this case with prejudice following entry into a settlement agreement pursuant to which the Company agreed to satisfy the outstanding payables. On April 28, 2018, the court rendered the final judgment to approve this stipulation.

Micro Focus

As previously reported in the March 2018 Form 10-Q, on August 11, 2017, Micro Focus (US) Inc. ("Micro Focus"), filed a complaint in the Circuit Court of Fairfax County, Virginia against SGS for failure to pay a debt settlement entered into on March 13, 2017 for a principal amount of $245,538.33 plus accrued interest. The complaint demands full payment of the principal amount of $245,538.33 plus accrued interest. On October 31, 2017, Micro Focus filed a motion for summary judgment against SGS. The Company consented to the court entering summary judgment in favor of Micro Focus in the amount of $245,538.33, with interest accruing at 10% per annum from June 13, 2017 until payment is completed and the parties are currently in settlement negotiations regarding a payment plan. On April 19, 2018, a settlement agreement with Microfocus for $200,000 which has been satisfied as of the date of this Form 10-Q.

Virtual Imaging

As previously reported in the March 2018 Form 10-Q, on December 28, 2017, Virtual Imaging, Inc. ("Virtual Imaging") filed a complaint in the United States District Court, Eastern District of Virginia, against Sysorex and SGS. The complaint alleges that Virtual Imaging provided products to the defendants having an aggregate value of $3,938,390.28, of which $3,688,390.88 remains outstanding and overdue. Virtual Imaging has demanded compensation for the unpaid amount. The parties have agreed to a settlement payment schedule in connection with this matter.

Deque

On January 22, 2018, Deque Systems, Inc. filed a motion for entry of default judgment (the "Motion") against SGS in the Circuit Court of Fairfax County, Virginia. The Motion alleges that SGS failed to respond to a complaint served on November 22, 2017. The Motion requests a default judgment in the amount of $336,000. A trial is currently scheduled for September 12, 2018, however, the parties are currently finalizing a settlement agreement.

AVT Technology Solutions

On April 6, 2018, AVT Technology Solutions, LLC, filed a complaint in the United States District Court Middle District of Florida Tamp Division against Inpixon and Sysorex alleging breach of contract, breach of corporate guaranty and unjust enrichment in connection with non-payment for goods received and requesting a judgment in an amount of not less than $9,152,698.71. The Company has filed a motion to dismiss this complaint and is currently finalizing a settlement agreement with AVT.

Consultant for Advisory Services

On March 19, 2018, Inpixon was notified by a consultant for advisory services (the "Consultant") that it believes the Company is required to pay a minimum project fee in an amount equal to $1 million less certain amounts previously paid as a result of the Company's completion of certain financing transactions. On April 18, 2018, the Consultant filed a demand for arbitration with the American Arbitration Association against Sysorex (formerly Inpixon USA). Sysorex intends to contest the case vigorously.

There are no other material pending legal proceedings as defined by Item 103 of Regulation S-K, to which we are a party or of which any of our property is the subject, other than ordinary routine litigation incidental to the Company's business.

There are no proceedings in which any of the directors, officers or affiliates of the Company, or any registered or beneficial holder of more than 5% of the Company's voting securities, is an adverse party or has a material interest adverse to that of the Company.

In connection with the spin-off and in accordance with the terms and conditions of the Separation and Distribution Agreement, all liabilities resulting from the pending litigation matters described above and related to the Sysorex business will be assumed by Sysorex and Sysorex will indemnify the Company in connection with any such liabilities, except in connection with the arbitration matter with the Consultant described above, the costs and liabilities of which are anticipated to be shared by Sysorex and the Company following the spin-off.

Item 1A. Risk Factors

We face a number of significant risks and uncertainties in connection with our operations. Our business, results of operations and financial condition could be materially adversely affected by these risks. Except as disclosed below, there have been no material changes to the Risk Factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2017.

Risks Related to Our Consolidated Operations

We have completed five acquisitions since 2013, including Lilien, Shoom, AirPatrol, LightMiner and Integrio, and plan to pursue a spin-off of our VAR business which includes the businesses acquired from Lilien and Integrio, which may make it difficult for potential investors to evaluate our future consolidated business. Furthermore, due to the risks and uncertainties related to the acquisition of new businesses, any such acquisition does not guarantee that we will be able to attain profitability.

Between March 2013 and November 2016, we completed five acquisitions and are currently contemplating a divesture of our VAR business. Our limited combined operating history makes it difficult for potential investors to evaluate our business or prospective operations or the merits of an investment in our securities. We are subject to the risks inherent in the financing, expenditures, complications and delays characteristic of a newly combined business. In addition, while the former affiliates of four of these businesses have indemnified the Company from any undisclosed liabilities, there may not be adequate resources to cover such indemnity. Furthermore, there are risks that the vendors, suppliers and customers of these acquired entities may not renew their relationships for which there is no indemnification. Accordingly, our business and success faces risks from uncertainties inherent to developing companies in a competitive environment. There can be no assurance that our efforts will be successful or that we will ultimately be able to attain profitability.

Risks Related to the Spin-Off

The proposed spin-off of our VAR business may not be completed on the currently contemplated timeline or terms, or at all, may be more expensive than anticipated and may not achieve the intended benefits.

The proposed spin-off of our VAR business via our wholly-owned subsidiary, Sysorex, is subject to final board approval of the terms of such transaction, SEC clearance, market and certain other conditions, and there can be no assurance as to whether or when such a transaction will occur. Unforeseen developments, including possible delays in obtaining various tax and regulatory approvals or clearances, could delay or prevent the proposed separation or cause the proposed separation to occur on terms or conditions that are less favorable and/or different than expected. We expect the process of completing such transaction will be time-consuming and involve significant costs and expenses, which may be significantly higher than what we currently anticipate, may increase in the event that the timing of the transaction is delayed and may not yield a benefit if the transaction is not completed. Executing the proposed transaction, as well as performing our obligations under any transition services agreement entered into with Sysorex for a period of time after the separation, will require significant time and attention from our senior management and employees, which could adversely affect our business, financial results and results of operations.

Separating the businesses may also result in dis-synergies post-separation that could negatively impact the balance sheet, income statement and cash flows of each business. Moreover, we may not realize some or all of the anticipated strategic, financial, operational, marketing or other benefits from the separation, which could materially and adversely affect our business, financial condition and results of operations and lead to increased volatility in the price of our Common Stock.

If the distribution, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, the Company, our stockholders, Sysorex and Sysorex stockholders could be subject to significant tax liabilities, and, in certain circumstances, the Company could be required to indemnify Sysorex for material taxes and other related amounts pursuant to indemnification obligations under the tax matters agreement.

We believe that the spin-off may qualify as a transaction that is generally tax-free to our stockholders for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). We anticipate that a corporate level gain is likely to be triggered as a result of both pre- and post-spin-off financings and potentially as a result of certain internal restructurings contemplated in anticipation of the spin-off, but this gain should be largely or entirely offset by existing net operating losses. There are no assurances, however, that the Internal Revenue Service will not challenge such conclusion or that a court would sustain such a challenge.

If the spin-off, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, we and our stockholders could be subject to significant tax liabilities, and, in certain circumstances, the Company could be required to indemnify Sysorex for material taxes and other related amounts pursuant to indemnification obligations under the tax matters agreement.

If the spin-off, together with certain related transactions, fails to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, in general, the Company would recognize taxable gain as if it had sold the Company's Common Stock in a taxable sale for its fair market value, and Inpixon stockholders who receive Sysorex shares in the spin-off would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares.

Under a tax matters agreement we expect to enter into with SGS in connection with the spin-off, we may be required to indemnify Sysorex for any taxes resulting from the spin-off (and any related costs and other damages) to the extent such amounts resulted from (i) actions or failures to act by us or (ii) any of the representations or undertakings made by us and contained in any of the spin-off -related agreements being incorrect or violated. Any such indemnity obligations could be material.

The Company may not be able to preserve the tax-free treatment if it engages in desirable strategic or capital-raising transactions following the separation.

Under current law, a spin-off can be rendered taxable to the parent corporation and its stockholders as a result of certain post-spin-off acquisitions of shares or assets of the spun-off corporation. Therefore if we consummate certain strategic or capital raising transactions following the spin-off it is possible that we may not be able to preserve the tax-free treatment of the separation and distribution. For example, if we (i) enter into any transaction pursuant to which all or a portion of the shares of our Common Stock would be acquired, whether by merger or otherwise, (ii) issue equity securities beyond certain thresholds, (iii) repurchase shares of our Common Stock other than in certain open-market transactions, or (iv) cease to actively conduct certain of our businesses, the separation and distribution may fail to qualify for tax-free treatment.

Risks Related to Our Securities

Our Common Stock may be delisted from the Nasdaq Capital Market if we cannot satisfy Nasdaq's continued listing requirements in the future.

On May 17, 2018, we received a deficiency letter from 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).

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we have been provided a period of 180 calendar days, or until November 13, 2018, in which to regain compliance. In order to regain compliance with the minimum bid price requirement, the closing bid price of our Common Stock must be at least $1.00 per share for a minimum of ten consecutive business days during this 180-day period. In the event that we do not regain compliance within this 180-day period, we may be eligible to seek an additional compliance period of 180 calendar days if we meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for the Nasdaq Capital Market, with the exception of the bid price requirement, and provide written notice to Nasdaq of our intent to cure the deficiency during this second compliance period, by effecting a reverse stock split, if necessary. However, if it appears to the Nasdaq Staff that we will not be able to cure the deficiency, or if we are otherwise not eligible, Nasdaq will provide notice to us that our Common Stock will be subject to delisting.

The notice does not result in the immediate delisting of the Company's Common Stock from the Nasdaq Capital Market. The Company intends to monitor the closing bid price of the Company's Common Stock and consider its available options in the event that the closing bid price of the Company's Common Stock remains below $1.00 per share. There can be no assurance that the Company will be able to regain compliance with the minimum bid price requirement or maintain compliance with the other listing requirements. As of the date of this report we have not regained compliance. There can be no assurance that we would pursue a reverse stock split or be able to obtain the approvals necessary to effect a reverse stock split. In addition, there can be no assurance that, following any reverse stock split, the per share trading price of our Common Stock would remain above $1.00 per share or that we would be able to continue to meet other listing requirements. If our Common Stock is delisted, market liquidity for our Common Stock could be severely affected and our stockholders' ability to sell their shares of our Common Stock could be limited. A delisting of our Common Stock from Nasdaq would negatively affect the value of our Common Stock. A delisting of our Common Stock could also adversely affect our ability to obtain financing for our operations and could result in the loss of confidence in our company.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

a) Sales of Unregistered Securities

None.

c) Issuer Purchases of Equity Securities

None.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosure

Not applicable.

Item 5. Other Information

The information set forth below is included herein for the purpose of providing the disclosure required under "Item 1.01 – Entry into a Material Definitive Agreement" of Form 8-K.

Entry into Agreements Related to the Spin-off of Sysorex, Inc.

On August 7, 2018, Inpixon (the "Company") entered into a Separation and Distribution Agreement (the "Separation Agreement") with its wholly-owned subsidiary, Sysorex, Inc. ("Sysorex") governing the proposed separation (the "Spin-off") of the VAR business from its IPA business. The Spin-off will also governed by a Tax Matters Agreement, an Employee Matters Agreement and a Transition Services Agreement, each between the Company and Sysorex to be entered into prior to completion of the Spin-off (collectively with the Separation Agreement, the "Spin-off Documents").

The Separation Agreement

The Separation Agreement incorporates a step plan which provides for the transfer of entities, assets and liabilities at the effective time on the date of the Spin-off pursuant to which (i) the Company will contribute to Sysorex all of the outstanding equity interests of the Sysorex subsidiary entities, (ii) the Company will contribute to Sysorex $2 million in cash (which amount shall be reduced by the aggregate amount of certain operating and other expenses of Sysorex that have been or will be satisfied by the Company from June 30, 2018 through the date of the Spin-off), (iii) the Company will transfer certain assets to Sysorex and Sysorex will assume certain of the Company's liabilities and (iv) Sysorex will contribute to the Company certain assets and liabilities related to the Company's indoor positioning analytics business.

One share of Sysorex common stock for every three shares of the Company's common stock outstanding or issuable upon complete conversion of the preferred stock or exercise of certain warrants outstanding as of the record date will be distributed as a stock dividend to holders of the Company's common stock, preferred stock and certain warrants of record as of August 21, 2018 (the "Record Date"). Holders of stock options and other awards under the Company's equity plans will participate in the Spin-off in accordance with the Employee Matters Agreement (described below) and the terms of such securities. At the election of the Company, fractional shares of Sysorex common stock that you would have received after application of the above ratio will be either rounded up to the nearest whole share or, assuming a trading market exists for Sysorex's common stock, the fractional shares will be aggregated into whole shares, the whole shares will be sold in the open market at prevailing market prices and the aggregate net cash proceeds of the sales will be distributed pro rata to each holder who otherwise would have been entitled to receive a fractional share in the distribution.

The Separation Agreement provides for the transfer by the Company to Sysorex of assets relating to the VAR business and the assumption by Sysorex of liabilities relating to the VAR business at the effective time of the Spin-off.

Conditions to the Spin-off

The obligation of the Company to complete the Spin-off is conditioned upon the fulfillment at or prior to the Spin-off of the following conditions:

- the transfer of assets and liabilities to Sysorex and the Company, respectively, in accordance with the Separation Agreement will have been completed;
- an independent appraisal firm acceptable to the Company shall have delivered one or more opinions to the Company's board of directors confirming the solvency and financial viability of the Company before the completion of the Spin-off and each of the Company and Sysorex after completion of the Spin-off, and such opinions shall have been acceptable to the Company in form and substance and such opinions shall not have been withdrawn or rescinded;
- the registration statement of which the information statement forms a part will be declared effective, no stop order suspending the effectiveness of the registration statement will be in effect, no proceedings for such purpose will be pending before or threatened by the SEC and the information statement will have been mailed to the Company's stockholders;
- the Spin-off Documents will have been duly executed and delivered by the parties;

- all actions and filings necessary or appropriate under applicable U.S. federal, state or other securities laws will have been taken and, where applicable, will have become effective or been accepted by the applicable governmental authority;

- no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Spin-off will be in effect;

- no other event or development will have occurred or exist that, in the judgment of the Company's board of directors, in its sole discretion, makes it inadvisable to effect the Spin-off.

Mutual Releases and Indemnification

The Separation Agreement provides that Sysorex and its affiliates will release and discharge the Company and its affiliates from all liabilities assumed by Sysorex as part of the Spin-off, from all acts and events occurring or failing to occur, and all conditions existing, on or before the distribution date relating to Sysorex's business, and from all liabilities existing or arising in connection with the implementation of the Spin-off, except as expressly set forth in the Separation Agreement. The Company and its affiliates will release and discharge Sysorex and its affiliates from all liabilities retained by the Company and its affiliates as part of the Spin-off and from all liabilities existing or arising in connection with the implementation of the Spin-off, except as expressly set forth in the Separation Agreement.

These releases will not extend to obligations or liabilities under any agreements between the parties that remain in effect following the Spin-off, which agreements include, but are not limited to, the Spin-off Documents.

Expenses

Except as expressly set forth in the Spin-off Documents, the Company will be responsible for payment of all out-of-pocket fees, costs and expenses incurred in connection with the Spin-off prior to the effective time of the Spin-off, including costs and expenses relating to legal and tax counsel, financial advisors and accounting advisory work related to the Spin-off. Except as expressly set forth in the Spin-off Documents, or as otherwise agreed in writing by the Company and Sysorex, all such fees, costs and expenses incurred in connection with the Spin-off after the effective time of the Spin-off will be paid by the party incurring such fee, cost or expense.

Other Matters

Other matters governed by the Separation Agreement include access to financial and other information, confidentiality, access to and provision of witnesses and records and treatment of outstanding guarantees.

Termination

The Separation Agreement provides that it may be terminated, and the Spin-off may be abandoned, at any time prior to the effective time of the Spin-off in the sole discretion of the Company without the approval of any person, including the stockholders of the Company or Sysorex. In the event of a termination of the Separation Agreement, no party, nor any of its directors or officers, will have any liability of any kind to the other party or any other person. After the effective time of the Spin-off, the Separation Agreement may not be terminated except by an agreement in writing signed by both the Company and Sysorex.

The Tax Matters Agreement

Prior to the distribution, the Company and Sysorex will enter into a Tax Matters Agreement which sets out the respective rights, responsibilities, and obligations of the Company and Sysorex with respect to taxes (including taxes arising in the ordinary course of business and taxes incurred as a result of the Spin-off), tax attributes, tax returns, tax contests and certain other related tax matters.

The Tax Matters Agreement allocates responsibility for the preparation and filing of certain tax returns (and the payment of taxes reflected thereon), including the Company's consolidated federal income tax return, tax returns associated with both the indoor positioning analytics business and the VAR business, and provides for certain reimbursements by the parties.

Under the Tax Matters Agreement, the Company will generally be liable for its own taxes and taxes of all of its subsidiaries (other than Sysorex and any Sysorex subsidiary, the taxes for which Sysorex shall be liable) for all tax periods (or portion thereof) ending on the date of the completion of the Spin-off. Sysorex, however, will be responsible for its taxes and for taxes of its subsidiaries, for taxes attributable to the VAR business (taking into account the availability of net operating losses to offset taxable income from the Spin-off and such related transactions). Sysorex will bear liability for any transfer taxes incurred in the Spin-off and certain related transactions.

Employee Matters Agreement

Prior to the distribution, the Company and Sysorex will enter into an Employee Matters Agreement to allocate liabilities and responsibilities relating to employment matters, employee compensation and benefits arrangements and other related matters in connection with the Spin-off.

The Employee Matters Agreement provides that, unless otherwise specified, the Company will be responsible for liabilities associated with employees who will be employed by the Company following the Spin-off, and former employees of the Company whose liabilities are not allocated to Sysorex (collectively, the "Inpixon allocated employees"), and Sysorex will be responsible for liabilities associated with employees who will be employed by Sysorex following the Spin-off, former employees of the Company whose last employment was with the VAR business and certain specified former employees (collectively, the "Sysorex allocated employees").

Sysorex allocated employees will be eligible to participate in Sysorex benefit plans in accordance with the terms and conditions of the Sysorex plans as in effect from time to time. Since many of the existing welfare benefit arrangements are offered by Sysorex, the Company will agree to offer to employees that it will retain welfare benefits that are substantially the same as those provided by Sysorex to Inpixon allocated employees immediately prior to the distribution. The Company also provides its employees with a 401(k) retirement plan. Sysorex intends to provide its employees with a 401(k) retirement plan, although the terms of any such plan may vary from the plan provided by the Company. Generally and subject to certain exceptions, the Company will credit each Inpixon allocated employee with his or her service prior to the distribution for all purposes under the Company's benefit plans to the same extent such service was recognized by Sysorex for similar purposes and so long as such crediting does not result in a duplication of benefits.

The Employee Matters Agreement will also include provisions relating to cooperation between the two companies on matters relating to employees and employee benefits and other administrative provisions.

Transition Services Agreement

Prior to the distribution, the Company and Sysorex will enter into a Transition Services Agreement which sets out the respective rights, responsibilities, and obligations of each party with respect to certain support services to be provided by each other to one another after the Spin-off, as may be necessary to ensure the orderly transition under the Separation Agreement. The Company will provide various hosting and support services to Sysorex for up to 30 users at a price of $3,680 per month. These services include user authentication and permissions control through Active Directory, access to email and office productivity tools through an Office365 Enterprise 3 plan, hosting and access to Quotewerks, Great Plains and Unanet servers through a Remote Desktop Protocol gateway. The Company will also provide helpdesk support including remote support tools, system imaging and management, antivirus tools and basic network support. The pricing includes monthly subscription based licenses.

Any services provided beyond the services covered will be billed at a negotiated rate, which will not be less favorable than the rate the Company or Sysorex would have received for such service from a third party.

Under the Transition Services Agreement, the Company and Sysorex will agree to promptly take all steps to internalize the services being provided by acquiring their own staff or outsourcing such services to third parties.

The Transition Services Agreement will be effective upon the Spin-Off and will continue for a minimum term of one year, provided that the Company or Sysorex may terminate the Transition Services Agreement with respect to any or all services provided thereunder at any time upon 30 days prior written notice to the other party. Additionally, either party may renew or extend the term of the Transition Services Agreement with respect to the provision of any service which have not been previously terminated.

The descriptions of the Separation Agreement, the Tax Matters Agreement, the Employee Matters Agreement and the Transition Services Agreement contained in this Form 10-Q does not purport to be complete and is qualified in its entirety by reference to these agreements, which are filed as Exhibits 2.1, 10.10, 10.11 and 10.12 to this Form 10-Q and are incorporated herein by reference.

Item 6. Exhibits

See the Exhibit Index following the signature page to this Form 10-Q for a list of exhibits filed or furnished with this report, which Exhibit Index is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 13, 2018

INPIXON

By: /s/ Nadir Ali
Nadir Ali
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Wendy Loundermon
Wendy Loundermon
VP of Finance
(Principal Financial Officer)

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
2.1	Separation and Distribution Agreement, dated as of August 7, 2018, by and between the Company and Sysorex, Inc.					X
4.1	Form of Certificate of Designation of Preferences, Rights and Limitations of Series 4 Convertible Preferred Stock	8-K	001-36404	3.1	April 24, 2018	
4.2	Form of Warrant	8-K	001-36404	4.1	April 24, 2018	
4.3	Amendment No. 1 to the 2018 Employee Stock Incentive Plan	8-K	001-36404	4.1	May 18, 2018	
10.1	Form of Securities Purchase Agreement	8-K	001-36404	10.1	April 24, 2018	
10.2	Disclosure Schedules to Form of Securities Purchase Agreement	10-Q	001-36404	10.11	May 15, 2018	
10.3	Placement Agency Agreement, dated April 20, 2018, by and between Inpixon and ROTH Capital Partners, LLC	8-K	001-36404	10.2	April 24, 2018	
10.4	Form of Lock-Up Agreement	8-K	001-36404	10.3	April 24, 2018	
10.5	Amended and Restated Employment Agreement by and between the Company and Nadir Ali	10-Q	001-36404	10.14	May 15, 2018	
10.6	Form of Incentive Stock Option Agreement	8-K	001-36404	10.1	May 18, 2018	
10.7	Form of Non-Qualified Stock Option Agreement	8-K	001-36404	10.2	May 18, 2018	
10.8	Standstill Agreement	8-K	001-36404	10.1	May 25, 2018	
10.9	Amended Compensation Terms for Soumya Das					X
10.10	Form of Employee Matters Agreement to be entered into by and between the Company and Sysorex, Inc.					X
10.11	Form of Tax Matters Agreement to be entered into by and between the Company and Sysorex, Inc.					X
10.12	Form of Transition Services Agreement to be entered into by and between the Company and Sysorex, Inc.					X
31.1	Certification of the Company's Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018					X
31.2	Certification of the Company's Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018					X
32.1#	Certification of the Company's Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	XBRL Instant Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X

This certification is deemed not filed for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

Exhibit 2.1

SEPARATION AND DISTRIBUTION AGREEMENT

BY AND BETWEEN

INPIXON

AND

SYSOREX, INC.

DATED AS OF AUGUST 7, 2018

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SEPARATION AND DISTRIBUTION AGREEMENT

This SEPARATION AND DISTRIBUTION AGREEMENT, dated as of August 6, 2018 (this "Agreement"), is by and between Inpixon, a Nevada corporation ("Parent"), and Sysorex, Inc., a Nevada corporation ("Sysorex"). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in Article I.

RECITALS

WHEREAS, the board of directors of Parent (the "Parent Board") has determined that it is in the best interests of Parent and its stockholders to separate the Sysorex Business from the Parent Business (the "Separation") and, following the Separation, make a distribution on a pro rata basis, to holders on the Record Date of Parent Shares and Other Parent Securities, of all of the outstanding Sysorex Shares owned by Parent (the "Distribution");

WHEREAS, Sysorex and Parent have prepared, and Sysorex has filed with the SEC, the Form 10, which includes the Information Statement, and which sets forth disclosure concerning Sysorex, the Separation and the Distribution; and

WHEREAS, each of Parent and Sysorex has determined that it is appropriate and desirable to set forth the principal corporate transactions required to effect the Separation and the Distribution and certain other agreements that will govern certain matters relating to the Separation and the Distribution and the relationship of Parent, Sysorex and the members of their respective Groups following the Distribution.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS

For the purpose of this Agreement, the following terms shall have the following meanings:

"Action" shall mean any demand, action, claim, dispute, suit, countersuit, arbitration, inquiry, subpoena, proceeding or investigation of any nature (whether criminal, civil, legislative, administrative, regulatory, prosecutorial or otherwise) by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

"Affiliate" shall mean, when used with respect to a specified Person, a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified Person. For the purpose of this definition, "control" (including, with correlative meanings, "controlled by" and "under common control with"), when used with respect to any specified Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment, undertaking or otherwise. It is expressly agreed that, prior to, at and after the Effective Time, for purposes of this Agreement and the Ancillary Agreements, (a) no member of the Sysorex Group shall be deemed to be an Affiliate of any member of the Parent Group and (b) no member of the Parent Group shall be deemed to be an Affiliate of any member of the Sysorex Group.

"Agent" shall mean the entity duly appointed by Parent to act as distribution agent, transfer agent and registrar for the Sysorex Shares in connection with the Distribution.

"Agreement" shall have the meaning set forth in the Preamble.

"Ancillary Agreements" shall mean all agreements (other than this Agreement) entered into by the Parties or the members of their respective Groups (but as to which no Third Party is a party) in connection with the Separation, the Distribution, or the other transactions contemplated by this Agreement, including the Tax Matters Agreement, the Employee Matters Agreement, the Transition Services Agreement and the Transfer Documents.

"Approvals or Notifications" shall mean any consents, waivers, approvals, permits or authorizations to be obtained from, notices, registrations or reports to be submitted to, or other filings to be made with, any third Person, including any Governmental Authority.

"Arbitration Request" shall have the meaning set forth in Section 7.3(a).

"Assets" shall mean, with respect to any Person, the assets, properties, claims and rights (including goodwill) of such Person, wherever located (including in the possession of vendors or other third Persons or elsewhere), of every kind, character and description, whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of such Person, including rights and benefits pursuant to any contract, license, permit, indenture, note, bond, mortgage, agreement, concession, franchise, instrument, undertaking, commitment, understanding or other arrangement.

"Balance Sheet" shall have the meaning set forth in Section 2.9(f).

"CEO Negotiation Request" shall have the meaning set forth in Section 7.2.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Delayed Parent Asset" shall have the meaning set forth in Section 2.4(h).

"Delayed Parent Liability" shall have the meaning set forth in Section 2.4(h).

"Delayed Sysorex Asset" shall have the meaning set forth in Section 2.4(c).

"Delayed Sysorex Liability" shall have the meaning set forth in Section 2.4(c).

"Disclosure Document" shall mean any registration statement (including the Form 10) filed with the SEC by or on behalf of any Party or any member of its Group, and also includes any information statement (including the Information Statement), prospectus, offering memorandum, offering circular, periodic report or similar disclosure document, whether or not filed with the SEC or any other Governmental Authority, in each case that describes the Separation or the Distribution or the Sysorex Group or primarily relates to the transactions contemplated hereby.

"Dispute" shall have the meaning set forth in Section 7.1.

"Distribution" shall have the meaning set forth in the Recitals.

"Distribution Date" shall mean the date of the consummation of the Distribution, which shall be determined by the Parent Board in its sole and absolute discretion.

"Effective Time" shall mean 12:01 a.m., Eastern standard time, on the Distribution Date.

"Employee Matters Agreement" shall mean the Employee Matters Agreement to be entered into by and between Parent and Sysorex or the members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, as it may be amended from time to time.

"Environmental Law" shall mean any Law relating to pollution, protection or restoration of or prevention of harm to the environment or natural resources, including the use, handling, transportation, treatment, storage, disposal, Release or discharge of Hazardous Materials or the protection of or prevention of harm to human health and safety.

"Environmental Liabilities" shall mean all Liabilities relating to, arising out of or resulting from any Hazardous Materials, Environmental Law or contract or agreement relating to environmental, health or safety matters (including all removal, remediation or cleanup costs, investigatory costs, response costs, natural resources damages, property damages, personal injury damages, costs of compliance with any product take back requirements or with any settlement, judgment or other determination of Liability and indemnity, contribution or similar obligations) and all costs and expenses, interest, fines, penalties or other monetary sanctions in connection therewith.

"Exchange Act" shall mean the U.S. Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"Final Cash Balance" shall have the meaning set forth in Section 2.9(f).

"Force Majeure" shall mean, with respect to a Party, an event beyond the reasonable control of such Party (or any Person acting on its behalf), which event (a) does not arise or result from the fault or negligence of such Party (or any Person acting on its behalf) and (b) by its nature would not reasonably have been foreseen by such Party (or such Person), or, if it would reasonably have been foreseen, was unavoidable, and includes acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any significant and prolonged failure in electrical or air conditioning equipment. Notwithstanding the foregoing, the receipt by a Party of an unsolicited takeover offer or other acquisition proposal, even if unforeseen or unavoidable, and such Party's response thereto shall not be deemed an event of Force Majeure.

"Form 10" shall mean the registration statement on Form 10 filed by Sysorex with the SEC to effect the registration of Sysorex Shares pursuant to the Exchange Act in connection with the Distribution, as such registration statement may be amended or supplemented from time to time prior to the Distribution.

"GAAP" means United States generally accepted accounting principles, consistently applied.

"Governmental Approvals" shall mean any Approvals or Notifications to be made to, or obtained from, any Governmental Authority.

"Governmental Authority" shall mean any nation or government, any state, municipality or other political subdivision thereof, and any entity, body, agency, commission, department, board, bureau, court, tribunal or other instrumentality, whether federal, state, local, domestic, foreign or multinational, exercising executive, legislative, judicial, regulatory, administrative or other similar functions of, or pertaining to, a government and any executive official thereof.

"Group" shall mean either the Sysorex Group or the Parent Group, as the context requires.

"Hazardous Materials" shall mean any chemical, material, substance, waste, pollutant, emission, discharge, release or contaminant that could result in Liability under, or that is prohibited, limited or regulated by or pursuant to, any Environmental Law, and any natural or artificial substance (whether solid, liquid or gas, noise, ion, vapor or electromagnetic) that could cause harm to human health or the environment, including petroleum, petroleum products and byproducts, asbestos and asbestos-containing materials, urea formaldehyde foam insulation, electronic, medical or infectious wastes, polychlorinated biphenyls, radon gas, radioactive substances, chlorofluorocarbons and all other ozone-depleting substances.

"Indemnifying Party" shall have the meaning set forth in Section 4.4(a).

"Indemnitee" shall have the meaning set forth in Section 4.4(a).

"Indemnity Payment" shall have the meaning set forth in Section 4.4(a).

"Information Statement" shall mean the information statement to be made available to the holders of Parent Shares and Other Parent Securities in connection with the Distribution, as such information statement may be amended or supplemented from time to time prior to the Distribution.

"Information Technology" shall mean all hardware, computers, servers, workstations, routers, hubs, switches, data communication lines, network and telecommunications equipment, Internet-related information technology infrastructure, and other information technology equipment, in each case, other than Software.

"Insurance Proceeds" shall mean those monies: (i) received by an insured from an insurance carrier or (ii) paid by an insurance carrier on behalf of the insured, in any such case net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments) and net of any costs or expenses incurred in the collection thereof; provided, however, that with respect to a captive insurance arrangement, Insurance Proceeds shall only include amounts received by the captive insurer in respect of any reinsurance arrangement.

"Intellectual Property" shall mean all of the following whether arising under the Laws of the United States (or any state or other jurisdiction thereof) or of any other foreign or multinational jurisdiction: (a) patents, (b) trademarks, (c) copyrights, (d) any other intellectual property rights arising from or in respect of any Technology or Software, and (e) any claims for damages by reason of past infringement, misappropriation, or other unauthorized use of any of the foregoing, with the right to sue for and collect the same.

"Law" shall mean any national, supranational, federal, state, provincial, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any Tax treaty), license, permit, authorization, approval, consent, decree, injunction, binding judicial or administrative interpretation or other requirement, in each case, enacted, promulgated, issued or entered by a Governmental Authority.

"Liabilities" shall mean all debts, guarantees, assurances, commitments, liabilities, responsibilities, Losses, remediation, deficiencies, damages, fines, penalties, settlements, sanctions, costs, expenses, interest and obligations of any nature or kind, whether accrued or fixed, absolute or contingent, matured or unmatured, accrued or not accrued, asserted or unasserted, liquidated or unliquidated, foreseen or unforeseen, known or unknown, reserved or unreserved, or determined or determinable, including those arising under any Law, claim (including any Third-Party Claim), demand, Action, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority or arbitration tribunal, and those arising under any contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment or undertaking, or any fines, damages or equitable relief that is imposed, in each case, including all costs and expenses relating thereto.

"Losses" shall mean actual losses (including any diminution in value), costs, damages, penalties and expenses (including legal and accounting fees and expenses and costs of investigation and litigation), whether or not involving a Third-Party Claim.

"Nasdaq" shall mean the Nasdaq Capital Market.

"Offer Negotiation Request" shall have the meaning set forth in Section 7.1.

"Other Parent Securities" shall mean the other outstanding securities of the Parent described on Schedule 1.2 which are entitled to participate in the distribution of the Sysorex Shares on a pro rata basis together with the holders of Parent Shares as of the Record Date.

"Parent" shall have the meaning set forth in the Preamble.

"Parent Accounts" shall have the meaning set forth in Section 2.9(a).

"Parent Assets" shall have the meaning set forth in Section 2.2(b).

"Parent Board" shall have the meaning set forth in the Recitals.

"Parent Business" shall mean the indoor positioning analytics business and all other businesses, operations and activities conducted at any time prior to the Effective Time by either Party or any member of its Group, other than the Sysorex Business.

"Parent Group" shall mean Parent and each Person that is a Subsidiary of Parent (other than Sysorex and any other member of the Sysorex Group).

"Parent Indemnitees" shall have the meaning set forth in Section 4.2.

"Parent Liabilities" shall have the meaning set forth in Section 2.3(b).

"Parent Name and Parent Marks" shall mean the names, marks, trade dress, logos, monograms, domain names and other source or business identifiers of either Party or any member of its Group that (a) use or contain "Inpixon," "AirPatrol," "ZoneAware," "ZoneDefense," "Shoom" and "LightMiner" (including any stylized versions or design elements thereof) or (b) otherwise identify Parent as a whole, either alone or in combination with other words or elements, and all names, marks, trade dress, logos, monograms, domain names and other source or business identifiers confusingly similar to or embodying any of the foregoing, either alone or in combination with other words or elements, together with (y) any common law rights in and to any of the foregoing, any registrations or applications for registration of any of the foregoing, any rights in and to any of the foregoing provided by international treaties or conventions, and any reissues, extensions or renewals of any of the foregoing and (z) the goodwill associated with any of the foregoing.

"Parent Shares" shall mean shares of Parent common stock, par value $0.001 per share.

"Parties" or the singular "Party" shall mean the parties or a party to this Agreement.

"Permits" shall mean permits, approvals, authorizations, consents, licenses or certificates issued by any Governmental Authority.

"Person" shall mean an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity and any Governmental Authority.

"Policies" shall mean insurance policies and insurance contracts of any kind, including but not limited to property, excess and umbrella, commercial general liability, director and officer liability, fiduciary liability, cyber technology professional liability, libel liability, employment practices liability, automobile, aircraft, marine, workers' compensation and employers' liability, employee dishonesty/crime/fidelity, foreign, bonds and self-insurance and captive insurance company arrangements, together with the rights, benefits, privileges and obligations thereunder.

"Prime Rate" shall mean the rate that Bloomberg displays as "Prime Rate by Country United States" or "Prime Rate By Country US-BB Comp" at http://www.bloomberg.com/quote/PRIME:IND.

"Privileged Information" shall mean any information, in written, oral, electronic or other tangible or intangible forms, including without limitation any communications by or to attorneys (including attorney-client privileged communications), memoranda and other materials protected by the work product doctrine, as to which a Party or any member of its Group would be entitled to assert or have asserted a privilege or other protection, including the attorney-client and work product privileges.

"Real Property Leases" shall mean all leases to real property and, to the extent covered by such leases, any and all buildings, structures, improvements and fixtures located thereon.

"Record Date" shall mean the close of business on the date to be determined by the Parent Board as the record date for determining holders of Parent Shares and Other Parent Securities entitled to receive Sysorex Shares pursuant to the Distribution.

"Record Holders" shall mean the holders of record of Parent Shares and holders of Other Parent Securities as of the Record Date.

"Release" shall mean any release, spill, emission, discharge, leaking, pumping, pouring, dumping, injection, deposit, disposal, dispersal, leaching or migration of Hazardous Materials into the environment (including, ambient air, surface water, groundwater and surface or subsurface strata).

"Representatives" shall mean, with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants, attorneys or other representatives.

"Reserve" shall have the meaning set forth in Section 3.4(c).

"Reserve Shares" shall have the meaning set forth in Section 3.4(c).

"SEC" shall mean the U.S. Securities and Exchange Commission.

"Section 1542" shall have the meaning set forth in Section 4.1(c).

"Security Interest" shall mean any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance of any nature whatsoever.

"Separation" shall have the meaning set forth in the Recitals.

"Shared Contract" shall have the meaning set forth in Section 2.8(a).

"Shared Liabilities" shall mean the liabilities set forth on Schedule 1.5.

"Software" shall mean any and all (a) computer programs, including any and all software implementation of algorithms, models and methodologies, whether in source code, object code, human readable form or other form, (b) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (c) descriptions, flow charts and other work products used to design, plan, organize and develop any of the foregoing, (d) screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons and (e) documentation, including user manuals and other training documentation, relating to any of the foregoing.

"Straddle Period" shall have the meaning set forth in Section 2.12.

"Subsidiary" shall mean, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) beneficially owns, either directly or indirectly, more than 50% of (i) the total combined voting power of all classes of voting securities, (ii) the total combined equity interests or (iii) the capital or profit interests, in the case of a partnership, or (b) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

"Sysorex" shall have the meaning set forth in the Preamble.

"Sysorex Accounts" shall have the meaning set forth in Section 2.9(a).

"Sysorex Assets" shall have the meaning set forth in Section 2.2(a).

"Sysorex Balance Sheet" shall mean the pro forma combined balance sheet of the Sysorex Business, including any notes and subledgers thereto, as of June 30, 2018, as presented in the Information Statement mailed to the Record Holders.

"Sysorex Business" shall mean the business, operations and activities of Sysorex as a value added reseller of intellectual technology solutions and services to both the commercial, or public, sector and to the government sector.

"Sysorex Bylaws" shall mean the Bylaws of Sysorex, substantially in the form of Exhibit B.

"Sysorex Articles of Incorporation" shall mean the Articles of Incorporation of Sysorex, substantially in the form of Exhibit A.

"Sysorex Contracts" shall mean the following contracts and agreements to which either Party or any member of its Group is a party or by which it or any member of its Group or any of their respective Assets is bound, whether or not in writing; provided that Sysorex Contracts shall not include any contract or agreement that is contemplated to be retained by Parent or any member of the Parent Group from and after the Effective Time pursuant to any provision of this Agreement or any Ancillary Agreement:

(a) (i) any customer, reseller, distributor or development contract or agreement entered into prior to the Effective Time exclusively related to the Sysorex Business and (ii) with respect to any customer, reseller, distributor or development contract or agreement entered into prior to the Effective Time that relates to the Sysorex Business but is not exclusively related to the Sysorex Business, that portion of any such contract or agreement that primarily relates to the Sysorex Business;

(b) (i) any supply or vendor contract or agreement entered into prior to the Effective Time exclusively related to the Sysorex Business and (ii) with respect to any supply or vendor contract or agreement entered into prior to the Effective Time that relates to the Sysorex Business but is not exclusively related to the Sysorex Business, that portion of any such contract or agreement that primarily relates to the Sysorex Business;

(c) any joint venture or partnership contract or agreement that relates primarily to the Sysorex Business as of the Effective Time;

(d) any guarantee, indemnity, representation, covenant, warranty or other Liability of either Party or any member of its Group in respect of any other Sysorex Contract, any Sysorex Liability or the Sysorex Business;

(e) any proprietary information and inventions agreement or similar Intellectual Property assignment or license agreement with any current or former Sysorex Group employee, Parent Group employee, consultant of the Sysorex Group or consultant of the Parent Group, in each case entered into prior to the Effective Time (i) that is exclusively related to the Sysorex Business or (ii) if not exclusively related to the Sysorex Business, that portion of any such agreement that primarily relates to the Sysorex Business;

(f) any contract or agreement that is expressly contemplated pursuant to this Agreement or any of the Ancillary Agreements to be assigned to, or be a contract or agreement in the name of, Sysorex or any member of the Sysorex Group;

(g) any interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements exclusively related to the Sysorex Business;

(h) any credit or other financing agreement entered into by Sysorex and/or any member of the Sysorex Group in connection with the Separation;

(i) any contract or agreement entered into in the name of, or expressly on behalf of, any division, business unit or member of the Sysorex Group;

(j) any other contract or agreement exclusively related to the Sysorex Business or Sysorex Assets;

(k) Sysorex Leases; and

(l) any contracts, agreements or settlements set forth on Schedule 1.3, including the right to recover any amounts under such contracts, agreements, leases or settlements.

"Sysorex Designees" shall mean any and all entities (including corporations, general or limited partnerships, trusts, joint ventures, unincorporated organizations, limited liability entities or other entities) designated by Parent that will be members of the Sysorex Group as of immediately prior to the Effective Time.

"Sysorex Group" shall mean (a) prior to the Effective Time, Sysorex and each Person that will be a Subsidiary of Sysorex as of immediately after the Effective Time, including the Transferred Entities, even if, prior to the Effective Time, such Person is not a Subsidiary of Sysorex; and (b) on and after the Effective Time, Sysorex and each Person that is a Subsidiary of Sysorex.

"Sysorex Indemnitees" shall have the meaning set forth in Section 4.3.

"Sysorex Leases" shall mean the real property leases to which Sysorex or a member of the Sysorex Group is party as of the Effective Time set forth on Schedule 1.4.

"Sysorex Liabilities" shall have the meaning set forth in Section 2.3(a).

"Sysorex Name and Sysorex Marks" shall mean the names, marks, trade dress, logos, monograms, domain names and other source or business identifiers of either Party or any member of its Group that (a) use or contain "Sysorex" (including any stylized versions or design elements thereof) or (b) otherwise identify Sysorex as a whole, either alone or in combination with other words or elements, and all names, marks, trade dress, logos, monograms, domain names and other source or business identifiers confusingly similar to or embodying any of the foregoing, either alone or in combination with other words or elements, together with (y) any common law rights in and to any of the foregoing, any registrations or applications for registration of any of the foregoing, any rights in and to any of the foregoing provided by international treaties or conventions, and any reissues, extensions or renewals of any of the foregoing and (z) the goodwill associated with any of the foregoing.

"Sysorex Operating Activities" shall mean those activities attributable to Sysorex as described in the Information Statement made available to the Record Holders prior to the Distribution Date.

"Sysorex Permits" shall mean all Permits owned or licensed by either Party or any member of its Group primarily used or primarily held for use in the Sysorex Business as of the Effective Time.

"Sysorex Shares" shall mean shares of Sysorex common stock, par value $0.00001 per share.

"Tangible Information" shall mean information that is contained in written, electronic or other tangible forms.

"Tax" shall have the meaning set forth in the Tax Matters Agreement.

"Tax Matters Agreement" shall mean the Tax Matters Agreement to be entered into by and between Parent and Sysorex in connection with the Separation, the Distribution and the other transactions contemplated by this Agreement, as it may be amended from time to time.

"Tax Return" shall have the meaning set forth in the Tax Matters Agreement.

"Technology" shall mean all technology, know-how and information, including sales methodologies and processes, training protocols and similar methods and processes, algorithms, APIs, apparatus, circuit designs and assemblies, gate arrays, net lists, test vectors, diagrams, models, formulae, inventions, discoveries, innovations, products, services, ideas, concepts, designs, drawings, methods, network configurations and architectures, processes, confidential or proprietary information, trade secrets, protocols, schematics, specifications, subroutines, techniques, URLs, web sites, works of authorship and other forms of technology, in each case whether or not patentable, copyrightable or otherwise registerable, whether or not embodied in any tangible form and including all tangible embodiments of any of the foregoing, including documents, reports, records, instruction manuals, laboratory notebooks, prototypes, samples, surveys, studies and summaries; provided, however, that Technology shall not include any Software.

"Third Party" shall mean any Person other than the Parties or any members of their respective Groups.

"Third-Party Claim" shall have the meaning set forth in Section 4.5(a).

"Transaction Accounting Principles" means GAAP applied on a basis consistent with the accounting principles, practices, methodologies and policies used in preparing the Sysorex Balance Sheet.

"Transfer Documents" shall have the meaning set forth in Section 2.1(b).

"Transferred Entities" shall mean the entities set forth on Schedule 1.1.

"Transition Services Agreement" shall mean the Transition Services Agreement to be entered into by and between Parent and Sysorex in connection with the Separation, the Distribution and the other transactions contemplated by this Agreement, as it may be amended from time to time.

"Unreleased Parent Liability" shall have the meaning set forth in Section 2.5(b)(ii).

"Unreleased Sysorex Liability" shall have the meaning set forth in Section 2.5(a)(ii).

ARTICLE II

THE SEPARATION

2.1 Transfer of Assets and Assumption of Liabilities.

(a) On or prior to the Effective Time, but in any case prior to the Distribution:

(i) Transfer and Assignment of Sysorex Assets. Parent shall, and shall cause the applicable members of its Group to, contribute, assign, transfer, convey and deliver to Sysorex, or the applicable Sysorex Designees, and Sysorex or such Sysorex Designees shall accept from Parent and the applicable members of the Parent Group, all of Parent's and such Parent Group member's respective direct or indirect right, title and interest in and to all of the Sysorex Assets (it being understood that if any Sysorex Asset shall be held by a Transferred Entity or a wholly owned Subsidiary of a Transferred Entity, such Sysorex Asset may be assigned, transferred, conveyed and delivered to Sysorex as a result of the transfer of all of the equity interests in such Transferred Entity from Parent or the applicable members of the Parent Group to Sysorex or the applicable Sysorex Designee);

(ii) Acceptance and Assumption of Sysorex Liabilities. Sysorex and the applicable Sysorex Designees shall accept, assume and agree faithfully to perform, discharge and fulfill all the Sysorex Liabilities, as described in Section 2.3(a) below, including Sysorex Liabilities held by Parent or any Parent Designee, and Sysorex and the applicable members of the Sysorex Group shall be responsible for all Sysorex Liabilities in accordance with their respective terms (it being understood that if any Sysorex Liability is a liability of a Transferred Entity or a wholly owned Subsidiary of a Transferred Entity, such Sysorex Liability may be assumed by Sysorex as a result of the transfer of all of the equity interests in such Transferred Entity from Parent or the applicable members of the Parent Group to Sysorex or the applicable Sysorex Designee). Sysorex and such Sysorex Designees shall be responsible for all Sysorex Liabilities, regardless of when or where such Sysorex Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Effective Time, regardless of where or against whom such Sysorex Liabilities are asserted or determined (including any Sysorex Liabilities arising out of claims made by Parent's or Sysorex's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the Parent Group or the Sysorex Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the Parent Group or the Sysorex Group, or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates;

(iii) Transfer and Assignment of Parent Assets. Parent and Sysorex shall cause Sysorex and the Sysorex Designees to contribute, assign, transfer, convey and deliver to Parent or certain members of the Parent Group designated by Parent, and Parent or such other members of the Parent Group shall accept from Sysorex and the Sysorex Designees, all of Sysorex's and such Sysorex Designees' respective direct or indirect right, title and interest in and to all Parent Assets held by Sysorex or a Sysorex Designee; and

(iv) Acceptance and Assumption of Parent Liabilities. Parent and certain of members of the Parent Group designated by Parent shall accept and assume and agree faithfully to perform, discharge and fulfill all of the Parent Liabilities, as described in Section 2.3(b) below, including Parent Liabilities held by Sysorex or any Sysorex Designee, and Parent and the applicable members of the Parent Group shall be responsible for all Parent Liabilities in accordance with their respective terms, regardless of when or where such Parent Liabilities arose or arise, whether the facts on which they are based occurred prior to or subsequent to the Effective Time, where or against whom such Parent Liabilities are asserted or determined (including any such Parent Liabilities arising out of claims made by Parent's or Sysorex's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the Parent Group or the Sysorex Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the Parent Group or the Sysorex Group, or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates.

(b) Transfer Documents. In furtherance of the contribution, assignment, transfer, conveyance and delivery of the Assets and the assumption of the Liabilities in accordance with Section 2.1(a), (i) each Party shall execute and deliver, and shall cause the applicable members of its Group to execute and deliver, to the other Party, such bills of sale, quitclaim deeds, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of such Party's and the applicable members of its Group's right, title and interest in and to such Assets to the other Party and the applicable members of its Group in accordance with Section 2.1(a), and (ii) each Party shall execute and deliver, and shall cause the applicable members of its Group to execute and deliver, to the other Party, such assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Liabilities by such Party and the applicable members of its Group in accordance with Section 2.1(a). All of the foregoing documents contemplated by this Section 2.1(b) shall be referred to collectively herein as the "Transfer Documents." The Transfer Documents shall effect certain of the transactions contemplated by this Agreement and, notwithstanding anything in this Agreement to the contrary, shall not expand or limit any of the obligations, covenants or agreements in this Agreement. It is expressly agreed that in the event of any conflict between the terms of the Transfer Documents and the terms of this Agreement or the Tax Matters Agreement, the terms of this Agreement or the Tax Matters Agreement, as applicable, shall control.

(c) Misallocations. In the event that at any time or from time to time (whether prior to, at or after the Effective Time), one Party (or any member of such Party's Group) shall receive or otherwise possess any Asset that is allocated to the other Party (or any member of such Party's Group) pursuant to this Agreement or any Ancillary Agreement, such Party shall promptly transfer, or cause to be transferred, such Asset to the Party so entitled thereto (or to any member of such Party's Group), and such Party (or member of such Party's Group) shall accept such Asset. Prior to any such transfer, the Person receiving or possessing such Asset shall hold such Asset in trust for such other Person. In the event that at any time or from time to time (whether prior to, at or after the Effective Time), one Party hereto (or any member of such Party's Group) shall be liable for or otherwise assume any Liability that is allocated to the other Party (or any member of such Party's Group) pursuant to this Agreement or any Ancillary Agreement, such other Party shall promptly assume, or cause to be assumed, such Liability and agree to faithfully perform such Liability.

(d) Intentionally omitted.

(e) Intellectual Property Rights.

(i) If and to the extent that, as a matter of Law in any jurisdiction, Parent or the applicable members of its Group cannot assign, transfer or convey any of Parent's or such Parent Group members' respective direct or indirect right, title and interest in and to any Technology, Software or Intellectual Property included in the Sysorex Assets, then, to the extent possible, Parent shall, and shall cause the applicable members of its Group to, irrevocably grant to Sysorex, or the applicable Sysorex Designees, an exclusive, irrevocable, assignable, transferable, sublicenseable, worldwide, perpetual, royalty-free license to use, exploit and commercialize in any manner now known or in the future discovered and for whatever purpose, any such right, title or interest.

(ii) If and to the extent that, as a matter of Law in any jurisdiction, Sysorex or the applicable members of its Group cannot assign, transfer or convey any of Sysorex's or such Sysorex Group members' respective direct or indirect right, title and interest in and to any Technology, Software or Intellectual Property included in the Parent Assets, then, to the extent possible, Sysorex shall, and shall cause the applicable members of its Group to, irrevocably grant to Parent, or the applicable Parent Designees, an exclusive, irrevocable, assignable, transferable, sublicenseable, worldwide, perpetual, royalty-free license to use, exploit and commercialize in any manner now known or in the future discovered and for whatever purpose, any such right, title or interest.

2.2 Sysorex Assets; Parent Assets.

(a) Sysorex Assets. For purposes of this Agreement, "Sysorex Assets" shall mean:

(i) all issued and outstanding capital stock or other equity interests of the Transferred Entities that are owned by either Party or any members of its Group as of the Effective Time;

(ii) all Assets of either Party or any members of its Group included or reflected as assets of the Sysorex Group on the Sysorex Balance Sheet, subject to any dispositions of such Assets subsequent to the date of the Sysorex Balance Sheet; provided that the amounts set forth on the Sysorex Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of Sysorex Assets pursuant to this clause (ii);

(iii) all Assets of either Party or any of the members of its Group as of the Effective Time that are of a nature or type that would have resulted in such Assets being included as Assets of Sysorex or members of the Sysorex Group on a pro forma combined balance sheet of the Sysorex Group or any notes or subledgers thereto as of the Effective Time (were such balance sheet, notes and subledgers to be prepared on a basis consistent with the determination of the Assets included on the Sysorex Balance Sheet), it being understood that (y) the Sysorex Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Assets that are included in the definition of Sysorex Assets pursuant to this clause (iii); and (z) the amounts set forth on the Sysorex Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of Sysorex Assets pursuant to this clause (iii);

(iv) all Assets of either Party or any of the members of its Group as of the Effective Time that are expressly provided by any provision of this Agreement or any Ancillary Agreement as Assets to be transferred to or owned by Sysorex or any other member of the Sysorex Group;

(v) all Sysorex Contracts as of the Effective Time and all rights, interests or claims of either Party or any of the members of its Group thereunder as of the Effective Time;

(vi) all Sysorex Permits as of the Effective Time and all rights, interests or claims of either Party or any of the members of its Group thereunder as of the Effective Time;

(vii) to the extent not already identified in clauses (i) through (vi) of this Section 2.2(a), all Assets of either Party or any of the members of its Group as of the Effective Time that are exclusively used or exclusively held for use in the Sysorex Business; and

(viii) any and all Assets set forth on Schedule 2.2(a)(viii).

Notwithstanding the foregoing, the Sysorex Assets shall not in any event include any Asset referred to in clauses (i) through (vi) of Section 2.2(b).

(b) Parent Assets. For the purposes of this Agreement, "Parent Assets" shall mean all Assets of either Party or the members of its Group as of the Effective Time, other than the Sysorex Assets. Notwithstanding anything herein to the contrary, the Parent Assets shall include:

(i) all Assets that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Assets to be retained by Parent or any other member of the Parent Group;

(ii) all contracts and agreements of either Party or any of the members of its Group as of the Effective Time (other than the Sysorex Contracts);

(iii) all Permits of either Party or any of the members of its Group as of the Effective Time (other than the Sysorex Permits);

(iv) all cash and cash equivalents of either Party or any of the members of its Group as of the Effective Time that are not designated as Sysorex Assets;

(v) the Parent Name and Parent Marks; and

(vi) any and all Assets set forth on Schedule 2.2(b)(vi).

2.3 Sysorex Liabilities; Parent Liabilities.

(a) Sysorex Liabilities. For the purposes of this Agreement, "Sysorex Liabilities" shall mean the following Liabilities of either Party or any of the members of its Group:

(i) all Liabilities included or reflected as liabilities or obligations of Sysorex or the members of the Sysorex Group on the Sysorex Balance Sheet, subject to any discharge of such Liabilities subsequent to the date of the Sysorex Balance Sheet; provided that the amounts set forth on the Sysorex Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of Sysorex Liabilities pursuant to this clause (i);

(ii) all Liabilities as of the Effective Time that are of a nature or type that would have resulted in such Liabilities being included or reflected as liabilities or obligations of Sysorex or the members of the Sysorex Group on a pro forma combined balance sheet of the Sysorex Group or any notes or subledgers thereto as of the Effective Time (were such balance sheet, notes and subledgers to be prepared on a basis consistent with the determination of the Liabilities included on the Sysorex Balance Sheet), it being understood that (x) the Sysorex Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Liabilities that are included in the definition of Sysorex Liabilities pursuant to this clause (ii); and (y) the amounts set forth on the Sysorex Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of Sysorex Liabilities pursuant to this clause (ii);

(iii) all Liabilities relating to, arising out of or resulting from the actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to, at or after the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent that such Liabilities relate to, arise out of or result from the Sysorex Business or a Sysorex Asset, other than Shared Liabilities;

(iv) any and all Liabilities that are expressly provided by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be assumed by Sysorex or any other member of the Sysorex Group, and all agreements, obligations and Liabilities of any member of the Sysorex Group under this Agreement or any of the Ancillary Agreements;

(v) any and all Liabilities relating to, arising out of or resulting from the Sysorex Contracts, or the Sysorex Permits, other than Shared Liabilities;

(vi) any and all Liabilities set forth on Schedule 2.3(a); and

(vii) all Liabilities arising out of claims made by any Third Party (including Parent's or Sysorex's respective directors, officers, stockholders, employees and agents) against any member of the Parent Group or the Sysorex Group to the extent relating to, arising out of or resulting from the Sysorex Business or the Sysorex Assets, other than Shared Liabilities, or the other business, operations, activities or Liabilities referred to in clauses (i) through (vi) above;

provided that, notwithstanding the foregoing, the Parties agree that the Liabilities set forth on Schedule 2.3(b) shall not be Sysorex Liabilities but instead shall be Parent Liabilities.

(b) Parent Liabilities. For the purposes of this Agreement, "Parent Liabilities" shall mean the following Liabilities of either Party or any of the members of its Group:

(i) all Liabilities relating to, arising out of or resulting from actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to, at or after the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time) of any member of the Parent Group and, prior to the Effective Time, any member of the Sysorex Group, in each case, to the extent that such Liabilities are not Sysorex Liabilities or Shared Liabilities;

(ii) all Liabilities that are expressly provided by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be assumed by Parent or any other member of the Parent Group, and all agreements, obligations and Liabilities of any member of the Parent Group under this Agreement or any of the Ancillary Agreements;

(iii) all Liabilities set forth on Schedule 2.3(b); and

(iv) all Liabilities arising out of claims made by any Third Party (including Parent's or Sysorex's respective directors, officers, stockholders, employees and agents) against any member of the Parent Group or the Sysorex Group to the extent relating to, arising out of or resulting from the Parent Business or the Parent Assets, other than Shared Liabilities, or the other business, operations, activities or Liabilities referred to in clauses (i) through (iii) above.

2.4 Approvals and Notifications.

(a) Approvals and Notifications for Sysorex Assets. To the extent that the transfer or assignment of any Sysorex Asset, the assumption of any Sysorex Liability, the Separation, or the Distribution requires any Approvals or Notifications, the Parties shall use their commercially reasonable efforts to obtain or make such Approvals or Notifications as soon as reasonably practicable; provided, however, that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between Parent and Sysorex, neither Parent nor Sysorex shall be obligated to contribute capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person in order to obtain or make such Approvals or Notifications.

(b) Delayed Sysorex Transfers. If and to the extent that the valid, complete and perfected transfer or assignment to the Sysorex Group of any Sysorex Asset or assumption by the Sysorex Group of any Sysorex Liability in connection with the Separation or the Distribution would be a violation of applicable Law or require any Approvals or Notifications that have not been obtained or made by the Effective Time then, unless the Parties mutually shall otherwise determine, the transfer or assignment to the Sysorex Group of such Sysorex Assets or the assumption by the Sysorex Group of such Sysorex Liabilities, as the case may be, shall be automatically deemed deferred and any such purported transfer, assignment or assumption shall be null and void until such time as all legal impediments are removed or such Approvals or Notifications have been obtained or made. Notwithstanding the foregoing, any such Sysorex Assets or Sysorex Liabilities shall continue to constitute Sysorex Assets and Sysorex Liabilities for all other purposes of this Agreement.

(c) Treatment of Delayed Sysorex Assets and Delayed Sysorex Liabilities. If any transfer or assignment of any Sysorex Asset (or a portion thereof) or any assumption of any Sysorex Liability (or a portion thereof) intended to be transferred, assigned or assumed hereunder, as the case may be, is not consummated on or prior to the Effective Time, whether as a result of the provisions of Section 2.4(b) or for any other reason (any such Sysorex Asset (or a portion thereof), a "Delayed Sysorex Asset" and any such Sysorex Liability (or a portion thereof), a "Delayed Sysorex Liability"), then, insofar as reasonably possible and subject to applicable Law, the member of the Parent Group retaining such Delayed Sysorex Asset or such Delayed Sysorex Liability, as the case may be, shall thereafter hold such Delayed Sysorex Asset or Delayed Sysorex Liability for the use and benefit (or the performance and obligation, in the case of a Liability) of the member of the Sysorex Group entitled thereto (at the expense of the member of the Sysorex Group entitled thereto). In addition, the member of the Parent Group retaining such Delayed Sysorex Asset or such Delayed Sysorex Liability shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Delayed Sysorex Asset or Delayed Sysorex Liability in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the member of the Sysorex Group to whom such Delayed Sysorex Asset is to be transferred or assigned, or which will assume such Delayed Sysorex Liability, as the case may be, in order to place such member of the Sysorex Group in a substantially similar position as if such Delayed Sysorex Asset or Delayed Sysorex Liability had been transferred, assigned or assumed as contemplated hereby and so that all the benefits and burdens relating to such Delayed Sysorex Asset or Delayed Sysorex Liability, as the case may be, including use, risk of loss, potential for gain, and dominion, control and command over such Delayed Sysorex Asset or Delayed Sysorex Liability, as the case may be, and all costs and expenses related thereto, shall inure from and after the Effective Time to the Sysorex Group.

(d) Transfer of Delayed Sysorex Assets and Delayed Sysorex Liabilities. If and when the Approvals or Notifications, the absence of which caused the deferral of transfer or assignment of any Delayed Sysorex Asset or the deferral of assumption of any Delayed Sysorex Liability pursuant to Section 2.4(b), are obtained or made, and, if and when any other legal impediments for the transfer or assignment of any Delayed Sysorex Asset or the assumption of any Delayed Sysorex Liability have been removed, the transfer or assignment of the applicable Delayed Sysorex Asset or the assumption of the applicable Delayed Sysorex Liability, as the case may be, shall be effected in accordance with the terms of this Agreement and/or the applicable Ancillary Agreement.

(e) Costs for Delayed Sysorex Assets and Delayed Sysorex Liabilities. Except as otherwise agreed in writing between the Parties, any member of the Parent Group retaining a Delayed Sysorex Asset or Delayed Sysorex Liability due to the deferral of the transfer or assignment of such Delayed Sysorex Asset or the deferral of the assumption of such Delayed Sysorex Liability, as the case may be, shall not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced (or otherwise made available) by Sysorex or the member of the Sysorex Group entitled to the Delayed Sysorex Asset or Delayed Sysorex Liability, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by Sysorex or the member of the Sysorex Group entitled to such Delayed Sysorex Asset or Delayed Sysorex Liability.

(f) Approvals and Notifications for Parent Assets. To the extent that the transfer or assignment of any Parent Asset, the assumption of any Parent Liability, the Separation or the Distribution requires any Approvals or Notifications, the Parties shall use their commercially reasonable efforts to obtain or make such Approvals or Notifications as soon as reasonably practicable; provided, however, that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between Parent and Sysorex, neither Parent nor Sysorex shall be obligated to contribute capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person in order to obtain or make such Approvals or Notifications.

(g) Delayed Parent Transfers. If and to the extent that the valid, complete and perfected transfer or assignment to the Parent Group of any Parent Asset or assumption by the Parent Group of any Parent Liability in connection with the Separation or the Distribution would be a violation of applicable Law or require any Approvals or Notifications that have not been obtained or made by the Effective Time then, unless the Parties mutually shall otherwise determine, the transfer or assignment to the Parent Group of such Parent Assets or the assumption by the Parent Group of such Parent Liabilities, as the case may be, shall be automatically deemed deferred and any such purported transfer, assignment or assumption shall be null and void until such time as all legal impediments are removed or such Approvals or Notifications have been obtained or made. Notwithstanding the foregoing, any such Parent Assets or Parent Liabilities shall continue to constitute Parent Assets and Parent Liabilities for all other purposes of this Agreement.

(h) Treatment of Delayed Parent Assets and Delayed Parent Liabilities. If any transfer or assignment of any Parent Asset (or a portion thereof) or any assumption of any Parent Liability (or a portion thereof) intended to be transferred, assigned or assumed hereunder, as the case may be, is not consummated on or prior to the Effective Time whether as a result of the provisions of Section 2.4(g) or for any other reason (any such Parent Asset (or a portion thereof), a "Delayed Parent Asset" and any such Parent Liability (or a portion thereof), a "Delayed Parent Liability"), then, insofar as reasonably possible and subject to applicable Law, the member of the Sysorex Group retaining such Delayed Parent Asset or such Delayed Parent Liability, as the case may be, shall thereafter hold such Delayed Parent Asset or Delayed Parent Liability for the use and benefit (or the performance or obligation, in the case of a Liability) of the member of the Parent Group entitled thereto (at the expense of the member of the Parent Group entitled thereto). In addition, the member of the Sysorex Group retaining such Delayed Parent Asset or such Delayed Parent Liability shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Delayed Parent Asset or Delayed Parent Liability in the ordinary course of business in accordance with past practice. Such member of the Sysorex Group shall also take such other actions as may be reasonably requested by the member of the Parent Group to which such Delayed Parent Asset is to be transferred or assigned, or which will assume such Delayed Parent Liability, as the case may be, in order to place such member of the Parent Group in a substantially similar position as if such Delayed Parent Asset or Delayed Parent Liability had been transferred, assigned or assumed and so that all the benefits and burdens relating to such Delayed Parent Asset or Delayed Parent Liability, as the case may be, including use, risk of loss, potential for gain, and dominion, control and command over such Delayed Parent Asset or Delayed Parent Liability, as the case may be, and all costs and expenses related thereto, shall inure from and after the Effective Time to the Parent Group.

(i) Transfer of Delayed Parent Assets and Delayed Parent Liabilities. If and when the Approvals or Notifications, the absence of which caused the deferral of transfer or assignment of any Delayed Parent Asset or the deferral of assumption of any Delayed Parent Liability pursuant to Section 2.4(g), are obtained or made, and, if and when any other legal impediments for the transfer or assignment of any Delayed Parent Asset or the assumption of any Delayed Parent Liability have been removed, the transfer or assignment of the applicable Delayed Parent Asset or the assumption of the applicable Delayed Parent Liability, as the case may be, shall be effected in accordance with the terms of this Agreement and/or the applicable Ancillary Agreement.

(j) Costs for Delayed Parent Assets and Delayed Parent Liabilities. Except as otherwise agreed in writing between the Parties, any member of the Sysorex Group retaining a Delayed Parent Asset or Delayed Parent Liability due to the deferral of the transfer or assignment of such Delayed Parent Asset or the deferral of the assumption of such Delayed Parent Liability, as the case may be, shall not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced (or otherwise made available) by Parent or the member of the Parent Group entitled to the Delayed Parent Asset or Delayed Parent Liability, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by Parent or the member of the Parent Group entitled to such Delayed Parent Asset or Delayed Parent Liability.

2.5 Assignment and Novation of Liabilities.

(a) Assignment and Novation of Sysorex Liabilities.

(i) Each of Parent and Sysorex, at the request of the other, shall use its commercially reasonable efforts to obtain, or to cause to be obtained, as soon as reasonably practicable, any consent, substitution, approval or amendment required to novate or assign all Sysorex Liabilities and obtain in writing the unconditional release of each member of the Parent Group that is a party to any such arrangements, so that, in any such case, the members of the Sysorex Group shall be solely responsible for such Sysorex Liabilities; provided, however, that, except as otherwise expressly provided in this Agreement or any of the Ancillary Agreements, neither Parent nor Sysorex shall be obligated to contribute any capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any third Person from whom any such consent, substitution, approval, amendment or release is requested.

(ii) If Parent or Sysorex is unable to obtain, or to cause to be obtained, any such required consent, substitution, approval, amendment or release and the applicable member of the Parent Group continues to be bound by such agreement, lease, license or other obligation or Liability (each, an "Unreleased Sysorex Liability"), Sysorex shall, to the extent not prohibited by Law, indemnify or guarantee fully all the obligations or other Liabilities of such member of the Parent Group that constitute Unreleased Sysorex Liabilities from and after the Effective Time. If and when any such consent, substitution, approval, amendment or release shall be obtained or the Unreleased Sysorex Liabilities shall otherwise become assignable or able to be novated, Parent shall promptly assign, or cause to be assigned, and Sysorex or the applicable Sysorex Group member shall assume, such Unreleased Sysorex Liabilities without exchange of further consideration.

(b) Assignment and Novation of Parent Liabilities.

(i) Each of Parent and Sysorex, at the request of the other, shall use its commercially reasonable efforts to obtain, or to cause to be obtained, as soon as reasonably practicable, any consent, substitution, approval or amendment required to novate or assign all Parent Liabilities and obtain in writing the unconditional release of each member of the Sysorex Group that is a party to any such arrangements, so that, in any such case, the members of the Parent Group shall be solely responsible for such Parent Liabilities; provided, however, that, except as otherwise expressly provided in this Agreement or any of the Ancillary Agreements, neither Parent nor Sysorex shall be obligated to contribute any capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any third Person from whom any such consent, substitution, approval, amendment or release is requested.

(ii) If Parent or Sysorex is unable to obtain, or to cause to be obtained, any such required consent, substitution, approval, amendment or release and the applicable member of the Sysorex Group continues to be bound by such agreement, lease, license or other obligation or Liability (each, an "Unreleased Parent Liability"), Parent shall, to the extent not prohibited by Law, indemnify or guarantee fully all the obligations or other Liabilities of such member of the Sysorex Group. If and when any such consent, substitution, approval, amendment or release shall be obtained or the Unreleased Parent Liabilities shall otherwise become assignable or able to be novated, Sysorex shall promptly assign, or cause to be assigned, and Parent or the applicable Parent Group member shall assume, such Unreleased Parent Liabilities without exchange of further consideration.

2.6 Release of Guarantees.

In furtherance of, and not in limitation of, the obligations set forth in Section 2.5:

(a) On or prior to the Effective Time or as soon as practicable thereafter, each of Parent and Sysorex shall, with the reasonable cooperation of such other Party and the applicable member(s) of such other Party's Group, use commercially reasonable efforts to (i) have any member(s) of the Parent Group removed as guarantor of or obligor for any Sysorex Liability, other than any Sysorex Liability set forth on Schedule 2.6(a), including the removal of any Security Interest on or in any Parent Asset that may serve as collateral or security for any such Sysorex Liability; and (ii) have any member(s) of the Sysorex Group removed as guarantor of or obligor for any Parent Liability, including the removal of any Security Interest on or in any Sysorex Asset that may serve as collateral or security for any such Parent Liability.

(b) To the extent required to obtain a release from a guarantee of:

(i) any member of the Parent Group, Sysorex shall execute a guarantee agreement in the form of the existing guarantee or such other form as is agreed to by the relevant parties to such guarantee agreement, which agreement shall include the removal of any Security Interest on or in any Parent Asset that may serve as collateral or security for any such Sysorex Liability, except to the extent that such existing guarantee contains representations, covenants or other terms or provisions either (i) with which Sysorex would be reasonably unable to comply or (ii) which Sysorex would not reasonably be able to avoid breaching; and

(ii) any member of the Sysorex Group, Parent shall execute a guarantee agreement in the form of the existing guarantee or such other form as is agreed to by the relevant parties to such guarantee agreement, which agreement shall include the removal of any Security Interest on or in any Sysorex Asset that may serve as collateral or security for any such Parent Liability, except to the extent that such existing guarantee contains representations, covenants or other terms or provisions either (i) with which Parent would be reasonably unable to comply or (ii) which Parent would not reasonably be able to avoid breaching.

(c) If Parent or Sysorex is unable to obtain, or to cause to be obtained, any such required removal or release, or is expressly not required to do so, in each case as set forth in clauses (a) and (b) of this Section 2.6, (i) the Party or the relevant member of its Group that is responsible pursuant to this Agreement for the Liability associated with such guarantee shall indemnify, defend and hold harmless the guarantor or obligor, as applicable, against or from any Liability arising from or relating thereto in accordance with the provisions of Article IV and shall, as agent or subcontractor for such guarantor or obligor, pay, perform and discharge fully all the obligations or other Liabilities of such guarantor or obligor thereunder; and (ii) each of Parent and Sysorex, on behalf of itself and the other members of their respective Group, agree not to renew or extend the term of, increase any obligations under, or transfer to a Third Party, any loan, guarantee, lease, contract or other obligation for which the other Party or a member of its Group is or may be liable unless all obligations of such other Party and the members of such other Party's Group with respect thereto are thereupon terminated by documentation satisfactory in form and substance to such other Party.

2.7 Termination of Agreements.

(a) Except as set forth in Section 2.7(b), in furtherance of the releases and other provisions of Section 4.1, Sysorex and each member of the Sysorex Group, on the one hand, and Parent and each member of the Parent Group, on the other hand, hereby terminate any and all agreements, arrangements, commitments or understandings, whether or not in writing, between or among Sysorex and/or any member of the Sysorex Group, on the one hand, and Parent and/or any member of the Parent Group, on the other hand, effective as of the Effective Time. No such terminated agreement, arrangement, commitment or understanding (including any provision thereof which purports to survive termination) shall be of any further force or effect after the Effective Time. Each Party shall, at the reasonable request of the other Party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 2.7(a) shall not apply to any of the following agreements, arrangements, commitments or understandings (or to any of the provisions thereof): (i) this Agreement and the Ancillary Agreements (and each other agreement or instrument expressly contemplated by this Agreement or any Ancillary Agreement to be entered into by any of the Parties or any of the members of their respective Groups or to be continued from and after the Effective Time); (ii) any agreements, arrangements, commitments or understandings listed or described on Schedule 2.7(b)(ii); (iii) any agreements, arrangements, commitments or understandings to which any Third Party is a party thereto; (iv) any intercompany accounts payable or accounts receivable accrued as of the Effective Time that are reflected in the books and records of the Parties or otherwise documented in writing in accordance with past practices, which shall be settled in the manner contemplated by Section 2.7(c); and (v) any Shared Contracts.

(c) All of the intercompany accounts receivable and accounts payable between any member of the Parent Group, on the one hand, and any member of the Sysorex Group, on the other hand, outstanding as of the Effective Time and arising out of the contracts or agreements described in Section 2.7(b) or out of the provision, prior to the Effective Time, of the services to be provided following the Effective Time pursuant to the Ancillary Agreements shall be repaid or settled following the Effective Time in the ordinary course of business or, if otherwise mutually agreed prior to the Effective Time by duly authorized representatives of Parent and Sysorex, cancelled. All other intercompany accounts receivable and accounts payable between any member of the Parent Group, on the one hand, and any member of the Sysorex Group, on the other hand, outstanding as of the Effective Time shall be repaid or settled immediately prior to or as promptly as practicable after the Effective Time.

2.8 Treatment of Shared Contracts.

(a) Subject to applicable Law and without limiting the generality of the obligations set forth in Section 2.1, unless the Parties otherwise agree or the benefits of any contract, agreement, arrangement, commitment or understanding described in this Section 2.8 are expressly conveyed to the applicable Party pursuant to this Agreement or an Ancillary Agreement, any contract or agreement, a portion of which is a Sysorex Contract, but the remainder of which is a Parent Asset (any such contract or agreement, a "Shared Contract"), shall be assigned in relevant part to the applicable member(s) of the applicable Group, if so assignable, or appropriately amended prior to, on or after the Effective Time, so that each Party or the member of its Group shall, as of the Effective Time, be entitled to the rights and benefits, and shall assume the related portion of any Liabilities, inuring to its respective businesses; provided, however, that (i) in no event shall any member of any Group be required to assign (or amend) any Shared Contract in its entirety or to assign a portion of any Shared Contract which is not assignable (or cannot be amended) by its terms (including any terms imposing consents or conditions on an assignment where such consents or conditions have not been obtained or fulfilled) and (ii) if any Shared Contract cannot be so partially assigned by its terms or otherwise, or cannot be amended or if such assignment or amendment would impair the benefit the parties thereto derive from such Shared Contract, then the Parties shall, and shall cause each of the members of their respective Groups to, take such other reasonable and permissible actions (including by providing prompt notice to the other Party with respect to any relevant claim of Liability or other relevant matters arising in connection with a Shared Contract so as to allow such other Party the ability to exercise any applicable rights under such Shared Contract) to cause a member of the Sysorex Group or the Parent Group, as the case may be, to receive the rights and benefits of that portion of each Shared Contract that relates to the Sysorex Business or the Parent Business, as the case may be (in each case, to the extent so related), as if such Shared Contract had been assigned to a member of the applicable Group (or amended to allow a member of the applicable Group to exercise applicable rights under such Shared Contract) pursuant to this Section 2.8, and to bear the burden of the corresponding Liabilities (including any Liabilities that may arise by reason of such arrangement), as if such Liabilities had been assumed by a member of the applicable Group pursuant to this Section 2.8.

(b) Each of Parent and Sysorex shall, and shall cause the members of its Group to, (i) treat for all Tax purposes the portion of each Shared Contract inuring to its respective businesses as an Asset owned by, and/or a Liability of, as applicable, such Party, or the members of its Group, as applicable, not later than the Effective Time, and (ii) neither report nor take any Tax position (on a Tax Return or otherwise) inconsistent with such treatment (unless required by applicable Law).

(c) Nothing in this Section 2.8 shall require any member of any Group to make any non-de minimis payment (except to the extent advanced, assumed or agreed in advance to be reimbursed by any member of the other Group), incur any non-de minimis obligation or grant any non-de minimis concession for the benefit of any member of any other Group in order to effect any transaction contemplated by this Section 2.8.

2.9 Bank Accounts; Cash Balances.

(a) Each Party agrees to take, or cause the members of its Group to take, at the Effective Time (or such earlier time as the Parties may agree), all actions necessary to amend all contracts or agreements governing each bank and brokerage account owned by Sysorex or any other member of the Sysorex Group (collectively, the "Sysorex Accounts") and all contracts or agreements governing each bank or brokerage account owned by Parent or any other member of the Parent Group (collectively, the "Parent Accounts") so that each such Sysorex Account and Parent Account, if currently linked (whether by automatic withdrawal, automatic deposit or any other authorization to transfer funds from or to) to any Parent Account or Sysorex Account, respectively, is de-linked from such Parent Account or Sysorex Account, respectively.

(b) It is intended that, following consummation of the actions contemplated by Section 2.9(a), there will be in place a cash management process pursuant to which the Sysorex Accounts will be managed and funds collected will be transferred into one or more accounts maintained by Sysorex or a member of the Sysorex Group.

(c) It is intended that, following consummation of the actions contemplated by Section 2.9(a), there will continue to be in place a cash management process pursuant to which the Parent Accounts will be managed and funds collected will be transferred into one or more accounts maintained by Parent or a member of the Parent Group.

(d) With respect to any outstanding checks issued or payments initiated by Parent, Sysorex, or any of the members of their respective Groups prior to the Effective Time, such outstanding checks and payments shall be honored following the Effective Time by the Person or Group owning the account on which the check is drawn or from which the payment was initiated, respectively.

(e) As between Parent and Sysorex (and the members of their respective Groups), all payments made and reimbursements received after the Effective Time by either Party (or member of its Group) that relate to a business, Asset or Liability of the other Party (or member of its Group), shall be held by such Party in trust for the use and benefit of the Party entitled thereto and, promptly following receipt by such Party of any such payment or reimbursement, such Party shall pay over, or shall cause the applicable member of its Group to pay over to the other Party the amount of such payment or reimbursement without right of set-off.

(f) Within 30 days after the Distribution Date, Sysorex shall cause to be prepared in good faith and delivered to Parent a balance sheet (the "Balance Sheet") setting forth cash and cash equivalents held by each member of the Sysorex Group as of the Effective Time (the aggregate amount of such cash and cash equivalents the "Final Cash Balance"). For a period of 60 days following delivery by Sysorex of the Balance Sheet or such longer period as Parent is disputing the amount of cash and/or cash equivalents reflected in the Balance Sheet, Parent may review and analyze the Balance Sheet and Sysorex shall cooperate with and make available to Parent and its Representatives all information, records, data and working papers, in each case, to the extent related to the determination of the amount of cash and cash equivalents held by the members of the Sysorex Group as of the Effective Time, and Sysorex shall permit access to its facilities and personnel, as may be reasonably required in connection with the review and analysis of the Balance Sheet.

(g) If Parent disagrees with the amount of cash and/or cash equivalents reflected in the Balance Sheet, Parent and Sysorex shall attempt to resolve the dispute in good faith for 30 days following the delivery to Parent of the Balance Sheet. Following such 30 day period, Parent shall be entitled to dispute such amount or amounts pursuant to Article VII and shall be entitled to make an Arbitration Request without first complying with Section 7.1 or Section 7.2.

2.10 Cash Transfer. At the Effective Time, Parent shall contribute to Sysorex an amount equal to $2 million from Parent's cash and cash equivalents on Parent's balance sheet which amount shall be reduced by the aggregate amount of certain operating and other expenses of Sysorex that have been or will be satisfied by Parent from June 30, 2018 through the Spin-off Date.

2.11 Release of Sysorex for Obligations to Payplant. At the Effective Time, Sysorex and any other Transferred Entities shall be released from all obligations arising from and after the Effective Time under that certain (1) Payplant Client Agreement, dated August 14, 2017 and (2) Payplant Loan and Security Agreement, dated August 14, 2017.

2.12 Ancillary Agreements. Effective on or prior to the Effective Time, each of Parent and Sysorex will, or will cause the applicable members of their Groups to, execute and deliver all Ancillary Agreements to which it is a party.

2.13 Disclaimer of Representations and Warranties. EACH OF PARENT (ON BEHALF OF ITSELF AND EACH MEMBER OF THE PARENT GROUP) AND SYSOREX (ON BEHALF OF ITSELF AND EACH MEMBER OF THE SYSOREX GROUP) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, NO PARTY TO THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR OTHERWISE, IS REPRESENTING OR WARRANTING IN ANY WAY AS TO THE ASSETS, BUSINESSES OR LIABILITIES TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY OR THEREBY, AS TO ANY CONSENTS OR APPROVALS REQUIRED IN CONNECTION THEREWITH (INCLUDING WITHOUT LIMITATION GOVERNMENTAL APPROVALS OR PERMITS OF ANY KIND), AS TO THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OF SUCH PARTY, OR AS TO THE ABSENCE OF ANY DEFENSES OR RIGHT OF SETOFF OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY CLAIM OR OTHER ASSET, INCLUDING ANY ACCOUNTS RECEIVABLE, OF ANY PARTY, OR AS TO THE LEGAL SUFFICIENCY OF ANY ASSIGNMENT, DOCUMENT OR INSTRUMENT DELIVERED HEREUNDER TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING HEREOF OR THEREOF. EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN "AS IS," "WHERE IS" BASIS AND THE RESPECTIVE TRANSFEREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (I) ANY CONVEYANCE WILL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD AND MARKETABLE TITLE, FREE AND CLEAR OF ANY SECURITY INTEREST, AND (II) ANY NECESSARY APPROVALS OR NOTIFICATIONS ARE NOT OBTAINED OR MADE OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH.

2.14 Financial Information Certifications. Parent's disclosure controls and procedures and internal control over financial reporting (as each is contemplated by the Exchange Act) are currently applicable to Sysorex as its Subsidiary. In order to enable the principal executive officer and principal financial officer of Sysorex to make the certifications required of them under Section 302 of the Sarbanes-Oxley Act of 2002, following the Distribution in respect of any quarterly or annual fiscal period of Sysorex that begins on or prior to the Distribution Date in respect of which financial statements are not included in the Form 10 (a "Straddle Period"), Parent, on or before the date that is 10 days prior to the latest date on which Sysorex may file the periodic report pursuant to Section 13 of the Exchange Act for any such Straddle Period (not taking into account any possible extensions), shall provide Sysorex with one or more certifications with respect to such disclosure controls and procedures and the effectiveness thereof and whether there were any changes in the internal controls over financial reporting that have materially affected or are reasonably likely to materially affect the internal control over financing reporting, which certification(s) shall be (a) with respect to the applicable Straddle Period (it being understood that no certification need be provided with respect to any period or portion of any period after the Distribution Date) and (b) in substantially the same form as those that had been provided by officers or employees of Parent in similar certifications delivered prior to the Distribution Date, with such changes thereto as Parent may reasonably determine. Such certification(s) shall be provided by Parent (and not by any officer or employee in their individual capacity).

ARTICLE III

THE DISTRIBUTION

3.1 Sole and Absolute Discretion; Cooperation.

(a) Parent shall, in its sole and absolute discretion, determine the terms of the Distribution, including the form, structure and terms of any transaction(s) and/or offering(s) to effect the Distribution and the timing and conditions to the consummation of the Distribution. In addition, Parent may, at any time and from time to time until the consummation of the Distribution, modify or change the terms of the Distribution, including by accelerating or delaying the timing of the consummation of all or part of the Distribution. Nothing shall in any way limit Parent's right to terminate this Agreement or the Distribution as set forth in Article IX or alter the consequences of any such termination from those specified in Article IX.

(b) Sysorex shall cooperate with Parent to accomplish the Distribution and shall, at Parent's direction, promptly take any and all actions necessary or desirable to effect the Distribution, including in respect of the registration under the Exchange Act of Sysorex Shares on the Form 10. Parent shall select any investment bank or manager in connection with the Distribution, as well as any financial printer, solicitation and/or exchange agent and financial, legal, accounting and other advisors for Parent. Sysorex and Parent, as the case may be, will provide to the Agent any information required in order to complete the Distribution.

3.2 Actions Prior to the Distribution. Prior to the Effective Time and subject to the terms and conditions set forth herein, the Parties shall take, or cause to be taken, the following actions in connection with the Distribution:

(a) Notice to Nasdaq. Parent shall, to the extent possible, give Nasdaq not less than 10 days' advance notice of the Record Date in compliance with Rule 10b-17 under the Exchange Act.

(b) Sysorex Reincorporation; Sysorex Articles of Incorporation and Sysorex Bylaws. On or prior to the Distribution Date, Parent and Sysorex shall take all necessary actions so that, as of the Effective Time, Sysorex shall be reincorporated in the State of Nevada and the Sysorex Articles of Incorporation and the Sysorex Bylaws shall become the articles of incorporation and bylaws of Sysorex.

(c) Sysorex Directors and Officers. On or prior to the Distribution Date, Parent and Sysorex shall take all necessary actions so that as of the Effective Time: (i) the directors and executive officers of Sysorex shall be those set forth in the Information Statement made available to the Record Holders prior to the Distribution Date, unless otherwise agreed by the Parties; and (ii) Sysorex shall have such other officers as Sysorex shall appoint.

(d) Quotation or Listing of the Sysorex Shares. Sysorex shall prepare and file, and shall use its reasonable best efforts to have approved, an application for the quotation of the Sysorex Shares to be distributed in the Distribution on the OTCQB Venture Market of the OTC Markets Group, Inc., subject to official notice of distribution.

(e) Securities Law Matters. Sysorex shall file any amendments or supplements to the Form 10 as may be necessary or advisable in order to cause the Form 10 to become and remain effective as required by the SEC or federal, state or other applicable securities Laws.

Parent and Sysorex shall cooperate in preparing, filing with the SEC and causing to become effective registration statements or amendments thereof which are required to reflect the establishment of, or amendments to, any employee benefit and other plans necessary or advisable in connection with the transactions contemplated by this Agreement and the Ancillary Agreements. Parent and Sysorex will prepare, and Sysorex will, to the extent required under applicable Law, file with the SEC, any such documentation and any requisite no-action letters which Parent determines are necessary or desirable to effectuate the Distribution, and Parent and Sysorex shall each use its reasonable best efforts to obtain all necessary approvals from the SEC with respect thereto as soon as practicable. Parent and Sysorex shall take all such action as may be necessary or appropriate under the securities or blue sky laws of the United States (and any comparable Laws under any foreign jurisdiction) in connection with the Distribution.

(f) Availability of Information Statement. Parent shall, as soon as is reasonably practicable after the Form 10 is declared effective under the Exchange Act and the Parent Board has approved the Distribution, cause the Information Statement to be mailed to the Record Holders.

(g) The Distribution Agent. Parent shall enter into a distribution agent agreement with the Agent or otherwise provide instructions to the Agent regarding the Distribution.

(h) Stock-Based Employee Benefit Plans. Parent and Sysorex shall take all actions as may be necessary to approve the grants of adjusted equity awards by Parent (in respect of Parent Shares) and Sysorex (in respect of Sysorex Shares) in connection with the Distribution in order to satisfy the requirements of Rule 16b-3 under the Exchange Act.

3.3 Conditions to the Distribution.

(a) The consummation of the Distribution will be subject to the satisfaction, or waiver by Parent in its sole and absolute discretion, of the following conditions:

(i) The SEC shall have declared effective the Form 10; no order suspending the effectiveness of the Form 10 shall be in effect; and no proceedings for such purposes shall have been instituted or threatened by the SEC.

(ii) The Information Statement shall have been mailed to Record Holders.

(iii) An independent appraisal firm acceptable to Parent shall have delivered one or more opinions to the Parent Board confirming the solvency and financial viability of Parent prior to the Distribution and of Parent and Sysorex after consummation of the Distribution, and such opinions shall be acceptable to Parent in form and substance in Parent's sole discretion and such opinions shall not have been withdrawn or rescinded;

(iv) The transfer of the Sysorex Assets (other than any Delayed Sysorex Asset) and Sysorex Liabilities (other than any Delayed Sysorex Liability) contemplated to be transferred from Parent to Sysorex on or prior to the Distribution shall have occurred as contemplated by Section 2.1, and the transfer of the Parent Assets (other than any Delayed Parent Asset) and Parent Liabilities (other than any Delayed Parent Liability) contemplated to be transferred from Sysorex to Parent on or prior to the Distribution Date shall have occurred as contemplated by Section 2.1.

(v) The actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities Laws or blue sky Laws and the rules and regulations thereunder shall have been taken or made, and, where applicable, have become effective or been accepted by the applicable Governmental Authority.

(vi) Each of the Ancillary Agreements shall have been duly executed and delivered.

(vii) No order, injunction or decree issued by any Governmental Authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Separation, the Distribution or any of the transactions related thereto shall be in effect.

(viii) No other events or developments shall exist or shall have occurred that, in the judgment of the Parent Board, in its sole and absolute discretion, makes it inadvisable to effect the Separation, the Distribution or the transactions contemplated by this Agreement or any Ancillary Agreement.

(b) The foregoing conditions are for the sole benefit of Parent and shall not give rise to or create any duty on the part of Parent or the Parent Board to waive or not waive any such condition or in any way limit Parent's right to terminate this Agreement as set forth in Article IX or alter the consequences of any such termination from those specified in Article IX. Any determination made by the Parent Board prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in Section 3.3(a) shall be conclusive and binding on the Parties. If Parent waives any material condition, it shall promptly issue a press release disclosing such fact and file a Current Report on Form 8-K with the SEC describing such waiver.

3.4 The Distribution.

(a) Subject to Section 3.3, on or prior to the Effective Time, Sysorex will deliver to the Agent, for the benefit of the Record Holders, book-entry transfer authorizations for such number of the outstanding Sysorex Shares as is necessary to effect the Distribution, and shall cause the transfer agent for the Parent Shares to instruct the Agent to distribute at the Effective Time the appropriate number of Sysorex Shares to each such holder or designated transferee or transferees of such holder by way of direct registration in book-entry form. Sysorex will not issue paper stock certificates in respect of the Sysorex Shares. The Distribution shall be effective at the Effective Time.

(b) Subject to Sections 3.3, 3.4(c) and 3.4(d), each Record Holder will be entitled to receive in the Distribution one Sysorex Share for each three Parent Shares held by such Record Holder on the Record Date or issuable to such Record Holder upon complete conversion or exercise of the Other Parent Securities, as applicable.

(c) Sysorex shall establish a reserve of Sysorex Shares (the "Reserve" and the Sysorex Shares held in the Reserve the "Reserve Shares") that shall be retained in treasury by Sysorex for distribution to those holders of Other Parent Securities (i) who are prevented by contractual restrictions, including beneficial ownership limitations, from taking possession of Sysorex Shares in the Distribution or (ii) who hold a warrant issued by the Parent giving the holder a contractual right to receive Sysorex Shares issued in the Distribution if and when such warrant is exercised. As and when the contractual restrictions are no longer applicable or the warrants are exercised, Sysorex shall instruct the Agent to distribute from the Reserve the Reserve Shares to any such holder of Other Parent Securities entitled to then receive the Reserve Shares.

(d) No fractional shares will be distributed or credited to book-entry accounts in connection with the Distribution, and any such fractional share interests to which a Record Holder would otherwise be entitled shall not entitle such Record Holder to vote or to any other rights as a stockholder of Sysorex. In lieu of any such fractional shares, Inpixon will, in its sole discretion, either round up fractional shares that recipients of Sysorex Shares will otherwise be entitled to receive, but for the provisions of this Section 3.4(d)or pay cash, without any interest thereon, as hereinafter provided. If Inpixon determine to pay cash for fractional shares, as soon as practicable after the Effective Time, Parent shall direct the Agent to determine the number of whole and fractional Sysorex Shares allocable to each Record Holder, to aggregate all such fractional shares into whole shares, and to sell the whole shares obtained thereby in the open market at the then-prevailing prices on behalf of each Record Holder who otherwise would be entitled to receive fractional share interests (with the Agent, in its sole and absolute discretion, determining when, how and through which broker-dealer and at what price to make such sales), and to cause to be distributed to each such Record Holder, in lieu of any fractional share, such Record Holder's or owner's ratable share of the total proceeds of such sale, after deducting any Taxes required to be withheld and applicable transfer Taxes, and after deducting the costs and expenses of such sale and distribution, including brokers fees and commissions. None of Parent, Sysorex or the Agent will be required to guarantee any minimum sale price for the fractional Sysorex Shares sold in accordance with this Section 3.4(d). Neither Parent nor Sysorex will be required to pay any interest on the proceeds from the sale of fractional shares. Neither the Agent nor the broker-dealers through which the aggregated fractional shares are sold shall be Affiliates of Parent or Sysorex. Solely for purposes of computing fractional share interests pursuant to this Section 3.4(d) and Section 3.4(e), the beneficial owner of Parent Shares and Other Parent Securities held of record in the name of a nominee in any nominee account shall be treated as the Record Holder with respect to such shares.

(e) Any Sysorex Shares or cash in lieu of fractional shares (if applicable) with respect to Sysorex Shares that remain unclaimed by any Record Holder 180 days after the Distribution Date shall be delivered to Sysorex, and Sysorex or its transfer agent on its behalf shall hold such Sysorex Shares and/or cash for the account of such Record Holder, and the Parties agree that all obligations to provide such Sysorex Shares and cash, if any, in lieu of fractional share interests shall be obligations of Sysorex, subject in each case to applicable escheat or other abandoned property Laws, and Parent shall have no Liability with respect thereto.

(f) Until the Sysorex Shares are duly transferred in accordance with this Section 3.4 and applicable Law, from and after the Effective Time, Sysorex will regard the Persons entitled to receive such Sysorex Shares as record holders of Sysorex Shares in accordance with the terms of the Distribution without requiring any action on the part of such Persons. Sysorex agrees that, subject to any transfers of such shares, from and after the Effective Time (i) each such holder will be entitled to receive all dividends, if any, payable on, and exercise voting rights and all other rights and privileges with respect to, the Sysorex Shares then held by such holder, and (ii) each such holder will be entitled, without any action on the part of such holder, to receive evidence of ownership of the Sysorex Shares then held by such holder.

ARTICLE IV

MUTUAL RELEASES; INDEMNIFICATION

4.1 Release of Pre-Distribution Claims.

(a) Sysorex Release of Parent. Except as provided in Sections 4.1(c) and 4.1(e), effective as of the Effective Time, Sysorex does hereby, for itself and each other member of the Sysorex Group, and their respective successors and assigns, and, to the extent permitted by Law, all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the Sysorex Group (in each case, in their respective capacities as such), remise, release and forever discharge (i) Parent and the members of the Parent Group, and their respective successors and assigns, (ii) all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the Parent Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, and (iii) all Persons who at any time prior to the Effective Time are or have been stockholders, directors, officers, agents or employees of a Transferred Entity and who are not, as of immediately following the Effective Time, directors, officers or employees of Sysorex or a member of the Sysorex Group, in each case from: (A) all Sysorex Liabilities, (B) all Liabilities arising from or in connection with the transactions and all other activities to implement the Separation and the Distribution (for the avoidance of doubt this clause (B) shall not limit or affect indemnification obligations of the Parties set forth in this Agreement or any Ancillary Agreement) and (C) all Liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent relating to, arising out of or resulting from the Sysorex Business, the Sysorex Assets or the Sysorex Liabilities but excluding any Liabilities resulting from actions by any member of the Parent Group that are the result of intentional misconduct, wrongdoing, fraud or misrepresentation by such member of the Parent Group.

(b) Parent Release of Sysorex. Except as provided in Sections 4.1(c) and 4.1(e), effective as of the Effective Time, Parent does hereby, for itself and each other member of the Parent Group and their respective successors and assigns, and, to the extent permitted by Law, all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the Parent Group (in each case, in their respective capacities as such), remise, release and forever discharge (i) Sysorex and the members of the Sysorex Group and their respective successors and assigns, and (ii) all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the Sysorex Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from (A) all Parent Liabilities, (B) all Liabilities arising from or in connection with the transactions and all other activities to implement the Separation and the Distribution (for the avoidance of doubt this clause (B) shall not limit or affect indemnification obligations of the Parties set forth in this Agreement or any Ancillary Agreement) and (C) all Liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent relating to, arising out of or resulting from the Parent Business, the Parent Assets or the Parent Liabilities but excluding any Liabilities resulting from actions by any member of the Sysorex Group that are the result of intentional misconduct, wrongdoing, fraud or misrepresentation by such member of the Sysorex Group.

(c) Acknowledgment of Unknown Losses or Claims. The Parties expressly understand and acknowledge that it is possible that unknown losses or claims exist or might come to exist or that present losses may have been underestimated in amount, severity, or both. Accordingly, the Parties are deemed expressly to understand provisions and principles of law such as Section 1542 of the Civil Code of the State of California ("Section 1542") (as well as any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar or comparable to Section 1542), which provides: A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR. The Parties are hereby deemed to agree that the provisions of Section 1542 and all similar federal or state laws, rights, rules, or legal principles of California or any other jurisdiction that may be applicable herein, are hereby knowingly and voluntarily waived and relinquished with respect to the releases in Section 4.1(a) and Section 4.1(b).

(d) Obligations Not Affected. Nothing contained in Section 4.1(a) or 4.1(b) shall impair any right of any Person to enforce this Agreement, any Ancillary Agreement or any agreements, arrangements, commitments or understandings that are specified in Section 2.7(b) or the applicable Schedules thereto as not to terminate as of the Effective Time, in each case in accordance with its terms. Nothing contained in Section 4.1(a) or 4.1(b) shall release any Person from:

(i) any Liability provided in or resulting from any agreement among any members of the Parent Group or any members of the Sysorex Group that is specified in Section 2.7(b) or the applicable Schedules thereto as not to terminate as of the Effective Time, or any other Liability specified in Section 2.7(b) as not to terminate as of the Effective Time;

(ii) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of any Group under, this Agreement or any Ancillary Agreement;

(iii) any Liability for the sale, lease, construction or receipt of goods, property or services purchased, obtained or used in the ordinary course of business by a member of one Group from a member of the other Group prior to the Effective Time;

(iv) any Liability for unpaid amounts for products or services or refunds owing on products or services due on a value received basis for work done by a member of one Group at the request or on behalf of a member of the other Group;

(v) any Liability provided in or resulting from any Contract or understanding that is entered into after the Effective Time between any Party (and/or a member of such Party's Group), on the one hand, and any other Party (and/or a member of the other Party's Group), on the other hand;

(vi) any Liability that the Parties may have with respect to any indemnification or contribution or other obligation pursuant to this Agreement, any Ancillary Agreement or otherwise for claims brought against the Parties by third Persons, which Liability shall be governed by the provisions of this Article IV and Article V and, if applicable, the appropriate provisions of the Ancillary Agreements; or

(vii) any Liability the release of which would result in the release of any Person other than a Person released pursuant to this Section 4.1.

In addition, nothing contained in Section 4.1(a) shall release any member of the Parent Group from honoring its existing obligations to indemnify any director, officer or employee of Sysorex who was a director, officer or employee of any member of the Parent Group on or prior to the Effective Time, to the extent such director, officer or employee becomes a named defendant in any Action with respect to which such director, officer or employee was entitled to such indemnification pursuant to such existing obligations; it being understood that, if the underlying obligation giving rise to such Action is a Sysorex Liability, Sysorex shall indemnify Parent for such Liability (including Parent's costs to indemnify the director, officer or employee) in accordance with the provisions set forth in this Article IV.

(e) No Claims. Sysorex shall not make, and shall not permit any other member of the Sysorex Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Parent or any other member of the Parent Group, or any other Person released pursuant to Section 4.1(a), with respect to any Liabilities released pursuant to Section 4.1(a). Parent shall not make, and shall not permit any other member of the Parent Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Sysorex or any other member of the Sysorex Group, or any other Person released pursuant to Section 4.1(b), with respect to any Liabilities released pursuant to Section 4.1(b).

(f) Execution of Further Releases. At any time at or after the Effective Time, at the request of either Party, the other Party shall cause each member of its respective Group to execute and deliver releases reflecting the provisions of this Section 4.1.

4.2 Indemnification by Sysorex. Except as otherwise specifically set forth in this Agreement or in any Ancillary Agreement, to the fullest extent permitted by Law, Sysorex shall, and shall cause the other members of the Sysorex Group to, indemnify, defend and hold harmless Parent, each member of the Parent Group and each of their respective past, present and future directors, officers, employees and agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Parent Indemnitees"), from and against any and all Liabilities of the Parent Indemnitees (including for their own contributory negligence) relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication); provided, however, that Sysorex shall have no obligation to indemnify any of the Parent Indemnitees with respect to any matter to the extent that such party has engaged in any intentional misconduct, wrongdoing, fraud or misrepresentation:

(a) any Sysorex Liability;

(b) any failure of Sysorex, any other member of the Sysorex Group or any other Person to pay, perform or otherwise promptly discharge any Sysorex Liabilities in accordance with their terms, whether prior to, on or after the Effective Time;

(c) any breach by Sysorex or any other member of the Sysorex Group of this Agreement or any of the Ancillary Agreements;

(d) except to the extent it relates to a Parent Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the Sysorex Group by any member of the Parent Group that survives following the Distribution; and

(e) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in the Form 10, the Information Statement (as amended or supplemented if Sysorex shall have furnished any amendments or supplements thereto) or any other Disclosure Document, other than the matters described in clause (e) of Section 4.3.

4.3 Indemnification by Parent. Except as otherwise specifically set forth in this Agreement or in any Ancillary Agreement, to the fullest extent permitted by Law, Parent shall, and shall cause the other members of the Parent Group to, indemnify, defend and hold harmless Sysorex, each member of the Sysorex Group and each of their respective past, present and future directors, officers, employees or agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Sysorex Indemnitees"), from and against any and all Liabilities of the Sysorex Indemnitees (including for their own contributory negligence) relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication); provided, however, that Parent shall have no obligation to indemnify any of the Sysorex Indemnitees with respect to any matter to the extent that such party has engaged in any intentional misconduct, wrongdoing, fraud or misrepresentation:

(a) any Parent Liability;

(b) any failure of Parent, any other member of the Parent Group or any other Person to pay, perform or otherwise promptly discharge any Parent Liabilities in accordance with their terms, whether prior to, on or after the Effective Time;

(c) any breach by Parent or any other member of the Parent Group of this Agreement or any of the Ancillary Agreements;

(d) except to the extent it relates to a Sysorex Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the Parent Group by any member of the Sysorex Group that survives following the Distribution; and

(e) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to statements made explicitly in Parent's name in the Form 10, the Information Statement (as amended or supplemented if Sysorex shall have furnished any amendments or supplements thereto) or any other Disclosure Document.

4.4 Indemnification Obligations Net of Insurance Proceeds and Other Amounts.

(a) The Parties intend that any Liability subject to indemnification, contribution or reimbursement pursuant to this Article IV or Article V will be net of Insurance Proceeds or other amounts actually recovered (net of any out-of-pocket costs or expenses incurred in the collection thereof) from any Person by or on behalf of the Indemnitee in respect of any indemnifiable Liability. Accordingly, the amount which either Party (an "Indemnifying Party") is required to pay to any Person entitled to indemnification or contribution hereunder (an "Indemnitee") will be reduced by any Insurance Proceeds or other amounts actually recovered (net of any out-of-pocket costs or expenses incurred in the collection thereof) from any Person by or on behalf of the Indemnitee in respect of the related Liability. If an Indemnitee receives a payment (an "Indemnity Payment") required by this Agreement from an Indemnifying Party in respect of any Liability and subsequently receives Insurance Proceeds or any other amounts in respect of such Liability, then within 10 calendar days of receipt of such Insurance Proceeds, the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds or such other amounts (net of any out-of-pocket costs or expenses incurred in the collection thereof) had been received, realized or recovered before the Indemnity Payment was made.

(b) The Parties agree that an insurer that would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of any provision contained in this Agreement or any Ancillary Agreement, have any subrogation rights with respect thereto, it being understood that no insurer or any other Third Party shall be entitled to a "windfall" (i.e., a benefit they would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification and contribution provisions hereof. Each Party shall, and shall cause the members of its Group to, use commercially reasonable efforts (taking into account the probability of success on the merits and the cost of expending such efforts, including attorneys' fees and expenses) to collect or recover any Insurance Proceeds that may be collectible or recoverable respecting the Liabilities for which indemnification or contribution may be available under this Article IV. Notwithstanding the foregoing, an Indemnifying Party may not delay making any indemnification payment required under the terms of this Agreement, or otherwise satisfying any indemnification obligation, pending the outcome of any Action to collect or recover Insurance Proceeds, and an Indemnitee need not attempt to collect any Insurance Proceeds prior to making a claim for indemnification or contribution or receiving any Indemnity Payment otherwise owed to it under this Agreement or any Ancillary Agreement.

4.5 Procedures for Indemnification of Third-Party Claims.

(a) Notice of Claims. If, at or following the Effective Time, an Indemnitee shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the Parent Group or the Sysorex Group of any claim or of the commencement by any such Person of any Action (collectively, a "Third-Party Claim") with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Section 4.2 or 4.3, or any other Section of this Agreement or any Ancillary Agreement, such Indemnitee shall give such Indemnifying Party written notice thereof as soon as practicable, but in any event within 14 days (or sooner if the nature of the Third-Party Claim so requires) after becoming aware of such Third-Party Claim. Any such notice shall describe the Third-Party Claim in reasonable detail, including the facts and circumstances giving rise to such claim for indemnification, and include copies of all notices and documents (including court papers) received by the Indemnitee relating to the Third-Party Claim. Notwithstanding the foregoing, the failure of an Indemnitee to provide notice in accordance with this Section 4.5(a) shall not relieve an Indemnifying Party of its indemnification obligations under this Agreement, except to the extent to which the Indemnifying Party is actually prejudiced by the Indemnitee's failure to provide notice in accordance with this Section 4.5(a).

(b) Control of Defense. An Indemnifying Party may elect to defend (and seek to settle or compromise), at its own expense and with its own counsel, any Third-Party Claim; provided that, prior to the Indemnifying Party assuming and controlling defense of such Third-Party Claim, it shall first confirm to the Indemnitee in writing that, assuming the facts presented to the Indemnifying Party by the Indemnitee being true, the Indemnifying Party shall indemnify the Indemnitee for any such damages to the extent resulting from, or arising out of, such Third-Party-Claim. Notwithstanding the foregoing, if the Indemnifying Party assumes such defense and, in the course of defending such Third-Party Claim, (i) the Indemnifying Party discovers that the facts presented at the time the Indemnifying Party acknowledged its indemnification obligation in respect of such Third-Party Claim were not true in all material respects and (ii) such untruth provides a reasonable basis for asserting that the Indemnifying Party does not have an indemnification obligation in respect of such Third-Party Claim, then (A) the Indemnifying Party shall not be bound by such acknowledgment, (B) the Indemnifying Party shall promptly thereafter provide the Indemnitee written notice of its assertion that it does not have an indemnification obligation in respect of such Third-Party Claim and (C) the Indemnitee shall have the right to assume the defense of such Third-Party Claim. Within 30 days after the receipt of a notice from an Indemnitee in accordance with Section 4.5(a) (or sooner, if the nature of the Third-Party Claim so requires), the Indemnifying Party shall provide written notice to the Indemnitee indicating whether the Indemnifying Party shall assume responsibility for defending the Third-Party Claim and specifying any reservations or exceptions to its defense. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim or fails to notify an Indemnitee of its election within 30 days after receipt of the notice from an Indemnitee as provided in Section 4.5(a), then the Indemnitee that is the subject of such Third-Party Claim shall be entitled to continue to conduct and control the defense of such Third-Party Claim. Notwithstanding anything herein to the contrary, Parent shall have the sole right, if it so elects, to defend and control any proceeding related to Shared Liabilities.

(c) Allocation of Defense Costs. If an Indemnifying Party has elected to assume the defense of a Third-Party Claim, whether with or without any reservations or exceptions with respect to such defense, then such Indemnifying Party shall be solely liable for all fees and expenses incurred by it in connection with the defense of such Third-Party Claim and shall not be entitled to seek any indemnification or reimbursement from the Indemnitee for any such fees or expenses incurred by the Indemnifying Party during the course of the defense of such Third-Party Claim by such Indemnifying Party, regardless of any subsequent decision by the Indemnifying Party to reject or otherwise abandon its assumption of such defense. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim or fails to notify an Indemnitee of its election within 30 days after receipt of a notice from an Indemnitee as provided in Section 4.5(a), and the Indemnitee conducts and controls the defense of such Third-Party Claim and the Indemnifying Party has an indemnification obligation with respect to such Third-Party Claim, then the Indemnifying Party shall be liable for all reasonable fees and expenses incurred by the Indemnitee in connection with the defense of such Third-Party Claim.

(d) Right to Monitor and Participate. An Indemnitee that does not conduct and control the defense of any Third-Party Claim, or an Indemnifying Party that has failed to elect to defend any Third-Party Claim as contemplated hereby, nevertheless shall have the right to employ separate counsel (including local counsel as necessary) of its own choosing to monitor and participate in (but not control) the defense of any Third-Party Claim for which it is a potential Indemnitee or Indemnifying Party, but the fees and expenses of such counsel shall be at the expense of such Indemnitee or Indemnifying Party, as the case may be, and the provisions of Section 4.5(c) shall not apply to such fees and expenses. Notwithstanding the foregoing, but subject to Sections 6.7 and 6.8, such Party shall cooperate with the Party entitled to conduct and control the defense of such Third-Party Claim in such defense and make available to the controlling Party, at the non-controlling Party's expense, all witnesses, information and materials in such Party's possession or under such Party's control relating thereto as are reasonably required by the controlling Party. In addition to the foregoing, if any Indemnitee shall in good faith determine that such Indemnitee and the Indemnifying Party have actual or potential differing defenses or conflicts of interest between them that make joint representation inappropriate, then the Indemnitee shall have the right to employ separate counsel (including local counsel as necessary) and to participate in (but not control) the defense, compromise, or settlement thereof, and in such case the Indemnifying Party shall bear the reasonable fees and expenses of such counsel for all Indemnitees.

(e) No Settlement. Neither Party may settle or compromise any Third-Party Claim for which either Party is seeking to be indemnified hereunder without the prior written consent of the other Party, which consent may not be unreasonably withheld, unless such settlement or compromise is solely for monetary damages that are fully payable by the settling or compromising Party, does not involve any admission, finding or determination of wrongdoing or violation of Law by the other Party and provides for a full, unconditional and irrevocable release of the other Party from all Liability in connection with the Third-Party Claim. The Parties hereby agree that if a Party presents the other Party with a written notice containing a proposal to settle or compromise a Third-Party Claim for which either Party is seeking to be indemnified hereunder and the Party receiving such proposal does not respond in any manner to the Party presenting such proposal within 30 days (or within any such shorter time period that may be required by applicable Law or court order) of receipt of such proposal, then the Party receiving such proposal shall be deemed to have consented to the terms of such proposal.

(f) Tax Matters Agreement Coordination . The provisions of Section 4.2 through Section 4.10 hereof do not apply with respect to Taxes or Tax matters (it being understood and agreed that Taxes and Tax matters, including the control of Tax-related proceedings, shall be governed by the Tax Matters Agreement). In the case of any conflict between this Agreement and the Tax Matters Agreement in relation to any matters addressed by the Tax Matters Agreement, the Tax Matters Agreement shall prevail.

4.6 Additional Matters.

(a) Timing of Payments. Indemnification or contribution payments in respect of any Liabilities for which an Indemnitee is entitled to indemnification or contribution under this Article IV shall be paid reasonably promptly (but in any event within 45 days of the final determination of the amount that the Indemnitee is entitled to indemnification or contribution under this Article IV) by the Indemnifying Party to the Indemnitee as such Liabilities are incurred upon demand by the Indemnitee, including reasonably satisfactory documentation setting forth the basis for the amount of such indemnification or contribution payment, including documentation with respect to calculations made and consideration of any Insurance Proceeds that actually reduce the amount of such Liabilities. The indemnity and contribution provisions contained in this Article IV shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnitee, and (ii) the knowledge by the Indemnitee of Liabilities for which it might be entitled to indemnification hereunder.

(b) Notice of Direct Claims. Any claim for indemnification or contribution under this Agreement or any Ancillary Agreement that does not result from a Third-Party Claim shall be asserted by written notice given by the Indemnitee to the applicable Indemnifying Party; provided, that the failure by an Indemnitee to so assert any such claim shall not prejudice the ability of the Indemnitee to do so at a later time except to the extent (if any) that the Indemnifying Party is prejudiced thereby. Such Indemnifying Party shall have a period of 30 days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 30-day period, such specified claim shall be conclusively deemed a Liability of the Indemnifying Party under this Section 4.6(b) or, in the case of any written notice in which the amount of the claim (or any portion thereof) is estimated, on such later date when the amount of the claim (or such portion thereof) becomes finally determined. If such Indemnifying Party does not respond within such 30-day period or rejects such claim in whole or in part, such Indemnitee shall, subject to the provisions of Article VII, be free to pursue such remedies as may be available to such party as contemplated by this Agreement and the Ancillary Agreements, as applicable, without prejudice to its continuing rights to pursue indemnification or contribution hereunder.

(c) Pursuit of Claims Against Third Parties. If (i) a Party incurs any Liability arising out of this Agreement or any Ancillary Agreement; (ii) an adequate legal or equitable remedy is not available for any reason against the other Party to satisfy the Liability incurred by the incurring Party; and (iii) a legal or equitable remedy may be available to the other Party against a Third Party for such Liability, then the other Party shall use its commercially reasonable efforts to cooperate with the incurring Party, at the incurring Party's expense, to permit the incurring Party to obtain the benefits of such legal or equitable remedy against the Third Party.

(d) Subrogation. In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

4.7 Right of Contribution.

(a) Contribution. If any right of indemnification contained in Section 4.2 or Section 4.3 is held unenforceable or is unavailable for any reason, or is insufficient to hold harmless an Indemnitee in respect of any Liability for which such Indemnitee is entitled to indemnification hereunder, then the Indemnifying Party shall contribute to the amounts paid or payable by the Indemnitees as a result of such Liability (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and the members of its Group, on the one hand, and the Indemnitees entitled to contribution, on the other hand, as well as any other relevant equitable considerations.

(b) Allocation of Relative Fault. Solely for purposes of determining relative fault pursuant to this Section 4.7: (i) any fault associated with the business conducted with the Delayed Sysorex Assets or Delayed Sysorex Liabilities (except for the gross negligence or intentional misconduct of a member of the Parent Group) or with the ownership, operation or activities of the Sysorex Business prior to the Effective Time shall be deemed to be the fault of Sysorex and the other members of the Sysorex Group, and no such fault shall be deemed to be the fault of Parent or any other member of the Parent Group; (ii) any fault associated with the business conducted with Delayed Parent Assets or Delayed Parent Liabilities (except for the gross negligence or intentional misconduct of a member of the Sysorex Group) shall be deemed to be the fault of Parent and the other members of the Parent Group, and no such fault shall be deemed to be the fault of Sysorex or any other member of the Sysorex Group; and (iii) any fault associated with the ownership, operation or activities of the Parent Business prior to the Effective Time shall be deemed to be the fault of Parent and the other members of the Parent Group, and no such fault shall be deemed to be the fault of Sysorex or any other member of the Sysorex Group.

4.8 Covenant Not to Sue. Each Party hereby covenants and agrees that none of it, the members of such Party's Group or any Person claiming through it shall bring suit or otherwise assert any claim against any Indemnitee, or assert a defense against any claim asserted by any Indemnitee, before any court, arbitrator, mediator or administrative agency anywhere in the world, alleging that: (a) the assumption of any Sysorex Liabilities by Sysorex or a member of the Sysorex Group on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason; (b) the retention of any Parent Liabilities by Parent or a member of the Parent Group on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason; or (c) the provisions of this Article IV are void or unenforceable for any reason.

4.9 Remedies Cumulative. The remedies provided in this Article IV shall be cumulative and, subject to the provisions of Article VIII, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

4.10 Survival of Indemnities. The rights and obligations of each of Parent and Sysorex and their respective Indemnitees under this Article IV shall survive (a) the sale or other transfer by either Party or any member of its Group of any assets or businesses or the assignment by it of any liabilities; or (b) any merger, consolidation, business combination, sale of all or substantially all of its Assets, restructuring, recapitalization, reorganization or similar transaction involving either Party or any of the members of its Group.

ARTICLE V

CERTAIN OTHER MATTERS

5.1 Insurance Matters.

(a) Parent and Sysorex agree to cooperate in good faith to provide for an orderly transition of insurance coverage from the date hereof through the Effective Time. In no event shall Parent, any other member of the Parent Group or any Parent Indemnitee have Liability or obligation whatsoever to any member of the Sysorex Group in the event that any insurance policy or insurance policy related contract shall be terminated or otherwise cease to be in effect for any reason, shall be unavailable or inadequate to cover any Liability of any member of the Sysorex Group for any reason whatsoever or shall not be renewed or extended beyond the current expiration date.

(b) From and after the Effective Time, with respect to any losses, damages and Liability incurred by any member of the Sysorex Group prior to the Effective Time, Parent will pursue claims, at Sysorex's sole cost and expense on behalf of Sysorex (with Sysorex entitled to all Insurance Proceeds resulting from or arising out of any such claims) under Parent's Policies in place immediately prior to the Effective Time (and any extended reporting periods for claims made Policies) and Parent's historical Policies, but solely to the extent that such Policies provided coverage for members of the Sysorex Group or the Sysorex Business prior to the Effective Time; provided that such right to require Parent to make claims on behalf of Sysorex under such Policies shall be subject to the terms, conditions and exclusions of such Policies, including but not limited to any limits on coverage or scope, any deductibles, self-insured retentions and other fees and expenses, and shall be subject to the following additional conditions:

(i) Sysorex shall provide written notification to Parent of any request for Parent to pursue a claim on behalf Sysorex pursuant to this Section 5.1(b), and Parent shall use commercially reasonable efforts to pursue such claim, at Sysorex's sole cost and expense, as promptly as is reasonably practicable;

(ii) Sysorex and the members of the Sysorex Group shall indemnify, hold harmless and reimburse Parent and the members of the Parent Group for any deductibles, self-insured retention, fees, indemnity payments, settlements, judgments, legal fees, allocated claims expenses and claim handling fees, and other expenses incurred by Parent or any members of the Parent Group to the extent resulting from any pursuit of claims on behalf of Sysorex or any other members of the Sysorex Group under any insurance provided pursuant to this Section 5.1(b), whether such claims are pursued on behalf of Sysorex, its employees or third Persons; and

(iii) Sysorex shall exclusively bear (and neither Parent nor any members of the Parent Group shall have any obligation to repay or reimburse Sysorex or any member of the Sysorex Group for) and shall be liable for all excluded, uninsured, uncovered, unavailable or uncollectible amounts of all such claims pursued on behalf of Sysorex or any member of the Sysorex Group under the Policies as provided for in this Section 5.1(b).

In the event that any member of the Parent Group incurs any losses, damages or Liability prior to or in respect of the period prior to the Effective Time for which such member of the Parent Group is entitled to coverage under Sysorex's third-party Policies, the same process pursuant to this Section 5.1(b) shall apply, substituting "Parent" for "Sysorex" and "Sysorex" for "Parent", including for purposes of the first sentence of Section 5.1(e).

(c) Except as provided in Section 5.1(b), from and after the Effective Time, neither Sysorex nor any member of the Sysorex Group shall have any rights to or under any of the Policies of Parent or any other member of the Parent Group. At the Effective Time, Sysorex shall have in effect all insurance programs required to comply with Sysorex's contractual obligations and such other Policies required by Law or as reasonably necessary or appropriate for companies operating a business similar to Sysorex's.

(d) In connection with Parent's pursuit of a claim on behalf of Sysorex or a member of the Sysorex Group under any insurance policy of Parent or any member of the Parent Group pursuant to this Section 5.1, Parent shall not be required to take any action that would be reasonably likely to (i) have a material and adverse impact on the then-current relationship between Parent or any member of the Parent Group, on the one hand, and the applicable insurance company, on the other hand; (ii) result in the applicable insurance company terminating or materially reducing coverage, or materially increasing the amount of any premium owed by Parent or any member of the Parent Group under the applicable insurance policy; or (iii) otherwise compromise, jeopardize or interfere in any material respect with the rights of Parent or any member of the Parent Group under the applicable insurance policy.

(e) All payments and reimbursements by Sysorex pursuant to this Section 5.1 will be made within 45 days after Sysorex's receipt of an invoice therefor from Parent. Parent shall retain the exclusive right to control its Policies and programs, including the right to exhaust, settle, release, commute, buy-back or otherwise resolve disputes with respect to any of its Policies and programs and to amend, modify or waive any rights under any such Policies and programs, notwithstanding whether any such Policies or programs apply to any Sysorex Liabilities and/or claims Sysorex has made or could make in the future, and no member of the Sysorex Group shall erode, exhaust, settle, release, commute, buyback or otherwise resolve disputes with Parent's insurers with respect to any of Parent's Policies and programs, or amend, modify or waive any rights under any such Policies and programs. Sysorex shall cooperate with Parent and share such information as is reasonably necessary in order to permit Parent to manage and conduct its insurance matters as Parent deems appropriate. Neither Parent nor any member of the Parent Group shall have any obligation to secure extended reporting for any claims under any Policies of Parent or any member of the Parent Group for any acts or omissions by any member of the Sysorex Group incurred prior to the Effective Time. For the avoidance of doubt, each Party and any member of its applicable Group has the sole right to settle or otherwise resolve third party claims made against it or any member of its applicable Group covered under an applicable insurance Policy.

(f) This Agreement shall not be considered as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of any member of the Parent Group in respect of any insurance policy or any other contract or policy of insurance.

(g) Sysorex does hereby, for itself and each other member of the Sysorex Group, agree that no member of the Parent Group shall have any Liability whatsoever as a result of the Policies and practices of Parent and the members of the Parent Group as in effect at any time, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy, or the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim or otherwise.

(h) For 5 years after the Effective Time, each of Parent and Sysorex shall cause to be maintained in effect the same or no less favorable (in the aggregate) provisions in its respective articles of incorporation and bylaws in effect as of the Effective Time regarding elimination of liability, indemnification of officers and directors and advancement of expenses; provided that this clause (h) shall not be deemed to prevent any merger, liquidation or similar transaction.

5.2 Late Payments. Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount not paid when due pursuant to this Agreement or any Ancillary Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within 45 days of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to the Prime Rate plus 1%, provided that notice of any such late payment has been provided and the other Party has been provided 15 days to cure any such late payment.

5.3 Inducement. Sysorex acknowledges and agrees that Parent's willingness to cause, effect and consummate the Separation and the Distribution has been conditioned upon and induced by Sysorex's covenants and agreements in this Agreement and the Ancillary Agreements, including Sysorex's assumption of the Sysorex Liabilities pursuant to the Separation and the provisions of this Agreement and Sysorex's covenants and agreements contained in Article IV.

5.4 Post-Effective Time Conduct. The Parties acknowledge that, after the Effective Time, each Party shall be independent of the other Party, with responsibility for its own actions and inactions and its own Liabilities relating to, arising out of or resulting from the conduct of its business, operations and activities following the Effective Time, except as may otherwise be provided in any Ancillary Agreement, and each Party shall (except as otherwise provided in Article IV) use commercially reasonable efforts to prevent such Liabilities from being inappropriately borne by the other Party.

5.5 Non-Competition; Non-Solicitation.

(a) For a period of 2 years after the Distribution Date, without the written consent of Parent, neither Sysorex nor any member of the Sysorex Group, nor any of their Affiliates, shall directly or indirectly, develop, commercialize, manufacture or distribute, or license, authorize or otherwise enable or assist any Third Party to, directly or indirectly, develop, commercialize, manufacture or distribute, any product or service that competes with the Parent Business anywhere in the world, in each case other than the conduct by Sysorex or any member of its Group of the Sysorex Operating Activities.

(b) In the event that (i) Sysorex or any member of the Sysorex Group desires to purchase (whether structured as an acquisition of assets, stock, merger or otherwise) a Person or business that conducts any activities substantially similar to Parent's Business and (ii) such purchase or the ownership by Sysorex or any member of the Sysorex Group of such Person or business would result in a breach of Section 5.5(a) solely due to the conduct of such incidental activities, then, upon Sysorex's written request to Parent, the Parties shall enter into good faith discussions regarding a potential agreement that would include terms, conditions and restrictions pursuant to which Sysorex or such member would be permitted to complete such purchase without breaching Section 5.5(a) (provided, however, that neither Party shall have any obligation hereunder to enter into any such agreement).

(c) For a period of one year after the Distribution Date, neither Party nor any member of its Group shall directly or indirectly solicit or recruit for employment any current or former employees of the other Party or any member of its Group without the written consent of such other Party; provided that an individual shall not be deemed to have been solicited in violation of this Section 5.5(c) if such individual ceased to be employed by such other Party or any member of its Group or if such individual voluntarily contacts such other Party or any member of its Group. This prohibition on solicitation shall not apply to a public solicitation or a general solicitation (including through a bona fide search firm), so long as it is not targeted toward employees of the applicable Group.

(d) Each Party acknowledges and agrees that the restrictions in this Section 5.5 are reasonable, valid and necessary in light of the Parties' circumstances and for the adequate protection of the Parties' businesses and that the Parties would not have entered into this Agreement without such restrictions. If, notwithstanding the foregoing, a competent court or arbitrator determines that such restrictions are too broad or otherwise unreasonable under applicable Law, then, notwithstanding anything to the contrary in Section 10.6, such court or arbitrator is hereby requested and authorized by the Parties to modify such restrictions so that, after such modification, they reflect the maximum restrictions allowable under applicable Laws.

(e) Nothing in this Section 5.5 shall prohibit Nadir Ali, who will continue to serve as a director of Sysorex and the Chief Executive Officer and a director of Parent from engaging in the Parent Business prior to and after the Effective Time.

ARTICLE VI

EXCHANGE OF INFORMATION; CONFIDENTIALITY

6.1 Agreement for Exchange of Information.

(a) Subject to Section 6.9 and any other applicable confidentiality obligations, each of Parent and Sysorex, on behalf of itself and each member of its Group, agrees to use commercially reasonable efforts to provide or make available, or cause to be provided or made available, to the other Party and the members of such other Party's Group, at any time before, on or after the Effective Time, as soon as reasonably practicable after written request therefor is received by such Party, any information (or a copy thereof) in the possession or under the control of such Party or its Group which the requesting Party requests to the extent that (i) such information relates to the Sysorex Business, or any Sysorex Asset or Sysorex Liability, if Sysorex is the requesting Party, or to the Parent Business, or any Parent Asset or Parent Liability, if Parent is the requesting Party; (ii) such information is required by the requesting Party to comply with its obligations under this Agreement or any Ancillary Agreement; or (iii) such information is required by the requesting Party to comply with any obligation imposed by any Governmental Authority; provided, however, that, in the event that the Party to whom the request has been made determines that any such provision of information could be detrimental to the Party providing the information, violate any Law or agreement, or waive any privilege available under applicable Law, including any attorney-client privilege, then the Parties shall use commercially reasonable efforts to permit compliance with such obligations to the extent and in a manner that avoids any such harm or consequence. The Party providing information pursuant to this Section 6.1 shall only be obligated to provide such information in the form, condition and format in which it then exists, and in no event shall such Party be required to perform any improvement, modification, conversion, updating or reformatting of any such information, and nothing in this Section 6.1 shall expand the obligations of a Party under Section 6.4.

(b) Without limiting the generality of the foregoing, until December 31, 2018 which is the end of Sysorex's 2018 fiscal year (and for a reasonable period of time afterwards as required for each Party to prepare consolidated financial statements or complete a financial statement audit for such fiscal year), each Party shall use its commercially reasonable efforts to cooperate with the other Party's information requests to enable (i) the other Party to meet its timetable for dissemination of its earnings releases, financial statements and management's assessment of the effectiveness of its disclosure controls and procedures and its internal control over financial reporting in accordance with Items 307 and 308, respectively, of Regulation S-K promulgated under the Exchange Act; and (ii) the other Party's accountants to timely complete their review of the quarterly financial statements and audit of the annual financial statements, including, to the extent applicable to such Party, its auditor's audit of its internal control over financial reporting and management's assessment thereof in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, the SEC's and Public Company Accounting Oversight Board's rules and auditing standards thereunder and any other applicable Laws.

6.2 Ownership of Information. The provision of any information pursuant to Section 6.1 or Section 6.7 shall not affect the ownership of such information (which shall be determined solely in accordance with the terms of this Agreement and the Ancillary Agreements), or constitute a grant of rights in or to any such information.

6.3 Compensation for Providing Information. The Party requesting information agrees to reimburse the other Party for the reasonable costs, if any, of creating, gathering, copying, transporting and otherwise complying with the request with respect to such information (including any reasonable costs and expenses incurred in any review of information for purposes of protecting the Privileged Information of the providing Party or in connection with the restoration of backup media for purposes of providing the requested information). Except as may be otherwise specifically provided elsewhere in this Agreement, any Ancillary Agreement or any other agreement between the Parties, such costs shall be computed in accordance with the providing Party's standard methodology and procedures.

6.4 Record Retention. To facilitate the possible exchange of information pursuant to this Article VI and other provisions of this Agreement after the Effective Time, the Parties agree to use their commercially reasonable efforts, which shall be no less rigorous than those used for retention of such Party's own information, to retain all information in their respective possession or control at the Effective Time in accordance with their respective policies regarding retention of records; provided, however, that in the case of any information relating to Taxes, such retention period shall be extended to the expiration of the applicable statute of limitations (giving effect to any extensions thereof). Notwithstanding anything in Article VI to the contrary, the Tax Matters Agreement exclusively governs the retention of Tax related records and the exchange of Tax-related information, and Section 9.01 of the Employee Matters Agreement will govern the retention of employment and benefits related records.

6.5 Limitations of Liability. Neither Party shall have any Liability to the other Party in the event that any information exchanged or provided pursuant to this Agreement is found to be inaccurate in the absence of gross negligence, bad faith or willful misconduct by the Party providing such information. Neither Party shall have any Liability to any other Party if any information is destroyed after commercially reasonable efforts by such Party to comply with the provisions of Section 6.4.

6.6 Other Agreements Providing for Exchange of Information.

(a) The rights and obligations granted under this Article VI are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange, retention, destruction or confidential treatment of information set forth in any Ancillary Agreement.

(b) Any party that receives, pursuant to a request for information in accordance with this Article VI, Tangible Information that is not relevant to its request shall, at the request of the providing Party, (i) return it to the providing Party or, at the providing Party's request, destroy such Tangible Information; and (ii) deliver to the providing Party written confirmation that such Tangible Information was returned or destroyed, as the case may be, which confirmation shall be signed by an authorized representative of the requesting Party.

6.7 Production of Witnesses; Records; Cooperation.

(a) After the Effective Time, except in the case of a Dispute between Parent and Sysorex, or any members of their respective Groups, each Party shall use its commercially reasonable efforts to make available to the other Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available without undue burden, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action in which the requesting Party (or member of its Group) may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. The requesting Party shall bear all costs and expenses in connection therewith.

(b) If an Indemnifying Party chooses to defend or to seek to compromise or settle any Third-Party Claim, the other Party shall make available to such Indemnifying Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available without undue burden, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be, and shall otherwise cooperate in such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be.

(c) Without limiting the foregoing, the Parties shall cooperate and consult to the extent reasonably necessary with respect to any Actions.

(d) Without limiting any provision of this Section 6.7, each of the Parties agrees to cooperate, and to cause each member of its respective Group to cooperate, with each other in the defense of any infringement or similar claim with respect to any Intellectual Property and shall not claim to acknowledge, or permit any member of its respective Group to claim to acknowledge, the validity or infringing use of any Intellectual Property of a third Person in a manner that would hamper or undermine the defense of such infringement or similar claim.

(e) The obligation of the Parties to provide witnesses pursuant to this Section 6.7 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses directors, officers, employees, other personnel and agents without regard to whether such person could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 6.7(a)).

6.8 Privileged Matters.

(a) The Parties recognize that legal and other professional services that have been and will be provided prior to the Effective Time have been and will be rendered for the collective benefit of each of the members of the Parent Group and the Sysorex Group, and that each of the members of the Parent Group and the Sysorex Group should be deemed to be the client with respect to such services for the purposes of asserting all privileges which may be asserted under applicable Law in connection therewith. The Parties recognize that legal and other professional services will be provided following the Effective Time, which services will be rendered solely for the benefit of the Parent Group or the Sysorex Group, as the case may be. In furtherance of the foregoing, each Party shall authorize the delivery to and/or retention by the other Party of materials existing as of the Effective Time that are necessary for such other Party to perform such services.

(b) The Parties agree as follows:

(i) Parent shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the Parent Business and not to the Sysorex Business, whether or not the Privileged Information is in the possession or under the control of any member of the Parent Group or any member of the Sysorex Group. Parent shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any Parent Liabilities resulting from any Actions that are now pending or may be asserted in the future, whether or not the Privileged Information is in the possession or under the control of any member of the Parent Group or any member of the Sysorex Group;

(ii) Sysorex shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the Sysorex Business and not to the Parent Business, whether or not the Privileged Information is in the possession or under the control of any member of the Sysorex Group or any member of the Parent Group. Sysorex shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any Sysorex Liabilities resulting from any Actions that are now pending or may be asserted in the future, whether or not the Privileged Information is in the possession or under the control of any member of the Sysorex Group or any member of the Parent Group; and

(iii) if the Parties do not agree as to whether certain information is Privileged Information, then such information shall be treated as Privileged Information, and the Party that believes that such information is Privileged Information shall be entitled to control the assertion or waiver of all privileges and immunities in connection with any such information unless the Parties otherwise agree. The Parties shall use the procedures set forth in Article VII to resolve any disputes as to whether any information relates solely to the Parent Business, solely to the Sysorex Business, or to both the Parent Business and the Sysorex Business.

(c) Subject to the remaining provisions of this Section 6.8, the Parties agree that they shall have a shared privilege or immunity with respect to all privileges and immunities not allocated pursuant to Section 6.8(b) and all privileges and immunities relating to any Actions or other matters that involve both Parties (or one or more members of their respective Groups) and in respect of which both Parties have Liabilities under this Agreement, and that no such shared privilege or immunity may be waived by either Party without the consent of the other Party.

(d) If any Dispute arises between the Parties or any members of their respective Groups regarding whether a privilege or immunity should be waived to protect or advance the interests of either Party and/or any member of their respective Groups, each Party agrees that it shall (i) negotiate with the other Party in good faith; (ii) endeavor to minimize any prejudice to the rights of the other Party; and (iii) not unreasonably withhold consent to any request for waiver by the other Party. Further, each Party specifically agrees that it shall not withhold its consent to the waiver of a privilege or immunity for any purpose except in good faith to protect its own legitimate interests.

(e) In the event of any Dispute between Parent and Sysorex, or any members of their respective Groups, either Party may waive a privilege in which the other Party or member of such other Party's Group has a shared privilege, without obtaining consent pursuant to Section 6.8(c); provided that the Parties intend such waiver of a shared privilege to be effective only as to the use of information with respect to the Action between the Parties and/or the applicable members of their respective Groups, and is not intended to operate as a waiver of the shared privilege with respect to any Third Party.

(f) Upon receipt by either Party, or by any member of its respective Group, of any subpoena, discovery or other request that may reasonably be expected to result in the production or disclosure of Privileged Information subject to a shared privilege or immunity or as to which another Party has the sole right hereunder to assert a privilege or immunity, or if either Party obtains knowledge that any of its, or any member of its respective Group's, current or former directors, officers, agents or employees have received any subpoena, discovery or other requests that may reasonably be expected to result in the production or disclosure of such Privileged Information, such Party shall promptly notify the other Party of the existence of the request (which notice shall be delivered to such other Party no later than 5 business days following the receipt of any such subpoena, discovery or other request) and shall provide the other Party a reasonable opportunity to review the Privileged Information and to assert any rights it or they may have under this Section 6.8 or otherwise, to prevent the production or disclosure of such Privileged Information.

(g) Any furnishing of, or access or transfer of, any information pursuant to this Agreement is made in reliance on the agreement of Parent and Sysorex set forth in this Section 6.8 and in Section 6.9 to maintain the confidentiality of Privileged Information and to assert and maintain all applicable privileges and immunities. The Parties agree that their respective rights to any access to information, witnesses and other Persons, the furnishing of notices and documents and other cooperative efforts between the Parties contemplated by this Agreement, and the transfer of Privileged Information between the Parties and members of their respective Groups as needed pursuant to this Agreement, is not intended to be deemed a waiver of any privilege that has been or may be asserted under this Agreement or otherwise.

(h) In connection with any matter contemplated by Section 6.7 or this Section 6.8, the Parties agree to, and to cause the applicable members of their Group to, use commercially reasonable efforts to maintain their respective separate and joint privileges and immunities, including by executing joint defense and/or common interest agreements where necessary or useful for this purpose.

6.9 Confidentiality.

(a) Confidentiality. Subject to Section 6.10, from and after the Effective Time each of Parent and Sysorex, on behalf of itself and each member of its respective Group, agrees to hold, and to cause its respective Representatives to hold, in strict confidence, with at least the same degree of care that applies to Parent's confidential and proprietary information pursuant to policies in effect as of the Effective Time, all confidential and proprietary information concerning the other Party or any member of the other Party's Group or their respective businesses (giving effect to the Separation and Distribution) that is either in its possession (including confidential and proprietary information in its possession prior to the date hereof) or furnished by any such other Party or any member of such Party's Group or their respective Representatives at any time pursuant to this Agreement, any Ancillary Agreement or otherwise, and shall not use any such confidential and proprietary information other than for such purposes as shall be expressly permitted hereunder or thereunder, except, in each case, to the extent that such confidential and proprietary information has been (i) in the public domain or generally available to the public, other than as a result of a disclosure by such Party or any member of such Party's Group or any of their respective Representatives in violation of this Agreement, (ii) later lawfully acquired from other sources by such Party (or any member of such Party's Group) which sources are not themselves bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such confidential and proprietary information, or (iii) independently developed or generated without reference to or use of any proprietary or confidential information of the other Party or any member of such Party's Group. If any confidential and proprietary information of one Party or any member of its Group is disclosed to the other Party or any member of such other Party's Group in connection with providing services to such first Party or any member of such first Party's Group under this Agreement or any Ancillary Agreement, then such disclosed confidential and proprietary information shall be used only as required to perform such services.

(b) No Release; Return or Destruction. Each Party agrees not to release or disclose, or permit to be released or disclosed, any information addressed in Section 6.9(a) to any other Person, except its Representatives who need to know such information in their capacities as such (who shall be advised of their obligations hereunder with respect to such information), and except in compliance with Section 6.10. Without limiting the foregoing, when any such information is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, and is no longer subject to any legal hold or other document preservation obligation, each Party will promptly after request of the other Party either return to the other Party all such information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or notify the other Party in writing that it has destroyed such information (and such copies thereof and such notes, extracts or summaries based thereon); provided, that the Parties may retain electronic back-up versions of such information maintained on routine computer system backup tapes, disks or other backup storage devices; provided further, that any such information so retained shall remain subject to the confidentiality provisions of this Agreement or any Ancillary Agreement.

(c) Third-Party Information; Privacy or Data Protection Laws. Each Party acknowledges that it and members of its Group may presently have and, following the Effective Time, may gain access to or possession of confidential or proprietary information of, or legally-protected personal information relating to, Third Parties (i) that was received under privacy policies and/or confidentiality or non-disclosure agreements entered into between such Third Parties, on the one hand, and the other Party or members of such other Party's Group, on the other hand, prior to the Effective Time; or (ii) that, as between the two Parties, was originally collected by the other Party or members of such other Party's Group and that may be subject to and protected by privacy policies, as well as privacy, data protection or other applicable Laws. Each Party agrees that it shall hold, protect and use, and shall cause the members of its Group and its and their respective Representatives to hold, protect and use, in strict confidence the confidential and proprietary information of, or legally-protected personal information relating to, Third Parties in accordance with privacy policies and privacy, data protection or other applicable Laws and the terms of any agreements that were either entered into before the Effective Time or affirmative commitments or representations that were made before the Effective Time by, between or among the other Party or members of the other Party's Group, on the one hand, and such Third Parties, on the other hand. With respect to legally-protected personal information received from consumers before the Effective Time, each Party agrees that it will not use data in a manner that is materially inconsistent with promises made at the time the data was collected unless it first obtains affirmative express consent from the relevant consumer.

6.10 Protective Arrangements. In the event that a Party or any member of its Group either determines on the advice of its counsel that it is required to disclose any information pursuant to applicable Law or receives any request or demand under lawful process or from any Governmental Authority to disclose or provide information of the other Party (or any member of the other Party's Group) that is subject to the confidentiality provisions hereof, such Party shall notify the other Party (to the extent legally permitted) as promptly as practicable under the circumstances prior to disclosing or providing such information and shall cooperate, at the expense of the other Party, in seeking any appropriate protective order requested by the other Party. In the event that such other Party fails to receive such appropriate protective order in a timely manner, then the Party that received such request or demand may thereafter disclose or provide information to the extent required by such Law (as so advised by its counsel) or by lawful process or such Governmental Authority, and the disclosing Party shall promptly provide the other Party with a copy of the information so disclosed, in the same form and format so disclosed, together with a list of all Persons to whom such information was disclosed, in each case to the extent legally permitted.

ARTICLE VII

DISPUTE RESOLUTION

7.1 Good Faith Offer Negotiation. Subject to Section 7.4, either Party seeking resolution of any dispute, controversy or claim arising out of or relating to this Agreement or any Ancillary Agreement (including regarding whether any Assets are Sysorex Assets, any Liabilities are Sysorex Liabilities or the validity, interpretation, breach or termination of this Agreement or any Ancillary Agreement) (a "Dispute"), shall provide written notice thereof to the other Party (the "Offer Negotiation Request"). Within 15 days of the delivery of the Offer Negotiation Request, the Parties shall attempt to resolve the Dispute through good faith negotiation. All such negotiations shall be conducted by executives who hold, at a minimum, the title of Senior Vice President and who have authority to settle the Dispute. All such negotiations shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. If the Parties are unable for any reason to resolve a Dispute within 30 days of receipt of the Offer Negotiation Request, and such 30 day period is not extended by mutual written consent of the Parties, the Chief Executive Officers of the Parties shall enter into good faith negotiations in accordance with Section 7.2.

7.2 Good-Faith Negotiation. If any Dispute is not resolved pursuant to Section 7.1, the Party that delivered the Offer Negotiation Request shall provide written notice of such Dispute to the Chief Executive Officer of each Party (a "CEO Negotiation Request"). As soon as reasonably practicable following receipt of a CEO Negotiation Request, the Chief Executive Officers of the Parties shall begin conducting good-faith negotiations with respect to such Dispute. All such negotiations shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. If the Chief Executive Officers of the Parties are unable for any reason to resolve a Dispute within 30 days of receipt of a CEO Negotiation Request, and such 30 day period is not extended by mutual written consent of the Parties, the Dispute shall be submitted to arbitration in accordance with Section 7.3.

7.3 Arbitration.

(a) In the event that a Dispute has not been resolved within 30 days of the receipt of a CEO Negotiation Request in accordance with Section 7.2, or within such longer period as the Parties may agree to in writing, then such Dispute shall, upon the written request of a Party (the "Arbitration Request") be submitted to be finally resolved by binding arbitration in accordance with the then current International Institute for Conflict Prevention and Resolution ("CPR") arbitration procedure, except as modified herein. The arbitration shall be held in (i) Palo Alto, California, or (ii) such other place as the Parties may mutually agree in writing. Unless otherwise agreed by the Parties in writing, any Dispute to be decided pursuant to this Section 7.3 will be decided (i) before a sole arbitrator if the amount in dispute, inclusive of all claims and counterclaims, totals less than $1 million; or (ii) by a panel of 3 arbitrators if the amount in dispute, inclusive of all claims and counterclaims, totals $1 million or more.

(b) The panel of 3 arbitrators will be chosen as follows: (i) within 15 days from the date of the receipt of the Arbitration Request, each Party will name an arbitrator; and (ii) the 2 Party-appointed arbitrators will thereafter, within 30 days from the date on which the second of the 2 arbitrators was named, name a third, independent arbitrator who will act as chairperson of the arbitral tribunal. In the event that either Party fails to name an arbitrator within 15 days from the date of receipt of the Arbitration Request, then upon written application by either Party, that arbitrator shall be appointed pursuant to the CPR arbitration procedure. In the event that the 2 Party-appointed arbitrators fail to appoint the third, then the third, independent arbitrator will be appointed pursuant to the CPR arbitration procedure. If the arbitration will be before a sole independent arbitrator, then the sole independent arbitrator will be appointed by agreement of the Parties within 15 days of the date of receipt of the Arbitration Request. If the Parties cannot agree to a sole independent arbitrator during such 15 day period, then upon written application by either party, the sole independent arbitrator will be appointed pursuant to the CPR arbitration procedure.

(c) The arbitrator(s) will have the right to award, on an interim basis, or include in the final award, any relief which it deems proper in the circumstances, including money damages (with interest on unpaid amounts from the due date), injunctive relief (including specific performance) and attorneys' fees and costs; provided that the arbitrator(s) will not award any relief not specifically requested by the Parties and, in any event, will not award any indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other arising in connection with the transactions contemplated hereby (other than any such Liability with respect to a Third-Party Claim). Upon selection of the arbitrator(s) following any grant of interim relief by a special arbitrator or court pursuant to Section 7.4, the arbitrator(s) may affirm or disaffirm that relief, and the Parties will seek modification or rescission of the order entered by the court as necessary to accord with the decision of the arbitrator(s). The award of the arbitrator(s) shall be final and binding on the Parties, and may be enforced in any court of competent jurisdiction. The initiation of arbitration pursuant to this Article VII will toll the applicable statute of limitations for the duration of any such proceedings.

7.4 Litigation and Unilateral Commencement of Arbitration. Notwithstanding the foregoing provisions of this Article VII, (a) a Party may seek preliminary provisional or injunctive judicial relief with respect to a Dispute without first complying with the procedures set forth in Section 7.1, Section 7.2 and Section 7.3 if such action is reasonably necessary to avoid irreparable damage and (b) either Party may initiate arbitration before the expiration of the periods specified in Section 7.1, Section 7.2 and/or Section 7.3 if such Party has submitted an Offer Negotiation Request, a CEO Negotiation Request and/or an Arbitration Request and the other Party has failed to comply with Section 7.1, Section 7.2 and/or Section 7.3 in good faith with respect to such negotiation and/or the commencement and engagement in arbitration. In such event, the other Party may commence and prosecute such arbitration unilaterally in accordance with the CPR arbitration procedure.

7.5 Conduct During Dispute Resolution Process. Unless otherwise agreed in writing, the Parties shall, and shall cause the respective members of their Groups to, continue to honor all commitments under this Agreement and each Ancillary Agreement to the extent required by such agreements during the course of dispute resolution pursuant to the provisions of this Article VII, unless such commitments are the specific subject of the Dispute at issue.

ARTICLE VIII

FURTHER ASSURANCES AND ADDITIONAL COVENANTS

8.1 Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties shall use its reasonable best efforts, prior to, on and after the Effective Time, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Without limiting the foregoing, prior to, on and after the Effective Time, each Party hereto shall cooperate with the other Party, and without any further consideration, but at the expense of the requesting Party, to execute and deliver, or use its reasonable best efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all Approvals or Notifications of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any consents or Governmental Approvals), and to take all such other actions as such Party may reasonably be requested to take by the other Party from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and the transfers of the Sysorex Assets and the Parent Assets and the assignment and assumption of the Sysorex Liabilities and the Parent Liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each Party will, at the reasonable request, cost and expense of the other Party, take such other actions as may be reasonably necessary to vest in such other Party good and marketable title to the Assets allocated to such Party under this Agreement or any of the Ancillary Agreements, free and clear of any Security Interest, if and to the extent it is practicable to do so.

(c) On or prior to the Effective Time, Parent and Sysorex, in their respective capacities as direct and indirect stockholders of the members of their Groups, shall each ratify any actions which are reasonably necessary or desirable to be taken by Parent, Sysorex or any of the members of their respective Groups, as the case may be, to effectuate the transactions contemplated by this Agreement and the Ancillary Agreements.

(d) Parent and Sysorex, and each of the members of their respective Groups, waive (and agree not to assert against any of the others) any claim or demand that any of them may have against any of the others for any Liabilities or other claims relating to or arising out of: (i) the failure of Sysorex or any other member of the Sysorex Group, on the one hand, or of Parent or any other member of the Parent Group, on the other hand, to provide any notification or disclosure required under any state Environmental Law in connection with the Separation or the other transactions contemplated by this Agreement, including the transfer by any member of any Group to any member of the other Group of ownership or operational control of any Assets not previously owned or operated by such transferee; or (ii) any inadequate, incorrect or incomplete notification or disclosure under any such state Environmental Law by the applicable transferor. To the extent any Liability to any Governmental Authority or any third Person arises out of any action or inaction described in clause (i) or (ii) above, the transferee of the applicable Asset hereby assumes and agrees to pay any such Liability.

ARTICLE IX

TERMINATION

9.1 Termination. This Agreement and all Ancillary Agreements may be terminated and the Distribution may be amended, modified or abandoned at any time prior to the Effective Time by Parent, in its sole and absolute discretion, without the approval or consent of any other Person, including Sysorex. After the Effective Time, this Agreement may not be terminated except by an agreement in writing signed by a duly authorized officer of each of the Parties.

9.2 Effect of Termination. In the event of any termination of this Agreement prior to the Effective Time, no Party (nor any of its directors, officers or employees) shall have any Liability or further obligation to the other Party by reason of this Agreement.

ARTICLE X

MISCELLANEOUS

10.1 Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement and each Ancillary Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

(b) This Agreement, the Ancillary Agreements and the Exhibits, Schedules and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein. This Agreement and the Ancillary Agreements together govern the arrangements in connection with the Separation and Distribution and would not have been entered independently.

(c) Parent represents on behalf of itself and each other member of the Parent Group, and Sysorex represents on behalf of itself and each other member of the Sysorex Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and each Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement and each Ancillary Agreement to which it is a party has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.

(d) Each Party acknowledges that it and each other Party is executing certain of the Ancillary Agreements by facsimile, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement or any Ancillary Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement or any Ancillary Agreement. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it will not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it will as promptly as reasonably practicable cause each such Ancillary Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

10.2 Governing Law. This Agreement and, unless expressly provided therein, each Ancillary Agreement (and any claims or disputes arising out of or related hereto or thereto or to the transactions contemplated hereby and thereby or to the inducement of any party to enter herein and therein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of Nevada irrespective of the choice of laws principles of the State of Nevada including all matters of validity, construction, effect, enforceability, performance and remedies.

10.3 Assignability. Except as set forth in any Ancillary Agreement, this Agreement and each Ancillary Agreement shall be binding upon and inure to the benefit of the Parties and the parties thereto, respectively, and their respective successors and permitted assigns; provided, however, that neither Party nor any such party thereto may assign its rights or delegate its obligations under this Agreement or any Ancillary Agreement without the express prior written consent of the other Party hereto or other parties thereto, as applicable. Notwithstanding the foregoing, no such consent shall be required for the assignment of a party's rights and obligations under this Agreement and the Ancillary Agreements (except as may be otherwise provided in any such Ancillary Agreement) in whole (i.e., the assignment of a party's rights and obligations under this Agreement and all Ancillary Agreements all at the same time) in connection with a change of control of a Party so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant party thereto by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party.

10.4 Third-Party Beneficiaries. Except for the indemnification rights under this Agreement and each Ancillary Agreement of any Parent Indemnitee or Sysorex Indemnitee in their respective capacities as such, (a) the provisions of this Agreement and each Ancillary Agreement are solely for the benefit of the Parties and are not intended to confer upon any Person except the Parties any rights or remedies hereunder, and (b) there are no third-party beneficiaries of this Agreement or any Ancillary Agreement and neither this Agreement nor any Ancillary Agreement shall provide any third person with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement or any Ancillary Agreement.

10.5 Notices. All notices, requests, claims, demands or other communications under this Agreement and, to the extent, applicable and unless otherwise provided therein, under each of the Ancillary Agreements shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, or by facsimile with receipt confirmed, to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 10.5):

If to Parent (prior to, on or after the Effective Time), to:

Inpixon
2479 E. Bayshore Road, Suite 195
Palo Alto, California 94303
Attn.: Chief Executive Officer

with a copy to (which will not constitute notice):

Melanie Figueroa, Esq.
Mitchell Silberberg & Knupp LLP
12 East 49th Street, 30th Floor
New York, New York 10017

If to Sysorex (prior to the Effective Time), to:

Sysorex, Inc.
2479 E. Bayshore Road, Suite 195
Palo Alto, California 94303
Attn.: Chief Executive Officer

with a copy to (which will not constitute notice):

Melanie Figueroa, Esq.
Mitchell Silberberg & Knupp LLP
12 East 49th Street, 30th Floor
New York, New York 10017

If to Sysorex (from and after the Effective Time), to:

Sysorex, Inc.
2355 Dulles Corner Boulevard, Suite 600
Herndon, Virginia 20171
Attn.: Chief Executive Officer

with a copy to (which will not constitute notice):

Melanie Figueroa, Esq.
Mitchell Silberberg & Knupp LLP
12 East 49th Street, 30th Floor
New York, New York 10017

A Party may, by notice to the other Party, change the address to which such notices are to be given.

10.6 Severability. If any provision of this Agreement or any Ancillary Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

10.7 Force Majeure. No Party shall be deemed in default of this Agreement or, unless otherwise expressly provided therein, any Ancillary Agreement for any delay or failure to fulfill any obligation (other than a payment obligation) hereunder or thereunder so long as and to the extent to which any delay or failure in the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance of such obligations (other than a payment obligation) shall be extended for a period equal to the time lost by reason of the delay. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide written notice to the other Party of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement and the Ancillary Agreements, as applicable, as soon as reasonably practicable.

10.8 No Set-Off. Except as expressly set forth in any Ancillary Agreement or as otherwise mutually agreed to in writing by the Parties, neither Party nor any member of such Party's Group shall have any right of set-off or other similar rights with respect to (a) any amounts received pursuant to this Agreement or any Ancillary Agreement; or (b) any other amounts claimed to be owed to the other Party or any member of its Group arising out of this Agreement or any Ancillary Agreement.

10.9 Expenses. Except as otherwise expressly set forth in this Agreement or any Ancillary Agreement, or as otherwise agreed to in writing by the Parties, all fees, costs and expenses incurred on or prior to the Effective Time in connection with the preparation, execution, delivery and implementation of this Agreement, including the Separation and the Distribution, and any Ancillary Agreement, the Registration Statement and the consummation of the transactions contemplated hereby and thereby will be borne by the Party or its applicable Subsidiary incurring such fees, costs or expenses. The Parties agree that certain specified costs and expenses shall be allocated between the Parties as set forth on Schedule 10.9.

10.10 Headings. The article, section and paragraph headings contained in this Agreement and in the Ancillary Agreements are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement or any Ancillary Agreement.

10.11 Survival of Covenants. Except as expressly set forth in this Agreement or any Ancillary Agreement, the covenants, representations and warranties contained in this Agreement and each Ancillary Agreement, and Liability for the breach of any obligations contained herein, shall survive the Separation and the Distribution and shall remain in full force and effect.

10.12 Waivers of Default. Waiver by a Party of any default by the other Party of any provision of this Agreement or any Ancillary Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement or any Ancillary Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

10.13 Specific Performance. Subject to the provisions of Article VII, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement or any Ancillary Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief in respect of its or their rights under this Agreement or such Ancillary Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any Action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the Parties.

10.14 Amendments. No provisions of this Agreement or any Ancillary Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

10.15 Interpretation. In this Agreement and any Ancillary Agreement, (a) words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires; (b) the terms "hereof," "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement (or the applicable Ancillary Agreement) as a whole (including all of the Schedules, Exhibits and Appendices hereto and thereto) and not to any particular provision of this Agreement (or such Ancillary Agreement); (c) Article, Section, Schedule, Exhibit and Appendix references are to the Articles, Sections, Schedules, Exhibits and Appendices to this Agreement (or the applicable Ancillary Agreement) unless otherwise specified; (d) unless otherwise stated, all references to any agreement (including this Agreement and each Ancillary Agreement) shall be deemed to include the exhibits, schedules and annexes (including all Schedules, Exhibits and Appendixes) to such agreement; (e) the word "including" and words of similar import when used in this Agreement (or the applicable Ancillary Agreement) shall mean "including, without limitation," unless otherwise specified; (f) the word "or" shall not be exclusive; (g) unless otherwise specified in a particular case, the word "days" refers to calendar days; (h) references to "business day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in the United States or New York, New York; (i) references herein to this Agreement or any other agreement contemplated herein shall be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; and (j) unless expressly stated to the contrary in this Agreement or in any Ancillary Agreement, all references to "the date hereof," "the date of this Agreement," "hereby" and "hereupon" and words of similar import shall all be references to the date set forth in the introductory paragraph of this Agreement.

10.16 Limitations of Liability. Notwithstanding anything in this Agreement to the contrary, neither Sysorex or any member of the Sysorex Group, on the one hand, nor Parent or any member of the Parent Group, on the other hand, shall be liable under this Agreement to the other for any indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other arising in connection with the transactions contemplated hereby (other than any such Liability with respect to a Third-Party Claim or arising out of or in connection with a breach of Section 5.5).

10.17 Performance. Parent will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the Parent Group. Sysorex will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the Sysorex Group. Each Party (including its permitted successors and assigns) further agrees that it will (a) give timely notice of the terms, conditions and continuing obligations contained in this Agreement and any applicable Ancillary Agreement to all of the other members of its Group and (b) cause all of the other members of its Group not to take any action or fail to take any such action inconsistent with such Party's obligations under this Agreement, any Ancillary Agreement or the transactions contemplated hereby or thereby.

10.18 Mutual Drafting. This Agreement and the Ancillary Agreements shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

IN WITNESS WHEREOF, the Parties have caused this Separation and Distribution Agreement to be executed by their duly authorized representatives as of the date first written above.

INPIXON

By: /s/ Nadir Ali
Nadir Ali, Chief Executive Officer

SYSOREX, INC.

By: /s/ Zaman Khan
Zaman Khan, President

Schedules to Separation and Distribution Agreement

Capitalized terms used herein, but not defined herein, shall have the respective meanings ascribed thereto in the Separation and Distribution Agreement.

The inclusion of any information in these Schedules shall not be deemed to be an admission or evidence of the materiality of such information, nor shall it establish a standard of materiality for any purpose whatsoever. Matters reflected in these Schedules are not necessarily limited to matters required by the Separation and Distribution Agreement to be disclosed in these Schedules.

References in these Disclosure Schedules to any contract or other agreement, whether or not binding, include references to such contract's or other agreement's exhibits, annexes and schedules.

Schedule 1.1

Transferred Entities

Sysorex Government Services, Inc., a wholly-owned subsidiary of Sysorex, Inc.

Schedule 1.2

Other Parent Securities

Holders of 1,519.6309 outstanding shares of Inpixon's Series 4 Preferred Stock as of August 6, 2018 that may be converted into an aggregate of approximately 8,561,643 shares of Inpixon common stock, par value $0.001 per share.

Holders of outstanding warrants issued by Inpixon that may be exercised for an aggregate of 64,918,852 shares of Inpixon common stock, par value $0.001 per share.

Schedule 1.3

Sysorex Contracts

Settlement Agreement and Release dated June 2018 between Inpixon USA f/k/a Sysorex USA and Zerto, Inc.

Settlement Agreement and Mutual Release dated May 8, 2018 between Techsystems, Inc. and Inpixon f/k/a Sysorex Government Services, Inc. d/b/a Sysorex Consulting Services.

Settlement Agreement dated April 24, 2018 between Inpixon Federal, Inc. f/k/a Sysorex Government Services, Inc., Sysorex USA n/k/a Inpixon USA, and Sysorex Global Holdings Corporation n/k/a Inpixon, a Nevada corporation, on the one hand, and Embarcadero Technologies, Inc. and Idera, Inc., on the other hand.

Confidential Settlement and Release Agreement dated April 23, 2018 between Ignite Technologies, Inc., Versata, Inc. and Gensym Corp., on the one hand, and Inpixon f/k/a Sysorex Global and Inpixon Federal, Inc. f/k/a Sysorex Government Services, Inc., on the other hand.

Settlement Agreement dated April 19, 2018 between Micro Focus (US) and Inpixon Federal, Inc.

Agreement dated April 13, 2018 between VMS Software, Inc. and Inpixon USA f/k/a Sysorex USA.

Settlement Agreement and Mutual Release dated February 9, 2018 between Smartbear Software, Inc. and Inpixon, f/k/a Sysorex Government Services, Inc.

Settlement Agreement and Release dated January 2018 between Dell Marketing L.P. and Inpixon USA f/k/a Sysorex USA.

Promissory Note and Security Agreement dated January 2018 issued by Inpixon USA f/k/a Sysorex USA in favor of Dell Marketing L.P.

Settlement Agreement and Mutual Release between Brookwood CB I, LLC and Brookwood CB II, LLC, on the one hand and Inpixon, as successor in interest to Sysorex Global Holdings, Inc., on the other hand.

Settlement Agreement and Release dated August 2, 2018 by and between Virtual Imaging, Inc., Inpixon Federal, Inc. and Inpixon USA.

Any settlement or other agreements resulting from or arising in connection with the settlement discussions with AVT Technology Solutions, LLC, in connection with that certain complaint filed in the United States District Court Middle District of Florida Tamp Division against Inpixon and Inpixon USA in connection with non-payment for goods received.

Any settlement or other agreements resulting from or arising in connection with the settlement discussions with Deque Systems, Inc. in connection with the motion for entry of default judgment filed against Inpixon Federal, Inc. in the Circuit Court of Fairfax County, Virginia.

Any settlement or other agreement resulting from or arising in connection with the judgement entered in on December 8, 2017, in favor of VersionOne, Inc. and against Inpixon, Inpixon Federal, and Inpixon USA, jointly and severally, in the amount of $334,339 for services provided to Integrio having a value of $486,337 pursuant to which . Sysorex and VersionOne, Inc. have agreed to a payment plan of $40,000 per month for March, April and May 2018 and then $30,000 per month from June 2018 until fully-paid.

Schedule 1.4

Sysorex Real Property (Leases)

1. Lease dated December 22, 2015, by and between Brandywine Operating Partnership, L.P. and Spectrum Systems, LLC (acquired by Inpixon Federal, Inc.) for the premises located at 2355 Dulles Corner Boulevard, Dulles Corner, Herndon, Virginia 20171.

2. Office Lease 101 Larkspur Landing Circle dated September 28, 2016, by and between Savoy Corporation and Sysorex USA.

3. Amended and Restated Sublease Agreement dated June 4, 2018 between Dell Marketing L.P. and Inpixon Federal, Inc. for the premises located on the first floor of 13880 Dulles Comer Lane, Herndon, Virginia 20171.

Schedule 1.5

Shared Liabilities

On September 8, 2016, Inpixon executed an engagement agreement (the "Engagement Agreement") wait a financial advisor ("Advisor") for certain services to be rendered to the Parent. On March 19, 2018, Inpixon received a letter from the Advisor demanding a payment of $1 million as a Project Completion Fee, as that term was defined in the Engagement Agreement and on April 18, 2018 the financial advisor filed a demand for arbitration with the American Arbitration Association against Inpixon USA, Inc. Sysorex and Inpixon have agreed that Inpixon will indemnify Sysorex for 50% of the costs and expenses Sysorex incurs in defending the arbitration action and 50% of any judgment or award that may be rendered in favor of Atlas.

Schedule 2.2(a)(viii)

Sysorex Assets

Not applicable.

Schedule 2.2(b)(vi)

Parent Assets

Not applicable.

Schedule 2.3(a)

Sysorex Liabilities

Not applicable.

Schedule 2.3(b)

Parent Liabilities

Not applicable.

Schedule 2.6(a)

Guarantee Exception

Not applicable.

Schedule 2.7(b)(ii)

Intercompany Agreements (Non-Termination)

Not applicable.

Schedule 10.9

Allocation of Certain Costs and Expenses

To be determined.

Exhibit A

Articles of Incorporation

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

040105

Articles of Incorporation

(PURSUANT TO NRS CHAPTER 78)

USE BLACK INK ONLY - DO NOT HIGHLIGHT **ABOVE SPACE IS FOR OFFICE USE ONLY**

1. Name of Corporation: Sysorex, Inc.

2. Registered Agent for Service of Process: (check only one box)

☒ Commercial Registered Agent: Paracorp Incorporated (Name)

☐ Noncommercial Registered Agent (name and address below) ***OR*** ☐ Office or Position with Entity (name and address below)

Name of Noncommercial Registered Agent **OR** Name of Title of Office or Other Position with Entity

Street Address | City | Nevada | Zip Code

Mailing Address (if different from street address) | City | Nevada | Zip Code

3. Authorized Stock: (number of shares corporation is authorized to issue) Number of shares with par value: 510,000,000 Par value per share: $ 0.00001 Number of shares without par value:

4. Names and Addresses of the Board of Directors/ Trustees: (each Director/Trustee must be a natural person at least 18 years of age; attach additional page if more than two directors/ trustees)

1) Nadir Ali (Name)
2479 E. Bayshore Road, Suite 195 | Palo Alto | CA | 94303
Street Address | City | State | Zip Code

2) Name
Street Address | City | State | Zip Code

5. Purpose: (optional; required only if Benefit Corporation status selected) *The purpose of the corporation shall be:* Any lawful purpose

6. Benefit Corporation: (see instructions) ☐ Yes

7. Name, Address and Signature of Incorporator: (attach additional page if more than one incorporator)

I declare, to the best of my knowledge under penalty of perjury, that the information contained herein is correct and acknowledge that pursuant to NRS 239.330, it is a category C felony to knowingly offer any false or forged instrument for filing in the Office of the Secretary of State.

Carol Gozzi (Name) **X** _____ (Incorporator Signature)

11377 W. Olympic Boulevard | Los Angeles | CA | 90064
Address City State Zip Code

8. Certificate of Acceptance of Appointment of Registered Agent: *I hereby accept appointment as Registered Agent for the above named Entity. If the registered agent is unable to sign the Articles of Incorporation, submit a separate signed Registered Agent Acceptance form.*

X_____
Authorized Signature of Registered Agent or On Behalf of Registered Agent Entity Date

ATTACHMENT
TO
ARTICLES OF INCORPORATION OF
SYSOREX, INC.
a Nevada corporation

The following provisions are hereby incorporated in the Articles of Incorporation for SYSOREX, INC., a Nevadacorporation (the "Corporation"), as a part thereof.

With respect to Article 3 of the Articles of Incorporation, the following provisions are added:

Section 3.1 The Corporation is authorized to issue up to 510,000,000 shares of capital stock of which 500,000,000 shall be designated as "Common Stock", each of which shall have a par value of $0.00001 and 10,000,000 which shall be designated as "Preferred Stock", each of which shall have a par value of $0.00001.

Section 3.2 Provisions Relating to the Common Stock. Each holder of Common Stock is entitled to one vote for each share of Common Stock standing in such holder's name on the records of the Corporation on each matter submitted to a vote of the stockholders, except as otherwise required by law.

Section 3.3 Provisions Relating to the Preferred Stock. The Board of Directors (the "Board") is authorized, subject to limitations prescribed by law, to provide for the issuance of the shares of Preferred Stock in one or more series, and by filing a certificate pursuant to the applicable law of the State of Nevada, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof. The authority of the Board with respect to each series shall include, but not be limited to, determination of the following:

(1) The number of shares constituting that series and distinctive designation of that series;

(2) The dividend rate on the shares of that series, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of that series;

(3) Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

(4) Whether that series shall have conversion privileges, and, if so, the terms and conditions of such conversion, including provision for adjustment of the conversion rate in such events as the Board shall determine;

(5) Whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(6) Whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;

(7) The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of that series;

(8) Any other relative or participation rights, preferences and limitations of that series;

(9) If no shares of any series of Preferred Stock are outstanding, the elimination of the designation, powers, preferences, and right of such shares, in which event such shares shall return to their status as authorized but undesignated Preferred Stock.

ARTICLE 7. BYLAWS

In furtherance and not in limitation of the powers conferred by statute, the Board is exclusively authorized to adopt, amend or repeal the bylaws of the Corporation.

ARTICLE 8. INDEMNIFICATION

Section 8.1 Right to Indemnification. The Corporation will indemnify to the fullest extent permitted by law any person (the "Indemnitee") made or threatened to be made a party to any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative (whether or not by or in the right of the Corporation) by reason of the fact that he or she is or was a director of the Corporation or is or was serving as a director, officer, employee or agent of the Corporation or another entity at the request of the Corporation or any predecessor of the Corporation against judgments, fines, penalties, excise taxes, amounts paid in settlement and costs, charges and expenses (including attorneys' fees and disbursements) that he or she incurs in connection with such action or proceeding.

Section 8.2 Non-exclusivity of Rights. The right to indemnification and to the advancement of expenses conferred by this Article 8 are not exclusive of any other rights that an Indemnitee may have or acquire under any statute, bylaw, agreement, vote of stockholders or disinterested directors, the Articles of Incorporation or otherwise.

ARTICLE 9. LIABILITY

To the fullest extent permitted by Nevada law, the directors and officers of the Corporation shall be released from personal liability for damages to the Corporation or its stockholders.

Any amendment or repeal of this Article 9 will not eliminate or reduce the effect of any right or protection of a director of the Corporation existing immediately prior to such amendment or repeal.

ARTICLE 10. STOCKHOLDER MEETINGS

Meetings of stockholders may be held within or without the State of Nevada as the bylaws may provide. The books of the Corporation may be kept outside the State of Nevada at such place or places as may be designated from time to time by the Board or in the bylaws of the Corporation. Special meetings of the stockholders for any purpose or purposes whatsoever may be called at any time only by (i) the Board of Directors, (ii) any two directors, (iii) the Chairperson of the Board or (iv) the Chief Executive Officer or the President together with one non-employee director.

ARTICLE 11. AMENDMENT OF ARTICLES OF INCORPORATION

The Corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

ARTICLE 12. INAPPLICABILITY OF CERTAIN NEVADA STATUTES

Section 12.1 Inapplicability of Combinations with Interested Stockholders Statutes. At such time, if any, as the Corporation becomes a "resident domestic corporation" (as that term is defined in NRS 78.427), the Corporation shall not be subject to, or governed by, any of the provisions in NRS 78.411 to 78.444, inclusive, as amended from time to time, or any successor statutes.

Section 12.2 Inapplicability of Acquisition of Controlling Interest Statutes. In accordance with the provisions of NRS 78.378, the provisions of NRS 78.378 to 78.3793, inclusive, as amended from time to time, or any successor statutes, relating to acquisitions of controlling interests in the Corporation, shall not apply to the Corporation or to any acquisition of any shares of the Corporation's capital stock.

ARTICLE 13. FILLING VACANCIES ON THE BOARD OF DIRECTORS

Subject to the rights, if any, of the holders of shares of Preferred Stock then outstanding, newly created directorships resulting from any increase in the number of directors or any vacancy on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled solely by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum, or by a sole remaining director. The term of any director elected in accordance with the preceding sentence shall expire at the next annual meeting of the stockholders following such director's election. Each such director shall hold office until his or her successor is duly elected and qualified or until his or her prior death, resignation, retirement, disqualification or removal from office. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

ARTICLE 14. ANNUAL MEETINGS OF STOCKHOLDERS

At an annual meeting of stockholders, only such business shall be conducted, and only such proposals shall be acted upon, as shall have been brought before the annual meeting (a) by, or at the direction of, a majority of the directors, or (b) by any stockholder of the Corporation who complies with Rule 14a-8 under the Securities Exchange Act of 1934, as amended.

This provision shall not prevent the consideration and approval or disapproval at the annual meeting of reports of officers, directors and committees of the Board of Directors, but, in connection with such reports, no new business shall be acted upon at such annual meeting.

ARTICLE 15. STOCKHOLDER NOMINATION OF DIRECTORS

Subject to the rights, if any, of the holders of shares of Preferred Stock then outstanding and the requirements of the bylaws of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders (i) by or at the direction of the Board of Directors or any nominating committee or person appointed by the Board of Directors or (ii) by any stockholder of the Corporation entitled to vote for the election of directors at the meeting so long as such nomination complies with the notice procedures set forth in this Article 15 and the bylaws of the Corporation. Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to, or mailed and received at, the principal executive offices of the Corporation not less than 30 days nor more than 60 days prior to the scheduled annual meeting, regardless of any postponements, deferrals or adjournments of that meeting to a later date; provided, however, that if less than 40 days' notice or prior public disclosure of the date of the scheduled annual meeting is given or made, notice by the stockholder, to be timely, must be so delivered or received not later than the close of business on the tenth day following the earlier of the day on which such notice of the date of the scheduled annual meeting was mailed or the day on which such public disclosure was made. A stockholder's notice must be sent to the Secretary of the Corporation and shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of capital stock of the Corporation which are beneficially owned by the person and (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Rule 14a under the Securities Exchange Act of 1934, as amended; and (b) as to the stockholder giving the notice (i) the name and address, as they appear on the Corporation's books, of the stockholder and (ii) the class and number of shares of the Corporation's stock which are beneficially owned by the stockholder on the date of such stockholder notice. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as director of the Corporation.

The presiding officer of the annual meeting shall determine and declare at the annual meeting whether the nomination was made in accordance with the terms of this Article 15 and the bylaws of the Corporation. If the presiding officer determines that a nomination was not made in accordance with the terms of this Article 15 or the bylaws of the Corporation, he or she shall so declare at the annual meeting and any such defective nomination shall be disregarded.

Exhibit B

Bylaws

BYLAWS

OF

SYSOREX, INC.

A NEVADA CORPORATION

BYLAWS

OF

SYSOREX, INC.

a Nevada corporation

ARTICLE I
OFFICES

Section 1. Principal Office. The principal office of Sysorex, Inc. (the "Corporation") shall be at such place within or without the State of Nevada as shall be fixed from time to time by the Board of Directors (sometimes referred to herein as the "Board").

Section 2. Other Offices. Branch or subsidiary offices may at any time be established by the Board of Directors at any place or places where the Corporation is qualified to do business.

ARTICLE II
DIRECTORS-MANAGEMENT

Section 1. Powers. Subject to the provisions of the Nevada Revised Statues (the "NRS"), and subject to any limitations in the Articles of Incorporation of the Corporation relating to action required to be approved by the stockholders, or by the outstanding shares, the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board of Directors. Without limiting the generality of the foregoing, it is hereby expressly declared that the Board shall have the following powers:

(A) to select and remove all of the officers, agents and employees of the Corporation, prescribe such powers and duties for them as may not be inconsistent with law, the Certificate of Incorporation or these Bylaws, fix their compensation, and require from them security for faithful service;

(B) to conduct, manage and control the affairs and business of the Corporation, and to make such rules and regulations therefor not inconsistent with law, the Articles of Incorporation or these Bylaws, as it may deem best;

(C) to change the location of the registered office of the Corporation in Article I, Section 1 hereof; to change the principal office for the transaction of the business of the Corporation from one location to another; to fix and locate from time to time one or more subsidiary offices of the Corporation within or without the State of Nevada as provided in Article I, Section 2 hereof; to designate any place within or without the State of Nevada for the holding of any meeting or meetings of stockholders; and to adopt, make and use a corporate seal, and to prescribe the forms of certificates of stock, and to alter the form of such seal and of such certificates from time to time, and in its judgment as it may deem best, provided such seal and such certificate shall at all times comply with the provisions of law;

(D) to authorize the issuance of shares of stock of the Corporation from time to time, upon such terms and for such considerations as may be lawful;

(E) to borrow money and incur indebtedness for the purposes of the Corporation, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust and securities therefor; and

(F) by resolution adopted by a majority of the authorized number of directors, to designate an executive and other committees, each consisting of one or more directors, to serve at the pleasure of the Board, and to prescribe the manner in which proceedings of such committee or committees shall be conducted.

Section 2. Number and Qualification of Directors. The authorized number of directors of the Corporation shall not be less than one nor more than nine until changed by a duly adopted amendment to the Articles of Incorporation or by an amendment to this Section 2 of Article II of these Bylaws or, without amendment of these Bylaws, the number of directors may be fixed or changed by resolution adopted by the vote of the majority of the directors in office or by the vote of holders of shares representing a majority of the voting power at any annual meeting, or any special meeting called for such purpose; but no reduction of the number of directors shall of itself have the effect of removing any director prior to the expiration of his or her term.

Section 3. Election and Term of Office of Directors.

3.1 Directors shall be elected at each annual meeting of the stockholders to hold office until the next annual meeting. If any such annual meeting of stockholders is not held or the directors are not elected thereat, the directors may be elected at any special meeting of stockholders held for that purpose. Each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

3.2 Except as may otherwise be provided herein, or in the Articles of Incorporation, the members of the Board of Directors of this Corporation, who need not be stockholders, shall be elected by a plurality of the votes cast at a meeting of stockholders, by the holders of shares of stock present in person or by proxy, entitled to vote in the election.

3.3 The Chairperson of the Board, if elected, shall, if present, preside at the meetings of the Board of Directors and exercise and perform such other powers and duties as may, from time to time, be assigned by the Board of Directors or prescribed by the Bylaws.

Section 4. Vacancies.

4.1 A vacancy or vacancies on the Board of Directors shall be deemed to exist in the event of the death, resignation or removal of any director, or if the Board of Directors by resolution declares vacant the office of a director who has been declared of unsound mind by an order of court or convicted of a felony, or if the authorized number of directors be increased, or if the stockholders fail, at any annual or special meeting of stockholders at which any director or directors are elected, to elect the full authorized number of directors to be voted for at the meeting.

4.2 Newly created directorships resulting from any increase in the number of directors or any vacancy on the Board of Directors shall be filled solely by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum, or by a sole remaining director. The term of any director elected in accordance with the preceding sentence shall expire at the next annual meeting of the stockholders following such director's election. Each such director shall hold office until his or her successor is duly elected and qualified or until his or her prior death, resignation, retirement, disqualification or removal from office. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

4.3 Any director may resign, effective on giving written notice to the Chairperson of the Board, the Chief Executive Officer, the President, the Secretary, or the Board of Directors, unless the notice specifies a later time for that resignation to become effective. When one or more directors give notice of his or her or their resignation from the Board of Directors, effective at a future date, the Board may fill the vacancy or vacancies to take effect when the resignation or resignations become effective, each director so appointed to hold office during the remainder of the term of office of the resigning director(s).

4.4 No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

Section 5. Removal of Directors.

5.1 The entire Board of Directors, or any individual director, may be removed from office as provided by Section 78.335 of the NRS by vote of the holders of two-thirds of the voting power, or a greater percentage of the voting power required by the Articles of Incorporation, if so provided, of the issued and outstanding stock entitled to vote.

5.2 When by the provisions of the Articles of Incorporation the holders of the shares of any class or series voting as a class or series are entitled to elect one or more directors, any director so elected may be removed only by the applicable vote of the holders of the shares of that class or series.

Section 6. Place of Meetings. Regular meetings of the Board of Directors shall be held at any place within or outside the state that has been designated from time to time by resolution of the Board. In the absence of such resolution, regular meetings shall be held at the principal executive office of the Corporation. Special meetings of the Board shall be held at any place within or outside the state that has been designated in the notice of the meeting, or, if not stated in the notice or there is no notice, at the principal executive office of the Corporation. Any meeting, regular or special, may be held by conference telephone or similar communication equipment pursuant to Section 78.315 of the NRS, so long as all directors participating in such meeting can hear one another, and all such directors shall be deemed to have been present in person at such meeting.

Section 7. Annual Meetings. Immediately following each annual meeting of stockholders, the Board of Directors shall hold a regular meeting for the purpose of organization, the election of officers and the transaction of other business. Notice of this meeting shall not be required. Minutes of any meeting of the Board, or any committee thereof, shall be maintained as required by the NRS by the Secretary or other officer designated for that purpose.

Section 8. Other Regular Meetings.

8.1 Other regular meetings of the Board of Directors shall be held without call at such time as shall from time to time be fixed by the Board of Directors. Such regular meetings may be held without notice, provided the time and place of such meetings has been fixed by the Board of Directors, and further provided the notice of any change in the time of such meeting shall be given to all the directors, or provided that a number of directors constituting a quorum waive notice thereof in writing. Notice of a change in the determination of the time shall be given to each director in the same manner as notice for such special meetings of the Board of Directors.

8.2 If said day falls upon a holiday, such meetings shall be held on the next succeeding day thereafter.

Section 9. Special Meetings/Notices.

9.1 Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the Chairperson of the Board or the Chief Executive Officer, or the President or any Vice President or the Secretary or any two directors.

9.2 Notice of the time and place for special meetings shall be delivered personally or by telephone to each director or sent by mail, or other means of written communication as permitted by the NRS, addressed to each director at his or her address as it is shown in the records of the Corporation. In case such notice is mailed, it shall be deposited in the United States mail at least four days prior to the time of holding the meeting. In case such notice is delivered personally or by telephone, it shall be delivered personally or by telephone at least 4 hours prior to the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated to either the director or to a person at the office of the director who the person giving the notice has reason to believe will promptly communicate same to the director. The notice need not specify the purpose of the meeting, nor the place, if the meeting is to be held at the principal executive office of the Corporation.

Section 10. Waiver of Notice.

10.1 The transactions of any meeting of the Board of Directors, however called, noticed, or wherever held, shall be as valid as though had at a meeting duly held after the regular call and notice if a quorum is present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes thereof. Waivers of notice or consent need not specify the purposes of the meeting. All such waivers, consents and approvals shall be filed with the corporate records or made part of the minutes of the meeting.

10.2 Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director.

Section 11. Quorums. Presence of a majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 12 of this Article II. Members of the Board may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another. Participation in a meeting as permitted by the preceding sentence constitutes presence in person at such meeting . Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum was present shall be regarded as the act of the Board of Directors, unless a greater number is required by law or the Articles of Incorporation. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 12. Adjournment. A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

Section 13. Notice of Adjournment. Notice of the time and place of the holding of an adjourned meeting need not be given, unless the meeting is adjourned for more than 24 hours, in which case notice of such time and place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

Section 14. Sole Director Provided by Articles or Bylaws. In the event only one director is required by the Bylaws or the Articles of Incorporation, then any reference herein to notices, waivers, consents, meetings or other actions by a majority or quorum of the Board of Directors shall be deemed or referred as such notice, waiver, etc., by the sole director, who shall have all rights and duties and shall be entitled to exercise all of the powers and shall assume all the responsibilities otherwise herein described, as given to the Board of Directors.

Section 15. Directors' Action by Unanimous Written Consent. In accordance with and subject to the exceptions set forth in Section 78.315 of the NRS, any action required or permitted to be taken by the Board of Directors may be taken without a meeting and with the same force and effect as if taken by a unanimous vote of directors, if authorized by a writing signed individually or collectively by all members of the Board of Directors. Such consent shall be filed with the regular minutes of the Board of Directors.

Section 16. Compensation of Directors. Directors, as such, shall not receive any stated salary for their services, but by resolution of the Board of Directors, a fixed sum and/or expenses, if any, may be allowed for their attendance at each regular and special meeting of the Board of Directors or for their services contributed to the Board of Directors; provided, however, that nothing contained herein shall be construed to preclude any director from serving the Corporation in any other capacity as an officer, employee or otherwise receiving compensation for such services.

Section 17. Committees. Committees of the Board of Directors may be appointed by resolution passed by the Board. Committees shall be composed of one or more members of the Board of Directors, and may include, at the discretion of members of any such committee, persons who are not Board members, provided, however, that appropriate confidentiality and nondisclosure safeguards are implemented. The Board may designate one or more directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. Committees shall have such powers as those held by the Board of Directors as may be expressly delegated to it by resolution of the Board of Directors, except those powers expressly made non-delegable by the NRS.

Section 18. Meetings and Action of Committees. Meetings and action of committees shall be governed by, and held and taken in accordance with, the provisions of Article II, Sections 6, 8, 9, 10, 11, 12, 13 and 15, with such changes in the context of those sections as are necessary to substitute the committee and its members of the Board of Directors and its members, except that the time of the regular meetings of the committees may be determined by resolution of the Board of Directors as well as the committee, and special meetings of committees may also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board of Directors may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws.

Section 19. Advisers. The Board of Directors from time to time may request and/or hire for a fee one or more persons to be advisers to the Board of Directors, but such persons shall not by such appointment be members of the Board of Directors. Advisers shall be available from time to time to perform special assignments specified by the Chairperson of the Board or by the Chief Executive Officer of the Corporation, to attend meetings of the Board of Directors upon invitation, and to furnish consultation to the Board of Directors. The period during which the title shall be held may be prescribed by the Board of Directors. If no period is prescribed, the title shall be held at the pleasure of the Board of Directors.

ARTICLE III
OFFICERS

Section 1. Officers. The principal Officers of the Corporation shall be a Chief Executive Officer ("CEO"), President, Secretary, and Treasurer (also known as "Chief Financial Officer"). The Corporation may also have, at the discretion of the Board of Directors, a Chairperson of the Board, one or more Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article III. Any number of offices may be held by the same person.

Section 2. Election of Officers. The principal officers of the Corporation shall be chosen by the Board of Directors, and each shall serve at the pleasure of the Board of Directors, subject to the rights, if any, of an officer under any contract or agreement of employment. Each officer shall hold office until his or her successor shall be duly elected and qualified, or until his or her death, resignation, or removal in the manner hereinafter provided.

Section 3. Subordinate Officers, Etc. The Board of Directors may appoint such other officers as the business of the Corporation may require, each of whom shall hold office for such period, and have the authority to perform such duties, as are provided in the Bylaws or as the Board of Directors may from time to time determine.

Section 4. Removal and Resignation of Officers.

4.1 Subject to the rights, if any of an officer under any contract or agreement of employment, any officer may be removed, either with or without cause, by a majority of the directors at that time in office, at any regular or special meeting of the Board of Directors, or, except in the case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors.

4.2 Any officer may resign at any time, by giving written notice to the Board of Directors. Any resignation shall take effect on the date of the receipt of that notice or at any later time specified in that notice; and. unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract or agreement to which the officer is a party.

Section 5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to that office.

Section 6. Chief Executive Officer.

The CEO of the Corporation shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the Corporation, and of any subsidiaries of the Corporation to the extent permitted by law. The CEO shall preside at all meetings of the stockholders and, in the absence of the Chairperson of the Board, or if there be none, at all meetings of the Board of Directors. The CEO shall have the general powers and duties of management usually vested in the office of the CEO of a corporation, shall be ex officio a member of all the standing committees, including the Executive Committee, if any, so long as the rules of the national securities exchange on which the Corporation's securities are listed permit such membership, and shall have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws.

Section 7. President. The President shall, subject to the control of the Board of Directors and the CEO, have general supervision, direction and control of the business and officers of the Corporation and its subsidiaries to the extent permitted by law. The President shall have such other powers and perform such other duties as from time to time may be prescribed for the President by the Board of Directors or the Bylaws, or the CEO.

Section 8. Vice President. In the absence or disability of the President, the Vice Presidents, if any, in order of their rank as fixed by the Board of Directors, or if not ranked, the Vice President designated by the Board of Directors, shall perform all the duties of the President, and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them, respectively, by the Board of Directors or the Bylaws, the CEO, or the President.

Section 9. Secretary.

9.1 The Secretary shall keep, or cause to be kept, a book of minutes of all meetings of the Board of Directors and of the stockholders at the principal office of the Corporation or such other place as the Board of Directors may order. The minutes shall include the time and place of holding the meeting, whether regular or special, and if a special meeting, how authorized, the notice thereof given, and the names of those present at a directors' and committee meetings, the number of shares present or represented at stockholders' meetings and the proceedings thereof.

9.2 The Secretary shall keep, or cause to be kept, at the principal office of the Corporation or at the office of the Corporation's transfer agent, a share register, or duplicate share register, showing the names of the stockholders and their addresses; the number and classes of shares held by each; the number and date of certificates issued for the same; and the number and date of cancellation of every certificate surrendered for cancellation.

9.3 The Secretary shall give, or cause to be given, notice of all the meetings of the stockholders and of the Board of Directors required by the Bylaws or by law to be given. The Secretary shall keep the seal of the Corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the Bylaws.

Section 10. Treasurer.

10.1 The Treasurer, also known as the Chief Financial Officer ("CFO") shall keep and maintain, or cause to be kept and maintained, in accordance with generally accepted accounting principles, adequate and correct accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, earnings (or surplus) and shares issued. The books of account shall, at all reasonable times, be open to inspection by any director.

10.2 The Treasurer/CFO shall deposit all monies and other valuables in the name and to the credit of the Corporation with such depositaries as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, shall render to the CEO and directors, whenever they request it, an account of all of the transactions of the Treasurer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

ARTICLE IV
STOCKHOLDERS' MEETINGS

Section 1. Place of Meetings. Meetings of the stockholders shall be held at any place within or outside the state of Nevada designated by the Board of Directors. In the absence of any such designation, stockholders' meetings shall be held at the principal executive office of the Corporation.

Section 2. Annual Meeting.

2.1 The annual meeting of the stockholders shall be held, each year, at such time and place and on such date as the Board shall determine by resolution.

2.2 At the annual meeting, the stockholders shall elect a Board of Directors, consider reports of the affairs of the Corporation and transact such other business as may be properly brought before the meeting.

Section 3. Special Meetings.

3.1 Special meetings of the stockholders for any purpose or purposes whatsoever may be called at any time by the Board of Directors, any two directors, the Chairperson of the Board or the Chief Executive Officer or the President together with one non-employee director. Except as provided in Paragraph 3.2 below of this Section 3, notice thereof shall be given as for the annual meeting.

3.2 If a special meeting is called by any person or persons other than the Board of Directors, the request shall be in writing, specifying the time of such meeting and the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail to the Chairperson of the Board, the CEO, the President, any Vice President or the Secretary of the Corporation. Not more than 30 days after the receipt of the request, the officer receiving such request shall forthwith cause notice to be given to the stockholders entitled to vote, in accordance with the provisions of Sections 4 and 5 of this Article, that a meeting will be held at the time requested by the person or persons calling the meeting. If the notice is not given within 30 days after receipt of the request, the person or persons requesting the meeting may give the notice in the manner provided in these Bylaws or upon application to the court. Nothing contained in this paragraph of this Section shall be construed as limiting, fixing or affecting the time when a meeting of the stockholders called by action of the Board of Directors may be held.

Section 4. Notice of Meetings - Reports.

4.1 Notice of any stockholders meetings, annual or special, shall be given in writing not less than 10 days nor more than 60 days before the date of the meeting to the stockholders entitled to vote thereat by the Secretary or the Assistant Secretary, or if there be no such officer, or in case of said Secretary or Assistant Secretary's neglect or refusal, by any director.

Such notices or any reports shall be given personally or by mail or other means of written communication as permitted by the NRS and shall be sent to a stockholder's address appearing on the books of the Corporation, or supplied by the stockholder to the Corporation for the purpose of notice.

4.3 Notice of any meeting of stockholders shall specify the place, the day and the hour of meeting, and (i) in case of a special meeting, the general nature of the business to be transacted and that no other business may be transacted, or (ii) in the case of an annual meeting, those matters which the Board of Directors, at the date of mailing of notice, intends to present for action by the stockholders. At any meetings where directors are elected, notice shall include the names of the nominees, if any, intended at the date of notice to be presented for election.

4.4 Notice shall be deemed given at the time it is delivered personally or deposited in the mail or sent by other means of written communication. The officer giving such notice or report shall prepare and file in the minute book of the Corporation an affidavit or declaration thereof.

4.5 If action is proposed to be taken at any meeting for approval of (i) contracts or transactions in which a director has a direct or indirect financial interest, pursuant to the NRS, (ii) an amendment to the Articles of Incorporation, pursuant to the NRS, (iii) a reorganization of the Corporation, pursuant to the NRS, (iv) dissolution of the Corporation, pursuant to the NRS, or (v) a distribution to preferred stockholders, pursuant to the NRS, the notice shall also state the general nature of such proposal.

Section 5. Quorum.

5.1 The holders of a majority of the shares entitled to vote at a stockholders' meeting, present in person, or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by the NRS or by these Bylaws.

5.2 The stockholders present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum, if any action taken (other than adjournment) is approved by a majority of the shares required to constitute a quorum.

Section 6. Adjourned Meeting and Notice Thereof.

6.1 Any stockholders' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the shares represented at such meeting, either in person or by proxy, but in the absence of a quorum, no other business may he transacted at such meeting.

6.2 When any meeting of stockholders, either annual or special, is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at a meeting at which the adjournment is taken, unless a new record date for the adjourned meeting is fixed, or unless the adjournment is for more than 60 days from the date set for the original meeting, in which case the Board of Directors shall set a new record date. Notice of any adjourned meeting shall he given to each stockholder of record entitled to vote at the adjourned meeting in accordance with the provisions of Section 4 of this Article IV. At any adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting.

Section 7. Notice of Stockholder Nominations. In addition to the provisions governing a stockholder's (the "Nominating Stockholder") notice of nominations of persons for election to the Board provided for in Article 15 of the Articles of Incorporation:

7.1 The Nominating Stockholder's notice shall set forth, as to each person whom the Nominating Stockholder proposes to nominate for election as a director: (i) such person's written consent to being named in the Nominating Stockholder's proxy statement as a nominee and to serving as a director if elected, (ii) a description of any agreement, arrangement or understanding with any individual or entity, including the Nominating Stockholder, with respect to the nomination of such person, (iii) a representation that the Nominating Stockholder submitting the notice is a holder of record of stock of the Corporation entitled to vote at such meeting, intends to continuously hold such stock of the Corporation through such meeting and intends to appear in person or by a qualified representative at the meeting to propose such nomination, and (iv) a representation as to whether the Nominating Stockholder intends (A) to deliver a proxy statement and/or form of proxy to holders of the Corporation's outstanding capital stock and/or (B) otherwise to solicit proxies from stockholders in support of such nomination. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

7.2 A Nominating Stockholder shall update and supplement its notice to the Corporation, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 7 shall be true and correct as of the record date for notice of the meeting and as of the date that is 10 business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than 5 business days after the record date for notice of the meeting (in the case of the update and supplement required to be made as of such record date), and not later than 8 business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof.

7.3 Only such persons who are nominated in accordance with the procedures set forth in this Section 7 and Article 15 of the Articles of Incorporation shall be eligible to be elected at an annual meeting of stockholders of the Corporation to serve as directors. Except as otherwise provided by law, the chairperson of the meeting shall have the power and duty: (i) to determine whether a nomination to be brought before the meeting was made in accordance with the procedures set forth in this Section 7 and Article 15 of the Articles of Incorporation and (ii) if any proposed nomination was not made in compliance with this Section 7 and Article 15 of the Articles of Incorporation, to declare that such nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section 7 and Article 15 of the Articles of Incorporation, unless otherwise required by law, if the Nominating Stockholder (or a qualified representative of the Nominating Stockholder) does not appear in person at the annual meeting of stockholders of the Corporation to present a nomination, such nomination shall be disregarded, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 7, to be considered a qualified representative of the Nominating Stockholder, a person must be a duly authorized officer, manager or partner of the Nominating Stockholder or must be authorized by a writing executed by the Nominating Stockholder or an electronic transmission delivered by the Nominating Stockholder to act for the Nominating Stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

7.4 Notwithstanding the foregoing provisions of this Section 7 and Article 15 of the Articles of Incorporation, the Nominating Stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 7 and Article 15 of the Articles of Incorporation; provided, however, that any references in these Bylaws or in the Articles of Incorporation to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations to be considered pursuant to this Section 7 and Article 15 of the Articles of Incorporation. Nothing in this Section 7 and Article 15 of the Articles of Incorporation shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to applicable rules and regulations promulgated under the Exchange Act or (ii) of the holders of any series of preferred stock to elect directors pursuant to any applicable provisions of the Certificate of Incorporation.

ARTICLE V
AMENDMENTS TO BYLAWS

Section 1. Amendment by Directors.

In accordance with Section 78.120 of the NRS, the Board of Directors shall have the exclusive power to adopt, amend or repeal, from time to time, the Bylaws of the Corporation.

Section 2. Record of Amendments.

Whenever an amendment or new Bylaws are adopted, it shall be copied in the corporate book of Bylaws with the original Bylaws, in the appropriate place. If any Bylaws are repealed, the fact of repeal with the date of the meeting at which the repeal was enacted or written assent was filed shall be stated in the corporate book of Bylaws.

ARTICLE VI
SHARES OF STOCK

Section 1. Certificate of Stock.

1.1 The certificates representing shares of the Corporation's stock shall be in such form as shall be adopted by the Board of Directors, and shall be numbered and registered in the order issued. The certificates shall bear the following: the corporate seal, the holder's name, the number of shares of stock and the signatures of (1) the CEO or the President and (2) the Secretary, Treasurer, or any Assistant Secretary or Assistant Treasurer.

1.2 No certificate representing shares of stock shall be issued until the full amount of consideration therefore has been paid, except as otherwise permitted by law.

1.3 To the extent permitted by law, the Board of Directors may authorize the issuance of certificates for fractions of a share of stock which shall entitle the holder to exercise voting rights, receive dividends and participate in liquidating distributions, in proportion to the fractional holdings; or it may authorize the payment in cash of the fair value of fractions of a share of stock as of the time when those entitled to receive such fractions are determined; or it may authorize the issuance, subject to such conditions as may be permitted by law, of scrip in registered or bearer form over the signature of an officer or agent of the corporation, exchangeable as therein provided for full shares of stock, but such scrip shall not entitle the holder to any rights of a stockholder, except as therein provided.

Section 2. Lost or Destroyed Certificates.

The holder of any certificate representing shares of stock of the Corporation shall immediately notify the Corporation of any loss or destruction of the certificate representing the same. The Corporation may issue a new certificate in the place of any certificate theretofore issued by it, alleged to have been lost or destroyed. On production of such evidence of loss or destruction as the Board of Directors in its discretion may require, the Board of Directors may, in its discretion, require the owner of the lost or destroyed certificate, or his legal representatives, to give the Corporation a bond in such sum as the Board may direct, and with such surety or sureties as may be satisfactory to the Board, to indemnify the Corporation against any claims, loss, liability or damage it may suffer on account of the issuance of the new certificate. A new certificate may be issued without requiring any such evidence or bond when, in the judgment of the Board of directors, it is proper to do so.

Section 3. Transfer of Shares.

3.1 Transfer of shares of stock of the Corporation shall be made on the stock ledger of the Corporation only by the holder of record thereof, in person or by his duly authorized attorney, upon surrender for cancellation of the certificate or certificates representing such shares of stock with an assignment or power of transfer endorsed thereon or delivered therewith, duly executed, with such proof of the authenticity of the signature and of authority to transfer and of payment of taxes as the Corporation or its agents may require.

3.2 Transfer of any shares of the Corporation shall be subject to all restrictions set forth on the legends of any share certificate and, if there are legends restricting share transfer, subject to the requirement of an attorney opinion allowing such transfer if the Board of Directors deems there to be any question of ambiguity as to whether or not such conditions have been met or satisfied Purported transfer of shares by any stockholder without satisfaction of the relevant restrictive legend, and/or an opinion of an attorney that such transfer does not violate the restrictive legend or legends, shall be deemed null and void and of no legal significance, and the Corporation shall not recognize such transfer.

3.2 The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the absolute owner thereof for all purposes and, accordingly, shall not be bound to recognize any legal, equitable or other claim to, or interest in, such share or shares of stock on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by law.

Section 4. Record Date.

In lieu of closing the stock ledger of the Corporation, the Board of Directors may fix, in advance, a date not exceeding 60 days, nor less than 10 days, as the record date for the determination of stockholders entitled to receive notice of, or to vote at, any meeting of stockholders, or to consent to any proposal without a meeting, or for the purpose of determining stockholders entitled to receive a payment of any dividends or allotment of any rights, or for the purpose of any other action. If no record date is fixed, the record date for the determination of stockholders entitled to notice of, or to vote at, a meeting of stockholders shall be at the close of business on the day before the day on which the first notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held. If the Board of Directors does not fix the record date for determining stockholders for any other purpose, then the record date shall be the close of business on the day on which the resolution of the directors relating thereto is adopted. When a determination of stockholders of record entitled to notice of, or to vote at, any meeting of stockholders has been made, as provided for herein, such determination shall apply to any adjournment thereof, unless the directors fix a new record date for the adjourned meeting.

ARTICLE VII
DIVIDENDS

Subject to applicable law, dividends may be declared and paid out of any funds available therefore, as often, in such amount, and at such time or times as the Board of Directors may determine.

ARTICLE VIII
FISCAL YEAR

The fiscal year of the Corporation shall be December 31, and may be changed by the Board of Directors from time to time subject to applicable law.

ARTICLE IX
CORPORATE SEAL

The corporate seal shall be circular in form, and shall have inscribed thereon the name of the Corporation, the date of its incorporation, and the word “Nevada” to indicate the Corporation was incorporated pursuant to the laws of the State of Nevada or as otherwise determined by the Board of Directors.

ARTICLE X
INDEMNITY

Section 1. Every person who was or is a party or is threatened to be made a party to or is involved in any action, suit, or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she or a person of whom he or she is the legal representative is or was a director or officer of the Corporation or is or was serving at the request of the Corporation or for its benefit as a director or officer of another corporation, or as its representative in a partnership, joint venture, trust, or other enterprise, shall be indemnified and held harmless to the fullest extent legally permissible under the NRS from time to time against all expenses, liability and loss (including attorneys' fees, judgments, fines, and amounts paid or to be paid in settlement) reasonably incurred or suffered by him or her in connection therewith. The Board of Directors may, in its discretion, cause the expenses of officers and directors incurred in defending a civil or criminal action, suit or proceeding to be paid by the Corporation as they are incurred and in advance of the final disposition of the action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he or she is not entitled to be indemnified by the Corporation. No such person shall be indemnified against, or be reimbursed for, any expense or payments incurred in connection with any claim or liability if a final adjudication establishes that the director's or officer's acts or omissions involved intentional misconduct, fraud or a knowing violation of the law and was material to the cause of action. Any right of indemnification shall not be exclusive of any other right which such directors, officers or representatives may have or hereafter acquire and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under the Articles of Incorporation, agreement, vote of stockholders, provision of law or otherwise, as well as their rights under this Article X.

Section 2. The Board of Directors may cause the Corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the Corporation would have the power to indemnify such person.

Section 3. Notwithstanding any other provision of these Bylaws relating to their amendment generally, any repeal or amendment of this Article X which is adverse to any director or officer shall apply to such director or officer only on a prospective basis, and shall not limit the rights of an indemnitee to indemnification with respect to any action or failure to act occurring prior to the time of such repeal or amendment.

CERTIFICATE

I, Wendy Loundermon, hereby certify that:

I am the Secretary of SYSOREX, INC., a Nevada corporation; and the foregoing Bylaws are a true and correct copy of the Bylaws of the corporation as duly adopted by approval of the Board of Directors of the corporation pursuant to a written consent dated July ___, 2018.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the corporation this ____ day of _____, 2018.

Signature: _____

Exhibit 10.9

Amended Compensation Terms for Soumya Das

On May 14, 2018, the Compensation Committee of the Board of Directors (the "Compensation Committee") of Inpixon (the "Company") approved amendments to the employment terms of Soumya Das, Chief Marketing Officer and Chief Operating Officer, including an increase in base salary to $275,000; an adjustment of his annual bonus to up to $50,000 subject to certain milestones, with tasks, deadlines and amounts that shall be determined by the Company's Chief Executive Officer; commissions equal to 2% of recognized revenue associated with the indoor positioning analytics business, paid quarterly and subject to Company policies in connection with commissions payable and the addition of a transportation allowance in an amount equal to $1,000 per month, which shall be subject to the terms of an amended employment agreement in such form as shall be determined by the Chief Executive Officer.

Exhibit 10.10

EMPLOYEE MATTERS AGREEMENT

BY AND BETWEEN

INPIXON

AND

SYSOREX, INC.

DATED AS OF [____], 2018

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EMPLOYEE MATTERS AGREEMENT

This EMPLOYEE MATTERS AGREEMENT, dated as of [_____], 2018 (this "Agreement"), is by and between Inpixon, a Nevada corporation ("Parent"), and Sysorex, Inc., a Nevada corporation ("Sysorex").

R E C I T A L S:

WHEREAS, the board of directors of Parent (the "Parent Board") has determined that it is in the best interests of Parent and its stockholders to create a new publicly traded company that shall operate the Sysorex Business;

WHEREAS, in furtherance of the foregoing, the Parent Board has determined that it is appropriate and desirable to separate the Sysorex Business from the Parent Business (the "Separation") and, following the Separation, to make a distribution, on a pro rata basis, to holders of Parent Shares on the Record Date of all of the outstanding Sysorex Shares owned by Parent (the "Distribution");

WHEREAS, in order to effectuate the Separation and Distribution, Parent and Sysorex have entered into a Separation and Distribution Agreement, dated as of August 7, 2018 (the "Separation and Distribution Agreement");

WHEREAS, in addition to the matters addressed by the Separation and Distribution Agreement, the Parties desire to enter into this Agreement to set forth the terms and conditions of certain employment, compensation and benefit matters; and

WHEREAS, the Parties acknowledge that this Agreement, the Separation and Distribution Agreement and the Ancillary Agreements represent the integrated agreement of Parent and Sysorex relating to the Separation and Distribution, are being entered into together and would not have been entered into independently.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth below. Any terms that are capitalized but not otherwise defined herein shall have the respective meanings assigned to them in the Separation and Distribution Agreement.

"Agreement" shall have the meaning set forth in the Preamble to this Agreement and shall include all Schedules hereto and all amendments, modifications, and changes hereto entered into pursuant to Section 7.17.

"Benefit Plan" shall mean any contract, agreement, policy, practice, program, plan, trust, commitment or arrangement providing for benefits, perquisites or compensation of any nature from an employer to any Employee, or to any family member, dependent, or beneficiary of any such Employee, including cash or deferred arrangement plans, profit sharing plans, post-employment programs, pension plans, thrift plans, supplemental pension plans, welfare plans, stock option, stock purchase, stock appreciation rights, restricted stock, restricted stock units, performance stock units, other equity-based compensation and contracts, agreements, policies, practices, programs, plans, trusts, commitments and arrangements providing for terms of employment, fringe benefits, severance benefits, change in control protections or benefits, travel and accident, life, accidental death and dismemberment, disability and accident insurance, tuition reimbursement, adoption assistance, travel reimbursement, vacation, sick, personal or bereavement days, leaves of absences and holidays; provided, however, that the term "Benefit Plan" does not include any government-sponsored benefits, such as workers' compensation, unemployment or any similar plans, programs or policies or Individual Agreements.

"COBRA" shall mean the U.S. Consolidated Omnibus Budget Reconciliation Act of 1985, as codified at Section 601 et seq. of ERISA and at Section 4980B of the Code.

"Distribution" shall have the meaning set forth in the Recitals.

"Effective Time" shall have the meaning set forth in the Separation and Distribution Agreement.

"Employee" shall mean any Parent Employee or Sysorex Employee.

"ERISA" shall mean the U.S. Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

"Former Employee" shall mean any individual who is a former employee of the Parent Group as of immediately prior to the Effective Time.

"HIPAA" shall mean the U.S. Health Insurance Portability and Accountability Act of 1996, as amended, and the regulations promulgated thereunder.

"Individual Agreement" shall mean any individual (a) employment contract, (b) retention, severance or change in control agreement, (c) expatriate (including any international assignee) contract or agreement (including agreements and obligations regarding repatriation, relocation, equalization of Taxes and living standards in the host country), or (d) other agreement containing restrictive covenants (including confidentiality, non-competition and non-solicitation provisions) between a member of the Parent Group and a Sysorex Employee, as in effect immediately prior to the Effective Time.

“IRS” shall mean the U.S. Internal Revenue Service.

“Parent” shall have the meaning set forth in the Preamble.

“Parent 401(k) Plan” shall mean the 401(k) Plan to be established by Parent at or after the Effective Time.

“Parent Benefit Plan” shall mean any Benefit Plan established, sponsored or maintained by Parent at or after the Effective Time.

“Parent Compensation Committee” shall mean the Compensation Committee of the Parent Board.

“Parent Employees” shall have the meaning set forth in Section 3.01.

“Parent Option Award” shall mean an award of options to purchase Parent Shares granted pursuant to the Parent Stock Incentive Plan that is outstanding as of immediately prior to the Effective Time.

“Parent Ratio” shall mean the quotient obtained by dividing (a) the Pre-Separation Parent Stock Value by (b) the Post-Separation Parent Stock Value.

“Parent Stock Incentive Plan” shall mean the Amended and Restated 2011 Employee Stock Incentive Plan.

“Parties” shall mean the parties to this Agreement.

“Post-Separation Parent Option Award” shall mean a Parent Option Award adjusted as of the Effective Time in accordance with Section 4.02(a).

“Post-Separation Parent Stock Value” shall mean the simple average of the closing per-share price of Parent Shares trading on the Nasdaq Capital Market for each of the first 5 full Trading Sessions immediately after the Effective Time.

“Pre-Separation Parent Stock Value” shall mean the closing per-share price of Parent Shares trading “regular way with due bills” on the Nasdaq Capital Market as of the last Trading Session prior to the Effective Time.

“Separation” shall have the meaning set forth in the Recitals.

“Separation and Distribution Agreement” shall have the meaning set forth in the Recitals to this Agreement.

“Sysorex” shall have the meaning set forth in the Preamble.

“Sysorex 401(k) Plan” shall mean the Sysorex USA 401(k) Plan, established by Sysorex prior to the Effective Time.

“Sysorex Benefit Plan” shall mean any Benefit Plan established, sponsored, maintained or contributed to by a member of the Sysorex Group as of or prior to the Effective Time.

“Sysorex Board” shall mean the Board of Directors of Sysorex.

“Sysorex Employees” shall have the meaning set forth in Section 3.01.

“Sysorex Option Award” shall mean an award of options to purchase Sysorex Shares assumed by Sysorex pursuant to the Sysorex Stock Incentive Plan in accordance with Section 4.02(a).

“Sysorex Ratio” shall mean the quotient obtained by dividing (a) the Pre-Separation Parent Stock Value by (b) the Sysorex Stock Value.

“Sysorex Stock Incentive Plan” shall mean the Sysorex 2018 Equity Incentive Plan, as established by Sysorex as of the Effective Time pursuant to Section 4.01.

“Sysorex Stock Value” shall mean the simple average of the closing per-share price of Sysorex Shares trading on the OTCQB for each of the first 5 full Trading Sessions immediately after the Effective Time.

“Sysorex Welfare Plan” shall mean a Welfare Plan established, sponsored, maintained or contributed to by any member of the Sysorex Group for the benefit of Sysorex Employees.

“Tax” shall have the meaning set forth in the Tax Matters Agreement.

“Trading Session” shall mean the period of time during any given calendar day, commencing with the determination of the opening price on the Nasdaq Capital Market, as to the Parent Shares, or the OTCQB, as to the Sysorex Shares, and ending with the determination of the closing price on the Nasdaq Capital Market or the OTCQB, as applicable, in which trading in the Parent Shares or the Sysorex Shares, as applicable, is permitted.

“Transferred Director” shall mean each Sysorex non-employee director as of the Effective Time who served as a non-employee director on the Parent Board immediately prior to the Effective Time.

"Welfare Plan" shall mean any "welfare plan" (as defined in Section 3(1) of ERISA) or a "cafeteria plan" under Section 125 of the Code, and any benefits offered thereunder, and any other plan offering health benefits (including medical, prescription drug, dental, vision, mental health, substance abuse and retiree health), disability benefits, or life, accidental death and dismemberment, and business travel insurance, pre-Tax premium conversion benefits, dependent care assistance programs, employee assistance programs, paid time-off programs, contribution funding toward a health savings account, flexible spending accounts, supplemental unemployment benefits or severance.

Section 1.02. Interpretation. Section 10.15 of the Separation and Distribution Agreement is hereby incorporated by reference.

ARTICLE II

GENERAL PRINCIPLES FOR ALLOCATION OF LIABILITIES

Section 2.01. General Principles.

(a) Acceptance and Assumption of Sysorex Liabilities. Except as otherwise provided by this Agreement, on or prior to the Effective Time, but in any case prior to the Distribution, Sysorex and the applicable Sysorex Designees shall accept, assume and agree faithfully to perform, discharge and fulfill all of the following Liabilities in accordance with their respective terms (each of which shall be considered a Sysorex Liability), regardless of when or where such Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Effective Time, regardless of where or against whom such Liabilities are asserted or determined (including any Liabilities arising out of claims made by Parent's or Sysorex's respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates against any member of the Parent Group or the Sysorex Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the Parent Group or the Sysorex Group, or any of their respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates:

(i) any and all wages, salaries, incentive compensation, equity compensation, commissions, bonuses and any other employee compensation or benefits payable to or on behalf of any Sysorex Employees after the Effective Time, without regard to when such wages, salaries, incentive compensation, equity compensation, commissions, bonuses or other employee compensation or benefits are or may have been awarded or earned;

(ii) any and all Liabilities whatsoever with respect to claims under a Sysorex Benefit Plan, taking into account the Sysorex Benefit Plan's assumption of Liabilities with respect to Sysorex Employees that were originally the Liabilities of the corresponding Parent Benefit Plan with respect to periods prior to the Effective Time; and

(iii) any and all Liabilities expressly assumed or retained by any member of the Sysorex Group pursuant to this Agreement.

(b) Acceptance and Assumption of Parent Liabilities. Except as otherwise provided by this Agreement, on or prior to the Effective Time, but in any case prior to the Distribution, Parent and certain members of the Parent Group designated by Parent shall accept, assume and agree faithfully to perform, discharge and fulfill all of the following Liabilities in accordance with their respective terms (each of which shall be considered a Parent Liability), regardless of when or where such Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Effective Time, regardless of where or against whom such Liabilities are asserted or determined (including any Liabilities arising out of claims made by Parent's or Sysorex's respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates against any member of the Parent Group or the Sysorex Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the Parent Group or the Sysorex Group, or any of their respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates:

(i) any and all wages, salaries, incentive compensation, equity compensation, commissions, bonuses and any other employee compensation or benefits payable to or on behalf of any Parent Employees and Former Employees after the Effective Time, without regard to when such wages, salaries, incentive compensation, equity compensation, commissions, bonuses or other employee compensation or benefits are or may have been awarded or earned;

(ii) any and all Liabilities whatsoever with respect to claims under a Parent Benefit Plan, taking into account a corresponding Sysorex Benefit Plan's assumption of Liabilities with respect to Sysorex Employees that were originally the Liabilities of such Parent Benefit Plan with respect to periods prior to the Effective Time; and

(iii) any and all Liabilities expressly assumed or retained by any member of the Parent Group pursuant to this Agreement.

(c) Unaddressed Liabilities. To the extent that this Agreement does not address particular Liabilities under any Benefit Plan and the Parties later determine that they should be allocated in connection with the Distribution, the Parties shall agree in good faith on the allocation, taking into account the handling of comparable Liabilities under this Agreement.

Section 2.02. Service Credit. As of the Effective Time, the Sysorex Benefit Plans shall, and Sysorex shall cause each member of the Sysorex Group to, recognize for each Sysorex Employee who is employed immediately following the Effective Time by a member of the Sysorex Group, full service with Parent or any of its Subsidiaries or predecessor entities at or before the Effective Time, to the same extent that such service was recognized by Parent for similar purposes prior to the Effective Time as if such full service had been performed for a member of the Sysorex Group, for purposes of eligibility, vesting and determination of level of benefits under any such Sysorex Benefit Plan. As of the Effective Time, the Parent Benefit Plans shall, and Parent shall cause each member of the Parent Group to, recognize for each Parent Employee who is employed immediately following the Effective Time by a member of the Parent Group, full service with Sysorex or any of its Subsidiaries or predecessor entities at or before the Effective Time, to the same extent that such service was recognized by Sysorex for similar purposes prior to the Effective Time as if such full service had been performed for a member of the Parent Group, for purposes of eligibility, vesting and determination of level of benefits under any such Parent Benefit Plan.

Section 2.03. Adoption and Transfer and Assumption of Benefit Plans.

(a) Adoption by Parent of Benefit Plans. As of no later than the Effective Time or as soon thereafter as is practicable, Parent shall adopt Benefit Plans (and related trusts, if applicable) as contemplated by, and in accordance with, the terms of this Agreement.

(b) Plans Not Required to Be Adopted. With respect to any Benefit Plan not listed or otherwise addressed in this Agreement, the Parties shall agree in good faith on the treatment of such plan taking into account the handling of any comparable plan under this Agreement and, notwithstanding that Parent shall not have an obligation to continue to maintain any such plan with respect to the provision of future benefits from and after the Effective Time, Parent shall remain obligated to pay or provide any previously accrued or incurred benefits to the Parent Employees consistent with Section 2.01(b) of this Agreement.

(c) Information and Operation. Each Party shall use its commercially reasonable efforts to provide the other Party with information describing each Benefit Plan election made by an Employee or Former Employee that may have application to such Party's Benefit Plans from and after the Effective Time, and each Party shall use its commercially reasonable efforts to administer its Benefit Plans using those elections. Each Party shall, upon reasonable request, use its commercially reasonable efforts to provide the other Party and the other Party's respective Affiliates, agents, and vendors all information reasonably necessary to the other Party's operation or administration of its Benefit Plans.

(d) No Duplication or Acceleration of Benefits. Notwithstanding anything to the contrary in this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement, no participant in any Benefit Plan shall receive service credit or benefits to the extent that receipt of such service credit or benefits would result in duplication of benefits provided to such participant by the corresponding Benefit Plan or any other plan, program or arrangement sponsored or maintained by a member of the Group that sponsors the corresponding Benefit Plan. Furthermore, unless expressly provided for in this Agreement, the Separation and Distribution Agreement or in any Ancillary Agreement or required by applicable Law, no provision in this Agreement shall be construed to create any right to accelerate vesting distributions or entitlements under any Benefit Plan sponsored or maintained by a member of the Parent Group or member of the Sysorex Group on the part of any Employee or Former Employee.

(e) Transition Services. The Parties acknowledge that the Parent Group or the Sysorex Group may provide administrative services for certain of the other Party's compensation and benefit programs for a transitional period. The Parties agree to enter into a business associate agreement (if required by HIPAA or other applicable health information privacy Laws) in connection with such services. The parties agree to follow the alternate procedure for United States employment tax withholding as provided in Section 5 of Rev. Proc. 2004-53, I.R.B. 2004-35 so that each Parent Employee and each Sysorex Employee receives a single Form W-2 for 2018.

(f) Beneficiaries. References to Parent Employees, Sysorex Employees, Former Employees, and current and former non-employee directors of either Parent or Sysorex, shall be deemed to refer to their beneficiaries, dependents, survivors and alternate payees, as applicable.

Section 2.04. Individual Agreements.

(a) Assignment by Sysorex. To the extent necessary, Sysorex shall assign, or cause an applicable member of the Sysorex Group to assign, to Parent or another member of the Parent Group, as designated by Parent, all Individual Agreements, with such assignment to be effective as of no later than the Effective Time; provided, however, that to the extent that assignment of any such Individual Agreement is not permitted by the terms of such agreement or by applicable Law, effective as of the Effective Time, each member of the Parent Group shall be considered to be a successor to each member of the Sysorex Group for purposes of, and a third-party beneficiary with respect to, such Individual Agreement, such that each member of the Parent Group shall enjoy all of the rights and benefits under such agreement (including rights and benefits as a third-party beneficiary), with respect to the business operations of the Parent Group; provided, further, that in no event shall Sysorex be permitted to enforce any Individual Agreement (including any agreement containing non-competition or non-solicitation covenants) against a Parent Employee for action taken in such individual's capacity as a Parent Employee other than on behalf of Parent Group as requested by Parent Group in its capacity as a third-party beneficiary.

(b) Assumption by Parent. Effective as of the Effective Time, Parent shall assume and honor any individual agreement to which any Parent Employee is a party with any member of the Sysorex Group, including any Individual Agreement described in subsection (a) above.

ARTICLE III

ASSIGNMENT OF EMPLOYEES

Section 3.01. Assignment and Transfer of Employees. Effective as of no later than the Effective Time and except as otherwise agreed by the Parties, (a) the Parties shall have taken such actions as are necessary to ensure that each individual who is intended to be an employee of the Sysorex Group as of immediately after the Effective Time (including any such individual who is not actively working as of the Effective Time as a result of an illness, injury or leave of absence approved by the Parent Human Resources department or otherwise taken in accordance with applicable Law) (collectively, the "Sysorex Employees") is employed by a member of the Sysorex Group as of immediately after the Effective Time, and (b) the Parties shall have taken such actions as are necessary to ensure that each individual who is intended to be an employee of the Parent Group as of immediately after the Effective Time (including any such individual who is not actively working as of the Effective Time as a result of an illness, injury or leave of absence approved by the Parent Human Resources department or otherwise taken in accordance with applicable Law) and any other individual employed by the Parent Group as of the Effective Time who is not a Sysorex Employee (collectively, the "Parent Employees") is employed by a member of the Parent Group as of immediately after the Effective Time. Each of the Parties agrees to execute, and to seek to have the applicable Employees execute, such documentation, if any, as may be necessary to reflect such assignment and/or transfer.

Section 3.02. At-Will Status. Nothing in this Agreement shall create any obligation on the part of any member of the Parent Group or any member of the Sysorex Group to (a) continue the employment of any Employee or permit the return from a leave of absence for any period after the date of this Agreement (except as required by applicable Law) or (b) change the employment status of any Employee from "at-will," to the extent that such Employee is an "at-will" employee under applicable Law.

Section 3.03. Severance. The Parties acknowledge and agree that, except as required by applicable Law, the Separation, Distribution and the assignment, transfer or continuation of the employment of Employees as contemplated by this Section 3.03 shall not be deemed an involuntary termination of employment entitling any Sysorex Employee or Parent Employee to severance payments or benefits.

Section 3.04. Not a Change in Control. The Parties acknowledge and agree that neither the consummation of the Separation, Distribution nor any transaction contemplated by this Agreement, the Separation and Distribution Agreement or any other Ancillary Agreement shall be deemed a "change in control," "change of control," or term of similar import for purposes of any Benefit Plan sponsored or maintained by any member of the Parent Group or member of the Sysorex Group.

ARTICLE IV

EQUITY, INCENTIVE AND EXECUTIVE COMPENSATION

Section 4.01. Generally. Each Parent Option Award that is outstanding as of immediately prior to the Effective Time shall be adjusted as described below; provided, however, effective immediately prior to the Effective Time, the Parent Compensation Committee may provide for different adjustments with respect to some or all Parent Option Awards to the extent that the Parent Compensation Committee deems such adjustments necessary and appropriate. Any adjustments made by the Parent Compensation Committee pursuant to the foregoing sentence shall be deemed incorporated by reference herein as if fully set forth below and shall be binding on the Parties and their respective Affiliates. Before the Effective Time, the Sysorex Stock Incentive Plan shall be established, with such terms as are necessary to permit the implementation of the provisions of Section 4.02.

Section 4.02. Treatment of Option Awards.

(a) Option Awards. Each Parent Option Award that is outstanding as of immediately prior to the Effective Time shall be treated as follows:

(i) Parent Employees, Former Employees and Directors. If the holder is a Parent Employee, Former Employee or a non-employee director of Parent (other than a Transferred Director), such award shall be converted, as of the Effective Time, into a Post-Separation Parent Option Award and shall, except as otherwise provided in this Section 4.02, be subject to the same terms and conditions (including with respect to vesting and expiration) after the Effective Time as were applicable to such Parent Option Award immediately prior to the Effective Time; provided, however, that from and after the Effective Time:

(A) the number of Parent Shares subject to such Post-Separation Parent Option Award shall be equal to the product, rounded down to the nearest whole share, of (I) the number of Parent Shares subject to the corresponding Parent Option Award immediately prior to the Effective Time, multiplied by (II) the Parent Ratio; and

(B) the per share exercise price of such Post-Separation Parent Option Award shall be equal to the quotient, rounded up to the nearest cent, of (I) the per share exercise price of the corresponding Parent Option Award immediately prior to the Effective Time, divided by (II) the Parent Ratio.

Notwithstanding anything to the contrary in this Section 4.02(a)(i), the exercise price, the number of Parent Shares subject to each Post-Separation Parent Option Award and the terms and conditions of exercise of such options shall be determined in a manner consistent with the requirements of Section 409A of the Code.

(ii) Sysorex Employees and Directors. If the holder is a Sysorex Employee or a Transferred Director, such award shall be converted, as of the Effective Time, into a Sysorex Option Award and shall, except as otherwise provided in this Section 4.02, be subject to the same terms and conditions (including with respect to vesting and expiration) after the Effective Time as were applicable to such Parent Option Award immediately prior to the Effective Time; provided, however, that from and after the Effective Time:

(A) the number of Parent Shares subject to such Sysorex Option Award shall be equal to the product, rounded down to the nearest whole share, of (I) the number of Parent Shares subject to the corresponding Parent Option Award immediately prior to the Effective Time, multiplied by (II) the Sysorex Ratio; and

(B) the per share exercise price of such Sysorex Option Award shall be equal to the quotient, rounded up to the nearest cent, of (I) the per share exercise price of the corresponding Parent Option Award immediately prior to the Effective Time, divided by (II) the Sysorex Ratio.

Notwithstanding anything to the contrary in this Section 4.02(a)(ii), the exercise price, the number of Sysorex Shares subject to each Sysorex Option Award and the terms and conditions of exercise of such options shall be determined in a manner consistent with the requirements of Section 409A of the Code.

(b) Settlement; Tax Reporting and Withholding.

(i) Except as otherwise provided in this Section 4.02(b), after the Effective Time, Post-Separation Parent Option Awards, regardless of by whom held, shall be settled by Parent, and Sysorex Option Awards, regardless of by whom held, shall be settled by Sysorex.

(ii) Upon the vesting, payment or settlement, as applicable, of Sysorex Option Awards, Sysorex shall be solely responsible for ensuring the satisfaction of all applicable Tax withholding requirements on behalf of each Sysorex Employee. Upon the vesting, payment or settlement, as applicable, of Post-Separation Parent Option Awards, Parent shall be solely responsible for ensuring the satisfaction of all applicable Tax withholding requirements on behalf of each Parent Employee or Former Employee. Following the Effective Time, Parent shall be responsible for all income Tax reporting in respect of Post-Separation Parent Option Awards held by Parent Employees, Former Employees and individuals who are or were Parent non-employee directors, and Sysorex shall be responsible for all income Tax reporting in respect of Sysorex Option Awards held by Sysorex Employees and Transferred Directors.

(c) Cooperation. Each of the Parties shall establish an appropriate administration system in order to administer, in an orderly manner, (i) exercises of vested Post-Separation Parent Options and Sysorex Options, (ii) the vesting and forfeiture of unvested Post-Separation Parent Option Awards and Sysorex Option Awards, and (iii) the withholding and reporting requirements with respect to all awards. Each of the Parties shall work together to unify and consolidate all indicative data and payroll and employment information on regular timetables and make certain that each applicable Person's data and records in respect of such awards are correct and updated on a timely basis. The foregoing shall include employment status and information required for vesting and forfeiture of awards and Tax withholding/remittance, compliance with trading windows and compliance with the requirements of the Exchange Act and other applicable Laws.

(d) Registration and Other Regulatory Requirements. Sysorex agrees to file Forms S-1 or S-8 registration statements, as appropriate, with respect to, and to cause to be registered pursuant to the Securities Act, the Sysorex Shares authorized for issuance under the Sysorex Stock Incentive Plan, as required pursuant to the Securities Act, not later than the Effective Time and in any event before the date of issuance of any Sysorex Shares pursuant to the Sysorex Stock Incentive Plan. The Parties shall take such additional actions as are deemed necessary or advisable to effectuate the foregoing provisions of this Section 4.02(d), including compliance with securities Laws and other legal requirements associated with equity compensation awards in affected non-U.S. jurisdictions. Parent agrees to facilitate the adoption and approval of the Sysorex Stock Incentive Plan consistent with the requirements of Treasury Regulations Section 1.162-27(f)(4)(iii).

Section 4.03. Director Compensation. Parent shall be responsible for the payment of any fees for service on the Parent Board that are earned at, before, or after the Effective Time, and Sysorex shall not have any responsibility for any such payments. With respect to any Sysorex non-employee director, Sysorex shall be responsible for the payment of any fees for service on the Sysorex Board that are earned at any time after the Effective Time and Parent shall not have any responsibility for any such payments.

ARTICLE V

RETIREMENT PLANS

Section 5.01. Establishment of Plan. As soon as practicable after the Distribution Date, the Parent Board shall adopt and establish the Parent 401(k) Plan and a related trust, which shall be intended to meet the qualification requirements of Section 401(a) of the Code (including under Sections 401(k) and (m) of the Code) including the safe-harbor requirements of Section 401(k)(12) of the Code. Parent may make such changes, modifications or amendments to the Parent 401(k) Plan as may be required by applicable Law or as are necessary and appropriate to reflect the Separation or which result from vendor limitations. As soon as practicable after the Distribution Date, Parent shall provide Sysorex with (a) a copy of the Parent 401(k) Plan and related trust and applicable IRS volume submitter approval or other IRS favorable determination letter with respect to the plan and (b) a copy of certified resolutions of the Parent Board (or its authorized committee or other delegate) evidencing adoption of the Parent 401(k) Plan and related trust and the obligations described in Section 5.02.

Section 5.02. Transfer of Account Balances. Parent Employees shall be eligible to participate in the Parent 401(k) Plan as of the effective date of the plan to the extent that they were eligible to participate in the Sysorex 401(k) Plan as of immediately prior to the Effective Time. As soon as reasonably practicable following the effective date of the Parent 401(k) Plan, Sysorex shall cause the Sysorex 401(k) Plan to transfer to the Parent 401(k) Plan the account balances of Parent Employees, whether vested or non-vested, in the form of cash (or, in the case of loans, notes).

Section 5.03. Plan Fiduciaries. For all periods on and after the Effective Time, the Parties agree that the applicable fiduciaries of each of the Parent 401(k) Plan and the Sysorex 401(k) Plan, respectively, shall have the authority with respect to the Parent 401(k) Plan and the Sysorex 401(k) Plan, respectively, to determine the investment alternatives, the terms and conditions with respect to those investment alternatives and such other matters as are within the scope of their duties under ERISA and the terms of the applicable plan documents.

ARTICLE VI

WELFARE BENEFIT PLANS

Section 6.01. Welfare Plans.

(a) Continued Participation in Sysorex Welfare Plans. For the period beginning on the date of the Distribution and ending on December 31, 2018 (or such later date as may be required under COBRA in the case of Parent Employees or former Parent Employees (or such Parent Employee's or former Parent Employee's eligible dependents) who have a "qualifying event" for the purposes of COBRA on or prior to the date of Distribution) (the "Participation Period"), (i) Parent Employees and former Parent Employees who participate in the Welfare Plans identified on Schedule 6.01(a) (such plans, the "Participation Period Plans"), and (ii) individuals who become employed by Parent who would become eligible to participate in the Participation Period Plans had the Distribution not occurred, shall continue to participate or begin to participate, as applicable in such Participation Period Plans during the Participation Period on the terms set forth in such Participation Period Plans. The Parties acknowledge and agree that, as of December 31, 2018, the Parent Employees who remain Parent Employees as of that date shall cease participation in the Sysorex Welfare Plans and, effective January 1, 2019, , such employees shall commence participation in the Parent Welfare Plans. To the extent the Participation Period applicable to a Parent Employee (or such Parent Employee's eligible dependents) who experiences a "qualifying event" for the purposes of COBRA after the date of Distribution would otherwise extend beyond December 31, 2018, such Parent Employee shall become eligible for benefits solely pursuant to the Parent Welfare Plans, in accordance with COBRA and consistent with the terms generally available to active Parent Employees, as of January 1, 2019.

(b) Waiver of Conditions; Benefit Maximums. Parent has and shall continue to use commercially reasonable efforts to cause the Parent Welfare Plans to:

(i) with respect to initial enrollment, waive (A) all exclusions, and service conditions with respect to participation and coverage requirements applicable to any Parent Employee, other than limitations that were in effect with respect to the Parent Employee under the applicable Sysorex Welfare Plan as of immediately prior to the Distribution Date, and (B) any waiting period limitation or evidence of insurability requirement applicable to a Parent Employee other than limitations or requirements that were in effect with respect to such Parent Employee under the applicable Sysorex Welfare Plans as of immediately prior to the Distribution Date; and

(ii) take into account (A) with respect to aggregate annual or similar maximum benefits available under the Parent Welfare Plans, a Parent Employee's prior claim experience under the Sysorex Welfare Plans and any Benefit Plan that provides leave benefits; and (B) any eligible expenses incurred by a Parent Employee and his or her covered dependents during the portion of the plan year of the applicable Sysorex Welfare Plan ending as of the Distribution Date to be taken into account under such Parent Welfare Plan for purposes of satisfying all deductible, coinsurance, and maximum out-of-pocket requirements applicable to such Parent Employee and his or her covered dependents for the applicable plan year to the same extent as such expenses were taken into account by Sysorex for similar purposes prior to the Distribution Date as if such amounts had been paid in accordance with such Parent Welfare Plan.

(d) Allocation of Welfare Plan Assets and Liabilities.

(i) Except as otherwise provided in this Article VI, effective as of the Effective Time, the Parent Group shall retain or assume, as applicable, and be responsible for all Assets (including any insurance contracts, policies or other funding vehicles) and Liabilities relating to the Parent Welfare Plans, regardless of when arising, and the Sysorex Group shall retain or assume, as applicable, and be responsible for all Assets (including any insurance contracts, policies or other funding vehicles) and Liabilities relating to the Sysorex Welfare Plans, regardless of when arising.

(ii) For these purposes, a claim or Liability is deemed to be incurred: (A) with respect to medical, dental, vision and/or prescription drug benefits, upon the rendering of health services giving rise to such claim or Liability; (B) with respect to life insurance, accidental death and dismemberment and business travel accident insurance, upon the occurrence of the event giving rise to such claim or Liability; and (C) with respect to disability benefits, upon the date of an Employee's disability, as determined by the disability benefit insurance carrier or claim administrator, giving rise to such claim or Liability.

Section 6.02. COBRA. The Sysorex Group shall be responsible for complying with, and providing coverage pursuant to, the health care continuation requirements of COBRA, and the corresponding provisions of the Sysorex Welfare Plans with respect to any Sysorex Employees or Former Employees (and their covered dependents) who incur a qualifying event under COBRA before, as of, or after the Distribution Date. Effective January 1, 2019, the Parent Group shall assume responsibility for complying with, and providing coverage pursuant to, the health care continuation requirements of COBRA, and the corresponding provisions of the Parent Welfare Plans with respect to any Parent Employees (and their covered dependents) who incur a qualifying event or loss of coverage under the Parent Welfare Plans after the Distribution Date. For purposes of this Section 6.02, any Former Employee who participated in the Sysorex Welfare Plans as of the date of such Former Employee's qualifying event under COBRA shall be considered a Sysorex Employee. The Parties agree that the consummation of the transactions contemplated by the Separation and Distribution Agreement shall not constitute a COBRA qualifying event for any purpose of COBRA.

Section 6.03. Vacation, Holidays and Leaves of Absence. Effective as of no later than the Effective Time, the Sysorex Group shall assume all Liabilities of the Sysorex Group with respect to vacation, holiday, annual leave or other leave of absence, and required payments related thereto, for each Sysorex Employee, unless otherwise required by applicable Law. The Parent Group shall retain all Liabilities with respect to vacation, holiday, annual leave or other leave of absence, and required payments related thereto, for each Parent Employee.

Section 6.04. Severance and Unemployment Compensation. As of the Effective Time, the Sysorex Group shall assume and be responsible for any and all Liabilities relating to Sysorex Employees regardless of when arising and Former Employees who worked the majority of their time on Sysorex Group activities in respect of severance, unemployment compensation and supplemental unemployment benefits. The Parent Group shall retain or assume, as applicable, and be responsible for any and all Liabilities relating to Parent Employees regardless of when arising and Former Employees who worked the majority of their time on Parent Group activities in respect of severance, unemployment compensation and supplemental unemployment benefits.

Section 6.05. Workers' Compensation. With respect to claims for workers' compensation in the United States, (a) the Sysorex Group shall be responsible for claims in respect of Sysorex Employees regardless of when arising and Former Employees who worked the majority of their time on Sysorex Group activities , and (b) the Parent Group shall be responsible for all claims in respect of Parent Employees regardless of when arising and Former Employees who worked the majority of their time on Parent Group activities.

Section 6.06. Insurance Contracts. To the extent that any Welfare Plan is funded through the purchase of an insurance contract or is subject to any stop loss contract, the Parties shall cooperate and use their commercially reasonable efforts to replicate such insurance contracts for Sysorex or Parent as applicable (except to the extent that changes are required under applicable Law or filings by the respective insurers) and to maintain any pricing discounts or other preferential terms for both Parent and Sysorex for a reasonable term. Neither Party shall be liable for failure to obtain such insurance contracts, pricing discounts, or other preferential terms for the other Party. Each Party shall be responsible for any additional premiums, charges, or administrative fees that such Party may incur pursuant to this Section 6.06.

Section 6.07. Third-Party Vendors. Except as provided below, to the extent that any Welfare Plan is administered by a third-party vendor, the Parties shall cooperate and use their commercially reasonable efforts to replicate any contract with such third-party vendor for Parent or Sysorex, as applicable and to maintain any pricing discounts or other preferential terms for both Parent and Sysorex for a reasonable term. Neither Party shall be liable for failure to obtain such pricing discounts or other preferential terms for the other Party. Each Party shall be responsible for any additional premiums, charges, or administrative fees that such Party may incur pursuant to this Section 6.07.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Information Sharing and Access.

(a) Sharing of Information. Subject to any limitations imposed by applicable Law, each of Parent and Sysorex (acting directly or through members of the Parent Group or the Sysorex Group, respectively) shall provide to the other Party and its authorized agents and vendors all information necessary (including information for purposes of determining benefit eligibility, participation, vesting, calculation of benefits) on a timely basis under the circumstances for the Party to perform its duties under this Agreement. Such information shall include information relating to equity awards under stock plans. To the extent that such information is maintained by a third-party vendor, each Party shall use its commercially reasonable efforts to require the third-party vendor to provide the necessary information and assist in resolving discrepancies or obtaining missing data.

(b) Transfer of Personnel Records and Authorization. Subject to any limitation imposed by applicable Law and to the extent that it has not done so before the Effective Time, Sysorex shall transfer to Parent any and all employment records (including any Form I-9, Form W-2 or other IRS forms) with respect to Parent Employees and other records reasonably required by Parent to enable Parent properly to carry out its obligations under this Agreement. Such transfer of records generally shall occur as soon as administratively practicable at or after the Effective Time. Each Party shall permit the other Party reasonable access to its Employee records, to the extent reasonably necessary for such accessing Party to carry out its obligations hereunder.

(c) Access to Records. To the extent not inconsistent with this Agreement, the Separation and Distribution Agreement or any applicable privacy protection Laws or regulations, reasonable access to Employee-related and benefit plan related records after the Effective Time shall be provided to members of the Parent Group and members of the Sysorex Group pursuant to the terms and conditions of Article VI of the Separation and Distribution Agreement.

(d) Maintenance of Records. With respect to retaining, destroying, transferring, sharing, copying and permitting access to all Employee-related information, Parent and Sysorex shall comply with all applicable Laws, regulations and internal policies, and shall indemnify and hold harmless each other from and against any and all Liability, Actions, and damages that arise from a failure (by the indemnifying Party or its Subsidiaries or their respective agents) to so comply with all applicable Laws, regulations and internal policies applicable to such information.

(e) Cooperation. Each Party shall use commercially reasonable efforts to cooperate and work together to unify, consolidate and share (to the extent permissible under applicable privacy/data protection Laws) all relevant documents, resolutions, government filings, data, payroll, employment and benefit plan information on regular timetables and cooperate as needed with respect to (i) any claims under or audit of or litigation with respect to any employee benefit plan, policy or arrangement contemplated by this Agreement, (ii) efforts to seek a determination letter, private letter ruling or advisory opinion from the IRS or U.S. Department of Labor on behalf of any employee benefit plan, policy or arrangement contemplated by this Agreement, (iii) any filings that are required to be made or supplemented to the IRS, U.S. Pension Benefit Guaranty Corporation, U.S. Department of Labor or any other Governmental Authority, and (iv) any audits by a Governmental Authority or corrective actions, relating to any Benefit Plan, labor or payroll practices; provided, however, that requests for cooperation must be reasonable and not interfere with daily business operations.

(f) Confidentiality. Notwithstanding anything in this Agreement to the contrary, all confidential records and data relating to Employees to be shared or transferred pursuant to this Agreement shall be subject to Section 6.9 of the Separation and Distribution Agreement and the requirements of applicable Law.

Section 7.02. Preservation of Rights to Amend. Except as set forth in this Agreement, the rights of each member of the Parent Group and each member of the Sysorex Group to amend, waive, or terminate any plan, arrangement, agreement, program, or policy referred to herein shall not be limited in any way by this Agreement.

Section 7.03. Fiduciary Matters. Parent and Sysorex each acknowledge that actions required to be taken pursuant to this Agreement may be subject to fiduciary duties or standards of conduct under ERISA or other applicable Law, and no Party shall be deemed to be in violation of this Agreement if it fails to comply with any provisions hereof based upon its good-faith determination (as supported by advice from counsel experienced in such matters) that to do so would violate such a fiduciary duty or standard. Each Party shall be responsible for taking such actions as are deemed necessary and appropriate to comply with its own fiduciary responsibilities and shall fully release and indemnify the other Party for any Liabilities caused by the failure to satisfy any such responsibility.

Section 7.04. Further Assurances. Each Party hereto shall take, or cause to be taken, any and all reasonable actions, including the execution, acknowledgment, filing and delivery of any and all documents and instruments that any other Party hereto may reasonably request in order to effect the intent and purpose of this Agreement and the transactions contemplated hereby.

Section 7.05. Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

(b) This Agreement, the Separation and Distribution Agreement and the Ancillary Agreements and the Exhibits, Schedules and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein. This Agreement, the Separation and Distribution Agreement and the Ancillary Agreements govern the arrangements in connection with the Separation and Distribution and would not have been entered independently.

(c) Parent represents on behalf of itself and each other member of the Parent Group, and Sysorex represents on behalf of itself and each other member of the Sysorex Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms hereof.

(d) Each Party acknowledges that it and each other Party is executing this Agreement by facsimile, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it will not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it will as promptly as reasonably practicable cause this Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

Section 7.06. Governing Law. This Agreement (and any claims or disputes arising out of or related hereto or to the transactions contemplated hereby or to the inducement of any Party to enter herein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common Law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of California, irrespective of the choice of Laws principles of the State of California, including all matters of validity, construction, effect, enforceability, performance and remedies.

Section 7.07. Assignability. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided, however, that neither Party may assign its rights or delegate its obligations under this Agreement without the express prior written consent of the other Party hereto. Notwithstanding the foregoing, no such consent shall be required for the assignment of a Party's rights and obligations under this Agreement, the Separation and Distribution Agreement and all other Ancillary Agreements (except as may be otherwise provided in any such Ancillary Agreement) in whole (i.e., the assignment of a party's rights and obligations under this Agreement and all Ancillary Agreements all at the same time) in connection with a change of control of a Party so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant party thereto by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party.

Section 7.08. Third-Party Beneficiaries. Subject to the requirements of Section 2.04(a), the provisions of this Agreement are solely for the benefit of the Parties and are not intended to confer upon any other Person except the Parties any rights or remedies hereunder. There are no third-party beneficiaries of this Agreement and this Agreement shall not provide any third person with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement. Nothing in this Agreement is intended to amend any employee benefit plan or affect the applicable plan sponsor's right to amend or terminate any employee benefit plan pursuant to the terms of such plan. The provisions of this Agreement are solely for the benefit of the Parties, and no current or former Employee, officer, director, or independent contractor or any other individual associated therewith shall be regarded for any purpose as a third-party beneficiary of this Agreement.

Section 7.09. Notices. All notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 7.09):

If to Parent (prior to, on or after the Effective Time), to:

Inpixon
2479 E. Bayshore Road, Suite 195
Palo Alto, California 94303
Attn.: Chief Executive Officer

with a copy to (which will not constitute notice):

Melanie Figueroa, Esq.
Mitchell Silberberg & Knupp LLP
12 East 49th Street, 30th Floor
New York, New York 10017

If to Sysorex (prior to the Effective Time), to:

Sysorex, Inc.
2479 E. Bayshore Road, Suite 195
Palo Alto, California 94303
Attn.: Chief Executive Officer

with a copy to (which will not constitute notice):

Melanie Figueroa, Esq.
Mitchell Silberberg & Knupp LLP
12 East 49th Street, 30th Floor
New York, New York 10017

If to Sysorex (from and after the Effective Time), to:

Sysorex, Inc.
2355 Dulles Corner Boulevard, Suite 600
Herndon, Virginia 20171
Attn.: Chief Executive Officer

with copies to (which will not constitute notice):

Melanie Figueroa, Esq.
Mitchell Silberberg & Knupp LLP
12 East 49th Street, 30th Floor
New York, New York 10017

Addison K. Adams, Esq.
Adams Corporate Law, Inc.
1851 E 1st St, Suite 900
Santa Ana, California 92705

A Party may, by notice to the other Party, change the address to which such notices are to be given.

Section 7.10. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

Section 7.11. Force Majeure. No Party shall be deemed in default of this Agreement or, unless otherwise expressly provided therein, any Ancillary Agreement for any delay or failure to fulfill any obligation (other than a payment obligation) hereunder or thereunder so long as and to the extent to which any delay or failure in the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance of such obligations (other than a payment obligation) shall be extended for a period equal to the time lost by reason of the delay. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide written notice to the other Party of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement and the Ancillary Agreements, as applicable, as soon as reasonably practicable.

Section 7.12. Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 7.13. Survival of Covenants. Except as expressly set forth in this Agreement, the covenants, representations and warranties contained in this Agreement, and Liability for the breach of any obligations contained herein, shall survive the Separation and Distribution and shall remain in full force and effect.

Section 7.14. Waivers of Default. Waiver by a Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 7.15. Dispute Resolution. The dispute resolution procedures set forth in Article VII of the Separation and Distribution Agreement shall apply to any dispute, controversy or claim arising out of or relating to this Agreement.

Section 7.16. Specific Performance. Subject to the provisions of Article VII of the Separation and Distribution Agreement, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief in respect of its or their rights under this Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at Law for any breach or threatened breach, including monetary damages, are inadequate compensation for any Loss and that any defense in any Action for specific performance that a remedy at Law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are hereby waived by each of the Parties.

Section 7.17. Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

Section 7.18. Interpretation. In this Agreement, (a) words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires; (b) the terms "hereof," "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules, Exhibits and Appendices hereto and thereto) and not to any particular provision of this Agreement; (c) Article, Section, Schedule, Exhibit and Appendix references are to the Articles, Sections, Schedules, Exhibits and Appendices to this Agreement unless otherwise specified; (d) unless otherwise stated, all references to any agreement shall be deemed to include the exhibits, schedules and annexes to such agreement; (e) the word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless otherwise specified; (f) the word "or" shall not be exclusive; (g) unless otherwise specified in a particular case, the word "days" refers to calendar days; (h) references to "business day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by Law to close in the United States or New York, New York; (i) references herein to this Agreement or any other agreement contemplated herein shall be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; and (j) unless expressly stated to the contrary in this Agreement, all references to "the date hereof," "the date of this Agreement," "hereby" and "hereupon" and words of similar import shall all be references to the date set forth in the introductory paragraph of this Agreement.

Section 7.19. Limitations of Liability. Notwithstanding anything in this Agreement to the contrary, neither Sysorex or any member of the Sysorex Group, on the one hand, nor Parent or any member of the Parent Group, on the other hand, shall be liable under this Agreement to the other for any indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other arising in connection with the transactions contemplated hereby (other than any such Liability with respect to a Third-Party Claim).

Section 7.20. Mutual Drafting. This Agreement shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this Employee Matters Agreement to be executed by their duly authorized representatives as of the date first written above.

INPIXON

By: _____
Nadir Ali, Chief Executive Officer

SYSOREX, INC.

By: _____
Zaman Khan, President

[Signature Page to Employee Matters Agreement]

Exhibit 10.11

TAX MATTERS AGREEMENT

by and between

Inpixon

and

Sysorex, Inc.

Dated as of [__], 2018

TAX MATTERS AGREEMENT

THIS TAX MATTERS AGREEMENT (this "Agreement"), dated as of [_____], 2018 is by and among Inpixon, a Nevada corporation ("Inpixon"), and Sysorex, Inc., a Nevada corporation ("Sysorex"). Each of Inpixon and Sysorex is sometimes referred to herein as a "Party" and, collectively, as the "Parties."

WHEREAS, Inpixon, acting through itself and its Subsidiaries, currently conducts its businesses of providing indoor positioning and data analytics (the "IPA Business") and providing data analytics to commercial and government customers worldwide (the "VAR Business");

WHEREAS, the board of directors of Inpixon ("Inpixon Board") has determined that it is appropriate, desirable and in the best interests of Inpixon and its stockholders to separate the IPA Business from the VAR Business, and to divest the VAR Business in the manner contemplated by that certain Separation and Distribution Agreement dated as of August 7, 2018 (the "Separation Agreement");

WHEREAS, Inpixon and Sysorex have entered into the Separation Agreement pursuant to which (a) the IPA Business will be separated from the VAR Business, (b) (i) Inpixon will, and will cause its Subsidiaries to, transfer certain assets, liabilities and subsidiaries of the VAR Business to Sysorex and its Subsidiaries, and (ii) Sysorex will, and/or will cause one or more of its Subsidiaries to transfer certain assets, liabilities, subsidiaries and/or businesses to Inpixon and its Subsidiaries, as a result of which Sysorex will own directly, and indirectly through its Subsidiaries, the VAR Business and will not own directly, or indirectly through its Subsidiaries, any of the IPA Business (collectively, the "Restructuring"), and (c) Inpixon will distribute, on a pro rata basis, all of the issued and outstanding Sysorex Shares, as defined in the Separation Agreement, owned by Inpixon to the holders of Parent Shares and Other Parent Securities, each as defined in the Separation Agreement (the "Distribution");

WHEREAS, the Parties wish to provide for the payment of Tax liabilities and entitlement to refunds thereof, allocate responsibility for, and cooperation in, the filing of Tax Returns, and provide for certain other matters relating to Taxes;

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained herein, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 General. As used in this Agreement, the following terms shall have the following meanings:

"Accounting Firm" has the meaning set forth in Section 7.01.

"Adjustment" means an adjustment of any item of income, gain, loss, deduction, credit or any other item affecting Taxes of a taxpayer pursuant to a Final Determination.

"Agreement" has the meaning set forth in the preamble to this Agreement.

"Ancillary Agreement" has the meaning set forth in the Separation Agreement.

"Carryback" has the meaning set forth in Section 4.02.

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Parent" means the "common parent corporation" of an "affiliated group" (in each case, within the meaning of Section 1504 of the Code) filing a U.S. federal consolidated Income Tax Return.

"Distribution" has the meaning set forth in the recitals to this Agreement.

"Distribution Date" means the date on which the Distribution is paid.

"Due Date" means (a) with respect to a Tax Return, the date (taking into account all valid extensions) on which such Tax Return is required to be filed under applicable Law and (b) with respect to a payment of Taxes, the date on which such payment is required to be made to the applicable Taxing Authority to avoid the incurrence of interest, penalties and/or additions to Tax.

"Employee Matters Agreement" means the Employee Matters Agreement by and between the Parties dated as of the date hereof.

"Extraordinary Transaction" means any action that is not in the Ordinary Course of Business, but shall not include (a) any action described in or contemplated by the Separation Agreement or any Ancillary Agreement, (b) any action that is undertaken pursuant to the Restructuring or the Distribution, or (c) any compensatory payment or compensatory transfer in respect of services made as a result of, or in connection with, the Restructuring or the Distribution (which shall be treated as paid immediately before the Distribution on the Distribution Date).

"Final Determination" means the final resolution of liability for any Tax for any taxable period, by or as a result of (a) a final decision, judgment, decree or other order by any court of competent jurisdiction that can no longer be appealed to a court other than the Supreme Court of the United States, (b) a final settlement with the IRS, a closing agreement or accepted offer in compromise under Sections 7121 or 7122 of the Code, or a comparable agreement under the Laws of other jurisdictions, which resolves the entire Tax liability for any taxable period, (c) any allowance of a refund or credit in respect of an overpayment of Tax, but only after the expiration of all periods during which such refund or credit may be recovered by the jurisdiction imposing the Tax, or (d) any other final resolution, including by reason of the expiration of the applicable statute of limitations or the execution of a pre-filing agreement with the IRS or other Taxing Authority.

"Group" of which a Person is a member means (i) the Inpixon Group, if the Person is a member of the Parent Group and (ii) the Sysorex Group, if the Person is a member of the Sysorex Group.

"Income Tax Return" means any Tax Return on which Income Taxes are reflected or reported.

"Income Taxes" means any net income, net receipts, net profits, excess net profits or similar Taxes based upon, measured by, or calculated with respect to net income.

"Indemnified Party" means the Party which is entitled to seek indemnification from the other Party pursuant to the provisions of Article III.

"Indemnifying Party" means the Party from which the other Party is entitled to seek indemnification pursuant to the provisions of Article III.

"Information" has the meaning set forth in Section 6.01(a).

"Inpixon" has the meaning set forth in the preamble to this Agreement.

"Inpixon Consolidated Return" means the U.S. federal Income Tax Return required to be filed by Inpixon as the Common Parent.

"Inpixon Consolidated Taxes" means any U.S. federal Income Taxes attributable to any Inpixon Consolidated Return.

"Inpixon Entity" means any Subsidiary of Inpixon immediately after the Distribution.

"Inpixon Group" means, individually or collectively, as the case may be, Inpixon and any Inpixon Entity, excluding any member of the Sysorex Group.

"Inpixon Taxes" means, without duplication, (a) any Inpixon Consolidated Taxes, (b) any Taxes imposed on Sysorex or any member of the Sysorex Group under Treasury Regulations Section 1.1502-6 (or any similar provision of other Law) as a result of Sysorex or any such member being or having been included as part of an Inpixon Consolidated Return (or similar consolidated or combined Tax Return under any other provision of Law), (c) any Taxes of the Inpixon Group and any former Subsidiary of Inpixon (excluding any member of the Sysorex Group) for any Pre-Closing Period, (d) any Inpixon Transaction Taxes, and (e) any Transfer Taxes, in each case (x) other than Sysorex Taxes and (y) including any Taxes resulting from an Adjustment.

"Inpixon Transaction Taxes" means any Taxes (a) imposed on or by reason of the Restructuring or the Distribution and (b) payable by reason of the distribution of cash or other property from Sysorex to Inpixon (in each case including Transfer Taxes imposed on such transactions described in (a) and (b)). For the avoidance of doubt, Inpixon Transaction Taxes include, without limitation, Taxes payable by reason of deferred intercompany transactions or excess loss accounts triggered by the Distribution.

"IPA Business" has the meaning set forth in the Recitals.

"IRS" means the U.S. Internal Revenue Service.

"Law" means any U.S. or non-U.S. federal, national, supranational, state, provincial, local or similar statute, law, ordinance, regulation, rule, code, administrative pronouncement, order, requirement or rule of law (including common law).

"Mixed Business Income Tax Return" means any Mixed Business Tax Return on which Income Taxes are reflected or reported.

"Mixed Business Tax Return" means any Tax Return (other than an Inpixon Consolidated Return), including any consolidated, combined or unitary Tax Return, that reflects or reports Taxes that relate to at least one asset or activity that is part of the IPA Business, on the one hand, and at least one asset or activity that is part of the VAR Business, on the other hand.

"Ordinary Course of Business" means an action taken by a Person only if such action is taken in the ordinary course of the normal operations of such Person.

"Party" and "Parties" have the meaning set forth in the preamble to this Agreement.

"Past Practice" means past practices, accounting methods, elections and conventions.

"Person" has the meaning set forth in the Separation Agreement.

"Post-Closing Period" means any taxable period (or portion thereof) beginning after the Distribution Date, including for the avoidance of doubt, the portion of any Straddle Period beginning on the day after the Distribution Date.

"Pre-Closing Period" means any taxable period (or portion thereof) ending on or before the Distribution Date, including for the avoidance of doubt, the portion of any Straddle Period ending at the end of the day on the Distribution Date.

"Preparing Party" has the meaning set forth in Section 2.04(a)(ii).

"Privilege" means any privilege that may be asserted under applicable Law, including any privilege arising under or relating to the attorney-client relationship (including the attorney-client and work product privileges), the accountant-client privilege and any privilege relating to internal evaluation processes.

"Refund" means any refund (or credit in lieu thereof) of Taxes (including any overpayment of Taxes that can be refunded or, alternatively, applied to other Taxes payable), including any interest paid on or with respect to such refund of Taxes; provided, however, that for purposes of this Agreement, the amount of any Refund required to be paid to another Party shall be reduced by the net amount of any Income Taxes imposed on, related to, or attributable to, the receipt or accrual of such Refund.

"Restructuring" has the meaning set forth in the recitals to this Agreement.

"Reviewing Party" has the meaning set forth in Section 2.04(a)(ii).

"Separation Agreement" means the Separation and Distribution Agreement by and between Inpixon and Sysorex dated as of August 7, 2018.

"Single Business Return" means any Tax Return, including any consolidated, combined or unitary Tax Return, that reflects or reports Tax Items relating only to the IPA Business, on the one hand, or the VAR Business, on the other (but not both).

"Single Business Return Preparing Party" has the meaning set forth in Section 2.04(b).

"Single Business Return Reviewing Party" has the meaning set forth in Section 2.04(b).

"Sysorex" has the meaning set forth in the preamble to this Agreement.

"Sysorex Entity" means any Subsidiary of Sysorex immediately after the Distribution.

"Sysorex Group" means, individually or collectively, as the case may be, Sysorex and any Sysorex Entity.

"Sysorex Taxes" means, without duplication, (a) any Taxes of (i) Inpixon or any Subsidiary or former Subsidiary of Inpixon attributable to assets or activities of the VAR Business, as determined pursuant to Section 2.09 or (ii) Sysorex or any Subsidiary of Sysorex and (b) any Taxes attributable to an Extraordinary Transaction occurring after the Distribution on the Distribution Date by Sysorex or a Sysorex Entity.

"Straddle Period" means any taxable period that begins on or before and ends after the Distribution Date.

"Subsidiary" means, with respect to any Person (a) a corporation more than 50% of the voting or capital stock of which is owned, directly or indirectly, by such Person or (b) a limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or other entity in which such Person, directly or indirectly, owns more than 50% of the equity economic interests thereof or for which such Person, directly or indirectly, has the power to elect or direct the election of more than 50% of the members of the governing body or which such Person otherwise has control (e.g., as the managing partner or managing member of a partnership or limited liability company, as the case may be).

"Tax" means (a) all taxes, charges, fees, duties, levies, imposts, or other similar assessments, imposed by any U.S. federal, state or local or foreign governmental authority, including net income, gross income, gross receipts, excise, real property, personal property, sales, use, service, service use, license, lease, capital stock, transfer, recording, franchise, business organization, occupation, premium, environmental, windfall profits, profits, customs, duties, payroll, wage, withholding, social security, employment, unemployment, insurance, severance, workers compensation, excise, stamp, alternative minimum, estimated, value added, ad valorem, hospitality, accommodations, transient accommodations, unclaimed property, escheat and other taxes, charges, fees, duties, levies, imposts, or other similar assessments, (b) any interest, penalties or additions attributable thereto and (c) all liabilities in respect of any items described in clauses (a) or (b) payable by reason of assumption, transferee or successor liability, operation of Law or Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof or any analogous or similar provision under Law).

"Tax Attributes" means net operating losses, capital losses, tax credit carryovers, earnings and profits, foreign tax credit carryovers, overall foreign losses, previously taxed income, tax bases, separate limitation losses and any other losses, deductions, credits or other comparable items that could affect a Tax liability for a past or future taxable period.

"Tax Benefit" means any refund, credit, or other reduction in Tax payments otherwise required to be made to a Taxing Authority, including for the avoidance of doubt, any actual Tax savings if, as and when realized arising from a step-up in Tax basis or an increase in a Tax Attribute.

"Tax Cost" means any increase in Tax payments otherwise required to be made to a Taxing Authority (or any reduction in any refund otherwise receivable from any Taxing Authority).

"Tax Group" means the members of a consolidated, combined, unitary or other tax group (determined under applicable U.S., State or foreign Income Tax law) which includes Inpixon or Sysorex, as the context requires, but for the avoidance of doubt, (i) Inpixon's Tax Group does not include any members of the Sysorex Group and (ii) Sysorex's Tax Group does not include any members of the Inpixon Group.

"Tax Item" means any item of income, gain, loss, deduction, credit, recapture of credit or any other item which increases or decreases Taxes paid or payable.

"Tax Matter" has the meaning set forth in Section 6.01(a).

"Tax Proceeding" means any audit, assessment of Taxes, pre-filing agreement, other examination by any Taxing Authority, proceeding, appeal of a proceeding or litigation relating to Taxes, whether administrative or judicial, including proceedings relating to competent authority determinations.

"Tax Return" means any return, report, certificate, form or similar statement or document (including any related or supporting information or schedule attached thereto and any information return, or declaration of estimated Tax) required to be supplied to, or filed with, a Taxing Authority in connection with the payment, determination, assessment or collection of any Tax or the administration of any Laws relating to any Tax and any amended Tax return or claim for refund.

"Taxing Authority" means any governmental authority or any subdivision, agency, commission or entity thereof or any quasi-governmental or private body having jurisdiction over the assessment, determination, collection or imposition of any Tax (including the IRS).

"Transfer Taxes" means all sales, use, transfer, real property transfer, intangible, recordation, registration, documentary, stamp or similar Taxes imposed on the Restructuring or the Distribution.

"Treasury Regulations" means the final and temporary (but not proposed) Income Tax regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"U.S." means the United States of America.

"VAR Business" has the meaning set forth in the Recitals.

Section 1.02 Additional Definitions. Capitalized terms not defined in this Agreement shall have the meaning ascribed to them in the Separation Agreement.

ARTICLE II

PREPARATION, FILING AND PAYMENT OF TAXES SHOWN DUE ON TAX RETURNS

Section 2.01 Inpixon Consolidated Returns.

(a) Inpixon Consolidated Returns. Inpixon shall prepare and file all Inpixon Consolidated Returns for a Pre-Closing Period or a Straddle Period, and shall pay all Taxes shown to be due and payable on such Tax Returns; provided that Sysorex shall reimburse Inpixon for any such Taxes that are Sysorex Taxes.

(b) Extraordinary Transactions. Notwithstanding anything to the contrary in this Agreement, for all Tax purposes, the Parties shall report any Extraordinary Transactions that are caused or permitted by Sysorex or any Sysorex Entity on the Distribution Date after the Distribution as occurring on the day after the Distribution Date pursuant to Treasury Regulation Section 1.1502-76(b)(1)(ii)(B) or any similar or analogous provision of state, local or foreign Law.

Section 2.02 Mixed Business Tax Returns.

(a) Subject to Section 2.02(b), Inpixon shall prepare (or cause an Inpixon Entity to prepare) and Inpixon, an Inpixon Entity or Sysorex shall file (or cause to be filed) any Mixed Business Tax Returns for a Pre-Closing Period or a Straddle Period and shall pay, or cause such Inpixon Entity to pay, all Taxes shown to be due and payable on such Tax Returns; provided that Sysorex shall reimburse Inpixon for any such Taxes that are Sysorex Taxes.

(b) Sysorex shall prepare and file (or cause a Sysorex Entity to prepare and file) any Mixed Business Tax Returns for a Pre-Closing Period or a Straddle Period required to be filed by Sysorex or a Sysorex Entity after the Distribution Date, and Sysorex shall pay, or cause such Sysorex Entity to pay, all Taxes shown to be due and payable on such Tax Returns; provided that Inpixon shall reimburse Sysorex for any such Taxes that are Inpixon Taxes.

Section 2.03 Single Business Returns.

(a) Inpixon shall prepare and file (or cause an Inpixon Entity to prepare and file) any Single Business Returns for a Pre-Closing Period or a Straddle Period required to be filed by Inpixon or an Inpixon Entity and shall pay, or cause such Inpixon Entity to pay, all Taxes shown to be due and payable on such Tax Returns; provided that Sysorex shall reimburse Inpixon for any such Taxes that are Sysorex Taxes.

(b) Sysorex shall prepare and file (or cause a Sysorex Entity to prepare and file) any Single Business Returns for a Pre-Closing Period or a Straddle Period required to be filed by Sysorex or a Sysorex Entity and shall pay, or cause such Sysorex Entity to pay, all Taxes shown to be due and payable on such Tax Returns; provided that Inpixon shall reimburse Sysorex for any such Taxes that are Inpixon Taxes.

Section 2.04 Tax Return Procedures.

(a) Procedures relating to Tax Returns other than Single Business Returns.

(i) Inpixon Consolidated Returns. With respect to all Inpixon Consolidated Returns for the taxable year which includes the Distribution Date, Inpixon shall use the closing of the books method under Treasury Regulation Section 1.1502-76 (including adopting the "end of the day rule" described therein). To the extent that the positions taken on any Inpixon Consolidated Tax Return would reasonably be expected to materially adversely affect the Tax position of Sysorex or a Sysorex Entity for any period after the Distribution Date, Inpixon shall prepare the portions of such Tax Return that relates to the VAR Business in a manner that is consistent with Past Practice unless otherwise required by applicable Law or agreed to in writing by the Parties, and shall provide a draft of such portion of such Tax Return to Sysorex for its review and comment at least 30 days prior to the Due Date for such Tax Return, provided, however, that nothing herein shall prevent Inpixon from timely filing any such Tax Return. In the event that Past Practice is not applicable to a particular item or matter, Inpixon shall determine the reporting of such item or matter in good faith. The Parties shall negotiate in good faith to resolve all disputed issues. Any disputes that the Parties are unable to resolve shall be resolved by the Accounting Firm pursuant to Section 7.01. In the event that any dispute is not resolved (whether pursuant to good faith negotiations among the Parties or by the Accounting Firm) prior to the Due Date for the filing of any such Tax Return, such Tax Return shall be timely filed by Inpixon and Inpixon agrees to amend such Tax Return as necessary to reflect the resolution of such dispute in a manner consistent with such resolution.

(ii) Mixed Business Tax Returns. To the extent that the positions taken on any Mixed Business Tax Return would reasonably be expected to materially adversely affect the Tax position of the party other than the party that is required to prepare and file any such Tax Return pursuant to Section 2.02 (the "Reviewing Party") in any Post-Closing Period, the party required to prepare and file such Tax Return (the "Preparing Party") shall prepare the portions of such Tax Return that relates to the business of the Reviewing Party (the VAR Business or the IPA Business, as the case may be) in a manner that is consistent with Past Practice unless otherwise required by applicable Law or agreed to in writing by the Parties, and shall provide a draft of such portion of such Tax Return to the Reviewing Party for its review and comment at least 30 days prior to the Due Date for such Tax Return, provided, however, that nothing herein shall prevent the Preparing Party from timely filing any such Tax Return. In the event that Past Practice is not applicable to a particular item or matter, the Preparing Party shall determine the reporting of such item or matter in good faith. The Parties shall negotiate in good faith to resolve all disputed issues. Any disputes that the Parties are unable to resolve shall be resolved by the Accounting Firm pursuant to Section 7.01. In the event that any dispute is not resolved (whether pursuant to good faith negotiations among the Parties or by the Accounting Firm) prior to the Due Date for the filing of any such Tax Return, such Tax Return shall be timely filed by the Preparing Party and the Parties agree to amend such Tax Return as necessary to reflect the resolution of such dispute in a manner consistent with such resolution.

(b) Procedures relating to Single Business Returns. The Party that is required to prepare and file any Single Business Return pursuant to Section 2.03 (the "Single Business Return Preparing Party") which reflects Taxes which are reimbursable by the other Party (the "Single Business Return Reviewing Party"), in whole or in part, shall (x) unless otherwise required by Law or agreed to in writing by the Single Business Return Reviewing Party, prepare such Tax Return in a manner consistent with Past Practice to the extent such items affect the Taxes for which the Single Business Return Reviewing Party is responsible pursuant to this Agreement, and (y) submit to the Single Business Return Reviewing Party a draft of any such Tax Return (or to the extent practicable the portion of such Tax Return that relates to Taxes for which the Single Business Return Reviewing Party is responsible pursuant to this Agreement) along with a statement setting forth the calculation of the Tax shown due and payable on such Tax Return reimbursable by the Single Business Return Reviewing Party under Section 2.03 at least 30 days prior to the Due Date for such Tax Return provided, however, that nothing herein shall prevent the Single Business Return Preparing Party from timely filing any such Single Business Return. The Parties shall negotiate in good faith to resolve all disputed issues. Any disputes that the Parties are unable to resolve shall be resolved by the Accounting Firm pursuant to Section 7.01. In the event that any dispute is not resolved (whether pursuant to good faith negotiations among the Parties or by the Accounting Firm) prior to the Due Date for the filing of any Single Business Return, such Single Business Return shall be timely filed by the Single Business Return Preparing Party and the Parties agree to amend such Single Business Return as necessary to reflect the resolution of such dispute in a manner consistent with such resolution.

Section 2.05 Amended Returns. Except as provided in Section 2.04 to reflect the resolution of any dispute by the Accounting Firm pursuant to Section 7.01, (a) except with the prior written consent of Inpixon (such consent not to be unreasonably withheld, delayed or conditioned), Sysorex shall not, and shall not permit any Sysorex Entity to, amend any Tax Return of Sysorex or any Sysorex Entity for any Pre-Closing Period or Straddle Period to the extent such amendment could reasonably be expected to result in an indemnification obligation on the part of Inpixon pursuant to Article III or otherwise increase the Taxes of any member of the Inpixon Group and (b) except with the prior written consent of Sysorex (such consent not to be unreasonably withheld, delayed or conditioned), Inpixon shall not, and shall not permit any Inpixon Entity to, amend any Tax Return for any Pre-Closing Period or Straddle Period to the extent such amendment could reasonably be expected to result in an indemnification obligation on the part of Sysorex pursuant to Article III or otherwise increase the Taxes of any member of the Sysorex Group.

Section 2.06 Straddle Period Tax Allocation. Inpixon and Sysorex shall take all actions necessary or appropriate to close the taxable year of Sysorex and each Sysorex Entity for all Tax purposes as of the close of the Distribution Date to the extent permissible or required under applicable Law. If applicable Law does not require or permit Sysorex or a Sysorex Entity, as the case may be, to close its taxable year on the Distribution Date, then the allocation of income or deductions required to determine any Taxes or other amounts attributable to the portion of the Straddle Period ending on, or beginning after, the Distribution Date shall be made by means of a closing of the books and records of Sysorex or such Sysorex Entity as of the close of the Distribution Date; provided that exemptions, allowances or deductions that are calculated on an annual or periodic basis shall be allocated between such portions in proportion to the number of days in each such portion; provided, further, that real property and other property or similar periodic Taxes shall be apportioned on a per diem basis.

Section 2.07 Timing of Payments. All Taxes required to be paid or caused to be paid pursuant to this Article II by either Inpixon or an Inpixon Entity or Sysorex or a Sysorex Entity, as the case may be, to an applicable Taxing Authority or reimbursed by Inpixon or Sysorex to the other Party pursuant to this Agreement, shall, in the case of a payment to a Taxing Authority, be paid on or before the Due Date for the payment of such Taxes and, in the case of a reimbursement to the other Party, be paid at least two business days before the Due Date for the payment of such Taxes by the other Party; provided that the Party seeking reimbursement shall furnish such other Party reasonably satisfactory documentation setting forth the basis for, and calculation of, the amount of such reimbursement obligation at least 20 days before such Due Date.

Section 2.08 Expenses. Except as provided in Section 7.01 in respect of the expenses relating to the Accounting Firm, each Party shall bear its own expenses incurred in connection with this Article II.

Section 2.09 Apportionment of Sysorex Taxes. For all purposes of this Agreement, but subject to Section 4.03, Inpixon and Sysorex shall jointly determine in good faith which Tax Items are properly attributable to assets or activities of the VAR Business (and in the case of a Tax Item that is properly attributable to both the VAR Business and the IPA Business, the allocation of such Tax Item between the VAR Business and the IPA Business) in a manner consistent with the Past Practices of the Parties and the provisions of this Agreement and any disputes shall be resolved by the Accounting Firm in accordance with Section 7.01.

Section 2.10 Distribution Tax Reporting. The Parties shall cause the Distribution to be reported to holders of Parent Shares. The Parties shall not take any position on any U.S. federal or state income tax return or take any other U.S. tax reporting position that is inconsistent with the treatment of the Distribution as a distribution to which Section 301 of the Code applies, except as otherwise required by applicable Law.

ARTICLE III

INDEMNIFICATION

Section 3.01 Indemnification by Inpixon. Subject to Section 3.03, Inpixon shall pay, and shall indemnify and hold the Sysorex Group harmless from and against, without duplication, (a) all Inpixon Taxes, (b) all Taxes incurred by Sysorex or any Sysorex Entity arising out of, attributable to, or resulting from the breach by Inpixon of any of its covenants hereunder, and (c) any out-of-pocket costs and expenses related to the foregoing (including reasonable attorneys' fees and expenses).

Section 3.02 Indemnification by Sysorex. Subject to Section 3.03, Sysorex shall pay, and shall indemnify and hold the Inpixon Group harmless from and against, without duplication, (a) all Sysorex Taxes, (b) all Taxes incurred by Inpixon or any Inpixon Entity arising out of, attributable to, or resulting from the breach by Sysorex of any of its covenants hereunder, and (c) any out-of-pocket costs and expenses related to the foregoing (including reasonable attorneys' fees and expenses).

Section 3.03 Characterization of and Adjustments to Payments.

(a) For all Tax purposes, Inpixon and Sysorex shall treat any payment by Inpixon to a member of the Sysorex Group or by Sysorex to a member of the Inpixon Group required by this Agreement (other than payments with respect to interest accruing after the Distribution Date) as either a contribution by Inpixon to Sysorex or a distribution by Sysorex to Inpixon, as the case may be, occurring immediately prior to the Distribution.

(b) Notwithstanding the foregoing, the amount that any Indemnifying Party is or may be required to provide indemnification to or on behalf of any Indemnified Party pursuant to Article III of this Agreement shall be (i) decreased to take into account any Tax Benefit to the Indemnified Party (or any of its affiliates) arising from the incurrence or payment of the relevant indemnified item and actually realized in or prior to the taxable year succeeding the taxable year in which the indemnified item is incurred (which Tax Benefit would not have arisen or been allowable but for such indemnified item), and (ii) increased to take into account any actual Tax Cost of the Indemnified Party (or any of its affiliates) arising from the receipt of the relevant indemnity payment.

Section 3.04 Timing of Indemnification Payments. Indemnification payments in respect of any liabilities for which an Indemnified Party is entitled to indemnification pursuant to this Article III shall be paid by the Indemnifying Party to the Indemnified Party within 10 days after written notification thereof by the Indemnified Party, including reasonably satisfactory documentation setting forth the basis for, and calculation of, the amount of such indemnification payment, or within 10 days after resolution pursuant to Section 7.01.

Section 3.05 Indemnification Payments under Ancillary Agreements. To the extent that an indemnification payment is made under any Ancillary Agreement, such indemnification payment shall be decreased to take into account the Tax Benefit actually realized (whether directly or indirectly) by the indemnified party and increased to take into account any Tax Cost actually incurred (whether directly or indirectly) by the indemnified party under principles analogous to the principles described in Section 3.03 hereof.

ARTICLE IV

REFUNDS, CARRYBACKS, TIMING DIFFERENCE AND TAX ATTRIBUTES

Section 4.01 Refunds and Credits.

(a) Except as provided in Section 4.02, Inpixon shall be entitled to all Refunds of Taxes for which Inpixon is responsible pursuant to Article III, and Sysorex shall be entitled to all Refunds of Taxes for which Sysorex is responsible pursuant to Article III. For the avoidance of doubt, to the extent that a particular Refund of Taxes may be allocable to a Straddle Period with respect to which the Parties may share responsibility pursuant to Article III, the portion of such Refund to which each Party will be entitled shall be determined by comparing the amount of payments made by a Party (or any of member of such Party's Group) to a Taxing Authority or to the other Party (and reduced by the amount of payments received from the other Party) pursuant to Articles II and III hereof with the Tax liability of such Party as determined under Section 2.06, taking into account the facts as utilized for purposes of claiming such Refund. If a Party (or any member of its Tax Group) receives a Refund to which the other Party is entitled pursuant to this Agreement, such Party shall pay the amount to which such other Party is entitled (net of any Taxes imposed with respect to such refund and any other reasonable out-of-pocket costs incurred by such Party) within 10 days after the receipt of the Refund.

(b) Notwithstanding Section 4.01(a), to the extent that a Party (or any member of its Tax Group) applies or causes to be applied an overpayment of Taxes as a credit toward or a reduction in Taxes otherwise payable (or a Taxing Authority requires such application in lieu of a Refund) and such overpayment of Taxes, if received as a Refund, would have been payable by such Party to the other Party pursuant to this Section 4.01, such Party shall pay such amount to the other Party no later than 10 days following the date on which the overpayment is reflected on a filed Tax Return.

(c) To the extent that the amount of any Refund under this Section 4.01 is later reduced by a Taxing Authority or in a Tax Proceeding, such reduction shall be allocated to the Party to which such Refund was allocated pursuant to this Section 4.01 and an appropriate adjusting payment shall be made.

Section 4.02 Carrybacks. Except to the extent otherwise consented to by Inpixon or prohibited by applicable Law, Sysorex (or the appropriate member of its Tax Group) shall elect to relinquish, waive or otherwise forgo the carryback of any loss, credit or other Tax Attribute from any Post-Closing Period to any Pre-Closing Period or Straddle Period with respect to members of the Sysorex Group (a "Carryback"). In the event that Sysorex (or the appropriate member of its Tax Group) is prohibited by applicable Law to relinquish, waive or otherwise forgo a Carryback (or Inpixon consents to a Carryback), Inpixon shall cooperate with Sysorex, at Sysorex's expense, in seeking from the appropriate Taxing Authority such Refund as reasonably would result from such Carryback, to the extent that such Refund is directly attributable to such Carryback, and shall pay over to Sysorex the amount of such Refund, net of any Taxes imposed on the receipt of such Refund and any other reasonable out-of-pocket costs, within 10 days after such Refund is received.

Section 4.03 Tax Attributes.

(a) As soon as reasonably practicable after the Distribution Date, Inpixon shall reasonably determine in good faith the allocation of Tax Attributes, as well as any limitations on the use thereof, arising in a Pre-Closing Period to the Inpixon Group and the Sysorex Group in accordance with the Code and Treasury Regulations including Treasury Regulations Sections 1.1502-9T(c), 1.1502-21, 1.1502-21T, 1.1502-22, 1.1502-79 and, if applicable, 1.1502-79A, and 1.1502-95 (and any applicable state, local and foreign Tax Laws). Subject to the preceding sentence, Inpixon shall be entitled to make any determination as to (A) basis, and (B) valuation, and shall make such determinations reasonably and in good faith and consistent with Past Practice, where applicable. Inpixon shall consult in good faith with Sysorex regarding such allocation of Tax Attributes and determinations as to basis and valuation, and shall consider in good faith any comments received in writing from Sysorex regarding such allocation and determinations. Inpixon and Sysorex hereby agree to compute all Taxes for Post-Closing Periods consistently with the determination of the allocation of Tax Attributes pursuant to this Section 4.03(a) unless otherwise required by a Final Determination.

(b) To the extent that the amount of any Tax Attribute is later reduced or increased by a Taxing Authority or Tax Proceeding, such reduction or increase shall be allocated to the Party to which such Tax Attribute was allocated pursuant to Section 4.03(a).

Section 4.04 Timing Differences. If pursuant to a Final Determination an Adjustment (i) increases the amount of liability for any Taxes for which a member of the Inpixon Group is responsible hereunder and a Tax Benefit is made allowable to Sysorex or a member of its Tax Group for any Tax period after the Distribution Date, which Tax Benefit would not have arisen or been allowable but for such Adjustment, and which Tax Benefit reduces Taxes in respect of a Tax period for which Sysorex or a member of its Tax Group is liable (and for which no member of the Inpixon Group is liable) or (ii) increases the amount of liability for any Taxes for which a member of the Sysorex Group is responsible hereunder and a Tax Benefit is made allowable to Inpixon or a member of its Tax Group for any Tax period prior to the Distribution Date, which Tax Benefit would not have arisen or been allowable but for such Adjustment, and which Tax Benefit reduces Taxes in respect of a Tax period which Inpixon or a member of its Tax Group is liable (and for which no member of the Sysorex Group is liable), then Sysorex or Inpixon, as the case may be, shall make a payment to either Inpixon or Sysorex, as appropriate, within 30 days of the date that such paying Party (or any of its Tax Group members) actually receives such Tax Benefit (determined by comparing its (and its Tax Group members') Tax liability with and without the Tax consequences of the Adjustment), which payment shall not exceed the increase in the amount of liability for any Taxes resulting from such Adjustment, for which a member of the Inpixon Group or Sysorex Group, as the case may be, is responsible hereunder.

Section 4.05 Tax Benefit Determinations. Notwithstanding anything herein to the contrary, if and to the extent a Party owns, directly or indirectly, less than 100% of the equity of any entity and as a result of such less-than-100% ownership interest in the entity such entity is not a member of the Party's Tax Group, then the amount of the Tax Benefit payment under Article IV shall be appropriately adjusted to take into account the percentage ownership (based on value) of any such entity, and shall be determined and due and owing even if such entity is not a member of the Tax Group of a Party.

Section 4.06 Supporting Documentation. If a Party seeks any payment from the other Party pursuant to Article IV, the requesting Party shall furnish such other Party reasonably satisfactory documentation setting forth the basis for, and the calculation of, the amount of such payment obligation. If such other Party disagrees with the determination of the amount of the payment obligation set forth therein, any disputes shall be resolved by the Accounting Firm in accordance with Section 7.01

ARTICLE V

TAX PROCEEDINGS

Section 5.01 Notification of Tax Proceedings. Within 10 days after an Indemnified Party becomes aware of the commencement of a Tax Proceeding that may give rise to Taxes for which an Indemnifying Party is responsible pursuant to Article III, such Indemnified Party shall notify the Indemnifying Party of such Tax Proceeding, and thereafter shall promptly forward or make available to the Indemnifying Party copies of notices and communications relating to such Tax Proceeding. The failure of the Indemnified Party to notify the Indemnifying Party of the commencement of any such Tax Proceeding within such 10 day period or promptly forward any further notices or communications shall not relieve the Indemnifying Party of any obligation which it may have to the Indemnified Party under this Agreement except to the extent that the Indemnifying Party is prejudiced by such failure.

Section 5.02 Tax Proceeding Procedures Generally.

(a) Tax Proceedings relating to Inpixon Consolidated Returns. Inpixon shall be entitled to contest, compromise, control and settle any adjustment or deficiency proposed, asserted or assessed pursuant to any Tax Proceeding with respect to any Inpixon Consolidated Return; provided that to the extent such Tax Proceeding could reasonably be expected to adversely affect the amount of Taxes for which Sysorex is responsible pursuant to Article III less the amount payable to Sysorex pursuant to Section 4.04, Inpixon shall (i) defend such Tax Proceeding diligently and in good faith and (ii) shall keep Sysorex informed in a timely manner of all actions proposed to be taken by Inpixon with respect to such Tax Proceeding (or to the extent practicable the portion of such Tax Proceeding that relates to Taxes for which Sysorex is responsible pursuant to Article III), (C) shall permit Sysorex to participate (at Sysorex's sole expense) in all proceedings with respect to such tax Proceeding (or to the extent practicable the portion of such Tax Proceeding that relates to Taxes for which Sysorex is responsible pursuant to Article III), and (D) shall not settle any such Tax Proceeding without the prior written consent of Sysorex, which shall not be unreasonably withheld, conditioned or delayed.

(b) Tax Proceedings relating to Other Returns. The Preparing Party (in the case of a Mixed Business Tax Return) or the Single Business Return Preparing Party (in the case of a Single Business Return) shall be entitled to contest, compromise, control and settle any adjustment or deficiency proposed, asserted or assessed pursuant to any Tax Proceeding with respect to any Mixed Business Tax Return or Single Business Return; provided that to the extent such Tax Proceeding could reasonably be expected to adversely affect the amount of Taxes for which the Reviewing Party or Single Business Return Reviewing Party (as applicable) is responsible pursuant to Article III, the controlling party shall (A) defend such Tax Proceeding diligently and in good faith, (B) shall keep the non-controlling party informed in a timely manner of all actions proposed to be taken by the controlling party with respect to such Tax Proceeding (or to the extent practicable the portion of such Tax Proceeding that relates to Taxes for which the non-controlling party is responsible pursuant to Article III), (C) shall permit the non-controlling party to participate (at the non-controlling party's sole expense) in all proceedings with respect to such Tax Proceeding (or to the extent practicable the portion of such Tax Proceeding that relates to Taxes for which the non-controlling party is responsible pursuant to Article III), and (D) shall not settle any such Tax Proceeding without the prior written consent of the non-controlling party, which shall not be unreasonably withheld, conditioned or delayed.

ARTICLE VI

COOPERATION

Section 6.01 General Cooperation.

(a) The Parties shall each cooperate fully (and each shall cause its respective Subsidiaries to cooperate fully) with all reasonable requests in writing from another Party hereto, or from an agent, representative or advisor to such Party, in connection with the preparation and filing of Tax Returns, claims for Refunds, Tax Proceedings, and calculations of amounts required to be paid pursuant to this Agreement, in each case, related or attributable to or arising in connection with Taxes of either of the Parties or their respective Subsidiaries covered by this Agreement and in connection with any financial reporting matter relating to Taxes (a "Tax Matter"). Such cooperation shall include the provision of any information reasonably necessary or helpful in connection with a Tax Matter ("Information") and shall include, without limitation:

(i) the provision of any Tax Returns, other than any Inpixon Consolidated Return, of the Parties and their respective Subsidiaries, books, records (including information regarding ownership and Tax basis of property), documentation and other information relating to such Tax Returns, including accompanying schedules, related work papers, and documents relating to rulings or other determinations by Taxing Authorities (or, in the case of any Mixed Business Income Tax Return, to the extent practicable, the portion of such Tax Return that relates to Taxes for which Sysorex is responsible pursuant to this Agreement);

(ii) the execution of any document (including any power of attorney) in connection with any Tax Proceedings of either of the Parties or their respective Subsidiaries, or the filing of a Tax Return or a Refund claim of the Parties or any of their respective Subsidiaries;

(iii) the use of the Party's commercially reasonable efforts to obtain any documentation in connection with a Tax Matter;

(iv) the use of the Party's commercially reasonable efforts to obtain any Tax Returns (including accompanying schedules, related work papers, and documents) (other than any Inpixon Consolidated Return), documents, books, records or other information in connection with the filing of any Tax Returns of either of the Parties or their Subsidiaries (or, in the case of any Mixed Business Income Tax Return, to the extent practicable, the portion of such Tax Return, documents, books, records or other information that relates to Taxes for which Sysorex is responsible pursuant to this Agreement); and

(v) the making of each Party's employees, advisors, and facilities available on a reasonable and mutually convenient basis in connection with the foregoing matters.

(b) Notwithstanding anything in this Agreement to the contrary, neither Party shall be required to provide the other Party or any of such other Party's Subsidiaries access to or copies of information, documents or personnel if such action could reasonably be expected to result in the waiver of any Privilege. In the event that either Party determines that the provision of any information or documents to the other Party or any of such other Party's Subsidiaries could be commercially detrimental, violate any law or agreement or waive any Privilege, the Parties shall use commercially reasonable efforts to permit compliance with its obligations hereunder in a manner that avoids any such harm or consequence.

(c) The Parties shall perform all actions required or permitted under this Agreement in good faith. If one Party requests the cooperation of the other Party pursuant to this Section 6.01 or any other provision of this Agreement, except as otherwise expressly provided in this Agreement, the requesting Party shall reimburse such other Party for all reasonable out-of-pocket costs and expenses incurred by such other Party in complying with the requesting Party's request.

Section 6.02 Retention of Records. Inpixon and Sysorex shall retain or cause to be retained all Tax Returns, schedules and work papers, and all material records or other documents relating thereto in their possession, in each case that relate to a Pre-Closing Period, until the later of the six-year anniversary of the filing of the relevant Tax Return or, upon the written request of the other Party, for a reasonable time thereafter (the "Retention Period"). Upon the expiration of the Retention Period, the foregoing information may be destroyed or disposed of by the Party retaining such documentation or other information unless the other Party otherwise requests in writing before the expiration of the Retention Period. In such case, the Party retaining such documentation or other information shall deliver such materials to the other Party or continue to retain such materials, in either case at the expense of such other Party.

ARTICLE VII

MISCELLANEOUS

Section 7.01 Dispute Resolution. In the event of any dispute between the Parties as to any matter covered by this Agreement, the Parties shall appoint a nationally recognized public accounting firm reasonably acceptable to both of the Parties (the "Accounting Firm") to resolve such dispute. In this regard, the Accounting Firm shall make determinations with respect to the disputed items based solely on representations made by Inpixon and Sysorex and their respective representatives, and not by independent review, and shall function only as an expert and not as an arbitrator and shall be required to make a determination within the ranges submitted by the Parties. The Parties shall require the Accounting Firm to resolve all disputes no later than 30 days after the submission of such dispute to the Accounting Firm, and agree that all decisions by the Accounting Firm with respect thereto shall be final and conclusive and binding on the Parties. The Accounting Firm shall resolve all disputes in a manner consistent with this Agreement and, to the extent not inconsistent with this Agreement, in a manner consistent with the Past Practices of Inpixon and its Subsidiaries, except as otherwise required by applicable Law. The Parties shall require the Accounting Firm to render all determinations in writing and to set forth, in reasonable detail, the basis for such determination. The total costs and expenses of the Accounting Firm will be allocated and borne between Inpixon and Sysorex based upon that percentage of such fees and expenses equal to the percentage of the dollar value of the proposed determinations submitted to the Accounting Firm determined in favor of the other Party; provided, that if in light of the nature of the dispute the foregoing is not feasible, such costs and expenses shall be borne equally by the Parties. Any initial retainer required by the Accounting Firm shall be funded equally by the Parties (and, following the Accounting Firm's determination, the Parties shall make appropriate payments between themselves as are necessary to give effect to the preceding sentence).

Section 7.02 Interest on Late Payments. With respect to any payment between the Parties pursuant to this Agreement not made by the due date set forth in this Agreement for such payment, the outstanding amount will accrue interest at a rate per annum equal to the Prime Rate, as defined in the Separation Agreement.

Section 7.03 Survival of Covenants. Except as otherwise contemplated by this Agreement, all covenants and agreements of the Parties contained in this Agreement shall survive the Distribution and remain in full force and effect in accordance with their applicable terms.

Section 7.04 Successors. This Agreement shall be binding on and inure to the benefit of any successor by merger, acquisition of assets, or otherwise, to either of the Parties hereto (including without limitation any successor of Inpixon or Sysorex succeeding to the Tax Attributes of either under Section 381 of the Code), to the same extent as if such successor had been an original party to this Agreement.

Section 7.05 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Law or as a matter of public policy, all other conditions and provisions of this Agreement shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties to this Agreement shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner.

Section 7.06 Entire Agreement. Except as otherwise expressly provided in this Agreement, this Agreement, the Separation Agreement and the other Ancillary Agreements constitute the entire agreement of the Parties hereto with respect to the subject matter of this Agreement and supersedes all prior agreements and undertakings, both written and oral, between or on behalf of the Parties hereto with respect to the subject matter of this Agreement.

Section 7.07 Assignment; No Third-Party Beneficiaries. This Agreement shall not be assigned by any Party without the prior written consent of the other Parties hereto, except that each Party may assign (a) any or all of its rights and obligations under this Agreement to any of its Subsidiaries and (b) any or all of its rights and obligations under this Agreement in connection with a sale or disposition of any of its assets or entities or lines of business; provided, however, that, in each case, no such assignment shall release such Party from any liability or obligation under this Agreement. Except as provided in Article III with respect to indemnified Parties, this Agreement is for the sole benefit of the Parties to this Agreement and their respective Subsidiaries and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 7.08 Specific Performance. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party who is or is to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, may be inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by the Parties to this Agreement.

Section 7.09 Amendment. No provision of this Agreement may be amended or modified except by a written instrument signed by the Parties to this Agreement. No waiver by any Party of any provision of this Agreement shall be effective unless explicitly set forth in writing and executed by the Party so waiving. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other subsequent breach.

Section 7.10 Rules of Construction. Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms Article, Section, paragraph, clause, Exhibit and Schedule are references to the Articles, Sections, paragraphs, clauses, exhibits and schedules of this Agreement unless otherwise specified; (c) the terms "hereof," "herein," "hereby," "hereto," and derivative or similar words refer to this entire Agreement, including the Schedules and Exhibits hereto; (d) references to "$" shall mean U.S. dollars; (e) the word "including" and words of similar import when used in this Agreement shall mean "including without limitation," unless otherwise specified; (f) the word "or" shall not be exclusive; (g) references to "written" or "in writing" include in electronic form; (h) provisions shall apply, when appropriate, to successive events and transactions; (i) the headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (j) Inpixon and Sysorex have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or burdening either Party by virtue of the authorship of any of the provisions in this Agreement or any interim drafts of this Agreement; and (k) a reference to any Person includes such Person's successors and permitted assigns.

Section 7.11 Counterparts. This Agreement may be executed in one or more counterparts each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or portable document format (PDF) shall be as effective as delivery of a manually executed counterpart of any such Agreement.

Section 7.12 Coordination with the Employee Matters Agreements. To the extent any covenants or agreements between the Parties with respect to employee withholding Taxes are set forth in the Employee Matters Agreement, such Taxes shall be governed exclusively by the Employee Matters Agreement and not by this Agreement.

Section 7.13 Expenses. Except as otherwise provided in this Agreement, whether or not the Distribution or the other transactions contemplated by this Agreement are consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such costs or expenses.

Section 7.14 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada, without giving effect to any choice or conflict of law provision or rule (whether of the State of Nevada or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Nevada.

Section 7.15 Notices. All notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, or by facsimile with receipt confirmed, to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 7.15:

If to Inpixon prior to or after the Distribution Date, to:

Inpixon
2479 E. Bayshore Road, Suite 195
Palo Alto, California 94303
Attn.: Chief Executive Officer
Fax No.:

with a copy to (which will not constitute notice):

Melanie Figueroa, Esq.
Mitchell Silberberg & Knupp LLP
12 East 49th Street, 30th Floor
New York, New York 10017
Fax No.: (212) 509-7239

If to Sysorex prior to the Distribution Date, to:

Sysorex, Inc.
2479 E. Bayshore Road, Suite 195
Palo Alto, California 94303
Attn.: Chief Executive Officer
Fax No.: (408) 824-1543

with a copy to (which will not constitute notice):

Melanie Figueroa, Esq.
Mitchell Silberberg & Knupp LLP
12 East 49th Street, 30th Floor
New York, New York 10017
Fax No.: (212) 509-7239

If to Sysorex from and after the Distribution Date, to:

Sysorex, Inc.
2355 Dulles Corner Boulevard, Suite 600
Herndon, Virginia 20171
Attn.: Chief Executive Officer
Fax No.: (703) 880-7219

with a copy to (which will not constitute notice):

Melanie Figueroa, Esq.
Mitchell Silberberg & Knupp LLP
12 East 49th Street, 30th Floor
New York, New York 10017
Fax No.: (212) 509-7239

A Party may, by notice to the other Party, change the address to which such notices are to be given. Any notice to Inpixon will be deemed notice to all members of the Inpixon Group, and any notice to Sysorex will be deemed notice to all members of the Sysorex Group.

Section 7.16 Coordination with Ancillary Agreements. Except as explicitly set forth in the Separation Agreement or any other Ancillary Agreement, this Agreement shall be the exclusive agreement among the Parties with respect to all Tax matters, including indemnification in respect of Tax matters. The Parties agree that this Agreement shall take precedence over any and all agreements among the Parties with respect to Tax matters.

Section 7.17 Effective Date. This Agreement shall become effective only upon the occurrence of the Distribution.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

INPIXON

By: _____
Nadir Ali, Chief Executive Officer

SYSOREX, INC.

By: _____
Zaman Khan, President

Exhibit 10.12

TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT (this "Agreement") is made as of [__], 2018 by and between Inpixon, a Nevada corporation ("Parent") and Sysorex, Inc., a Nevada corporation ("Company"), each of which is sometimes referred to as a "party" and collectively as the "parties."

WHEREAS, Parent and Company have entered into a Separation and Distribution Agreement dated as of August 7, 2018 (the "Separation Agreement") which contemplates (i) the separation of the Company (the "Separation") and (ii) the distribution to Parent's stockholders of all of the outstanding Parent Shares and Other Parent Securities, each as defined in the Separation Agreement (the "Distribution"); and

WHEREAS, in order to ensure an orderly transition under the Separation Agreement it will be necessary for Parent to provide to Company, or for Company to provide to Parent, the services described herein during the term of this Agreement.

NOW, THEREFORE, in consideration of the above premises and the mutual covenants contained herein, it is agreed by and between the parties as follows:

ARTICLE I

FEES AND TERM

1.1 Company Price/Payment. Following the Separation and Distribution, as consideration for the services to be provided to Company by Parent pursuant to Section 2.1 of this Agreement, Company shall pay to Parent a fee (the "Company Services Fee") in accordance with Schedule 2.1. The Company Services Fee shall be payable by Company to Parent in arrears 15 days after the close of each month (prorated for any partial month) during the term of this Agreement. Any services provided by Parent to Company beyond the services covered by the Company Services Fee shall be billed to Company at negotiated rates, no less favorable to the Company than if Company had received the service from an independent third party, or on such other basis as the parties may agree from time to time. The Company Services Fee shall be reviewed and reduced from time to time in accordance with Section 2.3.

1.2 Parent Price/Payment. Following the Separation and Distribution, as consideration for the services to be provided to Parent by Company pursuant to Section 3.1 of this Agreement, Parent shall pay to Company a fee (the "Parent Services Fee") in accordance with Schedule 3.1. The Parent Services Fee shall be payable by Parent to Company in arrears 15 days after the close of each month (prorated for any partial month) during the term of this Agreement. Any services provided by Company to Parent beyond the services covered by the Parent Services Fee shall be billed to Parent at negotiated rates, no less favorable to the Parent than if Parent had received the service from an independent third party, or on such other basis as the parties may agree from time to time. The Parent Services Fee shall be reviewed and reduced from time to time in accordance with Section 3.3.

1.3 Term. The term of this Agreement (the "Term") shall commence on the date hereof and shall expire one year after the effective date of the Distribution; provided, however, that either party shall have the right to terminate any or all of the services such party is to receive hereunder and cease paying the services fee associated with the terminated services which such party would otherwise be required to pay therefor upon 30 days written notice to the other party, and provided, further, that at the end of the one-year term, if the parties have not terminated this Agreement earlier, either party may renew or extend the term of this Agreement with respect to the provision of any services that have not been terminated in exchange for services fees mutually agreed to by the parties.

1.4 Additional Services. At any time during the Term, if either party identifies any service that is needed to assure a smooth and orderly transition of the businesses and operations in connection with the Separation and the Distribution, and that is not otherwise governed by the provisions of this Agreement, the Separation Agreement or any other agreement between the parties, then the parties shall cooperate in determining whether there is a mutually acceptable arm's-length basis on which one party will provide such service to the other party in exchange for a fee.

ARTICLE II

SERVICES TO BE PROVIDED BY PARENT TO COMPANY

2.1 Services. Parent agrees to provide the services set forth on Schedule 2.1 (subject to such modification or adjustment as may be mutually agreed upon by the parties) to Company during the Term.

2.2 Details of Performance. Reasonable details of Parent's performance of services hereunder may be specified in one or more memoranda signed by the parties and such memoranda shall be deemed incorporated in this Agreement by reference as if recited herein in their entirety.

2.3 Phase Out of Services; Reduction of Company Services Fee. The parties hereby acknowledge that Company will promptly take all steps to internalize the services to be provided herein by acquiring its own staff or outsourcing to third parties. The parties agree to periodically review the level of services being utilized by Company, and from time to time to reduce the Company Services Fee proportionately to account for reductions in the level of services being provided hereunder.

ARTICLE III

SERVICES TO BE PROVIDED BY COMPANY TO PARENT

3.1 Services. Company agrees to provide the services set forth on Schedule 3.1 (subject to such modification or adjustment as may be mutually agreed upon by the parties) to Parent during the Term.

3.2 Details of Performance. Reasonable details of Company's performance of services hereunder may be specified in one or more memoranda signed by the parties and such memoranda shall be deemed incorporated in this Agreement by reference as if recited herein in their entirety.

3.3 Phase Out of Services; Reduction of Parent Services Fees. The parties hereby acknowledge that Parent will promptly take all steps to internalize the services to be provided herein by acquiring its own staff or outsourcing to third parties. The parties agree to periodically review the level of services being utilized by Parent, and from time to time to reduce the Parent Services Fee proportionately to account for reductions in the level of services being provided hereunder.

ARTICLE IV

MISCELLANEOUS

4.1 Confidentiality. Neither party hereto shall use or disclose to any other person at any time, any confidential or proprietary information or trade secrets of the other party, including, without limitation, its customer lists, programs, pricing and strategies except to those of its employees and those other persons who need to know such information to fulfill such party's obligations hereunder, provided that such party shall require that such other persons agree to keep confidential such confidential or proprietary information or trade secrets. Both parties shall provide to the other party semi-annually upon such other party's written request, a list of all employees whose duties have required access to confidential or proprietary information or trade secrets, and any other employees or other persons who, to the actual knowledge of that party's officers, have had access to such information during the preceding 6 month period, in each case, designating whether such persons are in the employ of such party as of the date such list is provided. Both parties agree that all drawings, specifications, data, memoranda, calculations, notes and other materials, including, without limitation, any materials containing confidential or proprietary information or trade secrets of the other party, furnished in connection with this Agreement and any copies thereof are and shall remain the sole and exclusive property of that other party and shall be delivered to that party upon its request.

4.2 No Agency. Both parties shall perform their respective services under this Agreement as an independent contractor. Each party acknowledges and agrees that it is not granted any express or implied authority to assume or create any obligation or responsibility on behalf of the other party, or to bind the other party with regard to third parties in any manner.

4.3 Notices. Any notices required or permitted to be provided pursuant to this Agreement shall be provided in writing via e-mail, certified mail, hand-delivery, telecopier with confirmation or normal mail service, addressed to the recipient party at its e-mail or standard mailing address set forth on the signature page.

4.4 Force Majeure. In the event that either party is prevented from performing, or is unable to perform, any of its obligations under this Agreement due to any act of God, fire, casualty, flood, war, strike, lock out, failure of public utilities, injunction or any act, exercise, assertion or requirement of governmental authority, epidemic, destruction of production facilities, insurrection, inability to procure materials, labor, equipment, transportation or energy sufficient to meet manufacturing needs, or any other cause beyond the reasonable control of the party invoking this provision, and if such party shall have used its best efforts to avoid such occurrence and minimize its duration and has given prompt written notice to the other party, then the affected party's performance for the period of delay or inability to perform due to such occurrence shall be suspended. Should either party fail to perform hereunder and shall have provided proper notice to the other party that it is unable to perform on account of one or more reasons set forth in this section, such party may obtain replacement services from a third party for the duration of such delay or inability to perform, or for such longer period as such party shall be reasonably required to commit to in order to obtain such replacement services and the services fee payable by such party shall be reduced accordingly.

ARTICLE V

GENERAL PROVISIONS

5.1 Entire Agreement. This Agreement embodies the entire agreement and understanding of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings relative to said subject matter.

5.2 Binding Effect. This Agreement shall be binding upon, and shall inure to the benefit of Parent, Company and their respective successors and assigns.

5.3 Assignment. Neither this Agreement nor any rights or obligations hereunder shall be assignable by either party without the prior written consent of the other party hereto, which consent shall not be unreasonably withheld.

5.4 Governing Law. This Agreement shall be governed by and construed in accordance with the law of the State of Nevada applicable to contracts to be performed entirely in that State.

5.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.

5.6 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(Signatures Appear On Next Page)

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the date first above written.

PARENT

Inpixon

By: _____

Nadir Ali, Chief Executive Officer
Address: c/o Inpixon
2479 E. Bayshore Road
Suite 195
Palo Alto, California 94303
E-Mail: nadir.ali@inpixon.com

COMPANY

Sysorex, Inc.

By: _____

Zaman Khan, President

Address prior to the Distribution:
Sysorex, Inc.
2479 E. Bayshore Road, Suite 195
Palo Alto, California 94303
Attn.: Zaman Khan, President

Address following the Distribution:
Sysorex, Inc.
2355 Dulles Corner Boulevard
Suite 600
Herndon, Virginia 20171
E-Mail:

Schedule 2.1

Parent Services

Active Directory (authentication, access control, audit control, security) - $180/month
O365 E3 Licenses (email, office, sharepoint) - $600/month
Quotewerks, RDP, GP, UNANET servers - $1,400/month
Helpdesk/support - $1,500/month

Approximate total - $3,680/month

Schedule 3.1

Company Services

To be mutually agreed upon by Parent and the Company prior to the Separation and Distribution or from time-to-time thereafter during the Term. At such time, this Schedule may be amended by the parties.

Exhibit 31.1

CERTIFICATION

I, Nadir Ali, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Inpixon;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15-d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2018

/s/ Nadir Ali

Nadir Ali
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Wendy Loundermon, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Inpixon;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15-d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2018

/s/ Wendy Loundermon

Wendy Loundermon
VP of Finance
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION

In connection with the periodic report of Inpixon (the "Company") on Form 10-Q for the period ended June 30, 2018 as filed with the Securities and Exchange Commission (the "Report"), we, Nadir Ali, Chief Executive Officer (Principal Executive Officer) and Wendy Loundermon, VP of Finance (Principal Financial and Accounting Officer) of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of our knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: August 13, 2018

/s/ *Nadir Ali*
Nadir Ali
Chief Executive Officer
(Principal Executive Officer)

/s/ *Wendy Loundermon*
Wendy Loundermon
VP of Finance
(Principal Financial and Accounting Officer)