As filed with the Securities and Exchange Commission on August 12, 2013

Registration Statement No. 333-

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

FORM S-1

REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

SYSOREX GLOBAL HOLDINGS CORP.

(Exact name of Registrant as specified in its charter)

Nevada	**7379**	**88-0434915**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

3375 Scott Blvd., Suite 440
Santa Clara, CA 95054
Telephone: 408-702-2167
Telecopier: 408-824-1543
(Address and telephone number of principal executive offices)

Mr. Nadir Ali, CEO
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Copy to:
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Approximate Date of Proposed Sale to the Public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Shares to be Registered	Proposed Maximum Aggregate Offering Price per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value $.0001	6,000,000 shs(2)	$1.65(1)	$ 9,900,000	$1,350.36
Common Stock, par value $.0001	166,667 shs(3)(4)	1.65(1)	275,000	37.51
Common Stock, par value $.0001	300,000 shs(4)(5)	1.65(1)	495,000	67.52
Common Stock, par value $.001	421,566 shs	$1.65(1)	$ 695,584	$ 94.88
TOTAL	6,888,233 shs	---	$11,365,584	$1,550.27

(1) Estimated at $1.65 per share, the average of the high and low prices of the common stock as reported on the OTC Pink on August 7, 2013 for the purpose of calculating the registration fee in accordance with Rule 457(g)(3) under the Securities Act of 1933 (the "Act"). It is expected that prior to the effective date of this registration statement, the Registrant will reverse split its Common Stock in connection with its application to be listed on a national securities exchange.
(2) These shares are held by the former members of Lilien LLC.
(3) Shares issuable upon exercise of Warrants held by Bridge Bank, N.A.
(4) Pursuant to Rule 416 under the Act, this Registration Statement also covers an undeterminable number of additional shares of Common Stock as may become issuable as a result of the anti-dilution provisions contained in these warrants.
(5) Shares issuable upon exercise of warrants held by Hanover Holdings I, LLC.

This Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the commission, acting pursuant to said Section 8(a), may determine.

SUBJECT TO COMPLETION, DATED AUGUST 12, 2013

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS

SYSOREX GLOBAL HOLDINGS CORP.

6,888,233 Shares of Common Stock

This prospectus relates to the sale by the selling stockholders of Sysorex Global Holdings Corp., as identified in this prospectus, of up to 6,888,233 shares of our common stock, which includes (i) an aggregate of 6,000,000 shares of common stock held by the six (6) former members of Lilien LLC; (ii) 166,667 shares issuable upon exercise of warrants issued to Bridge Bank, N.A., in connection with the financing of the Company's purchase of certain assets and liabilities of Lilien LLC and 100% of the stock of Lilien Systems (collectively referred hereafter as "Lilien") in March 2013; (iii) 300,000 shares issuable upon exercise of warrants issued to Hanover Holdings I, LLC, in connection with a July 12, 2012 bridge loan, and (iv) 421,566 shares held by Sysorex Consulting Inc. an entity controlled by the Company's Chairman of the Board. All of these shares of our common stock and the exercise of all warrants are being offered for resale by the selling stockholders.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The selling stockholders and any broker-dealers that participate in the distribution of the securities may be deemed to "underwriters" as that term is defined in Section 2(11) of the Securities Act of 1933, as amended. The last reported sale price of our common stock as quoted under the symbol "SYRX" on the OTC Pink on August 9, 2013 was $1.50 per share. The Company intends to apply for a listing on a National Securities Exchange prior to the effective date of this prospectus.

Investing in our common stock is highly speculative and involves a high degree of risk. You should carefully consider the risks and uncertainties described under the heading "Risk Factors" beginning on page 6 of this prospectus before making a decision to purchase our common stock.

The Date of this Prospectus is _____, 2013

The prices at which the selling stockholder may sell shares will be determined by the prevailing market price for the shares or in negotiated transactions. We will not receive any proceeds from the sale of these shares by the selling stockholders. However, we will receive proceeds from the exercise of the warrants if they are exercised for cash by the selling stockholders.

ADDITIONAL INFORMATION

You should rely only on the information contained or incorporated by reference in this prospectus and in any accompanying prospectus supplement. No one has been authorized to provide you with different information. The shares are not being offered in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of such documents.

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PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus. This summary may not contain all of the information that may be important to you. You should read this entire prospectus carefully, including the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical financial statements and related notes included elsewhere in this prospectus. In this prospectus, unless otherwise noted, the terms "the Company," "we," "us," and "our" refer to Sysorex *Global Holdings Corp., and its subsidiaries, Sysorex Federal, Inc., Sysorex Government Services Inc., Sysorex Arabia LLC and Lilien Systems.*

The Company

Overview

Sysorex Global Holdings Corp. ("Sysorex" or the "Company"), provides information technology and telecommunications solutions and services to commercial and government customers primarily in the United States, as well as in the Middle East and India. We provide a variety of IT services and/or technologies that enable customers to manage, protect and monetize their enterprise assets whether on-premise, in the Cloud, or via mobile. Sysorex is a systems integration and consulting company and has a wide range of offerings, including, but not limited to: custom application/software design, architecture and development, data center design and operations services, command control, computer communication, intelligence (C4I) system consulting, program management and security solutions and services. Sysorex is currently engaged in an acquisition strategy to add cutting edge technologies and intellectual property that complement its services offerings. The targeted technologies typically include software and/or hardware products providing cyber security, mobile/bring your own device (BYOD) or big data/analytics capabilities.

Effective March 1, 2013, the Company acquired Lilien (the "Lilien Acquisition") based in Larkspur, California, an information technology company, which significantly expanded its operations in the fields described above. Lilien delivers right-fit information technology solutions that help organizations reach their next level of business advantage. Lilien brings unsurpassed commitment, a highly qualified and educated staff with deep technical expertise, premier technology certifications, key manufacturer partnerships, and business vision to its solutions, enterprise computing and storage, virtualization, business continuity, networking and IT business consulting. See "Business - The Lilien Acquisition" below.

Management intends to accelerate introduction of the acquired technology/products of Lilien, as well as any potential acquisitions, by offering them through its U.S. federal government contracts by adding the solutions and services to its GSA schedule and other relevant contract vehicles where Sysorex is the prime contractor. Sysorex will leverage Lilien's sales force and customer base with any future acquisition as and when appropriate.

Corporate Strategy

Sysorex management has a mergers and acquisitions strategy to acquire companies and innovative technologies servicing the multi-billion dollar IT services industry. We have targeted services and technology/IP based companies. Sysorex will facilitate and manage cross-selling opportunities between the companies and provide shared corporate services to create efficiencies and be cost effective. We are seeking opportunities with the following profiles:

- Innovative and commercially proven technologies primarily in cyber-security, business intelligence/analytics, Big Data Services, Cloud and mobile/BYOD.
- Commercial and government IT services companies, which have an established customer base seeking growth capital to expand their capabilities, product offerings and substantially increase their revenues and operating profits.
- Companies with profitable, proven technologies and complementary to the Company's overall strategy. We are looking at companies primarily in the U.S. However, we may expand in our existing markets (e.g., Saudi Arabia) and into other geographies, such as India, if there are significant strategic and financial reasons to do so.

An important element of our mergers and acquisitions strategy is to acquire companies with complementary capabilities/technologies and an established customer base in each of the afore-mentioned categories. The customer base of each potential acquisition will present an opportunity to cross-sell solutions to the other acquired companies customer base. For example, when we acquire a company that primarily specializes BYOD cyber security, we will be in position to market this solution to both Sysorex's public sector government clients and Lilien's private and public sector clients.

Another very important criteria is an acquisition candidate's contract backlog. This is one of the most important benefits of having public sector clients. These customers provide very large multi-year contracts that can provide secure revenue visibility typically for three to five years. We understand government contracting very well and have built a core competency in bidding on government requests for proposals (RFPs). We are actively seeking companies that have built a backlog with various government agencies that can complement Sysorex's existing contracts.

We intend to acquire innovative technologies and established, reputable IT services companies, using restricted common stock, cash and debt financing in combinations appropriate for each potential acquisition.

Industry Overview

Worldwide, companies and organizations are expected to spend a combined $3.8 trillion on hardware, software, IT services and telecommunications in 2013 with approximately 3.9% growth rate over the next five years (Source: Gartner, Inc. March 28, 2013 press release). While the U.S. avoided the fiscal cliff, the automatic sequestration that has mandated sudden cuts in government spending has offset anticipated gains. Although Europe has settled down, for the most part, intermittment sovereign debt issues (e.g., Cyprus) have also served as something of a setback.

The U.S. government spends approximately $80 billion in IT spending annually and this spending will continue although at a 3% compound annual growth rate (CAGR), compared with 6% historically in the first decade of the 21st Century. Security of all forms especially cyber-security are significant growth areas and Sysorex intends to increase its role in this sector. The focus is on deployment of technologies that proved their worth in the private sector. The technology segments like business intelligence, cloud computing, eDiscovery, GIS and geospatial, non-relational database management systems, Smart Grid, SOA, unified communications and virtualization are expected to see double digit growth in the period 2013 – 2018. The total annual U.S. Federal IT market is expected to surpass $93 billion by 2018 (Source: Market Research Media - U.S. Federal IT Market Forecast 2013-2018.)

The Company's headquarters offices are located at 3375 Scott Boulevard, Suite 440, Santa Clara, California 95054. Our telephone number is (408) 702-2167. The Company's subsidiaries maintain offices in Herndon, VA, Larkspur, CA, Bellevue, WA, Beaverton, OR, Honolulu, HI, Carlsbad, CA and Riyadh, Saudi Arabia.

The Offering

Securities Offered Hereby

This prospectus relates to the sale by certain selling stockholders of up to 6,888,233 of our common stock consisting of:

(i) 6,000,000 shares of our common stock held by the six (6) former members of Lilien LLC;

(ii) 166,667 shares of our common stock issuable upon the exercise of warrants issued to Bridge Bank, N.A. in connection with the Company's financing of the Lilien Acquisition;

(iii) 300,000 shares of our common stock issuable upon exercise of warrants issued to Hanover Holdings I, LLC in connection with a bridge loan in July, 2012; and

(iv) 421,566 shares of our common stock held by an affiliated entity controlled by our Chairman of the Board.

Offering price	Market price or privately negotiated prices.
Common stock outstanding	25,208,443 shares, $.001 par value(1)
Warrants upon the effective date of this prospectus	1,010,023
Options outstanding	1,707,500
Common Stock Fully Diluted	27,925,966 shares after the exercise of all outstanding Warrants (1,010,023 shares) and Options (1,707,500 shares).
Use of proceeds	We will not receive any proceeds from the sale of the common stock by the selling stockholders. However, we will receive the exercise price, upon exercise of all Warrants offered. We expect to use the proceeds received from the exercise of the warrants, if any, for general working capital purposes and partial payment for potential acquisitions.
OTC Symbol	SYRX Pink
Risk Factors	You should carefully consider the information set forth in this prospectus and, in particular, the specific factors set forth in the "Risk Factors" section beginning on page 6 of this prospectus before deciding whether or not to invest in our common stock.

(1) Represents the number of shares of our common stock outstanding as of July 25, 2013.

Summary Financial Information

The summary financial information set forth below is derived from the more detailed audited and unaudited financial statements of the Company appearing elsewhere in this prospectus. This information should be read in conjunction with such financial statements, including the notes to such financial statements.

Statement of Operations Data:

	(Unaudited) Three Months Ended March 31,		(Audited) Years Ended December 31,	
	2013	2012	2012	2011
Revenues Net	$ 5,361,544	$ 1,105,917	$ 4,237,789	$ 7,003,549
Cost of Revenues	$ 3,905,733	$ 591,503	$ 2,344,592	$ 4,312,281
Gross profit	$ 1,455,811	$ 514,414	$ 1,893,197	$ 2,691,268
Total Operating Expenses	$ 2,417,850	$ 605,692	$ 2,348,611	$ 2,739,641
Loss from Operations	$ (962,039)	$ (91,278)	$ (455,414)	$ (48,373)
Other Income (expense)	$ (533,373)	$ (5,944)	$ (329,211)	$ 79,225
Net (Loss) Income	$ (1,495,412)	$ (97,222)	$ (784,625)	$ 246
Net (Loss) Income Attributable to Non-Controlling Interest	$ (37,041)	$ (48,373)	$ (90,779)	$ 35,775
Dividends	$ 0	$ 0	$ 0	$ (118,200)
Net Loss Attributable to Stockholders of Sysorex	$ (1,458,371)	$ (48,849)	$ (693,846)	$ (153,729)
Basic and Diluted				
Net Loss Per Share	$ (0.08)	$ 0.00	$ (0.04)	$ (0.01)
Weighted Average Number of Shares Outstanding	18,823,378	17,962,518	17,962,586	13,879,817

Balance Sheet Data:

	(Unaudited) March 31,	(Audited) December 31,	
	2013	2012	2011
Cash and Cash Equivalents	$ 1,192,415	$ 8,301	$ 225,134
Current Assets	$ 10,822,884	$ 418,482	$ 457,837
Property and Equipment, Net	$ 286,235	$ 49,238	$ 144,921
Other Assets	$ 5,622,851	$ 1,139,091	$ 784,824
Intangibles	$ 5,317,143	$ --	$ --
Goodwill	$ 4,544,053	--	--
Total Assets	$ 27,785,581	$ 1,615,112	$ 1,612,716
Total Current Liabilities	$ 20,609,324	$ 6,182,954	$ 5,598,619
Total Long Term Liabilities	$ 4,455,476	$ --	$ --
Common Stock	$ 25,070	$ 17,988	$ 17,963
Additional Paid-In Capital	$ 14,907,392	$ 6,130,440	$ 5,901,968
Due from Sysorex Consulting, Inc.	$ (665,554)	$ (665,554)	$ (639,744)
Accumulated Deficit	$ (10,300,929)	$ (8,842,558)	$ (8,148,712)
Stockholders' Equity (Deficiency) Attributable to Sysorex Global Holdings Corp.	$ 3,965,979	$ (3,359,684)	$ (2,868,525)
Non-Controlling Interest	$ (1,245,198)	$ (1,208,157)	$ (1,117,378)
Total Stockholdings Equity (Deficiency)	$ 2,720,781	$ (4,567,841)	$ (3,985,903)
Total Liabilities and Stockholders' Equity	$ 27,785,581	$ 1,615,112	$ 1,612,716

WHERE YOU CAN FIND MORE INFORMATION

We will distribute annual reports to our stockholders, including financial statements audited and reported on by our registered public accounting firm. Any or all reports and other documents we will file with the SEC, as well as any or all of the documents incorporated by reference in this prospectus or the registration statement we filed with the SEC registering for resale the shares of our common stock being offered pursuant to this prospectus, are available at the SEC's website www.sec.gov, as well as our website www.sysorex.com. If you do not have Internet access, requests for copies of such documents should be directed to Ms. Wendy Loundermon, the Company's Chief Financial Officer, at Sysorex Global Holdings Corp., 3375 Scott Blvd., Suite 440, Santa Clara, CA 95054; Tel: 703-356-2900.

We have filed a registration statement on Form S-1 with the SEC registering under the Securities Act the common stock that may be distributed under this prospectus. This prospectus, which is a part of such registration statement, does not include all of the information contained in the registration statement and its exhibits. For further information regarding us and our common stock, you should consult the registration statement and its exhibits.

Statements contained in this prospectus concerning the provisions of any documents are summaries of those documents, and we refer you to the documents filed with the SEC for more information. The registration statement and any of its amendments, including exhibits filed as a part of the registration statement or an amendment to the registration statement, are available for inspection and copying as described above.

RISK FACTORS

Investing in our common stock involves a high degree of risk. Prospective investors should carefully consider the risks described below, together with all of the other information included or referred to in this prospectus, before purchasing shares of our common stock. There are numerous and varied risks that may prevent us from achieving our goals. If any of these risks actually occurs, our business, financial condition or results of operations may be materially adversely affected. In such case, the trading price of our common stock could decline and investors in our common stock could lose all or part of their investment.

Risks Relating to Our Business

We depend on the U.S. Government for a substantial portion of our business and changes in government defense spending could have consequences on our financial position, results of operations and business.

A substantial portion of our U.S. revenues have been from and will continue to be sales and services rendered directly or indirectly to the U.S. Government. Consequently, the Company's revenues are highly dependent on the Government's demand for computer systems and related services. Our revenues from the U.S. Government largely result from contracts awarded to us under various U.S. Government programs, primarily defense-related programs with the Department of Defense (DoD), as well as a broad range of programs with the Department of Homeland Security, the Intelligence Community and other departments and agencies. Cost cutting including through consolidation and elimination of duplicative organizations and insurance has become a major initiative for DoD. In particular, the Secretary of Defense directed the DoD to reduce funding for service dependent customers by 10% from 2011 to 2013. The funding of our programs is subject to the overall U.S. Government budget and appropriation decisions and processes which are driven by numerous factors, including geo-political events and macroeconomic conditions. It is expected that U.S. Government spending on IT will decrease from 6% CAGR during the first decade of the 21st Century to 3%. The overall level of U.S. defense spending increased in recent years for numerous reasons, including increases in funding of operations in Iraq and Afghanistan. However, with the winding down of both wars, defense spending levels are becoming increasingly difficult to predict and will be affected by numerous factors. Such factors include priorities of the Administration and the Congress, and the overall health of the U.S. and world economies and the state of governmental finances.

The Budget Control Act of 2011 enacted 10-year discretionary spending caps which are expected to generate over $1 trillion in savings for the U.S. Government, a substantial portion of which comes from DoD baseline spending reductions. In addition, the Budget Control Act of 2011 provides for additional automatic spending cuts (referred to as sequestration) totaling $1.2 trillion over nine years which are being implemented beginning in the current U.S. Government fiscal year ending September 30, 2013 (GFY13). These reduction targets will further reduce DoD and other federal agency budgets. Although the Office of Management and Budget has recently provided guidance to agencies on implementing sequestration cuts, there remains much uncertainty about how exactly sequestration cuts will be implemented and the impact those cuts will have on contractors supporting the government. In light of the current uncertainty, we are not able to predict the impact of budget cuts, including sequestration, on our company or our financial results. However, we expect that budgetary constraints and concerns related to the national debt will continue to place downward pressure on DoD spending levels and that implementation of the automatic spending cuts without change will reduce, delay or cancel funding for certain of our contracts - particularly those with unobligated balances - and programs and could adversely impact our operations, financial results and growth prospects.

Significant changes in defense spending could have long-term consequences for our size and structure. In addition, changes in government priorities and requirements could impact the funding, or the timing of funding, of our programs, which could negatively impact our results of operations and financial condition. In addition, we are involved in U.S. Government programs, which are classified by the U.S. Government and our ability to discuss these programs, including any risks and disputes and claims associated with and our performance under such programs, could be limited due to applicable security restrictions.

The Company competes with much larger companies to win government bids.

Large computer systems integration contracts awarded by the U.S. Government are few in number and are awarded through a formal competitive bidding process, including IDIQ, GSA Schedule and other multi-award contracts. Bids are awarded on the basis of price, compliance with technical bidding specifications, technical expertise and, in some cases, demonstrated management ability to perform the contract. There can be no assurance that the Company will win and/or fulfill additional contracts. Moreover, the award of these contracts is subject to protest procedures and there can be no assurance that the Company will prevail in any ensuing legal protest. The Company's failure to secure a significant dollar volume of U.S. Government contracts in the future would adversely affect the Company.

The U.S. Government systems integration business is intensely competitive and subject to rapid change. The Company competes with a large number of systems integrators, hardware and software manufacturers, and other large and diverse companies attempting to enter or expand their presence in the U.S. Government market. Many of the existing and potential competitors have greater financial, operating and technological resources than the Company. The competitive environment may require us to make changes in our pricing, services or marketing. The competitive bidding process involves substantial costs and a number of risks, including significant cost and managerial time to prepare bids and proposals for contracts that may not be awarded to us, or that may be awarded but for which we do not receive meaningful revenues. Accordingly, our success depends on our ability to develop

services and products that address changing needs and to provide people and technology needed to deliver these services and products. To remain competitive, we must consistently provide superior service, technology and performance on a cost-effective basis to our customers. Our response to competition could cause us to expend significant financial and other resources, disrupt our operations, strain relationships with partners, any of which could harm our business and/or financial condition.

Our financial performance is dependent on our ability to perform on our U.S. Government contracts, which are subject to termination for convenience.

Our financial performance is dependent on our performance under our U.S. Government contracts. The Company's strategy is to pursue a limited number of relatively large contracts. As a result, the Company derives a significant portion of its revenues from a small number of contracts. Government customers have the right to cancel any contract for its convenience. An unanticipated termination of, or reduced purchases under, one of the Company's major contracts whether due to lack of funding, for convenience or otherwise, or the occurrence of delays, cost overruns and product failures could adversely impact our results of operations and financial condition. If one of our contracts were terminated for convenience, we would generally be entitled to payments for our allowable costs and would receive some allowance for profit on the work performed. If one of our contracts were terminated for default, we would generally be entitled to payments for our work that has been accepted by the government. A termination arising out of our default could expose us to liability and have a negative impact on our ability to obtain future contracts and orders. Furthermore, on contracts for which we are a subcontractor and not the prime contractor, the U.S. Government could terminate the prime contract for convenience or otherwise, irrespective of our performance as a subcontractor.

Our failure to comply with a variety of complex procurement rules and regulations could result in our being liable for penalties, including termination of our U.S. Government contracts, disqualification from bidding on future U.S. Government contracts and suspension or debarment from U.S. Government contracting.

We must comply with laws and regulations relating to the formation, administration and performance of U.S. Government contracts, which affect how we do business with our customers and may impose added costs on our business. U.S. Government contracts generally are subject to the Federal Acquisition Regulation (FAR), which sets forth policies, procedures and requirements for the acquisition of goods and services by the U.S. Government, department-specific regulations that implement or supplement DFAR, such as the DoD's Defense Federal Acquisition Regulation Supplement (DFARS) and other applicable laws and regulations. We are also subject to the Truth in Negotiations Act, which requires certification and disclosure of cost and pricing data in connection with certain contract negotiations; the Procurement Integrity Act, which regulates access to competitor bid and proposal information and government source selection information, and our ability to provide compensation to certain former government officials; the Civil False Claims Act, which provides for substantial civil penalties for violations, including for submission of a false or fraudulent claim to the U.S. Government for payment or approval; and the Civil False Claims Act, which provides for substantial civil penalties for violations, including for submission of a false or fraudulent claim to the U.S. Government for payment or approval; and the U.S. Government Cost Accounting Standards, which impose accounting requirements that govern our right to reimbursement under certain cost-based U.S. Government contracts. These regulations impose a broad range of requirements, many of which are unique to government contracting, including various procurement, import and export, security, contract pricing and cost, contract termination and adjustment, and audit requirements. A contractor's failure to comply with these regulations and requirements could result in reductions to the value of contracts, contract modifications or termination, and the assessment of penalties and fines and lead to suspension or debarment, for cause, from government contracting or subcontracting for a period of time. In addition, government contractors are also subject to routine audits and investigations by U.S. Government agencies such as the Defense Contract Audit Agency (DCAA) and Defense Contract Management Agency (DCMA). These agencies review a contractor's performance under its contracts, cost structure and compliance with applicable laws, regulations and standards. The DCAA also reviews the adequacy of and a contractor's compliance with its internal control systems and policies, including the contractor's purchasing, property, estimating, compensation and management information systems. During the term of any suspension or debarment by any U.S. Government agency, contractors can be prohibited from competing for or being awarded contracts by U.S. Government agencies. The termination of any of the Company's significant Government contracts or the imposition of fines, damages, suspensions or debarment would adversely affect the Company's business and financial condition.

The U.S. Government may adopt new contract rules and regulations or revise its procurement practices in a manner adverse to us at any time.

Our industry has experienced, and we expect it will continue to experience, significant changes to business practices as a result of an increased focus on affordability, efficiencies, and recovery of costs, among other items. U.S. Government agencies may face restrictions or pressure regarding the type and amount of services that they may obtain from private contractors. Legislation, regulations and initiatives dealing with procurement reform, mitigation of potential conflicts of interest and environmental responsibility or sustainability, as well as any resulting shifts in the buying practices of U.S. Government agencies, such as increased usage of fixed price contracts, multiple award contracts and small business set-aside contracts, could have adverse effects on government contractors, including us. Any of these changes could impair our ability to obtain new contracts or renew our existing contracts when those contracts are recompeted. Any new contracting requirements or procurement methods could be costly or administratively difficult for us to implement and could adversely affect our future revenues, profitability and prospects.

Risks of fixed priced government contracts

Most of Sysorex's current U.S. Government contracts are multi-award, multi-year indefinite delivery/indefinite quantity ("IDIQ") task order based contracts, which generally provide for fixed price schedules for products and services, have no pre-set delivery schedules, have very low minimum purchase requirements and task orders are typically competed among the multiple awardees and we must carry the burden of any cost overruns. Due to their nature, fixed-priced contracts inherently have more risk than cost reimbursable contracts. If we are unable to control costs or if our initials cost estimates are incorrect, we can lose money on these contracts. In addition, some of our contracts have provisions relating to cost controls and audit rights, and if we fail to meet the terms specified in those contracts, we may not realize their full benefits. Lower earnings caused by cost overruns and cost controls would have a negative impact on our results of operations. The U.S. Government has the right to enter into contract with other suppliers, which may be competitive with the Company's IDIQ contracts. The Company also performs fixed priced contracts under which the Company agrees to provide specific quantities of products and services over time for a fixed price. Since the price competition to win both IDIQ and fixed price contracts is intense and the costs of future contract performance cannot be predicted with certainty, there can be no assurance as to the profits, if any, that the Company will realize over the term of such contracts.

Misconduct of employees, subcontractors, agents and business partners could cause us to lose existing contracts or customers and adversely affect our ability to obtain new contracts and customers and could have a significant adverse impact on our business and reputation.

Misconduct could include fraud or other improper activities such as falsifying time or other records and violations of laws, including the Anti-Kickback Act. Other examples could include the failure to comply with our policies and procedures or with federal, state or local government procurement regulations, regulations regarding the use and safeguarding of classified or other protected information, legislation regarding the pricing of labor and other costs in government contracts, laws and regulations relating to environmental, health or safety matters, bribery of foreign government officials, import-export control, lobbying or similar activities, and any other applicable laws or regulations. Any data loss or information security lapses resulting in the compromise of personal information or the improper use or disclosure of sensitive or classified information could result in claims, remediation costs, regulatory sanctions against us, loss of current and future contracts and serious harm to our reputation. Although we have implemented policies, procedures and controls to prevent and detect these activities, these precautions may not prevent all misconduct, and as a result, we could face unknown risks or losses. Our failure to comply with applicable laws or regulations or misconduct by any of our employees, subcontractors, agents or business partners could damage our reputation and subject us to fines and penalties, restitution or other damages, loss of security clearance, loss of current and future customer contracts and suspension or debarment from contracting with federal, state or local government agencies, any of which would adversely affect our business, reputation and our future results.

We use estimates in recognizing revenues and if we make changes to estimates used in recognizing revenues, our profitability may be adversely affected.

Revenues from our contracts are primarily recognized using the percentage-of-completion method or on the basis of partial performance towards completion. These methodologies require estimates of total costs at completion, fees earned on the contract, or both. This estimation process, particularly due to the technical nature of the services performed and the long-term nature of certain contracts, is complex and involves significant judgment. Adjustments to original estimates are often required as work progresses, experience is gained and additional information becomes known, even though the scope of the work required under the contract may not change. Any adjustment as a result of a change in estimate is recognized as events become known. Changes in the underlying assumptions, circumstances or estimates could result in adjustments that may adversely affect our future financial results.

Since we have recently acquired Lilien Systems, it is difficult for potential investors to evaluate our business.

We completed the Lilien Acquisition on March 20, 2013. Therefore, our limited combined operating history makes it difficult for potential investors to evaluate our business or prospective operations and your purchase of our securities. Therefore, we are subject to the risks inherent in the financing, expenditures, complications and delays inherent in a newly combined business. These risks are described below under the risk factor titled *"Any future acquisitions that we may make could disrupt our business, cause dilution to our stockholders and harm our business, financial condition and operating results."* In addition, while the former members of Lilien have indemnified the Company from any undisclosed liabilities there may not be adequate resources to cover such indemnity. Furthermore, there are risks that Lilien's vendors, suppliers and customers may not renew their relationships for which there is no indemnification. Accordingly, our business and success faces risks from uncertainties faced by 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.

We may need additional financing to execute our business plan and fund operations, which additional financing may not be available on reasonable terms or at all.

As of March 31, 2013, we had $1,192,415 cash on hand. On March 20, 2013, we entered into a revolving credit line for $5 million from Bridge Bank, N.A. of which $4,175,000 was funded on March 20, 2013 and matures on March 19, 2015. In view of our business plan we may not be able to execute the same and fund business operations long enough to achieve profitability. Our ultimate success depends upon our ability to raise additional capital. We are pursuing sources of additional capital through various means, including debt or equity financing. Future financing through equity investments will be dilutive to existing stockholders. Also, the terms of securities we may issue in future capital transactions may be more favorable to new investors than our current investors. Newly issued securities may include preferences, superior voting rights, the issuance of warrants or other derivative securities, and the issuance of incentive awards under employee equity incentive plans, which may have additional dilutive effects. Further, in connection with any future financing, we will incur substantial costs, including investment banking fees, legal fees, accounting fees, printing and distribution expenses and other costs while there is no assurance such offering will be completed. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as convertible notes and warrants, which will adversely impact our financial condition and results of operations. Our ability to obtain needed financing may be impaired by factors, including the condition of the economy and capital markets, both generally and specifically in our industry, and the fact that we are not profitable, which could impact the availability or cost of future financing. If the amount of capital we are able to raise from financing activities, together with our revenues from operations, is not sufficient to satisfy our capital needs, we may need to reduce our operations accordingly.

Failure to manage or protect growth may be detrimental to our business

The Lilien Acquisition in March 2013 requires a substantial expansion of the Company's systems, workforce and facilities. We may fail to adequately manage our anticipated future growth. The substantial growth in our operations as a result of the Lilien Acquisition will place a significant strain on our administrative, financial and operational resources, and increase demands on our management and on our operational and administrative systems, controls and other resources. We cannot assure you that our existing personnel, systems, procedures or controls will be adequate to support our operations in the future or that we will be able to successfully implement appropriate measures consistent with our growth strategy. As part of this growth, we may have to implement new operational and financial systems, procedures and controls to expand, train and manage our employee base, and maintain close coordination among our staff. We cannot guarantee that we will be able to do so, or that if we are able to do so, we will be able to effectively integrate them into our existing staff and systems.

To the extent we acquire other businesses, we will also need to integrate and assimilate new operations, technologies and personnel. The integration of new personnel will continue to result in some disruption to ongoing operations. The ability to effectively manage growth in a rapidly evolving market requires effective planning and management processes. We will need to continue to improve operational, financial and managerial controls, reporting systems and procedures, and will need to continue to expand, train and manage our work force. There can be no assurance that the Company would be able to accomplish such an expansion on a timely basis. If the Company is unable to affect any required expansion and is unable to perform its contracts on a timely and satisfactory basis, its reputation and eligibility to secure additional contracts in the future could be damaged. The failure to perform could also result in a contract terminations and significant liability. Any such result would adversely affect the Company's business and financial condition.

We will need to increase the size of our organization, and we may experience difficulties in managing growth.

In addition to employees hired from Lilien and any other companies which we may acquire, we will need to expand our employee infrastructure for managerial, operational, financial and other resources at the parent company level. Future growth will impose significant added responsibilities on members of management, including the need to identify, recruit, maintain and integrate additional employees. Our future financial performance and our ability to commercialize our product candidates and to compete effectively will depend, in part, on our ability to manage any future growth effectively.

In order to manage our future growth, we will need to continue to improve our management, operational and financial controls and our reporting systems and procedures. All of these measures will require significant expenditures and will demand the attention of management. If we do not continue to enhance our management personnel and our operational and financial systems and controls in response to growth in our business, we could experience operating inefficiencies that could impair our competitive position and could increase our costs more than we had planned. If we are unable to manage growth effectively, our business, financial condition and operating results could be adversely affected.

Our business depends on experienced and skilled personnel, and if we are unable to attract and integrate skilled personnel, it will be more difficult for us to manage our business and complete contracts.

The success of our business depends on the skill of our personnel. Accordingly, it is critical that we maintain, and continue to build, a highly experienced management team and specialized workforce, including software programs and sales professionals. Competition for personnel, particularly those with expertise in government consulting, a security clearance is high, and identifying

candidates with the appropriate qualifications can be costly and difficult. We may not be able to hire the necessary personnel to implement our business strategy given our anticipated hiring needs, or we may need to provide higher compensation or more training to our personnel than we currently anticipate. In addition, our ability to recruit, hire and indirectly deploy former employees of the U.S. Government is subject to complex laws and regulations, which may serve as an impediment to our ability to attract such former employees.

In the event we are unable to attract, hire and retain the requisite personnel and subcontractors, we may experience delays in completing contracts in accordance with project schedules and budgets, which may have an adverse effect on our financial results, harm our reputation and cause us to curtail our pursuit of new contracts. Further, any increase in demand for personnel may result in higher costs, causing us to exceed the budget on a contract, which in turn may have an adverse effect on our business, financial condition and operating results and harm our relationships with our customers.

We may fail to obtain and maintain necessary security clearances which may adversely affect our ability to perform on certain contracts.

Many U.S. government programs require contractors to have security clearances. Depending on the level of required clearance, security clearances can be difficult and time-consuming to obtain. If we or our employees are unable to obtain or retain necessary security clearances, we may not be able to win new business, and our existing clients could terminate their contracts with us or decide not to renew them. To the extent we are not able to obtain and maintain facility security clearances or engage employees with the required security clearances for a particular contract, we may not be able to bid on or win new contracts, or effectively rebid on expiring contracts, as well as lose existing contracts, which may adversely affect our operating results and inhibit the execution of our growth strategy.

We plan to expand our business in part through future acquisitions, but we may not be able to identify or complete suitable acquisitions.

Acquisitions are a significant part of our growth strategy. We continually review, evaluate and consider potential investments and acquisitions. In such evaluations, we are required to make difficult judgments regarding the value of business opportunities and the risks and cost of potential liabilities. We plan to use acquisitions of companies or technologies to expand our project skill-sets and capabilities, expand our geographic markets, add experienced management and increase our product and service offerings. However, we may be unable to implement this growth strategy if we cannot identify suitable acquisition candidates, reach agreement with acquisition targets on acceptable terms or arrange required financing for acquisitions on acceptable terms. In addition, the time and effort involved in attempting to identify acquisition candidates and consummate acquisitions may divert members of our management from the operations of our company.

Any future acquisitions that we may make could disrupt our business, cause dilution to our stockholders and harm our business, financial condition or operating results.

If we are successful in consummating acquisitions, those acquisitions could subject us to a number of risks, including, but not limited to:

- the purchase price we pay and/or unanticipated costs could significantly deplete our cash reserves or result in dilution to our existing stockholders;
- we may find that the acquired company or technologies do not improve market position as planned;
- we may have difficulty integrating the operations and personnel of the acquired company, as the combined operations will place significant demands on the Company's management, technical, financial and other resources;
- key personnel and customers of the acquired company may terminate their relationships with the acquired company as a result of the acquisition;
- we may experience additional financial and accounting challenges and complexities in areas such as tax planning and financial reporting;
- we may assume or be held liable for risks and liabilities (including environmental-related costs) as a result of our acquisitions, some of which we may not be able to discover during our due diligence or adequately adjust for in our acquisition arrangements;
- our ongoing business and management's attention may be disrupted or diverted by transition or integration issues and the complexity of managing geographically or culturally diverse enterprises;
- we may incur one-time write-offs or restructuring charges in connection with the acquisition;
- we may acquire goodwill and other intangible assets that are subject to amortization or impairment tests, which could result in future charges to earnings; and
- We may not be able to realize the cost savings or other financial benefits we anticipated.

We cannot assure you that we will successfully integrate Lilien or profitably manage any other acquired business. In addition, we cannot assure you that, following any acquisition, our continued business will achieve sales levels, profitability, efficiencies or synergies that justify acquisition or that the acquisition will result in increased earnings for us in any future period. These factors could have a material adverse effect on our business, financial condition and operating results.

Insurance and contractual protections may not always cover lost revenue, increased expenses or liquidated damages payments.

Although we maintain insurance and intend to obtain warranties from suppliers, obligate subcontractors to meet certain performance levels and attempt, where feasible, to pass risks we cannot control to our customers, the proceeds of such insurance, warranties, performance guarantees or risk sharing arrangements may not be adequate to cover lost revenue, increased expenses or liquidated damages payments that may be required in the future.

Our credit facilities and debt instruments contain financial and operating restrictions that may limit our business activities and our access to credit

Pursuant to our existing credit facility, all of the Company's and our subsidiaries' assets are secured with our senior lender. Provisions in our credit facilities and debt instruments impose restrictions or require prior approval on our and certain of our subsidiaries' ability to, among other things:

- incur additional debt;
- pay cash dividends and make distributions;
- make certain investments and acquisitions;
- guarantee the indebtedness of others or our subsidiaries;
- redeem or repurchase capital stock;
- create liens or encumbrances;
- enter into transactions with affiliates;
- engage in new lines of business;
- sell, lease or transfer certain parts of our business or property;
- restrictions on incurring obligations for capital expenditures;
- issue additional capital stock of the Company or any subsidiary of the Company;
- acquire new companies and merge or consolidate.

These agreements also contain other customary covenants, including covenants that require us to meet specified financial ratios and financial tests. We may not be able to comply with these covenants in the future. Our failure to comply with these covenants may result in the declaration of an event of default and cause us to be unable to borrow under our credit facilities and debt instruments. In addition to preventing additional borrowings under these agreements, an event of default, if not cured or waived, may result in the acceleration of the maturity of indebtedness outstanding under these agreements, which would require us to pay all amounts outstanding. If an event of default occurs, we may not be able to cure it within any applicable cure period, if at all. If the maturity of our indebtedness is accelerated, we may not have sufficient funds available for repayment or we may not have the ability to borrow or obtain sufficient funds to replace the accelerated indebtedness on terms acceptable to us or at all.

We may be subject to damages resulting from claims that the Company or our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

Upon completion of any acquisitions by the Company, we may be subject to claims that our acquired companies and their employees may have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of former employers or competitors. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management. If we fail in defending such claims, in addition to paying money claims, we may lose valuable intellectual property rights or personnel. A loss of key research personnel or their work product could hamper or prevent our ability to commercialize certain products, which could severely harm our business.

Dependence on key personnel who do not have pubic company regulatory experience.

The Company's success depends to a significant extent upon the operation, experience, and continued services of certain of its officers, including our CEO, as well as other key personnel. While our CEO and the executive officers of Lilien are all employed under employment contracts, there is no assurance we will be able to retain their services. The loss of our CEO or several of the other key personnel could have an adverse effect on the Company. If our CEO or other executive officers were to leave we would face substantial difficulty in hiring a qualified successor and could experience a loss in productivity while any successor obtains the

necessary training and experience. In addition, our CEO, CFO and other key personnel do not have prior experience in SEC reporting obligations. Furthermore, we do not maintain "key person" life insurance on the lives of any executive officer and their death or incapacity would have a material adverse effect on us. The competition for qualified personnel is intense, and the loss of services of certain key personnel could adversely affect our business.

Our international business exposes us to geo-political and economic factors, regulatory requirements and other risks associated with doing business in foreign countries.

Our foreign operations pose complex management, foreign currency, legal, tax and economic risks, which we may not adequately address. We have foreign operations in the Middle East and expect to do business in South Asia. These risks differ from and potentially may be greater than those associated with our domestic business.

Our international business is sensitive to changes in the priorities and budgets of international customers and geo-political uncertainties, which may be driven by changes in threat environments and potentially volatile worldwide economic conditions, various regional and local economic and political factors, risks and uncertainties, as well as U.S. foreign policy. Our international sales are subject to U.S. laws, regulations and policies, including the International Traffic in Arms Regulations (ITAR) and the Foreign Corrupt Practices Act (see below) and other export laws and regulations. Due to the nature of our products, we must first obtain licenses and authorizations from various U.S. Government agencies before we are permitted to sell our products outside of the U.S. We can give no assurance that we will continue to be successful in obtaining the necessary licenses or authorizations or that certain sales will not be prevented or delayed. Any significant impairment of our ability to sell products outside of the U.S. could negatively impact our results of operations and financial condition.

Our international sales are also subject to local government laws, regulations and procurement policies and practices which may differ from U.S. Government regulations, including regulations relating to import-export control, investments, exchange controls and repatriation of earnings, as well as to varying currency, geo-political and economic risks. Our international contracts may include industrial cooperation agreements requiring specific in-country purchases, manufacturing agreements or financial support obligations, known as offset obligations, and provide for penalties if we fail to meet such requirements. Our international contracts may also be subject to termination at the customer's convenience or for default based on performance, and may be subject to funding risks. We also are exposed to risks associated with using foreign representatives and consultants for international sales and operations and teaming with international subcontractors, partners and suppliers in connection with international programs. As a result of these factors, we could experience award and funding delays on international programs and could incur losses on such programs, which could negatively impact our results of operations and financial condition.

We are also subject to a number of other risks including:

- the absence in some jurisdictions of effective laws to protect our intellectual property rights;
- multiple and possibly overlapping and conflicting tax laws;
- restrictions on movement of cash;
- the burdens of complying with a variety of national and local laws;
- political instability;
- currency fluctuations;
- longer payment cycles;
- restrictions on the import and export of certain technologies;
- price controls or restrictions on exchange of foreign currencies; and
- trade barriers.

Our international operations are subject to special U.S. government laws and regulations, such as the Foreign Corrupt Practices Act, and regulations and procurement policies and practices, including regulations to import-export control, which may expose us to liability or impair our ability to compete in international markets.

Our international operations are subject to the U.S. Foreign Corrupt Practices Act, or the FCPA, and other laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties by U.S. and other business entities for the purpose of obtaining or retaining business. We have operations and deal with governmental customers in countries known to experience corruption, including certain countries in the Middle East and in the future, the Far East. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees, consultants or contractors that could be in violation of various laws including the FCPA, even though these parties are not always subject to our control. We are also subject to import-export control regulations restricting the use and dissemination of information classified for national security purposes and the export of certain products, services, and technical data, including requirements regarding any applicable licensing of our employees involved in such work.

Our business could be negatively impacted by security threats and other disruptions.

As a U.S. defense contractor, we face certain security threats, including threats to our information technology infrastructure, attempts to gain access to our proprietary or classified information, and threats to physical security. These types of events could disrupt our operations, require significant management attention and resources, and could negatively impact our reputation among our customers and the public, which could have a negative impact on our financial condition, results of operations and liquidity. We are continuously exposed to cyber attacks and other security threats, including physical break-ins. Any electronic or physical break-in or other security breach or compromise may jeopardize security of information stored or transmitted through our information technology systems and networks. This could lead to disruptions in mission-critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. Although we have implemented policies, procedures and controls to protect against, detect and mitigate these threats, we face advanced and persistent attacks on our information systems and attempts by others to gain unauthorized access to our information technology systems are becoming more sophisticated. These attempts include covertly introducing malware to our computers and networks and impersonating authorized users, among others, and may be perpetrated by well funded organized crime or state sponsored efforts. We seek to detect and investigate all security incidents and to prevent their occurrence or recurrence. We continue to invest in and improve our threat protection, detection and mitigation policies, procedures and controls. In addition, we work with other companies in the industry and government participants on increased awareness and enhanced protections against cybersecurity threats. However, because of the evolving nature and sophistication of these security threats, which can be difficult to detect, there can be no assurance that our policies, procedures and controls have or will detect or prevent any of these threats and we cannot predict the full impact of any such past or future incident. We may experience similar security threats to the information

A technology systems that we develop, install or maintain under customer contracts. Although we work cooperatively with our customers and other business partners to seek to minimize the impacts of cyber and other security threats, we must rely on the safeguards put in place by those entities. Any remedial costs or other liabilities related to cyber or other security threats may not be fully insured or indemnified by other means. Occurrence of any of these security threats could expose us to claims, contract terminations and damages and could adversely affect our reputation, ability to work on sensitive U.S. Government contracts, business operations and financial results.

Internal system or service failures could disrupt our business and impair our ability to effectively provide our services and products to our customers, which could damage our reputation and adversely affect our revenues and profitability.

Any system or service disruptions, including those caused by ongoing projects to improve our information technology systems and the delivery of services, if not anticipated and appropriately mitigated, could have a material adverse effect on our business including, among other things, an adverse effect on our ability to bill our customers for work performed on our contracts, collect the amounts that have been billed and produce accurate financial statements in a timely manner. We are also subject to systems failures, including network, software or hardware failures, whether caused by us, third-party service providers, cybersecurity threats, natural disasters, power shortages, terrorist attacks or other events, which could cause loss of data and interruptions or delays in our business, cause us to incur remediation costs, subject us to claims and damage our reputation. In addition, the failure or disruption of our communications or utilities could cause us to interrupt or suspend our operations or otherwise adversely affect our business. Our property and business interruption insurance may be inadequate to compensate us for all losses that may occur as a result of any system or operational failure or disruption and, as a result, our future results could be adversely affected.

Customer systems failures could damage our reputation and adversely affect our revenues and profitability.

Many of the systems and networks that we develop, install and maintain for our customers involve managing and protecting personal information and information relating to national security and other sensitive government functions. While we have programs designed to comply with relevant privacy and security laws and restrictions, if a system or network that we develop, install or maintain were to fail or experience a security breach or service interruption, whether caused by us, third-party service providers, cybersecurity threats or other events, we may experience loss of revenue, remediation costs or face claims for damages or contract termination. Any such event could cause serious harm to our reputation and prevent us from having access to or being eligible for further work on such systems and networks. Our errors and omissions liability insurance may be inadequate to compensate us for all of the damages that we may incur and, as a result, our future results could be adversely affected.

We have entered, and expect to continue to enter, into joint venture, teaming and other arrangements, and these activities involve risks and uncertainties.

We have entered, and expect to continue to enter, into joint venture, teaming and other arrangements. These activities involve risks and uncertainties, including the risk of the joint venture or applicable entity failing to satisfy its obligations, which may result in certain liabilities to us for guarantees and other commitments, the challenges in achieving strategic objectives and expected benefits of the business arrangement, the risk of conflicts arising between us and our partners and the difficulty of managing and resolving such conflicts, and the difficulty of managing or otherwise monitoring such business arrangements.

Our business and operations expose us to numerous legal and regulatory requirements and any violation of these requirements could harm our business.

We are subject to numerous federal, state and foreign legal requirements on matters as diverse as data privacy and protection, employment and labor relations, immigration, taxation, anticorruption, import/export controls, trade restrictions, internal and disclosure control obligations, securities regulation and anti-competition. Compliance with diverse and changing legal requirements is costly, time-consuming and requires significant resources. We are also focused on expanding our business in certain identified growth areas, such as health information technology, energy and environment, which are highly regulated and may expose us to increased compliance risk. Violations of one or more of these diverse legal requirements in the conduct of our business could result in significant fines and other damages, criminal sanctions against us or our officers, prohibitions on doing business and damage to our reputation. Violations of these regulations or contractual obligations related to regulatory compliance in connection with the performance of customer contracts could also result in liability for significant monetary damages, fines and/or criminal prosecution, unfavorable publicity and other reputational damage, restrictions on our ability to compete for certain work and allegations by our customers that we have not performed our contractual obligations.

Our future revenues and growth prospects could be adversely affected by our dependence on other contractors.

If other contractors with whom we have contractual relationships eliminate or reduce their work with us, or if the U.S. Government terminates or reduces these other contractors' programs, does not award them new contracts or refuses to pay under a contract our financial and business condition may be adversely affected. Companies that do not have access to U.S. Government contracts may perform services as our subcontractor and that exposure could enhance such companies' prospect of securing a future position as a prime U.S. Government contractor which could increase competition for future contracts and impair our ability to perform on contracts.

We may have disputes with our subcontractors arising from, among other things, the quality and timeliness of work performed by the subcontractor, customer concerns about the subcontractor, our failure to extend existing task orders or issue new task orders under a subcontract, our hiring of a subcontractor's personnel or the subcontractor's failure to comply with applicable law. Current uncertain economic conditions heighten the risk of financial stress of our subcontractors, which could adversely impact their ability to meet their contractual requirements to us. If any of our subcontractors fail to timely meet their contractual obligations or have regulatory compliance or other problems, our ability to fulfill our obligations as a prime contractor or higher tier subcontractor may be jeopardized. Significant losses could arise in future periods and subcontractor performance deficiencies could result in our termination for default. A termination for default could eliminate a revenue source, expose us to liability and have an adverse effect on our ability to compete for future contracts and task orders, especially if the customer is an agency of the U.S. Government.

If we do not adequately protect our intellectual property rights, we may experience a loss of revenue and our operations may be materially harmed.

We have not registered copyrights on any of the software we have developed. We rely upon confidentiality agreements signed by our employees, consultants and third parties to protect our intellectual property. We cannot assure you that we can adequately protect our intellectual property or successfully prosecute potential infringement of our intellectual property rights. Also, we cannot assure you that others will not assert rights in, or ownership of, trademarks and other proprietary rights of ours or that we will be able to successfully resolve these types of conflicts to our satisfaction. Our failure to protect our intellectual property rights may result in a loss of revenue and could materially adversely affect our operations and financial condition.

Our performance and ability to compete are dependent to a significant degree on our proprietary technology. Our proprietary software is protected by common law copyright laws, as opposed to registration under copyright statutes. Common law protection may be narrower than that which we could obtain under registered copyrights. As a result, we may experience difficulty in enforcing our copyrights against certain third party infringements. As part of our confidentiality-protection procedures, we generally enter into agreements with our employees and consultants and limit access to, and distribution of, our software, documentation and other proprietary information. There can be no assurance that the steps we have taken will prevent misappropriation of our technology or that agreements entered into for that purpose will be enforceable. The laws of other countries may afford us little or no protection of our intellectual property. We also rely on a variety of technology that we license from third parties. There can be no assurance that these third party technology licenses will continue to be available to us on commercially reasonable terms, if at all. The loss of or inability to maintain or obtain upgrades to any of these technology licenses could result in delays in completing software enhancements and new development until equivalent technology could be identified, licensed or developed and integrated. Any such delays would materially and adversely affect our business.

Sysorex Arabia is currently without contracts

Sysorex Arabia's largest contract was with Optical Connections Corp.'s ("OCC"), main contractor Tuwaiq Communications. This was to build three data centers to support OCC's FTTH (Fiber to the Home) Network. It was signed in April 2008 and put on hold soon thereafter because of OCC's financial and legal troubles. Therefore, Sysorex Arabia is currently without business and is seeking new contracts. These issues with OCC are still being resolved and could result in the cancellation of the project or OCC could sell its telecom license to a third party and which could cancel the project.

Historical liabilities may adversely affect the Company

Sysorex has been operating since 2002. During the past nine years the Company has had its share of financial and operational issues. In the U.S. the Company suffered from an under-performing sales team; losses in operations; lack of proper working capital; protests on lost contract bids; supplier liabilities; etc. Sysorex Government Services has worked through most of these issues and has become profitable once again. Sysorex Federal no longer has any contracts and we are attempting to negotiate and settle the outstanding liabilities of approximately $533,000 which are several years old with vendors.

Sysorex Arabia also has old liabilities due to vendors, employees, social insurance payments, and partners amounting to approximately $2.8 million. This has been a result primarily of the two-year delay in the OCC Data Center project as revenue and cash-flow projections did not materialize because of the delays. Some of the local suppliers have taken legal action and Sysorex is working with them on payment plans. Sysorex has taken on several loans to finance the losses to date and to pay some liabilities. Any of these issues in either company could have a material adverse effect on the Company if not resolved properly.

Difficult conditions in the global capital markets and the economy generally may materially adversely affect our business and results of operations, and we do not expect these conditions to improve in the near future.

Our results of operations are materially affected by conditions in the global capital markets and the economy generally, both in the U.S. and elsewhere around the world. Concerns over inflation, energy costs, geopolitical issues, the availability and cost of credit, the U.S. mortgage market, and the real estate market in the U.S. have contributed to increased volatility and diminished expectations for the economy and the markets going forward. These factors, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, precipitated an economic slowdown and a global recession. Domestic and international equity markets have been experiencing heightened volatility and turmoil. These events and the continuing market upheavals may have an adverse effect on our business. In the event of extreme prolonged market events, such as the global credit crisis, we could incur significant losses.

Risks Related to Our Common Stock

Our directors and executive officers beneficially own a significant number of shares of our common stock. Their interests may conflict with our outside stockholders, who may be unable to influence management and exercise control over our business.

As of the date of this prospectus, our executive officers, directors and their affiliates beneficially own approximately 51% of our shares of Common Stock. As a result, our executive officers and directors may be able to: elect or defeat the election of our directors, amend or prevent amendment to our certificates of incorporation or bylaws, effect or prevent a merger, sale of assets or other corporate transaction, and control the outcome of any other matter submitted to the shareholders for vote. Accordingly, our outside stockholders may be unable to influence management and exercise control over our business.

We do not intend to pay cash dividends to our stockholders, so you will not receive any return on your investment in our Company prior to selling your interest in the Company.

We have never paid any dividends to our stockholders. We currently intend to retain any future earnings for funding growth and, therefore, do not expect to pay any cash dividends in the foreseeable future. If we determine that we will pay cash dividends to the holders of our common stock, we cannot assure that such cash dividends will be paid on a timely basis. The success of your investment in the Company will likely depend entirely upon any future appreciation. As a result, you will not receive any return on your investment prior to selling your shares in our Company and, for the other reasons discussed in this "Risk Factors" section, you may not receive any return on your investment even when you sell your shares in our Company.

Anti-Takeover, Limited Liability and Indemnification Provisions

Some provisions of our articles of incorporation and by-laws may deter takeover attempts, which may limit the opportunity of our stockholders to sell their shares at a favorable price.

Certificate of Incorporation and By-laws.

Under our articles of incorporation, our Board of Directors may issue additional shares of common or preferred stock. Any additional issuance of common stock could have the effect of impeding or discouraging the acquisition of control of us by means of a merger, tender offer, proxy contest or otherwise, including a transaction in which our stockholders would receive a premium over the market price for their shares, and thereby protects the continuity of our management. Specifically, if in the due exercise of its fiduciary obligations, the Board of Directors were to determine that a takeover proposal was not in our best interest, shares could be issued by our Board of Directors without stockholder approval in one or more transactions that might prevent or render more difficult or costly the completion of the takeover by:

- diluting the voting or other rights of the proposed acquirer or insurgent stockholder group,
- putting a substantial voting block in institutional or other hands that might undertake to support the incumbent Board of Directors, or
- effecting an acquisition that might complicate or preclude the takeover.

Our articles of incorporation also allow our Board of Directors to fix the number of directors in the bylaws. Cumulative voting in the election of directors is specifically denied in our certificate of incorporation. The effect of these provisions may be to delay or prevent a tender offer or takeover attempt that a stockholder may determine to be in his or its best interest, including attempts that might result in a premium over the market price for the shares held by the stockholders.

Nevada Anti-Takeover Law.

We are subject to the provisions of Section 78.438 of the Nevada Revised Statutes concerning corporate takeovers. This section prevents many Nevada corporations from engaging in a business combination with any interested stockholder, under specified circumstances. For these purposes, a business combination includes a merger or sale of more than 5% of our assets, and an interested stockholder includes a stockholder who owns 10% or more of our outstanding voting stock, as well as affiliates and associates of these persons. Under these provisions, this type of business combination is prohibited for three years following the date that the stockholder became an interested stockholder unless:

- the transaction in which the stockholder became an interested stockholder is approved by the Board of directors prior to the date the interested stockholder attained that status;
- on consummation of the transaction that resulted in the stockholder's becoming an interested stockholder, the interested stockholder owned at least 90% of the voting stock of the corporation outstanding at the time the transaction was commenced, excluding those shares owned by persons who are directors and also officers; or
- on or subsequent to that date, the business combination is approved by the Board of Directors and authorized at an annual or special meeting of stockholders by the affirmative vote of at least a majority of the outstanding voting stock that is not owned by the interested stockholder.

This statute could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us.

Limited Liability and Indemnification.

Our articles of incorporation eliminate the personal liability of our directors for monetary damages arising from a breach of their fiduciary duty as directors to the fullest extent permitted by Nevada law. This limitation does not affect the availability of equitable remedies, such as injunctive relief or rescission. Our certificate of incorporation requires us to indemnify our directors and officers to the fullest extent permitted by Nevada law, including in circumstances in which indemnification is otherwise discretionary under Nevada law.

Under Nevada law, we may indemnify our directors or officers or other persons who were, are or are threatened to be made a named defendant or respondent in a proceeding because the person is or was our director, officer, employee or agent, if we determine that the person:

- conducted himself or herself in good faith, reasonably believed, in the case of conduct in his or her official capacity as our director or officer, that his or her conduct was in our best interests, and, in all other cases, that his or her conduct was at least not opposed to our best interests; and
- in the case of any criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

These persons may be indemnified against expenses, including attorneys' fees, judgments, fines, including excise taxes, and amounts paid in settlement, actually and reasonably incurred, by the person in connection with the proceeding. If the person is found liable to the corporation, no indemnification will be made unless the court in which the action was brought determines that the person is fairly and reasonably entitled to indemnity in an amount that the court will establish.

Insofar as indemnification for liabilities under the Securities Act may be permitted to directors, officers or persons controlling us under the above provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

The obligations associated with being a public company require significant resources and management attention, which may divert from our business operations.

Upon the effective date of this prospectus, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and The Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition, proxy statement, and other information. The Sarbanes-Oxley Act requires, among other things, that we establish and maintain effective internal controls and procedures for financial reporting. Our Chief Executive Officer and Chief Financial Officer will need to certify that our disclosure controls and procedures are effective in ensuring that material information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. We will need to hire additional financial reporting, internal controls and other financial personnel in order to develop and implement appropriate internal controls and reporting procedures. As a result, we will incur significant legal, accounting and other expenses. Furthermore, the need to establish the corporate infrastructure demanded of a public company may divert management's attention from implementing our growth strategy, which could prevent us from improving our business, results of operations and financial condition. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems to meet our reporting obligations as a public company. However, the measures we take may not be sufficient to satisfy our obligations as a public company. In addition, we cannot predict or estimate the amount of additional costs we may incur in order to comply with these requirements. We anticipate that these costs will materially increase our selling, general and administrative expenses.

Section 404 of the Sarbanes-Oxley Act requires annual management assessments of the effectiveness of our internal control over financial reporting. In connection with the implementation of the necessary procedures and practices related to internal control over financial reporting, we may identify deficiencies. If we are unable to comply with the internal controls requirements of the Sarbanes-Oxley Act of 2002, then we may not be able to obtain the independent account certifications required by that act, which may preclude us from keeping our filings with the SEC current, and interfere with the ability of investors to trade our securities and our shares to continue to be quoted on the OTC PINK or our ability to list our shares on any national securities exchange.

If we fail to establish and maintain an effective system of internal controls, we may not be able to report our financial results accurately or prevent fraud. Any inability to report and file our financial results accurately and timely could harm our reputation and adversely impact the trading price of our common stock.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. If we cannot provide reliable financial reports or prevent fraud, we may not be able to manage our business as effectively as we would if an effective control environment existed, and our business and reputation with investors may be harmed. With each prospective acquisition we may make we will conduct whatever due diligence is necessary or prudent to assure us that the acquisition target can comply with the internal controls requirements of the Sarbanes-Oxley Act. Notwithstanding our diligence, certain internal controls deficiencies may not be detected. As a result, any internal control deficiencies may adversely affect our financial condition, results of operations and access to capital. We have not performed an in-depth analysis to determine if historical undiscovered failures of internal controls exist, and may in the future discover areas of our internal controls that need improvement.

Risks Related to our Securities

Public company compliance may make it more difficult to attract and retain officers and directors.

The Sarbanes-Oxley Act and rules implemented by the SEC have required changes in corporate governance practices of public companies. As a public company, these rules and regulations increase our compliance costs and make certain activities more time consuming and costly. As a public company, these rules and regulations may make it more difficult and expensive for us to maintain our director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers, and to maintain insurance at reasonable rates, or at all.

Our stock price may be volatile.

The market price of our common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including the following:

- our ability to execute our business plan and complete prospective acquisitions;
- changes in our industry;
- competitive pricing pressures;
- our ability to obtain working capital financing;

- additions or departures of key personnel;
- limited ”public float” in the hands of a small number of persons whose sales or lack of sales could result in positive or negative pricing pressure on the market price for our common stock;
- sales of our common stock (particularly following effectiveness of this resale registration statement);
- operating results that fall below expectations;
- regulatory developments;
- economic and other external factors;
- period-to-period fluctuations in our financial results; and
- our inability to develop or acquire new or needed technologies.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

Our shares of common stock are thinly traded, the price may not reflect our value, and there can be no assurance that there will be an active market for our shares of common stock either now or in the future.

Our shares of common stock are thinly traded, our common stock is available to be traded and is held by a small number of holders, and the price may not reflect our actual or perceived value. There can be no assurance that there will be an active market for our shares of common stock either now or in the future. The market liquidity will be dependent on the perception of our operating business, among other things. We will take certain steps including utilizing investor awareness campaigns and firms, press releases, road shows and conferences to increase awareness of our business. Any steps that we might take to bring us to the awareness of investors may require that we compensate consultants with cash and/or stock. There can be no assurance that there will be any awareness generated or the results of any efforts will result in any impact on our trading volume. Consequently, investors may not be able to liquidate their investment or liquidate it at a price that reflects the value of the business, and trading may be at an inflated price relative to the performance of the Company due to, among other things, the availability of sellers of our shares.

If an active market should develop, the price may be highly volatile. Because there is currently a low price for our shares of common stock, many brokerage firms or clearing firms are not willing to effect transactions in the securities or accept our shares for deposit in an account. Many lending institutions will not permit the use of low priced shares of common stock as collateral for any loans. Furthermore, our securities are currently traded on the OTC Pink where it is more difficult (1) to obtain accurate quotations, (2) to obtain coverage for significant news events because major wire services generally do not publish press releases about these companies, and (3) to obtain needed capital.

Our common stock may be deemed a “penny stock,” which would make it more difficult for our investors to sell their shares.

Our common stock is currently subject to the “penny stock” rules adopted under Section 15(g) of the Exchange Act. The penny stock rules generally apply to companies whose common stock is not listed on The Nasdaq Stock Market or another national securities exchange and trades at less than $4.00 per share, other than companies that have had average revenues of at least $6,000,000 for the last three years or that have tangible net worth of at least $5,000,000 ($2,000,000 if the company has been operating for three or more years). These rules require, among other things, that brokers who trade penny stock to persons other than “established customers” complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances. Many brokers have decided not to trade penny stocks because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as market makers in these securities is limited. If we remain subject to the penny stock rules for any significant period, it could have an adverse effect on the market, if any, for our securities. If our securities are subject to the penny stock rules, investors will find it more difficult to dispose of our securities.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

If our stockholders sell substantial amounts of our common stock in the public market, including shares issuable upon the effectiveness of this registration statement, upon the expiration of any statutory holding period under Rule 144, or shares issued upon the exercise of outstanding options or warrants, it could create a circumstance commonly referred to as an “overhang” and, in anticipation of which, the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could make more difficult our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

In general, a non-affiliated person who has held restricted shares for a period of six months, under Rule 144, may sell into the market our common stock all of their shares, subject to the Company being current in its periodic reports filed with the SEC. An affiliate may sell an amount equal to the greater of 1% of the outstanding shares or, if listed on Nasdaq or another national securities exchange, the average weekly number of shares sold in the last four weeks prior to such sale. Such sales may be repeated once every three months, and any of the restricted shares may be sold by a non-affiliate without any restriction after they have been held one year.

Because we became public by means of a reverse merger, we may not be able to attract the attention of major brokerage firms.

There may be risks associated with us becoming public through a "reverse merger." Securities analysts of major brokerage firms may not provide coverage of us since there is no incentive to brokerage firms to recommend the purchase of our common stock. No assurance can be given that brokerage firms will, in the future, want to conduct any offerings on behalf of our company.

Forward Looking Statements

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These statements relate to future events or future predictions, including events or predictions relating to our future financial performance, and are generally identifiable by use of the words "may," "will," "should," "expect," "plan," "anticipate," "believe," "feel," "confident," "estimate," "intend," "predict," "forecast," "potential" or "continue" or the negative of such terms or other variations on these words or comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks described under "Risk Factors" that may cause the Company's or its industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In addition to the risks described in Risk Factors, important factors to consider and evaluate in such forward-looking statements include: (i) general economic conditions and changes in the external competitive market factors which might impact the Company's results of operations; (ii) unanticipated working capital or other cash requirements including those created by the failure of the Company to adequately anticipate the costs associated with acquisitions and other critical activities; (iii) changes in the Company's corporate strategy or an inability to execute its strategy due to unanticipated changes; (iv) the inability or failure of the Company's management to devote sufficient time and energy to the Company's business; and (v) the failure of the Company to complete any or all of the transactions described herein on the terms currently contemplated. In light of these risks and uncertainties, many of which are described in greater detail elsewhere in this Risk Factors discussion, there can be no assurance that the forward-looking statements contained in this prospectus will in fact transpire.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither the Company nor any other person assumes responsibility for the accuracy and completeness of such statements. We do not undertake any duty to update any of the forward-looking statements after the date of this prospectus to conform such statements to actual results or changes in our expectations.

USE OF PROCEEDS

We will not receive proceeds from the sale of shares offered hereby by Selling Stockholders, except upon the exercise of 166,667 warrants offered hereby for $75,000 and 300,000 warrants offered hereby for $261,000. Any warrant proceeds will be used by the Company for working capital purposes.

MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock has been quoted on the OTC Pink under the symbol SYRX since June 2, 2011. Prior thereto, it was quoted under the symbol SFTL. As of July 11, 2013 there were 523 holders of record of our common stock.

The following table sets forth the high and low bid closing prices for our common stock for the periods indicated, as reported by the OTC Pink. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may to represent actual transactions. All prices reflect a 1 for 20 reverse split effected by the Company on June 3, 2011.

Period	High	Low
Year Ending December 31, 2013		
April 1, 2013 through June 30, 2013	$0.75	$0.50
January 1, 2013 through March 31, 2013	$0.80	$0.17
Year Ended December 31, 2012		
October 1, 2012 through December 31, 2012	$0.51	$0.20
July 1, 2012 through September 30, 2012	$0.60	$0.51
April 1, 2012 through June 30, 2012	$1.10	$0.12
January 1, 2012 through March 31, 2012	$1.09	$0.42
Year Ended December 31,1 2011		
October 1, 2011 through December 31, 2011	$1.39	$1.01
July 1, 2011 through September 30, 2011	$2.90	$1.40
April 1, 2011 through June 30, 2011	$10.00	$2.90
January 1, 2011 through March 31, 2011	$0.80	$0.14

The last report sales price of our common stock on the OTC Pink on August 9, 2013 was $1.50 per share.

Dividend Policy

Sysorex Global Holdings Corp. has not declared nor paid any cash dividend on our common stock, and we currently intend to retain future earnings, if any, to finance the expansion of our business, and we do not expect to pay any cash dividends in the foreseeable future. The decision whether to pay cash dividends on our common stock will be made by our board of directors, in their discretion, and will depend on our financial condition, results of operations, capital requirements and other factors that our board of directors considers significant.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Overview

Sysorex Global Holdings Corp. acquired Lilien Systems, an enterprise IT infrastructure solution provider with over $40 million in annual revenue, through a combination of 6,000,000 shares of common stock and $3 million in cash from debt financing, effective March 1, 2013. Lilien is the first target in Sysorex' multiple-acquisition strategy to diversify from the public sector into the private sector and adding new services and technology capabilities to the Sysorex portfolio. Lilien expands Sysorex's depth of enterprise service offerings, including Big Data services and advanced analytics, while providing premier partnership status with leading vendors in IT infrastructure. The acquisition provides Lilien with a unique opportunity for vertical market and geographic expansion.

The Lilien Acquisition significantly impacted the operations and financials for the Quarter ending March 31, 2013 as indicated in the Results of Operations below. The results show a net loss which was attributable, in part, to certain one-time non-recurring charges related to the Lilien Acquisition, which resulted in the Company incurring significant legal, accounting, due diligence, financing and general and administrative expenses as compared to the expenses incurred in comparable prior period in 2012.

The accretive impact of our acquisition strategy is mounting and our next quarter results will include a full quarter of Lilien's revenues. We anticipate synergies and operational efficiencies to improve revenues and profitability for both Sysorex and Lilien especially as we move into Q3 and Q4 when Lilien's business is historically stronger. Sysorex' U.S. government operations are profitable and this division is growing, as the U.S. Navy SPAWAR contract is expected to start releasing task orders in Q3 and other awards are expected later this quarter.

Critical Accounting Policies

Our consolidated financial statements as of December 31, 2012 and March 31, 2013 and for the year and the three months then ended, respectively, were prepared in accordance with accounting principles generally accepted in the United States. In preparing these financial statements, management has made its best estimates and judgments of certain amounts, giving due consideration to materiality. The Company's complete accounting policies are described in Note 2 of the audited financial statements for the year ended December 31, 2012. We believe that the following accounting policies are particularly important to understanding our results of operations and financial position:

- The valuation of the assets and liabilities acquired from Lilien LLC as well as the valuation of the Company's common shares issued in that transaction;
- Revenue recognition;
- The valuation of stock-based compensation;
- The allowance for doubtful accounts; and
- The valuation allowance for the deferred tax asset.

Rounding

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

Results Of Operations - For The Years Ended December 31, 2012 Compared To The Year Ended December 31, 2011

Revenues

Revenues for the year ended December 31, 2012 were $4,238,000 compared to $7,004,000 for the comparable period in the prior year. This decrease of $2,766,000 was attributable to the conclusion of the MODA C4I contract in October 2011. However, we expect revenues to increase during the balance of 2013 as award decisions are made in connection with several outstanding proposals and our U.S. Navy SPAWAR contract which was awarded in February 2013 is expected to start releasing task orders during the third quarter of 2013.

Costs of Revenues

Cost of revenues for the year ended December 31, 2012 were $2,345,000 compared to $4,312,000 for the comparable period in the prior year. This decrease of $1,967,000 was primarily attributable to the conclusion of the MODA C4I contract in October 2011. However, as indicated above, we expect revenues and therefore, cost of revenues to increase during the balance of this year as

award decisions are made in connection with several outstanding proposals and our U.S. Navy SPAWAR contract is expected to start releasing task orders during the third quarter of 2013. The gross profit margin for the year ended December 31, 2012 was 44.7% compared to 38.4% for the comparable period in the prior year as the Sysorex Arabia MODA C4I contract ended in 2011 and the Sysorex U.S. contracts yield higher profit margins.

Operating Expenses

Operating expenses for twelve months ended December 31, 2012 were $2,349,000 compared to $2,740,000 for the comparable period in the prior year. This decrease of $391,000 consisted of: a) decreases of $324,000 and $186,000 in compensation and consulting expenses, respectively, related to the conclusion of the MODA C41 contract in October 2011 as discussed in the preceding paragraphs; b) An increase of $331,000 in professional and legal fees related to the pursuit of the Company acquisition strategy as discussed in the preceding sections; and c) A decrease of $218,000 in other administrative expenses attributable to general cost containment measures. Operating expenses will increase for reporting and compliance costs once we are a reporting company with the SEC.

Loss From Operations

Loss from operations for the year ended December 31, 2012 was $455,000 compared to $48,000 for the comparable period in the prior year. This increase of $407,000 was attributable to the decrease in gross profit of $798,000 related to the conclusion of the MODA C41 contract in October 2011, as discussed in the preceding paragraph offset by the decrease of $391,000 in operating expenses as also discussed in the preceding paragraphs.

Other Income (Expense)

Other income (expense) for twelve months ended December 31, 2012 was an expense of $329,000, as compared to income of $79,000 for the comparable period in the prior year. This change of $408,000 consisted of: a) a decrease of $110,000 related to a gain on settlement of a vendor liability during 2011 for which there was no comparable amount present during 2012; b) a decrease related to an additional $319,000 interest expense primarily attributable to the debt incurred by us during 2012 to finance operations; and c) an increase of $18,000 related to the change in the fair value of our derivative liability for which there was no comparable amount during 2011.

Provision for Income Taxes

There was no provision for income taxes for the year ended December 31, 2012 as we were in a net loss position. Deferred tax assets resulting from such losses are fully reserved as of December 31, 2012 and 2011 since, at present we have no history of taxable income and it is more likely than not that such assets will not be realized. The provision for income taxes for the year ended December 31, 2011 of $31,000 represented the income tax provision for the Saudi subsidiary computed under Saudi Arabia tax law.

Net Income/Loss Attributable To Non-Controlling Interest

Net income/loss attributable to non-controlling interest for the year ended December 31, 2012 was a loss of $91,000 compared to income of $36,000 for the comparable period in the prior year. This change of $127,000 was attributable to the loss incurred at Sysorex Arabia due to the conclusion of the MODA C4I contract in October 2011.

Net Loss Attributable To Stockholders of Sysorex Global Holdings Corp.

Net income/loss attributable to stockholders of Sysorex Global Holdings Corp. for the year ended December 31, 2012 was a loss of $694,000 compared to a loss of $36,000 for the comparable period in the prior year. This increase of $658,000 was attributable to the changes described for the various reporting captions discussed above.

Non-GAAP Financial information

EBITDA is defined as net income (loss) before interest, provision for (benefit from) income taxes, and depreciation and amortization. Adjusted EBITDA as used by our Company's management as the matrix in which it manages the business 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 year ended December 31, 2012 was income of $83,000 compared to income of $394,000 for the comparable period in the prior year. Overall, Adjusted EBITDA compares favorably to the net loss attributable to stockholders of Sysorex Global Holdings Corp. as described in the following paragraph.

The following table presents a reconciliation of net income/loss attributable to stockholders of Sysorex Global Holdings Corp., which is our GAAP operating performance measure, to Adjusted EBITDA for the years ended December 31, 2012 and 2011:

	Year Ended 2012	Year Ended 2011
Adjusted EBITDA	$ 83,000	$ 394,000
Non-recurring one time charges (acquisition expenses and related charges of an acquisition that was not consummated)	(236,000)	-
Stock-based compensation – included in SG&A expense	(113,000)	(395,000)
Stock-based compensation – included in interest expense	(111,000)	-
Other interest expense	(239,000)	(31,000)
Provision for income taxes	-	(31,000)
Depreciation and amortization	(99,000)	(83,000)
Gain on settlement of obligations *	-	110,000
Change in fair value of derivative liability *	18,000	-
Other *	3,000	-
Net loss attributable to stockholders of Sysorex Global Holdings Corp.	$ (694,000)	$ (36,000)

* Included on our statement of operations as a component of other income

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

- To review and assess the operating performance of our Company as permitted by SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information";
- 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), and that 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:

- 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 to 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.

Results Of Operations - For The Quarter Ended March 31, 2013 Compared To The Quarter Ended March 31, 2012

Revenues

Revenues for the three months ended March 31, 2013 were $5,362,000 compared to $1,106,000 for the comparable period in the prior year. This increase of $4,256,000 was primarily attributable to the Lilien Acquisition effective March 1, 2013 and the inclusion of Lilien's revenues of $4,276,000 from the effective date of the acquisition. Revenues of $1,086,000 related to the historical Sysorex business were essentially unchanged. However, we expect historical Sysorex business revenues to increase during the balance of this year as award decisions are made in connection with several outstanding proposals and our U.S. Navy SPAWAR contract which was awarded to us in February 2013 is expected to start releasing task orders during the third quarter of 2013.

Costs of Revenues

Cost of revenues for the three months ended March 31, 2013 were $3,906,000 compared to $592,000 for the comparable period in the prior year. This increase of $3,314,000 was primarily attributable to the Lilien Acquisition effective March 1, 2013 and the inclusion of Lilien's cost of revenues of $3,313,000 for the month ended March 31, 2013. Costs of revenues of $592,000 related to the historical Sysorex business were essentially unchanged. However, we expect historical Sysorex business cost of revenues to increase during the balance of this year as award decisions are made in connection with several outstanding proposals and our U.S. Navy SPAWAR contract is expected to start releasing task orders during the third quarter of 2013. The gross profit margin for the three months ended March 31, 2013 was 27.2% compared to 46.5% for the comparable period in the prior year as the March 31, 2013 quarter included revenues for the month of March 2013 which have lower gross profit margins than the Sysorex service revenues.

Operating Expenses

Operating expenses for the three months ended March 31, 2013 were $2,418,000 compared to $606,000 for the comparable period in the prior year. This increase of $1,812,000 was primarily attributable to the Lilien Acquisition effective March 1, 2013 and the inclusion of Lilien's operating expenses of $982,000 from the effective date of their acquisition. Operating expenses related to the historical Sysorex business for the three months ended March 31, 2013 were $1,436,000 compared to $606,000 for the comparable period in the prior year. This increase of $830,000 consisted primarily of one-time non-recurring charges of $908,000 related to the acquisition of Lilien and consisted of legal, accounting, due diligence, financing and general and administrative expenses. All other operational expenses were comparable. Operating expenses will increase for reporting and compliance costs once we are a reporting company with the SEC.

Loss From Operations

Loss from operations for the three months ended March 31, 2013 was $962,000 compared to $91,000 for the comparable period in the prior year. This increase of $871,000 was primarily attributable to the historical Sysorex business for the three months ended March 31, 2013 which consisted of $942,000 compared to $91,000 for the comparable period in the prior year. This increase of $851,000 was attributable primarily to the inclusion of one-time non-recurring charges of $908,000 related to the acquisition of Lilien and consisted of legal, accounting, due diligence, financing and general and administrative expenses. All other amounts were comparable.

Other Expense

Other expense consisted primarily of interest expense and such interest expense for the three months ended March 31, 2013 was $533,000 compared to $6,000 for the comparable period in the prior year. This increase of $527,000 was attributable to $489,000 of non-cash change in the fair value of derivative liability for warrants issued and $38,000 in fees related to the closing of a prior credit facility and the borrowings under the Bridge Bank revolving line of credit in the amount of $4,200,000. The majority of those borrowings were used in connection with the acquisition of Lilien for the $3,000,000 cash payment to the seller and the $908,000 in one-time non-recurring charges included in operational expenses discussed above.

Provision for Income Taxes

The was no provision for income taxes for the quarter ended March 31, 2013 as we were in a net loss position. Deferred tax assets resulting from such losses are fully reserved as of December 31, 2012 and 2011 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 March 31, 2013 was $37,000 compared to $48,000 for the comparable period in the prior year. This decrease of $11,000 was attributable to the decrease in the loss of Sysorex Arabia and was not material.

Net Loss Attributable To Stockholders of Sysorex Global Holdings Corp.

Net income/loss attributable to stockholders of Sysorex Global Holdings Corp. for the three months ended March 31, 2013 was a loss of $1,458,000 compared to $49,000 for the comparable period in the prior year. This increase of $1,409,000 was attributable to the changes described for the various reporting captions discussed above.

Non-GAAP Financial information

Adjusted EBITDA for the three months ended March 31, 2013 was income of $211,000 compared to a loss of $27,000 for the comparable period in the prior year. Overall, Adjusted EBITDA compares favorably to the net loss attributable to stockholders of Sysorex Global Holdings Corp. as described in the following paragraph.

The following table presents a reconciliation of net income/loss attributable to stockholders of Sysorex Global Holdings Corp., which is our GAAP operating performance measure, to Adjusted EBITDA for the three months ended March 31, 2013 and 2012:

	3 Months Ended March 2013	3 Months Ended March 2012
Adjusted EBITDA	$ 211,000	$ (27,000)
Acquisition transaction costs - non-recurring one time charges	(908,000)	-
Stock-based compensation – included in acquisition costs	(195,000)	-
Stock-based compensation – included in SG&A expense	(148,000)	-
Change in the fair value of derivative liability	(489,000)	-
Other interest expense	(44,000)	(6,000)
Depreciation and amortization	(80,000)	(16,000)
Net loss attributable to stockholders of Sysorex Global Holdings Corp.	$ (1,458,000)	$ (49,000)

As previously indicated, 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.

Liquidity And Capital Resources as of March 31, 2013 Compared With December 31, 2012

The Company's net cash flows used in operating, investing and financing activities for the three months ended March 31, 2013 and 2012 and certain balances as of the end of those periods are as follows:

	2013	2012
Net cash used in operating activities	$ (895,000)	$ (57,000)
Net cash used in investing activities	(1,888,000)	(1,000)
Net cash provided by financing activities	3,967,000	41,000
Net change in cash	$ 1,184,000	$ (17,000)
Cash and cash equivalents at March 31, 2013 and December 31, 2012	$ 1,192,000	$ 8,000
Working capital at March 31, 2013 and December 31, 2012	$ (8,594,000)	$ (5,756,000)

Net cash flows related to operating activities during the three months ended March 31, 2013 and 2012 were a negative approximately $895,000 and $57,000, respectively, while our revenues were approximately $5,362,000 and $1,106,000, respectively. That increase in revenues was attributable to the Lilien Acquisition effective March 1, 2013 and the inclusion of Lilien's revenues totaling $4,276,000 in our consolidated results from the effective date of the Lilien Acquisition. Cash flows from operating activities were negative due to acquisition transaction costs of approximately $908,000 and for other potential acquisitions that were never consummated. Lilien is an information technology company whose operations complement and significantly expands our current base

of business and enables us to provide integrated consulting and implementation solutions and services to both government and private organizations in the United States, Middle East and South Asia. In that light, we expect significant increases in revenues and cash flows during 2013. Cash flows related to operating activities during the three months ended March 31, 2012 were, in comparison, minimal and consisted of normal operating activities.

Net cash flows related to investing activities during the three months ended March 31, 2013 and 2012 were a negative approximately $1,888,000 and $1,000, respectively. The negative cash flows related to the three months ended March 31, 2013 was comprised of a $3,000,000 investment in Lilien offset by $1,112,000 in cash acquired in connection with the acquisition of Lilien. Cash flows related to investing activities during the three months ended March 31, 2012 were minimal.

Net cash flows from financing activities during the three months ended March 31, 2013 and 2012 were a positive approximately $3,967,000 and $41,000, respectively. The positive cash flows related to the three months ended March 31, 2013 was comprised primarily of a $4,175,000 advance from a credit facility. Those funds were primarily utilized for the $3,000,000 investment in investment in Lilien plus the acquisition costs of approximately $908,000. The remaining net decrease of approximately $267,000 was comprised primarily of the repayment of notes payable and various balances due under other credit arrangements. Cash flows related to financing activities during the three months ended March 31, 2012 were, in comparison, minimal and consisted of advances of approximately $101,000 from Duroob Technology, Inc. ("Duroob"). The owners and management of Duroob own slightly less than 50% of our subsidiary operating in Saudi Arabia. Therefore, Duroob made such advances to us to support those operations while we pursued the acquisition and expansion strategy described in the preceding paragraphs.

Liquidity And Capital Resources - Bridge Bank Financing Agreement

In March 2013, we obtained a revolving line of credit for up to $5,000,000 through March 2015. Terms of this agreement include compliance with certain debt covenants, interest at the bank prime rate plus 2% per annum, and repayment of any outstanding principal balance in March 2015. We borrowed $4,175,000 under this Agreement in March 2013 to finance the acquisition of Lilien as previously discussed. The remaining $825,000 under this facility is available to us for general operating purposes.

Liquidity And Capital Resources - Contingency

In 2011, Sysorex Arabia, our 50.2% owned subsidiary, was named as a defendant in connection with legal suit filed by Mr. Darwish Fagiha alleging non-performance of certain contractual obligations by a Sysorex Shareholder. A judgment was entered against Sysorex Arabia in the amount of approximately $800,000. That amount has been paid by the Shareholder and Sysorex Arabia is waiting for the Saudi Courts to remove this judgment and release it from any claims. Until that time, Sysorex Global could be technically liable for 50.2% of the amount of that judgment.

Liquidity And Capital Resources - General

During the balance of 2013 we will be actively pursuing equity financing to provide us with the cash and working capital necessary to continue pursuing the acquisition and expansion strategy that was launched with the Lilien Acquisition in March 2013 and improve our working capital position. We expect our combined operations to be cash flow positive during 2013. If we are unsuccessful in raising additional capital or obtaining alternative financing during 2013, we might have to postpone or abandon our acquisition and expansion plans and/or curtail operations.

Liquidity And Capital Resources - December 31, 2012 Compared With December 31, 2011

The Company's net cash flows used in operating, investing and financing activities for the years ended December 31, 2012 and 2011 and certain balances as of the end of those periods are as follows:

	2012	2011
Net cash used in operating activities	$ (472,000)	$ (442,000)
Net cash used in investing activities	(4,000)	(6,000)
Net cash provided by financing activities	259,000	648,000
Net change in cash	$ (217,000)	$ 200,000
Cash and cash equivalents at year end	$ 8,000	$ 225,000
Working capital at year end	$ (5,756,000)	$ (4,916,000)

Net cash flows from operating activities during the years ended December 31, 2012 and 2011 were a negative approximately $472,000 and $442,000, respectively while our revenues were approximately $4,238,000 and $7,004,000, respectively. That decline in revenues was attributable to the completion of a major project with the Saudi government in monitoring the British Aerospace and

Lockheed project on Command and Control, C4I, during 2011. As discussed elsewhere in this document, we pursued an acquisition and expansion strategy during 2011 and 2012 and in March 2013 we completed the Lilien Acquisition which will enable us to provide integrated consulting and implementation solutions and services to both government and private organizations in the U.S., Middle East and South Asia. In that light, we expect significant increases in revenues and cash flows during 2013.

Net cash flows from financing activities during the years ended December 31, 2012 and 2011 were approximately $259,000 and $648,000, respectively. Such funding activities during those years consisted primarily of advances of approximately $568,000 and $1,113,000, respectively, from Duroob Technology, Inc. ("Duroob").

BUSINESS

Overview

Sysorex Global Holdings Corp. ("Sysorex" or the "Company"), provides information technology and telecommunications solutions and services to commercial and government customers primarily in the United States, as well as in the Middle East and India. We provide a variety of IT services and/or technologies that enable customers to manage, protect and monetize their enterprise assets whether on-premise, in the Cloud, or via mobile. Sysorex is a systems integration and consulting company and has a wide range of offerings, including, but not limited to: custom application/software design, architecture and development, data center design and operations services, command control, computer communication, intelligence (C4I) system consulting, program management and security solutions and services. Sysorex is currently engaged in an acquisition strategy to add cutting edge technologies and intellectual property that complement its services offerings. The targeted technologies typically include software and/or hardware products providing cyber security, mobile/bring your own device (BYOD) or big data/analytics capabilities.

Effective March 1, 2013, the Company acquired Lilien Systems ("Lilien") based in Larkspur, California, an information technology company, which significantly expanded its operations in the fields described above. Lilien delivers right-fit information technology solutions that help organizations reach their next level of business advantage. Lilien brings unsurpassed commitment, a highly qualified and educated staff with deep technical expertise, premier technology certifications, key manufacturer partnerships, and business vision to its solutions, enterprise computing and storage, virtualization, business continuity, networking and IT business consulting. See "Business - The Lilien Acquisition" below.

Management intends to accelerate introduction of the acquired technology/products of Lilien, as well as any potential acquisitions, by offering them through its U.S. federal government contracts by adding the solutions and services to its GSA schedule and other relevant contract vehicles where Sysorex is the prime contractor. Sysorex will leverage Lilien's sales force and customer base with any future acquisition as and when appropriate.

Corporate Strategy

Sysorex management has a mergers and acquisitions strategy to acquire companies and innovative technologies servicing the multi-billion dollar IT services industry. We have targeted services and technology/IP based companies. Sysorex will facilitate and manage cross-selling opportunities between the companies and provide shared corporate services to create efficiencies and be cost effective. We are seeking opportunities with the following profiles:

- Innovative and commercially proven technologies primarily in cyber-security, business intelligence/analytics, Cloud solutions and mobile.
- Commercial and government IT services companies, which have an established customer base seeking growth capital to expand their capabilities, product offerings and substantially increase their revenues and operating profits.
- Companies with profitable, proven technologies and complementary to the Company's overall strategy. We are looking at companies primarily in the U.S. However, we may expand in its existing markets (e.g., Saudi Arabia) and into other geographies, such as India, if there are significant strategic and financial reasons to do so.

An important element of our mergers and acquisitions strategy is to acquire companies with complementary capabilities/technologies and an established customer base in each of the afore-mentioned categories. The customer base of each potential acquisition will present an opportunity to cross-sell solutions to the other acquired companies customer base. For example, when we acquire a company that primarily specializes BYOD cyber security, we will be in position to market this solution to both Sysorex's public sector government clients and Lilien's private and public sector clients.

Another very important criteria is an acquisition candidate's contract backlog or customer base. This is one of the most important benefits of having public sector clients. These customers provide very large multi-year contracts that can provide secure revenue visibility typically for three to five years. We understand government contracting very well and have built a core competency in bidding on government requests for proposals (RFPs). We are actively seeking companies that have built a backlog with various government agencies that can complement Sysorex's existing contracts.

We intend to acquire innovative technologies and established, reputable IT services companies, using restricted common stock, cash and debt financing in combinations appropriate for each potential acquisition.

Industry Overview

Worldwide, companies and organizations are expected to spend a combined $3.8 trillion on hardware, software, IT services and telecommunications in 2013 with approximately 3.9% growth rate over the next five years (Source: Gartner, Inc. March 28, 2013 press release). While the U.S. avoided the fiscal cliff, the automatic sequestration that has mandated sudden cuts in government spending has offset anticipated gains. Although Europe has settled down, for the most part, intermittment sovereign debt issues (e.g., Cyprus) have also served as something of a setback.

The U.S. government spends approximately $80 billion in IT spending annually and this spending will continue although at a 3% compound annual growth rate (CAGR), compared with 6% historically in the first decade of the 21st Century. Security of all forms especially cyber-security are significant growth areas and Sysorex intends to increase its role in this sector. The focus is on deployment of technologies that have proved their worth in the private sector. The technology segments like business intelligence, cloud computing, eDiscovery, GIS and geospatial, non-relational database management systems, Smart Grid, SOA, unified communications and virtualization are expected to see double digit growth during 2013 – 2018. The total annual U.S. Federal IT market is expected to surpass $93 billion by 2018 (Source: Market Research Media - U.S. Federal IT Market Forecast 2013-2018.)

Corporate Structure

Sysorex has three operating subsidiaries: Sysorex Federal, Inc. (100% ownership) and its wholly owned subsidiary Sysorex Government Services, Inc. based in Herndon, Virginia, which focuses on the U.S. Federal Government market; Lilien Systems (100% ownership) based in Larkspur, California, and Sysorex Arabia LLC (50.2% ownership) is based in Riyadh, Saudi Arabia.

Mr. Nadir Ali is the Chief Executive Officer ("CEO") of Sysorex and the three Sysorex subsidiaries. Geoffrey Lilien is the CEO of Lilien Systems. Future acquisitions may be operated as separate business units or merged into one of the existing subsidiaries depending on its business focus.

Although the subsidiaries operate independently, they work in concert to cross sell and leverage each other's capabilities, technologies and customer base. Sysorex provides shared corporate services across the entities. We believe that the implementation and execution of our corporate strategy will benefit our shareholders and attract investors.

Corporate History

The Company was formed in Nevada in April 1999, under the name Liquidation Bid, Inc. It changed its name to Softlead, Inc. on September 9, 2003.

On March 2, 2011 by a majority vote of shareholders a special meeting, the Company elected to change its name to Sysorex Global Holdings, Corp.; affect a 1 for 20 reverse split of its stock; and acquired the Sysorex operational businesses. On June 2, 2011, the Company effected a 1 for 20 reverse split and changed its name to Sysorex Global Holdings Corp.

On July 29, 2011, the Company acquired all of the stock of the U.S. Federal Government business of Sysorex (Sysorex Federal, Inc. and its subsidiary Sysorex Government Services, Inc.) and 50.2% of the stock of the operating unit of Sysorex engaged in Saudi Arabian Government contracts (Sysorex Arabia, LLC). The acquisition was based on a share exchange, with Sysorex shareholders being issued 14,600,000 restricted common shares of the Company for stock of the three operating entities.

The Company recapitalized itself by amending its articles of incorporation on August 3, 2011 and increased its authorized common stock to 30,000,000 common shares, with a par value $0.001 per share. On September 1, 2011, the Board of Directors and the majority shareholders authorized the increase of the authorized shares from 30,000,000 to 40,000,000; however, the filing of the Amendment to the Articles of Incorporation was not filed with the State of Nevada until April, 2012.

Effective March 20, 2013, the Company completed the acquisition of the assets of Lilien LLC and 100% of the stock of Lilien Systems in exchange for $3,000,000 cash and 6,000,000 shares of common stock, which are being registered in this registration statement.

Sysorex Products and Services

Sysorex's focus is largely on services and related solutions; its solutions are primarily software and select high-end hardware products required for our contracts. Sysorex services cover a full range of systems integration, cyber-security, Business Intelligence (BI)/Analytics, mobile/bring your own device (BYOD) and custom application development services as described in the table below. Sysorex also assists customers with:

- assessment of available solutions;
- strategy to apply these solutions to existing processes;
- road-map for streamlining processes to take advantage of new technologies;
- management and implementation resources to deliver a solution; and
- maintenance, training and support of solutions.

Project/Program Management & Independent Validation & Verification	Sysorex provides life-cycle comprehensive Project & Program Management services, reorganization/cost-cutting strategies IV&V services and training. Recent projects include C41SR system implementation to Fiber Network roll-out.
Custom Application Development & Enterprise Architecture Design	Providing technology consulting (architecture; platform; technology) and outsourced product design; SOA development; enhancement; testing for enterprise, mobile, etc. On-site; off-site; off-shore or a combination.
Green Data Center Design & Operations & Facilities Management	Providing full service infrastructure management and managed services on-site or remotely; design, build, operate and manage data centers using Green methodologies and solutions.
Security (Cyber/Network, Physical, Information), Critical Infrastructure Protection	Designing and implementing solutions that integrate physical (surveillance/access control) to cyber security; information assurance, designing and implementing security policies and re-designing business processes; secure information sharing and collaboration solutions; etc.
Business Intelligence/Analytics	Business Intelligence and Analytics in real-time using semantic ontologies and other methodologies. Predictive Analytics; Forensics, and Decision Support Systems.

Lilien Systems Products and Services

On March 20, 2013, Sysorex Global Holdings, Corp., acquired substantially all of the assets and liabilities of Lilien, LLC and 100% of the stock of Lilien Systems, a California corporation with an effective date of March 1, 2013. Founded in 1984, Lilien Systems based in Larkspur, California, had approximately $42 million in revenues in 2012. Lilien Systems currently serves approximately 700 commercial businesses in California, Oregon, Washington and Hawaii with its approximately 50 employees as of December 31, 2012.

Lilien delivers right-fit information technology solutions that help organizations reach their next level of business advantage. Lilien brings high level commitment, technical expertise and business vision to its solutions – enterprise computing and storage, virtualization, business continuity, networking and IT business consulting. Lilien leverages almost 29 years of deep industry experience to deliver the right solution.

As a trusted advisor, Lilien builds long lasting relationships. As a team, Sysorex delivers best-of-breed products and innovative solutions that enable customers to solve complex technology challenges and business objectives while driving increased shareholder value. We achieve this through partnership, collaboration, and understanding of our customer's goals while employing individuals who are confident, competent and committed to success.

Lilien is regularly recognized for thought leadership and performance. CRN recently recognized Lilien as one of the 50 fastest-growing VARs in the nation over the last three years. For 2009, Lilien was named *Top Partner* for *HP Storage Sales* in a nationwide field by Avnet, one of the largest distributors of technology products in the U.S. The year before, Lilien was honored with Avnet's *Innovation Award* and CRN's *Best Partnership Award*, for our collaboration with HP on delivering customer value. Since 2006, Lilien has been included in CRN's annual *VAR500 (top 500 VARs in the U.S.),* confirming its position as a leading provider of IT solutions in its region and across the nation.

Lilien is a full-service solutions integrator, effecting sales of hardware and software for enterprise infrastructure solutions. Since 1984, Lilien has helped accelerate business with expert guidance on tomorrow's game changing solutions. Lilien develops customized data management strategies, offers best-of-breed products and backs them up with superior technical and customer service teams. Lilien core practice areas include:

- Big Data – mine terabytes of data from disparate sources in real time
- Advanced Analytics – fastest, most robust BI platforms for your data warehouse
- Secure Wireless Networking – addressing today's proliferation of mobile devices
- Enterprise IT as a Service – most efficient use of IT resources
- Converged Infrastructure – integrating resources and promoting business agility

Lilien enjoys a leadership position among solution providers in the Western United States. Lilien holds premier partner status with many of its Technology Partners as a result of its commitment to solution training, our business orientation and our performance. In addition, Lilien is regularly recognized by the industry as a top Solution Integrator/VAR, and was recently named to CRN's inaugural Tech Elite 250, which recognizes the top IT organizations in the U.S.

The Lilien Acquisition

The purchase price for Lilien, under the Asset Purchase & Merger Agreement (the "APMA"), effective March 1, 2013 was $9,000,000. This consisted of the cash payment of $3,000,000 and the issuance of 6,000,000 shares of restricted Common Stock of the Company with an agreed upon value of $6,000,000, or $1.00 per share.

Under the APMA, the Company issued an aggregate of 6,000,000 shares of its Common Stock to the members of Lilien, LLC (the "Former Lilien Members") in exchange for all of the outstanding capital stock of Lilien Systems. All of the Company's 6,000,000 shares issued in the Lilien Systems Acquisition (collectively, the "Company Shares") are subject to Lock-up/Leak-out and Guaranty Agreements. All of the Former Lilien Members, including Geoffrey Lilien, who continued as CEO of Lilien, Bret Osborn, President of Lilien and Dhruv Gulati, EVP of Lilien cannot sell any of their Company Shares for a six-month period beginning on the effective date of a secondary offering by the Company. In addition, Geoffrey Lilien can sell up to $1,000,000 in such secondary offering. The Company contingently guaranteed (the "Guaranty") to the Former Lilien Members the net sales price of $1.00 per share for a two year period following the closing, provided the stockholders are in compliance with the terms and conditions of the lock-up agreement. At the end of the two year Guaranty period the Former Lilien Members shall have an option to put all, but not less than all, of their unsold Sysorex shares to Sysorex, for the price of $1.00 per unsold share. Notwithstanding the foregoing, in the event the gross profit for calendar 2013 and 2014, attributable to the Lilien assets is more than 20% below what was forecasted to the Company the Guaranty will be proportionately reduced.

Under the APMA, the Former Lilien Members were entitled to any excess cash above $1,000,000, provided both Lilien's net worth immediately preceding the closing was greater than $1,000,000 and its net worth less excess cash of at least $1,000,000 was greater than $ 1,000,000. As a result of a post-closing adjustment, since net worth was less than $1,000,000 the former Lilien Members refunded to the Company $350,966.

Upon the completion of the Lilien Acquisition, Geoffrey Lilien, Bret Osborn and Dhruv Gulati were elected to the Company's then existing Board of Directors of three persons. Sysorex and Lilien agreed to mutually elect an independent seventh director, who has not yet been elected. Sysorex also agreed to nominate Lilien's three representatives for re-election for two successive shareholder meetings.

Market Size

Worldwide, companies and organizations are expected to spend a combined $3.8 trillion on hardware, software, IT services and telecommunications in 2013 (Source: Gartner, Inc. March 2013 Forecast.) That is $100 billion higher than the last forecast it made in October 2012.

While the U.S. avoided the fiscal cliff at the end of 2012, that cast a pall over everything related to the global economy, including IT spending, the automatic sequestration that has mandated sudden cuts in government spending has offset anticipated gains. And while Europe has settled down, for the most part, intermittent sovereign debt issues (e.g., Cyprus) have also served as something of a setback.

Spending on devices — smartphones, tablets and printers — has grown exponentially, which should not surprise anybody, and will continue to grow, Gartner said. Last year, spending on devices was $665 billion globally, and is expected to reach $718 billion this year, or 8 percent more.

Spending on enterprise software is running a close second, and is expected to grow this year by more than 6 percent to $297 billion. In this sector, a slowdown in IT operations management software is being offset by growth in spending on database management systems.

IT services and data center systems are also expected to grow this year, but a bit more slowly than in the previous forecast. Spending is coming down in the near-term on external storage and in Europe. IT services is seeing some intense price competition and redirection of budgets away from new consulting projects.

The slowest-growing segment will be telecom services, which declined last year. Gartner says it will generate about $1.7 trillion in revenue, up about 2 percent from last year. Declines in spending on voice are being offset by mobile data.

Government IT Services and Solutions Market

The U.S. government spends approximately $80 billion on IT annually. This spending is expected to continue at a 3% growth rate vs. 6% historically, because of the sequester. Security of all forms especially cyber-Security are significant growth areas and Sysorex intends to increase its role in this sector. Sysorex Government Services, Inc. ("SGS") is servicing U.S. Government customers in both civilian and defense agencies. SGS provides a variety of IT Solutions and services through its various government contract vehicles including our GSA Schedule, SPAWAR, TEIS-III, SITE, and others. SGS serves as a prime and subcontractor depending on the contract. SGS is also well positioned to win Foreign Military Sales (FMS) contracts leveraging the Company's presence overseas.

With a cumulative market valued at $518 billion (2013 – 2018), the U.S. Federal IT market will grow steadily – at about 3% CAGR over the period 2013 – 2018. The projected growth rate of 3% is less than historical average 6% in the first decade of 21st century, reflecting not only the struggling economy and budget pressures, but also confidence in better performing government IT machine at lower costs.

Our focus is on deployment of technologies with proven worth in the private sector. Technology segments like business intelligence, cloud computing, eDiscovery, GIS and geospatial, non-relational database management systems, Smart Grid, SOA, unified communications and virtualization are expected to experience double digit growth in the period from 2013 to 2018. Total annual U.S. Federal IT market will surpass $93 billion by 2018 (Source: Market Research Media - U.S. Federal IT Market Forecast 2013-2018.)

Despite sequestration, the U.S. government is still expanding its cyber security force, a fact not lost either on America's adversaries or allies in the undeclared but raging cyber war. China's cyber threat is nothing new, yet evidence of China-originated attacks has increased at a frightening rate. Despite the bleak budgetary environment, the U.S. government sector is witnessing a blossoming of investments in cyber security technologies. The government IT market is expected to continue to grow under the Obama Administration as funds shift from Defense to Civilian Agencies and the government tries to create jobs and opportunities for businesses like Sysorex. Many government agencies continue to struggle with:

- Standalone applications/technology silos
- Interoperability issues
- Information sharing challenges
- Cyber-security challenges
- A critical lack of internal IT skills and resources
- Technology is evolving fast for government employees to keep up
- Government is outsourcing civilian positions under the A-76 Rule
- Government cannot successfully attract and maintain required technical staff for critical systems development
- The on-going war on terrorism, Iraq and Afghanistan and homeland security requirements has forced the government to expedite critical system deployments. This will continue despite the focused shift to civilian agencies
- The larger established integrators often move too slowly, miss many smaller critical pilot opportunities and have rigid structures that inhibit innovation.

Sysorex expects to provide a variety of systems integration services to many government agencies. Many of our target clients have specialized systems that need to be modernized, integrated or connected to the Cloud, all with proper security infrastructure and resulting in efficiencies. Government customers are also looking to create more efficient systems to deploy green IT pursuant to government guidelines. This could be LEED certification by "greening" federal buildings or simply improving energy utilization from large complex systems by using cutting edge IT and alternative energy technologies.

Cyber security:

"Federal agencies have spent more on cyber security than the entire GDP of North Korea, who some have speculated is to be involved with some of this cyber-attacks," said Senator Thomas. L. Carper. "The issue of Cyber Warfare is not science fiction anymore. It's reality."

The short- to long-term federal cyber security investments will be driven by:

- an ever-increasing number and severity of cyber-attacks,
- dramatic expansion in computer interconnectivity and the exponential increase in the data flows and computing power of the government networks;
- perception of the U.S. adversaries that the United States is dependent on information technology and that this dependency constitutes an exploitable weakness;
- developments in the existing cyber security approaches and technologies and emergence of new technologies and approaches.

With a cumulative market valued at $65.5 billion (2013 – 2018), the U.S. Federal Cyber security market will grow steadily – at about 6.2% CAGR over the next six years.

Cloud Services:

Spending on public Cloud services is expected to increase 20 percent, to $109 billion, from $91 billion in 2011. By 2016, Gartner said, this expenditure could nearly double, to $207 billion.

Big Data/Analytics:

The volume, velocity and variety of big data can be overwhelming to IT organizations and their leaders. Gartner predicts that by 2015, big data demand will reach 4.4 million jobs. While this provides many opportunities to collect, manage and deploy data, a well thought out strategy is needed. According to a recent Gartner Survey ("*Predicts 2013: Information Innovation*"), 42% of respondents stated they had invested in big data technology or were planning to do so within a year.

Gartner predicts that by 2015, 20% of Global 1000 organizations will have established a strategic focus on information infrastructure equal to that of application management. This is one of five Gartner predictions about big data and information infrastructure discussed in "*Predicts 2013: Big Data and Information Infrastructure*," a November 30, 2012 report that describes in detail how the big data phenomenon will affect organizations, resources and information infrastructure.

"Big Data Adoption in the Logical Data Warehouse" February 7, 2013, reports on the results of a Gartner study about big data. For example, over 40% of all organizations plan on using the data warehouse and data integration practices.

Mobile/BYOD:

The mobile software and services capabilities are a market that is predicted by McKinsey & Co. to reach $130 billion in revenue by 2015. According to Forrester Research statistics provided by IBM, mobile spending is predicted to reach $1.3 trillion by 2016. In addition, there are expected to be 200 million employees bringing their mobile devices to work by 2016.

Sales and Marketing

Sysorex has built a core competency in bidding on government RFPs. It utilizes its internal bid and proposal team as well as consultants to prepare the proposal responses for government clients. Sysorex also uses business development, sales and account management employees or consultants and will increase these departments as the Company grows.

Lilien Systems utilizes direct marketing through approximately 20 outside and inside sales representatives, who are compensated with a base salary and commission, and relationships with customers and channel partners to generate new projects. Lilien Systems also maintains the following web site: www.lilien.com.

Customers

Sysorex

In the U.S., Sysorex has already re-established itself with a variety of government contracts and subcontracts serving the U.S. Army, FAA, DHS, Army Corps of Engineers, U.S. Navy, Department of Defense, Department of Health and Human Services and others. Sysorex is currently providing services, solutions or training to the following customers and holds a variety of contracts (either as a prime or subprime contractor):

- U.S. GSA Schedule 70 (prime contractor)
- U.S. Navy SPAWAR BFS Pillar (prime contractor)
- GSA Alliant (subcontractor to CSC)
- DIA - SITE– (subcontractor to Lockheed Martin)
- Department of Treasury – TIPPS 4 (subcontractor to VIP)
- U.S. Army Rock Island Arsenal (prime contractor)
- FAA e-FAST (subcontractor to HiTec Systems)
- U.S. Army – ITES-2 (subcontractor to NCI & ManTech)
- DoD– Encore II (subcontractor to Lockheed Martin & ManTech)
- BOSS-U – (subcontractor to Northrop Grumman)
- Saudi War College (Foreign Military Sales Project, subcontractor to SAIC)
- DoD - PORTICO Program – (subcontractor to Lockheed Martin)
- TEIS III – (subcontractor to General Dynamics)

Lilien Systems

Lilien Systems' key customers in 2012 were BioRad, Healthnet, Gilead Sciences, E&J Gallo, J.G. Boswell Company, and several other commercial customers and several state, local and educational agencies including City of Kirkland, City of Oakland and Hawaii Electric Co.

Competition

Sysorex

The market-space for those providing IT solutions and services is competitive throughout the world. However, the government sector is less competitive as fewer companies understand how to successfully penetrate the government tendering process. The management of Sysorex has 30 plus years of experience in this area and knows how to compete against the smallest to the largest players. In the past, our predecessor Sysorex went head to head with companies such as EDS, Micron, IBM, and Accenture on large government projects and was able to compete effectively. We are seeking to do the same going forward.

Competition comes in a variety of forms in today's global economy. There are large systems integrators and defense contractors as well as small businesses, 8a, Women-owned, Veteran Disabled, Alaskan Native, etc. Some of these players include: Global Defense & IT Services Companies: IBM Global Services, LogicaCMG, CSC, ATOS Origins, Northrop Grumman, Raytheon IT Services, SAIC, etc. Sysorex will also face new competitors as it makes acquisitions in its target areas of cyber-security; Big Data; cloud services; mobile/BYOD; etc. These will range from services companies to companies with products and technologies.

Traditional Consulting Firms include: KPMG, Accenture, Ernst & Young

Medium/Small Businesses include: Starry Associates, Eyak Technologies, Hi-Tec Systems, Inc., CACI, Apptis, Cylab and many others.

Indian IT Services Firms include: Wipro, TCS, Infosys, HCL, Polaris

Middle East IT Services Firms include: Jeraisy Group, Ebttikaar, Ejada, ACS, NATCOM

This complex landscape of domestic and multi-national services companies creates a challenging environment, however, Sysorex has a successful history and brand that it can leverage. Our strategy is to be a global services provider with presence in two high growth markets (India and Middle-East). Our focus is on public, as well as private sectors, which gives it a balanced and strong based for success.

Lilien Systems

The enterprise infrastructure and IT VAR industry is highly competitive. Lilien competes with various types and sizes of companies ranging from local and national service providers such as Bear Data, LLC, enPointe Technologies and sometimes manufacturers of the products themselves. Lilien differentiates itself because it brings unsurpassed commitment, technical expertise and business vision to its solutions – enterprise computing and storage, virtualization, business continuity, networking and IT business consulting.

Intellectual Property

The Company currently does not have any legally filed trademarks for the names Sysorex or Lilien although it has assigned value to the Lilien trade name as part of the acquisition accounting. Sysorex is investigating a trademark and is also looking at future acquisitions which have intellectual property with patents, trademarks, etc. Sysorex believes that it does not infringe upon any intellectual property rights held by other parties.

Employees

As of March 31, 2013, Sysorex Global Holdings Corp. had 30 employees, including its two executive officers and one administrative person. Lilien Systems had 50 full-time, non-union employees, including the executive officers and no part-time employees.

Properties

The Company's executive offices are located at 3375 Scott Blvd. Suite 440 Santa Clara, CA 95054; Tel (408) 702-2167. The Company entered into a 12 month lease for the facility commencing in August 2012 at a monthly rental of $1,785 for approximately 1,275 square feet of office space. Sysorex Government Services/Sysorex Federal offices are located at 13800 Coppermine Road, Suite 300, Herndon, VA 20171 under a lease which ends on August 31, 2013. The monthly rental is $175 for virtual office space. Sysorex' fixed assets include computers, servers, desks, chairs, conference table and other miscellaneous office equipment.

Lilien's executive office is located at 17 E. Sir Francis Drake Blvd. Suite 110 Larkspur, CA 94939. The monthly rental is $18,421.65 for approximately 6,062 square feet of office space.

Sysorex Arabia LLC maintains an office at Akaria Center, Building 1, Suite 302-2, Riyadh, Saudi Arabia. The lease was renewed for a one year until February 6, 2014, at an annual rental of approximately $16,500.

Legal Proceedings

From time to time, the Company may become involved in litigation relating to claims arising out of its operations in the normal course of business. No legal proceedings, government actions, administrative actions, investigations or claims are currently pending against us or involve the Company which, in the opinion of the management of the Company, could reasonably be expected to have a material adverse effect on its business or financial condition.

There are no proceedings in which any of the directors, officers or affiliates of the Company, or any registered or beneficial stockholder, is an adverse party or has a material interest adverse to that of the Company.

MANAGEMENT

Set forth below is certain information regarding our executive officers and directors. Each of the directors listed below was elected to our board of directors to serve until our next annual meeting of stockholders or until his (her) successor is elected and qualified. All directors hold office for one-year terms until the election and qualification of their successors. The following table sets forth information regarding the members of our board of directors and our executive officers:

Name	Age	Position
Abdus Salam Qureishi,	76	Chairman of the Board of Directors
Nadir Ali	44	CEO & Director
Wendy Loundermon	42	Chief Financial Officer, Secretary, President Sysorex Government Services, Inc.
Geoffrey Lilien	49	CEO Lilien Systems, Director
Bret Osborn	48	President Lilien Systems, Director
Dhruv Gulati	50	EVP Lilien Systems, Director
Abdul-Aziz Salloum	52	General Manager, Partner Sysorex Arabia
Nabil Abdul Baqi	71	VP Business Development Sysorex Arabia
Leonard Oppenheim	66	Director

Management Team

The CEO of Sysorex Global is Nadir Ali. He has been responsible for Sysorex's growth since prior to its sale to Vanstar Corporation in 1997 where he managed a $165 million annual federal government business. The Sysorex management team in the U.S., consisting of Nadir Ali and Wendy Loundermon, Chief Financial Officer, has recently won contracts with the U.S. Navy, U.S. Army, Homeland Security, U.S. Treasury, Department of Defense, FAA and others. Mr. Ali has an employment contract with the Company.

Geoffrey Lilien serves as the CEO of Lilien Systems with Bret Osborn as the President and Dhruv Gulati as the EVP of Lilien Systems. All three Lilien executives have 2-year employment contracts. This team is responsible for the operations of Lilien Systems.

Mr. Abdul-Aziz Salloum as General Manager heads Sysorex Arabia operations. He is responsible for the day-to-day operations of Sysorex Arabia. Nabil Abdul-Baqi is the VP of local business development activities and business partnerships. Mr. Abdul-Baqi has an employment contract.

Abdus Salam Qureishi, Chairman

Abdus Salam Qureishi is the Founder and Chairman of the Board of Directors, and was the CEO of the predecessor of Sysorex. Until September 2011, he was also Chief Executive Officer. He launched Sysorex Information Systems (SIS) in 1972 establishing the company as a major force in the international computer industry. In less than four years he brought the company to prominence with offices in key cities and clients worldwide. SIS became one of the leading providers of information technology solutions to U.S. Federal government customers worldwide. Headquartered in the Washington, D.C. metropolitan area, SIS was awarded and successfully managed multi-year multi-million dollar contracts, before being sold to the Vanstar Corporation in 1997.

Additionally, during his career, Mr. Qureishi invented, developed, and marketed a highly successful player selection/organization system used by three major NFL championship-winning athletic teams. He conceived, designed, and installed a personnel-testing system for a 300,000-person organization. The system effectively evaluated numerous behavioral, professional, and performance facets of key employees in the organization. Mr. Qureishi has also managed the development, marketing, and implementation of a broad series of successful computer application programs in business, education, and government. Mr. Qureishi is the father-in-law of Nadir Ali, the Company's CEO.

Nadir Ali, CEO

Nadir Ali was elected CEO of the Company in September 2011. Prior thereto, from 2001, he served as President of Sysorex Consulting and its subsidiaries. As CEO of the Company, Nadir is responsible for establishing the vision, strategic intent, and the operational aspects of Sysorex. Nadir works with the Sysorex executive team to deliver both operational and strategic leadership and has over 15 years of experience in the consulting and high tech industries.

Prior to Sysorex, from 1998-2001, Nadir was the co-founder and Managing Director of Tira Capital, an early stage technology fund. Immediately prior thereto, Nadir served as Vice President of Strategic Planning for Isadra, Inc., an e-commerce software start-up. Nadir led the company's capital raising efforts and its eventual sale to VerticalNet.

From 1995 through 1998, Nadir was Vice President of Strategic Programs at Sysorex Information Systems (acquired by Vanstar Government Systems in 1997) a leading computer systems integrator. Nadir played a key operations role and was responsible for implementing and managing the company's $1 billion plus in multi-year contracts.

From 1989 to 1994 he was a management consultant, first with Deloitte & Touche LLC in San Francisco and then independently. Nadir received a Bachelor of Arts degree in Economics from the University of California at Berkeley in 1989. Mr. Ali is the son-in-law of Abdus Salam Qureishi, the Company's Chairman of the Board.

Wendy Loundermon, Chief Financial Officer

Ms. Loundermon has overseen all of Sysorex's finance, accounting and HR activities since 2002. She is responsible for the preparation and filing of financial statements and reports for all companies, tax return filings, negotiating vendor credit terms, banking relationships, and managing the accounting staff. Ms. Loundermon also assists in 401(k) activities and prepares financial projection and budgeting models. Ms. Loundermon and her team manage all of the HR activities for the Company including payroll, employment contracts, compensation packages, health plans, etc. Ms. Loundermon received a Bachelor of Science degree in Accounting and a Masters of Science degree in Taxation from George Mason University.

Geoffrey Lilien, CEO, Lilien Systems

Geoffrey Lilien was elected CEO of Lilien Systems upon the Company's acquisition of Lilien on March 20, 2013. Prior thereto, he was President from 1984-2010, Chairman from 1984-2013 and CEO from 2003 to 2013. He has overseen Lilien's growth from his being the only employee to having five offices in four states with over 50 employees. Geoffrey has authority over the operations of Lilien including sales/marketing, business development, program management, partnerships, etc. Geoffrey's leadership in the reseller community includes his participation on HP Enterprise Council and Avnet Executive Partner Council, and is regularly quoted in CRN and other trade press. In 2009, he received the VAR 500 Best Partnership Award recognizing nearly two decades of successful partnering with Hewlett-Packard. Geoffrey has a B.S. in Applied Science and Business from the University of San Francisco.

Bret Osborn, President, Lilien Systems

Bret Osborn was elected President of Lilien Systems, upon the Company's acquisition of Lilien on March 20, 2013. Prior thereto, he held the position of President with Lilien since 2005. Bret is responsible for the general operations of Lilien and sets Lilien's strategic direction, oversees the Company's sales, marketing and services organizations, and manages partner relationships. Since Bret jointed Lilien in 2005 as Vice President of Sales, Lilien has doubled in employees, quadrupled in revenue, and made VAR Business's list of Top 50 fastest growing VARs.

Prior to joining Lilien, from 2003-2004, Bret was Regional Vice President for BlueArc. Corp., where his key responsibilities included strategy formulation, team acquisition, solution development, sales, and account penetration strategies.

From 1997-2002, Bret was Area Vice President for EMC Corporation, where he helped grow the business from $10 million to $110 million per year. Bret has a B.A. in Speech Communications and Minor in Business Administration from Humboldt State University.

Dhruv Gulati, EVP Lilien Systems

Dhruv Gulati was elected EVP of Lilien Systems upon the Company's acquisition of Lilien on March 20, 2013. Prior thereto, he held the same position with Lilien since 1992. Dhruv is responsible for the business development of Lilien, where he is responsible for partner relationships for the purpose of building synergies that drive revenue growth for the Company. Individually, Dhruv has been one of the top revenue producers for Lilien over the past 20 years.

As Managing Director at GG Ventures SA, Dhruv has also founded and built a property development business in Nicaragua called El Encanto del Sur, where Dhruv manages finance, marketing and investor relations for the ongoing business. Dhruv has a B.S. in Manufacturing Design and Process from San Francisco State University, with a Minor in Business Administration from San Francisco State University.

Abdul Aziz Salloum, General Manager, Partner, Sysorex Arabia

Mr. Salloum has been the General Manager of Sysorex Arabia since becoming co-owner in January 2011. He owns 49.8% of the capital stock of Sysorex Arabia while the Company owns 50.2%. Mr. Salloum is responsible for the day-to-day operations of this subsidiary. He has extensive experience in the IT Solutions and Services market in the Middle East. Prior to joining Sysorex Arabia he was a partner and Head of Computer Associates Middle East operations. He is also a Partner and CEO of Duroob Technology, which has over SR150 million in contracts in the Middle East.

Nabil Abdul-Baqi, Vice President, Business Development– Sysorex Arabia

Mr. Abdul-Baqi has served as Vice President of Sysorex Arabia since 2006. He has over 30 years of business development and management level experience in Saudi Arabia working for leading local IT companies including most recently NATCOM. He has excellent relationships with many vendors and partners that Sysorex Arabia will need to work with and he also has extensive client relationships in a variety of Ministries and private companies. He is originally from Jordan, but has been settled in Riyadh for over 30 years.

Board of Directors

The Sysorex Board of Directors includes:

Mr. A. Salam Qureishi, Chairman -- see “Management Team” above

Mr. Nadir Ali, CEO -- see “Management Team” above

Mr. Geoffrey Lilien, CEO Lilien Systems -- see “Management Team” above

Mr. Bret Osborn, President Lilien Systems -- see “Management Team” above

Mr. Dhruv Gulati, EVP Lilien Systems -- see “Management Team” above

Mr. Leonard A. Oppenheim – Director – Mr. Oppenheim has served as a director of the Company since July 29, 2011. Mr. Oppenheim retired from business in 2001 and has since been active as a private investor. From 1999 to 2001, he was a partner in Faxon Research, a company offering independent research to professional investors. From 1983 to 1999, Mr. Oppenheim was a principal in the Investment Banking and Institutional Sales division of Montgomery Securities. Prior to that, he was a practicing attorney. Mr. Oppenheim is a graduate of New York University Law School. Mr. Oppenheim serves on the Board of Apricus Biosciences, Inc. (Nasdaq:APRI), a publicly held bioscience company.

There are no family relationships among any of our directors and executive officers other than Mr. Qureishi is the father-in-law of Mr. Ali.

Board of Advisors

Sysorex has established a Board of Advisors to review transactions, including, but not limited to, mergers and acquisitions in which Sysorex is involved, as well to consult and advise Sysorex on any proposed or potential transactions and to recommend any significant contracts or transactions that Sysorex should pursue. Members of the Board of Advisors, acting as independent contractors shall provide consulting services from time to time as requested by the Company. The Company will enter into individual consulting agreements with each member of the Board of Advisors to be negotiated on a case by case basis.

Robert Guerra

Mr. Guerra joined the Sysorex Board of Advisors in 2011. He has since 2002, been the Executive Vice President of Guerra Kiviat, Inc., a strategic sales consulting firm specializing in Federal Government solution selling, sales strategy and tactics, and market analysis and positioning. Immediately before that he was a founding Partner of Guerra, Kiviat, Flyzik & Associates, Inc. Previous to that, he was the President of Robert J. Guerra & Associates for eight years.

Mr. Guerra is a highly respected veteran in the Federal Information Technology (IT) community. On five (5) occasions (1993, 1994, 1998, 2001, and 2003) Mr. Guerra was selected as one of *Federal Computer Week's* Federal 100 award recipients. The Federal 100 is an annual selection of leading federal government and industry executives, nominated by readers and selected by a panel of Federal IT executives. He is one of only two private sector executives to be so honored this many times in the history of the award. He has also been selected as the Federation of Information Processing Councils (FGIPC) “Industry Executive of the Year.”

Mr. Guerra was Executive Vice President of Sysorex Information Systems Inc. from 1995 to 1997, where he oversaw the identification, account development, contract capture, and contract implementation aspects of the company’s Federal IT business. He also served as Vice President of Strategic Programs at Falcon Micro Systems, a major provider of Information Technology solutions to Federal agencies. Prior to that Mr. Guerra served as President of Everex Federal Systems Inc. where he led federal sales from $22 million a year to federal sales in excess of $160 million in 18 months. His background includes a 14-year career at the Xerox Corporation and a career at Federal Data Corporation (FDC) where he engineered the sale of FDC’s client/server subsidiary to Everex Systems Inc. He was active in the Math Box Inc. (later MBI Business Centers) three public stock offerings in 1983 and 1984.

Mr. Guerra served as the founding President of the Bethesda/National Institutes of Health (NIH) chapter of the Armed Forces Communications & Electronics Association (AFCEA), and now serves on its Advisory Committee. He has served on the NIH AFCEA sponsored gala for 13 years assisting in raising over $3.2 million in contributions. Mr. Guerra holds a Bachelor of Business Administration degree concentrating in Finance, from St. John Fisher College in Rochester, New York. He currently resides with his family in Ashburn, Virginia.

Director or Officer Involvement in Certain Legal Proceedings

Our directors and executive officers were not involved in any legal proceedings as described in Item 401(f) of Regulation S-K in the past ten years.

Directors and Officers Liability Insurance

We have directors' and officers' liability insurance insuring our directors and officers against liability for acts or omissions in their capacities as directors or officers, subject to certain exclusions. Such insurance also insures us against losses, which we may incur in indemnifying our officers and directors. In addition, officers and directors also have indemnification rights under applicable laws, and our certificate of incorporation and bylaws.

Independent Directors

We believe Len Oppenheim is an "independent director," as that term is defined by listing standards of the national exchanges and SEC rules, including the rules relating to the independence standards of an audit committee and the non-employee director definition of Rule 16b-3 under the Securities Exchange Act of 1934. We intend to bring on additional independent directors shortly.

Committees of the Board of Directors

Currently, our Board of Directors acts as audit, nominating, corporate governance and compensation committees. The Board of Directors has adopted charters relative to its audit committee, compensation committee and nominating committee. Until such time as we add more members to the Board, the entire Board will determine all matters and no Committees have been formed. We intend to appoint persons to the board of directors and committees of the board of directors as required to meet the corporate governance requirements of a national securities exchange, although we are not required to comply with these requirements until we elect to seek listing on a national securities exchange. We intend to appoint directors in the future so that we continue to have a majority of our directors who will be independent directors, and of which at least one director will qualify as an "audit committee financial expert," prior to a listing on a national securities exchange.

Audit Committee

The audit committee's duties are to recommend to our board of directors the engagement of independent auditors to audit our financial statements and to review our accounting and auditing principles. The audit committee reviews the scope, timing and fees for the annual audit and the results of audit examinations performed by independent public accountants, including their recommendations to improve the system of accounting and internal controls. The audit committee oversees the independent auditors, including their independence and objectivity. However, the committee members are not acting as professional accountants or auditors, and their functions are not intended to duplicate or substitute for the activities of management and the independent auditors. The audit committee is empowered to retain independent legal counsel and other advisors as it deems necessary or appropriate to assist the audit committee in fulfilling its responsibilities, and to approve the fees and other retention terms of the advisors. Our audit committee member possesses an understanding of financial statements and generally accepted accounting principles. The Company does not currently have an audit committee financial expert. The Company and its board of directors have yet to identify a suitable candidate to serve as the audit committee financial expert due to the small size of the Company and its limited reporting history, however, the Company intends to appoint an audit committee financial expert prior to seeking a listing on a national securities exchange.

Compensation Committee

The compensation committee has certain duties and powers as described in its charter, including but not limited to periodically reviewing and approving our salary and benefits policies, compensation of our executive officers, administering our stock option plans, and recommending and approving grants of stock options under those plans.

Nominating Committee

The nominating and corporate governance committee considers and makes recommendations on matters related to the practices, policies and procedures of the board of directors and takes a leadership role in shaping our corporate governance. As part of its duties, the nominating and corporate governance committee assesses the size, structure and composition of the board of directors and its committees, coordinates evaluation of board performance and reviews board compensation. The nominating and corporate governance committee also acts as a screening and nominating committee for candidates considered for election to the board of directors.

Compensation Committee Interlocks and Insider Participation

None of our directors or executive officers serves as a member of the board of directors or compensation committee of any other entity that has one or more of its executive officers serving as a member of our board of directors.

Executive Compensation

The table below sets forth, for the last three fiscal years, the compensation earned by (i) each individual who served as our principal executive officer or principal financial officer, and (ii) our most highly compensated executive officers, other than those listed in clause (i) above, who was serving as executive officers at the end of the last fiscal year (together, the "Named Executive Officers"). No other executive officer had annual compensation in excess of $100,000 during the last fiscal year.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Option Awards ($)	All Other Compensation ($)	Total ($)
Nadir Ali,	2012	$ 240,000(1)	-0-	$ 29,000	-0-	$ 269,000
Chief Executive	2011	$ 310,000(2)	-0-	-0-	-0-	$ 310,000
Officer	2010	$ 240,000(2)	-0-	-0-	-0-	$ 240,000
Wendy Loundermon,	2012	$ 117,083	2,917	$ 21,300	-0-	$ 141,300
Chief Financial	2011	$ 110,000	10,000	$ 57,400	-0-	$ 177,400
Officer	2010	$ 110,000	2,083	$ -0-	-0-	$ 112,083

(1) As of December 31, 2012, an aggregate of approximately $180,000 of Mr. Ali's salary had been accrued but not yet paid.
(2) Includes approximately $210,000 and $240,000 of accrued salary to be paid by Sysorex Consulting and not the Company for fiscal 2011 and 2010, respectively.

Outstanding Equity Awards at Fiscal Year-End

Other than as set forth below, there were no outstanding unexercised options, unvested stock, and/or equity incentive plan awards issued to our named executive officers as of December 31, 2012.

Name	Number of Securities Underlying Unexercised Warrants Exercisable	Number of Securities Underlying Unexercised Warrants Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Warrants	Warrant Exercise Price ($)	Warrant Expiration Date	Number of Shares or Units of Stock That Have Not Vested #	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(1)
Abdus Salam	500,000	-0-	-0-	0.156	12/21/2022	-0-	-0-	-0-	-0-
Qureishi	309,856	-0-	-0-	0.156	12/21/2017	-0-	-0-	-0-	-0-
Nadir Ali	250,000	-0-	-0-	0.156	12/21/2022	-0-	-0-	-0-	-0-
Wendy	165,000	-0-	-0-	0.70	12/05/2021	-0-	-0-	-0-	-0-
Loundermon	150,000	-0-	-0-	0.156	12/21/2022	-0-	-0-	-0-	-0-
	43,500	-0-	-0-	0.156	12/21/2017	-0-	-0-	-0-	-0-

(1) The closing price of the Company's Common Stock on December 31, 2012 was $0.20 per share.

Employment Agreements

On July 1, 2010, Nadir Ali entered into an "at will" Employment and Non-Compete Agreement, as subsequently amended, with the Sysorex Group, consisting of Sysorex Federal, Inc., Sysorex Government Services and Sysorex Consulting prior to their acquisition by the Company. The Agreement is for Mr. Ali to be President. The Agreement was assumed by the Company and Mr. Ali became CEO in September 2011. Mr. Ali's salary under the Agreement is $360,000 per annum plus other benefits including bonus plan; health insurance; life insurance and other standard Sysorex employee benefits. If Mr. Ali's employment is terminated without Cause (as defined), he will receive his base salary for twelve (12) months from the date of termination. Mr. Ali's employment agreement provides that he will not compete with the Company for a period ending 12 months from termination and will be subject to non-solicitation provisions relating to employees, consultants and customers, distributors, partners, joint ventures or suppliers of the Company.

On March 20, 2013, upon the Company's acquisition of Lilien Systems, Lilien Systems entered into a two-year employment agreement with Geoffrey Lilien, as CEO of Lilien Systems. The parties agreed to negotiate in good faith either a new contract or an extension no later than six months prior to the expiration of the term. Mr. Lilien's compensation is $238,704 per annum. He is entitled to a bonus based on a compensation plan to be agreed to between him and Lilien. If the contract is terminated by Lilien for Cause (as defined), or if Mr. Lilien resigns without Good Reason (as defined), Mr. Lilien shall only receive his compensation earned through the termination date. If the contract is terminated by Lilien without Cause or if Mr. Lilien terminates his employment for Good Reason, or upon a Change in Control (as defined), Mr. Lilien shall also be entitled to one year's severance pay; all non-vested equity in the Company shall accelerate and vest on the date of termination and all healthcare and life insurance coverage through the end of the term shall be paid by the Company. For purposes of this Agreement, Cause shall include, among other things: the gross profits for calendar years ending December 31, 2013 and 2014 attributable to Lilien are more than 25% below the Gross Profit Projections for Lilien provided by Mr. Lilien.

On March 20, 2013, Lilien System entered into an employment with Bret Osborn to serve as President of Lilien Systems. Mr. Osborn's salary is $180,000 per year and he is eligible to receive compensation under a bonus plan. Otherwise, Mr. Osborn's contract is the same as Mr. Lilien's.

On March 20, 2013, Lilien System entered into an employment agreement with Dhruv Gulati to serve as Executive Vice President of Business Development for Lilien Systems. Mr. Gulati's salary is $60,000 per year, plus commissions on sales and is eligible to receive compensation under a bonus plan. Otherwise Mr. Gulati's contract is the same as Mr. Lilien's.

Equity Compensation Plan Information

On September 1, 2011 our Board of Directors and stockholders adopted the 2011 Employee Stock Incentive Plan (the "Plan"). The purpose of the Plan is to provide an incentive to attract and retain directors, officers, consultants, advisors and employees whose services are considered valuable, to encourage a sense of proprietorship, and to stimulate an active interest of these persons in our development and financial success. Under the Plan, we are authorized to issue up to 2,000,000 shares of Common Stock, including incentive stock options intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended, non-qualified stock options, stock appreciation rights, performance shares, restricted stock and long term incentive awards. The 2011 Equity Incentive Plan will be administered by our board of directors until authority has been delegated to a committee of the board of directors. We are seeking shareholder approval at our August 14, 2013 annual Shareholder Meeting to increase the number of authorized shares under the Plan to 3,000,000.

As of June 30, 2013, an aggregate of 1,707,500 options had been granted under the Plan to 52 different persons. The options are exercisable at prices ranging from $0.156 to $0.70 per share. Included are options to the following officers of the Company: A. Salam Qureishi, Chairman of the Board (500,000 options); Nadir Ali, CEO (250,000 options); and Wendy Loundermon, CFO (315,000 options). Also included, effective March 1, 2013, upon the Lilien Acquisition, are 38 employees of Lilien Systems who granted an aggregate of 209,500 incentive stock options with four-year vesting schedules exercisable for ten (10) years at $0.40 per share. Prior to the date of this prospectus, the Board of Directors intends to grant to Nadir Ali non-qualified stock options outside of the plan to purchase 1,250,000 shares of Common Stock at the current fair market value. The options are expected to vest in four equal installments from the second through the fifth anniversary dates of grant. However, in the event of a Change of Control (as defined) where Mr. Ali is no longer employed by the Company as an executive officer, the Option will accelerate and be fully vested (and non-forfeitable) and immediately exercisable.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth certain information as of July 25, 2013, regarding the beneficial ownership of our common stock, by (i) each person or entity who, to our knowledge, owns more than 5% of our common stock; (ii) our executive officers named in the Summary Compensation Table above; (iii) each director; and, (iv) all of our executive officers and directors as a group. Unless otherwise indicated in the footnotes to the following table, each person named in the table has sole voting and investment power and that person's address is c/o Sysorex Global Holdings Corp., 3375 Scott Boulevard, Suite 440, Santa Clara, California 95054. Shares of common stock subject to options, warrants, or other rights currently exercisable or exercisable within 60 days of the date of this prospectus, are deemed to be beneficially owned and outstanding for computing the share ownership and percentage of the stockholder holding the options, warrants or other rights, but are not deemed outstanding for computing the percentage of any other stockholder.

Name and Address of Beneficial Owner	Number of Shares	Percentage of Shares Beneficially Owned(1)
Abdus Salam Qureishi	4,473,246(2)	17.2%
Nadir Ali	2,094,023(3)	8.2%
Nabil Mohammed Abdul-Baqi	73,188	*
Wendy Loundermon	395,094(4)	1.5%
Geoffrey I. Lilien	3,411,815	12.4%
Bret Osborn	1,222,012	4.4%
Dhruv Gulati	885,766	3.2%
Abdul Aziz Salloum	1,187,433	4.3%
Len Oppenheim	47,935	*
All Directors and Executive Officers as a Group (9 persons)	13,790,512	51.5%
5% Beneficial Owners		
Dr. Shaheen Ahmad		
909 Third Avenue, New York, NY 10150-7584	2,663,087	9.7%
Sy Holdings Corporation(5)	4,336,336	15.7%
Qureishi 1998 Family Trust (6)	1,814,576	6.8%

* less than 1% of the issued and outstanding Shares.

(1) Based on 25,208,443 shares issued and outstanding as of July 25, 2013. Does not include shares of Common Stock issuable upon exercise of 1,010,023 warrants as well as 1,707,500 shares reserved for issuance under the Company's 2011 Employee Stock Incentive Plan and 1,250,000 options expected to be granted outside of the plan.
(2) Includes 3,377,882 shares held by various trusts and corporations related to family interests of Mr. Qureishi, exclusive of Sy Holdings Corporation of which Mr. Qureishi and Nadir Ali are directors; 500,000 options and 309,856 warrants, all currently exercisable.
(3) Includes 250,000 options and 87,500 warrants held directly or indirectly by Mr. Ali.
(4) Includes 315,000 options and 43,500 warrants held directly by Mrs. Loundermon.
(5) The power to vote and dispose of these shares is held by Mr. Tanveer Khader, 1735 Technology Drive, #430, San Jose, CA 95110.
(6) The power to vote and dispose of these shares is held by Abdus Salam Qureishi.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Except as set forth below, during the past three years, there have been no transactions, whether directly or indirectly, between the Company and any of its officers, directors or their family members.

Employment Agreements

The Company entered into an employment agreement with Nadir Ali, as the CEO, on July 1, 2010, as amended. Lilien Systems has entered into substantively similar employment agreements effective March 20, 2013, with Geoffrey Lilien, as Chief Executive Officer, Bret Osborn as President and Dhruv Gulati, as Executive Vice President of Business Development. See "Executive Compensation - Employment Agreements."

SELLING STOCKHOLDERS

Up to 6,888,233 shares of common stock are being offered by this prospectus, all of which are being registered for sale for the accounts of the selling security holders and include the following:

- 6,000,000 shares of common stock issued to the Former Lilien Members upon the sale of Lilien to the Company as of March 20, 2013;
- 166,667 shares of common stock issuable upon exercise of warrants at $0.45 per share issued to Bridge Bank, National Association in connection with the financing of the Lilien Acquisition;
- 300,000 shares of common stock issuable upon excercise of warrants at $0.87 per share issued to Hanover Holdings I, LLC in connection with a bridge financing in July, 2012; and
- 421,566 shares of common stock held by Sysorex Consulting, Inc., an entity controlled by our Chairman of the Board.

Each of the transactions by which the selling stockholders acquired their securities from us was exempt under the registration provisions of the Securities Act.

The shares of common stock referred to above are being registered to permit public sales of the shares, and the selling stockholders may offer the shares for resale from time to time pursuant to this prospectus. The selling stockholders may also sell, transfer or otherwise dispose of all or a portion of their shares in transactions exempt from the registration requirements of the Securities Act or pursuant to another effective registration statement covering those shares. We may from time to time include additional selling stockholders in supplements or amendments to this prospectus.

The table below sets forth certain information regarding the selling stockholders and the shares of our common stock offered by them in this prospectus. None of the selling stockholders had a material relationship with us within the past three years prior to the acquisition of our securities. Their current relationship is described in the footnotes to the table below. To our knowledge, subject to community property laws where applicable, as otherwise noted in the footnotes below, each person named in the table has sole voting and investment power with respect to the shares of common stock set forth opposite such person's name. Beneficial ownership is determined in accordance with the rules of the SEC.

Each selling stockholder's percentage of ownership of our outstanding shares in the table below is based upon 25,208,443 shares of common stock outstanding as of July 25, 2013.

Selling Stockholder	Ownership Before Offering Number of Shares of Common Stock Beneficially Owned	Shares Offered	Percentage of Common Stock Beneficially Owned Before Offering (1)
Bridge Bank, National Association (2)	166,667	166,667	*
Hanover Holdings I, LLC	300,000	300,000	1.2%
Geoffrey I. Lilien (3)	3,411,815	3,411,815	13.5%
Dhruv Gulati (3)	885,766	885,766	3.5%
Eric I. Borsky	192,544	192,544	*
Bret R. Osborn (3)	1,222,012	1,222,012	4.9%
Robert H. Muirhead(3)	88,142	88,142	*
Kenneth S. Rosenberg(3)	30,465	30,465	*
Matthew C. Cummins(3)	40,894	40,894	*
Elisa V. Barnes(3)	64,181	64,181	*
William T. Becker(3)	64,181	64,181	*
Sysorex Consulting, Inc. (4)	421,566	421,566	1.7%

* Represents less than 1%

(1) Represents the amount of shares that will be held by the selling stockholders after completion of this offering based on the assumptions that (a) all shares registered for sale by the registration statement of which this prospectus is part will be sold and (b) no other shares of our common stock are acquired or sold by the selling stockholders prior to completion of this offering. However, the selling stockholders may sell all, some or none of the shares offered pursuant to this prospectus and may sell other shares of our common stock that they may own pursuant to another registration statement under the Securities Act or sell some or all of their shares pursuant to an exemption from the registration provisions of the Securities Act, including under Rule 144. To our knowledge there are currently no agreements, arrangements or understanding with respect to the sale of any of the shares that may be held by the selling stockholders after completion of this offering or otherwise.

(2) The address of this Stockholder is 55 Almaden Blvd., Suite 100, San Jose, California 95113.

(3) This person is an employee of Lilien Systems whose address is c/o the Company.

(4) The power to vote and dispose of these shares is held by A. Salam Qureishi, our Chairman of the Board.

DESCRIPTION OF SECURITIES

Authorized and Outstanding Capital Stock

The following description of our capital stock and provisions of our articles of incorporation and by-laws are summaries and are qualified by reference to our articles of incorporation and by-laws. Copies of these documents have been filed with the SEC as exhibits to our registration statement, of which this prospectus forms a part.

We have authorized 45,000,000 shares of capital stock, par value $0.001 per share, of which 40,000,000 are shares of common stock and 5,000,000 are shares of "blank check" preferred stock.

As of July 25, 2013, we had the following issued and outstanding securities on a fully diluted basis:

- 25,208,443 shares of common stock held of record by 523 shareholders as of July 11, 2013 and no shares of preferred stock outstanding.

Common Stock

The holders of our common stock are entitled to one vote per share. In addition, the holders of our common stock will be entitled to receive ratably dividends, if any, declared by our board of directors out of legally available funds; however, the current policy of our board of directors is to retain earnings, if any, for operations and growth. Upon liquidation, dissolution or winding-up, the holders of our common stock will be entitled to share ratably in all assets that are legally available for distribution. The holders of our common stock will have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of our common stock will be subject to, and may be adversely affected by, the rights of the holders of any series of preferred stock, which may be designated solely by action of our board of directors and issued in the future.

Preferred Stock

Our board of directors will be authorized, subject to any limitations prescribed by law, without further vote or action by our stockholders, to issue from time to time shares of preferred stock in one or more series. Each series of preferred stock will have the number of shares, designations, preferences, voting powers, qualifications and special or relative rights or privileges as shall be determined by our board of directors, which may include, among others, dividend rights, voting rights, liquidation preferences, conversion rights and preemptive rights.

Transfer Agent

Our transfer agent is Corporate Stock Transfer, 3200 Cherry Creek Drive South, Suite 430, Denver, CO 80209.

Indemnification of Directors and Officers

Section 718.7502 of the Nevada Revised Statutes ("NRS") provides, in general, that a corporation incorporated under the laws of the State of Nevada, as we are, may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative or investigative (other than a derivative action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person (a) is not liable pursuant to Section 73.138 of the NRS, and (b) acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. In the case of a derivative action, a Nevada corporation may indemnify any such person against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person (a) is not liable pursuant to Section 73.138 of the NRS, and (b) acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation.

Our Articles of Incorporation and Bylaws provide that we will indemnify our directors, officers, employees and agents to the extent and in the manner permitted by the provisions of the NRS, as amended from time to time, subject to any permissible expansion or limitation of such indemnification, as may be set forth in any stockholders' or directors' resolution or by contract. In addition, our director and officer indemnification agreements with each of our directors and officers provide, among other things, for the indemnification to the fullest extent permitted or required by Nevada law, provided that no indemnitee will be entitled to indemnification in connection with any claim initiated by the indemnitee against us or our directors or officers unless we join or consent to the initiation of the claim, or the purchase and sale of securities by the indemnitee in violation of Section 16(b) of the Exchange Act.

Any repeal or modification of these provisions approved by our stockholders will be prospective only and will not adversely affect any limitation on the liability of any of our directors or officers existing as of the time of such repeal or modification.

We are also permitted to maintain insurance on behalf of any director, officer, employee or other agent for liability arising out of his actions, whether or not the NRS would permit indemnification.

Disclosure of Commission Position on Indemnification for Securities Act Liabilities

Insofar as indemnification for liabilities under the Securities Act may be permitted to officers, directors or persons controlling the Company pursuant to the foregoing provisions, the Company has been informed that it is the opinion of the Securities and Exchange Commission that such indemnification against public policy as expressed in such Securities Act and is, therefore, unenforceable.

Anti-Takeover Effect of Nevada Law, Certain By-Law Provisions

Certain provisions of our Bylaws are intended to strengthen the board of directors' position in the event of a hostile takeover attempt. These provisions have the following effects:

We are subject to the provisions of NRS 78.378 to 78.3793, inclusive, an anti-takeover law which applies to any acquisition of a controlling interest in an "issuing corporation." In general, such anti-takeover laws permit the articles of incorporation, bylaws or a resolution adopted by the directors of an "issuing corporation" (as defined in NRS 78.3788) to impose stricter requirements on the acquisition of a controlling interest in such corporation than the provisions of NRS 78.378 to 78.3793, inclusive, as well as permit the directors of an issuing corporation to take action to protect the interests of the corporation and its stockholders, including, but not limited to, adopting plans, arrangements or other instruments that grant or deny rights, privileges, power or authority to holder(s) of certain percentages of ownership and/or voting power. Further, an "acquiring person" (and those acting in association) only obtains such voting rights in the control shares as are conferred by resolution of the stockholders at either a special meeting requested by the acquiring person, provided it delivers an offeror's statement pursuant to NRS 78.3789 and undertakes to pay the expenses thereof, or at the next special or annual meeting of stockholders. In addition, the anti-takeover law generally provides for (i) the redemption by the issuing corporation of not less than all of the "control shares" (as defined) in accordance with NRS 78.3792, if so provided in the articles of incorporation or bylaws in effect on the 10th day following the acquisition of a controlling interest in an "issuing corporation", and (ii) dissenter's rights pursuant to NRS 92A.300 to 92A.500, inclusive, for stockholders that voted against authorizing voting rights for the control shares.

We are also subject to the provisions of NRS 78.411 to 78.444, inclusive, which generally prohibits a publicly held Nevada corporation from engaging in a "combination" with an "interested stockholder" (each as defined) that is the beneficial owner, directly or indirectly, of at least ten percent of the voting power of the outstanding voting shares of the corporation or is an affiliate or associate of the corporation that previously held such voting power within the past three years, for a period of three years after the date the person first became an "interested stockholder", subject to certain exceptions for authorized combinations, as provided therein.

In accordance with NRS 78.195, our articles of incorporation provide for the authority of the board of directors to issue shares of preferred stock in series by filing a certificate of designation to establish from time to time the number of shares to be included in 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, subject to limitations prescribed by law.

PLAN OF DISTRIBUTION

Each selling stockholder and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of common stock on the over-the-counter market or any other stock exchange, market or trading facility on which the shares are traded, or in private transactions. These sales may be at fixed or negotiated prices. The distribution of the shares by the selling stockholders is not currently subject to any underwriting agreement. Each selling stockholder must use a broker-dealer which is registered in the state in which the selling stockholder seeks to sell their shares. A selling stockholder may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- conducting business in places where business practices and customs are unfamiliar and unknown;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales entered into after the date of this prospectus;
- broker-dealers may agree with the selling stockholders to sell a specified number of the shares at a stipulated price per share;
- a combination of any of these methods of sale;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise; or
- any other method permitted pursuant to applicable law.

The selling stockholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus.

The Company has not engaged any FINRA member firms to participate in the distribution of securities. Broker-dealers engaged by the selling stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. Each selling stockholder does not expect these commissions and discounts relating to its sales of shares to exceed what is customary in the types of transactions involved.

FINRA Rule 5110 requires FINRA member firms (unless an exemption applies) to satisfy the filing requirements of Rule 2710 in connection with the resale, on behalf of selling stockholders, of the securities on a principal or agency basis. FINRA Notice to Members 88-101 states that in the event a selling stockholder intends to sell any of the shares registered for resale in this Prospectus through a member of FINRA participating in a distribution of our securities, the member is responsible for ensuring that a timely filing, if required, is first made with the Corporate Finance Department of FINRA and disclosing to FINRA the following:

- it intends to take possession of the registered securities or to facilitate the transfer of the certificates;
- the complete details of how the selling shareholders shares are and will be held, including location of the particular accounts;
- whether the member firm or any direct or indirect affiliates thereof have entered into, will facilitate or otherwise participate in any type of payment transaction with the selling shareholders, including details regarding these transactions; and
- in the event any of the securities offered by the selling shareholders are sold, transferred, assigned or hypothecated by any selling shareholder in a transaction that directly or indirectly involves a member firm of FINRA or any affiliates thereof, that prior to or at the time of said transaction the member firm will timely file for review with the Corporate Finance Department of FINRA all relevant documents with respect to these transactions.

No FINRA member firm may receive compensation in excess of that allowable under FINRA rules, including Rule 5110, in connection with the resale of the securities by the selling shareholders, which total compensation may not exceed 8%.

We have advised the selling stockholders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of shares in the market and to the activities of the selling stockholders and their affiliates. In addition, we will make copies of this Prospectus available to the selling stockholders for the purpose of satisfying the Prospectus delivery requirements of the Securities Act.

In connection with the sale of our common stock or interests therein, the selling stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The selling stockholders may also sell shares of our common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The selling stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to these broker-dealers or other financial institutions of shares offered by this prospectus, which shares these broker-dealers or other financial institutions may resell pursuant to this prospectus (as supplemented or amended to reflect these transactions).

The selling stockholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be "underwriters" within the meaning of the Securities Act in connection with these sales. In this event, any commissions received by these broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Each selling stockholder has informed us that it does not have any agreement or understanding, directly or indirectly, with any person to distribute the common stock. In no event shall any broker-dealer receive fees, commissions and markups which, in the aggregate, would exceed eight percent (8%).

We are required to pay certain fees and expenses incurred by us incident to the registration of the shares. We have agreed to indemnify the selling stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

The selling stockholders may agree to indemnify any agent, dealer or broker-dealer that participates in transactions involving sales of the shares against certain liabilities, including liabilities arising under the Securities Act.

Because selling stockholders may be deemed to be "underwriters" within the meaning of the Securities Act, they will be subject to the prospectus delivery requirements of the Securities Act. In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144 under the Securities Act may be sold under Rule 144 rather than under this prospectus. There is no underwriter or coordinating broker acting in connection with the proposed sale of the shares by the selling stockholders.

Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the shares may not simultaneously engage in market making activities with respect to our common stock for a period of two business days prior to the commencement of the distribution. In addition, the selling stockholders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and sales of shares of our common stock by the selling stockholders or any other person. We will make copies of this prospectus available to the selling stockholders and have informed them of the need to deliver a copy of this prospectus to each purchaser at or prior to the time of the sale.

LEGAL MATTERS

Davidoff Hutcher & Citron LLP, 605 Third Avenue, New York, New York 10158, will pass upon the validity of the shares of our common stock to be sold in this offering.

EXPERTS

The financial statements as of and for the years ended December 31, 2011 and 2012, included in this prospectus have been audited by Marcum LLP an independent registered public accounting firm as set forth in their report, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1, together with any amendments and related exhibits, under the Securities Act with respect to our shares of common stock offered by this prospectus. The registration statement contains additional information about us and our shares of common stock that we are offering in this prospectus.

We will file annual, quarterly and current reports and other information with the SEC under the Exchange Act. Our SEC filings are available to the public over the Internet at the SEC's website at http://www.sec.gov. You may also read and copy any document we file at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms and their copy charges. You may also request a copy of those filings, excluding exhibits, from us at no cost. These requests should be addressed to us at: Wendy Loundermon CFO, Sysorex Global Holdings Corp., 3375 Scott Boulevard, Suite 440, Santa Clara, CA 94054.

SYSOREX GLOBAL HOLDINGS CORP.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Unaudited Consolidated Financial Statements

SYSOREX GLOBAL HOLDINGS CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2013 (Unaudited)	December 31, 2012 (Audited)
Assets		
Current Assets		
Cash and cash equivalents	$ 1,192,415	$ 8,301
Accounts receivable, net	5,081,441	386,720
Inventory	60,276	--
Prepaid expenses	135,357	31,762
Prepaid licenses and maintenance contracts	5,545,810	--
Total Current Assets	12,015,299	426,783
Long-Term Assets		
Property and equipment, net	286,235	49,238
Deposits	749,227	749,227
Contract receivable, long-term	414,492	369,804
Prepaid licenses and maintenance contracts, non-current	3,680,635	--
Other assets	778,497	20,060
Intangible assets, net	5,317,143	--
Goodwill	4,544,053	--
Total Assets	$ 27,785,581	$ 1,615,112
Liabilities and Stockholders' Equity (Deficiency)		
Current Liabilities		
Accounts payable	$ 5,348,077	$ 1,075,311
Accrued expenses	1,049,317	503,634
Accrued compensation and related benefits	1,867,089	1,078,330
Deferred revenue	7,017,535	236,291
Due to factoring company	--	46,426
Due to related parties	62,912	1,829,141
Advances payable	722,156	722,156
Notes payable	342,495	391,181
Notes payable to related party	18,350	35,050
Convertible note payable	--	88,333
Revolving line of credit	4,181,393	--
Derivative Liability	--	177,100
Total Current Liabilities	20,609,324	6,182,953
Long-Term Liabilities		
Deferred revenue, non-current	4,455,476	--
Total Liabilities	$ 25,064,800	$ 6,182,953
Commitments and Contingencies		
Stockholders' Equity (Deficiency)		
Preferred stock - $0.001 par value: 5,000,000 shares authorized; no shares issued and outstanding	$ --	$ --
Common stock - $0.001 par value: 40,000,000 shares authorized; 25,069,951 and 17,987,518 issued and outstanding	25,070	17,988
Additional paid-in capital	14,907,392	6,130,440
Due from Sysorex Consulting Inc.	(665,554)	(665,554)
Accumulated deficit (excluding $2,441,960 reclassified to additional paid in capital in quasi-reorganization)	(10,300,929)	(8,842,558)
Stockholders' equity (deficiency) attributable to Sysorex Global Holdings Corp.	3,965,979	(3,359,684)
Non- controlling interest	(1,245,198)	(1,208,157)
Total Stockholders' Equity (Deficiency)	2,720,781	(4,567,841)
Total Liabilities and Stockholders' Equity (Deficiency)	$ 27,785,581	$ 1,615,112

SYSOREX GLOBAL HOLDINGS CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended March 31,	
	2013	**2012**
	(Unaudited)	
Revenues, Net	$ 5,361,544	$ 1,105,917
Cost of Revenues	3,905,733	591,503
Gross Profit	1,455,811	514,414
Operating Expenses		
Compensation and related benefits	1,088,640	433,117
Professional and legal fees	47,375	73,747
Consulting expenses	68,932	--
Occupancy	36,939	14,162
Acquisition transaction costs	907,865	--
Amortization of intangibles	62,857	--
Other administrative	205,242	84,666
Total Operating Expenses	2,417,850	605,692
Loss from Operations	(962,039)	(91,278)
Other Income (Expense)		
Interest expense	(27,538)	(5,944)
Interest expense - amortization of debt discount	(16,667)	--
Change in fair value of derivative liability	(489,168)	--
Total Other Income (Expense)	(533,373)	(5,944)
Loss before Provision for Income Taxes	(1,495,412)	(97,222)
Provision for Income Taxes	--	--
Net Loss	(1,495,412)	(97,222)
Net Loss Attributable to Non-controlling Interest	(37,041)	(48,373)
Net Loss Attributable to Stockholders of Sysorex Global Holdings Corp.	$ (1,458,371)	$ (48,849)
Net Loss Per Share - Basic and Diluted	$ (0.08)	$ (0.00)
Weighted Average Shares Outstanding		
Basic and Diluted	18,823,378	17,962,518

SYSOREX GLOBAL HOLDINGS CORP.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY)

FOR THE THREE MONTHS ENDED MARCH 31, 2013
(Unaudited)

	Common Stock		Additional Paid-in	Due to Sysorex	Accumulated	Non-controlling	Total Stockholders' Equity
	Shares	Amount	Capital	Consulting, Inc.	Deficit	Interest	(Deficiency)
Balance – December 31, 2012	17,987,518	$ 17,988	$ 6,130,440	$ (665,554)	$ (8,842,558)	$ (1,208,157)	$ (4,567,841)
Common shares issued for Lilien acquisition	6,000,000	6,000	5,994,000	--	--	--	6,000,000
Common shares issued for consulting services	195,000	195	194,805	--	--	--	195,000
Stock options granted to employees for services	--	--	38,600	--	--	--	38,600
Warrants issued to financial institution in connection with Lilien acquisition	--	--	109,300	--	--	--	109,300
Common shares issued for the settlement of a related party payable	887,433	887	1,773,979	--	--	--	1,774,866
Reclassification of derivative liability to equity	--	--	666,268	--	--	--	666,268
Net loss	--	--	--	--	(1,458,371)	(37,041)	(1,495,412)
Balance – March 31, 2013 (Unaudited)	25,069,951	$ 25,070	$ 14,907,392	$ (665,554)	$ (10,300,929)	$ (1,245,198)	$ 2,720,781

SYSOREX GLOBAL HOLDINGS CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended March 31,	
	2013	**2012**
	(Unaudited)	
Cash Flows from Operating Activities		
Net loss	$ (1,495,412)	$ (97,222)
Adjustments to reconcile net loss to net cash used in by operating activities:		
Depreciation and amortization	17,642	15,916
Amortization of intangible assets	62,857	--
Stock-based compensation	342,900	--
Amortization of debt discount	16,667	--
Change in the fair value of derivative liability	489,168	--
Changes in operating assets and liabilities:		
Accounts receivable	450,712	106,236
Inventory	(4,866)	--
Prepaid expenses	3,109	(1,809)
Other assets	(332,035)	(66,400)
Prepaid licenses and maintenance contracts	(79,491)	--
Accounts payable	(821,621)	1,803
Accrued expenses	370,695	(14,779)
Deferred revenue	84,479	--
Total Adjustments	600,216	40,967
Net Cash Used in Operating Activities	(895,196)	(56,255)
Cash Flows from Investing Activities		
Purchase of property and equipment	--	(1,330)
Investment in Lilien	(3,000,000)	--
Cash acquired in Lilien acquisition	1,112,485	--
Net Cash Used in Investing Activities	$ (1,887,515)	$ (1,330)
Cash Flows from Financing Activities		
Advances from revolving credit line	$ 4,175,000	$ --
Repayment of advances to related parties	(85,782)	(29,756)
Repayment of notes payable	(65,386)	(25,936)
Repayment of Factor	(46,426)	(4,364)
Advance from Duroob Technology	94,419	100,817
Repayment of convertible notes	(105,000)	--
Net Cash Provided by Financing Activities	3,966,825	40,761
Net Increase (Decrease) in Cash and Cash Equivalents	1,184,114	(16,824)
Cash and Cash Equivalents - Beginning of period	8,301	225,134
Cash and Cash Equivalents - End of period	$ 1,192,415	$ 208,310
Supplemental Disclosure of Cash Flow Information:		
Cash paid for:		
Interest	$ 40,146	$ 5,945
Income taxes	$ --	$ 1,600
Supplemental Disclosures of Non-cash Information:		
Acquisition of Lilien:		
Assumption of assets other than cash	$ 15,180,232	$ --
Assumption of liabilities	$ 17,216,770	$ --
Issuance of common stock	$ 6,000,000	$ --
Issuance of common stock for settlement of liability	$ 1,774,866	$ --

Note 1 - Organization and Nature of Business

Sysorex Global Holdings Corp. ("SGHC"), through its wholly-owned subsidiaries, Sysorex Federal, Inc. and Sysorex Government Services, Inc., and majority-owned subsidiary, Sysorex Arabia LLC (collectively the "Company"), provides information technology and telecommunications solutions and services primarily to government customers in the United States and Saudi Arabia. The Company is a systems integration and consulting company and has a wide range of offerings, including, but not limited to: custom application/software design, architecture and development, data center design and operations services, command control, computer communication, intelligence (C4I) system consulting, program management and security solutions and services.

Effective March 1, 2013, and as more fully described in Note 4, the Company acquired the assets of Lilien LLC ("Lilien"), and 100% of the stock of Lilien Systems. The Company expanded its operations by providing information technology solutions services to organizations. These services include enterprise computing and storage, virtualization, business continuity, networking and information technology business consulting services. The Company is headquartered in the state of California, has an office in the state of Virginia, and the Company's majority-owned subsidiary operates in Saudi Arabia.

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 for interim financial information. 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, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations for the three-month period ended March 31, 2013 is not necessarily indicative of the results to be expected for the year ending December 31, 2013. The interim condensed consolidated financial statements should be read in connection with the audited financial statements and footnotes contained herein for the years ended December 31, 2012 and 2011.

Note 3 - Significant Accounting Policies and Recent Accounting Pronouncements

Significant Accounting Policies

The Company's complete accounting policies are described in Note 2 to the audited financial statements contained herein for the year ended December 31, 2012.

Principles of Consolidation

The condensed consolidated financial statements have been prepared using the accounting records of the Company and its wholly-owned subsidiaries, Lilien Systems, Sysorex Federal, Inc., and Sysorex Government Services, Inc., and its majority-owned subsidiary, Sysorex Arabia LLC. All material inter-company balances and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US 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 the assets and liabilities acquired from Lilien LLC as described in Note 4, as well as the valuation of the Company's common shares issued in that transaction;
- The valuation of stock-based compensation;
- The allowance for doubtful accounts; and
- The valuation allowance for the deferred tax asset.

Note 3 - Significant Accounting Policies and Recent Accounting Pronouncements (continued)

Inventory

Inventory consisting primarily of finished goods is stated at the lower of cost or market utilizing the first-in, first-out method. The Company continually analyzes its slow-moving, excess and obsolete inventories. Based on historical and projected sales volumes and anticipated selling prices, the Company establishes reserves. If the Company does not meet its sales expectations, these reserves are increased. Products that are determined to be obsolete are written down to net realizable value. As of March 31, 2013 and December 31, 2012, the Company deemed any such allowance nominal.

Intangible Assets

Intangible assets primarily consist of customer lists and trade names and is amortized ratably over 7 years which approximates customer attrition rate. The Company assesses the carrying value of its intangible assets for impairment each year. Based on its assessments, the Company did not incur any impairment charges for the three months ended March 31, 2013.

Goodwill

The Company records goodwill and other indefinite-lived assets in connection with business combinations. Goodwill, which represents the excess of acquisition cost over the fair value of the net tangible and intangible assets of acquired companies, is not amortized. Indefinite-lived 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 are evaluated for potential impairment annually each year and in certain other circumstances. 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, the Company utilizes 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 impairment for the three months ended March 31, 2013.

Prepaid Licenses and Maintenance Contracts

Prepaid licenses and maintenance contracts represent payments made by the Company directly to the manufacturer. The Company acts as the principal and the primary obligor in the transaction and amortizes the capitalized costs ratably over the term of the contract to cost of revenues, generally one to five years.

Stock-Based Compensation

The Company accounts for equity instruments 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 expense over the period during which the recipient is required to provide services in exchange for that award.

Equity instruments 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.

The Company incurred stock-based compensation charges net of estimated forfeitures of $342,900 and $-0- for the quarters ended March 31, 2013 and 2012, respectively. The following table summarizes the nature of such charges for the three months ended March 31, 2013:

		2013
Compensation and related benefits	$	38,600
Acquisition transaction costs		304,300
Total	$	342,900

Note 3 - Significant Accounting Policies and Recent Accounting Pronouncements (continued)

Revenue Recognition

The Company is primarily a reseller of third-party manufactured products, maintenance, and services, recognizes the revenue on sales of products (software and hardware) and maintenance agreements once four criteria are met: (1) persuasive evidence of an arrangement exists, (2) the price is fixed and determinable, (3) delivery (software and hardware) or fulfillment (maintenance) has occurred, and (4) there is reasonable assurance of collection of the sales proceeds. Revenues from the sales of hardware products, software products, licenses, and maintenance agreements are recognized on a gross basis in accordance with applicable standards with the selling price to the customer recorded as sales and the acquisition cost of the product recorded as cost of sales.

Revenue on time and material contracts is recognized based on a fixed hourly rate for direct labor hours expended. The fixed rate includes direct labor, indirect expenses, and profits. Materials, or other specified direct costs, are reimbursed as actual costs and may include markup. Anticipated losses are recognized as soon as they become known. These amounts are based on known and estimated factors. Revenues are derived principally from time and material or firm fixed price long-term and short-term contracts with various United States Government agencies, Saudi Arabian Government agencies, and commercial customers.

The Company records revenues from sales of third party products in accordance with Accounting Standards Codification (“ASC”) Topic 605-45 “Principal Agent Consideration” (“ASC 605-45”). Furthermore, in accordance with ASC 605-45, the Company evaluates sales on a case by case basis to determine whether the transaction should be recorded gross or net, including, but not limited to, assessing whether or not the Company: 1) acts as principal in the transaction, 2) takes title to the products, and 3) has risks and rewards of ownership, such as the risk of loss for collection, delivery, or returns.

The Company also enters into sales transactions whereby customer orders contain multiple deliverable, and reports its multiple deliverable arrangements under ASC 605-25 “Revenue Arrangements with Multiple Deliverables” (“ASC-605-25”). These multiple deliverable arrangements primarily consist of the following deliverables: third-party computer hardware, third-party software, third-party hardware and software maintenance (a.k.a. support), and third-party services. From time to time the personnel of the Company were contracted to perform installation and services for the customer. In situations where the Company bundles all or a portion of the separate elements, Vendor Specific Objective Evidence (“VSOE”) is determined based on prices when sold separately.

Product delivery to customers occur in a variety of ways, including (i) as physical product shipped from the Company’s warehouse, (ii) via drop-shipment by the vendor, or (iii) via electronic delivery for 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, thereby increasing efficiency and reducing costs. Furthermore, in such drop-ship arrangements, the Company negotiates price with the customer, pays the supplier directly for the product shipped and bears credit risk of collecting payment from its customers. The Company serves as the principal with the customer and, therefore, recognizes the sale and cost of sale of the product upon receiving notification from the supplier that the product has shipped.

Maintenance agreements allow customers to obtain technical support directly from the manufacturer and to upgrade, at no additional cost, to the latest technology if new software updates are introduced during the period that the maintenance agreement is in effect. Revenue derived from maintenance contracts primarily consists of the sale of third-party maintenance contracts by the Company, whereby the Company acts as the principal and the primary obligor in the transaction. Typically, the Company sells third-party maintenance contracts for a separate fee with initial contractual periods ranging from one to three years with renewal for additional periods thereafter. The Company generally bills maintenance fees in advance. The Company recognizes maintenance revenue ratably over the term of the maintenance agreement. In situations where the Company bundles all or a portion of the maintenance fee with products, VSOE for maintenance is determined based on prices when sold separately.

Note 3 - Significant Accounting Policies and Recent Accounting Pronouncements (continued)

Revenue Recognition (continued)

The Company recognizes revenue for sales of internally-performed services ratably over the time period over which the service will be provided. Billings for such services that are made in advance of the related revenue recognized are recorded as deferred revenue and recognized as revenue ratably over the billing coverage period. For service engagements that are on a time and materials basis, revenues are recognized based upon hours incurred as services are performed and amounts are earned. Sales are recorded net of discounts, rebates, and returns. Vendor rebates and price protection are recorded when earned as a reduction to cost of sales or merchandise inventory, as applicable. Vendor product price discounts are recorded when earned as a reduction to cost of sales. Vendor product sales volume and growth incentive rebates based on total Company quarterly sales are recorded when earned as other income.

Cooperative reimbursements from vendors, which are earned and available, are recorded in the period the related advertising expenditure is incurred. Cooperative reimbursements are recorded as a reduction of cost of sales in accordance with ASC Topic 605-50 "Accounting by a Customer (including reseller) for Certain Consideration Received from a Vendor." Provisions for returns are estimated based on historical sales returns and credit memo analysis which are adjusted to actual on a periodic basis. The Company receives Marketing Development Funds (MDF) from vendors based on quarterly sales performance to promote the marketing of vendor products and services. The Company must file claims with vendors for these cooperative reimbursements by providing invoices and receipts for marketing expenses. Reimbursements are recorded as a reduction of marketing expenses and other applicable selling general and administrative expenses in the period in which the expenses were incurred.

In general, the Company requires an upfront deposit for significant arrangements. If the Company receives a payment from a customer prior to meeting all of the revenue recognition criteria, the payment is recorded as deferred revenue. The Company's current arrangements with its third party integrators, value added resellers and distributors generally do not provide for any rights of return, price protection or other contingencies.

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, conversion of convertible notes payable, and shares issued to members of the Board of Directors of the Company for services rendered 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 as of March 31, 2013 and 2012:

	2013	2012
Options	1,672,500	528,500
Warrants	1,010,023	--
Totals	2,682,523	528,500

Note 3 - Significant Accounting Policies and Recent Accounting Pronouncements (continued)

Recent Accounting Pronouncements

In February 2013, the FASB issued ASU 2013-02, *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. The amendments in this Update require an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. generally accepted accounting principles (GAAP) to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts. For public entities, the amendments are effective prospectively for reporting periods beginning after December 15, 2012. The adoption did not have an impact on the Company's results of operations or financial position.

In July 2013, the FASB issued ASU 2013-11, *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists.* This Update applies to all entities that have unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists at the reporting date. An unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except as follows. To the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The assessment of whether a deferred tax asset is available is based on the unrecognized tax benefit and deferred tax asset that exist at the reporting date and should be made presuming disallowance of the tax position at the reporting date. The amendments in this Update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. Early adoption is permitted. The amendments should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Retrospective application is permitted. The adoption of this pronouncement is not expected to have a significant impact on the Company's results of operations or financial position.

Other than those disclosed above, recent accounting pronouncements issued by the FASB and the SEC did not have, or are not expected to have, a material impact on the Company's condensed consolidated financial statements.

Note 4 - Acquisition of the Business of Lilien LLC

On March 20, 2013, the Company entered into an Asset Purchase and Merger Agreement (the "Agreement") to acquire certain assets and liabilities of Lilien LLC and 100% of the stock of Lilien Systems (collectively referred hereafter as "Lilien") effective as of March 1, 2013. Lilien is an information technology company whose operations complement and significantly expands the Company's current base of business.

The purchase price of this acquisition aggregated $9,000,000 and consisted of cash of $3,000,000, and 6,000,000 shares of the Company's common stock deemed to have a fair value of $6,000,000.

Additionally, under the terms of the Agreement, the Company is liable to the former Lilien members for the payment of additional cash consideration on March 20, 2015 to the extent that they receive less than $1.00 per share from the sale of the 6,000,000 shares of the Company's common stock referred to above (the "Guaranteed Amount"), less customary commissions, on or before March 20, 2015, provided the stockholders are in compliance with the terms and conditions of the lock-up agreement.

On that date, the former Lilien members shall have an option to put all, but not less than all, of any unsold shares of Sysorex common stock to Sysorex, for the price of $1.00 per share. Notwithstanding the foregoing, in the event that the gross profits for calendar 2013 and 2014 attributable to the Lilien assets are more than 20% below what was forecasted to the Company, the Guaranteed Amount will be proportionately reduced. As of the date of the acquisition and March 31, 2013 the guaranteed amount was de minimis.

Note 4 - Acquisition of the Business of Lilien LLC (continued)

The acquisition of Lilien was accounted for by the Company under the acquisition method of accounting, whereby assets acquired and liabilities assumed by the Company are recorded at their estimated fair values as of the date of acquisition and the results of operations of the acquired company are consolidated with those of the Company from the date of acquisition.

The purchase price is allocated as follows:

Assets Acquired:	
Cash	$ 1,112,485
Receivables	4,870,471
Inventory	55,410
Other current assets	852,759
Prepaid Licenses/Contracts	9,146,954
Property and equipment	254,638
Intangible assets	5,380,000
Goodwill	4,544,053
	26,216,770
Liabilities Assumed:	
Accounts payable	5,094,390
Accrued expenses	970,139
Deferred Revenue	11,152,241
	17,216,770
Purchase Price	$ 9,000,000

The following unaudited proforma financial information presents the consolidated results of operations of the Company and Lilien for the three months ended March 31, 2013 and 2012, as if the acquisition had occurred on January 1, 2012 instead of March 1, 2013. The proforma information does not necessarily reflect the results of operations that would have occurred had the entities been a single company during those periods.

	3 Months Ended March 2013	3 Months Ended March 2012
Revenues	$ 10,522,545	$ 11,591,357
Net Loss Attributable to Common Shareholder	$ (1,375,502)	$ (631,742)
Weighted Average Number of Common Shares Outstanding	24,023,378	23,962,518
Loss Per Common Share - Basic and Fully Diluted	$ (.06)	$ (.03)

Note 5 - Due from Related Parties

Non-interest bearing amounts due on demand from a related party was $665,554 as of March 31, 2013 and December 31, 2012 and consisted primarily of amounts due from Sysorex Consulting, Inc.

As Sysorex Consulting, Inc. is a direct shareholder of and an investor in the Company, the amounts due from Sysorex Consulting, Inc. as of March 31, 2013 and December 31, 2012 have been classified in and as a reduction of stockholders' deficiency.

Note 6 - Intangible Assets

Intangibles assets relate exclusively to the Lilien acquisition. Balances, net of amortization, as of March 31, 2013 are as follows:

	March 31, 2013 (Unaudited)
Trade name/trademarks	$ 3,250,000
Customer relationships	2,130,000
Total at cost	5,380,000
Less: accumulated amortization	(62,857)
Total	$ 5,317,143

The following table presents the Company's estimate for amortization expense for each of the five succeeding years and thereafter.

Year Ending December 31,	Amount
2013	$ 577,619
2014	$ 768,571
2015	$ 768,571
2016	$ 768,571
2017	$ 768,571
2018 and thereafter	$ 1,665,240
Total	$ 5,317,143

Note 7 - Due to Related Parties

Non-interest bearing amounts due on demand to related parties as of March 31, 2013 and December 31, 2012 are as follows:

	March 31, 2013 (Unaudited)	December 31, 2012 (Audited)
Qureishi Family Trust, an entity which owns 7.2% of the outstanding common shares of the Company as of March 31, 2013	$ 62,912	$ 136,977
Duroob Technology, Inc., an entity whose CEO owns a minority interest in Sysorex Arabia LLC, the Company's 50.2% owned subsidiary as of March 31, 2013	--	1,680,447
Sysorex Consulting, Inc., an entity which owns 1.7% of the outstanding common shares of the Company as of March 31, 2013	--	11,717
Total	$ 62,912	$ 1,829,141

Note 8 - Notes Payable

Notes payable and accrued interest as of March 31, 2013 and December 31, 2012 consisted of the following:

	March 31, 2013 (Unaudited)	December 31, 2012
Note payable dated July 1, 2008	$ 315,233	$ 341,899
Note payable dated June 15, 2010	--	22,020
Note payable dated July 29, 2011	27,262	27,262
Total	$ 342,495	$ 391,181

On July 1, 2008, the Company entered into a note payable for gross proceeds of $515,233. The note has no stated interest rate or repayment terms and matured on July 31, 2012. Effective December 31, 2012, that arrangement has been amended and the maturity date was revised to September 30, 2013.

On June 15, 2010, the Company entered into a note payable for gross proceeds of $28,000. The note accrued interest at the rate of 6% per annum and matured on March 31, 2013. Principal and interest was paid in full on March 27, 2013.

On July 29, 2011 and in connection with the acquisition of Softlead, the Company became responsible for a note payable in the amount of $27,262. The note had no stated interest rate, repayment terms or maturity date. This note was paid in full on April 3, 2013.

Note 9 - Note Payable to Related Party

On June 15, 2010, the Company entered into a note payable with a director of the Company for $15,000. The note accrues interest at an annual rate of 8% per annum and matures on September 30, 2013. Principal and interest due in connection with this note totaled $18,350 and $18,050 as of March 31, 2013 and December 31, 2012, respectively.

On May 29, 2012, the Company entered into a note payable with a related party of the Company for $37,595. This note has no stated interest rate and is payable upon demand. Principal due in connection with this note totaled $0 and $17,000 as of March 31, 2013 and December 31, 2012, respectively.

Note 10 - Secured Convertible Note Payable

On August 7, 2012, the Company issued a secured convertible promissory note (the “Note”) in the face amount of $200,000 and received proceeds of $180,000. The Note accrues interest at the effective rate of 32%, is secured by Company receivables, matures on February 7, 2013, and may be prepaid without penalty at any time.

The Note is also convertible at any time at the option of the holder into shares of the Company's common stock at a conversion price equal to 45% of the lowest trading price for the common stock at any time during the ten trading days immediately preceding the date of issuance by the holder of a notice of conversion. Therefore, since this embedded conversion feature provides for the settlement of this convertible promissory note with shares of common stock at a rate which is variable in nature, this embedded conversion feature must be classified and accounted for as a derivative financial instrument.

In connection with the issuance of the Note, the Company also issued warrants for the purchase of 300,000 shares of the Company's common stock at an exercise price of $0.87 per share through July 29, 2014. Therefore, since the embedded conversion feature of the convertible promissory note must be accounted for as a derivative instrument, these warrants must also be accounted for as derivative instruments. As a result of entering into the convertible promissory note described above, all other non-employee warrants issued by the Company must also be classified and accounted for as derivative financial instruments.

Note 10 - Secured Convertible Note Payable (continued)

Generally accepted accounting principles require that:

a) Derivative financial instruments be recorded at their fair value on the date of issuance and then adjusted to fair value at each subsequent balance sheet date with any change in fair value reported in the statement of operations; and

b) The classification of derivative financial instruments be reassessed as of each balance sheet date and, if appropriate, be reclassified as a result of events during the reporting period then ended.

The fair value of the embedded conversion feature and the warrants, $244,500 and $17,700, respectively, aggregated $262,200. Consequently, upon issuance of the Note, a debt discount of $200,000 was recorded and the difference of $62,200, representing the fair value of the conversion feature and the warrants in excess of the debt discount, was immediately charged to interest expense. The debt discount will be amortized over the earlier of (i) the term of the debt, or (ii) conversion of the debt, using the straight-line method, which approximates the interest method. The amortization of debt discount is included as a component of interest expense in the condensed consolidated statements of operations.

The fair value of the embedded conversion feature and the warrants was estimated using the Black-Scholes option-pricing model. Key assumptions used to apply this pricing model during the quarter ended March 31, 2013 were as follows:

Risk-free interest rate	0.3%
Expected life of option grants	0.5 to 2.0 years
Expected volatility of underlying stock	39%

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 risk free interest rate was obtained from U.S. Treasury rates for the applicable periods.

The Company repaid $105,000 and $95,000 of the principal balance due and reclassified $128,468 and $116,097 of the derivative liability to additional paid-in capital during the period ended March 31, 2013 and the year ended December 31, 2012, respectively. This note payable was paid in full during the quarter ended March 31, 2013.

Note 11 - Line of Credit

On March 15, 2013, Sysorex Government Services, Inc., and Lilien Systems, 100%-owned subsidiaries of Sysorex Global Holdings, Inc., entered into a Business Finance Agreement (the "Agreement") as co-borrowers (the "Borrowers") with Bridge Bank, NA (the "Bank") under which the Borrowers obtained a revolving line of credit for up to $5,000,000 through March 15, 2015. Terms of this agreement include compliance with certain debt covenants to include an asset coverage ratio of 1.4 to 1.0, a debt service coverage ratio of 1.5 to 1.0 and performance to plan covenants. As of March 31, 2013 the Company was compliant with these debt covenants. The line of credit incurs interest at the greater of 5.25%, or the bank's prime rate, plus 2%, and matures on March 15, 2015. The interest rate on March 31, 2013 was 5.25%.

On March 20, 2013, the Borrowers received $4,175,000 under this Agreement to finance the acquisition of Lilien described in note 4.

The balance outstanding under this facility, including accrued interest, was $4,181,393 as of March 31, 2013.

Note 12 - Common Stock

On March 20, 2013 and as more fully described in Note 4, the Company issued 6,000,000 shares of common stock in connection with the acquisition of certain assets of Lilien LLC and 100% of the stock of Lilien Systems. These shares were deemed to have a fair value of $6,000,000.

Note 12 - Common Stock (continued)

On March 20, 2013, the Company issued 180,000 shares of common stock under the terms of a consulting services agreement in connection with the Lilien acquisition. The Company recorded an expense of $180,000 during the quarter ended March 31, 2013 which has been including as a component of the acquisition transaction costs in the condensed consolidated statement of operations.

On March 20, 2013, the Company issued 15,000 shares of common stock under the terms of a consulting services agreement. The Company recorded an expense of $15,000 during the quarter ended March 31, 2013 which has been including as a component of the acquisition transaction costs in the condensed consolidated statement of operations.

On March 31, 2013, the Company issued 887,433 shares of common stock in satisfaction of $1,774,866 owed by Sysorex Arabia LLC to Duroob Technology, Inc. (“Duroob”), a related party, as Duroob's Chief Executive Officer owns a minority interest in Sysorex Arabia, LLC. These shares were valued at $2.00 per share based upon the carrying value of the obligations which they satisfied. The issuance of these shares was recorded by Sysorex Global Holdings Corp. as an additional investment in its majority-owned subsidiary, Sysorex Arabia LLC. However, by agreement with the other shareholder of Sysorex Arabia LLC, the ownership percentages of Sysorex Arabia LLC remained unchanged.

Note 13 - Options

During the quarter ended March 31, 2013, the Company granted 209,500 of stock options to employees. The stock options vest over 4 years and have a life of ten years. The options have an exercise price of $0.40 per share. The Company valued the stock options using the Black-Scholes option valuation model and incurred a stock-based compensation charge of $38,600 which has been included as a component of compensation and related benefits in the condensed consolidated statement of operations.

As of March 31, 2013, the fair value of non-vested options totaled $115,800.

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, as of March 31, 2013, are as follows:

Risk-free interest rate	1.96%
Expected life of option grants	10 years
Expected volatility of underlying stock	39.7%

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. The risk free interest rate was obtained from U.S. Treasury rates for the applicable periods.

Note 14 - Warrants

On March 20, 2013, the Company granted 166,667 warrants to Bridge Bank, NA in connection with the acquisition of Lilien. The warrants were fully vested on the date of the grant and have a life of 7 years. The warrants have an exercise price of $0.45 per share. The Company valued the warrants using the Black-Scholes option valuation model and incurred a stock-based compensation charge of $109,300 which has been including as a component of the acquisition transaction costs in the condensed consolidated statement of operations.

Note 15 - Fair Value

The Company determines the estimated fair value of amounts presented in these condensed consolidated financial statements using available market information and appropriate methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. The estimates presented in the condensed consolidated financial statements are not necessarily indicative of the amounts that could be realized in a current exchange between buyer and seller. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. These fair value estimates were based upon pertinent information available as of March 31, 2013 and December 31, 2012 and, as of those dates, the carrying value of all amounts approximates fair value.

Note 15 - Fair Value (continued)

The Company has categorized its assets and liabilities at fair value based upon the following fair value hierarchy:

- Level 1 - Inputs use quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.
- Level 2 - Inputs use other inputs that are observable, either directly or indirectly. These inputs include quoted prices for similar assets and liabilities in active markets as well as other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3 - Inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Company's assessment of the significance of particular inputs to these fair measurements requires judgment and considers factors specific to each asset or liability.

Both observable and unobservable inputs may be used to determine the fair value of positions that are classified within the Level 3 category. As a result, the unrealized gains and losses for assets within the Level 3 category presented in the tables below may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in historical company data) inputs.

The following are the major categories of assets measured at fair value during the three months ended March 31, 2013, using quoted prices in active markets for identical assets (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3):

	Quoted Prices in Active Markets for Identical Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at March 31, 2013
Embedded conversion feature	$ --	$ --	$ --	$ --
Warrant and option liability	--	--	--	--
March 31, 2013	$ --	$ --	$ --	$ --

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques, and at least one significant model assumption or input is unobservable. The Company's Level 3 liabilities consist of derivative liabilities associated with the convertible debt that contains an indeterminable conversion share price and the tainted warrants as the Company cannot determine if it will have sufficient authorized common stock to settle such arrangements.

Note 15 - Fair Value (continued)

The following table provides a summary of the changes in fair value, including net transfers in and/or out, of all financial assets measured at fair value on a recurring basis using significant unobservable inputs during the three months ended March 31, 2013.

	Warrant Liability	Embedded Conversion Feature	Total
Balance - December 31, 2012	$ 48,800	$ 128,300	$ 177,100
Change in Fair Value of Derivative Liability	489,000	168	489,168
Reclassification of Derivative Liability to Equity	(537,800)	(128,468)	(666,268)
Balance - March 31, 2013	$ --	$ --	$ --

Note 16 - Credit Risk and Concentrations

Financial instruments that subject the Company to credit risk consist principally of trade accounts receivable and cash. 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, as a consequence, believes that its accounts receivable's 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 a foreign financial institution for its majority-owned subsidiary. The Company has not experienced any losses and believes it is not exposed to any significant credit risk from cash.

During the quarter ended March 31, 2013, the Company earned revenues from four different customers representing approximately 27%, 9%, 9% and 9% of gross sales. During the quarter ended March 31, 2012, the Company earned revenues from four different customers representing approximately 48%, 19%, 16% and 14% of gross sales.

As of March 31, 2013, four customers represented approximately 27%, 10%, 9% and 9% of total accounts receivable. As of December 31, 2012, four customers represented approximately 50%, 20%, 12% and 10% of total accounts receivable

Note 17 - Foreign Operations

The Company's operations are located primarily in the United States 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:

	United States	Saudi Arabia	Eliminations	Total
Quarter Ended March 31, 2013:				
Revenues by geographic area	$ 5,316,856	$ 44,688	--	$ 5,361,544
Operating loss by geographic area	$ (887,661)	$ (74,378)	--	$ (962,039)
Net loss by geographic area	$ (1,421,034)	$ (74,378)	--	$ (1,495,412)
Identifiable assets by geographic area	$ 26,550,792	$ 1,234,789	--	$ 27,785,581
Long lived assets by geographic area	$ 254,207	$ 32,028	--	$ 286,235
Quarter Ended March 31, 2012:				
Revenues by geographic area	$ 892,870	$ 213,047	--	$ 1,105,917
Operating income (loss) by geographic area	$ 5,856	$ (97,134)	--	$ (91,278)
Net loss by geographic area	$ (88)	$ (97,134)	--	$ (97,222)
Year Ended December 31, 2012:				
Identifiable assets by geographic area	$ 428,527	$ 1,186,585	--	$ 1,615,112
Long lived assets by geographic area	$ 8,517	$ 40,721	--	$ 49,238

Note 18 - 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 condensed 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.

During the year ended December 31, 2011, a judgment in the amount of $936,330 was levied against Sysorex Arabia LLC in favor of Creative Edge, Inc. in connection with amounts advanced for operations. Of that amount, $214,187 has been repaid, $514,836 will be paid through a surety bond, and the remaining $207,313 has been accrued by the Company as of March 31, 2013.

Note 18 - Commitments and Contingencies (continued)

***Litigation* (continued)**

During the year ended December 31, 2011, a judgment in the amount of $613,333 was levied against Sysorex Arabia LLC in favor of one of its vendors (Tuwaiq) in connection with a dispute related to a services contract. However, this vendor owed Sysorex Arabia LLC a like amount in connection with the same services contract. In 2012, the balances were offset, the accounts were settled, and the judgment was released.

Contingent Consideration

Under the terms of the acquisition of Lilien as more fully described in Note 4, the Company is liable for the payment of additional cash consideration to the extent that the recipients of the 6,000,000 shares of the Company's common stock referred to above receive less than $6,000,000 from the sale of those shares, less customary commissions, on or before March 20, 2015. As of the date of this acquisition and March 31, 2013 the guaranteed amount was de minimis.

Note 19 - Subsequent Events

The Company has evaluated subsequent events to determine if events or transactions occurring through the date the condensed consolidated financial statements were available to be issued, require adjustment to or disclosure in the condensed consolidated financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
Sysorex Global Holdings Corp.

We have audited the accompanying consolidated balance sheets of Sysorex Global Holdings Corp. and Subsidiaries (the "Company") as of December 31, 2012 and 2011, and the related statements of operations, changes in stockholders' deficiency, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sysorex Global Holdings Corp. and Subsidiary as of December 31, 2012 and 2011, and the results of its operations, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ Marcum LLP
New York, NY
August 12, 2013

SYSOREX GLOBAL HOLDINGS CORP.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2012 AND 2011

	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	$ 8,301	$ 225,134
Accounts receivable, net	386,720	414,519
Prepaid expenses	31,762	43,318
Total Current Assets	426,783	682,971
Property and Equipment - Net	49,238	144,921
Deposits	749,227	762,738
Contracts Receivable, Long Term	369,804	21,788
Other Assets	20,060	298
Total Assets	$ 1,615,112	$ 1,612,716
Liabilities and Stockholders' Deficiency		
Current Liabilities		
Accounts payable	$ 1,075,312	$ 896,262
Accrued expenses	503,634	456,152
Accrued compensation and related benefits	1,078,330	1,024,403
Deferred revenue	236,291	378,557
Due to factoring company	46,426	44,423
Due to related parties	1,829,141	1,365,888
Advance payable	722,156	936,343
Notes payable	391,181	479,741
Note payable to related party	35,050	16,850
Convertible note payable, net of debt discount of $16,667	88,333	--
Derivative liability	177,100	--
Total Liabilities	6,182,953	5,598,619
Commitments and Contingencies	--	--
Stockholders' Deficiency		
Preferred stock - $0.001 par value: 5,000,000 shares authorized; -0- shares issued and outstanding	--	--
Common stock - $0.001 par value: 40,000,000 shares authorized; 17,987,518 and 17,962,518 issued and outstanding	17,988	17,963
Additional paid-in capital	6,130,440	5,901,968
Due from Sysorex Consulting, Inc.	(665,554)	(639,744)
Accumulated deficit (excluding $2,441,960 reclassification to additional paid-in capital in quasi-reorganization)	(8,842,558)	(8,148,712)
Stockholders' Deficiency Attributable to Sysorex Global Holdings Corp.	(3,359,684)	(2,868,525)
Non-controlling interest	(1,208,157)	(1,117,378)
Total Stockholders' Deficiency	(4,567,841)	(3,985,903)
Total Liabilities and Stockholders' Deficiency	$ 1,615,112	$ 1,612,716

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

SYSOREX GLOBAL HOLDINGS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Revenues, Net	$ 4,237,789	$ 7,003,549
Cost of Revenues	2,344,592	4,312,281
Gross Profit	1,893,197	2,691,268
Operating Expenses		
Compensation and related benefits	1,462,858	1,787,255
Professional and legal fees	471,393	140,459
Consulting and advisory fees	1,685	187,625
Occupancy	50,043	44,137
Other administrative	362,632	580,165
Total Operating Expenses	2,348,611	2,739,641
Loss from Operations	(455,414)	(48,373)
Other Income (Expense)		
Other income	2,987	66
Gain on settlement of obligations	--	110,049
Interest expense	(350,201)	(30,890)
Change in fair value of derivative liability	18,003	--
Total Other (Expense) Income	(329,211)	79,225
Net (Loss) Income before Provision for Income Taxes	(784,625)	30,852
Provision for Income Taxes	--	30,606
Net (Loss) Income	$ (784,625)	$ 246
Net (Loss) Income Attributable to Non-controlling Interest	$ (90,779)	$ 35,775
Net Loss Attributable to Stockholders of Sysorex Global Holdings Corp.	$ (693,846)	$ (35,529)
Dividends	--	118,200
Net Loss Attributable to Common Stockholders	$ (693,846)	$ (153,729)
Net Loss Per Share - Basic and Diluted	$ (0.04)	$ (0.01)
Weighted Average Shares Outstanding		
Basic and Diluted	17,962,586	13,879,817

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

SYSOREX GLOBAL HOLDINGS CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIENCY
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Common Stock		Additional Paid-in	Due to Sysorex	Accumulated	Non-Controlling	Total Stockholders'
	Shares	Amount	Capital	Consulting, Inc.	Deficit	Interest	Deficiency
Balance – January 1, 2011	9,658,967	$ 9,659	$ 3,943,441	$ (651,625)	$ (7,994,983)	$ (2,349,883)	$ (7,043,391)
Issuance of common stock for the settlement of debt due to a related party	1,135,781	1,136	1,174,864	--	--	--	1,176,000
Dividends	--	-	--	--	(118,200)	--	(118,200)
Conversion of Sysorex Federal, Inc. preferred stock and accrued dividends to common stock prior to reverse merger with Softlead, Inc.	3,805,252	3,805	1,549,220	--	--	--	1,553,025
Reverse merger with Softlead, Inc. and Sysorex Arabia LLC	2,650,518	2,651	(1,311,645)	--	--	1,196,730	(112,264)
Stock options granted to employees for services	--	-	202,800	--	--	--	202,800
Shares issued for the exercise of stock options	30,000	30	2,970	--	--	--	3,000
Shares of common stock issued for consultant and legal services	42,000	42	20,958	--	--	--	21,000
Shares of common stock issued for cash and services	350,000	350	174,650	--	--	--	175,000
Shares of common stock issued for cash	290,000	290	144,710	--	--	--	145,000
Cash repayment of advances from related party	--	-	--	11,881	--	--	11,881
Net income (loss)	--	--	--	--	(35,529)	35,775	246
Balance – March 31, 2013 (Unaudited)	17,962,518	17,963	5,901,968	(639,744)	(8,148,712)	(1,117,378)	(3,985,903)
Advances from related party	--	--	--	(25,810)	--	--	(25,810)
Stock options granted to employees for services	--	--	108,500	--	--	--	108,500
Reclassification of derivative liability (Note 10)	--	--	116,097	--	--	--	116,097
Shares of common stock issued for services	25,000	25	3,875	--	--	--	3,900
Net loss	--	--	--	--	(693,846)	(90,779)	(784,625)
Balance - December 31, 2012	17,987,518	$ 17,988	$ 6,130,440	$ (665,554)	$ (8,842,558)	$ (1,208,157)	$ (4,567,841)

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

SYSOREX GLOBAL HOLDINGS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Cash Flows from Operating Activities		
Net income (loss)	$ (784,625)	$ 246
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	99,204	83,198
Bad debt expense	--	99,341
Stock based compensation	223,600	395,300
Accretion of debt discount	183,333	--
Change in fair value of derivative liability	(18,003)	--
Gain on settlement of obligations	--	(110,049)
Changes in operating assets and liabilities:		
Accounts receivable	(320,217)	(60,739)
Prepaid expenses	11,557	38,487
Other assets	(6,251)	4,610
Accounts payable	179,048	(337,841)
Accrued expenses	47,481	274,585
Accrued compensation	53,928	(942,716)
Deferred revenue	(142,266)	107,273
Accrued interest	1,200	6,640
Net Cash Used in Operating Activities	(472,011)	(441,665)
Cash Used in Investing Activities		
Purchase of property and equipment	(3,521)	(5,875)
Cash Flows from Financing Activities		
Advances from factor	2,003	3,957
Net proceeds from issuance of common stock	--	148,500
Net proceeds from the exercise of stock options	--	3,000
Proceeds from note from related party	17,000	--
Repayment of advances to Qureishi Family Trust	(7,631)	(82,099)
Repayment of advances to Sysorex Consulting, Inc.	(122,613)	(338,890)
Repayment of cash advances	(214,187)	(106,667)
Proceeds from convertible notes	200,000	--
Repayment of convertible notes	(95,000)	--
Repayment of notes payable	(88,560)	(93,344)
Advance from Duroob Technology	567,687	1,112,760
Net Cash Provided by Financing Activities	$ 258,699	$ 647,217
Net (Decrease) Increase in Cash and Cash Equivalents	(216,833)	199,677
Cash and Cash Equivalents - Beginning of Year	225,134	25,457
Cash and Cash Equivalents - End of Year	$ 8,301	$ 225,134
Supplemental Disclosure of Cash Flow Information:		
Cash Paid for:		
Interest	$ 55,668	$ 25,233
Income Taxes	$ 23,122	$ 1,320
Non-cash disclosure of Financing and Investing Activities:		
Reclassification of derivative liability to equity	$ 116,097	$ --
Issuance of common stock for the settlement of related party advances	$ --	$ 1,176,000
Issuance of common stock for the settlement of accrued dividends	$ --	$ 1,553,025
Acquisition of Softlead:		
Assumption of assets other than cash	$ --	$ 20,000
Assumption of liabilities	$ --	$ 32,264
Dividends accrued	$ --	$ 118,200

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

Note 1 - Organization and Nature of Business

Overview

Sysorex Global Holdings Corp. ("SGHC"), through its wholly-owned subsidiaries, Sysorex Federal, Inc. and Sysorex Government Services, Inc., and majority-owned subsidiary, Sysorex Arabia LLC (collectively the "Company"), provides information technology and telecommunications solutions and services primarily to government customers in the United States and Saudi Arabia. The Company is a systems integration and consulting company and has a wide range of offerings, including, but not limited to: custom application/software design, architecture and development, data center design and operations services, command control, computer communication, intelligence (C4I) system consulting, program management and security solutions and services. The Company is headquartered in the state of California, has an office in the state of Virginia, and the Company's majority-owned subsidiary operates in Saudi Arabia.

Effective March 1, 2013, and as more fully described in Note 21, the Company acquired the assets of Lilien LLC ("Lilien"), and 100% of the stock of Lilien Systems, an information technology company, which significantly expanded its operations in the fields described above.

Reverse Merger

Effective July 29, 2011, Softlead Inc. ("Softlead") entered into an Acquisition and Share Exchange Agreement with the Company. Upon the terms and subject to the conditions of the agreement, at the effective date of the merger, the Company was merged with and into Softlead, with Softlead continuing as the surviving corporation.

As of the effective date, Softlead acquired 100% of the issued and outstanding shares of Sysorex Federal, Inc. and its wholly-owned subsidiary, Sysorex Government Services, Inc., and 50.2% of the issued and outstanding shares of Sysorex Arabia LLC, from Sysorex Consulting, Inc. and the Qureishi Family Trust.

As of the effective date of the merger, each share of the Company's common stock was cancelled and converted automatically into the right to receive common shares of Softlead for an aggregate of 14,600,000 common shares of Softlead, which constituted 84.6% of the post-acquisition outstanding shares of Softlead's stock at the end of the merger. Softlead's existing shareholders retained a total of 2,650,518 shares of Softlead's stock, which constituted 15.4% of the post-acquisition outstanding shares of Softlead. Post-acquisition and after share exchange, there was a total of 17,250,518 issued and outstanding shares of Softlead stock, which was recorded as a recapitalization of Softlead.

For accounting purposes, the transaction described above was treated as a recapitalization of Sysorex Federal Inc., the accounting acquirer, because Sysorex Federal's shareholders own the majority of Softlead's outstanding common stock following the transaction and exercise significant influence over the operating and financial policies of the consolidated entity. Softlead was a non-operating company prior to the acquisition. Pursuant to Securities and Exchange Commission rules, the merger or acquisition of a private operating company into a non-operating public company with nominal net assets is considered a capital transaction in substance, rather than a business combination. As a result, the effect of the recapitalization was applied retroactively to the prior year's consolidated financial statements as if the current structure existed since inception of the periods presented. The number of shares issued and outstanding, additional paid-in capital and all references to share quantities of the Company in these notes have been retroactively adjusted to reflect the equivalent number of shares issued by the Company in the reverse merger, while the operating company's historical equity is being carried forward. All costs attributable to the reverse merger were expensed as transaction costs. On the date of the merger, Softlead changed its corporate name to Sysorex Global Holdings Corp.

Currently and as a result of the transactions described in the preceding paragraphs, SGHC conducts its business through:

- Sysorex Federal, Inc., a 100% owned subsidiary of SGHC, and Sysorex Government Services, Inc., a 100% owned subsidiary of Sysorex Federal, Inc.; and
- Sysorex Arabia LLC, a 50.2% owned subsidiary of SGHC.

Note 2 - Summary of Significant Accounting Policies (continued)

Principles of Consolidation

The consolidated financial statements have been prepared using the accounting records of the Company and its wholly-owned subsidiaries, Sysorex Federal, Inc. and Sysorex Government Services, Inc., and its majority-owned subsidiary, Sysorex Arabia LLC. All material inter-company balances and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US 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 are the valuation of stock-based compensation, derivatives, allowance for doubtful accounts and the valuation allowance for the deferred tax asset.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash, checking accounts, money market accounts and temporary investments, with maturities of three months or less when purchased. As of December 31, 2012 and 2011 the Company had no cash equivalents.

Accounts Receivable, Contracts receivable and Allowance for Doubtful Accounts

Accounts receivables are stated at the amount the Company expects to collect. The Company recognizes an allowance for doubtful accounts to ensure accounts receivables are not overstated due to uncollectibility. Bad debt reserves are maintained for various customers based on a variety of factors, including the length of time the receivables are past due, significant one-time events and historical experience. An additional reserve for individual accounts is recorded when the Company becomes aware of a customer's inability to meet its financial obligation, such as in the case of bankruptcy filings, or deterioration in the customers' operating results or financial position. If circumstances related to customers change, estimates of the recoverability of receivables would be further adjusted. The Company has recorded an allowance for doubtful accounts of $133,180 and $133,180 as of December 31, 2012 and 2011, respectively. As of December 31, 2012 and 2011 the Company has reclassified $369,804 and $21,788 respectively as long term contracts receivable because the amount is not expected to be collected within the next twelve months.

Property and Equipment

Property and equipment are recorded at cost. The Company depreciates its property and equipment for financial reporting purposes using the straight-line method over the estimated useful lives of the assets, which range from 3 to 7 years. Leasehold improvements are amortized over the lesser of the useful life of the asset, or the initial lease term. Expenditures for maintenance and repairs, which do not extend the economic useful life of the related assets, are charged to operations as incurred, and expenditures, which extend the economic life, are capitalized. When assets are retired, or otherwise disposed of, the costs and related accumulated depreciation or amortization are removed from the accounts and any gain or loss on disposal is recognized.

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 discounted 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 incur any impairment charges for the years ended December 31, 2012 and 2011.

Note 2 - Summary of Significant Accounting Policies (continued)

Income Taxes

The Company accounts for income taxes using the asset and liability method. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in the tax rate is recognized in income or expense in the period that the change is effective. Income tax benefits are recognized when it is probable that the deduction will be sustained. A valuation allowance is established when it is more likely than not that all or a portion of a deferred tax asset will either expire before the Company is able to realize the benefit, or that future deductibility is uncertain.

Non-Controlling Interest

The Company has a 50.2% equity interest in Sysorex Arabia as of December 31, 2012 and 2011. The portion of the Company's deficiency attributable to this third-party non-controlling interest was approximately $1.2 million and $1.1 million as of December 31, 2012 and 2011, respectively.

Foreign Currency Translation

Assets and liabilities related to the Company's foreign operations are calculated using the Saudi Riyal and are translated at end-of-period exchange rates, while the related revenues and expenses are translated at average exchange rates prevailing during the period. Translation adjustments are recorded as a separate component of stockholders' equity.

Transaction gains and losses were immaterial for the years ended December 31, 2012 and 2011.

Comprehensive Income (Loss)

The Company reports comprehensive income (loss) and its components in its consolidated financial statements. Comprehensive loss consists of net loss and foreign currency translation adjustments affecting stockholders' equity that, under US GAAP, are excluded from net loss. The difference between net income as reported and comprehensive income have historically been immaterial.

Revenue Recognition

Revenue is generally recognized when services have been rendered, provided that persuasive evidence of an arrangement exists, the fee is fixed or determinable, and collection is reasonably assured. To the extent that one or more of these conditions are not met, revenue is deferred until such time as all four criteria are met.

Revenues are derived principally from time and material or firm fixed price long-term and short-term contracts with various United States Government agencies, Saudi Arabian Government agencies, and commercial customers. Revenue on time and material contracts is recognized based on a fixed hourly rate for direct labor hours expended. The fixed rate includes direct labor, indirect expenses, and profits. Materials, or other specified direct costs, are reimbursed as actual costs and may include markup. Anticipated losses are recognized as soon as they become known. These amounts are based on known and estimated factors.

In general, the Company requires an upfront deposit for significant arrangements. If the Company receives a payment from a customer prior to meeting all of the revenue recognition criteria, the payment is recorded as deferred revenue. The Company's current arrangements with its third-party integrators, value-added resellers and distributors generally do not provide for any rights of return, price-protection or other contingencies.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs, which are included in selling, general and administrative expenses, were deemed to be nominal during each of the reporting periods.

Note 2 - Summary of Significant Accounting Policies (continued)

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 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.

The Company incurred stock-based compensation charges, net of estimated forfeitures of $223,600 and $395,300 for the years ended December 31, 2012 and 2011, respectively. The following table summarizes the nature of such charges for the years then ended:

	2012	2011
Compensation and related benefits	$ 108,500	$ 202,800
Professional fees	3,900	3,000
Consulting and advisory		189,500
Interest expense	111,200	--
Totals	$ 223,600	$ 395,300

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, conversion of convertible notes payable, and shares issued to members of the Board of Directors of the Company for services rendered 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 years ended December 31, 2012 and 2011:

	2012	2011
Options	1,463,000	528,500
Warrants	843,356	--
Convertible debt	1,166,667	--
Totals	3,473,023	528,500

Fair Value of Financial Instruments

Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, deferred revenue, and derivative instruments. The Company determines the estimated fair value of such financial instruments presented in these financial statements using available market information and appropriate methodologies. These financial instruments are stated at their respective historical carrying amounts, which approximate fair value due to their short term nature, except derivative instruments which are marked to market at the end of each reporting period.

Derivative Liabilities

In connection with the issuance of a secured convertible promissory note, the terms of the convertible note included an embedded conversion feature; which provided for the settlement of the convertible promissory note into shares of common stock at a rate which was determined to be variable. The Company determined that the conversion feature was an embedded derivative instrument pursuant to ASC 815 “Derivatives and Hedging”.

Note 2 - Summary of Significant Accounting Policies (continued)

Derivative Liabilities (continued)

The accounting treatment of derivative financial instruments requires that the Company record the conversion option and related warrants at their fair values as of the inception date of the agreements and at fair value as of each subsequent balance sheet date. As a result of entering into the convertible promissory notes, the Company is required to classify all other non-employee warrants as derivative liabilities and record them at their fair values at each balance sheet date. Any change in fair value was recorded as a change in the fair value of derivative liabilities for each reporting period at each balance sheet date. 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.

The fair value of an embedded conversion option that is convertible unto a fixed number of shares is recorded using the intrinsic value method and the embedded conversion option that is convertible into at variable amount of shares are deemed to be a "down-round protection" and therefore, do not meet the scope exception for treatment as a derivative under ASC 815. Since, "down-round protection" is not an input into the calculation of the fair value of the conversion option and cannot be considered "indexed to the Company's own stock" which is a requirement for the scope exception as outlined under ASC 815. The Company determined the fair value of the Binomial Lattice Model and the Intrinsic Value Method to be materially the same. Warrants that have been reclassed to derivative liability that did not contain "down-round protection" were valued using the Black-Scholes model. The Company's outstanding warrants did not contain any down round protection.

The Black-Scholes option valuation model is used to estimate the fair value of the warrants or options 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 most recent historical period of time equal to the weighted average life of the warrants or options granted.

Reclassification

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

Subsequent Events

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

Note 3 - Property and Equipment

Property and equipment at December 31, 2012 and 2011 consists of the following:

		2012	2011
Computer and office equipment	$	135,631	132,110
Furniture and fixtures		62,973	62,973
Leasehold improvements		134,445	134,445
Software		24,245	24,245
Vehicles		207,280	207,280
Total		564,574	561,053
Less: accumulated depreciation and amortization		(515,336)	(416,132)
Total Property and Equipment - Net	$	49,238	144,921

Depreciation and amortization expense was $99,204 and $83,198 for the years ended December 31, 2012 and 2011, respectively.

Note 4 - Deposits

The Company has entered into surety bonds with a financial institution in Saudi Arabia which guarantee future performance on certain contracts. Deposits for surety bonds amounted to $749,227 and $762,738 as of December 31, 2012 and 2011, respectively.

Note 5 - Due to Factoring Company

The Company has an agreement with a commercial financing company (the "Factoring Company") under which the Company factors trade accounts receivable without recourse as to credit risk, but with recourse for certain claims by the customer for adjustments in the normal course of business. The Company granted a security interest in those receivables to the Factoring Company and continues to carry them as receivables on the balance sheet. The Company also records the amounts factored as liabilities to the Factoring Company and owed $46,426 and $44,423 under this arrangement as of December 31, 2012 and 2011, respectively. The Company incurred commission charges under this agreement of $19,887 and $22,900 for the years ended December 31, 2012 and 2011, respectively.

Note 6 - Due to Related Parties

Non-interest bearing amounts due on demand to related parties as of December 31, 2012 and 2011 are as follows:

	2012	2011
Qureishi Family Trust, an entity which owns 10.1% of the outstanding common shares of the Company as of December 31, 2012 and 2011	$ 136,977	$ 144,608
Duroob Technology, Inc., an entity whose CEO owns 49.8% of Sysorex Arabia LLC, the Company's 50.2% owned subsidiary	1,680,447	1,112,760
Sysorex Consulting, Inc., an entity which owns 2% of the outstanding common shares of the Company as of December 31, 2012 and 2011	11,717	108,520
Totals	$ 1,829,141	$ 1,365,888

Note 7 - Advance Payable

During the year ended December 31, 2009, the Company received a non-interest cash advance of $1,012,982 from a business partner to fund the operations of the Company. Amounts owed to the business partner under this arrangement were $722,156 and $936,343 as of December 31, 2012 and 2011, respectively, and is payable on demand.

Note 8 - Notes Payable

Notes payable and accrued interest as of December 31, 2012 and 2011 consisted of the following:

	2012	2011
a) Note payable dated July 1, 2008	$ 341,899	$ 421,899
b) Note payable dated June 15, 2010	22,020	30,580
c) Note payable dated July 29, 2011	27,262	27,262
Totals	$ 391,181	$ 479,741

Note 8 - Notes Payable (continued)

a) Note payable dated July 1, 2008

On July 1, 2008, the Company entered into a note payable for gross proceeds of $515,233. The note has no stated interest rate or repayment terms and matured on July 31, 2012. The maturity of the note was amended and is now due on September 30, 2013, all other terms of the note remain unchanged.

b) Note payable dated June 15, 2010

On June 15, 2010, the Company entered into a note payable for gross proceeds of $28,000. The note accrued interest at the rate of 6% per annum, had no repayment terms and matured on March 31, 2013. Principal and interest was repaid in full upon maturity.

c) Note payable dated July 29, 2011

On July 29, 2011 and in connection with the acquisition of Softlead, the Company became responsible for a note payable in the amount of $27,262. The note had no stated interest rate, repayment terms or maturity date. The note was paid in full on April 3, 2013.

Note 9 - Note Payable to Related Party

On June 15, 2010, the Company entered into a note payable with a director of the Company for $15,000. The note accrues interest at an annual rate of 8% per annum and matures on September 30, 2013. Principal and interest due in connection with this note totaled $18,050 and $16,850 as of December 31, 2012 and 2011, respectively.

On May 29, 2012 the Company entered into a note payable with an officer of the Company for $17,000. This note has no stated interest rate and is payable upon demand. Principal due in connection with this note totaled $17,000 as of December 31, 2012.

Note 10 - Secured Convertible Note Payable

On August 7, 2012, the Company issued a secured convertible promissory note (the "Note") in the face amount of $200,000 and received proceeds of $180,000. The Note accrues interest at the effective rate of 32%, is secured by Company receivables, matures on February 7, 2013, and may be prepaid without penalty at any time.

The Note is also convertible at any time at the option of the holder into shares of the Company's common stock at a conversion price equal to 45% of the lowest trading price for the common stock at any time during the ten trading days immediately preceding the date of issuance by the holder of a notice of conversion. Therefore, since this embedded conversion feature provides for the settlement of this convertible promissory note with shares of common stock at a rate which is variable in nature, this embedded conversion feature must be classified and accounted for as a derivative financial instrument.

In connection with the issuance of the Note, the Company also issued warrants for the purchase of 300,000 shares of the Company's common stock at an exercise price of $0.87 per share through July 29, 2014. Therefore, since the embedded conversion feature of the convertible promissory note must be accounted for as a derivative instrument, these warrants must also be accounted for as derivative instruments. As a result of entering into the convertible promissory note described above, all other non-employee warrants issued by the Company must also be classified and accounted for as derivative financial instruments.

Generally accepted accounting principles require that:

a) Derivative financial instruments be recorded at their fair value on the date of issuance and then adjusted to fair value at each subsequent balance sheet date with any change in fair value reported in the statement of operations; and

b) The classification of derivative financial instruments be reassessed as of each balance sheet date and, if appropriate, be reclassified as a result of events during the reporting period then ended.

Note 10 - Secured Convertible Note Payable (continued)

The fair value of the embedded conversion feature and the warrants, $244,500 and $17,700, respectively, aggregated $262,200. Consequently, upon issuance of the Note, a debt discount of $200,000 was recorded and the difference of $62,200, representing the fair value of the conversion feature and the warrants in excess of the debt discount, was immediately charged to interest expense. The debt discount will be amortized over the earlier of (i) the term of the debt or (ii) conversion of the debt, using the straight-line method which approximates the interest method. The amortization of debt discount is included as a component of interest expense in the consolidated statements of operations.

The fair value of the embedded conversion feature and the warrants was estimated using the Black-Scholes option-pricing model. Key assumptions used to apply this pricing model during the year ended December 31, 2012 were as follows:

Risk-free interest rate	0.3%
Expected life of option grants	0.5 to 2.0 years
Expected volatility of underlying stock	39%

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. Risk free interest rates were obtained from U.S. Treasury rates for the applicable periods.

During the year ended December 31, 2012, the Company repaid $95,000 of the principal balance due and reclassified $116,097 of the derivative liability to additional paid-in capital. This note payable was paid in full during the quarter ended March 31, 2013.

Note 11 - Preferred Stock

The Company is authorized to issue up to 5,000,000 shares of preferred stock with a par value of $0.001 per share with rights, preferences, privileges and restrictions as to be determined by the Company's Board of Directors. There were no shares of preferred stock issued and outstanding as of December 31, 2012 and 2011.

Note 12 - Common Stock

The Company is authorized to issue up to 40,000,000 shares of common stock with a par value of $0.001 per share. Each share of common stock is entitled to one vote on matters submitted to a vote of the common shareholders as prescribed by the By-Laws of the Company.

On April 1, 2011, the Company issued 1,135,781 shares of common stock to an affiliated company with common ownership prior to the reverse merger for the settlement of $1,176,000 of advances payable.

On July 29, 2011 and immediately prior to the reverse merger, Sysorex Federal, Inc. issued 3,805,252 shares of common stock to an affiliated entity with common ownership prior to the reverse merger for the conversion of preferred stock and forgiveness of accrued dividends. The preferred stock was non-cumulative, fully participating, and voting.

On August 2, 2011, the Company issued 216,000 shares of common stock for cash proceeds of $108,000.

On August 4, 2011, the Company issued 30,000 shares of common stock for the exercise of stock options. The gross proceeds received from the exercise were $3,000.

In August 2011, the Company issued 42,000 shares of common stock for consulting and legal services. Accordingly, the Company recorded a charge of $21,000 for the fair value of these issuances.

On August 4, 2011, the Company issued 350,000 shares of common stock to a consultant for $.01 a share for services they provided. The Company received cash proceeds of $3,500 from the consultant and, accordingly, recorded a charge of $171,500 for the remaining fair value of the shares.

On December 31, 2011, the Company issued 74,000 shares of common stock for cash proceeds of $37,000.

Note 12 - Common Stock (continued)

On December 31, 2012, the Company issued 25,000 shares of common stock under the terms of a consulting services agreement. Such shares were valued at $0.156 per share based upon the closing price of the Company's shares over the preceding 10 days and, accordingly, the Company recorded an expense of $3,900 during the year ended December 31, 2012.

Note 13 - Due from a Related Party

Non-interest bearing amounts due on demand from a related party were $665,554 and $639,744 as of December 31, 2012 and 2011, respectively, and consisted primarily of amounts due from Sysorex Consulting, Inc.

As Sysorex Consulting, Inc. is a direct shareholder of and an investor in the Company, the amounts due from Sysorex Consulting, Inc. as of December 31, 2012 and 2011 have been classified in and as a reduction of Stockholders' Deficiency.

Note 14 - Options

During the year ended December 31, 2011, the Company granted 558,500 of stock options to employees and non-employees for services provided. The stock options were fully vested on the date of the grant and have a life ranging from two to five years. The options have exercise prices ranging from $0.10 to $0.70 per share. The Company valued the stock options using the Black-Scholes option valuation model and incurred a stock-based compensation charge of $202,800.

During the year ended December 31, 2012, the Company granted 934,500 of stock options to employees and non-employees for services provided. The stock options were fully vested on the date of the grant and have a life of ten years. The options have an exercise price of $0.156 per share. The Company valued the stock options using the Black-Scholes option valuation model and incurred a stock-based compensation charge of $108,500.

As of December 31, 2012, the fair value of non-vested options totaled $-0-.

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 years ended December 31, 2011 and 2012 were as follows:

	2012	2011
Risk-free interest rate	0.7% to 1.8%	0.2% to 0.8%
Expected life of option grants	10 years	2 to 5 years
Expected volatility of underlying stock	39.7% to 41.6%	100%

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 following table summarizes the changes in options outstanding during the years ended December 31, 2012 and 2011:

	Number of Options	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding at January 1, 2011	--	--	--
Granted	558,500	(0.55)	--
Exercised	(30,000)	(0.10)	--

Note 14 – Options (continued)

	Number of Options	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding at December 31, 2011	528,500	$ 0.60	$ --
Granted	934,500	$ 0.16	$ --
Outstanding at December 31, 2012	1,463,000	$ 0.16	$ 58,520
Exercisable at December 31, 2012	1,463,000	$ 0.16	$ 58,520
Exercisable at December 31, 2011	528,500	$ 0.60	$ --

Number of Options	Range of Exercise Price	Weighted Average Remaining Contractual Life (In Years)	Average Exercise Price	Currently Exercisable
315,000	$0.50	3.4	$0.50	315,000
213,500	$0.70	3.9	$0.70	213,500
934,500	$0.16	10.0	$0.16	934,500
1,463,000				1,463,000

Note 15 - Warrants

During the year ended December 31, 2012, the Company issued warrants for the purchase of 543,356 of shares of common stock to employees and non-employees as compensation for interest free loans they have made to the Company over the past several years. As of December 31, 2012, the balance outstanding related to those loans total $0. The warrants were fully vested upon issuance, have a life of five years, and have an exercise price of $0.156 per share. The Company valued the warrants using the Black-Scholes option valuation model and incurred a stock-based compensation charge of $49,000 which was classified as interest expense.

As previously discussed in Note 11 and in connection with the issuance of a convertible note, on July 31, 2012 the Company issued warrants for the purchase of 300,000 shares of common stock at $0.87 per share. The warrants were fully vested upon issuance and have a life of two years. The Company valued the warrants using the Black-Scholes option valuation model and incurred a stock-based compensation charge of $17,700 which was classified as interest expense.

As of December 31, 2012, all outstanding warrants are exercisable and allow for the purchase of up to 843,356 shares of common stock at a weighted average exercise price of $0.41 per share, have a weighted average remaining contractual life of 3.8 years, and have an aggregate intrinsic value of $23,908.

Note 16 - Income Taxes

The domestic and foreign components of income (loss) before income taxes from continuing operations for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Domestic	$ (602,338)	$ (71,592)
Foreign	(182,287)	102,444
Income from Continuing Operations before Provision for Income Taxes	$ (784,625)	$ 30,852

Note 16 - Income Taxes (continued)

The income tax provision (benefit) for the years ended December 31, 2012 and 2011 consists of the following:

	2012	2011
Foreign		
Current	$ --	$ 30,606
Deferred	(36,457)	10,202)
U.S. federal		
Current	--	--
Deferred	(100,106)	(198,150)
State and Local		
Current	--	--
Deferred	(81,409)	(16,851)
	(217,972)	(174,193)
Change in valuation allowance	217,972	204,799
Income Tax Provision	$ --	$ 30,606

The reconciliation between the U.S. statutory federal income tax rate and the Company's effective rate for the years ended December 31, 2012 and 2011 is as follows:

	2012	2011
U.S. federal statutory rate	(34.0)%	34.0%
State income taxes, net of federal benefit	(4.2)	4.4
Merger and acquisition costs	0.0	2.0
Derivative liability / Debt discount	13.9	0.0
Meals and entertainment	0.0	0.9
NOL from Softlead	0.0	(149.8)
Fines/penalties	0.0	(1.3)
State rate change	(7.0)	6.6
US-Saudi Arabia income tax rate difference	3.3	(28.3)
Other permanent items	0.2	76.1
Change in valuation allowance	27.8	154.6
Effective Rate	0.0%	99.2%

As of December 31, 2012 and 2011, the Company's deferred tax assets consisted of the effects of temporary differences attributable to the following:

	2012	2011
Deferred Tax Asset		
Net operating loss carryovers	$ 1,805,873	$ 1,610,423
Intangible amortization	202,774	227,684
Charitable contribution carryover	39	39
Non-deductible stock compensation	198,039	151,064
Accrued compensation	43,244	42,787
Derivative Liability	6,575	--
Total Deferred Tax Asset	2,256,544	2,031,997
Less: valuation allowance	(2,249,969)	(2,031,997)
Deferred Tax Asset, Net of Valuation Allowance	$ 6,575	$ --

Note 16 - Income Taxes (continued)

Deferred Tax Liabilities

Derivative liabilities	$ (6,575)	$ --
Total deferred tax liabilities	(6,575)	--
Net Deferred Tax Asset (Liability)	$ --	$ --

As of December 31, 2012 and 2011, the Company had approximately $4.4 million and $4.1 million, respectively, of U.S. federal and state net operating loss ("NOL") carryovers available to offset future taxable income. These net operating losses, which, if not utilized, begin expiring in the year 2019. In accordance with Section 382 of the Internal Revenue Code, deductibility of the Company's net operating loss carryover may be subject to an annual limitation in the event of a change of control, as defined by the regulations. The Company performed a preliminary evaluation as to whether a change of control has taken place and concluded that Sysorex Global Holdings Corp. experienced a change of ownership upon the completion of the reverse merger transaction in July 2011. It is estimated that Softlead's NOLs are subject to an annual limitation of $330,520 for NOLs generated up through the date of the reverse merger in July 2011. As of December 31, 2012 and 2011, the Company had approximately $400,000 and $218,000 respectively of Saudi Arabian net operating loss carryovers available to offset future taxable income. However, only 25% of taxable income in any given year may be offset by the Company's NOL carryovers.

No provision was made for U.S. or foreign taxes on the undistributed earnings of Sysorex Arabia, as such earnings are considered to be permanently reinvested. Such earnings have been, and will continue to be, reinvested, but could become subject to additional tax, if they were remitted as dividends, loaned to the Company, or if the Company should sell its stock in Sysorex Arabia. It is not practicable to determine the amount of additional tax, if any, that might be payable on the undistributed foreign earnings.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. In assessing the realization of deferred tax assets, management considers, whether it is "more likely than not", that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences representing net future deductible amounts become deductible.

ASC 740, "Income Taxes" requires that a valuation allowance be established when it is "more likely than not" that all, or a portion of, deferred tax assets will not be realized. A review of all available positive and negative evidence needs to be considered, including the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies. After consideration of all the information available, Management believes that uncertainty exists with respect to future realization of its deferred tax assets and has, therefore, established a full valuation allowance as of December 31, 2012 and 2011.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. ASC 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company is required to file income tax returns in the United States (federal) and in various state jurisdictions. Based on the Company's evaluation, it has been concluded that there are no material uncertain tax positions requiring recognition in the Company's financial statements for the years ended December 31, 2012 and December 31, 2011.

The Company's policy for recording interest and penalties associated with unrecognized tax benefits is to record such interest and penalties as interest expense and as a component of selling, general and administrative expense, respectively. There were no amounts accrued for interest or penalties for the years ended December 31, 2012 and December 31, 2011. Management does not expect any material changes in its unrecognized tax benefits in the next year.

Note 17 - Fair Value

The Company determines the estimated fair value of amounts presented in these consolidated financial statements using available market information and appropriate methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. The estimates presented in the financial statements are not necessarily indicative of the amounts that could be realized in a current exchange between buyer and seller. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. These fair value estimates were based upon pertinent information available as of December 31, 2012 and 2011 and, as of those dates, the carrying value of all amounts approximates fair value.

The Company has categorized its assets and liabilities at fair value based upon the following fair value hierarchy:

- Level 1 - Inputs use quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.
- Level 2 - Inputs use other inputs that are observable, either directly or indirectly. These inputs include quoted prices for similar assets and liabilities in active markets as well as other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3 - Inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Company's assessment of the significance of particular inputs to these fair measurements requires judgment and considers factors specific to each asset or liability.

Both observable and unobservable inputs may be used to determine the fair value of positions that are classified within the Level 3 category. As a result, the unrealized gains and losses for assets within the Level 3 category presented in the tables below may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in historical company data) inputs.

The following are the major categories of assets were measured at fair value during the years ended December 31, 2012 and 2011, using quoted prices in active markets for identical assets (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3):

	Quoted Prices In Active Markets for Identical Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2012
Embedded conversion feature	$ --	$ --	$ 128,300	$ 128,300
Warrant and option liability	--	--	48,800	48,800
December 31, 2012	$ --	$ --	$ 177,100	$ 177,100

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. The Company's Level 3 liabilities consist of derivative liabilities associated with the convertible debt that contains an indeterminable conversion share price and the tainted warrants as the Company cannot determine if it will have sufficient authorized common stock to settle such arrangements.

Assumptions utilized in the development of Level 3 liabilities as of and during the year ended December 31, 2012 are described in Note 10.

Note 17 - Fair Value (continued)

The following table provides a summary of the changes in fair value, including net transfers in and/or out, of all financial assets measured at fair value on a recurring basis using significant unobservable inputs during the year ended December 31, 2012.

	Warrant Liability	Embedded Conversion Feature	Total
Balance - January 1, 2012	$ --	$ --	$ --
Change in fair value of derivative liability	(17,900)	(103)	(18,003)
Included in debt discount	--	200,000	200,000
Included in interest expense	66,700	44,500	111,200
Reclassification of derivative liability to equity	--	(116,097)	(116,097)
Balance - December 31, 2012	$ 48,800	$ 128,300	$ 177,100

Note 18 - Credit Risk and Concentrations

Financial instruments that subject the Company to credit risk consist principally of trade accounts receivable and cash. 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, as a consequence, 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 a foreign financial institution for its majority-owned subsidiary. The Company has not experienced any losses and believes it is not exposed to any significant credit risk from cash.

During the year ended December 31, 2012, the Company earned revenues from three different customers representing approximately 50%, 20%, and 14% of gross sales. During the year ended December 31, 2011, the Company earned revenues from two different customers representing approximately 44% and 30% of gross sales.

As of December 31, 2012, four customers represented approximately 50%, 20%, 12% and 10% of total accounts receivable. As of December 31, 2011, four customers represented approximately 22%, 22%, 21% and 18% of total gross accounts receivable.

Note 19 - Foreign Operations

The Company's operations are located primarily in the United States 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:

	United States	Saudi Arabia	Eliminations	Total
2012:				
Revenues by geographic area	$ 3,600,184	$ 637,605	$ --	$ 4,237,789
Operating loss by geographic area	$ (270,141)	$ (185,273)	$ --	$ (455,414)
Net loss by geographic area	$ (602,338)	$ (182,287)	$ --	$ (784,625)
Identifiable assets by geographic area	$ 428,527	$ 1,186,585	$	$ 1,615,112
Long lived assets by geographic area	$ 8,517	$ 40,721	$ --	$ 49,238
2011:				
Revenues by geographic area	$ 3,555,319	$ 3,448,230	$ --	$ 7,003,549
Operating income (loss) by geographic area	$ (254,265)	$ 102,444	$ 103,448	$ (48,373)
Net income (loss) by geographic area	$ 240,856	$ 71,838	$ (312,448)	$ 246
Identifiable assets by geographic area	$ 376,420	$ 1,270,779	$ (34,483)	$ 1,612,716
Long lived assets by geographic area	$ 2,627	$ 142,294	$ --	$ 144,921

Note 20 - Commitments and Contingencies

Operating Leases

The Company leases its office space under non-cancelable operating leases that expire through October 2013. The total amount of rent payable under the leases is recognized on a straight-line basis over the term of the leases. As of December 31, 2012 and 2011, deferred rent payable was immaterial. Rental expense under the operating leases for the years ended December 31, 2012 and 2011 was $50,043 and $44,137, respectively.

The minimal annual lease payments through October 2013 is approximately $23,000.

Litigation

Certain conditions may exist as of the date the 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.

During the year ended December 31, 2011, a judgment in the amount of $936,330 was levied against Sysorex Arabia LLC in favor of Creative Edge, Inc. in connection with amounts advanced for operations. Of that amount, $214,187 has been repaid, $514,836 will be paid through a surety bond, and the remaining $207,313 has been accrued by the Company as of December 31, 2012. There was no effect upon the statement of operations in connection with this transaction.

During the year ended December 31, 2011, a judgment in the amount of $613,333 was levied against Sysorex Arabia LLC in favor of one of its vendors (Tuwaiq) in connection with a dispute related to a services contract. However, this vendor owed Sysorex Arabia LLC a like amount in connection with the same services contract. In 2012 the balances were offset, the accounts were settled, and the judgment was released.

During the year ended December 31, 2011, a judgment in the amount of $95,983 in favor of one of the Company's vendors was settled. Sysorex had disagreed with the amount of the judgment and had accrued $53,983 on the books for the amounts owed. A settlement payment of $11,000 was made and the related gain of $42,983 was recorded in other income.

During the year ended December 31, 2011, a judgment in the amount of $39,128 in favor of one of the Company's vendors was settled with a payment of $10,585 and the related gain of $28,543 was recorded in other income.

Defined Contribution Pension Plan

The Company sponsors a 401(k) defined contribution retirement plan ("The Plan") covering all of its eligible employees after their completion of six months of service and upon attaining the age of 21. The Plan provides that employees can contribute a percentage of their compensation limited to amounts prescribed by the Internal Revenue Service, adjusted annually. Matching contributions are made at the discretion of management. No employer-matching contributions were made to the Plan for the years ended December 31, 2012 and 2011.

Note 20 - Commitments and Contingencies (continued)

Statutory Reserve

In accordance with local laws, Sysorex Arabia LLC is required to pay 10% of its net income every year to a statutory reserve account until the balance reaches 50% of its stock capital. This statutory reserve is not applicable for distribution. The Company is obligated to deposit an aggregate of $266,667 into that account based upon its stock capital and, as of December 31, 2012 and 2011 the Company has not made any deposits into that account as it is not profitable.

End of Service Indemnity Provision

In accordance with local labor laws, Sysorex Arabia LLC is required to accrue benefits payable to the employees of the Company at the end of their services with the Company. As of December 31, 2012 and 2011, the Company has accrued approximately $41,680 and $171,000, respectively.

Quasi-Reorganization

On June 30, 2009, Sysorex Government Services, Inc., in connection with the Company's expansion into the government services industry, performed a deficit reclassification quasi-reorganization whereby $2,441,960 of the Corporation's accumulated deficit was reduced by a transfer from the Corporation's additional paid in capital. Therefore, the Sysorex Government Services' portion of Retained Earnings on the balance sheet are those Retained Earnings accumulated since July 1, 2009.

Note 21 - Subsequent Events

Business Finance Agreement

On March 15, 2013, Sysorex Government Services, Inc., and Lilien Systems, 100% owned subsidiaries of Sysorex Global Holdings, Inc., entered into a Business Finance Agreement (the "Agreement") as co-borrowers (the "Borrowers") with Bridge Bank, NA (the "Bank") under which the Borrowers obtained a revolving line of credit for up to $5,000,000 through March 15, 2015. Terms of this agreement include compliance with certain debt covenants, interest at the greater of 5.25%, or the Bank's prime rate, plus 2%, and repayment of any outstanding principal balance as of March 15, 2015.

On March 20, 2013, the Borrowers received $4,175,000 under this Agreement to finance the acquisition of Lilien described below.

Acquisition of Lilien LLC

On March 20, 2013, the Company entered into an Asset Purchase and Merger Agreement (the "Agreement") to acquire certain assets and liabilities of Lilien LLC and 100% of the stock of Lilien Systems (collectively referred hereafter as "Lilien") effective as of March 1, 2013. Lilien is an information technology company whose operations complement and significantly expands the Company's current base of business.

The purchase price of this acquisition aggregated $9,000,000 and consisted of cash of $3,000,000, and 6,000,000 shares of the Company's common stock deemed to have a fair value of $6,000,000.

Additionally, under the terms of the Agreement, the Company is liable to the Former Lilien Members for the payment of additional cash consideration on March 20, 2015 to the extent that they receive less than $1.00 per share from the sale of the 6,000,000 shares of the Company's common stock referred to above (the "Guaranteed Amount"), less customary commissions, on or before March 20, 2015 provided the Stockholders are in compliance with the terms and conditions of the lock-up agreement. On that date, the Former Lilien Members shall have an option to put all, but not less than all, of any unsold shares of Sysorex common stock to Sysorex, for the price of $1.00 per share. Notwithstanding the foregoing, in the event that the gross profits for calendar 2013 and 2014 attributable to the Lilien assets are more than 20% below what was forecasted to the Company, the Guaranteed Amount will be proportionately reduced. As of the date of the acquisition the guaranteed amount was de minimis.

The acquisition of Lilien was accounted for by the Company under the purchase method of accounting whereby assets acquired and liabilities assumed by the Company are recorded at their estimated fair values as of the date of acquisition and the results of operations of the acquired company are consolidated with those of the Company from the date of acquisition.

Note 21 - Subsequent Events (continued)

Acquisition of Lilien LLC (continued)

The purchase price is allocated as follows:

Assets acquired:	
Cash	$ 1,112,485
Receivables	4,870,471
Inventory	55,410
Other current assets	852,759
Prepaid licenses/contracts	9,146,954
Property and equipment	254,638
Intangible assets	5,380,000
Goodwill	4,544,053
	26,216,770
Liabilities assumed:	
Accounts payable	5,094,390
Accrued expenses	970,139
Deferred revenue	11,152,241
	17,216,770
Purchase price	$ 9,000,000

The following unaudited pro forma financial information presents the consolidated results of operations of the Company and Lilien for the year ended December 31, 2012 as if the acquisition had occurred on January 1, 2011 instead of March 1, 2013. The pro forma information does not necessarily reflect the results of operations that would have occurred had the entities been a single company during those periods.

	Year Ended December 2012	Year Ended December 2011
Revenues	$ 44,808,957	$ 42,029,674
Net Loss Attributable to Common Shareholder	$ (2,244,477)	$ (1,386,917)
Weighted Average Number of Common Shares Outstanding	23,962,586	19,879,817
Loss Per Common Share - Basic and Fully Diluted	$ (.09)	$ (.07)

Other

On March 20, 2013, the Company issued 180,000 shares of common stock under the terms of a consulting services agreement in connection with the Lilien acquisition. The Company recorded an expense of $180,000 during the quarter ended March 31, 2013.

On March 20, 2013, the Company issued 15,000 shares of common stock under the terms of a consulting services agreement. The Company recorded an expense of $15,000 during the quarter ended March 31, 2013.

On March 31, 2013, the Company issued 887,433 shares of common stock in satisfaction of $1,774,865 owed by Sysorex Arabia LLC to Duroob Technology, Inc. ("Duroob"), a related party, as Duroob's Chief Executive Officer owns a minority interest in Sysorex Arabia, LLC. These shares were valued at $2.00 per share based upon the carrying value of the obligations which they satisfied. The issuance of these shares was recorded by Sysorex Global Holdings Corp. as an additional investment in its majority-owned subsidiary, Sysorex Arabia LLC. However, by agreement with the other shareholder of Sysorex Arabia LLC, the ownership percentages of Sysorex Arabia LLC remained unchanged.

Note 21 - Subsequent Events (continued)

Other (continued)

During the quarter ended March 31, 2013, the Company granted 209,500 of stock options to employees. The stock options vest over 4 years and have a life of ten years. The options have an exercise price of $0.40 per share. The Company valued the stock options using the Black-Scholes option valuation model and incurred a stock-based compensation charge of $38,600.

On March 20, 2013, the Company granted 166,667 warrants to Bridge Bank, NA in connection with the acquisition of Lilien. The warrants were fully vested on the date of the grant and have a life of 7 years. The warrants have an exercise price of $0.45 per share. The Company valued the warrants using the Black-Scholes option valuation model and incurred a stock-based compensation charge of $109,300.

Contingent Consideration

Under the terms of the acquisition of Lilien as more fully described in Note 21, the Company is liable for the payment of additional cash consideration to the extent that the recipients of the 6,000,000 shares of the Company's common stock referred to above receive less than $6,000,000 from the sale of those shares, less customary commissions, on or before March 20, 2015. As of the date of the acquisition the guaranteed amount was de minimis.

Repayment of Secured Convertible Note Payable

As more fully described in Note 10, the secured convertible note payable was paid in full during the quarter ended March 31, 2013.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of
Lilien LLC and Subsidiary

We have audited the accompanying consolidated balance sheets of Lilien LLC and Subsidiary (the "Company") as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lilien LLC and Subsidiary as of December 31, 2012 and 2011, and the results of its operations, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ Marcum LLP
New York, NY
August 12, 2013

LILIEN LLC AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	$ 3,523,352	$ 1,470,934
Accounts receivable, net	5,115,527	7,017,826
Other receivables	276,882	337,774
Inventory	55,863	107,409
Prepaid expenses	87,094	103,305
Employee advances	57,978	178,977
Prepaid licenses and maintenance contracts	5,533,049	4,677,873
Total Current Assets	14,649,745	13,894,098
Property and Equipment, Net	271,160	165,811
Prepaid Licenses and Maintenance Contracts, Non-Current	3,246,726	3,492,456
Total Assets	$ 18,167,631	$ 17,552,365
Liabilities and Members' Equity		
Current Liabilities		
Accounts payable	$ 6,436,258	$ 5,220,737
Accrued expenses	309,143	314,346
Accrued compensation	687,064	984,457
Accrued sales and use taxes	253,742	130,925
Deferred revenue	6,614,296	5,525,491
Total Current Liabilities	14,300,503	12,175,956
Long Term Liabilities		
Deferred revenue, non-current	3,805,591	3,954,668
Total Liabilities	18,106,094	16,130,624
Commitments and Contingencies		
Members' Equity	61,537	1,421,741
Total Liabilities and Members' Equity	$ 18,167,631	$ 17,552,365

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

LILIEN LLC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Revenues, Net	$ 40,571,168	$ 35,026,125
Cost of Revenues	30,411,985	25,933,008
Gross Profit	10,159,183	9,093,117
Operating Expenses		
Compensation and related benefits	8,623,117	7,416,258
Professional and legal fees	45,183	24,336
Consulting expenses	664,396	711,442
Occupancy	323,906	320,407
Other administrative	1,061,131	866,907
Total Operating Expenses	10,717,733	9,339,350
Loss from Operations	(558,550)	(246,233)
Other Income (Expense)		
Interest income	67	1,638
Other expense	(4,014)	--
Interest expense	(375)	(833)
Total Other (Expense) Income	(4,322)	805
Net Loss before Provision for Income Taxes	(562,872)	(245,428)
Provision for Income Taxes	--	--
Net Loss	$ (562,872)	$ (245,428)

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

LILIEN LLC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Working Series A		Working Series B		Common		Members'
	Units	Amount	Units	Amount	Units	Amount	Interests
Balance – December 31, 2010	9,911	$ 25,235	-	$ --	582,000	$ 2,412,494	$ 2,437,729
Redemption of units	-	--	-	--	(18,000)	(106,020)	(106,020)
Distribution to members'	-	(11,299)	-	--	-	(663,480)	(674,779)
Stock-based compensation	-	10,239	-	--	-	--	10,239
Net loss	-	(4,238)	-	--	-	(241,190)	(245,428)
Balance - December 31, 2011	9,911	19,937	-	-	564,000	1,401,804	1,421,741
Redemption of units	-	--	-	--	(30,000)	(218,100)	(218,100)
Distribution to members'	-	(16,893)	-	--	-	(646,800)	(663,693)
Issuance of Series B Units	-	--	42,000	--	-	--	--
Stock-based compensation	-	84,461	-	--	-	--	84,461
Net loss	-	(10,257)	-	--	-	(552,615)	(562,872)
Balance – March 31, 2012	9,911	$ 77,248	42,000	$ --	534,000	$ (15,711)	$ 61,537

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

LILIEN LLC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Cash Flows from Operating Activities		
Net loss	$ (562,872)	$ (245,428)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	95,618	74,775
Stock-based compensation	84,461	10,239
Changes in net assets and liabilities:		
Accounts receivable	1,902,299	(1,346,417)
Other receivables	60,892	89,921
Inventories	51,546	(92,933)
Prepaid expenses	16,211	(14,426)
Prepaid licenses and maintenance contracts	(609,446)	(2,157,223)
Accounts payable	1,215,521	1,704,068
Accrued compensation	(297,393)	(18,135)
Accrued expenses	(5,203)	68,320
Accrued sales and use taxes	122,817	(50,957)
Deferred revenues	939,727	2,515,762
Total Adjustments	3,577,050	782,994
Net Cash Provided by Operating Activities	3,014,178	537,566
Cash Used in Investing Activities		
Capital equipment purchases	(200,967)	(90,664)
Cash Flows from Financing Activities		
Repayment of advances to employees	121,000	17,729
Cash advances to employees	--	(96,200)
Distribution to members	(663,693)	(674,779)
Redemption of units	(218,100)	(106,020)
Net Cash Used in Financing Activities	(760,793)	(859,270)
Net Increase (Decrease) in Cash and Cash Equivalents	2,052,418	(412,368)
Cash and Cash Equivalents - Beginning of year	1,470,934	1,883,302
Cash and Cash Equivalents - End of year	$ 3,523,352	$ 1,470,934
Supplemental Disclosure of Cash Flow Information:		
Cash Paid for:		
Interest	--	--
Income Taxes	--	--

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

Note 1 - Organization and Nature of Business

Lilien LLC, a Delaware limited liability company, was formed on April 7, 2006 having a perpetual existence. Lilien LLC's wholly owned subsidiary Lilien Systems ("the Company" "Lilien") was formed on January 1, 1994 in the State of California. The Company provides information technology solutions services to organizations to reach their next level of business advantage. These services include enterprise computing and storage, virtualization, business continuity, networking and information technology business consulting services. The Company is headquartered in California and has offices in Washington State, Oregon and Hawaii.

Effective March 1, 2013 and as more fully described in Note 9, certain assets and liabilities of Lilien LLC, and 100% of the stock of Lilien Systems were acquired by Sysorex Global Holdings Corp.

Note 2 - Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US 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 are the valuation of stock-based compensation and allowance for doubtful accounts.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash, checking accounts, money market accounts and temporary investments, with maturities of three months or less when purchased.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivables are stated at the amount the Company expects to collect. The Company recognizes an allowance for doubtful accounts to ensure accounts receivables are not overstated due to uncollectibility. Bad debt reserves are maintained for various customers based on a variety of factors, including the length of time the receivables are past due, significant one-time events and historical experience. An additional reserve for individual accounts is recorded when the Company becomes aware of a customer's inability to meet its financial obligation, such as in the case of bankruptcy filings, or deterioration in the customers' operating results or financial position. If circumstances related to customers change, estimates of the recoverability of receivables would be further adjusted. The Company's allowance for doubtful accounts as of December 31, 2012 and 2011 or its provision for doubtful accounts for the years then ended was not material.

Advances to Employees

From time to time advances have been given to employees towards their compensation by the Company. These advances are repayable on demand by the Company. The Company considers establishing an allowance for uncollectible amounts to reflect the amount of loss that can be reasonably estimated by management which is included as part of the compensation in the consolidate statements of operations. Determination of the estimated amount of uncollectible loans includes consideration of the amount of credit extended, the employment status and the length of time each receivable has been outstanding, as it relates to each individual employee. As of December 31, 2012 and 2011 the Company's has not established an allowance for any potential non-collection.

Note 2 - Summary of Significant Accounting Policies (continued)

Inventory

Inventory consisting primarily of finished goods is stated at the lower of cost or market utilizing the first-in, first-out method. The Company continually analyzes its slow-moving, excess and obsolete inventories. Based on historical and projected sales volumes and anticipated selling prices, the Company establishes reserves. If the Company does not meet its sales expectations, these reserves are increased. Products that are determined to be obsolete are written down to net realizable value. As of December 31, 2012 and 2011, the Company deemed any such allowance nominal.

Property and Equipment

Property and equipment are recorded at cost. The Company depreciates its property and equipment for financial reporting purposes using the straight-line method over the estimated useful lives of the assets, which range from 3 to 7 years. Leasehold improvements are amortized over the lesser of the useful life of the asset, or the initial lease term. Expenditures for maintenance and repairs, which do not extend the economic useful life of the related assets, are charged to operations as incurred, and expenditures, which extend the economic life, are capitalized. When assets are retired, or otherwise disposed of, the costs and related accumulated depreciation or amortization are removed from the accounts and any gain or loss on disposal is recognized.

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 (discounted and with interest charges), the Company records an impairment charge for the difference. Based on its assessments, the Company did not incur any impairment charges for the years ended December 31, 2012 and 2011.

Income Taxes

Lilien LLC is organized as a limited liability company and, accordingly, is a "pass through" entity for federal and state income tax purposes whereby the income of Lilien LLC is taxed at the member level. Lilien Systems Inc., a wholly owned subsidiary of Lilien LLC, is organized as a "C-corporation" for federal and state income tax purposes. Accordingly, the provisions for income taxes and all deferred tax balances in these financial statements are attributable exclusively to Lilien Systems.

Lilien Systems accounts for income taxes using the asset and liability method. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect on deferred tax assets and liabilities of a change in the tax rate is recognized in income or expense in the period that the change is effective. Income tax benefits are recognized when it is probable that the deduction will be sustained. A valuation allowance is established when it is more likely than not that all, or a portion of deferred tax assets will not be realized.

Lilien Systems operates on a break-even basis and there are no current or historical net operating losses or differences between the book and tax basis of assets, or liabilities. Consequently, no provisions for income taxes were recorded for the years ended December 31, 2012 and 2011. Furthermore, there were no deferred tax balances as of December 31, 2012 and 2011.

The Company accounts for uncertain tax positions in accordance with ASC 740, which prescribes a recognition threshold and measurement process for financial statements recognition and measurement of a tax position taken, or expected to be taken, in a return. Management has evaluated and concluded that there were no material uncertain tax positions requiring recognition in the Company's financial statements as of December 31, 2012 and 2011. The Company does not expect any significant changes in the unrecognized tax benefits within twelve months of the reporting date.

Interest costs and penalties related to income taxes are classified within operating expenses in the Company's consolidated financial statements. For the years ended December 31, 2012 and 2011, the Company did not recognize interest or penalties related to income taxes.

Note 2 - Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

The Company files U.S. federal, California, Oregon, and Hawaii separate returns for Lilien LLC and its subsidiary, Lilien Systems. The U.S. returns are subject to examination by tax authorities beginning with the year ended December 31, 2009.

Revenue Recognition

Lilien, as a reseller of third-party manufactured products, maintenance, and services, recognizes the revenue on sales of products (software and hardware) and maintenance agreements once four criteria are met: (1) persuasive evidence of an arrangement exists, (2) the price is fixed and determinable, (3) delivery (software and hardware) or fulfillment (maintenance) has occurred, and (4) there is reasonable assurance of collection of the sales proceeds. Revenues from the sales of hardware products, software products, licenses, and maintenance agreements are recognized on a gross basis in accordance with applicable standards with the selling price to the customer recorded as sales and the acquisition cost of the product recorded as cost of sales.

Lilien records revenues from sales of third-party products in accordance with Accounting Standards Codification ("ASC") Topic 605-45 Principal Agent Consideration" (ASC 605-45"). Furthermore, in accordance with ASC 605-45, Lilien evaluates sales on a case-by-case basis to determine whether the transaction should be recorded gross or net, including but not limited to assessing whether or not Lilien: 1) acts as principal in the transaction, 2) takes title to the products, and 3) has risks and rewards of ownership, such as the risk of loss for collection, delivery, or returns. Accordingly, in most cases Lilien records revenues on a gross basis.

Lilien enters into sales transactions whereby customer orders contain multiple deliverable, and reports its multiple deliverable arrangements under ASC 605-25 "Revenue Arrangements with Multiple Deliverables" ("ASC-605-25"). These multiple deliverable arrangements primarily consist of the following deliverables: third-party computer hardware, third-party software, third-party hardware and software maintenance (a.k.a. support), and third-party services. From time to time the personnel of Lilien were contracted to perform installation and services for the customer. In situations where Lilien bundles all or a portion of the separate elements, Vendor Specific Objective Evidence ("VSOE") is determined based on prices when sold separately.

Product delivery to customers occur in a variety of ways, including (i) as physical product shipped from the Company's warehouse, (ii) via drop-shipment by the vendor, or (iii) via electronic delivery for 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, thereby increasing efficiency and reducing costs. Furthermore, in such drop-ship arrangements, the Company negotiates price with the customer, pays the supplier directly for the product shipped and bears credit risk of collecting payment from its customers. The Company serves as the principal with the customer and, therefore, recognizes the sale and cost of sale of the product upon receiving notification from the supplier that the product has shipped.

Maintenance agreements allow customers to obtain technical support directly from the manufacturer and to upgrade, at no additional cost, to the latest technology if new software updates are introduced during the period that the maintenance agreement is in effect. Revenue derived from maintenance contracts primarily consists of the sale of third-party maintenance contracts by Lilien, whereby Lilien acts as the principal and the primary obligor in the transaction. Typically, Lilien sells third-party maintenance contracts for a separate fee with initial contractual periods ranging from one to three years with renewal for additional periods thereafter. Lilien generally bills maintenance fees in advance. Lilien recognizes maintenance revenue ratably over the term of the maintenance agreement. In situations where Lilien bundles all or a portion of the maintenance fee with products, VSOE for maintenance is determined based on prices when sold separately.

Lilien recognizes revenue for sales of Lilien-performed services ratably over the time period over which the service will be provided. Billings for such services that are made in advance of the related revenue recognized are recorded as deferred revenue and recognized as revenue ratably over the billing coverage period. For service engagements that are on a time and materials basis, revenues are recognized based upon hours incurred as services are performed and amounts are earned. Sales are recorded net of discounts, rebates, and returns. Vendor rebates and price protection are recorded when earned as a reduction to cost of sales or merchandise inventory, as applicable. Vendor product price discounts are recorded when earned as a reduction to cost of sales. Vendor product sales volume and growth incentive rebates based on total Company quarterly sales are recorded when earned as other income.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Cooperative reimbursements from vendors, which are earned and available, are recorded in the period the related advertising expenditure is incurred. Cooperative reimbursements are recorded as a reduction of cost of sales in accordance with ASC Topic 605-50 "Accounting by a Customer (including reseller) for Certain Consideration Received from a Vendor." Provisions for returns are estimated based on historical sales returns and credit memo analysis which are adjusted to actual on a periodic basis. The Company receives Marketing Development Funds (MDF) from vendors based on quarterly sales performance to promote the marketing of vendor products and services. The Company must file claims with vendors for these cooperative reimbursements by providing invoices and receipts for marketing expenses. Reimbursements are recorded as a reduction of marketing expenses and other applicable selling, general and administrative expenses in the period in which the expenses were incurred.

Equity-Based Compensation

The Company reports stock-based compensation under ASC 718 "Stock Compensation" ("ASC 718"). ASC 718 addresses all forms of share-based payment ("SBP") awards including shares issued under employee stock purchase plans, stock options, restricted stock and stock appreciation rights. Under ASC 718, SBP awards result in a cost that is measured at fair value on the awards' grant date, based on the estimated number of awards that are expected to vest.

The Company incurred a stock-based compensation charge net of estimated forfeitures for the years ended December 31, 2012 and 2011 of 84,461 and 10,239, respectively. These charges have been included as a component of compensation in the consolidated statements of operations.

Allocation of Income (Loss) and Distributions

Net income or losses of the Company are allocated to the members in proportion to the number of units and days each unit is held. Profits are allocated to all members in accordance with their percentage interests. Members are entitled to cash distributions, at the discretion of the Company in accordance with their percentage interests as defined in the operating agreement.

Losses are allocated until all common members and working members' capital accounts have been reduced to zero at which point no further allocation shall be made to the member or members with zero capital account balances. Thereafter allocations of net losses shall continue in proportion to the percentage interests of those members with positive capital accounts until the next member's capital account balance is reduced to zero, and continuing in the same manner until the capital accounts of all working members and common members have been reduced to zero.

Shipping and Handling Costs

Shipping and handling costs are expensed as incurred as part of cost of revenues. These costs were deemed to be nominal during each of the reporting periods.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs, which are included in selling, general and administrative expenses, were deemed to be nominal during each of the reporting periods.

Subsequent Events

The Company has evaluated subsequent events to determine if events or transactions occurring through the date the consolidated financial statements were available to be issued, require adjustment to or disclosure in the consolidated financial statements.

Note 3 - Property and Equipment

Property and equipment at December 31, 2012 and 2011 consists of the following:

	2012	2011
Computer and office equipment	$ 659,328	$ 720,760
Furniture and fixtures	113,382	105,885
Leasehold improvements	15,985	15,985
Software	188,304	85,379
Total	976,999	928,010
Less: accumulated depreciation	(705,839)	(762,199)
Total Property and Equipment - Net	$ 271,160	$ 165,811

Depreciation and amortization expense was $95,618 and $74,775 for the years ended December 31, 2012 and 2011, respectively.

Note 4 - Prepaid Licenses and Maintenance Contracts

Prepaid licenses and maintenance contracts represent payments made by Lilien directly to the manufacturer. Lilien acts as the principal and the primary obligor in the transaction and amortizes the capitalized costs ratably over the term of the contract to cost of revenues, generally one to five years.

Note 5 – Revolving Line of Credit

The Company has available a 975,000 revolving line of credit facility available through a commercial financing company. Amounts outstanding under this facility would accrue interest at a floating rate equal to the Prime Rate (3.25 % at December 31, 2012 and 2011) plus 1 %. The bank charges include a commitment renewal fee of 0.25% of the credit facility. In addition the Company is required to maintain certain covenants as defined in the agreement.

The Company has not utilized the financing line and has no outstanding obligations in connection with this facility as of December 31, 2012 and 2011.

Note 6 - Members' Equity

The equity structure of the Company consists of Common Units and Working Units and is governed by the terms of the operating agreement. During the years ended December 31, 2012 and 2011, the Company has reported distributions of 646,800 and 663,480, respectively, to its members for their interest percentage, as defined in the operating agreement.

Common Units

The Company is authorized to issue up to 600,000 Common Units in exchange for capital contributions in the form of cash or property. Each Common Unit has the right to one vote on all matters and to proportionately participate in all allocations of profits and losses as well as distributions of capital of the Company in accordance with the terms of the Operating Agreement dated July 1, 2006.

On October 20, 2011, the Company redeemed 18,000 Common Units at 5.89 per unit for a total of 106,020.

On June 12, 2012, the Company redeemed 30,000 Common Units at 7.27 per unit for a total of 218,100.

As of December 31, 2012 and 2011, the Company has issued and outstanding 534,000 and 564,000 common units, respectively.

Note 6 - Members' Equity (continued)

Working Units

The Company is authorized to issue up to 175,000 Working Units to employees without the requirement of capital contributions as an equity-based incentive for their efforts on behalf of the Company, subject to approval by and any vesting schedule deemed appropriate by the Board of Directors.

Each Working Unit has the right to one vote on all matters and to proportionately participate in all allocations of profits and losses as well as distributions of capital of the Company in accordance with the terms of the Operating Agreement dated July 1, 2006. However, Working Units are only entitled to participate in the appreciation of the value of the Company from their date of issuance. Holders of unvested Working Units are entitled to all rights associated with vested Working Units with respect to voting, access to information, and participation in the affairs of the Company.

The working units vest as follows upon issuance, all working units are unvested units; on the 12 month anniversary after the issuance of the units, 25% of the issued units will vest and quarterly thereafter, an additional 6.25% of the issued units will vest. Upon the occurrence of a termination event to a working member, any unvested units are immediately and automatically forfeited, without payment of consideration or repurchase price. The working units are redeemable at the option of the Company and accordingly, have been classified as equity.

On January 1, 2012, the Company issued 42,000 Working Units Series B when the Company was valued at 5.89 per unit.

As of December 31, 2012, Working Units in the amounts of 9,911 and 42,000 are entitled to participate in the appreciation of the value of the Company from the thresholds of 5.62 and 5.89 per unit, respectively, corresponding with the per unit values of the Company upon their dates of issuance. Accordingly, for the years ended December 31, 2012 and 2011, the Company recorded a charge to stock based compensation of 84,461 and 10,239 for the fair value of the appreciation value, respectively. As of December 31, 2012 and 2011, the calculated fair value of the redemption amount would be approximately 96,540 and 12,079 respectively.

Note 7 - 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, as a consequence, 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.

During the year ended December 31, 2012, the Company earned revenues from two different customers representing approximately 10%, and 8% of gross sales. During the year ended December 31, 2011, the Company earned revenues from two different customers representing approximately 11% and 11% of gross sales.

Note 7 - Credit Risk and Concentrations (continued)

As of December 31, 2012, two customers represented approximately 10% and 9% of total accounts receivable. As of December 31, 2011, three customers represented approximately 39%, 8% and 6% of total gross accounts receivable.

Note 8 - Commitments and Contingencies

Operating Leases

The Company leases facilities located in California, Washington State, Oregon and Hawaii for its office space under non-cancelable operating leases that expire at various times through August 2015. The total amount of rent expense under the leases is recognized on a straight-line basis over the term of the leases. As of December 31, 2012 and 2011, deferred rent payable was nominal. Rental expense under the operating leases for the years ended December 31, 2012 and 2011 was 323,906 and 320,407, respectively.

Note 8 - Commitments and Contingencies (continued)

Operating Leases (continued)

Future minimum lease payments under the above operating leases lease commitments at December 31, 2012 are as follows:

For the Years Ending December 31,		Amount
2013	$	322,700
2014		330,900
2015		339,300
Total	$	992,900

Litigation

Certain conditions may exist as of the date the 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.

Defined Contribution Pension Plan

The Company sponsors a 401(k) defined contribution retirement plan ("The Plan") covering all of its eligible employees after their completion of three months of service and upon attaining the age of 21. The Plan provides that employees can contribute a percentage of their compensation limited to amounts prescribed by the Internal Revenue Service, adjusted annually. Matching contributions are made at the discretion of management. No employer-matching contributions were made to the Plan for the years ended December 31, 2012 and 2011.

Employment Agreement

In connection with the sale of the Company effective March 1, 2013 the Company has entered into employment agreements with certain key employees of the Company. The agreements provides for minimum annual salaries, bonus at the discretion of the Company, and indemnification. The employment agreements carry certain restrictive covenants not to compete which expire on March 1, 2014.

Note 9 - Subsequent Events

Business Finance Agreement

On March 15, 2013, Lilien Systems and Sysorex Government Services, Inc., a 100% owned subsidiary of Sysorex Global Holdings, Inc., entered into a Business Finance Agreement (the "Agreement") as co-borrowers (the "Borrowers") with Bridge Bank, NA (the "Bank") under which the Borrowers obtained a revolving line of credit for up to $5,000,000 through March 15, 2015. Terms of this agreement include compliance with certain debt covenants, interest at the greater of 5.25%, or the Bank's prime rate, plus 2%, and repayment of any outstanding principal balance as of March 15, 2015.

On March 20, 2013, the Borrowers received $4,175,000 under this Agreement to finance the acquisition of Lilien described below.

Note 9 - Subsequent Events (continued)

Acquisition of Lilien LLC

On March 20, 2013, the Company entered into an Asset Purchase and Merger Agreement (the "Agreement") whereby Sysorex Global Holdings Corp. acquired certain assets and liabilities of Lilien LLC and 100% of the stock of Lilien Systems effective as of March 1, 2013. In connection with this Agreement, the Company received consideration consisting of $3,000,000 in cash and $6,000,000 shares of common stock of Sysorex Global Holdings Corp with a fair value of $6,000,000.

Additionally, under the terms of the Agreement, the Company contingently guaranteed (the “Guaranty”) to the Former Lilien Members the net sales price of $1.00 per share for a two year period following the closing, provided the Stockholders are in compliance with the terms and conditions of the lock-up agreement. At the end of the two year Guaranty period the Former Lilien Members shall have an option to put all, but not less than all, of their unsold Sysorex shares to Sysorex, for the price of $1.00 per unsold share. Notwithstanding the foregoing, in the event the gross profit for calendar year 2013 and 2014 attributable to the Lilien assets is more than 20% below what was forecasted to the Company the Guaranty will be proportionately reduced. As of the date of the acquisition the guaranteed amount was de minimis.

SYSOREX GLOBAL HOLDINGS CORP.
INTRODUCTION TO PRO FORMA CONDENSED
COMBINED FINANCIAL STATEMENTS
(Unaudited)

On March 20, 2013, the Company entered into an Asset Purchase and Merger Agreement (the "Agreement") to acquire certain assets and liabilities of Lilien LLC and 100% of the stock of Lilien Systems (collectively referred hereafter as "Lilien") effective as of March 1, 2013. The following unaudited pro forma financial information presents the consolidated results of operations of the Company and Lilien for the year ended December 31, 2012 and the Statement of Operations for the Quarter Ended March 31, 2013 as if the acquisition had occurred on January 1, 2012 instead of March 1, 2013. The pro forma information does not necessarily reflect the results of operations that would have occurred had the entities been a single company during those periods.

The unaudited pro forma information is presented for illustration purposes only in accordance with the assumptions set forth below and in the notes to the pro forma combined condensed financial statements.

SYSOREX GLOBAL HOLDINGS CORP. AND LILIEN
PRO FORMA CONDENSED COMBINED BALANCE SHEET
DECEMBER 31, 2012

	Sysorex 2012 Bal Sheet	Lilien 2012 Bal Sheet	Adj #1	Adj #2	Adj #3	Adj #4	Adj #5	Consolidated Total
ASSETS								
Current Assets								
Cash	$ 8,301	3,523,352		1,175,000	(450,131)	(219,188)		$ 4,037,334
Accounts Receivable	386,720	5,115,527						5,502,247
Inventory		55,863						55,863
Prepaid Licenses & Main Contracts		5,533,049						5,533,049
Other Current Assets	31,762	421,954						453,716
Total Current Assets	**426,783**	**14,649,745**	**-**	**1,175,000**	**(450,131)**	**(219,188)**	**-**	**15,582,209**
Furniture, Fixtures, & Equipment	49,238	271,160						320,398
Other Assets	1,139,091							1,139,091
Prepaid Licenses & Main Contracts Non Curr		3,246,726						3,246,726
Acquisition Intangibles			5,380,000				(768,571)	4,611,429
Goodwill			4,544,053					4,544,053
Total Assets	**$ 1,615,112**	**18,167,631**	**9,924,053**	**1,175,000**	**(450,131)**	**(219,188)**	**(768,571)**	**$ 29,443,906**
LIABILITIES								
Accounts Payable	1,075,312	6,436,258						7,511,570
Accrued Expenses	1,581,964	1,249,949						2,831,913
Other Liabilities	3,289,386				(215,131)			3,074,256
Deferred Revenue	236,291	6,614,296						6,850,587
Revolving Line of Credit			3,000,000	1,175,000				4,175,000
Total Liabilities	**6,182,953**	**14,300,503**	**3,000,000**	**1,175,000**	**(215,131)**	**-**	**-**	**24,443,326**
Deferred Revenue, non-current		3,805,591						3,805,591
STOCKHOLDERS' EQUITY								
Stockholders' Equity (Deficiency)	(4,567,841)	61,537	6,924,053	-	(235,000)	(219,188)	(768,571)	1,194,990
Total Liabilities and Stockholder's Equity	**$ 1,615,112**	**18,167,631**	**9,924,053**	**1,175,000**	**(450,131)**	**(219,188)**	**(768,571)**	**$ 29,443,906**

1) Acquisition of Lilien
2) Additional borrowings concurrent with Lilien acquisition for acquisition related disbursements and working capital purposes
3) Payment of accrued expenses
4) Interest expense on Bridge Bank credit facility for the period from 1/1/12 - 12/31/12
5) Amortization of intangible asset for the period 1/1/12 - 12/31/12

Sysorex Global Holdings Corp. and Lilien
Pro Forma Condensed Combined Statement of Operations
For the Year Ended December 31, 2012

	Sysorex	Lilien	Adj #1 Interest (Note 1)	Adj #2 Issue Shares (Note 2)	Adj #3 Amort (Note 3)	Pro Forma
Revenues	$ 4,237,789	$ 40,571,168				$ 44,808,957
Cost of revenues	2,344,592	30,411,985				32,756,577
Gross profit	1,893,197	10,159,183				12,052,380
SG&A	2,348,611	10,717,733			768,571	13,834,915
Income (loss) from operations	(455,414)	(558,550)				(1,782,535)
Other income (expense)	(329,211)	(4,322)	(219,188)			(552,721)
Income (loss) before taxes	(784,625)	(562,872)				(2,335,256)
Provision for income taxes	0	0				0
Net income	(784,625)	(562,872)				(2,335,256)
Net income (loss) attributable to non-controlling interests	(90,779)	0				(90,779)
Net income (loss) attributable to shareholders of SGH	(693,846)	(562,872)				(2,244,477)
Dividends	0	0				0
Net income (loss) attributable to common shareholders	$ (693,846)	$ (562,872)				$ (2,244,477)
Weighted average shares o/s - Basic and diluted	17,962,586			6,000,000		23,962,586
Net income (loss) per share - Basic and diluted	(0.04)					(0.09)

Notes:

1) $4,175,000 line of credit outstanding for the entire year and interest at 5.25%.
2) Issuance of 6,000,000 shares of Sysorex common shares
3) Amortization of intangibles of $5,380,000 (per acquisition method accounting) over seven years

Sysorex Global Holdings Corp. and Lilien
Pro Forma Condensed Combined Statement of Operations
For the Quarter Ended March 31, 2013

	Sysorex Global Consolidated	Lilien Jan 1 - Feb 28, 2013	Adj #1 Interest (Note 1)	Adj #2 Issue Shares (Note 2)	Adj #3 Amort (Note 3)	Adj #4 Acquisition Expenses (Note 4)	Pro Forma
Revenues	$ 5,361,544	$ 5,161,001					$ 10,522,545
Cost of revenues	3,905,733	3,884,003					7,789,736
Gross profit	1,455,811	1,276,998					2,732,809
SG&A	2,417,850	1,925,497			128,095	(907,865)	3,563,577
Income (loss) from operations	(962,039)	(648,499)					(830,768)
Other income (expense)	(533,373)	5	(48,405)				(581,783)
Income (loss) before taxes	(1,495,412)	(648,494)					(1,412,551)
Provision for income taxes	0	0					0
Net income	(1,495,412)	(648,494)					(1,412,551)
Net income (loss) attributable to non-controlling interests	(37,041)	0					(37,041)
Net income (loss) attributable to shareholders of SGH	(1,458,371)	(648,494)					(1,375,510)
Dividends	0	0					0
Net income (loss) attributable to common shareholders	$ (1,458,371)	$ (648,494)					$ (1,375,510)
Weighted average shares o/s - Basic and diluted	18,823,378			5,200,000			24,023,378
Net income (loss) per share - Basic and diluted	(0.08)						(0.06)

Notes:

1) $4,175,000 line of credit outstanding for the entire year and interest at 5.25%.
2) Issuance of additional shares due to Lilien Acquisition
3) Amortization of intangibles of $5,280,000 (per acquisition method accounting) over seven years
4) Expenses directly associated with Lilien acquisition and actually expenses in Q1 2013; removed for proforma

OUTSIDE BACK COVER OF PROSPECTUS

We have not authorized any dealer, salesperson or any other person to give any information or to represent anything other than those contained in this prospectus in connection with the offer contained herein, and, if given or made, you should not rely upon such information or representations as having been authorized by Sysorex Global Holdings, Corp. This prospectus does not constitute an offer of any securities other than those to which it relates or an offer to sell, or a solicitation of an offer to buy, to those to which it relates in any state to any person to whom it is not lawful to make such offer in such state. The delivery of this prospectus at any time does not imply that the information herein is correct as of any time after the date of this prospectus.

DEALER PROSPECTUS DELIVERY EQUIREMENT

Until _____, 2013 [90 days from the date of this prospectus], all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

SYSOREX GLOBAL HOLDINGS CORP.

6,888,233 Shares

Common Stock

PROSPECTUS

_____ ___, 2013

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. ***OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.***

The following table sets forth the costs and expenses payable by us in connection with the issuance and distribution of the securities being registered. None of the following expenses are payable by the selling stockholders. All of the amounts shown are estimates, except for the SEC registration fee.

SEC registration fee	$	1,550.27
FINRA Registration Fee	$	2,100.50
Legal fees and expenses	$	75,000.00
Accounting fees and expenses	$	25,000.00
Miscellaneous	$	1,349.23
TOTAL	$	105,000.00

ITEM 14. ***INDEMNIFICATION OF DIRECTORS AND OFFICERS.***

The Nevada Revised Statutes provide that we may indemnify our officers and directors against losses or liabilities which arise in their corporate capacity. The effect of these provisions could be to dissuade lawsuits against our officers and directors.

The Nevada Revised Statutes Section 78.7502 provides that:

1.) A corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding if he: (a) Is not liable pursuant to NRS 78.138; or (b) Acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, does not, of itself, create a presumption that the person is liable pursuant to NRS 78.138 or did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, or that, with respect to any criminal action or proceeding, he had reasonable cause to believe that his conduct was unlawful.

2.) A corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he: (a) Is not liable pursuant to NRS 78.138; or (b) Acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation. Indemnification may not be made for any claim, issue or matter as to which such a person has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable to the corporation or for amounts paid in settlement to the corporation, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

3). To the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections 1 and 2, or in defense of any claim, issue or matter therein, the corporation shall indemnify him against expenses, including attorneys' fees, actually and reasonably incurred by him in connection with the defense.

The Nevada Revised Statutes Section 78.751 provides that:

1). Any discretionary indemnification pursuant to NRS 78.7502, unless ordered by a court or advanced pursuant to Section 78.751 subsection 2; may be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances. The determination must be made: (a) By the stockholders; (b) By the board of directors by majority vote of a quorum consisting of directors who were not parties to the action, suit or proceeding; (c) If a majority vote of a quorum consisting of directors who were not parties to the action, suit or proceeding so orders, by independent legal counsel in a written opinion; or (d) If a quorum consisting of directors who were not parties to the action, suit or proceeding cannot be obtained, by independent legal counsel in a written opinion.

2). The articles of incorporation, the bylaws or an agreement made by the corporation may provide that the expenses of officers and directors incurred in defending a civil or criminal action, suit or proceeding must 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 is not entitled to be indemnified by the corporation. The provisions of this subsection do not affect any rights to advancement of expenses to which corporate personnel other than directors or officers may be entitled under any contract or otherwise by law.

3). The indemnification pursuant to NRS 78.7502 and advancement of expenses authorized in or ordered by a court pursuant to this section: (a) Does not exclude any other rights to which a person seeking indemnification or advancement of expenses may be entitled under the articles of incorporation or any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, for either an action in his official capacity or an action in another capacity while holding his office, except that indemnification, unless ordered by a court pursuant to NRS 78.7502 or for the advancement of expenses made pursuant to subsection 2, may not be made to or on behalf of any director or officer if a final adjudication establishes that his acts or omissions involved intentional misconduct, fraud or a knowing violation of the law and was material to the cause of action, and, (b) Continues for a person who has ceased to be a director, officer, employee or agent and inures to the benefit of the heirs, executors and administrators of such a person.

Our Corporate By-Laws at Article X, provide that the Corporation has accepted a provision indemnifying to the full extent permitted by the law, thereby eliminating or limiting the personal liability of directors, officers, employees or corporate agents for damages for breach of fiduciary duty as a director or officer, but such provision must not eliminate or limit the liability of a director or officer for (a) Acts or omissions involving willful misconduct, gross negligence, fraud, or knowing violation of law; or (b) the payments of distributions in violation of Nevada Revised Statute 78.300.

INSOFAR AS INDEMNIFICATION FOR LIABILITIES ARISING UNDER THE SECURITIES ACT OF 1933 MAY BE PERMITTED TO OUR DIRECTORS, OFFICERS AND CONTROLLING PERSONS PURSUANT TO THE FORGOING PROVISIONS OR OTHERWISE, WE HAVE BEEN ADVISED THAT, IN THE OPINION OF THE SECURITIES AND EXCHANGE COMMISSION, SUCH INDEMNIFICATION IS AGAINST PUBLIC POLICY AS EXPRESSED IN THAT ACT AND IS, THEREFORE, UNENFORCEABLE.

ITEM 15. ***RECENT SALES OF UNREGISTERED SECURITIES.***

Sales by Sysorex Global Holdings Corp.

Between March 2011 and August 2011 the Corporation issued 2,350,000 shares of restricted common stock pursuant to a private placement offering subject to Rule 4(a)(2) of the Securities Act of 1933. The shares were valued at $0.01 per share for an aggregate of $23,500. The shares were restricted and non-transferable.

On July 28, 2011 the Corporation issued 14,600,000 shares of restricted common stock pursuant to a private placement offering subject to Rule 504 of the Securities Act of 1933. The shares were valued at $0.01 per share for an aggregate of $146,000. The shares were restricted and non-transferable.

In July, 2011, the Corporation entered into an agreement with its public relations firm, which gave the public relations firm the right to purchase 300,000 shares of the Corporation's common stock at $0.50 per share. The options expire on June 30, 2016.

In August 2011 the Corporation issued 216,000 shares of restricted common stock pursuant to a private placement subject to Rule 504 of the Securities Act of 1933. The shares were valued at $0.50 per share for an aggregate of $108,000. The shares were restricted and non-transferable.

In August, 2011, the Corporation issued 36,000 shares of restricted common stock to the former CEO and Chairman of the Corporation in exchange for $18,000 of services rendered to the Corporation.

In August, 2011, the Corporation issued 6,000 shares of restricted common stock to three consultants for services rendered to the Corporation during the prior year.

On August 4, 2011, the Corporation issued 30,000 shares of restricted common stock for the exercise of stock options. The gross proceeds received from the exercise were $3,000.

In December 2011, the Corporation issued 74,000 shares of restricted common stock pursuant to a private placement offering subject to Rule 504 of the Securities Act of 1933. The shares were valued at $0.50 per share for an aggregate of $37,000. The shares were restricted and non-transferable.

On July 31, 2012, the Corporation issued warrants to purchase 300,000 shares of common stock to Hanover Holdings I, LLC in connection with a bridge loan.

On December 31, 2012, the Corporation issued 25,000 shares to two individuals for services rendered during the previous year.

On March 20, 2013, the Corporation issued 6,000,000 shares of restricted common stock to the former members of Lilien, LLC pursuant to a Merger Agreement. The Corporation also issued warrants to purchase 166,667 shares of Common Stock to Bridge Bank, N.A. in consideration of the Corporation's financing of the Lilien Acquisition.

On March 20, 2013, the Company issued 180,000 shares of common stock under the terms of a consulting services agreement in connection with the Lilien acquisition. Such shares were valued at $1.00 per share based upon a valuation performed by an independent third party valuation firm. The Company recorded an expense of $180,000 during the quarter ended March 31, 2013.

On March 20, 2013, the Company issued 15,000 shares of common stock under the terms of a consulting services agreement. Such shares were valued at $1.00 per share based upon a valuation performed by an independent third party valuation firm. The Company recorded an expense of $15,000 during the quarter ended March 31, 2013.

On March 31, 2013, the Company issued 887,433 shares of common stock in satisfaction of $1,774,865 owed by Sysorex Arabia LLC to Duroob Technology, Inc. ("Duroob"), a related party as Duroob's Chief Executive Officer owns a minority interest in Sysorex Arabia, LLC. These shares were valued at $2.00 per share based upon the carrying value of the obligations which they satisfied. The issuance of these shares was recorded by Sysorex Global Holdings Corp. as an additional investment in its majority-owned subsidiary, Sysorex Arabia LLC. However, by agreement with the other shareholder of Sysorex Arabia LLC, the ownership percentages of Sysorex Arabia LLC remained unchanged.

On April 8, 2013, the Corporation issued 31,746 shares for services rendered during the current year.

On May 2, 2013, the Company issued 60,000 shares of common stock under the terms of a consulting services agreement in connection with the Lilien acquisition. Such shares were valued at $1.00 per share based upon a valuation performed by an independent third party valuation firm. The Company recorded an expense of $60,000 during the quarter ended June 30, 2013.

On June 30, 2013, the Company issued 15,000 shares of common stock under the terms of a consulting services agreement. Such shares were valued at $1.00 per share based upon a valuation performed by an independent third party valuation firm. The Company recorded an expense of $15,000 during the quarter ended June 30, 2013.

On July 8, 2013, the Corporation issued 31,746 shares for services rendered during the current year.

The shares were issued in transactions that were exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act, which exempts transactions by an issuer not involving any public offering and/or Regulation D under the Securities Act of 1933. No commissions were paid and no underwriter or placement agent was involved in this transactions.

ITEM 16. Exhibits and Financial Statement Schedules.

(a) Exhibit No.	***Description***
2.1	Asset Purchase and Merger Agreement, effective March 1, 2013, by and among Sysorex Global Holdings Corp., Lilien, LLC and Lilien Systems.
2.2	Agreement of Merger dated March 20, 2013 by and between Lilien Systems and Sysorex Acquisition Corporation
3.1	Articles of Incorporation
3.2	Bylaws
4.1	Specimen Stock Certificate of the Corporation
4.2	Business Financing Agreement dated March 15, 2013 by and among the Sysorex Government Services, Inc., Lilien Systems and Bridge Bank, N.A.
4.3	Warrant to purchase common stock dated March 20, 2013 held by Bridge Bank N.A.
4.4	Warrant to purchase common stock dated August 31, 2012 held by Hanover Holdings I, LLC.
5.1	Opinion of Davidoff Hutcher & Citron LLP
10.1	Guaranty of Corporation to Bridge Bank, N.A. dated March 15, 2013
10.2	Guarantor Security Agreement dated March 15, 2013 to Bridge Bank, N.A.
10.3	Registration Rights Agreement dated March 20, 2013 by and between the Corporation and Bridge Bank, N.A.
10.4	Form of Guaranty Agreement dated March 20, 2013 between the Corporation and each of the former members of Lilien, LLC
10.5	Form of Employment Agreement effective March 20, 2013 between the Corporation and each of Geoffrey Lilien, Dhruv Gulati and Bret Osborn
21	List of Subsidiaries of the Corporation
23.1	Consent of Marcum LLP with respect to Sysorex Global Holdings Corp.
23.2	Consent of Marcum LLP with respect to Lilien LLC
23.3	Consent of Davidoff Hutcher & Citron LLP (contained in Exhibit 5.1)
24.1	Powers of Attorney (include in the Signature Page to this Registration Statement)

ITEM 17. ***UNDERTAKINGS.***

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) That, for the purpose of determining any liability under the Securities Act of 1933 to any purchaser in the initial distribution of the securities: The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424 (§ 230.424 of this chapter);

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(6) (i) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(ii) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(7) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Santa Clara, State of California on the 12th day of August, 2013.

SYSOREX GLOBAL HOLDINGS CORP.

By: /s/ Nadir Ali
Name: Nadir Ali
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Nadir Ali Nadir Ali	CEO (Principal Executive Officer)	August 12, 2013
/s/ Wendy F. Loundermon Wendy F. Loundermon	Chief Financial Officer (Principal Financial and Accounting Officer)	August 12, 2013
/s/ Salam Qureishi Salam Qureishi	Chairman of the Board	August 12, 2013
/s/ Len Oppenheim Len Oppenheim	Director	August 12, 2013
/s/ Geoffrey Lilien Geoffrey Lilien	Director	August 12, 2013
/s/ Bret Osborn Bret Osborn	Director	August 12, 2013
/s/ Dhruv Gulati Dhruv Gulati	Director	August 12, 2013

EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Exhibit No.	Description
2.1	Asset Purchase and Merger Agreement, effective March 1, 2013, by and among Sysorex Global Holdings Corp., Lilien, LLC and Lilien Systems.
2.2	Agreement of Merger dated March 20, 2013 by and between Lilien Systems and Sysorex Acquisition Corporation
3.1	Articles of Incorporation
3.2	Bylaws
4.1	Specimen Stock Certificate of the Corporation
4.2	Business Financing Agreement dated March 15, 2013 by and among the Sysorex Government Services, Inc., Lilien Systems and Bridge Bank, N.A.
4.3	Warrant to purchase common stock dated March 20, 2013 held by Bridge Bank N.A.
4.4	Warrant to purchase common stock dated August 31, 2012 held by Hanover Holdings I, LLC.
5.1	Opinion of Davidoff Hutcher & Citron LLP
10.1	Guaranty of Corporation to Bridge Bank, N.A. dated March 15, 2013
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24.1	Powers of Attorney (include in the Signature Page to this Registration Statement)

Exhibit 2.1

ASSET PURCHASE AND MERGER AGREEMENT

BY AND BETWEEN

SYSOREX GLOBAL HOLDINGS CORP.
(A NEVADA CORPORATION),
AS BUYER,

Lilien, LLC
(a Delaware limited liability company)
AS SELLER,

And

Lilien Systems
(a California corporation)
as Merger Target

Effective Date
MARCH 1, 2013

List of Schedules and Exhibits

Schedules

Lilien Disclosure Schedule

Sysorex Disclosure Schedule

Exhibits

Exhibit 2.01(B)(a)	Form of Agreement of Merger
Exhibit 2.02(A)(c)(ii)	Form of Lock-Up/Leak-Out Agreement
Exhibit 2.02(B)	Form of Guaranty
Exhibit 2.04(a)	Form of Bill of Sale and Assumption Agreement
Exhibit 7.01	Form of Employment Agreement
Exhibit 8.10	Form of Restrictive Covenants Agreement
Exhibit 8.11	Form of General Release

ASSET PURCHASE AND MERGER AGREEMENT

This Asset Purchase and Merger Agreement (the "Agreement") is made on March 1, 2013, with an effective date of March 1, 2013, by and among SYSOREX GLOBAL HOLDINGS CORP., a Nevada corporation ("Buyer" or "Sysorex"), LILIEN LLC, a Delaware limited liability company ("Seller" or "Lilien"), and Lilien Systems, a California corporation ("Lilien Corp.").

RECITALS

WHEREAS, Seller is an information technology company that, together with its wholly-owned subsidiary Lilien Corp., provides enterprise information technology solutions and integration services to customers, including with respect to servers, data storage and management, networking, virtualization and analytics ("Business");

WHEREAS, Buyer desires to acquire substantially all of the assets of Seller;

WHEREAS, the assets of Seller include all of the outstanding capital stock of Lilien Corp., and Buyer and Seller desire to merge Lilien Corp with Merger Sub (as hereinafter defined) in exchange for newly issued shares of Buyer capital stock on the terms and conditions contained herein in a statutory merger under California law and which is intended to be a tax-free reorganization for federal and California taxation purposes under Section 368(a)(1)(A) of the Code (the "Merger"); and

WHEREAS, in addition to, and separate from the Merger, Seller desires to sell and transfer to Buyer, and Buyer desires to purchase and receive from Seller, substantially all of the assets of Seller (other than the capital stock of Lilien Corp.) on the terms and conditions contained herein (the "Lilien Asset Purchase").

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

Article I.
Definitions

§ 1.01 Specific Definitions.

As used in this Agreement, the following terms have the following meanings:

"Accounts Receivable" has the meaning specified in Section 3.09(c) of this Agreement.

"Affiliate" means any other person directly or indirectly controlling, controlled by, or under direct or indirect common control with, Buyer or Seller (or other referenced Person) and includes without limitation, (a) any person who is an officer, director, or direct or indirect beneficial holder of at least 5% of the then outstanding capital stock of Buyer or Seller (or other referenced Person), and any of the Family Members of any such Person, (b) any Person of which Buyer or Seller (or other referenced Person) and/or their affiliates directly or indirectly, either beneficially own(s) at least 5% of the then outstanding equity securities or constitute(s) at least a 5% equity participant, and (c) in the case of a specified person who is an individual, Family Members of such person, or any affiliate of any of them, or any affiliates of any of the foregoing.

"Affiliated Group" has the meaning given to it in Section 1504 of the Code, and in addition includes any analogous combined, consolidated, or unitary group, as defined under any applicable state, local, or foreign income Tax Law.

"Agreement" means this Asset Purchase Agreement, as the same may be amended or supplemented from time to time in writing and in accordance with the terms of this Agreement.

"Ancillary Documents" means the Bill of Sale and Assumption Agreement, Employment Agreements, the Restrictive Covenants Agreements, the General Releases, the Guaranty, the Merger Agreement and the Lock Up/Leak Out Agreement.

"Applicable Survival Period" has the meaning specified in Section 5.04 of this Agreement.

"Assets" means any and all real, personal or intangible property or goodwill.

"Basket" has the meaning specified in Section 5.03(g) of this Agreement.

"Business Assets" means all Assets used in the Business on the Closing Date, either by Seller or by Lilien Corp., including all right, title and interest in and to all of the Assets of Seller and Lilien Corp. of every kind, character and description other than the Excluded Assets, whether tangible or intangible and wherever located, as such assets may exist on the Closing Date, including, but not limited to, the following: (a) Inventory; (b) goodwill associated with the Business, all value of the Business as a going concern, and all records related to the Business including, without limitation, all available customer records, customer information, customers cards, operations manuals, advertising materials, correspondence, mailing lists, credit records, purchasing materials and records, personnel records, blueprints, data bases, and all other data and know-how exclusively related to the Business, in any form or medium wherever located; (c) any Leases as referenced in 3.11(c); (d) guarantees, warranties, indemnities or similar rights in favor of the Seller with respect to any of Seller's Assets; and (e) all of the Lilien Corp. Capital Stock.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banks in New York City are authorized or obligated by Law or executive order to close.

"Buyer" has the meaning specified in the Preamble to this Agreement.

"Buyer Benefit Plans" has the meaning specified in Section 7.05(b) of this Agreement.

"California Corporations Code" means the laws of California governing the conduct of corporate transactions applicable to corporations formed in California and known as the General Corporation Law.

"Claims" has the meaning specified in Section 5.03(a) of this Agreement.

"Claim Notice" has the meaning specified in Section 5.03(a) of this Agreement.

"Closing" has the meaning specified in Section 2.03 of this Agreement.

"Closing Cash Payment" has the meaning specified in Section 2.02(A)(a) of this Agreement.

"Closing Date" has the meaning specified in Section 2.03 of this Agreement.

"Code" means the Internal Revenue Code of 1986, as amended.

"Consent" means any waiver, permit, grant, franchise, concession, novation, agreement, license, exemption or order of, registration, certificate, clauses of declaration or filing with, or report or notice to any person or entity, including, but not limited to any Governmental Authority.

"Contracts" means any agreements, contracts, leases, powers of attorney, notes, loans, evidence of Indebtedness, purchase orders, letters of credit, settlement agreements, franchise agreements, undertakings, covenants not to compete, employment agreements, licenses, instruments, obligations, commitments, understandings, policies, purchase and sales orders and other executory commitments to which any Person is a party or to which any of the Assets of the Person is subject, whether oral or written, express or implied.

"Courier" has the meaning specified in Section 10.06 of this Agreement.

"Cut-Off Date" has the meaning specified in Section 3.09(a) of this Agreement.

"Damages" has the meaning specified in Section 5.01.

"Demised Premises" has the meaning specified in Section 3.11(c).

"Direct Claim" has the meaning specified in Section 5.03(a) of this Agreement.

"Disclosure Schedules" has the meaning specified in Section 10.08 of this Agreement.

"Disputed Adjustment Matter" has the meaning specified in Section 2.05(b) of this Agreement.

"Effective Date" means March 1, 2013.

"Employee Benefit Plan" has the meaning specified in Section 3.19(c) of this Agreement.

"Employment Agreement" has the meaning specified in Section 7.01 of this Agreement.

"Environmental Conditions" means the introduction into the environment of any pollution, including, without limitation, any contaminant, irritant or pollutant or other Hazardous Substance (whether upon the Demised Premises, whether the pollution migrated from the Demised Premises onto other property, and whether or not such pollution constituted at the time thereof a violation of any Environmental Law in connection with the release of any Hazardous Substance) as a result of which Lilien has or may be liable to any Person, or have or would reasonably be expected to become liable to any Person or by reason of which any Demised Premises or any of the Assets would reasonably be expected to suffer or be subjected to any Lien.

"Environmental Costs" means any and all costs and expenses (including, without limitation, reasonable attorney, consultant and engineer fees and related expenses) for an environmental assessment, clean-up or remediation, or legal proceeding attendant thereto.

"Environmental Laws" means any federal, state, district, or local Laws, regulations, ordinances, orders, permits and judgments, consent orders and common Law relating to the protection of the environment, including any Law of strict liability, nuisance or with respect to conducting abnormally dangerous or hazardous activities including, without limitation, provisions pertaining to or regulating air pollution, water pollution, noise control, wetlands, water courses, natural resources, wildlife, Hazardous Substances, or any other activities or conditions which impact or relate to the environment or nature. Such Environmental Laws shall include, without limitation, the Comprehensive Environmental Response, Compensation, and Recovery Act ("CERCLA"), 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. Section 6901 et seq., the Clean Air Act, 42 U.S.C. Section 7401 et seq., the Federal Water Pollution Control Act, 33 U.S.C. Section 1251 et seq., the Emergency Planning and Community Right to Know Act ("EPCRA"), 42 U.S.C. Section 11001 et seq., the Oil Pollution Act, 33 U.S.C. Section 2701 et seq., and the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., each as amended.

"Environmental Permits" means all governmental permits, licenses, registrations, and authorizations required by any Environmental Law in order to operate the business as currently operated by Lilien.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations and interpretations issued thereunder.

"Estimated Excess Cash" has the meaning specified in Section 2.05(a) of this Agreement.

"Excess Cash" has the meaning specified in Section 2.01(b) of this Agreement.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Family Members" means, as applied to any individual, any parent, spouse, child, spouse of a child, brother or sister of the individual, and each trust or other entity such as a family limited partnership created for the benefit of one or more of such Persons and each custodian of a property of one or more such persons and the estate of any such Persons.

"Final Excess Cash" has the meaning specified in Section 2.05(b) of this Agreement.

"GAAP" means generally accepted accounting principles that are (i) consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors, (ii) applied on a basis consistent with prior periods, and (iii) such that, insofar as the use of accounting principles is pertinent, a certified public accountant could deliver an unqualified opinion with respect to financial statements in which such principles have been properly applied.

"General Release" has the meaning specified in Section 8.11 of this Agreement.

"Governmental Authority" means any nation or government, any state or provincial or other political subdivision thereof, any province, city or municipality, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including, without limitation, any Governmental Authority, agency, department, board, commission or instrumentality of the United States, any State of the United States, or any political subdivision thereof, any government authority, agency, department, board, commission or instrumentality of the United States or any political subdivision thereof and any tribunal or arbitrator(s) of competent jurisdiction, and any self-regulatory organization.

"Hazardous Substances" means, collectively, any hazardous waste, as defined by 42 U.S.C. § 6903(5), any hazardous substances as defined by 42 U.S.C. § 9601(14), any pollutant or contaminant as defined by 42 U.S.C. § 9601(33), any toxic pollutant as defined by 33 U.S.C. § 1362(13), or any toxic substance, methane gas, oil, or hazardous materials or other chemicals or substances regulated by any Environmental Laws.

"Indebtedness" means (a) all indebtedness for borrowed money, whether current or long-term, or secured or unsecured, (b) all indebtedness for the deferred purchase price of property or services represented by a note or security agreement, (c) all indebtedness created or arising under any conditional sale or other title retention agreement (even though the rights and remedies of the seller or lender under such agreement in the event of default may be limited to repossession or sale of such property), (d) all indebtedness secured by a purchase money mortgage or other lien to secure all or part of the purchase price of property subject to such mortgage or lien, (e) all obligations under leases that have been or must be, in accordance with GAAP, recorded as capital leases in respect of which Seller is liable as lessee, (f) any Liability in respect of bankers' acceptances or letters of credit, and (g) all indebtedness of any Person that is directly or indirectly guaranteed by Seller or that it has agreed (contingently or otherwise) to purchase or otherwise acquire or in respect of which it has otherwise assured a creditor against any loss.

"Indemnified Party" has the meaning specified in Section 5.03 of this Agreement.

"Indemnifying Party" has the meaning specified in Section 5.03(a) of this Agreement.

"Inventory" shall mean (a) all of Seller's inventory, wherever located, held for resale to its customers and (b) all of the raw materials, work in process, spare parts, finished products wrapping, supply and packaging items and similar items of Seller.

"IRS" means the United States Internal Revenue Service.

"Knowledge", and the correlative terms "Knows" and "Known", means (i) with respect to Buyer, the actual knowledge of the executive officers of Buyer, and (ii) with respect to Seller, the actual knowledge of Geoffrey Lilien, Bret Osborn and/or Dhruv Gulati.

"Laws" means all laws, statutes, by-laws, ordinances, rules, regulations, orders or decrees of any Governmental Authority.

"Leases" has the meaning specified in Section 3.11(c).

"Liabilities" means, any and all direct or indirect liability, Indebtedness, obligation, commitment, expense, claim, deficiency, guaranty or endorsement of or by any Person of any type, whether accrued, absolute, contingent, matured, unmatured, liquidated, unliquidated, known or unknown or otherwise, including, without limitation, Tax Liabilities, Liabilities in respect of products and Environmental Liabilities.

"Liens" means all liens, mortgages, easements, charges, restrictions, claims, security interests, options or other encumbrances of any nature.

"Lilien" has the meaning specified in the preamble of this Agreement.

"Lilien Asset Purchase" is defined in the Recitals to this Agreement.

"Lilien Continuing Employees" has the meaning specified in Section 7.05(a) of this Agreement.

"Lilien Corp." is defined in the Preamble of this Agreement

"Lilien Corp. Assets" means those Business Assets which are Assets of Lilien Corp. immediately prior to the Closing on the Closing Date.

"Lilien Corp. Capital Stock" means all of the outstanding capital stock of Lilien Corp.

"Lilien Disclosure Schedule" has the meaning specified in the introduction of Article III of this Agreement.

"Lilien Financial Statements" has the meaning specified in Section 3.09(a) of this Agreement.

"Lilien Members" means the members of Seller prior to the completion of the Lilien Asset Purchase.

"Material Adverse Change" means a change that has a Material Adverse Effect.

"Material Adverse Effect" means any change, circumstance or event, including any change, circumstance or event as the result of an omission or failure to act pursuant to any regulation, that individually or in the aggregate with all other changes, circumstance or events of whatever character or nature, has a material adverse effect (i) as to Seller, on the Business, properties, condition (financial or otherwise), Business Assets, Liabilities, results of operations or prospects of Seller or Lilien Corp., (ii) as to Buyer, on the business, properties, condition (financial or otherwise), Assets, Liabilities, results of operations or prospects of Buyer, or (ii) on the consummation of the transactions contemplated by this Agreement in a timely manner, except to the extent resulting from (A) changes in general local, domestic, foreign, or international economic conditions, (B) as to Seller, changes affecting generally the industries or markets in which Seller and Lilien Corp. operate, (C) as to Buyer, changes affecting generally the industries or markets in which Buyer operates, (D) acts of war, sabotage or terrorism, military actions or the escalation thereof, (E) any changes in applicable laws or accounting rules or principles, including changes in GAAP, (F) any other action required by this Agreement, or (G) the announcement of the transactions pursuant to this Agreement.

"Merger" means the merger of Merger Sub with and into Lilien Corp. pursuant to the terms of this Agreement and California Corporations Code §§1100 – 1113.

"Merger Sub" means Sysorex Acquisition Corporation, a California corporation formed by and wholly-owned by Buyer for the purpose of completing the Merger pursuant to this Agreement.

"Neutral Accountant" has the meaning specified in Section 2.05(b) of this Agreement.

"Notice of Disagreement" has the meaning specified in Section 2.05(b) of this Agreement.

"Ordinary Course of Business" shall mean the ordinary course of business of Seller and Lilien Corp. consistent with past custom and practice (including with respect to pricing, quantity and frequency).

"OTC Documents" has the meaning specified in Section 4.10(a) of this Agreement.

"OTC Markets" has the meaning specified in Section 4.10(a) of this Agreement.

"Permits" means all permits, authorizations, approvals, registrations, licenses, certificates, directives, orders or variances granted by or obtained from any Governmental Authority and used or required in connection with the business of Lilien.

"Permitted Liens" means (i) Liens created by Buyer, (ii) Liens for or in respect of Taxes, impositions, assessments, fees, water and sewer rents and other governmental charges levied or assessed or imposed against the leased real property which are not yet delinquent or are being contested in good faith by appropriate Proceedings, (iii) the rights of lessors and lessees under leases executed in the Ordinary Course of Business, (iv) the rights of licensors and licensees under licenses executed in the Ordinary Course of Business, and (v) Liens, and rights to Liens, of mechanics, warehousemen, carriers, repairmen and others arising by operation of Law and incurred in the Ordinary Course of Business, securing obligations not yet delinquent or being contested in good faith by appropriate Proceedings.

"Person" or "person" (regardless of whether capitalized) means any natural person, entity, or association, including without limitation any corporation, partnership, limited liability company, government (or agency or subdivision thereof), trust, joint venture, or proprietorship.

"Personal Property" has the meaning specified in Section 3.18 of this Agreement.

"Prime Rate" means the fluctuating rate per annum announced from time to time in The Wall Street Journal as the prime rate, and in the absence of such announced rate the prime rate charged by Citibank, N.A. from time to time.

"Principal Members" means Geoffrey Lilien, Dhruv Gulati and Bret Osborn.

"Proceeding" means charge, complaint, action, order, writ, injunction, judgment or decree outstanding or claim, application, demand, suit, litigation, proceeding, labor dispute, arbitration or other alternative dispute resolution proceeding, hearing or investigation.

"Proprietary Information" has the meaning specified in Section 3.21(a) of this Agreement.

"Representative" means any officer, director, member, shareholder, principal, attorney, agent, employee, accountant, consultant or other representative of either Seller or Buyer.

"Restrictive Covenants Agreement" has the meaning specified in Section 8.10 of this Agreement.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, or any successor federal statute, and the rules and regulations of the SEC thereunder, all as the same are in effect at the relevant time of reference.

"Seller" has the meaning specified in the Preamble to this Agreement.

"Seller's Assets" means those Business Assets which are Assets of Seller immediately prior to the Closing on the Closing Date.

"Seller's Liabilities" means those Liabilities of Seller to be assumed by Buyer at the Closing pursuant to Section 2.02(A)(b).

"Subsidiary" or "Subsidiaries" means with respect to any Person, any corporation, partnership, limited liability company, association, trust, joint venture or other entity or organization of which such Person, either alone or through or together with any other Subsidiary or parent, owns, directly or indirectly, more than 50% of the stock or other equity interests, and as the owner of such stock or equity interests, is generally entitled to vote for the election of the board of directors or other governing body of such corporation, partnership, limited liability company, association, trust, joint venture or other entity or organization.

"Surviving Corporation" means Lilien Corp..

"Sysorex Disclosure Schedule" has the meaning specified in the introduction of Article IV of this Agreement.

"Tax" or "Taxes" means all Taxes, assessments, duties, fees, levies, imposts or other governmental charges, including, without limitation, all federal, state, local, municipal, county, foreign and other income, franchise, profits, capital gains, capital stock, capital structure, transfer, gross receipt, sales, use, transfer, service, occupation, ad valorem, property, excise, severance, windfall profits, premium, stamp, license, payroll, employment, social security, unemployment, disability, environmental (including Taxes under Code Section 59A), alternative, minimum, add-on, value-added, withholding (whether payable directly or by withholding and whether or not requiring the filing of a Tax Return), and all estimated Taxes, deficiency assessments, additions to Tax, additional amounts imposed by any Taxing or Governmental Authority (domestic or foreign), penalties, and interest, and shall include any Liability for such amounts as a result either of being (or having been) a member of a combined, consolidated, unitary or Affiliated Group or of a contractual obligation to indemnify any Person, and shall include any Liability for such amounts relating to any other Person if such Liability is imposed by reason of Law (including transferee or successor Liability).

"Tax Return" means any return, declaration, report, claim for refund, information return, or other document (including any related or supporting estimates, elections, schedules, statements, information or amendment thereto) filed or required to be filed in connection with the determination, assessment, or collection of any Tax or the administration of any Laws, regulations, or administrative requirements relating to any Tax.

"Third Party Claim" has the meaning specified in Section 5.03(a) of this Agreement.

"United States" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

§ 1.02 Other Definitional Provisions.

(a) Any reference to an Article, Section, Schedule or Exhibit is a reference to an Article, Section, Schedule or an Exhibit to this Agreement.

(b) Terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa.

(c) The words "include," "includes" and "including" mean include, includes and including without limitation.

Article II.
Purchase and Sale

§ 2.01 (A) Purchase and Sale of Seller's Assets

(a) On and subject to the terms and conditions of this Agreement, at the Closing, Seller agrees to sell, convey, transfer, assign and deliver to Buyer and Buyer agrees to purchase from Seller, all of Seller's right, title and interest in and to all of the Seller's Assets other than the Excluded Assets (defined below). All of Seller's Assets shall be sold, assigned, transferred, conveyed and delivered to Buyer hereunder free and clear of any Liens.

(b) Excluded Assets. The Seller's Assets to be sold or transferred under this Agreement shall not include Excess Cash (as defined below), the Lilien Corp. Capital Stock (which shall be subject to the Merger), the Seller's articles of organization, operating agreement or other organizational documents, minute books and other corporate records related to its limited liability company organization and capitalization, and any other Assets of Seller as listed on Schedule 2.01(b) of the Lilien Disclosure Schedule (collectively, the "Excluded Assets"). For purposes of this Agreement: (i) "Excess Cash" means the combined cash and marketable securities of both Seller and Lilien Corp. in excess of $1,000,000 as of the end of the last business day immediately preceding the Effective Date provided that both Net Worth (as defined below) as of the end of the last business day immediately preceding the Effective Date is greater than $1,000,000 and that Net Worth minus Excess Cash is at least $1,000,000 as of the end of the last business day immediately preceding the Effective Date. For purposes of this Agreement "Net Worth" means (i) total Assets as determined in accordance with GAAP, excluding any Excluded Assets other than Excess Cash, minus (ii) total Liabilities determined in accordance with GAAP, excluding any Excluded Liabilities. Subject to Post-Closing Excess Cash Adjustment as contemplated by Section 2.05 below: (x) to the extent Net Worth as of the end of the last business day immediately preceding the Effective Date is less than $1,000,000, the Cash Purchase Price will be reduced by the difference between $1,000,000 and Net Worth as of the end of the last business day immediately preceding the Effective Date, and (y) without duplication of any reduction required by the preceding clause (x), to the extent the combined cash and marketable securities of both Seller and Lilien Corp. as of the end of the last business day immediately preceding the Effective Date is less than $1,000,000, the Cash Purchase Price will be reduced by the difference between $1,000,000 and the combined cash and marketable securities of both Seller and Lilien Corp. as of the end of the last business day immediately preceding the Effective Date .

§ 2.01 (B) Merger of Merger Sub with and into Lilien Corp.; Issuance of Buyer Shares

(a) The Merger of Merger Sub with and into Lilien Corp. shall be effected pursuant to the provisions of Section 2.02(A)(c) through a statutory merger in a transaction intended to be eligible for tax deferral under Section 368(a)(1)(A) of the Code. Effective at Closing, Merger Sub shall be merged with and into Lilien Corp., the separate existence of Merger Sub shall cease, and Lilien Corp. shall continue as the surviving corporation under the name "Lilien Systems". The Merger shall have the effects set forth in this Agreement and in the applicable provisions of the California Corporations Code. By reason of the Merger, Buyer shall control and indirectly own, through Buyer's 100% ownership of Surviving Corporation, all of the Lilien Corp. Assets. For clarity, the transactions described in Section 2.02(A)(c) shall not be interpreted as a direct purchase by Buyer of any Lilien Corp. Assets from Seller, and Buyer and Seller acknowledge that Buyer shall acquire the Lilien Corp. Assets only indirectly and by reason of the Merger. The issuance of Sysorex Shares to Seller as consideration in the Merger shall be effected at Closing pursuant to the terms and conditions of an Agreement of Merger attached hereto as Exhibit 2.01(B)(a) (the "Merger Agreement").

(b) At Closing, all certificates representing shares of Lilien Corp. Capital Stock that were outstanding immediately prior to the Closing Date shall cease to represent any rights of ownership with respect to Lilien Corp., and the stock transfer books of Lilien Corp. shall be closed with respect to all shares of such Lilien Corp. Capital Stock outstanding immediately prior to the Closing Date. No further transfer of any such shares of the Lilien Corp. Capital Stock shall be made on such stock transfer books after the Closing Date. If, after the Closing Date, a valid certificate previously representing any of such shares of the Lilien Corp. Capital Stock is presented to the Surviving Corporation or Buyer, such certificate shall be canceled without payment of consideration. At Closing, Buyer shall be issued a new certificate representing 100% of the issued and outstanding Common Stock of Lilien Corp.

§ 2.02 (A) Consideration to be Provided by Buyer.

The aggregate consideration payable by Buyer for the Seller's Assets at the Closing shall consist of the following:

(a) Three Million Dollars ($3,000,000.00) in the aggregate payable to Seller and/or the Lilien Members by immediately available wired funds on the Closing Date (the "Closing Cash Payment");

(b) Subject to the terms and conditions of this Agreement and on the basis of the representations, warranties, covenants and agreements contained herein, on the Closing Date, the Buyer shall assume and agree to pay, perform and discharge when due, all liabilities of Seller disclosed to Buyer, exclusive of any Excluded Liabilities (defined below). For purposes of this Agreement the term "Excluded Liabilities" shall mean those Liabilities set forth on Schedule 2.02(A)(b).

(c) Consideration for Merger of Merger Sub with and into Lilien Corp At the Closing, Merger Sub shall be merged with and into Lilien Corp., and, thereby Buyer will acquire, through its 100% ownership of Merger Sub, 100% of Seller's right, title and interest in and to Lilien Corp. as provided in this Section 2.02(A)(c).

(i) In consideration for Buyer's acquisition of Lilien Corp. through Merger of Merger Sub with and into Lilien Corp., Buyer will issue to Seller at the Closing, with a resulting *pro rata* beneficial ownership in the Lilien Members a total of 6,000,000 shares of Common Stock of Buyer (the "Sysorex Shares"), which constitutes approximately 25% of the post-acquisition outstanding shares of Buyer's capital stock. Post-Closing, there will be a total of approximately 24 million issued and outstanding shares of Buyer's stock.

(ii) The Sysorex Shares are being issued pursuant to an exemption from the registration requirements of the Securities Act of 1933 (the "Act") and will, therefore, be subject to the holding period and legending requirements of Rule 144 promulgated under the Act. In addition, at the Closing, Seller, the Lilien Members and Buyer will enter into a Lock-Up/Leak-Out Agreement, the form of which is attached hereto as Exhibit 2.02(A)(c)(ii) (the "Lock-Up/Leak-Out Agreement"). The Lock-Up/Leak-Out Agreement will provide that the Sysorex Shares will be subject to a six-month lock-up which prohibits Seller and/or the Lilien Members from selling, assigning, transferring, conveying, or otherwise alienating their Sysorex Shares issued for a period of six months from the Closing Date (the "Initial Lock-Up Period"); (i) from the expiration of the Initial Lock-Up Period until the date the Registration Statement (as defined in Section 2.02(C) below) is declared effective, the Lilien Members shall be permitted to sell as many Shares as permitted under Rule 144 promulgated under the Act; and (ii) for a period of six (6) months from the Effective Date, the Lilien Members may not sell any Shares (the "IPO Lock-Up"). The Sysorex Shares issued to Seller will be allocable on a pro rata basis pursuant to the Lilien Members in the names and amounts set forth onSchedule A, and notwithstanding anything to the contrary contained in this Section 2.02(A)(c)(ii) Seller shall be free to distribute the Sysorex Shares in accordance with pro rata allocation set forth on Schedule A to the Lilien Members or to trusts established for the benefit of the Lilien Members and their Family Members.

(iii) After the Closing, Buyer shall control 100% of Surviving Corporation. Immediately following Closing, all of the Seller's Assets (other than the Lilien Corp. Capital Stock and the Excluded Assets) will be transferred into the Surviving Corporation. Seller shall change its name to one without the name Lilien or Sysorex. Buyer will cooperate in all matters required to prove that it is a successor-in-interest and that the employees of Seller and Lilien Corp. are being employed or sponsored and will continue to be employees of Surviving Corporation.

(iv) The pre-Closing officers and directors of Lilien Corp. shall resign from their positions as officers and directors of Lilien Corp., effective as of the Closing to be reappointed pursuant to the terms and conditions of the Employment Agreements and this Agreement.

§2.02 (B) Guaranty.

(i) If all of the Sysorex Shares are sold pursuant to the Lock-Up/Leak-Out Agreement (described above) and the terms and conditions of the Guaranty Agreement, the form of which is attached hereto as Exhibit 2.02(B), on or before the end of the Guaranty Period (defined below), then Buyer shall pay to the Lilien Members their *pro rata* share of the difference between $6 million and the cumulative price for which they sell all of their Shares, less customary commissions ("Guaranteed Proceeds").

(ii) A Shortfall in the Guaranteed Proceeds shall be calculated at the earlier of (A) the expiration of 24 months from the Closing Date or (B) the sale of all Sysorex Shares (the "Guaranty Period"). For purposes of this Agreement, a "Shortfall" is defined as the difference between the Guaranteed Proceeds and the actual cumulative proceeds the Lilien Members receive from the sale of all of their Sysorex Shares. At the end of the Guaranty Period, if the Lilien Members are unable to sell any Sysorex Shares, such Lilien Member shall have an option for a ten (10)-day period commencing at the end of the Guaranty Period, to put all, but not less than all, of such Lilien Member's unsold Sysorex Shares to Sysorex, for the purchase price of $1.00 per unsold Share. Payment by Sysorex shall be due in full within 120 days from the receipt of the put Sysorex Shares. To the extent any Sysorex Shares are not sold by any Lilien Member prior to the end of the Guaranty Period and have not been put to Sysorex for repurchase, the Guaranty shall not apply to such unsold Sysorex Shares.

(iii) Notwithstanding the foregoing Guaranty by Buyer, in the event the gross profit for the calendar years ending December 31, 2013 and 2014, attributable to the Business Assets acquired on the Closing Date are more than twenty (20%) percent below the forecast attached to the Guaranty, the Guaranty shall be proportionately reduced (the "Claw-Back"). By way of example, in the event the gross profit attributable to the Business Assets acquired on the Closing Date for the fiscal year ended either December 31, 2013 or 2014, is 50% less than the projected amount, the Guaranty shall be reduced to $3,000,000.

(iv) Conduct of Business During the Guaranty Period.

(A) During the Guaranty Period, Buyer shall, and shall cause its subsidiaries to: (1) operate the ongoing Business attributable to the Business Assets acquired pursuant to this Agreement (the "Ongoing Business") in the ordinary course in a manner consistent with Lilien and Lilien Corp.'s past practices; and (2) maintain separate books and records relating to the Ongoing Business, including, but not limited to, separate profit and loss statements of the Ongoing Business so as to make calculation of gross profit and any required Claw Back feasible and verifiable.

(B) During the Guaranty Period: (1) the overall strategic direction and operations of Lilien Corp. shall at all times be conducted in a manner consistent with a budget adopted by the Board of Directors of Buyer at a meeting at which a Required Quorum is present (an "Approved Budget"), but otherwise shall be the responsibility of management of the Ongoing Business as part of the Ongoing Business, all accounting and finance matters relating to Lilien Corp. shall be managed by Buyer. A " Required Quorum" shall consist of at least four directors, three of whom shall be representatives of Seller elected to the Board of Directors of Buyer in accordance with the provisions of Section 7.07.

(C) From Closing until the end of the Guaranty Period approval by both the Board of Directors of Buyer at which a Required Quorum is present and Seller shall be required: (1) prior to effecting any increase or decrease in the authorized number of members of the Board of Directors of the Company, or (2) prior to any termination of employment (other than by the employee) of any of the employees that are parties to the Employment Agreements.

(D) From Closing until the end of the Guaranty Period, Buyer shall provide, or cause to be provided, for the benefit of the Ongoing Business working capital in an amount equal to the cash needs of the Company as contemplated by the current Approved Budget. Buyer may elect to provide any amounts required to be provided under the foregoing sentence in the form of a loan or capital contribution; provided, however, that if it is provided in the form of a loan, the loan shall be subordinated to all other indebtedness related to the Ongoing Business other than Bridge Bank, N.A., and to all obligations to the Seller and Principal Members under the Guaranty.

(E) Each party hereto agrees that, from Closing until the end of the Guaranty Period, it shall, with respect to all matters related to this Agreement, act in good faith and the spirit of fair dealing such that the intent of this Agreement is carried out to the fullest extent practicable.

§2.02 (C) Registration Rights.

Buyer, at its cost and expense, will use its best efforts to (A) prepare and file with the United States Securities and Exchange Commission (the "SEC") a registration statement with respect to all Sysorex Shares issued as contemplated by Section 2.02(A)(c) (the "Registration Statement"), (b) cause the Registration Statement to become effective as soon as reasonably possible thereafter, and (C) maintain the effectiveness of the Registration Statement on a continuous basis pursuant to Rule 415 under the Securities Act until the earlier of (i) the disposition of all of the remaining Sysorex Shares by Seller and/or the Lilien Members, or (ii) the date when all Sysorex Shares held by Seller and/or the Lilien Members can be sold without restriction under Rule 144 under the Act in accordance with the terms and conditions of the Guaranty Agreement attached hereto as Exhibit 2.02(C). Geoffrey Lilien shall be given the right to sell up to $1,000,000 of his Sysorex Shares in a secondary public offering by the Company. To the extent such Shares cannot be sold pursuant to the Registration Statement as part of the secondary offering, they shall be included in a secondary offering registration statement to be filed by the Buyer.

§ 2.03 Closing.

The closing of the Lilien Asset Purchase and the Merger (the "Closing") will take place on or before March 31, 2013, unless extended by mutual agreement, at a location to be mutually agreed upon by the parties, at 10:00 a.m. (local time) following the satisfaction, in Buyer's sole and absolute discretion, acting reasonably, of the conditions precedent set forth in Article VIII and following the satisfaction, in Seller's sole and absolute discretion, acting reasonably, of the conditions precedent set forth in Article IX (the " Closing Date"). The Closing will be effective as of 12:01 a.m. on March 1, 2013.

§ 2.04 Closing Procedures and Deliveries.

(a) Transfer and Delivery of Seller's Assets and Assumption of Seller's Liabilities. To affect the sale and transfer of Seller's Assets and the assumption of Seller's Liabilities at the Closing as contemplated by this Agreement, Seller and Buyer shall execute and deliver a Bill of Sale and Assumption Agreement in the form attached hereto Exhibit 2.04(a).

(b) Payment of Closing Purchase Price. At the Closing, Buyer shall pay to Seller the Closing Cash Payment by a wire transfer of immediately available funds to an account designated by Seller in writing prior to the Closing Date.

(c) Filing of the Merger Agreement. At the Closing, the Merger Agreement and related certificates shall be filed with the California Secretary of State.

(d) Certificate and Documents. At the Closing, Buyer and Seller shall deliver the certificates, and documents described in Articles VIII and IX of this Agreement required to be delivered at Closing as conditions to Closing, including certificates representing the Sysorex Shares.

(e) Other Closing Transactions. At the Closing, each of the parties hereto shall have taken such other actions reasonably required hereby to be performed by it prior to or on the Closing Date, including, without limitation, satisfying the conditions set forth in Articles VIII and IX of this Agreement.

(f) No Waiver at Closing. Buyer or Seller may elect to close the transactions contemplated by this Agreement notwithstanding the breach of any representation, warranty or covenant by the other party, whether or not disclosed.

§ 2.05 Post-Closing Excess Cash Adjustment.

(a) At least two Business Days prior to the anticipated Closing Date, Seller shall deliver to Buyer a schedule of Seller's estimate of Excess Cash as of 11:59 p.m., California time on the day immediately prior to the Closing Date (without taking into account the transactions contemplated by this Agreement) ("Estimated Excess Cash").

(b) Seller's Estimated Excess Cash shall become final and binding on Seller and Buyer (the "Final Excess Cash") unless Buyer gives written notice ("Notice of Disagreement") to Seller of its disagreement with respect to the calculation of Estimated Excess Cash within fifteen (15) days after the Closing Date, specifying with reasonable detail each item of disagreement and the reasons for such disagreement, and providing its calculation of Excess Cash. Seller and Buyer shall negotiate in good faith to resolve in writing all of the differences with respect to each matter specified in the Notice of Disagreement, in which case any such resolution shall be final and binding on the parties (in such instance, also the "Final Excess Cash"). If Seller and Buyer have not resolved in writing all of the differences with respect to any such matter, then each unresolved matter (the "Disputed Adjustment Matter") shall be submitted to and reviewed by a mutually agreed to third party (the "Neutral Accountant"). The Neutral Accountant shall consider only the Disputed Adjustment Matters and shall act promptly to resolve in writing all Disputed Adjustment Matters, and its decisions with respect to the Disputed Adjustment Matters shall be final and binding on each of Seller and Buyer; provided, however, that no such resolution of the Disputed Adjustment Matters shall require payment of an amount greater than the highest amount provided in Seller's Estimated Excess Cash or less than the lowest amount provided in Buyer's Notice of Disagreement, and such decision will also be the Final Excess Cash. The Neutral Accountant shall promptly notify Seller and Buyer of its resolution of the Disputed Adjustment Matter. Buyer shall be responsible for and shall pay the fees and expenses incurred in connection with the Neutral Accountant. However, in the event the Neutral Accountant determines that the Disputed Adjustment Matter reflects in excess of ten (10%) percent less Final Excess Cash, the Seller shall reimburse the Buyer in full for the costs of the Neutral Accountant. Once the Final Excess Cash has been determined in accordance with the provisions of this Section 2.05(b), such calculation shall be final and binding for all purposes of this Agreement.

§ 2.06 Release from Personal Guarantees

Subject to the terms and conditions of this Agreement and on the basis of the representations, warranties, covenants and agreements contained herein, the Buyer shall use its commercially reasonable best efforts to cause any and all personal guarantees of Geoffrey Lilien with respect to Lilien's business obligations to be released upon the Closing Date. In the event any of such Lilien obligations are not released from Geoffrey Lilien's personal guarantees or security agreements, the Buyer will indemnify Geoffrey Lilien from such liability pursuant to Section 5.02 below.

§ 2.07 Filing of Financing Statements

Subject to the terms and conditions of this Agreement and on the basis of the representations, warranties, covenants and agreements contained herein, Lilien hereby authorizes Bridge Bank, N.A. to file a UCC-1 Financing Statement against the assets of Lilien following the execution of this Agreement. In the event this Agreement is terminated for any reason, Buyer shall use its best efforts to cause Bridge Bank, N.A. to file all appropriate termination statements in respect of such financing and shall indemnify and hold Seller harmless from, against and in respect of any Damages incurred by Seller or Lilien Corp. as a result of the failure to file such termination statements.

§ 2.08 Seller Name Change

Subject to the terms and conditions of this Agreement and on the basis of the representations, warranties, covenants and agreements contained herein, the Seller shall amend its Certificate of Formation to change the Seller's name to one without the name Lilien at such time as instructed by Buyer.

§ 2.09 Post-Closing Apportionment.

The following items shall be apportioned between the parties as of 11:59P.M. on the day prior to the Closing Date:

(i) Taxes, if any, on the basis of Seller being an accrual basis tax payor; and

(ii) Other items normally adjusted between Seller and Buyer in transactions such as the Lilien Asset Purchase.

Article III.
Representations and Warranties of Seller and the Principal Members

Except as disclosed (in accordance with Section 10.08 hereof) in the disclosure schedules of the Seller attached hereto (collectively, the "Lilien Disclosure Schedule"), Seller and the Principal Members represent and warrant to Buyer on the date hereof and on the Closing Date, as follows:

§ 3.01 Authority; Binding Effect.

Seller has the full authority and legal capacity to execute and deliver this Agreement, the Ancillary Documents to which it is a party and all other certificates, agreements or other documents to be executed and delivered by Seller and to consummate the transactions contemplated hereby and thereby. This Agreement and the Ancillary Documents to which Seller is a party have been duly executed and delivered by Seller and this Agreement and each of the Ancillary Documents to which Seller is party is a legal, valid and binding obligation of Seller, enforceable against Seller, and it assigns in accordance with its terms, subject to applicable bankruptcy, insolvency and similar Laws affecting creditors' rights generally and to general principles of equity.

§ 3.02 No Violations.

The execution, delivery and performance by Seller of this Agreement and any Ancillary Documents to which Seller is party, and the consummation of the transactions contemplated by this Agreement, do not and will not, except as set forth in Section 3.02 of the Lilien Disclosure Schedule, (i) conflict with, or result in the breach of, or constitute a default under, or result in the termination, cancellation or acceleration (whether after the giving of notice or the lapse of time or both) of any right or obligation of Seller under, any Contract listed in Section 3.17 of the Lilien Disclosure Schedule or (ii) violate or result in a breach of, or constitute a default under, any Law or judgment applicable to Seller or by which Seller, or any of its Assets are bound or affected, except, in the cases of clauses (i) and (ii), for any conflict, breach, default, termination, cancellation, acceleration or violation which, individually or in the aggregate, would not reasonably be expected to impair Seller's ability to effect the sale of Seller's Assets and the Merger as contemplated by this Agreement.

§ 3.03 No Other Agreements to Purchase.

No Person (other than Buyer hereunder) has any written or oral agreement or option or any right or privilege, whether by Law, pre-emptive or contractual, capable of becoming an agreement or option for the purchase or acquisition from Seller of any of the Seller's Assets.

§ 3.04 Consents and Approvals.

Except as set forth on Schedule 3.04 of the Lilien Disclosure Schedule, no Consent is required to be obtained by Seller or Lilien Corp. and no notice or filing is required to be given by Seller or Lilien Corp. or made by Seller or Lilien Corp. with, any Governmental Authority or other Person in connection with the execution, delivery and performance by Seller of this Agreement or any Ancillary Documents to which it is a party, nor are Seller or Lilien Corp. required under any Contracts listed on Schedule 3.17 of the Lilien Disclosure Schedule to give any notice to, or obtain the Consent or approval of, any party to such Contract relating to the consummation of the transactions contemplated by this Agreement.

§ 3.05 Brokers and Finders.

Except for the amounts set forth on Schedule 3.05 of the Lilien Disclosure Schedule, there is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of Seller, or any Affiliate of Seller, who might be entitled to any fee or commission from Seller, or any Affiliate of Seller, in connection with the transactions contemplated by this Agreement, and Seller agrees to indemnify, defend and hold Buyer harmless against claims for same.

§ 3.06 Lilien Disclosure Schedule.

The Lilien Disclosure Schedule referred to in this Article III contains certain information regarding the Seller and Lilien Corp. as indicated at various places in this Agreement and is attached to and forms a part of this Agreement. The Seller hereby represents and warrants that all information set forth in the Lilien Disclosure Schedule regarding the Seller and Lilien Corp. is and will be true, correct and complete in all material respects as of the date of this Agreement and, subject to the provisions of Section 6.06, as of the Closing Date, does not omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and shall be deemed for all purposes of this Agreement to constitute part of the representations and warranties under this Article III. Each of the documents and other writings furnished to Buyer by Seller pursuant to Article III and each of the representations, warranties and statements by the Seller and the Principal Members in this Article III is true, correct and complete in all material respects with respect to the Seller and Lilien Corp. as of the date furnished and does not omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

§ 3.07 Organization and Qualification.

Lilien is a limited liability company duly organized, validly existing, and in good standing under the Laws of the state of Delaware. Lilien has all requisite power and authority to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted. The books and records of Lilien have been made available to Buyer for inspection and accurately record therein all corporate actions taken by the Board of Managers of Lilien and all actions taken by the Members of Lilien. Schedule 3.07 of the Lilien Disclosure Schedule sets forth, as to Seller, its place of formation, principal place of business, jurisdictions in which it is qualified to do business. The failure of Seller to qualify to do business in any other jurisdiction prior to the date hereof shall not have a Material Adverse Effect on Seller.

§ 3.08 Subsidiaries.

Seller does not have any Subsidiaries or any other ownership of the equity in any other entities other than as set forth onSchedule 3.08 of the Lilien Disclosure Schedule.

§ 3.09 Financial Condition.

(a) Financial Statements. Seller has delivered to Buyer unaudited consolidated financial statements of Lilien, including balance sheets and the related statements of operations and retained earnings and statements of cash flows for the years ended December 31, 2011 and December 31, 2012 together with the related notes and schedules and unaudited financial statements of Lilien, including balance sheets and the related statements of operations and retained earnings and statements of cash flows for the one month period ended January 31, 2013 (collectively, the "Lilien Financial Statements"). The Lilien Financial Statements fairly present in all material respects the financial condition and the results of operations, retained earnings, Member's equity and cash flows of Lilien as at the respective dates of and for the periods referred to therein, all in accordance with GAAP. The Lilien Financial Statements reflect the consistent application of GAAP throughout the periods involved, except as disclosed in the notes to such financial statements and except that the Lilien Financial Statements are subject to normal recurring year-end audit adjustments and also do not include all footnotes required by GAAP. Since December 31, 2012, there has been no change in Lilien's method of accounting for Tax purposes or any other purpose. Notwithstanding the foregoing, the Lilien Financial Statements as of January 31, 2013 (the "Cut-Off Date") have been prepared by Management and have not been reviewed by any independent accountants. The Lilien Financial Statements have been prepared from and are in accordance with the accounting Books and Records of Lilien.

(b) [INTENTIONALLY LEFT BLANK]

(c) Accounts Receivable. Accounts receivable (the "Accounts Receivable") of Seller and Lilien Corp. reflected in the Lilien Financial Statements are valid, bona fide existing claims for the aggregate amounts thereof reflected in the Lilien Financial Statements, net of the reserves or allowances for doubtful receivables reflected in the Lilien Financial Statements or thereafter in Seller's books and records uniformly maintained in accordance with the Lilien Financial Statements, accounted for in accordance with GAAP, and Seller Knows of no fact or circumstance that would reasonably be expected to make such Accounts Receivable not collectible. This representation is in no manner a representation as to the amount of Accounts Receivable which will ultimately be collected.

(d) Inventory. All Inventory has been acquired and maintained in accordance with the regular business practices of Seller and Lilien Corp., consists of new and unused items of a quality and quantity usable or saleable in the Ordinary Course of Business, and is valued at reasonable amounts based on the normal valuation policies of Seller and Lilien Corp. at prices equal to the lower of cost or market value on a first-in, first-out basis. All obsolete or slow moving Inventory and/or Inventory on hand that is not needed to fulfill present and/or anticipated orders has been written off.

(e) The accounts reflected in the Lilien Financial Statements, where applicable, represent Seller's and Lilien Corp.'s reasonable estimate of estimated costs, estimated gross profit, estimated gross profit percentage and estimated percentage complete for each contract in progress.

(f) Accounts Payable. Schedule 3.09(f) of the Lilien Disclosure Schedule sets forth a true, correct and complete list of all accounts payable of Lilien and Lilien Corp. at the date indicated thereon and that will be updated as of the date that is two business days prior to the Closing Date, including amounts payable to trade creditors and other short-term Liabilities commonly identified as accounts payable, which are, to Seller's Knowledge, bona fide, valid and binding obligations of Lilien and Lilien Corp. incurred in the Ordinary Course of Business on an arms-length basis. Schedule 3.09(f) of the Lilien Disclosure Schedule sets forth the dates upon which payment to each of the listed items is due.

§ 3.10 Absence of Certain Changes.

Since the Cut-Off Date, other than in the Ordinary Course of Business and except as disclosed in Schedule 3.10 of the Lilien Disclosure Schedule and as contemplated by this Agreement, there has not been:

(a) any (i) acquisition (by purchase, lease as lessee, license as licensee, or otherwise) or disposition (by sale, lease as lessor, license as licensor, or otherwise) by Lilien or Lilien Corp. of any properties or Assets, or (ii) other transaction by, or any agreement or commitment on the part of Lilien or Lilien Corp., other than in the Ordinary Course of Business, that has caused or would reasonably be expected to cause, either in any case or in the aggregate, a Material Adverse Effect;

(b) any material change in the condition (financial or otherwise), of the properties, Business Assets, Liabilities, investments, revenues, expenses, income, operations, Business, or prospects of Lilien or Lilien Corp., or in any of their respective relationships with any material suppliers, customers or other third parties with whom it has financial, commercial or other business relationships, other than changes in the Ordinary Course of Business that have not caused and would not reasonably be expected to cause, either in any case or in the aggregate, a Material Adverse Effect;

(c) any transaction or change in compensation by Lilien or Lilien Corp., with any of its members, managers, officers or key employees, other than the payment of compensation (including raises and bonuses in the Ordinary Course of Business) and reimbursement of reasonable employee travel and other business expenses in accordance with existing employment arrangements and usual past practices;

(d) any damage, destruction, or loss relating to Lilien or Lilien Corp., whether or not covered by insurance, that, either in any case or in the aggregate, has caused, or would reasonably be expected to cause, a Material Adverse Effect;

(e) except as disclosed in Schedule 3.10(e) of the Lilien Disclosure Schedule or permitted by this Agreement, any declaration, setting aside, or payment of any dividend or any other distribution (in cash, stock, and/or property or otherwise) in respect of any membership interests, or other securities of Lilien or Lilien Corp., other than normal distributions by Lilien Corp. to Seller consistent with past practice;

(f) any issuance of any membership interests or other securities or derivative securities of Lilien or Lilien Corp., or any direct or indirect redemption, purchase, or other acquisition by Lilien or Lilien Corp. of any membership interests or other securities;

(g) any change in the managers, officers, key employees or material independent contractors or vendors of Lilien or Lilien Corp.;

(h) any labor trouble or claim of unfair labor practices involving Lilien or Lilien Corp., any increase in the compensation or other benefits payable or to become payable by Lilien or Lilien Corp. to any of its respective Affiliates, or to any of its respective officers, employees, or independent contractors, or any bonus payments or arrangements made to or with any of such officers, employees, or independent contractors, which have caused or would reasonably be expected to cause, either in any case or in the aggregate, a Material Adverse Effect;

(i) any forgiveness or cancellation of any material debt or claim by Lilien or Lilien Corp. or any waiver by Lilien or Lilien Corp. of any right of material value, other than compromises of Accounts Receivable in the Ordinary Course of Business;

(j) any incurrence or any payment, discharge, or satisfaction or default by Lilien or Lilien Corp. of any material Indebtedness or material Liabilities (including without limitation Liabilities, as guarantor or otherwise, with respect to obligations of others), other than that which are reflected or reserved against in the Lilien Financial Statements or incurred in the Ordinary Course of Business that have not caused and would not reasonably be expected to cause, either in any case or in the aggregate, a Material Adverse Effect;

(k) any incurrence, discharge, or satisfaction of any Lien (i) by Lilien or Lilien Corp., or (ii) on any of the capital stock, membership interests, join-venture interests, other securities, properties, or Assets owned or leased by Lilien or Lilien Corp.;

(l) any change in the financial or Tax accounting principles, practices, or methods of Lilien or Lilien Corp.;

(m) any agreement, understanding, or commitment by or on behalf of Lilien or Lilien Corp. whether in writing or otherwise, to do or permit any of the things referred to in this Section 3.10;

(n) any cancellation or notice of cancellation, or surrender of any policy of insurance (which has not been cured by payment of premium, procurement of an equivalent policy, or otherwise) relating to or affecting the Business Assets or the Business;

(o) write-down of the value of any Inventory of Lilien or Lilien Corp., or write-off as uncollectible of any notes receivable or Accounts Receivable, or any portion thereof of Lilien or Lilien Corp. in excess of the amount reserved therefor on the Lilien Financial Statements;

(p) prepayments, advances or other deposits, made by customers of the Business of Lilien and Lilien Corp. with respect to products or services contracted for but not provided as of the Closing Date or any other unearned income;

(q) transaction by Lilien or Lilien Corp. not in the Ordinary Course of Business;

(r) cancellation or threatened cancellation of any material orders from, or Contracts with, customers of Lilien or Lilien Corp., that, singly or in the aggregate, has caused, or would reasonably be expected to cause, a Material Adverse Effect;

(s) any problems with key suppliers of Lilien or Lilien Corp. which would impair its ability to fulfill its customers' orders, that, singly or in the aggregate, has caused, or would reasonably be expected to cause, a Material Adverse Effect; or

(t) any agreement or commitment, whether or not in writing, to do any of the aforementioned.

§ 3.11 Properties, Leases, Etc.

(a) Title to Properties; Condition of Personal Properties. Each of Lilien and Lilien Corp. has (i) good and marketable title to all of the Assets and properties owned by it, including without limitation all Assets and properties reflected in the Lilien Financial Statements, free and clear of all Liens other than Permitted Liens, (ii) valid title to the lessee interest in all Assets and properties leased by it as lessee, free and clear of all Liens, other than Permitted Liens and lessors' interests in such Assets, and (iii) full right to hold and use all of its Assets and properties used in or necessary to its business and operations, in each case all free and clear of all Liens, and in each case subject to applicable Laws and the terms of any lease under which Lilien leases such Assets or properties as lessee. All such Assets and properties are in good condition and repair, reasonable wear and tear excepted, and collectively are adequate and sufficient to carry on the Business of Lilien and Lilien Corp. as presently conducted and as proposed to be conducted.

(b) No Owned Real Properties. Neither Lilien nor Lilien Corp. owns any real property or any interest (other than a leasehold interest) in any real property.

(c) Leased Properties. Schedule 3.11(c) of the Lilien Disclosure Schedule sets forth a complete and correct description of all leases of real or Personal Property under which Lilien or Lilien Corp. is lessor or lessee. True, complete and correct copies of all such leases and all amendments, supplements, and modifications thereto (the "Leases") (excepting any Lease pertaining to personal property with an annual rent of less than $10,000 and total remaining rental payments of less than $20,000), have been delivered to Buyer. Each Lease is valid and enforceable in accordance with its terms (subject to bankruptcy, insolvency and similar Laws affecting creditor's rights generally and to general equitable principles), is in full force and effect and, to the Knowledge of Seller, no event or condition exists that constitutes, or after notice or lapse of time or both would constitute, a default thereunder by Lilien or Lilien Corp., or, to the Knowledge of Seller, any other party to any of the Leases. The right, title and interest of Lilien and Lilien Corp. in and to the Leases are subject to no Lien, and Lilien and Lilien Corp. are in quiet and lawful possession of the demised premises ("Demised Premises") described in the Leases. Lilien and Lilien Corp. have established adequate reserves which are reflected in the Lilien Financial Statements, for the anticipated costs of any and all renovation, maintenance and/or repair required to be performed at the Demised Premises or required to be paid for by Lilien or Lilien Corp. upon termination of any of the Leases. Each Lease represents the entire agreement between the lessor thereunder and Lilien or Lilien Corp., including all representations and warranties, and there exist no agreements between Lilien or Lilien Corp. and any party other than as set forth in the Leases. Lilien and Lilien Corp. have paid in full all obligations for brokerage commissions and finders' fees incurred in entering into the Leases. Except as set forth on Schedule 3.11(c) of the Lilien Disclosure Schedule, the Demised Premises, including all fixtures, furnishings, improvements and personality in the Demised Premises are in good working order, and at Closing shall be in the same condition as on the date hereof; provided, further, that the building and land of which the Demised Premises are a part in good working order, condition and repair, and to the Knowledge of Seller, have no structural or mechanical defects.

(d) Pending Tax Proceedings. Except as set forth in Schedule 3.11(d) of the Lilien Disclosure Schedule, neither Lilien nor Lilien Corp. has retained anyone to file notices of protest against, or to commence actions to review, real property Tax assessments against the Demised Premises, and is not aware that any such action has been taken by or on behalf of any landlords under the Leases. Schedule 3.11(d) of the Lilien Disclosure Schedule contains (i) a list and description of all actions taken by Lilien or Lilien Corp. to file notices of protest against, or to commence actions to review, real property Tax assessments against the Demised Premises, and that status of all such Proceedings, and (ii) true and complete copies of all agreements between Lilien or Lilien and its Tax counsel relating to any such Proceedings.

(e) Insurance Policies. Lilien has furnished to Buyer an accurate schedule of all insurance policies now affecting the Demised Premises as set forth in Schedule 3.11(e) of the Lilien Disclosure Schedule. These policies are in compliance with, and fulfill all of Lilien's and Lilien Corp.'s insurance obligations under the Leases and each of these policies permits any waiver of subrogation contained in, or required by, the Leases, and the only insurance policies carried on the Demised Premises are those set forth in Schedule 3.11(e) of the Lilien Disclosure Schedule.

§ 3.12 Indebtedness.

Except as (i) set forth in Schedule 3.10(e) and Schedule 2.05 of the Lilien Disclosure Schedule, (ii) disclosed in the Lilien Financial Statements, or (iii) incurred in the Ordinary Course of Business, immediately after the Closing neither Lilien nor Lilien Corp. will have any Indebtedness outstanding. Neither Lilien nor Lilien Corp. is in default with respect to any outstanding Indebtedness or any instrument or agreement relating thereto, and no such Indebtedness or any instrument or agreement relating thereto purports to limit the issuance of any securities by Lilien or Lilien Corp. or the operation of its business. Complete and correct copies of all instruments and agreements (including all amendments, supplements, waivers, and Consents) relating to any Indebtedness of Lilien or Lilien Corp. have been furnished to Buyer.

§ 3.13 Absence of Undisclosed Liabilities.

Except (i) as set forth in Schedule 3.10(e), Schedule 3.13, or Schedule 3.14 of the Lilien Disclosure Schedule, or (ii) to the extent reflected or reserved against in the Lilien Financial Statements, (iii) to the extent incurred in the Ordinary Course of Business since the Cut-Off Date, neither Lilien nor Lilien Corp. has any material Liabilities or obligations of the nature required to be disclosed in a balance sheet prepared in accordance with GAAP (including, without limitation, Liabilities as guarantor or otherwise with respect to obligations of others).

§ 3.14 Tax Matters.

(a) Filing of Tax Returns and Payment of Taxes. Except as set forth in Schedule 3.14(a) of the Lilien Disclosure Schedule, each of Lilien and Lilien Corp. has timely filed all material Tax Returns required to be filed by it under applicable Laws. Each Tax Return has been prepared in substantial compliance with all applicable Laws and regulations, and all such Tax Returns are true, correct, and complete in all material respects. All Taxes due and payable by Lilien and Lilien Corp. as reflected on such Tax Returns have been paid, and neither Lilien nor Lilien Corp. will be liable for any additional Taxes in respect of any Taxable period ending on or before the Closing Date in an amount that exceeds the corresponding reserve therefor, if any, reflected in the accounting records of Lilien and Lilien Corp. as of the Closing Date. Neither Lilien nor Lilien Corp. is doing business in or engaged in a trade or business in any jurisdiction in which it has not filed all required Tax Returns and no claim has ever been made in writing by a Taxing authority in a jurisdiction where Lilien or Lilien Corp. does not pay Tax or file Tax Returns that Lilien or Lilien Corp. is or may be subject to Taxes assessed by such jurisdiction. There are no Liens for Taxes (other than current Taxes not yet due and payable or being contested in good faith) on the Assets of Lilien and Lilien Corp. Each of Lilien and Lilien Corp. has disclosed on its federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Taxes within the meaning of Section 6662 of the Code. Neither Lilien nor Lilien Corp. has ever participated in any listed transaction, as defined in Treasury Regulation Section 1.6011-4(b)(2), required to be reported in a disclosure statement pursuant to Treasury Regulation Section 1.6011-4. Neither Lilien nor Lilien Corp. is subject to Tax under Section 1374 of the Code.

(b) Audit History, Extensions, Etc. To Seller's Knowledge, there is no action, suit, Taxing authority Proceeding (foreign, federal, state or local), or audit with respect to any Tax now in progress, pending, or threatened against or with respect to Lilien or Lilien Corp. Except as set forth in Schedule 3.14(b) of the Lilien Disclosure Schedule, no deficiency or proposed adjustment in respect of Taxes that has not been settled or otherwise resolved has been asserted in writing or assessed in writing by any Taxing authority against Lilien or Lilien Corp. Neither Lilien nor Lilien Corp. has consented to extend the time in which any Tax may be assessed or collected by any Taxing authority. Neither Lilien nor Lilien Corp. has requested or been granted an extension of the time for filing any Tax Return to a date on or after the Closing Date.

(c) Membership in Affiliated Groups, Etc. Except as set forth on Schedule 3.14(c) of the Lilien Disclosure Schedule, neither Lilien nor Lilien Corp. has ever been a member of any Affiliated Group, or filed or been included in a combined, consolidated, or unitary Tax Return other than a consolidated Tax return with respect to Lilien and Lilien Corp. Neither Lilien nor Lilien Corp. is a party to or bound by any Tax sharing or allocation agreement or has any current or potential contractual obligation to indemnify any other person with respect to Taxes.

(d) Withholding Taxes. Each of Lilien and Lilien Corp. has withheld and paid all Taxes required to have been withheld and paid by it in connection with amounts paid or owing to any employee, creditor, independent contractor, or other Person.

§ 3.15 Litigation and Claims.

No litigation, arbitration, action, suit, claim, demand, Proceeding or investigation (whether conducted by or before any judicial or regulatory body, arbitrator, commission or other person) is pending or, to the Knowledge of Seller, threatened against Lilien or Lilien Corp.

§ 3.16 Safety; Zoning; Real Estate; and Environmental Matters.

Except as set forth on Schedule 3.16 of the Lilien Disclosure Schedule:

(a) To the Knowledge of Seller, neither Lilien nor Lilien Corp. is or has ever been in violation of any applicable statute, Law, or regulation relating to occupational health or safety, other than those the violation of which would not be reasonably likely to, either in any case or in the aggregate, have a Material Adverse Effect, and no charge, complaint, action, suit, Proceeding, hearing, investigation, claim, demand, or written notice has been filed or commenced against or received by Lilien or Lilien Corp. alleging any failure by Lilien or Lilien Corp. to comply with any such statute, Law, or regulation, nor is there any basis therefor Known to Seller.

(b) To the Knowledge of Seller, the real properties presently owned, leased, or operated by Lilien and Lilien Corp. and any leasehold improvements thereto, and any business conducted by Lilien or Lilien Corp. thereon, is in compliance with and has been in compliance with all applicable statutes, Laws, and regulations in respect of the use, occupation and construction thereof, including, but not limited to, environmental, zoning, platting and other land use requirements, including, but not limited to, the Americans With Disabilities Act, and neither Lilien nor Lilien Corp. has received written notice of, and Seller has no Knowledge of, any violations or investigations relating thereto.

(c) To the Knowledge of Seller, each of Lilien and Lilien Corp. is and has been in compliance with all judgments, decrees, orders, statutes, Laws, Permits, licenses, rules, or regulations pertaining to environmental matters, including without limitation, those arising under any Environmental Laws and has not received any written notice that it is presently, or ever has been, in violation of any Environmental Law other than those the violation of which would not be reasonably likely to, either in any case or in the aggregate, have a Material Adverse Effect.

(d) Each of Lilien and Lilien Corp. currently possesses, currently is in compliance with, and, to the Knowledge of Seller, in the past has complied in all material respects with the terms of all Environmental Permits, if any, and other approvals necessary to operate the business, and any application for renewals of said permits has been filed in a timely fashion. A list of all such Environmental Permits is set forth in Schedule 3.16(d).

(e) (i) Hazardous Substances. To the Knowledge of Seller, neither Lilien nor Lilien Corp. is, or has been affected by, the existence of any Environmental Conditions, nor has Lilien nor Lilien Corp. used any (other than as may be used in the Ordinary Course of Business), or received any written notice of violation for the use or misuse of any, Hazardous Substances on or about the Demised Premises or in violation of any Environmental Laws, and there are no Environmental Conditions which would be reasonably likely to affect the Demised Premises. To the Knowledge of Seller, no other user or occupant of any part of the Demised Premises Known to Seller, has ever been cited for violating any Environmental Laws with respect to operations or activities on or about the Premises; and all reports, test results, and other documents in the possession of Lilien and Lilien Corp. relating to Environmental Conditions on or about the Demised Premises have been delivered to Buyer.

Soil Conditions; Flood and Mud Slide Hazard; Wetlands. To the Knowledge of Seller, (x) there is no soil condition adversely affecting the Demised Premises (y) the Demised Premises are not in an area identified by any agency or department of the federal, state or local government as having specific flood or mud-slide hazards, or as containing wetlands, endangered species or any other protected Environmental Condition which would be reasonably likely to impair the current use of the Demised Premises, and Seller does not Know of any state of facts which would be reasonably likely to cause any portion of the Demised Premises to be identified as containing any such wetlands, endangered species or other Environmental Condition; (z) no portion of the Demised Premises is or would be reasonably likely to be designated as a "wetland" as defined by any governmental agency having jurisdiction over the Demised Premises.

Buried Tanks. To Seller's Knowledge, there are no underground storage tanks on the Demised Premises, nor have any underground storage tanks been removed from the Demised Premises.

Obligations. There are no obligations, commitments or agreements in connection with Lilien's and Lilien Corp.'s lease and occupancy of the Demised Premises which will be binding upon Buyer after Closing, except for those set forth in the Leases or which have been approved by Buyer and are listed in Schedule 3.16(e) of the Lilien Disclosure Schedule.

Absence of Moratorium. To the Knowledge of Seller, no moratorium, statute, order, regulation, ordinance, legislation, judgment, ruling or decree of any court or governmental agency has been enacted, adopted, issued, entered or pending, or is in effect, which would be reasonably likely to have a Material Adverse Effect to the Demised Premises.

Condemnation. To the Knowledge of Seller, there is no condemnation Proceeding affecting the Demised Premises or any portion thereof, currently pending nor is any such Proceeding threatened.

Covenants, Conditions and Restrictions. There is no material default or breach by Lilien or Lilien Corp. under any covenants, conditions, restrictions, rights-of-way, or easements set forth in the Leases that may affect the Demised Premises or any portion thereof. Gas, electric power, sanitary and storm sewer and water facilities, and all other utilities necessary for the current use and operation of the Demised Premises are available in quantities satisfactory to service the Demised Premises and for Lilien and Lilien Corp. to conduct their business operations. To the Knowledge of Seller, no condition exists which would be reasonably likely to result in the termination or impairment of access to the Demised Premises or discontinuation of necessary sewer, water, electric, gas, telephone or other utilities.

Work Performed. No work has been performed or is in progress at, and no materials have been furnished to, the Demised Premises on behalf of Lilien or Lilien Corp. that have not been paid for or will not be paid for in full by Lilien and Lilien Corp. prior to the Closing Date. No special or general assessments have been levied, or to the Knowledge of Seller, threatened, against all or any part of the Demised Premises, except as set forth in Schedule 3.16(e) of the Lilien Disclosure Schedule.

Access. To Seller's Knowledge, the streets, roads, highways and avenues in front of or adjoining any part of the Demised Premises have been dedicated to and accepted by the proper Governmental Authority and such Governmental Authority has the responsibility to maintain such streets, road, highways and avenues.

Zoning. To Seller's Knowledge, the current use on the Demised Premises is presently permitted under applicable zoning laws.

§ 3.17 Material Contracts.

Except for the Contracts set forth in Schedule 3.17 of the Lilien Disclosure Schedule, and Contracts that have been fully performed and with respect to which neither Lilien nor Lilien Corp. has any further obligations or Liabilities, neither Lilien nor Lilien Corp. is a party to, or otherwise bound by: (i) any Contract that would be reasonably likely to affect Seller's ability to consummate the transactions contemplated hereby, (ii) any Contract upon which the Business is substantially dependent, (iii) any Contract for the purchase, sale, lease, or license by or from Lilien or Lilien Corp. of services, products, or Assets, requiring total payments by or to it in excess of $50,000 (or, in the case of vendor Contracts only, in excess of $200,000) in any instance, or (iv) any Contract entered into other than in the Ordinary Course of Business.

Seller has made available to Buyer correct and complete copies of each Contract listed in Schedule 3.17 of the Lilien Disclosure Schedule, each as amended to date. Each such Contract is a valid, binding and enforceable obligation of Lilien or Lilien Corp. to the extent a party thereto, and, to the Knowledge of Seller, of the other party or parties thereto (subject in all events to bankruptcy, insolvency or similar laws affecting creditor's rights generally and to general equitable principles), and is in full force and effect. Neither Lilien nor Lilien Corp. is, nor to the Knowledge of Seller, is any other party thereto (nor is Lilien or Lilien Corp. considered by any other party thereto to be), in breach of or noncompliance with any term of any such Contract (nor to Seller's Knowledge is there any basis for any of the foregoing), except for any breaches or non-compliances that singly or in the aggregate would not be reasonably likely to have a Material Adverse Effect. Other than in the Ordinary Course of Business, no claim, change order, request for equitable adjustment, or request for contract price or schedule adjustment, between Lilien or Lilien Corp. and any supplier, customer or any other person, relating to any Contract listed in Schedule 3.17 of the Lilien Disclosure Schedule is pending or, to the Knowledge of Seller, threatened, nor to Seller's Knowledge is there any basis for any of the foregoing. No Contract listed in Schedule 3.17 of the Lilien Disclosure Schedule, (i) includes or incorporates any provision, the effect of which would be reasonably likely to enlarge or accelerate any of the obligations of Lilien or Lilien Corp. or to give additional rights to any other party thereto other than obligations in the Ordinary Course of Business, or (ii) will terminate, lapse, or in any other way be affected by reason of the Lilien Asset Purchase, the effect of which would be reasonably likely to have a Material Adverse Effect, either individually or in the aggregate.

§ 3.18 Tangible Property.

Schedule 3.18 of the Lilien Disclosure Schedule sets forth a true and complete list of all fixtures, machinery, equipment and any other tangible property of Lilien or Lilien Corp. attached or appurtenant to, or used in connection with, the Business ("Personal Property"), including a description of each item, whether it is owned or leased, the location and serial number, if any, the gross and net book value of each item, and to the extent available, accumulated depreciation, if any, with respect thereto (except to the extent such information is provided on other Schedules to this Agreement). Each material owned item of Personal Property is owned by Lilien or Lilien Corp. free of any Liens or encumbrances, except for Permitted Liens. Except as indicated on Schedule 3.18 of the Lilien Disclosure Schedule, each material item of Personal Property is in working condition and repair, ordinary wear and tear excepted, none of such items has any material defects or is in need of immediate maintenance or repairs, except for ordinary routine maintenance and repairs which are not material in nature or cost, and all of the items listed are adequate for the uses to which they are being put.

§ 3.19 Employees; Labor Relations; Benefit Plans.

(a) Employees. Schedule 3.19 of the Lilien Disclosure Schedule sets forth the name, employment relationship, present compensation arrangement and other material terms of employment or engagement of each manager, director, officer, employee and consultant of Lilien and Lilien Corp..

(b) Labor Relations. To the Knowledge of Seller, each of Lilien and Lilien Corp. is in compliance with all applicable federal and state Laws respecting employment and employment practices, terms and conditions of employment, wages and hours, and nondiscrimination in employment, other than those the violation of which would not, either alone or in the aggregate, have a Material Adverse Effect, and neither Lilien nor Lilien Corp. is engaged in any unfair labor practice. To the Knowledge of Seller, there is no charge pending or threatened against or with respect to Lilien or Lilien Corp. before any court or agency, alleging unlawful discrimination in employment practices, and to the Knowledge of Seller there is no charge of or Proceeding with regard to any unfair labor practice against Lilien or Lilien Corp. pending before the National Labor Relations Board. There is no labor strike, Known dispute, slow-down, or work stoppage pending or, to the Knowledge of Seller, threatened against or involving Lilien or Lilien Corp. None of the employees of Lilien or Lilien Corp. is covered by any collective bargaining agreement, and, to the Knowledge of Seller, no such collective bargaining agreement is currently being negotiated. No one has petitioned and, to the Knowledge of Seller, no one is now petitioning, for union representation of any employees of Lilien or Lilien Corp. Neither Lilien nor Lilien Corp. has experienced any work stoppage during the last three years.

(c) Benefit Plans

Except for the arrangements set forth in Schedule 3.19(c) of the Lilien Disclosure Schedule, neither Lilien nor Lilien Corp. sponsors, maintains or contributes to any pension, profit-sharing, deferred compensation, bonus, stock option, share appreciation right, severance, group or individual health, dental, medical, life insurance, survivor benefit, or similar plan, policy or arrangement, whether formal or informal, for the benefit of any director, member, officer, consultant, or employee of any of them, whether active or terminated; nor has Lilien or Lilien Corp. ever maintained or contributed to any such plan, policy, or arrangement that was subject to ERISA. Each of the arrangements set forth in Schedule 3.19(c) of the Lilien Disclosure Schedule is herein referred to as an "Employee Benefit Plan."

With respect to each Employee Benefit Plan, Seller has provided Buyer with, or made available to Buyer, complete and correct copies of (i) each Employee Benefit Plan, including all amendments thereto, (ii) the most recent summary plan description (if any) and all other documents pursuant to which the Employee Benefit Plans are maintained, (iii) the most recent annual report (Form 5500 series) filed with the IRS (with attachments), if any, and (iv) all IRS determination letters, rulings and opinions received by Lilien or Lilien Corp., if any, in respect of any applicable Employee Benefit Plans.

Except as set forth in Schedule 3.19(c) of the Lilien Disclosure Schedule, each Employee Benefit Plan is and has been maintained and operated in compliance, in all material respects, with the terms of such plan and with the applicable requirements prescribed (whether as a matter of substantive Law or as necessary to secure favorable Tax treatment) by any and all statutes, governmental, or court orders, or governmental rules or regulations in effect from time to time, including, but not limited to, ERISA and the Code. Each Employee Benefit Plan that is intended to qualify under Section 401(a) of the Code is so qualified.

Absence of Certain Events and Arrangements:

There is no pending or, to the Knowledge of Seller, threatened, legal action, Proceeding, or investigation, other than routine claims for benefits, concerning any Employee Benefit Plan, or any fiduciary or service provider thereof and, to the Knowledge of Seller, there is no basis for any such legal action or Proceeding.

With respect to each Employee Benefit Plan, to the Knowledge of Seller, neither Lilien, Lilien Corp. nor any other Party in interest in respect thereof have engaged in a prohibited transaction that could subject Lilien or Lilien Corp., directly or indirectly, to Liability under Sections 409 or 502(i) of ERISA or Section 4975 of the Code.

No communication, report or disclosure has been made by Seller or Lilien Corp. with respect to any Employee Benefit Plan that, at the time made, did not accurately reflect the material terms and operations of any Employee Benefit Plan or that would result in a Material Adverse Effect.

No Employee Benefit Plan requires Lilien or Lilien Corp. to provide welfare benefits subsequent to termination of employment to employees or their beneficiaries (except to the extent required by applicable state insurance laws, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and Title I, Part 6 of ERISA).

Neither Lilien nor Lilien Corp. has undertaken to maintain any Employee Benefit Plan for any specific period of time and each such plan is terminable at the sole discretion of Lilien or Lilien Corp., subject only to such constraints as may be imposed by applicable Law.

No Employee Benefit Plan is maintained pursuant to a collective bargaining agreement or, is or has been subject to the minimum funding requirements of Section 302 of ERISA or Section 412 of the Code or is a defined benefit pension plan.

The consummation of transactions contemplated by this Agreement will not, either alone or in combination with any other event expressly contemplated hereby in this Agreement; (i) except as set forth in Schedule 3.19(c) of the Lilien Disclosure Schedule, entitle any current or former employee or officer of Lilien or Lilien Corp. to severance pay, or any other payment, except as expressly provided in this Agreement; (ii) accelerate the time of payment or increase the amount of or vesting of compensation or benefits due any such employee or officer; (iii) result in termination or forgiveness of indebtedness or (iv) otherwise give rise to a benefit that would be reasonably expected to be treated as a parachute payment under Section 280G of the Code.

With respect to each Employee Benefit Plan which is intended or deemed to be a "non-qualified deferred compensation plan," Lilien or Lilien Corp., as the case may be, has operated such Plan during 2006 and 2007 in good faith compliance with Code Section 409A, IRS Notice 2005-1 and any treasury regulations and other applicable guidance issued by the IRS.

Funding of Certain Plans. Except as set forth in Section 3.19(c) of the Lilien Disclosure Schedule, with respect to each Employee Benefit Plan for which a separate fund of Assets is or is required to be maintained, full payment has been made of all amounts that, under the terms of each such plan, Lilien or Lilien Corp. is required to have paid as contributions to that plan as of the end of such plan's most recently ended year, and through the Closing hereof consistent with Lilien's and Lilien Corp.'s past practices.

§ 3.20 Potential Conflicts of Interest.

Except as disclosed in Schedule 3.20 of the Lilien Disclosure Schedule, neither Seller, Lilien Corp. nor, to Seller's Knowledge, any of Lilien's or Lilien Corp.'s respective officers, members, or managers (i) owns, directly or indirectly, any interest (with the exception of passive holdings for investment purposes of not more than 3% of the securities of any publicly held and traded company) in, or is an officer, director, member, employee or consultant of, any Person that is a competitor, lessor, lessee, customer or supplier of Lilien or Lilien Corp.; (ii) owns, directly or indirectly, any interest in any tangible or intangible property used in or necessary to the Business of Lilien and Lilien Corp.; (iii) to the Knowledge of Seller, has any cause of action or other claim whatsoever against Lilien or Lilien Corp., except for claims in the Ordinary Course of Business, such as for accrued vacation pay, accrued benefits under Employee Benefit Plans, and similar matters and agreements; or (iv) owes any amount to Lilien or Lilien Corp.

§ 3.21 Patents, Trademarks, Business Name.

(a) Schedule 3.21 of the Lilien Disclosure Schedule lists all patents, patent applications, trademarks, trade names, service marks, logos, copyrights, and licenses used in the Business of Lilien and Lilien Corp. (other than software programs that have not been customized for its use), as now being conducted or as proposed to be conducted (collectively, and together with any technology, know-how, trade secrets, processes, formulas, and techniques used in or necessary to the Business, "Proprietary Information"). Except as disclosed in Schedule 3.21 of the Lilien Disclosure Schedule, Lilien together with Lilien Corp. owns or is licensed or otherwise has the full and unrestricted exclusive right to use, without the payment of royalties or other further consideration other than license, maintenance or technical support fees, all Proprietary Information.

(b) Each instance where Lilien's or Lilien Corp.'s rights to Proprietary Information arise under a license or similar agreements (other than software programs that have not been customized for its use) is set forth in Schedule 3.21 of the Lilien Disclosure Schedule. To the Knowledge of Seller, none of the Proprietary Information is being infringed by others, or is subject to any outstanding order, decree, judgment, or stipulation. No litigation (or other Proceedings in or before any court or other governmental, adjudicatory, arbitral, or administrative body) relating to Lilien's or Lilien Corp.'s use of the Proprietary Information is pending (other than litigation against the licensor of any Proprietary Information licensed to Lilien or Lilien Corp. with respect to which Seller has no Knowledge) or, to the Knowledge of Seller, threatened, nor, to the Knowledge of Seller, is there any basis for any such litigation or Proceeding. Lilien together with Lilien Corp. maintains adequate and sufficient security measures for the preservation of the secrecy and proprietary nature of the Proprietary Information consistent with the practice in its industry. All software used by Lilien and Lilien Corp. (the "Software") is legal, licensed, and authorized for use by Lilien and Lilien Corp.

(c) To the Knowledge of Seller: (i) neither Lilien, Lilien Corp. nor any of their respective employees, has infringed or made unlawful use of, or is, to the Knowledge of Seller, infringing or making unlawful use of, any proprietary or confidential information of any Person, related to the Business, including without limitation any former employer or any past or present employee or consultant of Lilien or Lilien Corp.; and (ii) the activities of Lilien's and Lilien Corp.'s employees in connection with their employment do not violate any agreements or arrangements that any such employees or consultants have with any former employer or any other Person. No litigation (or other Proceedings in or before any court or other governmental, adjudicatory, arbitral, or administrative body) charging Lilien or Lilien Corp. with infringement or unlawful use of any patent, trademark, copyright, or other proprietary right is pending or, to the Knowledge of Seller, threatened, nor to Seller's Knowledge is there any basis for any such litigation or Proceeding.

(d) Neither Seller, Lilien Corp, nor to Seller's Knowledge, any officer, member, employee, or consultant of Lilien or Lilien Corp., is presently obligated under or bound by any agreement or instrument, or any judgment, decree, or order of any court of administrative agency, that (i) conflicts or would be reasonably likely to conflict with his or her agreements and obligations to promote the interests of the Business (ii) conflicts or would be reasonably likely to conflict with the Business or operations of Lilien and Lilien Corp. as presently conducted or as presently proposed to be conducted, or (iii) restricts or would be reasonably likely to restrict the use or disclosure of any information that is necessary to the Business.

§ 3.22 Insurance.

Schedule 3.22 of the Lilien Disclosure Schedule lists the policies of theft, fire, liability, worker's compensation, life, property and casualty, directors' and officers', medical malpractice, and other insurance owned or held by Lilien or Lilien Corp., and the basis on which such policies provide coverage (i.e., an occurrence or claims-made basis). All such policies are, and at all times since the respective dates set forth in Schedule 3.22 of the Lilien Disclosure Schedule, have been, in full force and effect, are sufficient for compliance in all respects by Lilien and Lilien Corp. with all requirements of Law and of all agreements to which it is a party, and provide that they will remain in full force and effect through the respective dates set forth in Schedule 3.22 of the Lilien Disclosure Schedule, and will not terminate or lapse or otherwise be affected in any way by reason of the transactions contemplated hereby.

§ 3.23 Compliance with Other Instruments, Laws, Etc.

Except as otherwise disclosed on Schedule 3.23 of the Lilien Disclosure Schedule, each of Lilien and Lilien Corp. has complied in all material respects with, and is in material compliance with, (i) all material Laws applicable to it and its business, (ii) all unwaived terms and provisions of all Contracts, except for any non-compliances that, both individually and in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect, and (iii) its operating agreement, in the case of Lilien, and its articles of incorporation, in the case of Lilien Corp., each as amended to date. Neither Lilien nor Lilien Corp. has committed, been charged with, or been under investigation (or to Seller's Knowledge, threatened with a pending or potential investigation) with respect to, nor does there exist, any violation by Lilien or Lilien Corp. of any provision of any federal, state or local Law or administrative regulation, except for any violations that, both singly or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect. Each of Lilien and Lilien Corp. has and maintains, and Schedule 3.23 of the Lilien Disclosure Schedule sets forth a complete and correct list of, all such licenses, Permits, and other authorizations from all such Governmental Authorities as are legally required for the conduct of its business or in connection with the ownership or use of its properties, except for any such licenses, Permits, and other authorizations, the failure to obtain or maintain which in effect, both singly or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect, and all of which (except as specifically described in Schedule 3.23 of the Lilien Disclosure Schedule) are in full force and effect in all material respects, and true and complete copies of all of which have been delivered to Buyer.

§ 3.24 Questionable Payments.

Neither Seller nor Lilien Corp. has taken any action which would cause it to be in violation of the Foreign Corrupt Practices Act of 1977, as amended, or any rules or regulations thereunder. To the Knowledge of Seller, there is not now, and there has never been, any employment by Lilien or Lilien Corp. of, or beneficial ownership in Lilien or Lilien Corp. by, any governmental or political official of any country in the world.

§ 3.25 Capital Stock of Lilien Corp.

The authorized capital stock of Lilien Corp. consists of 10,000,000 shares of common stock, no par value per share, of which there are 3,950,000 shares issued and outstanding as of the date hereof, and of which the holder of record is Seller, and which constitutes 100% of the issued and outstanding shares of common stock of Lilien Corp. as of the Closing Date. All outstanding Lilien Corp. Shares are duly authorized, validly issued, fully paid and non-assessable and are not subject to preemptive rights created by statute, the Articles of Incorporation or By-laws of Lilien Corp., copies of which have been delivered to Buyer, or any agreement or document to which Lilien Corp. is a party or by which it is bound. There are no options, warrants, equity securities of any class of Lilien Corp., calls, rights, registration rights, voting trusts, proxies or other agreements or understandings, commitments or agreements of any character with respect to which any of the Lilien Corp. Shares is bound or Lilien Corp. is a party or by which it is bound, or any securities exchangeable or convertible into or exercisable for such equity securities, issued, reserved for issuance or outstanding, obligating Lilien Corp. to issue, deliver or sell, or cause to be issued, delivered or sold, or repurchase, redeem or otherwise acquire, or cause the repurchase, redemption or acquisition, of any Lilien Corp. Shares.

§ 3.26 Exempt Offering; Sophistication; Restricted Securities.

(a) Seller understands that Sysorex Shares have not been registered under the Act or any other applicable securities laws and that the Sysorex Shares are being offered and sold pursuant to Section 4(a)(2) of the Act, and that the Buyer's reliance upon such exemption depends, in part, upon the representations made by Seller in this Agreement. Seller understands that Buyer is relying upon the representations and agreements of Seller contained in this Agreement for the purpose of determining whether this transaction meets the requirements for such exemption.

(b) Seller has such knowledge, skill and experience in business, financial and investment matters so that Seller is capable of evaluating the merits and risks of an investment in the Sysorex Shares. To the extent that Seller has deemed it appropriate to do so, Seller has retained, and relied upon, appropriate professional advice regarding the tax, legal and financial merits and consequences of the investment in the Sysorex Shares.

(c) Seller has made, either alone or together with advisors (if any), such independent investigation of the Buyer, its management, and related matters as Seller deems to be, or such advisors (if any) have advised to be, necessary or advisable in connection with an investment in the Sysorex Shares; and Seller and its advisors (if any) have received all information and data which Seller and such advisors (if any) believe to be necessary in order to reach an informed decision as to the advisability of an investment in the Sysorex Shares.

(d) Seller is an "accredited investor" within the meaning of Rule 501 of Regulation D under the Act.

(e) Seller agrees to furnish any additional information requested by Buyer to assure compliance of this transaction with applicable federal and state securities laws in connection with the purchase and sale of the Sysorex Shares.

(f) Seller understands that the Sysorex Shares are "restricted securities" under applicable securities laws and that the Act and the rules of the SEC provide that other than the transfer to the Lilien Members, Seller may dispose of the Sysorex Shares only pursuant to an effective registration statement under the Act or an exemption from such registration, if available. Except as set forth in Section 2.02(C) above, Seller understands that the Buyer has no obligation or intention to cause to be registered on anyone's behalf or to take action so as to permit sales pursuant to the Act of the Sysorex Shares. Accordingly, Seller and, where applicable, the Lilien Members, absent some other arrangement with the Buyer, may dispose of the Sysorex Shares only in certain transactions that are exempt from registration under the Act, such as "private transactions," in which event the transferee will acquire a "restricted security" subject to the same limitations as in the hands of Seller. As a consequence, Seller and the Lilien Members understand that Seller and the Lilien Members must bear the economic risks of the investment in the Sysorex Shares for an indefinite period of time.

(g) Seller hereby confirms that Seller and, where applicable, the Lilien Members, are acquiring the Sysorex Shares for investment only and not with a view to or in connection with any resale or distribution of the Sysorex Shares. Seller hereby further affirms that neither Seller (other than in connection with a distribution to the Lilien Members) and the Lilien Members have no present intention of making any sale, assignment, pledge, gift, transfer or other disposition of the Sysorex Shares or any interest therein.

(h) Seller represents that, to its Knowledge (i) neither the Buyer nor any person acting on their behalf, has offered or sold the Sysorex Shares to Seller by any form of general solicitation, general or public media advertising or mass mailing, (ii) Seller has not utilized the services of any broker, finder or other intermediary with respect to this Agreement, the Transaction Documents or the transactions contemplated hereby, and (iii) no person or entity is entitled to any commission or fee in connection herewith.

(i) Seller represents that, on any distribution of the Sysorex Shares to the Lilien Members, the Lilien Members will not the Sysorex Shares as part of a group within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

Article IV.
Representations and Warranties of Buyer

Except as disclosed (in accordance with Section 10.08) in the Disclosure Schedules of Buyer, (the "Sysorex Disclosure Schedule"), Buyer represents and warrants to Seller on the date hereof and on the Closing Date, as follows:

§ 4.01 Organization and Standing.

(a) Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Buyer is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the property owned, leased or operated by it, or the nature of the business conducted by it makes such qualification necessary, except in such jurisdictions where the failure to be so qualified or licensed and in good standing has not had, does not have, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) The minute books of Buyer have been made available to Seller and accurately reflect all corporate action of its shareholders and board of directors (including committees).

(c) Prior to the execution of this Agreement, Buyer has made available to Seller true and correct copies of the certificate of incorporation and the by-laws of Buyer, as in effect on the date hereof.

§ 4.02 Corporate Power.

Buyer has all requisite corporate power and full legal right and authority to enter into and deliver this Agreement, the Ancillary Documents to which it is a party and all other certificates, agreements or other documents to be executed and delivered by Buyer, and to consummate the transactions contemplated hereby and thereby, and to perform all of its obligations in accordance with the terms hereof and thereof.

§ 4.03 Authorization; Binding Effect.

The execution and delivery by Buyer of this Agreement and the Ancillary Documents to which it is a party, and the consummation by Buyer of the transactions contemplated hereby and thereby, and the performance by Buyer of its obligations hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of Buyer. This Agreement and the Ancillary Documents to which it is a party have been duly executed and delivered by Buyer and constitutes a legal, valid and binding obligation of Buyer, enforceable against it in accordance with its terms.

§ 4.04 Capitalization.

(a) The authorized capital stock of Buyer consists of 40,000,000 shares of Common Stock, $.001 par value per share and 5,000,000 shares of Preferred Stock, $.001 par value per share. The issued and outstanding capital stock of Buyer consists of (i) 17,987,518 shares of Common Stock, (ii) such shares of Common Stock reserved for issuance upon exercise of all options or other derivative securities as set forth on Schedule 4.04(a) of the Sysorex Disclosure Schedule and (iii) no shares of Preferred Stock or other common stock equivalents. All such shares of Buyer are duly authorized, those shares described in clause (i) above are validly issued, fully paid and non-assessable, and those shares described in clauses (ii) and (iii) above, when so issued, will be validly issued, fully paid and non-assessable.

(b) Except as set forth in Schedule 4.04(b) of the Sysorex Disclosure Schedule, Buyer does not have outstanding any capital stock or securities convertible into or exchangeable for any shares of capital stock, and there are no options, warrants or other rights, agreements, arrangements or commitments of any character to which Buyer is a party or otherwise obligating Buyer to issue or sell, entitling any person to acquire from Buyer, and Buyer is not a party to any agreement, arrangement or commitment obligating it to repurchase, redeem or otherwise acquire, any shares of its capital stock or securities convertible into or exchangeable for any of its capital stock. Neither Buyer nor any of its Subsidiaries has authorized or outstanding bonds, debentures, notes or other Indebtedness that entitle the holders to vote (or are convertible or exercisable for or exchangeable into securities which entitle the holders to vote) with the stockholders of such Person on any matter.

(c) Except as contemplated by this Agreement or as set forth in Schedule 4.04(c) of the Sysorex Disclosure Schedule, Buyer has not granted any registration rights with respect to any shares of its capital stock to any third party.

§ 4.05 Subsidiaries.

Schedule 4.05 of the Sysorex Disclosure Schedule sets forth a list of all Subsidiaries of Buyer, showing, as to each such Subsidiary, the jurisdiction of its organization, the number of shares or other equity or ownership interests of each class of its capital stock authorized and the amount of each class outstanding, and the percentage of the outstanding shares or other equity or ownership interests of each such class owned, directly or indirectly, by Buyer. On the date hereof, except as and to the extent set forth in Schedule 4.05 of the Sysorex Disclosure Schedule, (i) all the outstanding stock or other equity or ownership interest of each Subsidiary of Buyer, owned directly or indirectly by Buyer as shown on Schedule 4.05 of the Sysorex Disclosure Schedule, is owned free and clear of all Liens and encumbrances and is duly authorized, validly issued, fully paid and non-assessable, and (ii) there are no options, warrants or other rights, agreements, arrangements or commitments of any character to which any Subsidiary of Buyer is a party or otherwise obligating any Subsidiary of Buyer to issue or sell, or entitling any person to acquire from any Subsidiary of Buyer, and no Subsidiary of Buyer is a party or otherwise obligating any Subsidiary of Buyer to issue or sell, or entitling any person to acquire from any Subsidiary of Buyer, and no Subsidiary of Buyer is a party to any agreement, arrangement or commitment obligating it to repurchase, redeem or otherwise acquire, any shares of the capital stock or any securities convertible into or exchangeable for the capital stock of any such Subsidiary.

§ 4.06 Authority to Conduct Business.

Buyer and its Subsidiaries have all requisite corporate power and authority necessary or advisable to own or hold their respective properties and conduct their respective businesses and hold all material licenses, permits and other required authorizations and approvals from Governmental Authorities and have made all material registrations and given all notifications required under federal, state or local Law that are necessary or advisable for the conduct of their respective businesses.

§ 4.07 No Violation.

(a) Except as disclosed on Schedule 4.07(a) of the Sysorex Disclosure Schedule, Buyer and each of its Subsidiaries is in material compliance with (i) all Laws applicable to Buyer, its Subsidiaries or any of their respective properties, (ii) all unwaived terms and provisions of all Contracts and Permits to which it or any of its Subsidiaries is a party, except for any non-compliances that, both individually and in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect, and (iii) its certificate of incorporation and bylaws, as amended to date. Buyer has not committed, been charged with, or been under investigation (or to Buyer's Knowledge, threatened with a pending or potential investigation) with respect to, nor does there exist, any violation by Buyer of any provision of any federal, state or local Law or administrative regulation, except for any violations that, both singly or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect. Buyer has and maintains, and Schedule 4.07(a) of the Sysorex Disclosure Schedule sets forth a complete and correct list of, all such Permits, and other authorizations from all such Governmental Authorities as are legally required for the conduct of the business of Buyer and its Subsidiaries, or in connection with the ownership or use of their properties, except for any such Permits, and other authorizations, the failure to obtain or maintain which in effect, both singly or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect, and all of which (except as specifically described in Schedule 4.07(a) of the Sysorex Disclosure Schedule) are in full force and effect in all material respects, and true and complete copies of all of which have been delivered to Buyer.

(b) The execution, delivery and performance of this Agreement and the Ancillary Documents to which it is a party and the consummation by Buyer of the transactions contemplated hereby and thereby will not (i) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default or give rise to any right of termination, cancellation or acceleration under, or result in the creation of any Lien or encumbrance on or against any of the properties of Buyer or any of its Subsidiaries pursuant to any of the terms or conditions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which Buyer or any of its Subsidiaries is a party or by which any of them or any of their properties or Assets may be bound, (ii) violate the charter documents or by-laws of Buyer or any of its Subsidiaries, (iii) violate any statute, judgment, Law or Permit binding on Buyer or any of its Subsidiaries or any of their properties or Assets, or (iv) result in or give rise (whether upon demand by the holder of any such securities or by the terms of any such security) to the issuance of any additional capital stock of Buyer or accelerate or alter the conversion rights of any holder of any securities exercisable into or convertible for shares of capital stock of Buyer.

§ 4.08 Litigation.

Except as disclosed on Schedule 4.08 of the Sysorex Disclosure Schedule, no litigation, arbitration, action, suit, claim, demand, Proceeding or investigation (whether conducted by or before any judicial or regulatory body, arbitrator, commission or other person) is pending or, to the Knowledge of Buyer, threatened against Buyer or any of its Subsidiaries.

§ 4.09 Full Disclosure.

With respect to Buyer or any of its Subsidiaries, this Agreement (including the Sysorex Disclosure Schedule and all materials incorporated by reference herein), are true, correct and complete and do not contain an untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading

§ 4.10 OTC Filings.

(a) Buyer has furnished to Seller a true and complete copy of each report, schedule, registration statement and definitive proxy statement filed by Buyer with the OTC Markets Group, Inc., ("OTC Markets") since July 29, 2011 and prior to the date of this Agreement (the "OTC Documents"), which are all the documents (other than preliminary material) that Buyer has been required to file with the OTC Markets. As of their respective dates, the OTC Documents complied in all material respects with the requirements of the Securities Act or the Securities Exchange Act of 1934, as amended, and the rules and regulations of the OTC Markets applicable to such OTC Documents, and none of the OTC Documents contained as of the date of its filing any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statement therein, in light of the circumstances under which they were made, not misleading.

(b) Buyer is not and has never been subject to the periodic reporting requirements imposed by Section 13 or 15(d) of the Exchange Act, and Buyer is in compliance in all material respects with the Securities Act and the Exchange Act, and Buyer has no reason to believe that its failure to comply in any manner with the Securities Act and Exchange Act could interfere, delay, condition or otherwise cause any adverse consequences to Seller's ability to have the Sysorex Shares received by Seller in connection with this transaction registered and/or sold in a timely manner.

(c) The financial statements of Buyer included in the OTC Documents (including the information contained in the notes to the financial statements) comply as to form, as of their respective dates of fling with the OTC Markets, in all material respects with the applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, and were prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as may be indicated on the notes thereto or, in the case of the unaudited statements, as permitted by Rule 10.01 of Regulation S-X of the SEC). The consolidated financial statements fairly present, in accordance with applicable requirements of GAAP (subject, in the case of the unaudited statements, to normal, recurring adjustments, none of which will be material), the consolidated financial position of Buyer and its consolidated Subsidiaries as of their respective dates and the consolidated results of operations and the consolidated cash flows of Buyer and its consolidated Subsidiaries for the periods presented therein.

§ 4.11 Conduct of Business.

Since July 29, 2011, except as set forth on Schedule 4.11 of the Sysorex Disclosure Schedule and in the OTC Documents, Buyer and its Subsidiaries have conducted their respective businesses, operations and affairs in the Ordinary Course of Business consistent with past practice; and (ii) there have not been changes, conditions or events that, in the aggregate, have had or would reasonably be expected to have a Material Adverse Effect on Buyer.

§ 4.12 Brokers.

No finder, broker, agent or other intermediary has acted for or on behalf of Buyer or any of its Subsidiaries in connection with the negotiation or consummation of the transactions contemplated hereby.

§ 4.13 Consents.

Except as set forth on Schedule 4.13 of the Sysorex Disclosure Schedule, no Consents or approvals or waivers of, or filings or registrations with, any public body or authority are necessary, and no Consents or approvals of any third party is necessary in connection with the execution and delivery of this Agreement by Buyer and the completion by Buyer of the transactions contemplated hereby.

§ 4.14 Absence of Undisclosed Liabilities.

Except as set forth on Schedule 4.14 of the Sysorex Disclosure Schedule or except to the extent reflected or reserved in Buyer's financial statements included in the OTC Documents, or incurred in the Ordinary Course of Business, since July 29, 2011, neither Buyer nor any of its Subsidiaries has outstanding any claims, Liabilities or Indebtedness, contingent or otherwise, of any kind whatsoever (whether accrued, absolute, contingent or otherwise, and whether or not reflected or required to be reflected on Buyer's most recently prepared balance sheet filed with the OTC Markets), except for (i) liabilities reflected or reserved against in Buyer's most recently prepared balance sheet filed with the OTC Markets and (ii) liabilities which have arisen after the date thereof in the Ordinary Course of Business.

§ 4.15 Sysorex Disclosure Schedule.

The Sysorex Disclosure Schedule referred to in this Article IV contains certain information regarding the Buyer and its Subsidiaries as indicated at various places in this Agreement and is attached to and forms a part of this Agreement. The Buyer hereby represents and warrants that all information set forth in the Sysorex Disclosure Schedule regarding the Buyer and its Subsidiaries is and will be true, correct and complete in all material respects as of the date of this Agreement and, subject to the provisions of Section 7.04, as of the Closing Date, does not omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and shall be deemed for all purposes of this Agreement to constitute part of the representations and warranties under this Article IV. Each of the documents and other writings furnished to Seller by Buyer pursuant to Article IV and each of the representations, warranties and statements by the Buyer in this Article IV is true, correct and complete in all material respects with respect to Buyer and its Subsidiaries as of the date furnished and does not omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. There is no fact or circumstance relating specifically to the business or condition of Buyer or its Subsidiaries other than such facts and circumstances as are generally understood to affect the industry of Buyer and its Subsidiaries that could reasonably be expected to result in a Material Adverse Effect that is not disclosed in the Sysorex Disclosure Schedule.

Article V.
Indemnification

§ 5.01 Indemnity in Favor of Buyer.

Subject to the limitations set forth below in this Article V, Seller and each of the Principal Members, severally, but not jointly, agrees to indemnify and hold harmless Buyer, its Subsidiaries and their respective officers, directors, employees, stockholders and Affiliates from, against and in respect of any and all Claims, suits, actions, Proceedings (formal or informal), investigations, judgments, deficiencies, damages, settlements, Liabilities, and legal and other expenses (including reasonable legal fees and expenses of counsel chosen by any Indemnified Party, as defined below in Section 5.03 and subject to the limitations set forth therein) ("Damages") as and when incurred arising out of or based upon any breach of any representation of Seller or the Principal Members contained in this Agreement or any failure to perform by Seller of any material covenant, agreement or term of this Agreement or any Ancillary Documents, other than any Damages incurred as a result of Buyer's gross negligence or willful misconduct.

§ 5.02 Indemnity in Favor of Seller.

Buyer agrees to indemnify, defend and hold Seller and the Principal Members free and harmless from and against all Damages as and when incurred arising out of or based upon (i) the breach by Buyer or the inaccuracy of any of its representations and warranties contained in this Agreement, (ii) any breach or failure to perform by Buyer of any material covenant, agreement or term of this Agreement or any Ancillary Documents, (iii) any liability of Seller under any guaranty or surety agreement executed on behalf of Lilien or Lilien Corp. that has been previously disclosed to Buyer, (iv) any uninsured liability for personal injury and/or property damage arising out of or based on Buyer's activities on the Demised Premises, including actions of Buyer's agents, employees, and/or contractors including without limitation any environmental testing, but not the results of such testing; and (v) any obligations remaining subject to Geoffrey Lilien's personal guaranty or security agreement post-closing, as described in Section 2.06 above.

§ 5.03 Indemnification Procedure.

All claims by a party seeking indemnification (the "Indemnified Party") under this Article V shall be asserted and resolved as follows:

(a) Notice of Claims. In the event that (i) any claim, suit, action, Proceeding (formal or informal) or investigation is asserted or instituted by any Person other than the parties to this Agreement which could give rise to Damages for which the party from whom the indemnification is being sought (the "Indemnifying Party") could be liable to the Indemnified Party under this Agreement (such claim, suit, action, Proceeding (formal or informal) or investigation, a "Third Party Claim") or (ii) any Indemnified Party under this Agreement shall have a claim to be indemnified by the Indemnifying Party which does not involve a Third Party Claim (such claim, a "Direct Claim" and, together with Third Party Claims, "Claims"), the Indemnified Party shall with reasonable promptness send to the Indemnifying Party a written notice specifying the nature of such Claim and the amount or estimated amount thereof (which amount or estimated amount shall not be conclusive of the final amount, if any, of such Claim) (a "Claim Notice"), provided that a delay in notifying the Indemnifying Party shall not relieve such Indemnifying Party of its obligations under this Agreement except to the extent that (and only to the extent that) such failure shall have caused the losses for which the Indemnifying Party is obligated to be greater than such losses would have been had the Indemnified Party given proper notice.

(b) Third Party Claims. In the event of a Third Party Claim, the Indemnifying Party shall be entitled to appoint counsel of its choice at its expense to represent the Indemnified Party and any others (in which case the Indemnifying Party shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below), provided that such counsel is reasonably acceptable to the Indemnified Party. An Indemnified Party shall have the right to employ separate counsel, and the Indemnifying Party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel selected by the Indemnifying Party to represent the Indemnified Party would present such counsel with a conflict of interest or (ii) the Indemnifying Party shall not have employed counsel to represent the Indemnified Party within a reasonable time after notice of the institution of such Third Party Claim. If requested by the Indemnifying Party, the Indemnified Party agrees to cooperate with the Indemnifying Party and its counsel in contesting any Third Party Claim which the Indemnifying Party is defending, or, if appropriate and related to the Third Party Claim in question, in making any counterclaim against the Person asserting the Third Party Claim, or any cross-complaint against any Person.

(c) Settlement of Claims. The Indemnifying Party shall not, without the written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed), (i) settle or compromise any Claims or consent to the entry of any judgment which does not include as an unconditional term thereof the delivery by the claimant or plaintiff of a written release from all Liability in respect of such Claim of all Indemnified Parties affected by such Claim or (ii) settle or compromise any Claim if the settlement imposes equitable remedies or material obligations on the Indemnified Party other than financial obligations for which such Indemnified Party will be indemnified hereunder. No Claim which is being defended in good faith by the Indemnifying Party in accordance with the terms of this Agreement shall be settled or compromised by the Indemnified Party without the written Consent of the Indemnifying Party (which Consent shall not be unreasonably withheld, conditioned or delayed).

(d) Direct Claims. In the event of a Direct Claim, the Indemnifying Party shall notify the Indemnified Party in writing within thirty (30) Business Days of receipt of a Claim Notice whether or not the Indemnifying Party will dispute such claim.

(e) Access. From and after the delivery of a Claim Notice under this Agreement, at the reasonable request of the Indemnifying Party, each Indemnified Party shall grant the Indemnifying Party and its Representatives all reasonable access to the books, records and properties of such Indemnified Party and Lilien to the extent reasonably related to the matters to which the Claim Notice relates. All such access shall be granted during normal business hours and shall be granted under conditions which will not unreasonably interfere with the business and operations of such Indemnified Party or Lilien. The Indemnifying Party will not, and shall require that its Representatives do not, use (except in connection with such Claim Notice and prosecuting its rights to indemnity hereunder) or disclose to any third Person other than the Indemnified Party's Representatives (except as may be required by applicable Law) any information obtained pursuant to this Section 5.03(e) which is designated as confidential by an Indemnified Party.

(f) Cooperation; Mitigation of Damages; Characterizations of Indemnity Payments. Each Indemnified Party agrees to take all reasonable steps to mitigate Damages in respect of any Claim for which indemnification is sought, including without limitation using commercially reasonable efforts to affect recovery from third parties. Each Indemnified Party shall use good faith efforts to avoid or minimize costs or expenses associated with any such Claim, and shall cooperate with the Indemnifying Party in its efforts to defend or contest any such Claim. Except as otherwise required by applicable Law, the Parties shall treat any indemnification payment made hereunder as an adjustment to the Purchase Price.

(g) Threshold Amount and Limitation. Notwithstanding anything to the contrary contained herein, Seller shall have no indemnification obligation whatsoever with respect to the following:

Damages unless and until the aggregate amount of such matters exceeds the sum of Twenty-Five Thousand and no/100ths Dollars ($25,000.00) (the "Basket") provided, however, that Seller shall not be liable and no Principal Member shall be liable for any claim which individually does not exceed $5,000 and such claims not meeting this threshold shall not be applied in calculating the Basket; and provided, further that, in no event, shall the foregoing $5,000 "de minimus exception" apply with respect to willful breaches of any representations and warranties;

The liability of Seller for indemnification hereunder shall in no circumstance exceed an amount equal to the Closing Cash Payment (as set forth in Section 2.02(A)(a) of this Agreement) and the Sysorex Shares (as set forth in Section 2.02(A)(c)(i) of this Agreement (collectively, the "Seller's Purchase Price") to the extent actually received by Seller, and the liability of any Principal Member for indemnification hereunder shall in no circumstance exceed that portion of such Principal Member's allocable share of the Closing Purchase Price as set forth on Schedule A that has been actually distributed to such Principal Member by Seller; and

Any liability of Seller for indemnification with respect to a Direct Claim which has been adjudicated pursuant to a final unappealable order of the court of competent jurisdiction, shall be satisfied up to the Seller's Purchase Price or, in the case of a Principal Member, that portion of such Principal Member's allocable share of the Seller's Purchase Price as set forth on Schedule A that has been actually distributed to such Principal Member by Seller, and unless otherwise directed by Seller or such Principal Member. Satisfaction of a Direct Claim shall be made by a Principal Member first from the Cash Purchse Price and then from the pro-rata portion of Sysorex Shares (valued at the average closing price of such stock for the ten (10) trading days immediately prior to the date of any final judgment or $1.00 per share, whichever is greater).

§ 5.04 Survival.

All representations and warranties in this Agreement, the Lilien Disclosure Schedule, the Sysorex Disclosure Schedule and any other certificate or document delivered pursuant to this Agreement shall survive the Closing and the consummation of the Lilien Asset Purchase for a period of two (2) years after the Closing Date ("Applicable Survival Period"). Any claim first asserted in writing and in reasonable detail to the Indemnifying Party within the Applicable Survival Period shall survive the Closing until finally resolved notwithstanding expiration of the Applicable Survival Period, but in no other event shall any claim for indemnification be asserted after the expiration date of the Applicable Survival Period. All covenants and obligations of Buyer and Seller under this Agreement shall survive the Closing until fulfilled in accordance with their terms. In no event shall any information or condition of which Buyer had Knowledge (or reasonably should have had Knowledge) on or before the Closing Date, constitute the basis of a claim for indemnification under this Agreement against Seller.

Article VI.
Covenants of Seller

§ 6.01 Access.

Lilien and Lilien Corp. will afford the officers, directors, employees, counsel, agents, accountants, and other Representatives of Buyer reasonable access, at reasonable times and upon reasonable notice though the Closing Date, to the Demised Premises, properties, books, and records of Lilien and Lilien Corp., will permit any of them to conduct at Buyer's expense, any environmental investigation of the properties deemed necessary by the Buyer or Buyer's environmental consultant and agreed to by Seller and Lilien Corp., will permit any of them to make extracts from and copies of such books and records, and will from time to time furnish any of them with such additional financial and operating data and other information as to the financial condition, results of operations, Business, properties, Business Assets, Liabilities, or future prospects of Lilien and Lilien Corp. as they from time to time may request, provided however that Buyer and its Representatives shall not unreasonably interfere with the conduct of the Business. In connection with the foregoing, Lilien and Lilien Corp. will allow Buyer's independent accountants to (i) audit the Lilien Financial Statements at Buyer's expense in order to prepare such audited financial statements as are required to be included in Buyer's Current Report on Form 8-K for the Lilien Asset Purchase and subsequently to be included in a registration statement pursuant to the Registration Rights Agreement for the Sysorex Shares, in accordance with the applicable rules and regulations of the SEC and (ii) perform all necessary work required to determine whether Lilien and Lilien Corp. will have in place the necessary internal controls and procedures to be in compliance with Section 404 of the Sarbanes-Oxley Act of 2002 following the Closing Date. In addition, Seller shall continue to provide Buyer and its independent accountants with current unaudited financial statements for any completed calendar quarter prior to the Closing Date.

§ 6.02 Advice of Changes.

Until the Closing Date, Seller will promptly advise Buyer in a detailed written notice of any fact or occurrence or any pending or threatened occurrence of which Seller Knowledge and which (if existing and Known at the date of the execution of this Agreement) would have been required to be set forth or disclosed in or pursuant to this Agreement, in a Disclosure Schedule, which (if existing and Known at any time prior to or at the Closing Date) would make the performance by any party of a covenant contained in this Agreement impossible or make such performance materially more difficult than in the absence of such fact or occurrence.

§ 6.03 Voting by Seller.

It is agreed and understood that until the Closing Date, the Principal Members shall not vote their membership interests in Seller for:

(a) Any merger, consolidation, reorganization, or other business combination involving Lilien or Lilien Corp., except as contemplated by this Agreement;

(b) Any sale, lease, exchange or disposition of Assets of Lilien Corp., except as contemplated by this Agreement or in the Ordinary Course of Business;

(c) Any issuance of any Lilien Membership Interests or, any option, warrant, or other right calling for the issuance of any such interest, or any security convertible into or exchangeable for any such interest;

(d) Any authorization of any class of capital stock of Lilien Corp.;

(e) The amendment of the Articles of Organization, Amended and Restated Operating Agreement (or other organizational document) of Lilien, or any action to amend the Articles of Incorporation, By-Laws (or other organizational document) of Lilien Corp.; or

(f) Any proposition the effect of which would be reasonably likely to inhibit, restrict, or delay the consummation of the Lilien Asset Purchase or any of the transactions contemplated by this Agreement.

§ 6.04 Conduct of Business Until the Closing Date.

Seller agrees that until the Closing Date, unless it has received the prior written consent of Buyer, it will and it will cause Lilien Corp. to:

(a) Operate the Business only in the Ordinary Course of Business;

(b) Other than with respect to changes or events that occur in the Ordinary Course of Business, use all reasonable efforts as to events within Seller's and Lilien Corp.'s control to prevent the occurrence of any change or event which would prevent any of the representations and warranties of Seller contained herein from being true at and as of the Closing Date with the same effect as though such representations and warranties had been made at and as of the Closing Date;

(c) Use their commercially reasonable efforts to preserve each of Lilien's and Lilien Corp.'s present relationship with suppliers, customers and others having business dealings with it;

(d) Pay and discharge all costs and expenses of carrying on the Business of Lilien and Lilien Corp. consistent with past business practices;

(e) Neither enter into any customer order or purchase order in excess of $25,000 nor enter into or make any Contract or commitment and render no bid or quotation, written or oral, except in the Ordinary Course of Business;

(f) Not create or suffer any Liens upon any of its Assets (other than Permitted Liens);

(g) Not acquire or dispose of any Assets or enter into any transaction, except in the Ordinary Course of Business;

(h) Maintain books, accounts and records in the usual, regular and ordinary manner consistent with past practice;

(i) Not incur any Liability, except in the Ordinary Course of Business;

(j) Not cancel or compromise any material debt or claim, other than in the Ordinary Course of Business;

(k) Not waive or release any rights of material value with respect to its Assets, except in the Ordinary Course of Business;

(l) Not modify or change in any material respect or terminate any Contract required to be listed on the Lilien Disclosure Schedule other than in the Ordinary Course of Business, except that Lilien and Lilien Corp. shall be permitted to modify or change existing Contracts to obtain the Consents referred in Schedule 3.04 of the Lilien Disclosure Schedule hereto if Buyer consents to such modification or change;

(m) Not make any loans or extensions of credit, except to trade purchasers in the Ordinary Course of Business;

(n) Maintain its respective properties, machinery and equipment in their present condition and repair, normal wear and tear excepted;

(o) Continue all policies of insurance in full force and effect up to and including the Closing Date;

(p) Make no material change in compensation policies;

(q) Make all payments of principal and interest due in connection with outstanding Indebtedness and not incur any additional material Indebtedness, unless required by cash flow necessity, with Buyer's approval; and

(r) Not engage in any other transactions not in the Ordinary Course of Business.

§ 6.05 Cooperation on Tax Matters.

(a) Seller shall and shall cause Lilien Corp. to cooperate fully, as and to the extent reasonably requested by Buyer in connection with the filing of Tax Returns and any audit, litigation or other Proceeding with respect to Taxes. Such cooperation shall include without limitation, the retention and (upon Buyer's request) the provision of records and information which are reasonably relevant to any such audit, litigation or other Proceeding, and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Seller agrees to (A) retain all books and records, not already in Buyer's possession, with respect to Tax matters pertinent to Lilien or Lilien Corp. relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Seller, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority, and (B) give Buyer reasonable written notice prior to transferring, destroying or discarding any such books and records and, if Buyer so requests, Seller shall allow Buyer to take possession of such books and records.

(b) Lilien and Lilien Corp. shall prior to the Closing Date, upon Buyer's request, use reasonable commercial efforts to obtain any certificates or other documents from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed, including, but not limited to, with respect to the transactions contemplated by this Agreement.

§ 6.06 Update of Disclosure Schedules.

From time to time prior to the Closing Date, Seller shall have the right to supplement or amend the Lilien Disclosure Schedules with respect to any matter hereafter arising or discovered that, if existing or Known to Seller at the date of this Agreement would have been required to be set forth or described in the Lilien Disclosure Schedule and also with respect to events or conditions arising after the date hereof and prior to Closing. Once Closing has occurred, any such supplemental or amended disclosure made prior to Closing pursuant to the prior sentence shall be deemed to have cured any breach of any representation or warranty made in this Agreement, including for purposes of determining whether or not the condition set forth in Section 8.01 has been satisfied; provided that if such supplemental or amended disclosure discloses something that would cause a Material Adverse Effect on Buyer if the Closing occurs, Buyer may refuse to accept such disclosure. From time to time prior to the Closing, Seller shall promptly notify Buyer upon becoming aware of any fact, event or occurrence that would cause any of the representations and warranties contained in Article III to be inaccurate in any material respect. If prior to the Closing, Buyer shall have reason to believe that any breach of a representation or warranty of Seller has occurred (other than through notice from Seller), Buyer shall promptly so notify Seller, in reasonable detail. Nothing in this Agreement, including this Section 6.06, shall imply that that Seller is making any representation or warranty as of any date other than the date of this Agreement and the Closing Date.

§ 6.07 Assignment and Assumption of Leases.

On or prior to the Closing Date, to the extent required by any of Lilien's or Lilien Corp.'s landlords, Buyer shall enter into an assignment and assumption of lease agreement in the form provided by any landlord with respect to any Leases, pursuant to which all of Lilien's or Lilien Corp.'s right, title and interest in and to the subject Lease shall be assigned to and assumed by Buyer or Buyer shall agree to guaranty the performance by Lilien Corp. of its obligations under subject Lease.

§ 6.08 Notices to Suppliers, Customers and Others

On or prior to the Closing Date, Seller shall have notified its suppliers, customers and any other person with whom it has an ongoing business relationship that all future transactions relating to the Business shall be with Lilien Corp. or its successor following the Closing Date.

§ 6.09 Responsibility for Filing Tax Returns.

Seller shall prepare or cause to be prepared and file or cause to be filed all Tax Returns for Lilien Corp. for the period ending on the day before the Closing Date. Seller shall provide Buyer with copies of all of such Tax Returns prior to filing and provide Buyer with reasonable time to review and comment on each such Tax Return. Lilien and Lilien Corp. shall have accrued any and all payments owed by Lilien for all Tax Periods through the Closing Date. Lilien and Lilien Corp.'s obligations hereunder shall survive the Closing.

§ 6.10 Post-Closing Lilien Financial Statements

The Seller agrees to use commercially reasonable efforts to assist the Buyer's independent accountants to audit the Lilien Financial Statements for the years ended December 31, 2011 and December 31, 2012 consistent with the Lilien Financial Statements described in Section 3.09 above. Prior to the Closing Date, the Seller shall also furnish a certificate to the Buyer (the "Financial Statement Bring-Down Certificate") containing the representations and warranties set forth below in subsection (i) of this Section 8.20 pertaining exclusively to the Audited Financial Statements. In connection with the delivery of the Lilien Financial Statements and the Financial Statement Bring-Down Certificate, the Seller shall have the right, without requiring the consent of the Buyer, to amend any of the Schedules to this Agreement as may be necessary or desirable in order to conform the information disclosed in such Schedules with that reflected in the Lilien Financial Statements, and as so amended such Schedules shall be deemed part of and incorporated into this Agreement. The Seller shall furnish a copy of any such amended Schedules to the Buyer.

(i) In the Financial Statement Bring-Down Certificate, each of Messrs. Lilien, Osborn and Gulati shall represent and warrant to the Buyer as of the Closing Date as follows:

> The Lilien Financial Statements, together with the related notes and schedules true, correct and complete copies of which have been delivered to the Buyer, (A) have been prepared by certified public accountants in accordance with GAAP; (B) with respect to the Lilien Financial Statements, present fairly, and are true, correct and complete statements in all material respects of the financial condition and the results of operations, the retained earnings, shareholders' equity and cash flows of Lilien as at and for the periods therein specified; (C) do not contain any untrue statements 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 periods covered thereby; and (D) have been prepared from and are in accordance with the accounting books and records of Lilien and Lilien Corp.

Article VII.
Covenants of Buyer

§ 7.01 Employment Agreements.

Buyer will retain the services of the key employees set forth in Schedule 7.01 of the Lilien Disclosure Schedule as employees pursuant to the terms of an employment agreement, substantially in the form annexed hereto as **Exhibit 7.01** ("Employment Agreement"), or a consulting agreement to be executed and delivered upon the execution of this Agreement, which shall contain terms and conditions customary and similar to Buyer's existing employment agreements of this nature concerning compensation, job responsibilities, time commitment, milestones and performance goals.

§ 7.02 Assignment and Assumption of Leases.

Buyer shall execute and deliver to Lilien and Lilien Corp. any assignment and assumption of Leases pursuant to Section 6.07 hereof prior to the Closing.

§ 7.03 Cooperation of Buyer.

Buyer shall cooperate with all reasonable requests of Seller and its Representatives in connection with the consummation of the transactions contemplated hereby, including without limitation using its best efforts to obtain all authorizations, consents and permits of others which may be required to permit the consummation of the transactions contemplated by this Agreement. Until the Closing Date, Buyer will promptly advise Seller in a detailed written notice of any fact or occurrence or any pending or threatened occurrence of which it obtains Knowledge and which (if existing and Known at the date of the execution of this Agreement) would have been required to be set forth or disclosed in or pursuant to this Agreement or in a Disclosure Schedule, which (if existing and Known at any time prior to or at the Closing Date) would make the performance by any party of a covenant contained in this Agreement impossible or make such performance materially more difficult than in the absence of such fact or occurrence.

§ 7.04 Update of Disclosure Schedules.

From time to time prior to the Closing, Buyer shall have the right to supplement or amend the Sysorex Disclosure Schedules with respect to any matter hereafter arising or discovered that, if existing or Known to Buyer at the date of this Agreement would have been required to be set forth or described in the Sysorex Disclosure Schedule and also with respect to events or conditions arising after the date hereof and prior to Closing. Once Closing has occurred, any such supplemental or amended disclosure made prior to Closing pursuant to the prior sentence shall be deemed to have cured any breach of any representation or warranty made in this Agreement, including for purposes of determining whether or not the condition set forth in Section 9.01 has been satisfied; provided that if such supplemental or amended disclosure discloses something that would cause a Material Adverse Effect on Seller if the Closing occurs, Seller may refuse to accept such disclosure. From time to time prior to the Closing, Buyer shall promptly notify Seller upon becoming aware of any fact, event or occurrence that would cause any of the representations and warranties contained in Article IV to be inaccurate in any material respect. If prior to the Closing, Seller shall have reason to believe that any breach of a representation or warranty of Buyer has occurred (other than through notice from Buyer), Seller shall promptly so notify Buyer, in reasonable detail. Nothing in this Agreement, including this Section 7.04, shall imply that that Buyer is making any representation or warranty as of any date other than the date of this Agreement and the Closing Date.

§ 7.05 Employee Benefits Matters.

(a) Buyer shall and shall cause Lilien Corp. or its successor to (i) continue to employ following the Closing those employees mutually agreed to prior to the Closing Date, who were employed by Lilien or Lilien Corp. immediately prior to the Closing ("Lilien Continuing Employees"), and (ii), during the period commencing at on the Closing Date and ending on December 31, 2013 (or if earlier, the date of the employee's termination of employment by Lilien Corp. or its successor), provide such Lilien Continuing Employees with: (A) base salary or hourly wages which are no less than the base salary or hourly wages provided by Lilien or Lilien Corp. immediately prior to the Closing; (B) bonus and profit sharing opportunities and targets which are no less than the bonus and profit sharing opportunities and targets provided by Lilien or Lilien Corp. immediately prior to the Closing; (C) retirement, health and welfare benefits that are no less favorable in the aggregate than those provided by Lilien and Lilien Corp. immediately prior to the Closing; and (D) severance benefits that are no less favorable than the practice, plan or policy in effect for such Lilien Continuing Employee immediately prior to the Closing.

(b) With respect to any employee benefit plan maintained by Buyer or its Subsidiaries (collectively, "Buyer Benefit Plans") in which any Lilien Continuing Employees will participate effective as of the Closing, Buyer shall, or shall cause Lilien or its successor to, recognize all service of the Lilien Continuing Employees with Lilien or Lilien Corp., as the case may be as if such service were with Buyer, for vesting and eligibility purposes in any Buyer Benefit Plan in which such Lilien Continuing Employees may be eligible to participate after the Closing Date; provided, however, such service shall not be recognized to the extent that such recognition would result in a duplication of benefits.

(c) This Section 7.05 shall be binding upon and inure solely to the benefit of each of the parties to this Agreement, and nothing in this Section 7.05, express or implied, shall confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Section 7.05. Nothing contained herein, express or implied, shall be construed to establish, amend or modify any benefit plan, program, agreement or arrangement. The parties hereto acknowledge and agree that the terms set forth in this Section 7.05 shall not create any right in any employee or any other Person to any continued employment with Lilien or its successor, Buyer or any of their respective Affiliates or compensation or benefits of any nature or kind whatsoever.

§ 7.06 Conduct of Business Until the Closing Date.

Buyer agrees that until the Closing Date, unless it has received the prior written consent of Seller, it will:

(a) Operate the businesses of Buyer and its Subsidiaries only in the Ordinary Course of Business;

(b) Other than with respect to changes or events that occur in the Ordinary Course of Business, use all reasonable efforts as to events within Buyer's control to prevent the occurrence of any change or event which would prevent any of the representations and warranties of Buyer contained herein from being true at and as of the Closing Date with the same effect as though such representations and warranties had been made at and as of the Closing Date;

(c) Use its commercially reasonable efforts to preserve Buyer's present relationship with suppliers, customers and others having business dealings with it;

(d) Pay and discharge all costs and expenses of carrying on Buyer's business consistent with past business practices;

(e) Neither enter into any customer order or purchase order in excess of $25,000 nor enter into or make any Contract or commitment and render no bid or quotation, written or oral, except in the Ordinary Course of Business;

(f) Not create or suffer any Liens upon any of its Assets (other than Permitted Liens);

(g) Not acquire or dispose of any Assets or enter into any transaction, except in the Ordinary Course of Business;

(h) Maintain books, accounts and records in the usual, regular and ordinary manner consistent with past practice;

(i) Not incur any Liability, except in the Ordinary Course of Business;

(j) Not cancel or compromise any material debt or claim, other than in the Ordinary Course of Business;

(k) Not waive or release any rights of material value with respect to its Assets, except in the Ordinary Course of Business;

(l) Not make any loans or extensions of credit, except to trade purchasers in the Ordinary Course of Business;

(m) Maintain its properties, machinery and equipment in their present condition and repair, normal wear and tear excepted;

(n) Continue all policies of insurance in full force and effect up to and including the Closing Date;

(o) Not issue or sell, or commit to issue or sell, any equity securities other than for employee compensation in the Ordinary Course of Business;

(p) Make all payments of principal and interest due in connection with outstanding Indebtedness and not incur any additional material Indebtedness, unless required by cash flow necessity, with Seller's approval; and

(q) Not engage in any other transactions not in the Ordinary Course of Business.

§ 7.07 Election of Seller Representatives to Buyer's Board of Directors.

Buyer shall elect three representatives of Seller to its Board of Directors effective upon the Closing Date. Buyer and Seller hereby mutually agree to elect an Independent Director (as defined by the rules and regulations of NASDAQ) to the Buyer's Board of Directors which shall have three representatives of Buyer, three representatives of Seller and a seventh Independent Director. Thereafter, Buyer shall nominate Seller's representatives to its Board of Directors for re-election for two successive annual meetings of shareholders.

§ 7.08 Cooperation on Tax Matters.

(a) Buyer shall cooperate fully, as and to the extent reasonably requested by Seller in connection with the filing of Tax Returns and any audit, litigation or other Proceeding with respect to Taxes. Such cooperation shall include without limitation, the retention and (upon Seller's request) the provision of records and information which are reasonably relevant to any such audit, litigation or other Proceeding, and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Buyer agrees to (A) retain all books and records, not already in Seller's possession, with respect to Tax matters pertinent to Lilien or Lilien Corp. relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Seller, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority, and (B) give Seller reasonable written notice prior to transferring, destroying or discarding any such books and records and, if Seller so requests, Lilien or Buyer, as the case may be, shall allow Seller to take possession of such books and records.

(b) With regard to any decisions by Buyer and/or its Representatives subsequent to the Closing regarding Lilien Corp. that may affect Lilien Corp.'s status with respect to Taxes, including those relating to Tax elections, liquidation or any other form of change or disposition, Buyer shall bear the full and complete responsibility and resulting costs and all federal and/or state tax implications associated with such, and Seller shall have no obligation or liability therefor. Notwithstanding the preceding sentence, Buyer shall not file any election to change the classification of Lilien Corp. for federal Tax purposes prior to the third day after the Closing Date. After the Closing, Buyer shall not, and shall cause Lilien Corp. to not, amend any Tax Returns or file any new Tax Returns with respect to Lilien Corp. without the prior written consent of Seller if such amendments or the positions taken in any new filing could result in liability to Seller.

Article VIII.
Conditions to Obligations of Buyer

The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction or waiver at or prior to the Closing Date (unless otherwise provided herein) of each of the following conditions:

§ 8.01 Accuracy of Representations and Warranties and Compliance With Covenants.

(a) All representations and warranties of Seller set forth in this Agreement, the Ancillary Documents to which they are a party, the Lilien Disclosure Schedule and any other document delivered pursuant to this Agreement, shall be true and correct in all material respects when made and shall be true and correct in all material respects on and as of the Closing Date except for representations and warranties which address matters only as of a particular date (which shall remain true and correct in all material respects as of such date) and except to the extent that such representations and warranties contain a materiality or Material Adverse Effect qualifier, in which case such representations and warranties shall be true and correct in all respects, and, except as may be otherwise disclosed to Buyer, shall be accurate as of the Closing Date; and

(b) As of the Closing, Seller shall have performed and complied in all material respects with all covenants and agreements and satisfied all conditions required to be performed and complied with by it at or before such time by this Agreement.

§ 8.02 Merger Agreement.

The Merger Agreement shall be filed with the Office of the California Secretary of State and satisfactory evidence of effectiveness of the Merger shall have been received by Buyer.

§ 8.03 Good Standing; Qualification to do Business.

Lilien shall have delivered to Buyer a certificate of good standing from the State of Californiaand any other jurisdiction in which it has qualified to do business dated as of a date no earlier than three (3) days prior to the Closing Date.

§ 8.04 Review of Proceedings.

All actions, proceedings, instruments, and documents required to carry out this Agreement, the Ancillary Documents to which Lilien and Seller are a party, the Lilien Disclosure Schedule and any other certificate or document delivered pursuant to this Agreement or incidental to any of them and all other related legal matters shall be subject to the reasonable approval of Davidoff Hutcher & Citron LLP, counsel to Buyer, and Lilien and Seller shall have furnished such counsel such documents as such counsel may have reasonably requested for the purpose of enabling them to pass upon such matters.

§ 8.05 No Legal Action.

There shall not have been instituted or threatened any legal Proceeding relating to, or seeking to prohibit or otherwise challenge the consummation of, the transactions contemplated by this Agreement, or to obtain substantial damages with respect thereto.

§ 8.06 No Governmental Action.

Except for the Consents described in Section 3.04 of the Lilien Disclosure Schedule, there shall not have been any action taken, or any Law, rule, regulation, order, or decree proposed, promulgated, enacted, entered, enforced, or deemed applicable to the transactions contemplated by this Agreement by any federal, state, local, or other Governmental Authority or any court or other tribunal, including the entry of a preliminary or permanent injunction, which, in the sole but reasonable judgment of Buyer, would be reasonably likely to: (a) make any of the transactions contemplated by this Agreement illegal; (b) result in a material delay in the consummation of any of the transactions contemplated by this Agreement; (c) require the divestiture by Buyer or Lilien of a material portion of the business of either of them; (d) impose material limitations on the ability of Buyer effectively to exercise full rights of ownership with respect to the properties and Business Assets of Lilien and Lilien Corp. after the Closing; or (e) otherwise prohibit, restrict or delay consummation of any of the transactions contemplated by this Agreement.

§ 8.07 Consents.

Seller shall have obtained at or prior to Closing Date, all Consents listed onSchedule 3.04 of the Lilien Disclosure Schedule except as otherwise disclosed on Schedule 3.04 of the Lilien Disclosure Schedule.

§ 8.08 Personnel.

The key employees of Lilien and Lilien Corp. set forth on Schedule 8.08 of the Lilien Disclosure Schedule are employees of Lilien or Lilien Corp. who shall, at the Closing Date, be actively engaged in the performance of their existing duties for Lilien or Lilien Corp. and shall not have evidenced any intention to not continue working with Lilien Corp. or its successor subsequent to the Closing Date.

§ 8.09 Employment Agreements.

The persons listed in Schedule 7.01 of the Lilien Disclosure Schedule, including, but not limited to, Mr. Geoffrey Lilien, Bret Osborn and Dhruv Gulati shall have entered into Employment Agreements pursuant to Section 7.01 hereof, subject to mutual agreement with Buyer as to all material terms and conditions.

§ 8.10 Restrictive Covenants Agreement.

The Principal Members each shall have executed and delivered to Buyer a Restrictive Covenants Agreement, substantially in the form annexed hereto as **Exhibit 8.10** ("Restrictive Covenants Agreement").

§ 8.11 General Release.

Buyer shall have received from all key operating personnel of Lilien and Lilien Corp. identified on Schedule 8.11 of the Lilien Disclosure Schedule a General Release of all claims, demands and causes of action against Lilien and Lilien Corp., dated the date of the Closing Date, substantially in the form annexed hereto as **Exhibit 8.11** ("General Release").

§ 8.12 Other Closing Documents.

Lilien and Lilien Corp. shall have delivered to Buyer at or prior to the Closing such other documents as Buyer may reasonably request in order to enable it to determine whether the conditions to their obligations under this Agreement have been met and otherwise to carry out the provisions of this Agreement.

§ 8.13 Other Agreements.

Any and all Ancillary Documents and the transactions contemplated therein shall have been duly authorized, executed, and delivered by the parties thereto at or prior to the Closing, shall be in full force, valid and binding upon the parties thereto, and enforceable by them in accordance with their terms at the Closing Date, and no party thereto at any time from the execution thereof until immediately after the Closing Date shall have been in violation of or in default in complying with any material provision thereof.

§ 8.14 Lilien Corp. Records.

Buyer shall have received at or prior to the Closing Date the original minute book, articles of incorporation, by-laws and related corporate records and documents of Lilien Corp., along with the signed resignation, effective as of the Closing Date, of the officers and directors of Lilien Corp. Notwithstanding that fact, Mr. Geoffrey Lilien shall be reelected by the new Lilien Corp. to the position of President and Chief Operating Officer of Lilien Corp. or its successor, effective immediately upon the Closing. In addition, Buyer shall have received at the Closing signed bank and financial institution signature cards substituting the existing signatories with the newly appointed signatories mutually authorized by Buyer and Mr. Lilien on all bank and financial institution accounts of Lilien Corp. effective as of the Closing Date. Buyer shall also have received at the Closing a copy of all keys to the Demised Premises of Lilien and Lilien Corp. and physical control and custody of all of the Business Assets of Lilien and Lilien Corp. effective as of the Closing Date.

§ 8.15 No Legal Action.

There shall not have been instituted or threatened any legal Proceeding relating to, or seeking to prohibit or otherwise challenge the consummation of, the transactions contemplated by this Agreement, or to obtain substantial damages with respect thereto.

§ 8.16 Board Approval.

The Lilien Members and Manager of Lilien shall have approved this Agreement and the Lilien Asset Purchase and such approval shall not have been recorded, modified or superseded in any way and shall remain in full force and effect on the Closing Date.

§ 8.17 No Material Adverse Effect.

From the date of this Agreement until the Closing Date, there shall not have occurred any Material Adverse Effect with respect to Lilien.

§ 8.18 Tax Withholding Forms and Certificates.

Seller shall have provided Buyer with properly executed Internal Revenue Service Form W-9, a statement that Seller is a non-foreign person under Treasury Regulation Section 1.1445-2(b)(2), or any other document(s) which may be required by any Taxing or Governmental Authority in order to relieve Buyer of any obligation to withhold for Taxes any portion of the payments to Seller pursuant to this Agreement.

§ 8.19 Reserved.

Article IX.
Conditions to Obligations of Seller

The obligations of Seller to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction or waiver at or prior to the Closing Date (unless otherwise provided herein) of each of the following conditions:

§ 9.01 Accuracy of Representations and Compliance with Covenants.

(a) All representations and warranties of Buyer contained in this Agreement, the Ancillary Documents to which it is a party, the Sysorex Disclosure Schedule and all other certificates, agreements or other documents executed and delivered by Buyer pursuant to this Agreement, shall be true and correct in all material respects when made and shall be true and correct in all material respects on and as of the Closing Date except for representations and warranties which address matters only as of a particular date (which shall remain true and correct in all material respects as of such date) and except to the extent that such representations and warranties contain a materiality or Material Adverse Effect qualifier, in which case such representations and warranties shall be true and correct in all respects, and, except as may be otherwise disclosed to Seller, shall be accurate as of the Closing; and

(b) As of the Closing, Buyer shall have performed and complied in all material respects with all covenants and agreements and satisfied all conditions required to be performed and complied with by any of them at or before such time by this Agreement.

§ 9.02 Good Standing; Qualification to do Business.

Buyer shall have delivered to Seller a certificate of good standing from the State of Nevada and any other jurisdiction in which it has qualified to do business dated as of a date no earlier than three (3) days prior to the Closing Date.

§ 9.03 Employment Agreements.

Employment Agreements with Geoffrey Lilien, Brett Osborn and Dhruv Gulati, and each person listed in Schedule 7.01 of the Lilien Disclosure Schedule shall have been entered into and delivered pursuant to Section 7.01 hereof.

§ 9.04 Assignment and Assumption of Leases.

Buyer shall have executed and delivered to Lilien any documents relating to Leases required pursuant to Section 6.07 hereof.

§ 9.05 Board Approval and Election.

The Board of Directors of Buyer shall have (i) approved this Agreement and the Lilien Asset Purchase and such approval shall not have been recorded, modified or superseded in any way and shall remain in full force and effect on the Closing Date and (ii) elected three representatives to the Board of Directors of Buyer upon the Closing Date in accordance with Section 7.07 above.

§ 9.06 Other Closing Documents.

Buyer shall have delivered to Seller at or prior to the Closing Date such other documents as Seller may reasonably request in order to enable Seller to determine whether the conditions to their obligations under this Agreement have been met and otherwise to carry out the provisions of this Agreement.

§ 9.07 No Legal Action.

There shall not have been instituted or threatened any legal Proceeding relating to, or seeking to prohibit or otherwise challenge the consummation of, the transactions contemplated by this Agreement, or to obtain substantial damages with respect thereto.

§ 9.08 Other Agreements.

Any and all Ancillary Documents to be executed in connection with this Agreement and the transactions contemplated therein shall have been duly authorized, executed, and delivered by the parties thereto at or prior to the Closing, shall be in full force, valid and binding upon the parties thereto, and enforceable by them in accordance with their terms at the Closing Date, and no party thereto at any time from the execution thereof until the Closing Date shall have been in violation of or in default in complying with any material provision thereof.

§ 9.09 Consents.

All Consents listed on Schedule 3.04 of the Lilien Disclosure Schedule except as otherwise disclosed on Schedule 3.04 of the Lilien Disclosure Schedule shall have been obtained at or prior to the Closing Date.

§ 9.10 Review of Proceedings.

All actions, proceedings, instruments and documents required to carry out this Agreement, the Ancillary Documents to which they are parties, the Sysorex Disclosure Schedule and any other certificate or document delivered pursuant to this Agreement or incidental to any of them and all other related legal matters shall be subject to the reasonable approval of Dudnick Detwiler Rivin & Stikker LLP, counsel to Seller, and Buyer shall have furnished such counsel with such documents as such counsel may have reasonably requested for the purpose of enabling them to pass upon such matters.

§ 9.11 No Material Adverse Effect.

From the date of this Agreement until the Closing Date, there shall not have occurred any Material Adverse Effect with respect to Buyer or its Subsidiaries.

§ 9.12 Merger Agreement.

The Merger Agreement shall be filed with the Office of the California Secretary of State and satisfactory evidence of effectiveness of the Merger shall have been received by Seller.

§ 9.13 No Governmental Action.

There shall not have been any action taken, or any Law, rule, regulation, order, or decree proposed, promulgated, enacted, entered, enforced, or deemed applicable to the transactions contemplated by this Agreement by any federal, state, local, or other Governmental Authority or any court or other tribunal, including the entry of a preliminary or permanent injunction, which, in the sole but reasonable judgment of Seller, would be reasonably likely to: (a) make any of the transactions contemplated by this Agreement illegal; (b) result in a material delay in the consummation of any of the transactions contemplated by this Agreement; or (c) otherwise prohibit, restrict or delay consummation of any of the transactions contemplated by this Agreement or impair the contemplated benefits to Buyer and Seller of the transactions contemplated by this Agreement.

§ 9.14 Employee Options.

Buyer shall award employee stock options pursuant to its Employee Stock Incentive Plan to those employees of Seller and Lilien Corp. set forth on Schedule 9.14 of the Lilien Disclosure Schedule.

Article X.
Miscellaneous

§ 10.01 Termination.

(a) This Agreement may be terminated and the transactions hereunder abandoned at any time before the Closing Date as follows:

By written mutual consent of Buyer and Seller; and

By either party, if the Closing has not occurred on or before March 31, 2013.

(b) If this Agreement is terminated pursuant to Section 10.01(a), this Agreement will be of no further force and effect, provided that this Section 10.01(b) and Section 10.03 and that certain Confidentiality Agreement dated November 12, 2012 by and between Buyer and Lilien shall survive the termination and remain in full force and effect.

§ 10.02 Confidentiality.

(a) The terms and conditions of an executed Confidentiality Agreement dated November 12, 2012 by and between Buyer and Lilien are incorporated herein by reference.

(b) Neither Buyer nor Seller shall issue any press release or other public statement or make any comment (other than in the course of performing their respective obligations hereunder) with respect to the Lilien Asset Purchase without the prior written consent of the other party. Notwithstanding the foregoing, each party shall have the right, after consulting with the other party, to issue any press release or other public statement, if required by applicable Law.

§ 10.03 Expenses.

Buyer and Seller will each be responsible for their own respective expenses in connection with the proposed Lilien Asset Purchase, and the performance of the provisions of this Agreement.

§ 10.04 Further Actions.

At any time and from time to time, each party agrees, at its expense, to take such actions and to execute and deliver such documents as may be reasonably necessary and requested by the other party to effectuate the purposes of this Agreement.

§ 10.05 Modification.

This Agreement, the Ancillary Documents, the Lilien Disclosure Schedule, the Sysorex Disclosure Schedule and the Exhibits hereto set forth the entire understanding of the parties with respect to the subject matter hereof, supersede all existing agreements among them concerning such subject matter, and may be modified only by a written instrument duly executed by each party. Any prior written agreements or forms executed by the parties are hereby repudiated and declared void ab initio, except for the Confidentiality Agreement referred to in Section 10.02(a) hereof which remains in full force and effect.

§ 10.06 Notices.

All notices, requests and other communications hereunder shall be in writing and shall be deemed to have been given only if mailed, certified return receipt requested, or if sent by Federal Express or other well recognized private courier ("Courier") or if personally delivered (including by email) to:

If to Buyer or Surviving Corporation:

Sysorex Global Holdings Corp.
3375 Scott Blvd., Suite 440
Santa Clara, CA 95054
Attention: Nadir Ali, CEO
Email: ali@sysorex.com

With a copy, which shall not constitute notice, to:

Davidoff Hutcher & Citron LLP
605 Third Avenue – 34th Floor
New York, New York 10158
Attention: Elliot H. Lutzker, Esq.
Email: ehl@dhclegal.com

If to Seller:

Lilien LLC
17 E. Sir Francis Drake Blvd., Suite 110
Larkspur, CA 94939
Attention: Geoffrey Lilien
Email: geoffrey@lilien.com

And with a required copy to:

Dudnick Detwiler Rivin & Stikker LLP
351 California Street, 15th Floor
San Francisco, CA 94104
Fax: (415) 982-1401
Email: detwiler@ddrs.com

All notices, requests and other communications shall be deemed received on the date of acknowledgment or other evidence of actual receipt in the case of certified mail, Courier delivery or personal delivery or, in the case of email delivery, upon the date of email receipt. Any party hereto may designate different or additional parties for the receipt of notice, pursuant to notice given in accordance with the foregoing.

§ 10.07 Waiver.

Any waiver by any party of a breach of any provision of this Agreement shall not operate as or be construed to be a waiver of any other breach of that provision or of any breach of any other provision of this Agreement. The failure of a party to insist upon strict adherence to any term of this Agreement on one or more occasions will not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. Any waiver must be in writing and signed by or on behalf of the waiving party.

§ 10.08 Disclosure Schedules; Effect of Investigation.

Nothing in the Lilien Disclosure Schedule and Sysorex Disclosure Schedule (collectively, the "Disclosure Schedules") shall be deemed adequate to disclose an exception to a representation or warranty made herein, unless, subject to the following two sentences, such exception is identified in the applicable Section of the Disclosure Schedule and the nature of such exception is reasonably apparent from such disclosure. The Disclosure Schedule shall be arranged in numbered schedules corresponding to the Section and subsections contained in this Agreement and shall be complete with cross-references where and as appropriate. Any information, item or other disclosure set forth in any section, schedule or other portion of the Disclosure Schedule shall be deemed to have been set forth in all other applicable portions hereof, if the relevance of such disclosure to such other portion is reasonably apparent from the facts specified in such disclosure.

§ 10.09 Binding Effect.

The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, heirs, and personal Representatives.

§ 10.10 No Third Party Beneficiaries.

This Agreement does not create, and shall not be construed as creating, any rights enforceable by any person not a party to this Agreement.

§ 10.11 Severability.

If any provision of this Agreement is invalid, illegal, or unenforceable, the balance of this Agreement shall remain in effect, and any such invalid, illegal or unenforceable provision shall be enforceable to the fullest extent permitted by Law, and if any provision is inapplicable to any person or circumstance, it shall nevertheless remain applicable to all other persons and circumstances

§ 10.12 Headings.

The headings in this Agreement are solely for convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.

§ 10.13 Governing Law; Jurisdiction; Venue.

This Agreement shall be governed by and construed in accordance with the Law of the State of California, without reference to its principles of conflicts of Laws. Each party to this Agreement hereby irrevocably submits to the exclusive jurisdiction of the state or federal courts located in Santa Clara County (as to state court), or the Northern District of California (as to federal court), for the purpose of any claim or action arising out of or based upon this Agreement or relating to the subject matter hereof, irrevocably waives the defense of an inconvenient forum with respect thereto, and agrees not to commence any such claim or action other than in the above-named courts.

§ 10.14 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

§ 10.15 Construction.

The parties agree that each of them and/or their respective counsel has reviewed and had an opportunity to revise this Agreement and the Ancillary Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement and the Ancillary Documents or any amendments hereto.

§ 10.16 Assignability.

This Agreement shall not be assignable by any party hereto without the written consent of the other parties and any such purported assignment by any party without such consent shall be void, except that:

(a) any or all rights of Buyer to receive the performance of the obligations of Seller hereunder (but not the obligations of Buyer to Seller hereunder) and rights to assert claims against Seller in respect of any inaccuracy in or breach of any representations, warranties or covenants of Seller hereunder, may be assigned by Buyer to a direct or indirect subsidiary of Buyer, and

(b) Buyer may assign to any bank, insurance company or other financial institution providing financing or extending credit to Buyer or Lilien Corp. any or all of its rights to assert claims against Seller in respect of any inaccuracy in or breach of representations, warranties or covenants under this Agreement, but any assignee of such rights under clause (a) or clause (b) shall take such rights subject to any defenses, counterclaims and rights of set-off to which Seller might be entitled under this Agreement.

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

Signature Page Follows

IN WITNESS WHEREOF, the parties have duly executed this Agreement effective as of the date first written above.

BUYER:

Sysorex Global Holdings Corp.

By: /s/ Nadir Ali
Nadir Ali, CEO

SELLER:

Lilien, LLC

By: /s/ Geoffrey Lilien
Geoffrey Lilien, Manager

Principal Members as to Article III and Sections 5.01 and 6.03

By: /s/ Geoffrey Lilien
Geoffrey Lilien

By: /s/ Dhruv Gulati
Dhruv Gulati

By: /s/ Bret Osborn
Bret Osborn

SCHEDULE A

ALLOCATION OF SYSOREX SHARES

Lilien Member	**Allocation of Sysorex Shares**
Geoffrey I. Lilien	3,411,815
Dhruv Gulati	885,766
Eric I. Borsky	192,544
Bret R. Osborn	1,222,012
Robert H. Muirhead	88,142
Kenneth S. Rosenberg	30,465
Matthew C. Cummins	40,894
Elisa V. Barnes	64,181
William T. Becker	64,181
TOTAL	**6,000,000**

Exhibit 2.2

AGREEMENT OF MERGER

This Agreement of Merger is entered into between Sysorex Acquisition Corporation, a California corporation (herein "Disappearing Corporation") and Lilien Systems, a California corporation (herein "Surviving Corporation").

1. Disappearing Corporation shall be merged into Surviving Corporation.

2. The 100 shares of common stock of Disappearing Corporation outstanding immediately prior to the merger, all of which are held by Sysorex Global Holdings Corp., a Nevada corporation, the parent of Disappearing Corporation ("Parent") shall be converted into an equal number of shares of the Surviving Corporation.

3. The 3,950,000 shares of common stock of Surviving Corporation outstanding immediately prior to the merger, all of which are held by Lilien LLC, a Delaware limited liability company ("Shareholder") shall be cancelled in consideration for the issuance to the Shareholder of 6,000,000 shares of common stock of Parent.

4. Disappearing Corporation shall from time to time, as and when requested by Surviving Corporation, execute and deliver all such documents and instruments and take all such action necessary or desirable to evidence or carry out this merger.

5. The effect of the merger and the effective date of the merger shall be March 20, 2013.

IN WITNESS WHEREOF the parties have executed this Agreement

Surviving Corporation: Lilien Systems, a California corporation	**Disappearing Corporation:** Sysorex Acquisition Corporation, a California corporation
By: /s/ Geoffrey Lilien Geoffrey Lilien, President	By: /s/ Nadir Ali Nadir Ali, President
By: /s/ Geoffrey Lilien Geoffrey Lilien, Secretary	By: /s/ Wendy Loundermon Wendy Loundermon, Secretary

OFFICER'S CERTIFICATE OF APPROVAL OF MERGER

Geoffrey Lilien certifies that:

1. He is the President and the Secretary of Lilien Systems, a California corporation (the "Corporation").

2. The principal terms of the Agreement of Merger to which this Certificate of Merger is attached (the "Merger Agreement") were duly approved by the Board of Directors and by the shareholders of the Corporation by a vote that equaled or exceeded the vote required.

3. There is only one class of shares outstanding and the number of shares outstanding entitled to vote on the merger is 3,950,000. A vote of more than 50% of the outstanding shares was required to approve the merger and the principal terms of the Merger Agreement.

4. The shareholder approval was by the holders of one hundred percent (100%) of the outstanding shares of the Corporation.

I further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of my own knowledge.

Dated: March 20, 2013

By: /s/ Geoffrey Lilien
Geoffrey Lilien, President

Dated: March 20, 2013

By: /s/ Geoffrey Lilien
Geoffrey Lilien, Secretary

OFFICER'S CERTIFICATE OF APPROVAL OF MERGER

Nadir Ali and Wendy Loundermon certify that:

1. Nadir Ali is the President and Wendy Loundermon is the Secretary of Sysorex Acquisition Corporation, a California corporation (the "Corporation").

2. The principal terms of the Agreement of Merger to which this Certificate of Merger is attached (the "Merger Agreement") were duly approved by the Board of Directors and by the shareholders of the Corporation by a vote that equaled or exceeded the vote required.

3. There is only one class of shares outstanding and the number of shares outstanding entitled to vote on the merger is 100. A vote of more than fifty percent (50%) of the outstanding shares was required to approve the merger and the principal terms of the Merger Agreement.

4. The shareholder approval was by the holders of one hundred percent (100%) of the outstanding shares of the Corporation.

5. Common stock of Sysorex Global Holdings Corp., a Nevada corporation, the parent of the Corporation (the "Parent") is to be issued in the merger and the no vote of the shareholders of Parent was required in connection with the issuance by Parent of such common stock.

I further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of my own knowledge.

By: Nadir Ali
Nadir Ali, President

Date: March 20, 2013

By: Wendy Loundermon
Wendy Loundermon, Secretary

Date: March 20, 2013

Exhibit 3.1

SYSOREX GLOBAL HOLDING CORP.

RESTATED ARTICLES OF INCORPORATION

Sysorex Global Holding Corp., a corporation organized and existing under the laws of the State of Nevada, hereby certifies as follows:

1.The original Articles of Incorporation of the corporation were filed with the Secretary of State of Nevada on February 14, 2001.

2.Pursuant to Chapter 78, Title 7 of Nevada Revised Statutes, these Restated Articles of Incorporation restate in its entirety and integrate and further amend the provisions of the Articles of Incorporation of this corporation.

3.These Amended and Restated Articles have been adopted and approved by a majority of the shareholder vote.

4.The text of the Restated Articles of Incorporation as heretofore restated in its entirety is hereby restated and further amended to read as follows:

ARTICLES OF INCORPORATION
OF
SYSOREX GLOBAL HOLDINGS CORP.

ARTICLE I. NAME

The name of the corporation is SYSOREX GLOBAL HOLDING CORP. (the "Corporation").

ARTICLE II. REGISTERED OFFICE

The name and address of the Corporation's registered office in the State of Nevada is 1st Nevada Incorporating Network, 183 Crown Point Drive, Carson City, NV 89706.

ARTICLE III. PURPOSE

The purpose or purposes of the corporation is to engage in any lawful act or activity for which corporations may be organized under Nevada Law.

ARTICLE IV. CAPITAL STOCK

The Corporation is authorized to issue up to 45,000,000 shares of capital stock of which 40,000,000 shall be designated as "Common Stock", each of which shall have a par value of $.001 and 5,000,000 which shall be designated as "Preferred Stock", each of which shall have a par value of .001

(A) 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 matters submitted to a vote of the stockholders, except as otherwise required by law.

(B) 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 dates 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 share 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 V. BYLAWS

In furtherance and not in limitation of the powers conferred by statute, the Board is expressly authorized to make, alter, amend or repeal the Bylaws of the Corporation.

ARTICLE VI. INDEMNIFICATION

(a) 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 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.

(b) Non-exclusivity of Rights. The right to indemnification and to the advancement of expenses conferred by this Article VI are not exclusive of any other rights that an Indemnitee may have or acquire under any statue, bylaw, agreement, vote of stockholders or disinterested directors, the Articles of Incorporation or otherwise.

ARTICLE VII. LIABILITY

No director of the Corporation shall be personally liable to the Corporation or its stockholders for or with respect to any acts or omissions in the performance of his or her duties as a director of the Corporation. Any amendment or repeal of this Article VII will not eliminate or reduce the affect of any right or protection of a director of the Corporation existing immediately prior to such amendment or repeal.

ARTICLE VIII. 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.

ARTICLE IX. 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.

Exhibit 3.2

AMENDMENT NO. 1
TO THE AMENDED AND RESTATED
BY-LAWS
OF
SOFTLEAD, INC.

As of April 29, 2011

The Amended and Restated By-Laws of Softlead, Inc.(the "Corporation"), dated as of August 6, 2004, are hereby amended by replacing all references to "Softlead Inc." with "Sysorex Global Holdings Corp."

BY-LAWS

SOFTLEAD, INC.

August 6, 2004

AMENDED BY-LAWS

OF

SOFTLEAD, INC.,

a Nevada corporation
formerly known as

LIQUIDATIONBID.COM, INC.

ARTICLE I
OFFICES

Section 1. Principal Office. The principal office for the transaction of business of the Corporation is hereby fixed and located at 100 S. Citrus Avenue, Suite 100, Covina, CA 91723. The location may be changed by approval of a majority of the authorized Directors, and additional offices may be established and maintained at such other place or places, either within or outside of Nevada, as the Board of Directors may from time to time designate.

Section 2. Other Offices. Branch or subordinate 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, Standard of Care.

1.1 Powers: Subject to the provisions of the Nevada Revised Statues (hereinafter the "code"), and subject to any limitations in the Articles of Incorporation of the Corporation relating to action required to be approved by the Stockholders, as that term is defined in the Code, or by the outstanding shares, as that term is defined in the Code, 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. The Board of Directors may delegate the management of the day-to-day operation of the business of the Corporation to a management company or other persons, provided that the business and affairs of the Corporation shall be managed, and all corporate powers shall be exercised under the ultimate direction of the Board.

1.2 Standard of Care; Liability;

1.2.1 Each Director shall exercise such powers and otherwise perform such duties, in good faith, in the matters such Director believes to be in the best interests of the Corporation, and with such care, including reasonable inquiry, using ordinary prudence, as a person in a like position would use under similar circumstances.

1.2.2 In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in which case prepared or presented by:

(a) One or more officers or employees of the Corporation whom the Director believes to be reliable and competent in the matters presented,

(b) Counsel, independent accountants or other person as to which the Director believes to be within such person's professional or expert competence, or

(c) A Committee of the Board upon which the Director does not serve, as to matters within its designated authority, which committee the Director believes to merit confidence, so long as in any such case the Director acts in good faith, after reasonable inquiry when the need therefore is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

Section 2. Number and Qualification of Directors. The authorized number of Directors of the Corporation shall not be less than one (1) nor more than nine (9) 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 By-Laws or, without amendment of these By-Laws, 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 term. The number of Directors shall not be less than two (2) unless all of the outstanding shares of stock are owned beneficially and of record by less than two (2) stockholders, in which event the number of Directors shall not be less than the number of stockholders or the minimum permitted by statute.

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 by way of cumulative voting rights, the members of the Board of Directors of this Corporation, who need not be stockholders, shall be elected by a majority 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.

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 shareholders 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 Vacancies on the Board of Directors, except for a vacancy created by the removal of a Director, may be filled by a majority of the remaining Directors, though less than a quorum, or by a sole remaining Director. Each Director so elected shall hold office until the next annual meeting of the Stockholders and until a successor has been elected and qualified. A vacancy in the Board of Directors created by the removal of a Director may only be filled by the vote of a majority of the shares entitled to vote represented at a duly held meeting at which a quorum is present, or by the written consent of the holders of a majority of the outstanding shares.

4.3 The Stockholders may elect a Director or Directors at any time to fill any vacancy or vacancies, but any such election by written consent shall require the consent of a majority of the outstanding shares entitled to vote.

4.4 Any Director may resign, effective on giving written notice to the Chairman of the Board, 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).

4.5 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 Code at any special meeting of Stockholders called for such purpose by vote of the holders of two-thirds of the voting power entitling them to elect Directors in place of those to be removed, subject to the provisions of Section 5.2.

5.2 No Director may be removed (unless the entire Board is removed) when the votes cast against removal or not consenting in writing to such removal would be sufficient to elect such Director if voted cumulatively at an election at which the same total number of votes were cast (or, if such action is taken by written consent, all shares entitled to vote, were voted) and the entire number of Directors authorized at the time of the Directors' most recent election were then being elected; and 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 78.320 of the Code, 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 Code 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 Chairman of the Board or the President or any Vice President or the Secretary or any two Directors.

9.2 Section Notice of the time and place for special meetings shall be delivered personally or by telephone to each Director or sent by first class mail or telegram, charges prepaid, 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 or telegram, it shall be delivered personally or be telephone or to the telegram company at least 48 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 By-Laws. In the event only one Director is required by the By-Laws 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 . Pursuant to Section 78.315 of the Code, 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, and members of the Board, 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 a majority of the whole Board. Committees shall be composed of two 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 Code.

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 I committee not inconsistent with the provisions of these By-Laws.

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 Chairman of the Board or by the Chief Executive Officer (CEO) 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 Chairman 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. except such Officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article, 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 By-Laws 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. Chairman of the Board.

6.1 The Chairman of the Board, if such an officer be 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 By-Laws. If there is no Chief Executive Officer (CEO), the Chairman of the Board shall, in addition, be the CEO of the Corporation and shall have the powers and duties prescribed in Section 7 of this Article III.

Section 7. Chief Executive Officer. Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board, if there is such an Officer, the Chief Executive Officer (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 Chairman 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 President of a corporation, shall be ex officio a member of all the standing committees, including the Executive Committee, if any, and shall have such other powers and duties as may be prescribed by the Board of Directors or the By-Laws.

Section 8. 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 them, respectively, by the Board of Directors or the By-Laws, the CEO, or the Chairman of the Board.

Section 9. 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 By Laws, the CEO, the President, or the Chairman of the Board.

Section 10. Secretary.

10.1 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.

10.2 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.

10.3 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 By-Laws 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 By-Laws.

Section 11. Treasurer.

11.1 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.

11.2 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 By-Laws.

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 Shareholders shall be held, each year, as follows:

Time of Meeting: 10:00 AM

Date of Meeting: May 1

2.2 If this day shall be a legal holiday, then the meeting shall be held on the next succeeding business day, at the same time. 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.

2.3 If the above date is inconvenient, the annual meeting of the Shareholders shall be held each year on a date and at a time designated by the Board of Directors, within a reasonable date of the above date upon proper notice to all Shareholders.

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, the Chairman of the Board, the CEO, or by one or more Stockholders holding shares in the aggregate entitled to cast not less than SO% of the votes at any such meeting. 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 I general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the Chairman of the Board, the Chief Executive Officer, the President, any Vice President or the Secretary of the Corporation. 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, not less than 35 nor more than 60 days after the receipt of the request. If the notice is not given within 20 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 Superior 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 or Stockholder.

4.2 Such notices or any reports shall be given personally or by mail or other means of Written communication as provided in the Code and shall be sent to the Stockholder's address appearing on the books of the Corporation, or supplied by the Stockholder to the Corporation for the purpose of notice, and in the absence thereof, as provided in the Code by posting notice at a place where the principal executive office of the Corporation is located or by publication at least once in a newspaper of general circulation in the county in which the principal executive office is located.

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 Code, (ii) an amendment to the Articles of Incorporation, pursuant to the Code, (iii) a reorganization of the Corporation, pursuant to the Code, (iv) dissolution of the Corporation, pursuant to the Code, or (v) a distribution to preferred Stockholders, pursuant to the Code, 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 Code or by these By-Laws.

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 45 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. At any adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting.

Section 7. Waiver or Consent by Absent Stockholders.

7.1 The transactions of any meeting of Stockholders, either annual or special, however called and noticed, shall be valid as though had at a meeting duly held after the regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the Stockholders entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting of an approval of the minutes thereof.

7.2 The waiver of notice or consent need not specify either the business to he transacted or the purpose of any regular or special meeting of Stockholders, except that if action is taken or proposed to be taken for approval of any of those matters specified in Section 45 of Section 4 of this Article, the waiver of notice or consent shall state the general nature of such proposal. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

7.3 Attendance of a person at a meeting shall also constitute a waiver of notice of such meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice.

ARTICLE V
AMENDMENTS TO BY-LAWS

Section 1. Amendment by Stockholders.

All By-Laws of the Corporation shall be subject to alteration or repeal, and new By-Laws may be made by the affirmative vote of stockholders holding of record in the aggregate at least a majority of the outstanding shares of stock entitled to vote in the election of Directors at any annual or special meeting of Stockholders, provided that the notice or waiver of notice of such meeting shall have summarized or set forth in full therein, the proposed amendment.

Section 2. Amendment by Directors.

The Board of Directors shall have power to make, adopt, alter, amend and repeal, from time to time, By-Laws of the Corporation, provided, however, that the Stockholders entitled to vote with respect thereto as in this Article V above-provided may alter, amend or repeal By Laws made by the Board of Directors, except that the Board of Directors shall have no power to change the quorum for meetings of Stockholders or of the Board of Directors or to change any provisions of the By-Laws with respect to the removal of Directors or the filling of vacancies in the Board resulting from the removal by the Stockholders. If any By-Law regulating an impending election of Directors is adopted, amended or repealed by the Board of Directors, there shall be set forth in the notice of the next meeting of stockholders for the election of Directors, the By-Laws so adopted, amended or repealed, together with a concise statement of the changes made.

Section 3. Record of Amendments.

Whenever an amendment or new By-Law is adopted, it shall be copied in the corporate book of By-Laws with the original By-Laws, in the appropriate place. If any By-Law is 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 By-Laws.

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 Chairman of the Board, or the CEO and (2) the Secretary, Treasurer (CFO), 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 and shareholder 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 sixty (60) days, nor less than ten (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 next preceding the day on which the notice is given, or, if no notice is given, the day preceding the day on which the meeting is held. The record date for determining Stockholders for any other purpose shall be at 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.

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 a person of whom he 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 general corporation law of the State of Nevada 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 in connection therewith. The Board of Directors may, in its discretion, cause the expense 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 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 established to have arisen out of his own willful misconduct or gross negligence. 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 any By-Law, agreement, vote of stockholders, provision of law or otherwise, as well as their rights under this Article.

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. The Board of Directors may from time to time adopt further By-Laws with respect to indemnification and may amend these and such By-Laws to the full extent permitted by the General Corporation Law of the State of Nevada.

ARTICLE XI
MISCELLANEOUS

Section 1. Stockholders' Agreements. Notwithstanding anything contained in this Article XI to the contrary, in the event the Corporation elects to become a close corporation, an agreement between two or more Stockholders thereof, if in writing and signed by the parties thereto, may provide that in exercising any voting rights, the shares held by them shall be voted as provided therein and may otherwise modify the provisions contained in Article IV, herein as to Stockholders' meetings and actions.

Section 2. Subsidiary Corporations. Shares of the Corporation owned by a subsidiary shall not be entitled to vote on any matter. For the purpose of this Section, a subsidiary of the Corporation is defined as another corporation of which shares thereof possessing more than 25% of the voting power are owned directly or indirectly through one or more other corporations of which the Corporation owns, directly or indirectly, more than 50% of the voting power.

CERTIFICATE

I, Mubashir G. Kazi, hereby certify that:

I am the Secretary of SOFTLEAD, INC. a Nevada corporation; and the foregoing By-Laws, consisting of twenty (20) pages, are a true and correct copy of the By-Laws of the corporation as duly adopted by approval of the Board of Directors of the corporation at a special meeting duly held on August 6, 2004, at the corporation's principal executive office in Los Angeles County.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the corporation this 6th day of August, 2004.

Signature: /s/ Mubashir Kazi
Mubashir Kazi, Secretary

AMENDMENT NO. 1
TO THE AMENDED AND RESTATED
BY-LAWS
OF
SOFTLEAD, INC.

As of April 29, 2011

The Amended and Restated By-Laws of Softlead, Inc.(the "Corporation"), dated as of August 6, 2004, are hereby amended by replacing all references to "Softlead Inc." with "Sysorex Global Holdings Corp."

Exhibit 4.1

NUMBER

SHARES

SYSOREX

INCORPORATED UNDER THE LAWS OF THE STATE OF NEVADA

AUTHORIZED: 40,000,000 COMMON SHARES,
$0.001 PAR VALUE PER SHARE

CUSIP 87184N 10 4

SEE REVERSE FOR
CERTAIN DEFINITIONS

This Certifies That

is the owner of

Fully Paid and Non-Assessable Common Stock, $0.001 Par Value of

SYSOREX GLOBAL HOLDINGS CORP.

transferable on the books of this Corporation in person or by attorney upon surrender of this Certificate duly endorsed or assigned. This Certificate and the shares represented hereby are subject to the laws of the State of Nevada, and to the Articles of Incorporation and the Bylaws of the Corporation, as now or hereafter amended. This Certificate is not valid until countersigned by the Transfer Agent.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by the facsimile signatures of its duly authorized officers and to be sealed with the facsimile seal of the Corporation.

Dated:

PRESIDENT

SYSOREX GLOBAL HOLDINGS CORP.
CORPORATE
SEAL
NEVADA

Countersigned:
CORPORATE STOCK TRANSFER, INC.
3200 Cherry Creek South Drive, Suite 430
Denver, CO 80209
By _____
Transfer Agent and Registrar Authorized Officer

1055

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SYSOREX GLOBAL HOLDINGS CORP.

CORPORATE STOCK TRANSFER, INC.

TRANSFER FEE: AS REQUIRED

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - _____Custodian_____
(Cust) (Minor)
under Uniform Gifts to Minors

Act _____
(State)

Additional abbreviations may also be used though not in the above list.

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

FOR VALUE RECEIVED, _____ hereby sell, assign and transfer unto

_____

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

_____

_____

_____

_____ Shares of the Common Stock represented by the within Certificate and do hereby irrevocably constitute and appoint

_____Attorney to transfer the said stock on the books of the within-named Corporation, with full power of substitution in the premises.

Dated:_____20_____.

Signature: X_____

Signature(s) Guaranteed:

Signature: X_____

THE SIGNATURE(S) TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME(S) AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER. THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO S.E.C. RULE 17Ad-15.

Exhibit 4.2

BUSINESS FINANCING AGREEMENT

Borrowers:	**LILIEN SYSTEMS** **3375 Scott Blvd., Suite 440** **Santa Clara, CA 95054**	**Lender:**	**BRIDGE BANK, National Association 55** **Almaden Boulevard, Suite 100** **San Jose, CA 95113**
	SVSOREX GOVERNMENT SERVICES, INC. **3375 Scott Blvd., Suite 440** **Santa Clara, CA 95054**		

This BUSINESS FINANCING AGREEMENT, dated as of March 15,2013, is made and entered into between BRIDGE BANK, NATIONAL ASSOCIATION (" **Lender**"), on the one hand, and LILIEN SYSTEMS, a California corporation ("**Lilien**"), and SYSOREX GOVERNMENT SERVICES, INC., a Virginia corporation ("**SGSI**") (Lilien and SGSI are sometimes collectively referred to herein as "**Borrowers**" and each individually as a "**Borrower**"), on the other hand, on the following terms and conditions:

1. REVOLVING CREDIT LINE.

1.1 **Revolving Advances**. Subject to the terms and conditions of this Agreement, from the date on which this Agreement becomes effective until the Maturity Date, Lender will make advances ("**Revolving Advances**") to Borrowers not exceeding the Credit Limit or the Borrowing Base, whichever is less; provided that in no event shall Lender be obligated to make any Revolving Advance that results in an Overadvance or while any Overadvance is outstanding. Amounts borrowed under this Section may be repaid and, subject to the terms and conditions hereof, reborrowed during the term of this Agreement. It shall be a condition to each Revolving Advance that (a) an Advance Request acceptable to Lender has been received by Lender, (b) all of the representations and warranties set forth in Section 3 are true and correct on the date of such Revolving Advance as though made at and as of each such date, and (c) no Default has occurred and is continuing, or would result from such Revolving Advance.

1.2 **Revolving Advance Requests**. Borrowers may request that Lender make a Revolving Advance by delivering to Lender an Advance Request therefor and Lender shall be entitled to rely on all the information provided by Borrowers to Lender on or with the Advance Request. Lender may honor Advance Requests, instructions or repayments given by any Authorized Person. So long as all of the conditions for a Revolving Advance set forth herein have been satisfied, Lender shall fund such Revolving Advance within one business day of Lender's receipt of the applicable Advance Request.

1.3 **Due Diligence**. Lender may audit each Borrower's Receivables and any and all records pertaining to the Collateral, at Lender's reasonable (from the perspective of a secured commercial lender) discretion and at Borrowers' expense, at any time and from time to time upon advance notice to Borrowers (unless an Event of Default has occurred and is continuing, in which case no notice shall be required), but in no event less frequently than semi-annually. Lender may at any time and from time to time contact Account Debtors and other persons obligated or knowledgeable in respect of Receivables to confirm the Receivable Amount of such Receivables, to determine whether Receivables constitute Eligible Receivables, and for any other purpose in connection with this Agreement. If any of the Collateral or Borrowers' books or records pertaining to the Collateral are in the possession of a third party, each Borrower authorizes that third party to permit Lender or its agents to have access to perform inspections or audits thereof and to respond to Lender's requests for information concerning such Collateral and records.

1.4 **Collections.** Lender shall have the exclusive right to receive all Collections on all Receivables. Each Borrower shall (i) immediately notify, transfer and deliver to Lender all Collections such Borrower receives, (ii) deliver to Lender a detailed cash receipts journal on Friday of each week until the lockbox is operational, and (iii) immediately enter into a collection services agreement acceptable to Lender (the "**Lockbox Agreement**"). Each Borrower shall use the lockbox address as the remit to and payment address for all of such Borrower's Collections and it will be considered an immediate Event of Default if this does not occur or the lockbox is not operational within 60 days of the date of this Agreement. Lender shall credit Collections with respect to Receivables received by Lender to Borrowers' Account Balance within three business days of the date received; provided that upon the occurrence and during the continuance of any Default, Lender may apply all Collections to the Obligations in such order and manner as Lender may determine. Lender has no duty to do any act other than to apply such amounts as required above. If an item of Collection is not honored or Lender does not receive good funds for any reason, the amount shall be included in the Account Balance as if the Collections had not been received and Finance Charges shall continue to accrue thereon. All Collections received to the lockbox or otherwise received by Lender will, until credited as above provided, be deposited to a non-interest bearing cash collateral account maintained with Lender and Borrowers will not have access to that account. Lender shall have, with respect to any goods related to the Receivables, all the rights and remedies of an unpaid seller under the UCC and other applicable law, including the rights of replevin, claim and delivery, reclamation and stoppage in transit.

1.5 **Receivables Activity Report.** Within 30 days after the end of each Monthly Period, Lender shall send to Borrowers a report covering the transactions for that Monthly Period, including the amount of all Advances, Collections, Adjustments, Finance Charges, and other fees and charges. The accounting shall be deemed correct and conclusive unless Borrowers make written objection to Lender within 30 days after the Lender sends the accounting to Borrowers.

Adjustments. In the event any Adjustment or dispute is asserted by any Account Debtor, the applicable Borrower shall promptly advise Lender and shall, subject to the Lender's approval, resolve such disputes and advise Lender of any Adjustments; provided that in no case will the aggregate Adjustments made with respect to any Receivable exceed 2% of its original Receivable Amount unless Borrowers have obtained the prior written consent of Lender. So long as any Obligations are outstanding, Lender shall have the right, at any time, to take possession of any rejected, returned, or recovered personal property. If such possession is not taken by Lender, Borrowers are to resell it for Lender's account at Borrowers' expense with the proceeds made payable to Lender. While any Borrower retains possession of any returned
1.6 goods, such Borrower shall segregate said goods and mark them as property of Lender.

Recourse; Maturity. Revolving Advances and the other Obligations shall be with full recourse against Borrowers. On the Revolving Advances Maturity Date, Borrowers will pay all then outstanding Revolving Advances and other
1.7 Obligations to Lender or such earlier date as shall be herein provided.

Letter of Credit Line. Subject to the terms and conditions of this Agreement, Lender hereby agrees to issue or cause an Affiliate to issue letters of credit for the account of Borrowers (each, a **"Letter of Credit"** and collectively, **"Letters of Credit")** from time to time; provided that (a) the Letter of Credit Obligations shall not at any time exceed the Letter of Credit Sublimit and (b) the Letter of Credit Obligations will be treated as Revolving Advances for purposes of determining availability under the Credit Limit and shall decrease, on a dollar-for-dollar basis, the amount available for other Revolving Advances. The form and substance of each Letter of Credit shall be subject to approval by Lender, in its sole discretion. Each Letter of Credit shall be subject to the additional terms of the Letter of Credit agreements, applications and any related documents required by Lender in connection with the issuance thereof (each, a **"Letter of Credit Agreement").** Each draft paid under any Letter of Credit shall be repaid by Borrowers in accordance with the provisions of the applicable Letter of Credit Agreement. No Letter of Credit shall be issued that results in an Overadvance or while any Overadvance is outstanding. Upon the Maturity Date, the amount of Letters of Credit Obligations shall be secured by unencumbered cash on terms acceptable to Lender if the term of this Agreement is not
1.8 extended by Lender.

Cash Management Services. Borrowers may use availability hereunder up to the Cash Management. Sublimit for Lender's cash management services, which may include merchant services, direct deposit of payroll, business credit card, and check cashing services identified in various cash management services agreements related to such services (the **"Cash Management Services").** The entire Cash Management Sublimit will be treated as a Revolving Advance for purposes of determining availability under the Credit Limit and shall decrease, on a dollar-for-dollar basis, the amount available for other Revolving Advances. The Cash Management Services shall be subject to additional terms set forth in
1.9 applicable cash management services agreements.

Foreign Exchange Facility. Borrowers may enter in foreign exchange forward contracts with Lender under which Borrowers commit to purchase from or sell to Lender a set amount of foreign currency more than one business day after the contract date (the **"FX Forward Contract").** The total FX Forward Contracts at any one time may not exceed 10 times the amount of the FX Sublimit. Ten percent (10%) of the amount of each outstanding FX Forward Contract shall be treated as a Revolving Advance for purposes of determining availability under the Credit Limit and shall decrease, on a dollar-for-dollar basis, the amount available for other Revolving Advances. Lender may terminate the FX Forward Contracts if an Event of Default occurs. Each FX Forward Contract shall be subject to additional terms set forth in the
1.10 applicable FX Forward Contract or other agreements executed in connection with the foreign exchange facility.

Overadvances. Upon any occurrence of an Overadvance, Borrowers shall immediately pay down the Advances such that, after giving effect to such payments, no Overadvance exists. At all times when an Enhanced Covenant Period is in effect, Lender shall apply such prepayment toward outstanding Revolving Advances. At all other times, Lender shall apply such prepayment FIRST toward the Term Advance until the Term Advance is paid in full, and SECOND toward
1.11 outstanding Revolving Advances.

1.12 **Term Advance.** Subject to the terms and conditions hereof, Lender agrees to make a term loan **("Term Advance")** to Borrowers on the Term Advance Closing Date, in an amount equal to the Term Advance Commitment. As used herein, **"Term Advance Closing Date"** means the date when each of the following conditions has been fulfilled to the satisfaction of Lender: (a) Lender's confirmation that, after giving effect to the Term Advance, on a pro forma basis, no Overadvance shall occur, (b) all of the representations and warranties set forth in Section 3 shall be true and correct on the Term Advance Closing Date as though made at and as of each such date, (c) no Default has occurred and is continuing, or would result from the making of the Term Advance, and (d) the Closing Date has occurred.

1.13 **Amortization.**

(a) Borrowers shall pay equal monthly principal reduction payments on the Term Advance, each in the amount of $41,667. Each such principal payment shall be due and payable on the first day of each month commencing on the first day of the sixth month following the Term Advance Closing Date and continuing on the first day of each succeeding month; provided that during such six month period during which no principal payments are due, Borrowers shall continue to pay the Finance Charge on the Term Advance in accordance with Section 2.1 of this Agreement On the Term Advance Maturity Date, Borrowers shall pay the entire remaining outstanding principal balance of the Term Advance in full. Borrowers may prepay the Term Advance at any time, in whole or in part, without penalty or premium, except as otherwise provided in Section 2.2(a). All principal amounts so repaid or prepaid may not be reborrowed. All prepayments shall be applied toward scheduled principal reductions payments owing under this Section 1.13(a) in inverse order of maturity.

(b) Except at any time when an Enhanced Covenant Period is in effect, in addition to the scheduled monthly principal reduction payments required under Section 1.13(a) of this Agreement, Borrowers shall also make a prepayment of the Term Advance at any time when an Overadvance exists, in the amount of such Overadvance.

2. **Fees and Finance Charges.**

2.1 **Finance Charges.** Lender may, but is not required to, deduct the amount of accrued Finance Charge from Collections received by Lender. Within 10 days of each Month End, Borrower shall pay to Lender any accrued and unpaid Finance Charge as of such Month End.

2.2 **Fees.**

(a) **Termination Fee.** In the event this Agreement is terminated prior to the first anniversary of the date of this Agreement, Borrowers shall pay the Termination Fee to Lender; provided that if this Agreement, following Borrowers' request and the consent of Lender (which consent shall not be unreasonably withheld), is transferred to an operating division of Lender other than the Capital Finance Group, the transfer will not be deemed a termination resulting in the payment of the Termination Fee; provided that Borrowers agree, at the time of transfer, to the payment of comparable fees in an amount not less than that set forth in this Agreement, and provided further than such transfer is not as a result of an Event of Default.

(b) **Facility Fee.** Borrowers shall pay the Facility Fee to Lender promptly upon the execution of this Agreement and annually thereafter.

(c) **Minimum Utilization Fee.** Waived.

(d) **Letter of Credit Fees.** Borrowers shall pay to Lender fees upon the issuance of each Letter of Credit, upon the payment or negotiation of each draft under any Letter of Credit and upon the occurrence of any other activity with respect to any Letter of Credit (including without limitation, the transfer, amendment or cancellation of any Letter of Credit) determined in accordance with Lender's standard fees and charges then in effect for such activity.

(e) **Maintenance Fee.** Waived.

(f) **Cash Management and FX Forward Contract Fees.** Borrowers shall pay to Lender fees in connection with the Cash Management Services and the FX Forward Contracts as determined in accordance with Lender's standard fees and charges then in effect for such activity.

(g) **Due Diligence Fee.** Borrowers shall pay the Due Diligence Fee to Lender promptly upon the execution of this Agreement and annually thereafter.

3. **REPRESENTATIONS AND WARRANTIES.** Each Borrower represents and warrants:

3.1 No representation, warranty or other statement of such Borrower in any certificate or written statement given to Lender contains any untrue statement of a material fact or omits to state a material fact necessary to make the statement contained in the certificates or statement not misleading.

3.2 Such Borrower is duly existing and in good standing in its state of formation and qualified and licensed to do business in, and in good standing in, any state in which the conduct of its business or its ownership of property requires that it be qualified.

3.3 The execution, delivery and performance of this Agreement has been duly authorized, and does not conflict with such Borrower's organizational documents, nor constitute an Event of Default under any material agreement by which such Borrower is bound. Such Borrower is not in default under any agreement to which or by which it is bound.

3.4 Such Borrower has good title to the Collateral and all inventory is in all material respects of good and marketable quality, free from material defects.

3.5 Such Borrower's name, form of organization, chief executive office, and the place where the records concerning all Receivables and Collateral are kept is set forth at the beginning of this Agreement. Such Borrower is located at its address for notices set forth in this Agreement.

3.6 If such Borrower owns, holds or has any interest in, any copyrights (whether registered, or unregistered), patents or trademarks, and licenses of any of the foregoing, such interest has been specifically disclosed and identified to Lender in writing.

3.7 All of the conditions precedent to the "Closing" as defined in the Purchase Agreement have been fulfilled other than the payment of the purchase price due at such Closing. Immediately upon the funding of the initial Revolving Advances, the "Closing" under the Purchase Agreement shall be consummated in accordance with the terms and conditions thereof and all applicable laws, rules and regulations, and all right, title and interest of Seller in and to the Purchased Assets shall be conveyed to Parent, and Parent shall be the legal owner of the Purchased Assets free and clear of all claims and rights of third Persons, other than Permitted Liens.

4. MISCELLANEOUS PROVISIONS. Each Borrower will:

4.1 Maintain its corporate existence and good standing in its jurisdictions of incorporation and maintain its qualification in each jurisdiction necessary to such Borrower's business or operations and not merge or consolidate with or into any other business organization, or acquire all or substantially all of the capital stock or property of a third party, unless (i) any such acquired entity becomes a "borrower" under this Agreement and (ii) Lender has previously consented to the applicable transaction in writing.

4.2 Give Lender at least 30 days prior written notice of changes to its name, organization, chief executive office or location of records.

4.3 Pay all its taxes including gross payroll, withholding and sales taxes when due and will deliver satisfactory evidence of payment to Lender if requested.

4.4 Maintain:

(a) insurance satisfactory to Lender as to amount, nature and carrier covering property damage (including loss of use and occupancy) to any of such Borrower's properties, business interruption insurance, public liability insurance including coverage for contractual liability, product liability and workers' compensation, and any other insurance which is usual for such Borrower's business. Each such policy shall provide for at least thirty (30) days prior notice to Lender of any cancellation thereof.

(b) all risk property damage insurance policies (including without limitation windstorm coverage, and hurricane coverage as applicable) covering the tangible property comprising the collateral. Each insurance policy must be for the full replacement cost of the collateral and include a replacement cost endorsement. The insurance must be issued by an insurance company acceptable to Lender and must include a lender's loss payable endorsement in favor of Lender in a form acceptable to Lender.

Upon the request of Lender, Borrowers shall deliver to Lender a copy of each insurance policy, or, if permitted by Lender, a certificate of insurance listing all insurance in force.

4.5 Immediately transfer and deliver to Lender all Collections such Borrower receives.

4.6 Not create, incur, assume, or be liable for any indebtedness, other than Permitted Indebtedness.

4.7 Immediately notify Lender if such Borrower hereafter obtains any interest in any copyrights, patents, trademarks or licenses that are significant in value or are material to the conduct of its business.

4.8 Provide the following financial information and statements in form and content acceptable to Lender, and such additional information as requested by Lender from time to time. Lender has the right to require Borrowers to deliver financial information and statements to Lender more frequently than otherwise provided below; and to use such additional information and statements to measure any applicable financial covenants in this Agreement.

(a) Within 90 days of the fiscal year end, the annual financial statements of Parent, certified and dated by an authorized financial officer. These financial statements must be audited (with an opinion reasonably satisfactory to the Lender) by a Registered Public Accounting Firm of nationally recognized standing or a Certified Public Accountant reasonably acceptable to Lender. The statements shall be prepared on a consolidating and consolidated basis.

(b) No later than 30 days after the end of each fiscal month (including the last period in each fiscal year), monthly financial statements of Parent, certified and dated by an authorized financial officer. The statements shall be prepared on a consolidating and consolidated basis.

(c) Promptly, upon sending or receipt, copies of any management letters and correspondence relating to management letters, sent or received by any Borrower to or from Borrowers' auditor. If no management letter is prepared, Borrowers shall, upon Lender's request, obtain a letter from such auditor stating that no deficiencies were noted that would otherwise be addressed in a management letter.

(d) Electronic copies of the Form 10-K Annual Report, Form 10-Q Quarterly Report and Form 8-K Current Report for Parent (and/or the equivalent filings with the OTC PINK marketplace) concurrent with the date of filing with the Securities and Exchange Commission, or OTC PINK marketplace, as applicable.

(e) Consolidating and consolidated financial projections covering a time period acceptable to Lender and specifying the assumptions used in creating the projections. Annual consolidating and consolidated projections shall in any case be provided to Lender no later than 30 days following the beginning of each fiscal year.

(f) Within 30 days of the end of each month, a compliance certificate of Borrowers, signed by an authorized financial officer and setting forth (i) the information and computations (in sufficient detail) to establish compliance with all financial covenants at the end of the period covered by the financial statements then being furnished and (ii) whether there existed as of the date of such financial statements and whether there exists as of the date of the certificate, any default under this Agreement and, if any such default exists, specifying the nature thereof and the action Borrowers are taking and propose to take with respect thereto.

(g) Within 10 days after the 15th and last day of each calendar month, a borrowing base certificate, in form and substance satisfactory to Lender, setting forth Eligible Receivables and Receivable Amounts thereof as of the 15th and last dayof the each calendar month.

(h) Within 10 days after the 15th and last day of each calendar month, a detailed aging of each Borrower's and Parent's receivables by invoice or a summary aging by account debtor, together with payable aging, inventory analysis, deferred revenue report, and such other matters as Lender may request.

(i) Promptly upon Lender's request, such other books, records, statements, lists of property and accounts, budgets, forecasts or reports as to each Borrower and as to each Guarantor as Lender may request.

4.9 Maintain its primary depository and operating accounts with Lender and, in the case of any deposit accounts not maintained with Lender, grant to Lender a first priority perfected security interest in and **"control"** (within the meaning of Section 9104 of the UCC) of such deposit account pursuant to documentation acceptable to Lender.

4.1 0 Provide to Lender:

(a) promptly upon the execution hereof, the following documents which shall be in form satisfactory to Lender:

(i) a Guaranty and Security Agreement by each of Parent and SFI in favor of Lender;

(ii) a collateral pledge agreement by Parent in favor of Lender, pledging all of the capital stock of SFI and Lilien, and a collateral pledge agreement by SFI in favor of Lender, pledging all of the capital stock of SGSI;

(iii) an Intellectual Property Security Agreement by each Borrower, Parent and SFI in favor of Lender;

(iv) an intercompany subordination agreement by each Borrower, Parent, SFI, and Sysorex Arabia, in favor of Lender;

(v) a collateral assignment of purchase agreement by Parent in favor of Lender;

(vi) a warrant by Parent in favor of Lender to purchase a number of common shares equal to $75,000 divided by the lower of the 10 day average closing share price prior to the Closing Date or the price per share on the day prior to the Closing Date, which will have a six (6) month lock-up period from the effective date of the registration statement for the first secondary public offering by the Parent following the Closing Date (the **"Lock-Up Period"),** and will be exercisable until the later of (1) seven (7) years from the issue date and (2) six (6) months after the expiration of the Lock-Up Period;

(vii) a subordination agreement by each of Qureishi and Sysorex;

(viii) evidence that (x) Lilian's combined cash and marketable securities as at February 28, 2013 is not less than $1,000,000, (y) Lilian's Net Worth as at February 28, 2013 is greater than $1,000,000, and (z) Lilian's Net Worth minus Excess Cash as at February 28, 2013 is at least $1,000,000. For purposes of this Section 4.10(a)(viii), "Net Worth" means (1) Lilian's total assets as determined in accordance with GAAP, excluding any Excluded Assets other than Excess Cash, minus (2) Lilian's total liabilities determined in accordance with GAAP, excluding any Excluded Liabilities, "Excess Cash" means Lilian's combined cash and marketable securities in excess of $1 ,000,000 as at February 28, 2013, and "Excluded Assets" means Excess Cash, the capital stock of Lilien, Seller's articles of organization, operating agreement or other organizational documents, minute books and other corporate records related to its limited liability company organization and capitalization, and any other assets of Seller as listed on Schedule 2.01(b) of the Lilian Disclosure Schedule attached to the Purchase Agreement;

(ix) true and correct executed copies of the Purchase Agreement and all Purchase Documents;

(x) evidence that all of the transactions contemplated by the Purchase Agreement have been duly consummated or shall be duly consummated immediately upon the funding of the initial Revolving Advances;

(xi) evidence that all liens (including tax liens) encumbering any of the Collateral other than Permitted Liens have been satisfied and released, or will be released upon satisfaction of the secured obligation from the proceeds of the initial Advance;

(xii) a subordination agreement from each of Geoffrey I. Lilien, Dhruv Gulati, and Bret R. Osborn; and

(xiii) a lien subordination agreement from each of Avnet, Inc., and Synnex Corporation.

(b) As soon as practicable but in no event later than May 15, 2013, evidence satisfactory to Lender that all deposit accounts of each Borrower (other than deposit accounts maintained at Lender) have been closed, and all funds on deposit therein have been transferred to deposit accounts maintained at Lender.

(c) Satisfactory evidence that from the date of this Agreement and continuously thereafter until June 15, 2013, Borrowers have used their commercially reasonable best efforts to deliver to Lender a duly executed Collateral Access Agreement, in form and substance satisfactory to Lender, covering each of the locations listed on Exhibit B attached hereto.

(d) As soon as practicable but in no event later than June 15, 2013, evidence satisfactory to Lender that the judgment lien recorded against SFI in favor of APA Properties No. 1 LP with the Fairfax Circuit Court, Fairfax County, Virginia, has been satisfied and removed from the public record.

(e) As soon as practicable but in no event later than two business days after the Closing Date, the original certificates evidencing one hundred percent (1 00%) of the issued and outstanding Ownership Interests of Lilian, SGSI and SFI, together with undated stock powers with respect thereto, duly executed in blank, and in form and substance reasonably satisfactory to Lender.

(f) No later than 24 hours after the initial Advance, proof that all outstanding payroll taxes owed by SGSI have been paid.

4.11 Promptly provide to Lender such additional information and documents regarding the finances, properties, business or books and records of Borrowers or any Guarantor or any other obligor as Lender may request.

4.12 Maintain Borrowers' combined financial condition as follows in accordance with GAAP, with compliance determined commencing with Borrowers' financial statements for the period ended February 28, 2013:

(a) Asset Coverage Ratio not at any time less than 1.4 to 1.0, tested as at the end of each month.

(b) Combined revenues and Net Income not to deviate by more than 20% or $100,000 from the projections of combined revenues and Net Income approved by Borrowers' boards of directors with respect to the rolling three month period ended on the date of determination, tested as at the end of each month except during an Enhanced Covenant Period.

(c) Debt Service Coverage Ratio not at any time less than 1.5 to 1.0, tested as at the end of each month commencing on the first month following the commencement of an Enhanced Covenant Period.

4.13 Not make any Restricted Payments or any Investments, other than Permitted Restricted Payments and Permitted Investments.

4.14 Not issue any additional Ownership Interests.

5. SECURITY INTEREST. To secure the prompt payment and performance to Lender of all of the Obligations, each Borrower hereby grants to Lender a continuing security interest in the Collateral. No Borrower is authorized to sell, assign, transfer or otherwise convey any Collateral without Lender's prior written consent, except for the sale of finished inventory in Borrower's usual course of business. Each Borrower agrees to sign any instruments and documents requested by Lender to evidence, perfect, or protect the interests of Lender in the Collateral. Each Borrower agrees to deliver to Lender the originals of all instruments, chattel paper and documents evidencing or related to Receivables and Collateral. Borrowers shall not grant or permit any lien or security in the Collateral or any interest therein other than Permitted Liens.

6. POWER OF ATTORNEY. Each Borrower irrevocably appoints Lender and its successors and as true and lawful attorney in fact, and authorizes Lender (a) to, whether or not there has been an Event of Default, (i) demand, collect, receive, sue, and give releases to any Account Debtor for the monies due or which may become due upon or with respect to the Receivables and to compromise, prosecute, or defend any action, claim, case or proceeding relating to the Receivables, including the filing of a claim or the voting of such claims in any bankruptcy case, all in Lender's name or such Borrower's name, as Lender may choose; (ii) prepare, file and sign such Borrower's name on any notice, claim, assignment, demand, draft, or notice of or satisfaction of lien or mechanics' lien or similar document; (iii) notify all Account Debtors with respect to the Receivables to pay Lender directly; (iv) receive and open all mail addressed to such Borrower for the purpose of collecting the Receivables; (v) endorse such Borrower's name on any checks or other forms of payment on the Receivables; (vi) execute on behalf of such Borrower any and all instruments, documents, financing statements and the like to perfect Lender's interests in the Receivables and Collateral; (vii) debit any of such Borrower's deposit accounts maintained with Lender for any and all Obligations due under this Agreement; and (viii) do all acts and things necessary or expedient, in furtherance of any such purposes, and (b) to, upon the occurrence and during the continuance of an Event of Default, sell, assign, transfer, pledge, compromise, or discharge the whole or any part of the Receivables. Upon the occurrence and continuation of an Event of Default, all of the power of attorney rights granted by each Borrower to Lender hereunder shall be applicable with respect to all Receivables and all Collateral.

7. DEFAULT AND REMEDIES.

7.1 **Events of Default.** The occurrence of any one or more of the following shall constitute an Event of Default hereunder.

(a) **Failure to Pay.** Borrowers fail to make a payment when due under this Agreement.

(b) **Lien Priority.** Lender fails to have an enforceable first lien (except for any prior liens to which Lender has consented in writing) on or security interest in the Collateral.

(c) **False Information.** Any Borrower (or any Guarantor) has given Lender any materially false or misleading information or representations or has failed to disclose any material fact relating to the subject matter of this Agreement.

(d) **Death.** Any Guarantor dies or becomes legally incompetent.

(e) **Voluntary Bankruptcy or Receiver.** Any Borrower (or any Guarantor) (i) files a voluntary bankruptcy petition, (ii) makes a general assignment for the benefit of creditors, (iii) seeks a receiver or similar official to be appointed for a substantial portion of its business, (iv) terminates its business, (v) consents to any such relief or to the appointment of or taking possession by any such official in an involuntary insolvency proceeding, (vi) fails generally to pay its debt as it becomes due, or (vii) takes any action to authorize any of the foregoing.

(f) **Involuntary Bankruptcy or Receiver.** A bankruptcy petition is filed against any Borrower (or any Guarantor), or a receiver or similar official is appointed for a substantial portion of any Borrower's (or any Guarantor's) business, and any of the following events occur: (i) the petition commencing the insolvency proceeding is not timely controverted; (ii) the petition commencing the insolvency proceeding is not dismissed within 45 calendar days of the date of the filing thereof; (iii) an interim trustee is appointed to take possession of all or a substantial portion of the assets of, or to operate all or any substantial portion of the business of, such Borrower or Guarantor; or (iv) an order for relief shall have been issued or entered therein.

(g) **Judgments.** Any judgments or arbitration awards are entered against any Borrower (or any Guarantor), or any Borrower (or any Guarantor) enters into any settlement agreementswith respect to any litigation or arbitration and the aggregate amount of all such judgments, awards, and agreements exceeds $100,000, and any of the foregoing shall continue in effect for a period of 15 days without being vacated, discharged, stayed or bonded pending appeal.

(h) **Material Adverse Change.** A material adverse change occurs, or is reasonably likely to occur, in any Borrower's (or any Guarantor's) business condition (financial or otherwise), operations, properties or prospects, or ability to repay the credit.

(i) **Cross-default.** Any default occurs under any agreement in connection with any credit any Borrower (or any Guarantor) or any of any Borrower's Affiliates has obtained from anyone else or which any Borrower (or any Guarantor) or any of any Borrower's Affiliates has guaranteed (otherthan trade amounts payable incurred in the ordinary course of business and not more than 60 days past due).

(i) **Default under Related Documents.** Any default occurs under any guaranty, subordination agreement, security agreement, deed of trust, mortgage, or other document required by or delivered in connection with this Agreement or any such document is no longer in effect.

(k) **Other Agreements.** Any Borrower (or any Guarantor) or any of any Borrower's Affiliates fails to meet the conditions of, or fails to perform any obligation under any other agreement any Borrower (or any Guarantor) or any of any Borrower's Affiliates has with Lender or any Affiliate of Lender ..

(I) **Change of Control.** Parent ceases to own and control, directly and indirectly, 100% of the capital ownership of each Borrower and each other non-individual Guarantor (other than Parent), or any of Nadir Ali, Dhruv Gulati, or Bret Osborn fails for any reason to serve actively in the day to day management of Borrowers and Guarantors, whether by reason of death, disability, resignation, action by the Board of Directors or shareholders of Borrowers and Guarantors, or otherwise, unless on or before 90 days following the date of such failure, a successor reasonably acceptable to Lender has commenced employment with Borrowers and Guarantors and is actively performing the functions of the departed individual.

(m) **Other Breach Under Agreement.** Borrowers fail to meet the conditions of, or fails to perform any obligation under, any term of this Agreement not specifically referred to above.

(n) **Purchase Agreement.** The "Closing" under the Purchase Agreement shall fail to be duly consummated immediately upon the funding of the initial Revolving Loans.

7.2 **Remedies.** Upon the occurrence of an Event of Default, (1) without implying any obligation to do so, Lender may cease making Advances or extending any other financial accommodations to Borrowers; (2) all or a portion of the Obligations shall be, at the option of and upon demand by Lender, or with respect to an Event of Default described in Section 7.1 (e) or 7.1 (f), automatically and without notice or demand, due and payable in full; and (3) Lender shall have and may exercise all the rights and remedies under this Agreement and under applicable law, including the rights and remedies of a secured party under the UCC, all the power of attorney rights described in Section 6 with respect to all Collateral, and the right to collect, dispose of, sell, lease, use, and realize upon all Receivables and all Collateral in any commercially reasonable manner.

8. **ACCRUAL OF INTEREST.** All interest and finance charges hereunder calculated at an annual rate shall be based on a year of 360 days, which results in a higher effective rate of interest than if a year of 365 or 366 days were used. Lender may charge interest, finance charges and fees based upon the projected amounts thereof as of the due dates therefor, and adjust subsequent charges to account for the actual accrued amounts. If any amount due under Section 2.2, amounts due under Section 9, and any other Obligations not otherwise bearing interest hereunder is not paid when due, such amount shall bear interest at a per annum rate equal to the Finance Charge Percentage until the earlier of (i) payment in good funds or (ii) entry of a trial judgment thereof, at which time the principal amount of any money judgment remaining unsatisfied shall accrue interest at the highest rate allowed by applicable law.

9. FEES, COSTS AND EXPENSES; INDEMNIFICATION. Borrowers will pay to Lender upon demand all fees, costs and expenses (including fees of attorneys and professionals and their costs and expenses) that Lender incurs or may from time to time impose in connection with any of the following: (a) preparing, negotiating, administering, and enforcing this Agreement or any other agreement executed in connection herewith, including any amendments, waivers or consents in connection with any of the foregoing, (b) any litigation or dispute (whether instituted by Lender, Borrowers or any other person) in any way relating to the Receivables, the Collateral, this Agreement or any other agreement executed in connection herewith or therewith, (c) enforcing any rights against Borrowers or any Guarantor, or any Account Debtor, (d) protecting or enforcing its interest in the Receivables or the Collateral, (e) collecting the Receivables and the Obligations, or (f) the representation of Lender in connection with any bankruptcy case or insolvency proceeding involving any Borrower, any Receivable, the Collateral, any Account Debtor, or any Guarantor. Borrowers shall indemnify and hold Lender harmless from and against any and all claims, actions, damages, costs, expenses, and liabilities of any nature whatsoever arising in connection with any of the foregoing.

10. INTEGRATION, SEVERABILITY WAIVER, CHOICE OF LAW, FORUM AND VENUE.

10.1 This Agreement and any related security or other agreements required by this Agreement, collectively: (a) represent the sum of the understandings and agreements between Lender and Borrowers concerning this credit; (b) replace any prior oral or written agreements between Lender and Borrowers concerning this credit; and (c) are intended by Lender and Borrowers as the final, complete and exclusive statement of the terms agreed to by them. In the event of any conflict between this Agreement and any other agreements required by this Agreement, this Agreement will prevail. If any provision of this Agreement is deemed invalid by reason of law, this Agreement will be construed as not containing such provision and the remainder of the Agreement shall remain in full force and effect. Lender retains all of its rights, even if it makes an Advance after a default. If Lender waives a default, it may enforce a later default. Any consent or waiver under, or amendment of, this Agreement must be in writing, and no such consent, waiver, or amendment shall imply any obligation by Lender to make any subsequent consent, waiver, or amendment.

10.2 THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA. THE PARTIES HERETO AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER RELATED DOCUMENTS SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND FEDERAL COURTS LOCATED IN THE COUNTY OF SANTA CLARA, CALIFORNIA, OR, AT THE SOLE OPTION OF LENDER, IN ANY OTHER COURT IN WHICH LENDER SHALL INITIATE LEGAL OR EQUITABLE PROCEEDINGS AND WHICH HAS JURISDICTION OVER THE SUBJECT MATTER AND PARTIES IN CONTROVERSY. EACH PARTY HERETO WAIVES ANY RIGHT TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION AND STIPULATES THAT THE STATE AND FEDERAL COURTS LOCATED IN THE COUNTY OF SANTA CLARA, CALIFORNIA SHALL HAVE IN PERSONAM JURISDICTION AND VENUE OVER EACH SUCH PARTY FOR THE PURPOSE OF LITIGATING ANY SUCH DISPUTE, CONTROVERSY, OR PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR ANY OTHER RELATED DOCUMENTS. SERVICE OF PROCESS SUFFICIENT FOR PERSONAL JURISDICTION IN ANY ACTION AGAINST BORROWERS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THEIR ADDRESSES SPECIFIE:D FOR NOTICES PURSUANT TO SECTION 11.

11. NOTICES; TELEPHONIC AND TELEFAX AUTHORIZATIONS. All notices shall be given to Lender and Borrowers at the addresses or faxes set forth on the signature page of this agreement and shall be deemed to have been delivered and received: (a) if mailed, three (3) calendar days after deposited in the United States mail, first class, postage pre-paid, (b) one (1) calendar day after deposit with an overnight mail or messenger service; or (c) on the same date of confirmed transmission if sent by hand delivery, telecopy, telefax or telex. Lender may honor telephone or telefax instructions for Advances or repayments given, or purported to be given, by any one of the Authorized Persons. Borrowers shall indemnify and hold Lender harmless from all liability, loss, and costs in connection with any act resulting from telephone or telefax instructions Lender reasonably believes are made by any Authorized Person. This paragraph will survive this Agreement's termination, and will benefit Lender and its officers, employees, and agents.

12. DEFINITIONS AND CONSTRUCTION.

12.1 **Definitions.** In this Agreement:

"Account Balance" means at any time the aggregate of the Advances outstanding as reflected on the records maintained by Lender, together with any past due Finance Charges thereon.

"Account Debtor'' has the meaning in the UCC and includes any person liable on any Receivable, including without limitation, any guarantor of any Receivable and any issuer of a letter of credit or banker's acceptance assuring payment thereof.

"Adjustments" means all discounts, allowances, disputes, offsets, defenses, rights of recoupment, rights of return, warranty claims, or short payments, asserted by or on behalf of any Account Debtor with respect to any Receivable.

"Advance" means a Revolving Advance or the Term Advance, as the context requires, and **"Advances"** means all Revolving Advances and the Term Advance.

"Advance Rate" means (a) 85% at all times when Dilution is less than 2%, and {b) 80% at all other times; in either case, or such greater or lesser percentage as Lender may from time to time establish in its sole discretion upon notice to Borrowers.

"Advance Request" means a writing in form and substance satisfactory to Lender and signed by an Authorized Person requesting {1) a Revolving Advance or, {2) on a one time basis, the Term Advance.

"Agreement" means this Business Financing Agreement.

"Affiliate" means, as to any person or entity, any other person or entity directly or indirectly controlling or controlled by, or under direct or indirect common control with, such person or entity.

"Asset Coverage Ratio" means Borrowers' combined unrestricted cash and cash equivalents maintained with Lender, plus Eligible Receivables, divided by the total amount of the Obligations.

"Authorized Person" means any one of the individuals authorized to sign on behalf of Borrowers, and any other individual designated by any one of such authorized signers.

"Borrowing Base" means at any time the sum of (i) the Eligible Receivable Amount multiplied by the applicable Advance Rate plus (ii) the lesser of (x) the value of Eligible Inventory multiplied by the applicable Advance Rate or (y) the Inventory Sublimit minus (iii) the Term Reserve, the Rent Reserve, and such other reserves as Lender may deem proper and necessary from time to time.

"Cash Management Sublimif' means $100,000.

"Closing Date" means the date of the initial Revolving Advance.

"Collateral" means all of each Borrower's rights and interest in any and all personal property, whether now existing or hereafter acquired or created and wherever located, and all products and proceeds thereof and accessions thereto, including but not limited to the following (collectively, the **"Collateral"):** (a) all accounts (including health care insurance receivables), chattel paper (including tangible and electronic chattel paper), inventory (including all goods held for sale or lease or to be furnished under a contract for service, and including returns and repossessions), equipment (including all accessions and additions thereto), instruments (including promissory notes), investment property (including securities and securities entitlements), documents (including negotiable documents), deposit accounts, letter of credit rights, money, any commercial tort claim of such Borrower which is now or hereafter identified by such Borrower or Lender, general intangibles (including payment intangibles and software), goods (including fixtures) and all of such Borrower's books and records with respect to any of the foregoing, and the computers and equipment containing said books and records; and {b) any and all cash proceeds and/or noncash proceeds thereof, including without limitation, insurance proceeds, and all supporting obligations and the security therefore or for any right to payment. In no event shall the Collateral include, or Lender's Lien attach to, any of the outstanding Ownership Interests of a Foreign Subsidiary in excess.of 65% of the issued and outstanding Ownership Interests entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) and 100% of the issued and outstanding Ownership Interests not entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) in each Foreign Subsidiary if the pledge of a greater percentage would result in material adverse tax consequences to Borrowers or Parent.

"Collateral Access Agreement" means a landlord waiver, mortgagee waiver, bailee letter, or acknowledgement agreement of any warehouseman, processor, lessor, consignee, or other person or entity in possession of, having a Lien upon, or having rights or interests in the Equipment or Inventory, or tangible Collateral, in each case, in form and substance satisfactory to Lender.

"Collections" means all payments from or on behalf of an Account Debtor with respect to Receivables.

"Compliance Certificate" means a certificate in the form attached as Exhibit A to this Agreement by an Authorized Person that, among other things, the representations and warranties set forth in this Agreement are true and correct as of the date such certificate is delivered. ·

"Credit Limit" means $5,000,000, which is intended to be the maximum amount of Revolving Advances at any time outstanding.

"Debt Service Coverage Ratio" means, for the rolling three month period ended on the date of determination, the ratio of (i) EBITDA for such period, to (ii) the sum of the current portion of Borrowers' combined long term indebtedness for such period, plus Borrowers' combined interest expense actually paid during such period.

"Default" means any Event of Default or any event that with notice, lapse of time or otherwise would constitute an Event of Default.

"Dilution" means, as of any date of determination, a percentage, based upon the prior twelve (12) months, which is the result of dividing (a) actual bad debt write-downs, discounts, advertising allowances, credits, and any other items with respect to the Receivables determined to be dilutive by Lender in its sole discretion during this period, by (b) Borrowers' consolidated net sales during such period (excluding extraordinary items) plus the amount of clause (a).

"Domestic Subsidiary'' means any direct or indirect subsidiary of any Borrower or Parent organized under the laws of any state of the United States or the District of Columbia.

"Due Diligence Fee" means a payment of an annual fee equal to $900 due upon the date of this Agreement and $500 due upon each anniversary thereof so long as any Advance is outstanding or available hereunder.

"EBITDA" means Borrowers' combined Net Income plus interest expense, depreciation expense and amortization expense.

"Eligible Receivable" means a Receivable that satisfies all of the following:

(a) The Receivable has been created by the applicable Borrower in the ordinary course of such Borrower's business and without any obligation on the part of such Borrower to render any further performance.

(b) There are no conditions which must be satisfied before the applicable Borrower is entitled to receive payment of the Receivable, and the Receivable does not arise from COD sales, consignments or guaranteed sales.

(c) The Account Debtor upon the Receivable does not claim any defense to payment of the Receivable, whether well founded or otherwise.

(d) The Receivable is not the obligation of an Account Debtor who has asserted or may be reasonably be expected to assert any counterclaims or offsets against the applicable ·Borrower (including offsets for any "contra accounts" owed by such Borrower to the Account Debtor for goods purchased by such Borrower or for services performed for such Borrower).

(e) The Receivable represents a genuine obligation of the Account Debtor and to the extent any credit balances exist in favor of the Account Debtor, such credit balances shall be deducted in calculating the Receivable Amount.

(f) The applicable Borrower has sent an invoice to the Account Debtor in the amount of the Receivable.

(g) The applicable Borrower is not prohibited by the laws of the state where the Account Debtor is located from bringing an action in the courts of that state to enforce the Account Debtor's obligation to pay the Receivable. The Borrower has taken all appropriate actions to ensure access to the courts of the state where Account Debtor is located, including, where necessary; the filing of a Notice of Business Activities Report or other similar filing with the applicable state agency or the qualification by such Borrower as a foreign corporation authorized to transact business in such state.

(h) The Receivable is owned by the applicable Borrower free of any title defects or any liens or interests of others except the security interest in favor of Lender, and Lender has a perfected, first priority security interest in such Receivable.

(i) The Account Debtor on the Receivable is not any of the following: (1) an employee, Affiliate, parent or subsidiary of any Borrower, or an entity which has common officers or directors with any Borrower; (2) at all times after June 15, 2013, the U.S. government or any agency or department of the U.S. government unless the applicable Borrower complies with the procedures in the Federal Assignment of Claims Act of 1940 (41 U.S.C.§15) with respect to the Receivable, and the underlying contract expressly provides that neither the U.S. government nor any agency or department thereof shall have the right of set-off against such Borrower;

(3) any person or entity located in a foreign country unless (A) the Receivable is supported by an irrevocable letter of credit issued by a bank acceptable to Lender, and (B) if requested by Lender, the original of such letter of credit and/or any usance drafts drawn under such letter of credit and accepted by the issuing or confirming bank have been delivered to Lender; or (4) an Account Debtor as to which 35% or more of the aggregate dollar amount of all outstanding Receivables owing from such Account Debtor have not been paid within 90 days from invoice date.

(j) The Receivable is not in default (a Receivable will be considered in default if any of the following occur: (i) the Receivable is not paid within 90 days from its invoice date; (ii) the Account Debtor obligated upon the Receivable suspends business, makes a general assignment for the benefit of creditors, or fails to pay its debts generally as they come due; or (iii) any petition is filed by or against the Account Debtor obligated upon the Receivable under any bankruptcy law or any other law or laws for the relief of debtors).

(k) The Receivable does not arise from the sale of goods which remain in the applicable Borrower's possession or under such Borrower's control.

(I) The Receivable is not evidenced by a promissory note or chattel paper, nor is the Account Debtor obligated to the applicable Borrower under any other obligation which is evidenced by a promissory note.

(m) the Receivable is not that portion of Receivables due from an Account Debtor which is in excess of 35% of the applicable Borrower's aggregate dollar amount of all outstanding Receivables.

(n) The Receivable is otherwise acceptable to Lender.

"Eligible Receivable Amount" means at any time the sum of the Receivable Amounts of the Eligible Receivables.

"Enhanced Covenant Period" means at all times when all of the following conditions have been fulfilled and continue to be fulfilled to the satisfaction of Lender: (i) the Debt Service Coverage Ratio shall have exceeded 1.50:1.0 for six consecutive months following the Term Advance Closing Date, (ii) Borrowers' most recent financial projections delivered pursuant to Section 4.8(e) evidence that the Debt Service Coverage Ratio shall continue to exceed 1.50:1.0 for the period covered by such projections, and (iii) no Event of Default or Default shall have occurred and be continuing.

"Equipment" means equipment and fixtures in which a Borrower has an interest.

"Event of Default" has the meaning set forth in Section 7 .1.

"Facility Fee" means a payment of an annual fee equal to 0.25 percentage points of the Credit Limit due upon the date of this Agreement and each anniversary thereof so long as any Advance is outstanding or available hereunder.

"Finance Charge" means for each Monthly Period an interest amount equal to the Finance Charge Percentage of the average daily Account Balance outstanding during such Monthly Period.

"Finance Charge Percentage" means a rate per year equal to the Prime Rate plus 2.00 percentage points plus an additional 5.00 percentage points during any period that an Event of Default has occurred and is continuing.

"Foreign Subsidiary'' means any direct or indirect subsidiary of any Borrower or Parent that is not a Domestic Subsidiary.

"FX Sublimif' means $250,000.

"GAAP" means generally accepted accounting principles consistently applied and used consistently with prior practices.

"GuarantorCsl" means, individually or collectively as the context requires, Parent, SFI, and every other Person who now or hereafter executes a.guaranty in favor of Lender with respect to the Obligations.

"Inventory" means and includes all of each Borrower's now owned or hereafter acquired goods, merchandise and other personal property, wherever located, to be furnished under any consignment, arrangement, contract of service or held for sale or lease, all raw materials, work in process, finished goods and materials and supplies of any kind, nature or description which are or might be used or consumed in such Borrower's business or used in selling or furnishing such goods, merchandise and other personal property, and all documents of title or other documents representing them.
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"Investment" means, with respect to any Person, any investment by such Person in any other Person (including Affiliates) in the form of loans, guarantees, advances, capital contributions, and any other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP.

"Lender'' means Bridge Bank, National Association, and its successors and assigns.

"Letter of Credit" has the meaning set forth in Section 1.8.

"Letters of Credit Obligation" means, at any time, the sum of, without duplication, (i) the maximum amount available to be drawn on all outstanding Letters of Credit issued by Lender or by Lender's Affiliate and (ii) the aggregate amount of all amounts drawn and unreimbursed with respect to Letters of Credit issued by the Lender or by Lender's Affiliate.

"Letter of Credit Sublimit" means $500,000.

"Month End" means the last calendar day of each Monthly Period.

"Monthly Period" means each calendar month.

"Net Income" means Borrowers' combined net income after tax in accordance with GAAP.

"Obligations" means all liabilities and obligations of Borrowers (and each of them) to Lender of any kind or nature, present or future, arising under or in connection with this Agreement or under any other document, instrument or agreement, whether or not evidenced by any note, guarantee or other instrument, whether arising on account or by overdraft, whether direct or indirect (including those acquired by assignment) absolute or contingent, primary or secondary, due or to become due, now owing or hereafter arising, and however acquired; including, without limitation, all Advances, Finance Charges, fees, interest, expenses, professional fees and attorneys' fees.

"Overadvance" means at any time an amount equal to (a) the amounts (if any) by which the total amount of the outstanding Advances (including deemed Revolving Advances with respect to the FX Sublimit and the Letter of Credit Sublimit and the total amount of the Cash Management Sublimit) exceeds the lesser of the Credit Limit or the Borrowing Base or (b) the amounts (if any) by which the total amount of the outstanding deemed Revolving Advances with respect to the FX Sublimit, the Letter of Credit Sublimit or the Cash Management Sublimit exceeds the FX Sublimit, the Letter of Credit Sublimit or the Cash Management Sublimit, respectively.

"Ownership Interests" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in an entity (other than a corporation) and any and all warrants or options to purchase any of the foregoing.

"Parent" means Sysorex Global Holdings Corp., a Nevada corporation.

"PCAOB" means the Public Company Accounting Oversight Board.

"Permitted Indebtedness" means:

(a) Indebtedness under this Agreement or that is otherwise owed to the Lender.

(b) Indebtedness existing on the date hereof and specifically disclosed on a schedule to this Agreement.

(c) Purchase money indebtedness (including capital leases) incurred to acquire capital assets in ordinary course of business and not exceeding $100,000 in total principal amount at any time outstanding.

(d) Indebtedness incurred in the refinancing of any indebtedness set forth in (b) and (c) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose more burdensome terms upon Borrowers.

(e) Subordinated Debt.

"Permitted Investments" means:

(a) Investments by Parent in each Borrower.

(b)· Investments by Parent in any other subsidiary existing on the date of this Agreement but no increases in such Investments.

(c) Permitted Restricted Payments.

"Permitted Liens" means:

(a) Liens securing the Obligations.

(b) Liens with respect to property not consisting of Receivables securing any of the indebtedness described in clauses (b) and (c) of the definition of Permitted Indebtedness.

(c) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings, provided the same have no priority over any of Lender's security interests.

(d) Liens securing Subordinated Debt, provided that any extension, renewal or replacement lien shall be limited to the property encumbered by the existing lien and the principal amount of the indebtedness being extended, renewed or refinanced does not increase.

(e) Liens that are subordinated to the Liens securing the Obligations pursuant to a Lien Subordination Agreement acceptable to Lender.

"Permitted Restricted Payments" means (i) cash payments to Foreign Subsidiaries of Parent in an amount to not exceed, in any rolling twelve month period, $250,000 in the aggregate made by Borrowers and Guarantors; provided that both immediately before and immediately after giving effect thereto, on a pro forma basis, no Default or Event of Default shall have occurred and be continuing, or shall result therefrom, (ii) payments on Subordinated Debt to the extent permitted by the applicable subordination agreement, (iii) cash distributions to Parent in an amount necessary for Parent to make ordinary course of business expenditures; provided that both immediately before and immediately after giving effect thereto, on a pro forma basis, no Default or Event of Default shall have occurred and be continuing, or shall result therefrom, and (iv) until the earlier to occur of (x) the consummation of the first secondary public offering by the Parent following the Closing Date, and (y) March 15, 2015, other cash distributions to Parent in an amount not to exceed $250,000; provided that both immediately before and immediately after giving effect thereto, on a pro forma basis, no Default or Event of Default shall have occurred and be continuing, or shall result therefrom.

"Person" means and includes natural persons, corporations, limited partnerships, general partnerships, limited liability companies, limited liability partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts, or other organizations, irrespective of whether they are legal entities, and governments and agencies and political subdivisions thereof.

"Prime Rate" means the greater of 3.25% per year or the variable per annum rate of interest most recently announced by Lender as its **"Prime Rate."** Lender may price loans to its customers at, above, or below the Prime Rate. Any change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of a change in Lender's Prime Rate.

"Purchase Agreement" means that certain Asset Purchase and Merger Agreement, dated as of March 1, 2013, between Parent, as Buyer, and Seller.

"Purchased Assets" means the assets of Seller acquired by Parent pursuant to the Purchase Agreement, including without limitation, all of the Ownership Interests of Lilien.

"Purchase Documents" means the Purchase Agreements together with any and all pills of sale, assignments and any and ;:~II other agreements, instruments and documents evidencing or executed in connection with the sale of the Purchased Assets by Seller to Parent.

"Receivable Amount" means as to any Receivable, the Receivable Amount due from the Account Debtor after deducting all discounts, credits, offsets, payments or other deductions of any nature whatsoever, whether or not claimed by the Account Debtor.

"Receivables" means each Borrower's rights to payment arising in the ordinary course of such Borrower's business, including accounts, chattel paper, instruments, contract rights, documents, general intangibles, letters of credit, drafts, and bankers acceptances.

"Registered Public Accounting Firm" has the meaning specified by the Securities Laws and shall be independent of Parent and its subsidiaries as prescribed by the Securities Laws.

"Rent Reserve" means a reserve for rent at leased locations subject to landlords liens, past due rent, and up to three months future rent that would be payable to a landlord that has not executed and delivered a Collateral Access Agreement.

"Restricted Payment" means (a) any payment of principal or interest or any purchase, redemption, retirement, acquisition or defeasance with respect to any Subordinated Debt, (b) any distribution on account of any Ownership Interests of any Borrower or Parent, now or hereafter outstanding, (c) any purchase, redemption, retirement, sinking fund, or other direct or indirect acquisition for value any of Ownership Interests of any Borrower or Parent now or hereafter outstanding, (d) any distribution of assets to any shareholder, partner or member of any Borrower or Parent, whether in cash, assets, or in obligations of such Borrower or Parent, (e) any allocation or other set apart of any sum for the payment of any distribution on, or for the purchase, redemption or retirement of, any Ownership Interests of any Borrower or Parent, or (f) any other distribution by reduction of capital or otherwise in respect of any Ownership Interests of any Borrower or Parent.

"Revolving Advance" has the meaning given to such term in Section 1.1 of this Agreement.

"Revolving Advances Maturity Date" means March 15, 2015 or such earlier date as Lender shall have declared the Obligations immediately due and payable pursuant to Section 7.2.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Securities Laws" means the Securities Act of 1933, the Securities Exchange Act of 1934, Sarbanes-Oxley, and the applicable accounting and auditing principles, rules, standards and practices promulgated, approved or incorporated by the SEC or the PCAOB.

"Seller'' means Lilien, LLC, a Delaware limited liability company.

"SFI" means Sysorex Federal, Inc., a Delaware corporation.

"Subordinated Debt" means indebtedness of any Borrower that is expressly subordinated to the indebtedness of such Borrower owed to Lender pursuant to a subordination agreement satisfactory in form and substance to Lender.

"Term Advance" has the meaning given to such term in Section 1.12 of this Agreement.

"Term Advance Closing Date" has the meaning given to such term in Section 1.12 of this Agreement.

"Term Advance Commitment" means $750,000.

"Term Advance Maturity Date" means March 15, 2015 or such earlier date as Lender shall have declared the Obligations immediately due and payable pursuant to Section 7.2.

"Term Advance Reserve" means a reserve against the Borrowing Base in an amount equal to the principal balance of the Term Advance as of the date of determination.

"Termination Fee" means a payment equal to 1.0% of the Credit Limit.

"UCC" means the California Uniform Commercial Code, as amended or supplemented from time to time.

12.2 Construction:

(a) In this Agreement: (i) references to the plural include the singular and to the singular include the plural; (ii) references to any gender include any other gender; (iii) the terms "include" and "including" are not limiting; (iv) the term "or'' has the inclusive meaning represented by the phrase "and/or," (v) unless otherwise specified, section and subsection references are to this Agreement, and (vi) any reference to any statute, law, or regulation shall include all amendments thereto and revisions thereof.

(b) Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved using any presumption against either Borrowers or Lender, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each party hereto and their respective counsel. In case of any ambiguity or uncertainty, this Agreement shall be construed and interpreted according to the ordinary meaning of the words used to accomplish fairly the purposes and intentions of all parties hereto.

(c) Titles and section headings used in this Agreement are for convenience only and shall not be used in interpreting this Agreement.

13. **JURY TRIAL WAIVER.** THE UNDERSIGNED ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED UNDER CERTAIN CIRCUMSTANCES. TO THE EXTENT PERMITTED BY LAW, EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS, HIS OR HER CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THE MUTUAL BENEFIT OF ALL PARTIES, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION ARISING OUT OF OR RELATED TO THIS AGREEMENT OR ANY OTHER DOCUMENT, INSTRUMENT OR AGREEMENT BETWEEN THE UNDERSIGNED PARTIES.

14. **JUDICIAL REFERENCE PROVISION.**

14.1 In the event the Jury Trial Waiver set forth*above* is not enforceable, the parties elect to proceed under this Judicial Reference Provision.

14.2 With the exception of the items specified in Section 14.3, below, any controversy, dispute or claim (each, a **"Claim")** between the parties arising out of or relating to this Agreement or any other document, instrument or agreement between the undersigned parties (collectively in this Section, the **"Loan Documents"),** will be resolved by a reference proceeding in California in accordance with the provisions of Sections 638 et seq. of the California Code of Civil Procedure **("CCP"),** or their successor sections, which shall constitute the exclusive remedy for the resolution of any Claim, including whether the claim is subject to the reference proceeding. Except as otherwise provided in the Loan Documents, *venue* for the reference proceeding will be in the state or federal court in the county or district where the real property involved in the action, if any, is located or in the state or federal court in the county or district where *venue* is otherwise appropriate under applicable law (the **"Court").**

14.3 The matters that shall not be subject to a reference are the following: (i) nonjudicial foreclosure of any security interests in real or personal property, (ii) exercise of self-help remedies (including, without limitation, set-off), (iii) appointment of a receiver and (iv) temporary, provisional or ancillary remedies (including, without limitation, writs of attachment, writs of possession, temporary restraining orders or preliminary injunctions). This reference provision does not limit the right of any party to exercise or oppose any of the rights and remedies described in clauses (i) and (ii) or to seek or oppose from a court of competent jurisdiction any of the items described in clauses (iii) and (iv). The exercise of, or opposition to, any of those items does not waive the right of any party to a reference pursuant to this reference provision as provided herein.

14.4 The referee shall be a retired judge or justice selected by mutual written agreement of the parties. If the parties do not agree within ten (10) days of a written request to do so by any party, then, upon request of any party, the referee shall be selected by the Presiding Judge of the Court (or his or her representative). A request for appointment of a referee may be heard on an ex parte or expedited basis, and the parties agree that irreparable harm would result if ex parte relief is not granted. Pursuant to CCP § 170.6, each party shall *have* one peremptory challenge to the referee selected by the Presiding Judge of the Court (or his or her representative).

14.5 The parties agree that time is of the essence in conducting the reference proceedings. Accordingly, the referee shall be requested, subject to change in the time periods specified herein for good cause shown, to (i) set the matter for a status and trial-setting conference within fifteen (15) days after the date of selection of the referee, (ii) if practicable, try all issues of law or fact within one hundred twenty (120) days after the date of the conference and (iii) report a statement of decision within twenty (20) days after the matter has been submitted for decision.

14.6 The referee will *have* power to expand or limit the amount and duration of discovery. The referee may set or extend discovery deadlines or cutoffs for good cause, including a party's failure to provide requested discovery for any reason whatsoever. Unless otherwise ordered based upon good cause shown, no party shall be entitled to **"priority"** in conducting discovery, depositions may be taken by either party upon *seven* (7) days written notice, and all other discovery shall be responded to within fifteen (15) days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding.

14.7 Except as expressly set forth herein, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee, and the referee will be provided a courtesy copy of the transcript. The party making such a request shall *have* the obligation to arrange for and pay the court reporter. Subject to the referee's power to award costs to the prevailing party, the parties will equally share the cost of the referee and the court reporter at trial.

14.8 The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to emer equitable as well as legal relief, enter equitable orders that will be binding on the parties and rule on any motion which would be authorized in a court proceeding, including without limitation motions for summary judgment or summary adjudication. The referee shall issue a decision at the close of the reference proceeding which disposes of all claims of the parties that are the subject of the reference. Pursuant to CCP § 644, such decision shall be entered by the Court as a judgment or an order in the same manner as if the action had been tried by the Court and any such decision will be final, binding and conclusive. The parties reserve the right to appeal from the final judgment or order or from any appealable decision or order entered by the referee. The parties reserve the right to findings of fact, conclusions of laws, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

14.9 If the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by reference procedure will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge or justice, in accordance with the California Arbitration Act §1280 through §1294.2 of the CCP as amended from time to time. The limitations with respect to discovery set forth above shall apply to any such arbitration proceeding.

14.10 THE PARTIES RECOGNIZE AND AGREE THAT ALL CONTROVERSIES, DISPUTES AND CLAIMS RESOLVED UNDER THIS REFERENCE PROVISION WILL BE DECIDED BY A REFEREE AND NOT BY A JURY. AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS, HIS OR HER OWN CHOICE, EACH PARTY KNOWINGLY AND VOLUNTARILY, AND FOR THE MUTUAL BENEFIT OF ALL PARTIES, AGREES THAT THIS REFERENCE PROVISION WILL APPLY TO ANY CONTROVERSY, DISPUTE OR CLAIM BETWEEN OR AMONG THEM ARISING OUT OF OR IN ANY WAY RELATED TO, THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS.

15. EXECUTION, EFFECTIVENESS, SURVIVAL. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other documents executed in connection herewith constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement. This Agreement shall become effective upon the execution and delivery hereof by Borrowers and Lender and shall continue in full force and effect until the Maturity Date and thereafter so long as any Obligations remain outstanding hereunder. Lender reserves the right to issue press releases, advertisements, and other promotional materials describing any successful outcome of services provided on Borrowers' behalf, only with Borrower's prior approval. Borrowers agree that Lender shall have the right to identify Borrowers by name in those materials.

16. OTHER AGREEMENTS. Any security agreements, liens and/or security interests securing payment of any obligations of Borrowers owing to Lender or its Affiliates also secure the Obligations, and are valid and subsisting and are not adversely affected by execution of this Agreement. An Event of Default under this Agreement constitutes a default under other outstanding agreements between Borrowers and Lender or its Affiliates.

17. JOINT AND SEVERAL LIABILITY; SINGLE LOAN ACCOUNT.

17.1 Joint and Several Liability. Each Borrower agrees that it is jointly and severally, directly and primarily liable to Bank for payment, performance and satisfaction in full of the Obligations and that such liability is independent of the duties, obligations, and liabilities of the other Borrower. Bank may bring a separate action or actions on each, imy, or all of the Obligations against any Borrower, whether action is brought against the other Borrowers or whether the other Borrowers are joined in such action. In the event that any Borrower fails to make any payment of any Obligations on or before the due date thereof, the other Borrowers immediately shall cause such payment to be made or each of such Obligations to be performed, kept, observed, or fulfilled.

17.2 Primarv Obligation: Waiver of Marshaling. This Agreement and the Loan Documents to which Borrowers are a party are a primary and original obligation of each Borrower, are not the creation of a surety relationship, and are an absolute, unconditional, and continuing promise of payment and performance which shall remain in full force and effect without respect to future changes in conditions, including any change of law or any invalidity or irregularity with respect to this Agreement or the Loan Documents to which Borrowers are a party. Each Borrower agrees that its liability under this Agreement and the Loan Documents which Borrowers are a party shall be immediate and shall not be contingent upon the exercise or enforcement by Bank of whatever remedies. they may have against the other Borrowers, or the enforcement of any lien or realization upon any security Bank may at any time possess. Each Borrower consents and agrees that Bank shall be under no obligation to marshal any assets of any Borrower against or in payment of any or all of the Obligations.

17.3 Financial Condition of Borrowers. Each Borrower acknowledges that it is presently informed as to the financial condition of the other Borrowers and of all other circumstances which a diligent inquiry would reveal and which bear upon the risk of nonpayment of the Obligations. Each Borrower hereby covenants that it will continue to keep i.nformed as to the financial condition of the other Borrowers, the status of the other Borrowers and of all circumstances which bear upon the risk of nonpayment. Absent a written request from any Borrower to Bank for information, each Borrower hereby waives any and all rights it may have to require Bank to disclose to such Borrower any information which Bank may now or hereafter acquire concerning the condition or circumstances of the other Borrowers.

17.4 Continuing Liability. The liability of each Borrower under this Agreement and the Loan Documents to which Borrowers are a party includes Obligations arising under successive transactions continuing, compromising, extending, increasing, modifying, releasing, or renewing the Obligations, changing the interest rate, payment terms, or other terms and conditions thereof, or creating new or additional Obligations after prior Obligations have been satisfied in whole or in part. To the maximum extent permitted by law, each Borrower hereby waives any right to revoke its liability under this Agreement and Loan Documents as to future indebtedness, and in connection therewith, each Borrower hereby waives any rights it may have under Section 2815 of the California Civil Code.

17.5 Additional Waivers. Each Borrower absolutely, unconditionally, knowingly, and expressly waives:

(a) (1) notice of acceptance hereof; (2) notice of any Loans or other financial accommodations made or extended under this Agreement and the Loan Documents to which Borrowers are a party or the creation or existence of any Obligations; (3) notice of the amount of the Obligations, subject, however, to each Borrower's right to make inquiry of Bank to ascertain the amount of the Obligations at any reasonable time; (4) notice of any adverse change in the financial condition of the other Borrowers or of any other fact that might increase such Borrower's risk hereunder; (5) notice of presentment for payment, demand, protest, and notice thereof as to any instruments among the Loan Documents to which Borrowers are a party; and (6) all other notices (except if such notice is specifically required to be given to Borrowers hereunder or under the Loan Documents to which Borrowers are a party) and demands to which such Borrower might otherwise be entitled.

(b) its right, under Sections 2845 or 2850 of the California Civil Code, or otherwise, to require Bank to institute suit against, or to exhaust any rights and remedies which Bank has or may have against, the other Borrowers or any third party, or against any collateral for the Obligations provided by the other Borrowers, or any third party. Each Borrower further waives any defense arising by reason of any disability or other defense (other than the defense that the Obligations shall have been fully and finally performed and indefeasibly paid) of the other Borrowers or by reason of the cessation from any cause whatsoever of the liability of the other Borrowers in respect thereof.

(c) (1) any rights to assert against Bank any defense (legal or equitable), set-off, counterclaim, or claim which such Borrower may now or at any time hereafter have against the other Borrowers or any other party liable to Bank; (2) any defense, set-off, counterclaim, or claim, of any kind or nature, arising directly or indirectly from the present or future lack of perfection, sufficiency, validity, or enforceability of the Obligations or any security therefor; (3) any defense such Borrower has to performance hereunder, and any right such Borrower has to be exonerated, provided by Sections 2819, 2822, or 2825 of the California Civil Code, or otherwise, arising by reason of: the impairment or suspension of Bank' rights or remedies against the other Borrowers; the alteration by Bank of the Obligations; any discharge of the other Borrowers' obligations to Bank by operation of law as a result of Bank' intervention or omission; or the acceptance by Bank of anything in partial satisfaction of the Obligations; and (4) the benefit of any statute of limitations affecting such Borrower's liability hereunder or the enforcement thereof, and any act which shall defer or delay the operation of any statute of limitations applicable to the Obligations shall similarly operate to defer or delay the operation of such statute of limitations applicable to such Borrower's liability hereunder.

(d) Each Borrower absolutely, unconditionally, knowingly, and expressly waives any defense arising by reason of or deriving from (i) any claim or defense based upon an election of remedies by Bank including any defense based upon an election of remedies by Bank under the provisions of Sections 580a, 580b, 580d, and 726 of the California Code of Civil Procedure or any similar law of California or any other jurisdiction; or (ii) any election by Bank under Section 1111 (b) of the Bankruptcy Code to limit the amount of, or any collateral securing, its claim against Borrowers. Pursuant to California Civil Code Section 2856(b):

(i) Each Borrower waives all rights and defenses arising out of an election of remedies by the creditor, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed such Borrower's rights of subrogation and reimbursement against the other Borrowers by the operation of Section 580(d) of the California Code of Civil Procedure or otherwise.

(ii) Each Borrower waives all rights and defenses that such Borrower may have because the Obligations are secured by real property. This means, among other things: (1) Bank may collect from such Borrower without first foreclosing on any real or personal property collateral pledged by the other Borrowers; and (2) if Bank forecloses on any real property collateral pledged by the .other Borrowers: (A) the amount of the Obligations may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price; and (B) Bank may collect from such Borrower even if Bank, by foreclosing on the real property collateral, has destroyed any right such Borrower may have to collect from the other Borrowers. This is an unconditional and irrevocable waiver of any rights and defenses each Borrower may have because the Obligations are secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d, or 726 of the California Code of Civil Procedure.

(e) Each Borrower hereby absolutely, unconditionally, knowingly, and expressly waives: (i) any right of subrogation such Borrower has or may have as against the other Borrowers with respect to the Obligations; (ii) any right to proceed against the other Borrowers or any other Person, now or hereafter, for contribution, indemnity, reimbursement, or any other suretyship rights and claims, whether direct or indirect, liquidated or contingent, whether arising under express or implied contract or by operation of law, which such Borrower may now have or hereafter have as against the other Borrowers with respect to the Obligations; and (iii) any right to proceed or seek recourse against or with respect to any property or asset of the other Borrowers.

(f) WITHOUT LIMITING THE GENERALITY OF ANY OTHER WAIVER OR OTHER PROVISION SET FORTH IN THIS AGREEMENT, EACH BORROWER HEREBY ABSOLUTELY, KNOWINGLY, UNCONDITIONALLY, AND EXPRESSLY WAIVES AND AGREES NOT TO ASSERT ANY AND ALL BENEFITS OR DEFENSES ARISING DIRECTLY OR INDIRECTLY UNDER ANY ONE OR MORE OF CALIFORNIA CIVIL CODE SECTIONS 2799, 2808, 2809, 2810,2815,2819,2820,2821,2822,2825,2839, 2845, 2848, 2849, AND 2850, CALIFORNIA CODE OF CIVIL PROCEDURE SECTIONS 580a, 580b, 580c, 580d, AND 726, CALIFORNIA UNIFORM COMMERCIAL CODE SECTIONS 3116, 3118, 3119, 3419, 3605, 9504,9505, AND 9507, AND CHAPTER 2 OF TITLE 14 OF PART 4 OF DIVISION 3 OF THE CALIFORNIA CIVIL CODE.

17.6 Settlements or Releases. Each Borrower consents and agrees that, without notice to or by such Borrower, and without affecting or impairing the liability of such Borrower hereunder, Bank may, by action or inaction:

(a) compromise, settle, extend the duration or the time for the payment of, or discharge the performance of, or may refuse to or otherwise not enforce this Agreement and the Loan Documents, or any part thereof, with respect to the other Borrowers or any Guarantor;

(b) release the other Borrowers or any Guarantor or grant other indulgences to the other Borrowers or any Guarantor in respect thereof; or

(c) release or substitute any Guarantor, if any, of the Obligations, or enforce, exchange, release, or waive any security for the Obligations or any other guaranty of the Obligations, or any portion thereof.

17.7 No Election. Bank shall have the right to seek recourse against each Borrower to the fullest extent provided for herein, and no election by Bank to proceed in one form of action or proceeding, or against any party, or on any obligation, shall constitute a waiver of Bank' right to proceed in any other form of action or proceeding or against other partiesunless Bank has expressly waived such right in writing. Specifically, but without limiting the generality of the foregoing, no action or proceeding by Bank under this Agreement and the Loan Documents shall serve to diminish the liability of any Borrower under this Agreement and the Loan Documents to which Borrowers are a party except to the extent that Bank finally and unconditionally shall have realized indefeasible payment by such action or proceeding.

17.8 Indefeasible Payment. The Obligations shall not be considered indefeasibly paid unless and until all payments to Bank are no longer subject to any right on the part of any Person, including any Borrower, any Borrower as a debtor in possession, or any trustee (whether appointed pursuant to the Bankruptcy Code, or otherwise) of any Borrower's Assets to invalidate or set aside such payments or to seek to recoup the amount of such payments or any portion . thereof, or to declare same to be fraudulent or preferential. Upon such full and final performance and indefeasible payment of the Obligations, Bank shall have no obligation whatsoever to transfer or assign its interest in this Agreement and the Loan Documents to any Borrower. In the event that, for any reason, any portion of such payments to Bank is set aside or restored, whether voluntarily or involuntarily, after the making thereof, then the obligation intended to be satisfied thereby shall be revived and continued in full force and effect as if said payment or payments had not been made, and any Borrower shall be liable for the full amount Bank is required to repay plus any and all costs and expenses (including attorneys' fees and attorneys' fees incurred in proceedings brought under the Bankruptcy Code) paid by Bank in connection therewith.

17.9 Single Loan Account. At the request of Borrowers to facilitate and expedite the administration and accounting processes and procedures of the Loans and Borrowings, Bank have agreed, in lieu of maintaining separate loan accounts on Bank' books in the name of each of the Borrowers, that Bank may maintain a single loan account under the name of all of both Borrowers (the "Loan Account"). All Loans shall be made jointly and severally to Borrowers and shall be charged to the Loan Account, together with all interest and other charges as permitted under and pursuant to this Agreement. The Loan Account shall be credited with all repayments of Obligations received by Bank, on behalf of Borrowers, from either Borrower pursuant to the terms of this Agreement.

17.1 0 Apportionment of Proceeds of Loans. Each Borrower expressly agrees and acknowledges that Bank shall have no responsibility to inquire into the correctness of the apportionment or allocation of or any disposition by any of Borrowers of (a) the Loans or any Borrowings, or (b) any of the expenses and other items charged to the Loan Account pursuant to this Agreement. The Loans and all such Borrowings and such expenses and other items shall be made for the collective, joint, and several account of Borrowers and shall be charged to the Loan Account.

* * *

[remainder of this page intentionally left blank]

* * *

IN WITNESS WHEREOF, Borrowers and Lender have executed this Agreement on the day and year above written.

BORROWERS:

LILIEN SYSTEMS,
a California corporation

By: /s/ Nadir Ali
Name: Nadir Ali
Title: Chairman

Address for Notices:

3375 Scott Blvd, Suite 440
Santa Clara, CA 95054
Fax: (703) 880-7219

SYSOREX GOVERNMENT SERVICES, INC.,
a Virginia corporation

By: _____
Name: Wendy Loundermon
Title: President and Chief Financial Officer

Address for Notices:

3375 Scott Blvd., Suite 440
Santa Clara, CA 95054

LENDER:

BRIDGE BANK, NATIONAL ASSOCIATION

By: _____
Name: Sarah Schmidt
Title: Senior Vice President

Address for Notices:

Attn: Lee A. Shodiss, Senior Vice President
55 Almaden Blvd., Suite 150
San Jose, CA 95113
Tel: (408) 556-6502
Fax: (408) 423-8514

IN WITNESS WHEREOF, Borrowers and Lender have executed this Agreement on the day and year above written.

BORROWERS:

LILIEN SYSTEMS,
a California corporation

By: _____
Name: Nadir Ali
Title: Chairman

Address for Notices:

3375 Scott Blvd, Suite 440
Santa Clara, CA 95054
Fax: (703) 880-7219

SYSOREX GOVERNMENT SERVICES, INC.,
a Virginia corporation

By: _____
Name: Wendy Loundermon
Title: President and Chief Financial Officer

Address for Notices:

3375 Scott Blvd., Suite 440
Santa Clara, CA 95054

LENDER:

BRIDGE BANK, NATIONAL ASSOCIATION

By: /s/ Sarah Schmidt
Name: Sarah Schmidt
Title: Senior Vice President

Address for Notices:

Attn: Lee A. Shodiss, Senior Vice President
55 Almaden Blvd., Suite 150
San Jose, CA 95113
Tel: (408) 556-6502
Fax: (408) 423-8514

IN WITNESS WHEREOF, Borrowers and Lender have executed this Agreement on the day and year above written.

BORROWERS:

LILIEN SYSTEMS,
a California corporation

By: _____
Name: Nadir Ali
Title: Chairman

Address for Notices:

3375 Scott Blvd, Suite 440
Santa Clara, CA 95054
Fax: (703) 880-7219

SYSOREX GOVERNMENT SERVICES, INC.,
a Virginia corporation

By: /s/ Wendy Loundermon
Name: Wendy Loundermon
Title: President and Chief Financial Officer

Address for Notices:

3375 Scott Blvd., Suite 440
Santa Clara, CA 95054

LENDER:

BRIDGE BANK, NATIONAL ASSOCIATION

By: _____
Name: Sarah Schmidt
Title: Senior Vice President

Address for Notices:

Attn: Lee A. Shodiss, Senior Vice President
55 Almaden Blvd., Suite 150
San Jose, CA 95113
Tel: (408) 556-6502
Fax: (408) 423-8514

Exhibit A to Business Financing Agreement
Form of Compliance Certificate

COMPLIANCE CERTIFICATE

TO: BRIDGE BANK, NATIONAL ASSOCIATION (the "Lender")

FROM: Lilien Systems, a California corporation , and Sysorex Government Services, Inc., a Virginia corporation (the "Borrowers")

The undersigned authorized officers of Lilien Systems, a California corporation ("Lilien"), and Sysorex Government Services, Inc., a Virginia corporation ("SGSI"), respectively (Lilien and SGSI are sometimes collectively referred to herein as "Borrowers" and each individually as a "Borrower"), each hereby certifies that in accordance with the terms and conditions of the Business Financing Agreement between Borrowers and Lender (the "Agreement"), (i) Borrowers are in complete compliance for the period ending _____ with all required covenants except as noted below and (ii) all representations and warranties of Borrowers stated in the Agreement are true and correct as of the date hereof. Attached herewith are the required documents supporting the above certification. Each officer further certifies that these are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are consistently applied from one period to the next except as explained in an accompanying letter or footnotes.

Please indicate compliance status by circling Yes/No under "Complies" column.

Reporting Covenant	**Required**		**Complies**
Consolidating and consolidated monthly financial statements	Within 30 days of the end of each month	Yes	No
Compliance Certificate	Within 30 days of the end of each calendar month	Yes	No
NR & *NP* Agings and Borrowing Base Certificate	Prior to or concurrent with the initial Formula Advance and within 10 days after the 15th and last day of each calendar month thereafter	Yes	No
Consolidating and consolidated annual financial statements (CPA audited)	Within 90 days of each FYE	Yes	No
10K, 10Q, and 8-K reports (and/or the equivalent filings with the OTC PINK marketplace)	Current with SEC (and/or the OTC PINK marketplace, as applicable) filing dates	Yes	No
NR & Collateral Audit	Prior to the initial Formula Advance and annually thereafter	Yes	No
Board approved operating projections (including income statements, balance sheets and cash flow statements)	Within 30 days after the beginning of each fiscal year	Yes	No

Financial Covenant	**Required**	**Actual**		**Complies**
Asset Coverage Ratio	1.4 to 1.00	___ to 1.00	Yes	No
	Combine revenues and Net Income. not to negatively deviate by more than 20% or $100,000 from the projections of combined revenues and Net Income approved by Borrowers' boards of directors with respect to the rolling three month period ended on the date of determination		Yes	No
Debt Service Coverage Ratio	1.50 to 1.00	to 1.00	Yes	No

Deposits
Deposits held at Bridge Bank: $_____
Deposits held outside of Bridge Bank: $_____

Comments Regarding Exceptions: See Attached.

Sincerely,

SIGNATURE

TITLE

DATE

SIGNATURE

TITLE

DATE

BANK USE ONLY

Received by:
AUTHORIZED SIGNER

Date:

Verified:
AUTHORIZED SIGNER

Date:

Compliance Status Yes No

Exhibit B to Business Financing Agreement

Locations of Collateral

Sysorex Global Holdings Corp-3375 Scott Blvd, Suite 440, Santa Clara, CA 95054

Sysorex Government Services, Inc. -13800 Coppermine Road, Suite 300, Herndon, VA 20171

Sysorex Federal, Inc.-5436 Heredity Lane, Gainesville, VA 20155

Lilien Systems -4 locations:

17 E. Sir Francis Drake Blvd, Suite 110, Larkspur, CA 94939

11235 SE 6th St., Suite 155, Bellevue, WA 98004

15220 NW Greenbrier Parkway, Suite 230, Beaverton, OR 97006

841 Bishop Street, Suite 2030, Honolulu, Hl96813

Exhibit 4.3

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTE~U~ER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR PURSUANT TO RULE 144 OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE CORPORATION AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

WARRANT TO PURCHASE STOCK

Issuer: Sysorex Global Holdings Corp., a Nevada corporation {the "Company")

Number of Shares: 166,667 shares of Common Stock, as the same may be from time to time adjusted pursuant to Article 2 hereof.

Class of Stock: Common Stock (the "Shares")

Exercise Price: $0.45, as the same may be from time to time adjusted pursuant to Article 2 hereof.

Issue Date: March 20, 2013

Expiration Date: The later of (i) March 20, 2020 and (ii) six {6) months after the expiration date of the Lock-Up Period (defined in Section 1.1).

THIS WARRANT CERTIFIES THAT, for the agreed upon value of $1.00 and for other good and valuable consideration, BRIDGE BANK, NATIONAL ASSOCIATION ("Holder") is entitled to purchase the number of fully paid and nonassessable Shares of the Company at the Exercise Price per Share set forth, subject to the provisions and upon the terms and conditions set forth in this Warrant.

ARTICLE 1 EXERCISE.

1.1 Method of Exercise. This Warrant is exercisable, in whole or in part, at any time and from time to time commencing on March 20, 2013 until and including the Expiration Date set forth above. Notwithstanding the foregoing, for the six (6) month period commencing upon the effective date of the registration statement for the first secondary public offering by the Company following the Issue Date (the "Lock-Up Period"), the Holder shall not be permitted to exercise this Warrant. Holder may exercise this Warrant by delivering a duly executed Notice of Exercise, in substantially the form attached as Appendix 1, to the principal office of Company. Unless Holder is exercising the conversion right set forth in Section 1.2, Holder shall also deliver to Company a check for the aggregate Exercise Price for Shares being purchased.

1.2 Conversion Right. In lieu of exercising this Warrant as specified in Section 1.1, Holder may from time to time convert this Warrant, in whole or in part, into a number of Shares determined by dividing (a) the aggregate fair market value of Shares or other securities otherwise issuable upon exercise of this Warrant minus the aggregate Exercise Price of such Shares by (b) the fair market value of one Share. The fair market value of Shares shall be determined pursuant to Section 1.3.

1.3 Fair Market Value. If the Shares are traded in a public market, the fair market value of the Shares shall be the closing price of the Shares (or the closing price of the Company's stock into which the Shares are convertible) reported for the business day immediately before Holder delivers its Notice of Exercise to the Company. If the Shares are not traded in a public market, the Board of Directors of Company shall determine fair market value in its reasonable good faith judgment. The foregoing notwithstanding, if Holder advises the Board of Directors in writing that Holder disagrees with such determination, then Company and Holder shall promptly agree upon a reputable investment banking firm to undertake such valuation. If the valuation of such investment banking firm is greater than that determined by the Board of Directors, then all. fees and expenses of such investment banking firm shall be paid by Company. In all other circumstances, such fees and expenses shall be paid by Holder.

1.4 Delivery of Certificate and New Warrant. Promptly after Holder exercises or converts this Warrant, Company shall deliver to Holder certificates for Shares acquired and, if this Warrant has not been fully exercised or converted and has not expired, a new Warrant representing Shares not so acquired.

1 .5 Replacement of Warrants. On receipt of evidence reasonably satisfactory to Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to Company or, in the case of mutilation, on surrender and cancellation of this Warrant, Company at its expense shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor.

1.6 Repurchase on Sale. Merger. or Consolidation of Company. For the purpose of this Warrant, "Acquisition" means any sale, license, or other disposition of all or substantially all of the assets of Company, or any reorganization, consolidation, or merger of Company where the holders of Company's securities before the transaction beneficially own less than 50% of the outstanding voting securities of the surviving entity after the transaction. Upon the closing of any Acquisition, the successor entity shall assume the obligations of this Warrant, and this Warrant shall be exercisable for the same securities, cash, and property as would be payable for Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on the record date for the Acquisition and subsequent closing, and the Exercise Price shall be adjusted accordingly; provided that if pursuant to such Acquisition the entire outstanding class of Shares issuable upon exercise of the unexercised portion of this Warrant are cancelled and the total consideration payable to the holders of such class of Shares consists entirely of cash, then, upon payment to the holder of this Warrant of an amount equal to the amount such holder would receive if such holder held Shares issuable upon exercise of the unexercised portion of this Warrant and such Shares were outstanding on the record date for the Acquisition less the aggregate Exercise Price of such Shares, this Warrant shall be cancelled.

ARTICLE 2 ADJUSTMENTS.

2.1 Stock Dividends. Splits. Etc. If Company declares or pays a dividend on its common stock (or Shares if Shares are securities other than common stock) payable in common stock or other securities, subdivides the outstanding common stock into a greater amount of common stock, or, if Shares are securities other than common stock, subdivides Shares in a transaction that increases the amount of common stock into which Shares are convertible, then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without cost to Holder, the total number and kind of securities to which Holder would have been entitled had Holder owned Shares of record as of the date the dividend or subdivision occurred.

2.2 Reclassification. Recapitalization. Exchange or Substitution. Except in the case of an Acquisition to which Section 1.6 is applicable, upon any reclassification, recapitalization, exchange, substitution, or other event that results in a change of the number and/or class of the securities issuable upon exercise or conversion of this Warrant, Holder shall be entitled to receive, upon exercise or conversion of this Warrant, the number and kind of securities and property that Holder would have received for Shares if this Warrant had been exercised immediately before such reclassification, recapitalization, exchange, substitution, or other event. Company or its successor shall promptly issue to Holder a new Warrant for such new securities or other property. The new Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 2 including, without limitation, adjustments to the Exercise Price and to the number of securities or property issuable upon exercise of the new Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, recapitalizations, exchanges, substitutions, or other events.

2.3 Adjustments for Combinations. Etc. If the outstanding Shares are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Exercise Price shall be proportionately increased and the number of Shares as to which this warrant is exercisable shall be proportionately decreased.

2.4 Adjustment for Pay-to-Pay Transactions. in the event that the Company's Articles (Certificate) of Incorporation provides, or is amended to so provide, for the amendment or modification of the rights, preferences or privileges of the Shares, or the reclassification, conversion or exchange of the outstanding shares of the Class of Stock, in the event that a holder of shares thereof fails to participate in an equity financing transaction (a "Pay-to-Play Provision"), and in the event that such Pay-to-Play Provision becomes operative in a transaction occurring after the date hereof, this Warrant shall automatically and without any action required become exercisable for that number and type of shares of equity securities as would have been issued or exchanged, or would have remained outstanding, in respect of the Shares issuable hereunder had this Warrant been exercised in full prior to such event, and had the Holder participated in the equity financing to the maximum extent permitted.

2.5 No Impairment. Company shall not, by amendment of its Articles/Certificate of Incorporation or through a reorganization, transfer of assets, consolidation, merger, dissolution, issue, or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this Warrant by Company, but shall at all times in good faith assist in carrying out of all the provisions of this Article 2 and in taking all such action as may be necessary or appropriate to protect Holder's rights under this Article against impairment. If Company takes any dilutive action affecting Shares or its common stock other than as described above that adversely affects Holder's rights under this Warrant, the Exercise Price shall be adjusted downward and the number of Shares issuable upon exercise of this Warrant shall be adjusted upward in such a manner that such dilutive action is offset and the aggregate Exercise Price of this Warrant is unchanged.

2.6 Fractional Shares. No fractional Shares shall be issuable upon exercise or conversion of the Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional share interest arises upon any exercise or conversion of the Warrant, Company shall eliminate such fractional share interest by paying Holder an amount computed by multiplying the fractional interest by the fair market value of a full Share. ·

2.7 Certificate as to Adjustments. Upon each adjustment of the Exercise Price, Company at its expense shall promptly compute such adjustment, and furnish Holder with a certificate of its Chief Financial Officer setting forth such adjustment and the facts upon which such adjustment is based. Company shall, upon written request, furnish Holder a certificate setting forth the Exercise Price in effect upon the date thereof and the series of adjustments leading to such Exercise Price.

ARTICLE 3 COVENANTS OF COMPANY.

3.1 Valid Issuance. Company shall take all steps necessary to insure that all Shares which may be issued upon the exercise of this Warrant, and all securities, if any, issuable upon conversion of Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws.

3.2 Notice of Certain Events. If Company proposes at any time (a) to declare any dividend or distribution upon its common stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend; (b) to offer for subscription pro rata to the holders of any class or series of its stock any additional shares of stock of any class or series or other rights; (c) to effect any reclassification or recapitalization of common stock; (d) to merge or consolidate with or into any other corporation, or sell, lease, license, or convey all or substantially all of its assets, or to liquidate, dissolve or wind up; or (e) offer holders of registration rights the opportunity to participate in an underwritten public offering of the company's securities for cash, then, in connection with each such event, Company shall give Holder (1) in the case of the matters referred to in (a) and (b) above at least 10 days prior written notice of the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of common stock will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (c) and (d) above; (2) in the case of the matters referred to in (c) and (d) above at least 10 days prior written notice of the date when the same will take place (and specifying the date on which the holders of common stock will be entitled to exchange their common stock for securities or other property deliverable upon the occurrence of such event); and (3) in the case of the matter referred to in (e) above, the same notice as is given to the holders of such registration rights.

3.3 Information. So long as the Holder holds this Warrant and/or any of the Shares, Company shall deliver to Holder (a) promptly, copies of all notices or other written communications to which Holder would be entitled if it held Shares as to which this Warrant was then exercisable and (b) such other financial statements required under and in accordance with any loan documents between Holder and Company, or if there are no such requirements or if the subject loan(s) are no longer are outstanding, then within 45 days after the end of each of the first three quarters of each fiscal year, Company's quarterly, unaudited financial statements and within 90 days after the end of each fiscal year, Company's annual, audited financial statements.

3.4 Notice of Expiration. Company shall give Holder written notice of Holder's right to exercise this Warrant in the form attached as Appendix 2 not more than 90 days and not less than 15 days before the Expiration Date and, in the case of an Acquisition to which the proviso of Section 1.6 shall be applicable, 15 days' notice of such Acquisition. If the notice is not so given, the Expiration Date shall automatically be extended until 15 days after the date Company delivers the notice to Holder.

3.5 Registration Rights. The Shares shall have the registration rights set forth in the Registration Rights Agreement of even date herewith between the Company and Holder.

ARTICLE 4 MISCELLANEOUS.

4.1 Legends. This Warrant and the Shares (and the securities issuable, directly or indirectly, upon conversion of Shares, if any) shall be imprinted with a legend in substantially the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR PURSUANT TO RULE 144 OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

4.2 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of Shares, if any) may not be transferred or assigned in whole or in part without compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to Company, as reasonably requested by Company). Company shall not require Holder to provide an opinion of counsel if the transfer is to an affiliate of Holder or if there is no material question as to the availability of current information as referenced in Rule 144{c), Holder represents that it has complied with Rule 144{d) and (e) in reasonable detail, the selling broker represents that it has complied with Rule 144(f), and the Company is provided with a copy of Holder's notice of proposed sale.

4.3 Transfer Procedure. Subject to the provisions of Section 4.2, Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the securities issuable, directly or indirectly, upon conversion of Shares, if any) at any time to any other transferee acceptable to Company (which acceptance shall not be unreasonably withheld or delayed) by giving Company notice of the portion of the Warrant being transferred setting forth the name, address and taxpayer identification number of the transferee and surrendering this Warrant to Company for reissuance to the transferee(s) (and Holder if applicable). Unless Company is filing financial information with the SEC pursuant to the Securities Exchange Act of 1934, Company shall have the right to refuse to transfer any portion of this Warrant to any person who directly competes with Company.

4.4 Notices. All notices and other communications from Company to Holder, or vice versa, shall be in writing and shall be deemed delivered and effective when given personally or mailed by first-class registered or certified mail, postage prepaid, or by overnight courier, at such address as may have been furnished to Company or Holder, as the case may be, in writing by Company or such Holder from time to time.

4.5 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

4.6 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its principles regarding conflicts of law.

[Signature page follows]

IN WITNESS WHEREOF, Company has caused this Warrant to be duly executed by its authorized officers, all as of the day and year first above written.

COMPANY
SYSOREX GLOBAL HOLDINGS CORP.

By: /s/ Nadir Ali
Name: Nadir Ali
Title: President

WARRANT

APPENDIX 1
Notice of Exercise

[Strike paragraph that does not apply.]

1. The undersigned hereby elects to purchase shares of the Common Stock of Sysorex Global Holdings Corp. pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full.

1. The undersigned hereby elects to convert the attached Warrant into Shares in the manner specified in the Warrant. This conversion is exercised with respect to of the Shares covered by the Warrant.

2. Please issue a certificate or certificates representing said shares in the name of the undersigned or in such other name as is specified below:

Name: _____

Address: _____

3. The undersigned represents it is acquiring the shares solely for its own account and not as a nominee for any other party and not with a view toward the resale or distribution thereof except in compliance with applicable securities laws.

_____
(Signature)

_____
(Date)

Exhibit 4.4

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS EXERCISABLE HA VE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRA TION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT *TO,* TIE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.

COMMON STOCK PURCHASE WARRANT

To Purchase 300,000 Shares of Common Stock of

SYSOREX GLOBAL HOLDINGS CORP.

No. 2012- 00
July 31, 2012

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") CERTIFIES that, for value received, Hanover Holdings I, LLC and its registered assigns (collectively, the "Holder"), is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date of this Warrant, and on or prior to the second anniversary of the date of this Warrant (the "Termination Date"), but not thereafter, to subscribe for and purchase from Sysorex Global Holdings Corp., a Nevada corporation (the "Company"), up to 300,000 shares (the "Warrant Shares") of the common stock, par value $0.001 per share, of the Company (the "Common Stock") at an exercise price of $0.87 per share of Common Stock (the "Exercise Price"). The Exercise Price and the number of Warrant Shares for which the Warrant is exercisable shall be subject to adjustment as provided herein.

l. Title to Warrant. Prior to the Termination Date and subject to compliance with applicable laws, including transfer restrictions imposed by applicable securities laws and Section 7 of this Warrant, this Warrant and all rights hereunder are transferable, in whole or in part, at the office or agency of the Company by the Holder in person or by duly authorized attorney, upon surrender of this Warrant together with the Assignment Form annexed hereto properly endorsed. The transferee shall sign an investment letter in form and substance reasonably satisfactory to the Company.

2. Authorization of Shares. The Company covenants that all Warrant Shares which may be issued from time to time upon the exercise of this Warrant, will, upon exercise of this Warrant, be duly authorized, validly issued, filly paid and non-assessable and free from all taxes, liens, and charges in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

3. Exercise of Warrant.

(a) Subject to Section 3(c), exercise of the purchase rights represented by this Warrant may be made within five (5) years from the its issuance, at any time on or before 5 p.m., Nevada time, by delivery to the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of such holder appearing on the books of the Company) of a duly executed Notice of Exercise Form annexed hereto, and surrender of this Warrant, together with payment of the aggregate Exercise Price of the shares thereby purchased by wire transfer or cashier's check drawn on a United States bank in immediately available funds.

Certificates for Warrant Shares purchased hereunder shall be delivered to the Holder within three (3) days from the delivery to the Company of the Notice of Exercise Form, surrender of this Warrant, and payment of the aggregate Exercise Price as set forth above ("Warrant Share Delivery Date"). This Warrant shall be deemed to have been exercised on the later of (i) the date the Notice of Exercise is delivered to the Company; and (ii) the date the Exercise Price is received by the Company. The Warrant Shares shall be deemed to have been issued, and Holder or any other person so designated to be named therein, shall be deemed to have become a holder of record of such Warrant Shares for all purposes, as of the date the Warrant has been exercised by payment to the Company of the Exercise Price and all taxes required to be paid by the Holder, if any, pursuant to Section 5 hereof, have been paid. If the Company shall fail for any reason, or for no reason, to issue to the Holder a certificate for the Warrant Shares to which the Holder is entitled within three (3) days of receipt of the Notice of Exercise and the Exercise Price, the Holder (or a broker for the Holder) may purchase (in an open market transaction or otherwise), shares of Common Stock as replacement for the Warrant Shares and the Company shall then pay in cash to the Holder the amount by which the Holder's total purchase price (including brokerage commissions, if any) for the Common Stock so purchased exceeds the aggregate Exercise Price for the Warrant Shares required to have been delivered to the Holder. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing the Warrant Shares upon exercise of the Warrant, as required pursuant to the terms hereof.

(b) Cashless Exercise. In connection with any exercise of this Warrant, in lieu of payment of the Exercise Price, the Holder may exercise this Warrant, in whole or in part, by presentation and surrender of this Warrant to the Company, together with a Notice of Exercise Form attached hereto duly executed (a "Cashless Exercise"). Such presentation and surrender shall be deemed a waiver of the Holder's obligation to pay all or any portion of the Exercise Price, as the case may be. In the event of a Cashless Exercise, the Holder shall exchange this Warrant for that number of Common Shares determined by multiplying the number of Common Shares for which this Warrant is being exercised by a fraction, (a) the numerator of which shall be the difference between (i) the then current market price per Common Share, and (ii) the Exercise Price, and (b) the denominator of which shall be the then current market price per Common Share. For purposes of any computation under this Section 3(b), the then current market price per Common Share at any date shall be deemed to be the average of the daily trading price for the ten (10) consecutive trading days immediately prior to the Cashless Exercise. If, during such measuring period, there shall occur any event which gives rise to any adjustment of the Exercise Price, then a corresponding adjustment shall be made with respect to the closing prices of the Common Shares for the days prior to the Effective Date of such adjustment event. As used herein, the term "trading price" on any relevant date means (A) if the Common Stock is listed for trading on the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Market, the NASDAQ Select Market (or any replacement NASDAQ market), the closing sale price (or, if no closing sale price is reported, the last reported sale price) of the Common Stock (regular way), or (B) if the Common Stock is not so listed but quotations for the Common Stock are reported on the OTC Bulletin Board or Pink Sheets OTC Markets LLC, the most recent closing price as reported on the OTC Bulletin Board or Pink Sheets OTC Markets LLC.

(c) If this Warrant shall have been exercised in part, the Company shall, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to Holder a new Warrant evidencing the rights of Holder to purchase the un-purchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

4. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which Holder would otherwise be entitled to purchase upon such exercise, the Company shall pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price.

5. Charges, Taxes, and Expenses. Issuance of certificates for Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder provided, however, that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto, duly executed by the Holder, in which instance the Company may require, as a condition thereto, the payment by the Holder or such assignee of a sum sufficient to reimburse it for any transfer tax incidental thereto.

6. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

7. Transfer, Division and Combination.

(a) Subject to compliance with any applicable securities laws and the conditions set forth in Sections 1 and 7(e) hereof, this Warrant and all rights hereunder are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney, and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. A Warrant, if properly assigned, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued. Notwithstanding the foregoing, the Holder will not voluntarily and knowingly assign or transfer this Warrant or the Warrant Shares to any direct competitor of the Company without the Company's prior written consent.

(b) This Warrant may be divided or combined with other Warrants upon presentation hereof at the office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 7(a) as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice.

(c) The Company shall prepare, issue and deliver at its own expense (other than transfer taxes) the new Warrant or Warrants under this Section 7.

(d) The Company agrees to maintain, at its aforesaid office, books for the registration and the registration of transfer of the Warrants.

(e) The Company may require, as a condition of allowing such transfer (i) that the Holder or transferee of this Warrant, as the case may be, furnish to the Company a written opinion of counsel reasonably acceptable to the Company (which opinion shall be in form, substance, and scope customary for opinions of counsel in comparable transactions) to the effect that such transfer may be made without registration under the Securities Act and under applicable state securities or blue sky laws, (ii) that the holder or transferee execute and deliver to the Company an investment letter in form and substance acceptable to the Company, and (iii) that the transferee be an "accredited investor" as defined in Rule 501(a) promulgated under the Securities Act or a qualified institutional buyer as defined in Rule I44A(a) under the Securities Act.

8. No Rights as Shareholder until Exercise. This Warrant does not entitle the Holder to any voting rights or other rights as a shareholder of the Company prior to the exercise hereof. Upon the surrender of this Warrant and the payment of the aggregate Exercise Price, the Warrant Shares so purchased shall be and be deemed to be issued to the Holder as the record owner of such shares as of the close of business on the later of the date of such surrender or payment.

9. Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction, or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, receipt by the Company of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

10. Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall be a Saturday, Sunday or a legal holiday, then such action may be taken, or such right may be exercised, on the next succeeding day not a Saturday, Sunday or legal holiday.

11. Adjustments of Exercise Price. In the event that the Company issues additional securities (the "Dilutive Event"), other than (i) shares issued in an underwritten public offering of the Company's Common Stock; (ii) shares of Common Stock or options to purchase such shares issued to employees, consultants, officers or directors in accordance with stock plans or stock options plans approved by the Company's board of directors and shareholders and existing on the date hereof; and (iii) shares of Common Stock issuable under employment, consulting agreements or loan agreements that are outstanding as of the date hereof, then the Exercise Price shall be adjusted (but only if such adjustment results in a lower exercise price) to an amount equal to the amount received or deemed to be received by the Company pursuant to such Dilutive Event, per share.

12. Reorganization, Reclassification. Merger, Consolidation or Disposition of Assets. In case the Company shall reorganize its capital, reclassify its capital stock, consolidate or merge with or into another corporation (where the Company is not the surviving corporation or where there is a change in or distribution with respect to the Common Stock of the Company), or sell, transfer orotherwise dispose of its property, assets or business to another corporation and, pursuant to the terms of such reorganization, reclassification, merger, consolidation or disposition of assets, shares of common stock of the successor or acquiring corporation, or any cash, shares of stock or other securities or property of any nature whatsoever (including warrants or other subscription or purchase rights) in addition to or in lieu of common stock of the successor or acquiring corporation ("Other Property"), are to be received by or distributed to the holders of Common Stock of the Company, then, from and after the consummation of such transaction or event, the Holder shall have the right thereafter to receive, instead of the Warrant Shares, at the option of the Holder, (a) upon exercise of this Warrant, the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and Other Property receivable upon or as a result of such reorganization, reclassification, merger, consolidation or disposition of assets by a Holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such event, or (b) if the Company is acquired in an all cash transaction, cash equal to the value of this Warrant as determined in accordance with the BlackScholes option pricing formula. For purposes of this Section 12, "common stock of the successor or acquiring corporation" shall include stock of such corporation of any class which is not preferred as to dividends or assets over any other class of stock of such corporation and which is not subject to redemption and shall also include any evidences of indebtedness, shares of stock, or other securities which are convertible into or exchangeable for any such stock, either immediately or upon the arrival of a specified date or the happening of a specified event and any warrants or other rights to subscribe for or purchase any such stock. The foregoing provisions of this Section 12 shall similarly apply to successive reorganizations, reclassifications, mergers, consolidations or disposition of assets.

13. Notice of Adjustment. Whenever the number of Warrant Shares, or the number or kind of securities or other property purchasable upon the exercise of this Warrant, or the Exercise Price is adjusted, as herein provided, the Company shall give notice thereof to the Holder, which notice shall state the number of Warrant Shares (and other securities or property) purchasable upon the exercise of this Warrant and the Exercise Price of such Warrant Shares (and other securities or property) after such adjustment, setting forth a brief statement of the facts requiring such adjustment and setting forth the computation by which such adjustment was made.

14. Other Adjustments. If any event occurs of the type contemplated by the provisions of Sections 11 or 12 above but not expressly provided for by such provisions, (including, without limitation, the granting of stock appreciation rights, phantom stock rights, or other rights with equity features), then the Company's Board of Directors will make an appropriate adjustment in the Exercise Price and/or the number of Warrant Shares and other securities or property to be issued to the Holder upon exercise of the Warrant so as to protect the rights of the Holder, provided that no such adjustment pursuant to Sections 11 or 12 will increase the Exercise Price or decrease the number or amount of securities or other property issuable or deliverable to the Holder as otherwise determined pursuant to Sections 11 and/or 12.

15. Notice of Corporate Action. If at any time:

(a) the Company shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or other distribution, or

(b) there shall be any capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company, or any consolidation or merger of the Company with, or any sale, transfer or other disposition of all or substantially all the property, assets or business of the Company to, another corporation, or

(c) there shall be a voluntary or involuntary dissolution, liquidation, or wind ing up of the Company; then, in anyone or more of such cases, the Company shall give to Holder (i) prior written notice of the date on which a record date shall be selected for such dividend or distribution or for determining rights to vote in respect of any such reorganization, reclassification, merger, consolidation, sale, transfer, disposition, liquidation, or winding up, and (ii) in the case of any such reorganization, reclassification, merger, consolidation, sale, transfer; disposition, dissolution, liquidation, or winding up, prior written notice of the date when the same shall take place. Such notice in accordance with the foregoing clause also shall specify (i) the date on which the holders of Common Stock shall be entitled to any such dividend or distribution, and the amount and character thereof, and (ii) the date on which any such reorganization, reclassification, merger, consolidation, sale, transfer, disposition, dissolution, liquidation, or winding up is to take place and the time, if any such time is to be fixed, as of which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon such disposition, dissolution, liquidation or winding up. Each such written notice shall be sufficiently given if addressed to Holder at the last address of Holder appearing on the books of the Company and delivered in accordance with Section 17(d).

16. Authorized Shares. The Company covenants that during the period the Warrant is outstanding, it will take all reasonable action to ensure that the Company is authorized to issue a sufficient number of shares to provide for the issuance of the Wan-ant Shares upon the exercise of this Warrant. The Company shall also reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the trading market upon which the Common Stock may be or may become listed.

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or bylaws, or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terns of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (a) not increase the par value of any Warrant Shares above the amount payable therefore upon such exercise immediately prior to such increase in par value, (b) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable Warrant Shares upon the exercise of this Warrant, and (c) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof as may be necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Wan-ant is exercisable, or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary, from any public regulatory body or bodies having jurisdiction thereof.

17. Miscellaneous.

(a) Jurisdiction. All questions concerning the construction, validity, enforcement, and interpretation of this Warrant shall be determined in accordance with the laws of the State of New York, without giving effect to such jurisdiction's principles of conflict of laws. Each of the parties hereto submits to the personal jurisdiction of and each agrees that all proceedings relating hereto shall be brought in federal or state courts located within New York County in the State of New York. Each party agrees that any process or notice to be served or delivered in connection with any action, lawsuit or proceeding brought hereunder may be accomplished in accordance with the notice provisions set forth below or as otherwise provided by applicable law.

(b) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered for resale, will have restrictions upon resale imposed by state and federal securities laws.

(c) Non-waiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice Holder's rights, powers, or remedies, notwithstanding all rights hereunder terminate on the Termination Date. If the Company willfully and knowingly fails to comply with any provision of this Warrant which results in any material damages to the Holder, the Company shall pay to Holder such amounts as shall be sufficient to cover any costs and expenses, including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by Holder in collecting any amounts due pursuant hereto, or in otherwise enforcing any of its rights, powers, or remedies hereunder.

(d) Notices. Any notice, request, or other document required or permitted to be given or delivered to the Company or the Holder shall be effective when delivered by hand or when properly deposited in the mails postage prepaid, or sent by electronic facsimile transmission, receipt acknowledged, or delivered to an overnight courier, in each case addressed as follows:

If to the Holder:

5 Hanover Square
New York, New York 10004

With a copy to:

Sichenzia Ross Friedman Ference LLP
61 Broadway
New York, NY 10006
Attention: Michael H. Ference, Esq.

If to Company, at:

405 Clyde Avenue
Mountain View, CA 94043

With a copy to:

Davidoff Hutcher & Citron LLP
605 Third Avenue, 25th Floor
New York, NY 10158
Attention: Elliot H. Lutzker, Esq.

(e) Limitation of Liability. No provision hereof, in the absence of any affirmative action by Holder to exercise this Warrant or purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

(f) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of, and be binding upon, the successors of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of all Holders, from time to time, of this Warrant and shall be enforceable by any such Holder or holder of Warrant Shares.

(g) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

(h) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by, or be invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

(i) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

(j) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the securities or other property, the Company shall promptly issue and deliver to the Holder the securities or other property that are not disputed.

(k) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under Section 3 of this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of Section 3 of this Warrant and hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

[The Remainder of this Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized.

Dated: July 31, 2012

SYOREX GLOBAL HOLDINGS CORP.

By: /s/ Nadir Ali
Name: Nadir Ali
Title: Chief Executive Officer

NOTICE OF EXERCISE

To Be Executed by the Holder
in Order to Exercise the Warrant

The undersigned Holder hereby elects to purchase _____ Shares pursuant to the attached Warrant, and requests that certificates for securities be issued in the name of:

_____
(Please type or print name and address)

_____

_____

_____
(Social Security or Tax Identification Number)

and delivered
to: _____

_____

(Please type or print name and address if different from above)

If such number of Shares being purchased hereby shall not be all the Shares that may be purchased pursuant to the attached Warrant, a new Warrant for the balance of such Shares shall be registered in the name of, and delivered to, the Holder at the address set forth below.

In full payment of the purchase price with respect to the Shares purchased and transfer taxes, if any, the undersigned hereby tenders payment of $_____ by check, money order or wire transfer payable in United States currency to the order of [_____].

Holder agrees to exercise this Warrant on a cashless basis _____.

	HOLDER: By: _____ Name: Title: Address:
Dated: _____	

FORM OF ASSIGNMENT
(To be signed only on transfer of Warrant)

For value received, the undersigned hereby sells, assigns, and transfers unto_____ the right represented by the within Warrant to purchase _____ shares of Common Stock of Sysorex Global Holdings Corp., a Nevada corporation, to which the within Warrant relates, and appoints _____ Attorney to transfer such right on the books of Sysorex Global Holdings Corp., a Nevada corporation, with full power of substitution of premises.

Dated:	By: _____ Name: Title: (signature must conform to name of holder as specified on the fact of the Warrant)
	Address:

Signed in the presence of:

Dated:

EXHIBIT 5.1

Davidoff Hutcher & Citron LLP
605 Third Avenue, 34th Floor
New York, NY 10158

August 12, 2013

Sysorex Global Holdings Corp.
3375 Scott Blvd., Suite 440
Santa Clara, CA 95054

Re: Registration Statement on Form S-1

Ladies and Gentlemen:

We have acted as counsel to Sysorex Global Holdings Corp., a Nevada corporation (the "Company"), in connection with the proposed sale of 6,888,233 shares of the Company's common stock ("Common Stock"), pursuant to the Company's Registration Statement on Form S-1 (the "Registration Statement") last filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act") on this date.

This opinion letter (the "Opinion Letter") is being rendered in accordance with the requirements of Item 16(a) of Form S-1 and Item 601(b)(5)(i) of Regulation S-K in connection with the filing of the Registration Statement. Unless otherwise indicated, capitalized terms used herein shall have the meanings ascribed thereto in the Registration Statement.

In connection with the opinions expressed herein, we have examined originals or copies, certified or otherwise identified to our satisfaction as true, correct and complete, of such agreements, instruments, documents and records in each case as we have deemed necessary or appropriate for the purposes of expressing the opinions set forth in this Opinion Letter. We have examined the following (collectively, the "Documents"):

(a) The Company's Articles of Incorporation, filed as Exhibit 3.1 to this Registration Statement, as amended;

(b) The Company's By-Laws, filed as Exhibit 3.2 to this Registration Statement;

(c) The Company's Specimen Common Stock Certificate filed as Exhibit 4.1 to this Registration Statement;

(d) The Company's stock transfer ledgers and records.;

(e) The Company's warrants dated March 20, 2013 held by Bridge Bank, N.A.; and

(f) The Company's warrants dated August 31, 2013 held by Hanover Holdings I, LLC.

The opinions expressed herein are based upon (i) our review of the Documents, (ii) discussions with Nadir Ali, Chief Executive Officer with respect to the Documents (as defined below), (iii) discussions with those of our attorneys who have devoted substantive attention to the matters contained herein, and (iv) such review of public sources of law as we have deemed necessary.

The opinions expressed herein are limited to the laws of the State of New York, the general corporate laws of the State of Nevada, and Federal law of the United States of America, including the statutory provisions, and applicable provisions of the Nevada Constitution, Nevada Revised Statutes, and the reported judicial decisions interpreting those laws and to Federal law of the United States of America currently in effect.

Based upon and subject to the foregoing, we are of the opinion that:

The Company is validly existing and has the power to issue the shares of Common Stock under the laws of Nevada. The shares of Common Stock will be lawfully and validly issued, fully paid and non-assessable.

We consent to the filing of this Opinion Letter as Exhibit 5.1 to the Registration Statement and to the reference to this firm under the heading "Legal Matters" in the prospectus which is part of the Registration Statement.

In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act, the rules and regulations of the Securities and Exchange Commission promulgated thereunder, or Item 509 of Regulation S-K.

The opinions expressed in this Opinion Letter are limited solely to the matters expressly set forth above. No other opinions are intended, nor should any other opinion be inferred herefrom.

Very truly yours,

DAVIDOFF HUTCHER & CITRON LLP

/s/ Elliot H. Lutzker
Elliot H. Lutzker, Partner

Exhibit 10.1

GUARANTY

Borrowers:	**LILIEN SYSTEMS 3375 Scott Blvd, Suite 440 Santa Clara, CA 95054**	**Lender:**	**BRIDGE BANK, National Association 55 Almaden Boulevard, Suite 100 San Jose, CA 95113**
	SYSOREX GOVERNMENT SERVICES, INC. 3375 Scott Blvd, Suite 440 Santa Clara, CA 95054		
Guarantor:	**SYSOREX GLOBAL HOLDINGS CORP. 3375 Scott Blvd, Suite 440 Santa Clara, CA 95054**		

1. The Guaranty. For valuable consideration, the undersigned, SYSOREX GLOBAL HOLDINGS, CORP., a Nevada corporation ("**Guarantor**"), hereby unconditionally guarantees and promises to pay promptly to BRIDGE BANK, NATIONAL ASSOCIATION ("**Lender**"), or order, in lawful money of the United States, any and all Indebtedness of Lilian Systems, a California corporation ("**Lilien**"), and Sysorex Government Services, Inc., a Virginia corporation ("**SGSI**") (Lilian and SGSI are sometimes collectively referred to herein as "Borrowers" and each individually as a "**Borrower**") to Lender when due, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter. The liability of Guarantor under this Guaranty is not limited as to the principal amount of the Indebtedness guaranteed and includes, without limitation, liability for all interest, fees, indemnities (including, without limitation, hazardous waste indemnities), and other costs and expenses relating to or arising out of the Indebtedness. The liability of Guarantor is continuing and relates to any Indebtedness, including that arising under successive transactions which shall either continue the Indebtedness or from time to time renew it after it has been satisfied. This Guaranty is cumulative and does not supersede any other outstanding guaranties, and the liability of Guarantor under this Guaranty is exclusive of Guarantor's liability under any other guaranties signed by Guarantor.

2. Definitions. As used herein:

(a) "**Borrowers**" and "**Borrower**" are defined in Paragraph 1 of this Guaranty.

(b) "**Business Financing Aqreement**" means that certain Business Financing Agreement, dated as of even date herewith, between Borrowers, on the one hand, and Lender, on the other hand, as may be amended or restated from time to time.

(b) "**Guarantor**" is defined in Paragraph 1 of this Guaranty.

(c) "**Indebtedness**" means any and all debts, liabilities, and obligations of Borrowers (and each of them) to Lender, now or hereafter existing, whether voluntary or involuntary and however arising (including, without limitation, all principal, interest, fees, and expenses due under the Business Financing Agreement, and all other indebtedness evidenced by the Business Financing Agreement), whether direct or indirect or acquired by Lender by assignment, succession, or otherwise, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, held or to be held by Lender for its own account or as agent for another or others, whether Borrowers (or either of them) may be liable individually or jointly with others, whether recovery upon such debts, liabilities, and obligations may be or hereafter become barred by any statute of limitations, and whether such debts, liabilities, and obligations may be or hereafter become otherwise unenforceable. Indebtedness includes, without limitation, any and all obligations of Borrowers (and each of them) to Lender for reasonable attorneys' fees and all other costs and expenses incurred by Lender in the collection or enforcement of any debts, liabilities, and obligations of Borrowers (and each of them) to Lender.

(d) All other defined terms used but not defined herein shall have the meanings given to such terms in the Business Financing Agreement.

3. Obligations Independent. The obligations hereunder are independent of the obligations of Borrowers or any other guarantor, and a separate action or actions may be brought and prosecuted against Guarantor whether action is brought against Borrowers or any other guarantor or whether Borrowers or any other guarantor be joined in any such action or actions. Anyone executing this Guaranty shall be bound by its terms without regard to execution by anyone else.

4. Rights of Lender. Guarantor authorizes Lender, without notice or demand and without affecting its liability hereunder, from time to time to: (a) renew, compromise, extend, accelerate, or otherwise change the time for payment, or otherwise change the. terms, of the Indebtedness or any part thereof, including increase or decrease of the rate of interest thereon, or otherwise change the terms of the Indebtedness; (b) receive and hold security for the payment of this Guaranty or any Indebtedness and exchange, enforce, waive, release, fail to perfect, sell, or otherwise dispose of any such security; (c) apply such security and direct the order or manner of sale thereof as Lender in its discretion may determine; and (d) release or substitute any Guarantor or any one or more of any endorsers or other guarantors of any of the Indebtedness.

5. Guaranty to be Absolute. Guarantor agrees that until the Indebtedness has been paid in full in cash and any commitments of Lender or facilities provided by Lender with respect to the Indebtedness have been terminated, Guarantor shall not be released by or because of the taking, or failure to take, any action that might in any manner or to any e'xtent vary the risks of Guarantor under this Guaranty or that, but for this paragraph, might discharge or otherwise reduce, limit, or modify Guarantor's obligations under this Guaranty. Guarantor waives and surrenders any defense to any liability under this Guaranty based upon any such action, including but not limited to any action of Lender described in the immediately preceding paragraph of this Guaranty. It is the express intent of Guarantor that Guarantor's obligations under this Guaranty are and shall be absolute and unconditional.

6. Guarantor's Waivers of Certain Rights and Certain Defenses. Guarantor waives: (a) any right to require Lender to proceed against Borrowers, proceed against or exhaust any security for the Indebtedness, or pursue any other remedy in Lender's power whatsoever; (b) any defense arising by reason of any disability or other defense of Borrowers, or the cessation from any cause whatsoever of the liability of Borrowers; (c) any defense based on any claim that Guarantor's obligations exceed or are more burdensome than those of Borrowers; and (d) the benefit of any statute of limitations affecting Guarantor's liability hereunder. No provision or waiver in this Guaranty shall be construed as limiting the generality of any other waiver contained in this Guaranty.

7. Waiver of Subrogation. Until the Indebtedness has been paid in full and any commitments of Lender or facilities provided by Lender with respect to the Indebtedness have been terminated, Guarantor waives any right of subrogation, reimbursement, indemnification, and contribution (contractual, statutory, or otherwise) including, without limitation, any claim or right of subrogation under the Bankruptcy Code (Title 11, United States Code) or any successor statute, arising from the existence or performance of this Guaranty, and Guarantor waives any right to enforce any remedy which Lender now has or may hereafter have against Borrowers, and waives any benefit of, and any right to participate in, any security now or hereafter held by Lender.

8. Waiver of Notices. Guarantor waives all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of intent to accelerate, notices of acceleration, notices of any suit or any other action against Borrowers or any other person, any other notices to any party liable on the Indebtedness (including Guarantor), notices of acceptance of this Guaranty, and notices of the existence, creation, or incurring of new or additional Indebtedness.

9. Waivers of Rights and Defenses.

(a) Guarantor waives any rights and defenses that are or may become available to Guarantor by reason of Sections 2787 to 2855, inclusive, of the California Civil Code.

(b) Guarantor waives all rights and defenses that Guarantor may have because any of the Indebtedness is secured by real property. This means, among other things: (i) Lender may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by either Borrower; and (ii) if Lender forecloses on any real property collateral pledged by either Borrower: (1) the amount of the Indebtedness may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price, and (2) Lender may collect from Guarantor even if Lender, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from such Borrower. This is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because any of the Indebtedness is secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d, or 726 of the California Code of Civil Procedure.

(d) Guarantor waives any right or defense it may have at law or equity, including California Code of Civil Procedure Section 580a, to a fair market value hearing or action to determine a deficiency judgment after a foreclosure.

10. Security. To secure all of Guarantor's obligations hereunder, Guarantor assigns and grants to Lender a security interest in all moneys, securities, and other property of Guarantor now or hereafter in the possession of Lender, all deposit accounts of Guarantor maintained with Lender, and all proceeds thereof. Upon default or breach of any of Guarantor's obligations to Lender, Lender may apply any deposit account to reduce the Indebtedness, and may foreclose any collateral as provided in the Uniform Commercial Code and in any security agreements between Lender and Guarantor.

11. Subordination. Any obligations of either Borrower to Guarantor, now or hereafter existing, including but not limited to any obligations to Guarantor as subrogee of Lender or resulting from Guarantor's performance under this Guaranty, are hereby subordinated to the Indebtedness. In addition to Guarantor's waiver of any right of subrogation as set forth in this Guaranty with respect to any obligations of Borrowers to Guarantor as subrogee of Lender, Guarantor agrees that, if Lender so requests, Guarantor shall not demand, take, or receive from either Borrower, by setoff or in any other manner, payment of any other obligations of such Borrower to Guarantor until the Indebtedness has been paid in full and any commitments of Lender or facilities provided by Lender with respect to the Indebtedness have been terminated. If any payments are received by Guarantor in violation of such waiver or agreement, such payments shall be received by Guarantor as trustee for Lender and shall be paid over to Lender on account of the Indebtedness, but without reducing or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty. Any security interest, lien, or other encumbrance that Guarantor may now or hereafter have on any property of either Borrower is hereby subordinated to any security interest, lien, or other encumbrance that Lender may have on any such property.

12. Revocation of Guaranty.

(a) Guarantor absolutely, unconditionally, knowingly, and expressly waives any right to revoke this Guaranty as to future Indebtedness and, in light thereof, all protection afforded Guarantor under Section 2815 of the California Civil Code. Guarantor fully realizes and understands that, upon execution of this agreement, Guarantor will not have any right to revoke this Guaranty as to any future Indebtedness and, thus, may have no control over such Guarantor's ultimate responsibility for the Indebtedness. If, contrary to the express intent of this agreement, any such revocation is effective notwithstanding the foregoing waiver, Guarantor acknowledges and agrees that: (a) no such revocation shall be effective until written notice thereof has been received by Lender; (b) no such revocation shall apply to any Indebtedness in existence on such date (including any subsequent continuation, extension, or renewal thereof, or change in the interest rate, payment terms, or other terms and conditions thereof); (c) no such revocation shall apply to any Indebtedness made or created after such date to the extent made or created pursuant to a legally binding commitment of Lender which is, or is believed in good faith by Lender to be, in existence on the date of such revocation; (d) no payment by Borrowers, or from any other source, prior to the date of such revocation shall reduce the obligations of such Guarantor hereunder; and (e) any payment by Borrowers or from any source other than such Guarantor, subsequent to the date of such revocation, shall first be applied to that portion of the obligations, if any, as to which the revocation by such Guarantor is effective (and which are not, therefore, guaranteed by such Guarantor hereunder), and, to the extent so applied, shall not reduce the obligations of such Guarantor hereunder.

(b) Guarantor acknowledges and agrees that this Guaranty may be revoked only in accordance with the foregoing provisions of this paragraph and shall not be revoked simply as a result of any change in name, location, or composition or structure of either Borrower, the dissolution of either Borrower, or the termination, increase, decrease, or other change of any personnel or owners of either Borrower.

13. Reinstatement of Guaranty. If this Guaranty is revoked, returned, or cancelled, and subsequently any payment or transfer of any interest in property by either Borrower to Lender is rescinded or must be returned by Lender to such Borrower, this Guaranty shall be reinstated with respect to any such payment or transfer, regardless of any such prior revocation, return, or cancellation.

14. Stay of Acceleration. In the event that acceleration of the time for payment of any of the Indebtedness is stayed upon the insolvency, bankruptcy, or reorganization of either Borrower or otherwise, all such Indebtedness guaranteed by Guarantor shall nonetheless be payable by Guarantor immediately if requested by Lender.

15. No Deductions. All payments by Guarantor hereunder shall be paid in full, without setoff or counterclaim or any deduction or withholding whatsoever, including, without limitation, for any and all present and future taxes. In the event that Guarantor or Lender is required by law to make any such deduction or withholding, Guarantor agrees to pay on behalf of Lender such amount directly to the appropriate person or entity, or if the Guarantor cannot legally comply with the foregoing, Guarantor shall pay to Lender such additional amounts as will result in the receipt by Lender of the full amount payable hereunder. Guarantor shall promptly provide Lender with evidence of payment of any such amount made on Lender's behalf.

16. Information Relating to Borrowers. Guarantor acknowledges and agrees that it shall have the sole responsibility for, and has adequate means of, obtaining from Borrowers such information concerning Borrowers' financial condition or business operations as Guarantor may require, and that Lender has no duty, and Guarantor is not relying on Lender, at any time to disclose to Guarantor any information relating to the business operations or financial condition of Borrowers.

17. Borrowers' Authorization. It is not necessary for Lender to inquire into the powers of Borrowers or of the officers, directors, partners, members, managers, or agents acting or purporting to act on its behalf, and any Indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder, subject to any limitations on Guarantor's liability set forth herein.

18. Information Relating to Guarantor. Guarantor authorizes Lender to verify or check any information given by Guarantor to Lender, check Guarantor's credit references, verify employment, and obtain credit reports.

19. Reserved.

20. Taxes. Guarantor represents and warrants that it is organized and resident in the United States of America. If Guarantor must make a payment under this Guaranty, Guarantor represents and warrants that it will make the payment from one of its U.S. resident offices to a U.S. office of Lender so that no withholding tax is imposed on the payment. If notwithstanding the foregoing, Guarantor makes a payment under this Guaranty to which withholding tax applies, then Guarantor shall pay any taxes (other than taxes on net income (a) imposed by the country or any subdivision of the country in which Lender's principal office or actual lending office is located and (b) measured by the United States taxable income Lender would have received if all payments under or in respect of this Guaranty were exempt from taxes levied by Guarantor's country) that are at any time imposed on any such payments under or in respect of this Guaranty including, but not limited to, payments made pursuant to this paragraph. Further, Guarantor shall also pay to Lender, on demand, all additional amounts that Lender specifies as necessary to preserve the after-tax yield Lender would have received if such taxes had not been imposed.

21. Reserved.

22. Notices. All notices required under this Guaranty shall be personally delivered or sent by first class mail, postage prepaid, or by overnight courier, to the addresses on the signature page of this Guaranty, or sent by facsimile to the fax numbers listed on the signature page, or to such other addresses as Lender and Guarantor may specify from time to time in writing. Notices sent by (a) first class mail shall be deemed delivered on the earlier of actual receipt or on the fourth business day after deposit in the U.S. mail, postage prepaid, (b) overnight courier shall be deemed delivered on the next business day, and (c) telecopy shall be deemed delivered when transmitted.

23. Successors and Assigns. This Guaranty (a) binds Guarantor and Guarantor's executors, administrators, successors, and assigns, provided that Guarantor may not assign its rights or obligations under this Guaranty without the prior written consent of Lender, and (b) inures to the benefit of Lender and Lender's indorsees, successors, and assigns. Lender may, without notice to Guarantor and without affecting Guarantor's obligations hereunder, sell, assign, grant participations in, or otherwise transfer to any other person, firm, or corporation the Indebtedness and this Guaranty, in whole or in part. Guarantor agrees that Lender may disclose to any assignee or purchaser, or any prospective assignee or purchaser, of all or part of the Indebtedness any and all information in Lender's possession concerning Guarantor, this Guaranty, and any security for this Guaranty.

24. Amendments. Waivers. and Severability. No provision of this Guaranty may be amended or waived except in writing. No failure by Lender to exercise, and no delay in exercising, any of its rights, remedies, or powers shall operate as a waiver thereof, and no single or partial exercise of any such right, remedy, or power shall preclude any other or further exercise thereof orthe exercise of any other right, remedy, or power. The unenforceability or invalidity of any provision of this Guaranty shall not affect the enforceability or validity of any other provision of this Guaranty.

25. Costs and Expenses. Guarantor agrees to pay all reasonable attorneys' fees, including allocated costs of Lender's in-house counsel, and all other costs and expenses which may be incurred by Lender

(a) in the enforcement of this Guaranty or (b) in the preservation, protection, or enforcement of any rights of Lender in any case commenced by or against Guarantor or Borrower under the Bankruptcy Code (Title 11, United States Code) or any similar or successor statute.

26. Governing Law and Jurisdiction. This Guaranty shall be governed by and construed under the laws of the State of California. Guarantor irrevocably (a) submits to the non-exclusive jurisdiction of any federal or state court sitting in the State of California in any action or proceeding arising out of or relating to this Guaranty and (b) waives to the fullest extent permitted by law any defense asserting an inconvenient forum in connection therewith. Service of process by Lender in connection with such action or proceeding shall be binding on Guarantor if sent to Guarantor by registered or certified mail at its address specified below.

27. Waiver of Jury Trial. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.. EACH PARTY REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS WAIVER, HAS DETERMINED FOR ITSELF THE NECESSITY TO REVIEW THE SAME WITH ITS LEGAL COUNSEL, AND KNOWINGLY AND VOLUNTARILY WAIVES ALL RIGHTS TO A JURY TRIAL.

28. Reference Provision.

(a) In the event the Jury Trial waiver is not enforceable, the parties elect to proceed under this Judicial Reference Provision.

(b) With the exception of the items specified in Section 28(c) below, any controversy, dispute or claim (each, a "**Claim**") between the parties arising out of or relating to this Agreement or any other document, instrument or agreement between the undersigned parties (collectively in this Section, the "**Loan Documents**"), will be resolved by a reference proceeding in California in accordance with the provisions of Sections 638 et seq. of the California Code of Civil Procedure ("**CCP**"), or their successor sections, which shall constitute the exclusive remedy for the resolution of any Claim, including whether the Claim is subject to the reference proceeding. Except as otherwise provided in the Loan Documents, venue for the reference proceeding will be in the state or federal court in the county or district where the real property involved in the action, if any, is located or in the state or federal court in the county or district where venue is otherwise appropriate under applicable law (the "**Court**").

(c) The matters that shall not be subject to a reference are the following: (i) nonjudicial foreclosure of any security interests in real or personal property, (ii) exercise of self-help remedies (including, without limitation, set-off), (iii) appointment of a receiver and (iv) temporary, provisional or ancillary remedies (including, without limitation, writs of attachment, writs of possession, temporary restraining orders or preliminary injunctions). This reference provision does not limit the right of any party to exercise or oppose any of the rights and remedies described in clauses (i) and (ii) or to seek or oppose from a court of competent jurisdiction any of the items described in clauses (iii) and (iv). The exercise of, or opposition to, any of those items does not waive the right of any party to a reference pursuant to this reference provision as provided herein.

(d) The referee shall be a retired judge or justice selected by mutual written agreement of the parties. If the parties do not agree within ten (1 0) days of a written request to do so by any party, then, upon request of any party, the referee shall be selected by the Presiding Judge of the Court (or his or her representative). A request for appointment of a referee may be heard on an ex parte or expedited basis, and the parties agree that irreparable harm would result if ex parte relief is not granted. Pursuant to CCP § 170.6, each party shall have one peremptory challenge to the referee selected by the Presiding Judge of the Court (or his or her representative).

(e) The parties agree that time is of the essence in conducting the reference proceedings. Accordingly, the referee shall be requested, subject to change in the time periods specified herein for good cause shown, to (i) set the matter for a status and trial-setting conference within fifteen (15) days after the date of selection of the referee, (ii) if practicable, try all issues of law or fact within one hundred twenty (120) days after the date of the conference and (iii) report a statement of decision within twenty (20) days after the matter has been submitted for decision.

(f) The referee will have power to expand or limit the amount and duration of discovery. The referee may set or extend discovery deadlines or cutoffs for good cause, including a party's failure to provide requested discovery for any reason whatsoever. Unless otherwise ordered based upon good cause shown, no party shall be entitled to "priority" in conducting discovery, depositions may be taken by either. party upon seven (7) days written notice, and all other discovery shall be responded to within fifteen (15) days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding.

(g) Except as expressly set forth herein, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee, and the referee will be provided a courtesy copy of the transcript. The party making such a request shall have the obligation to arrange for and pay the court reporter. Subject to the referee's power to award costs to the prevailing party, the parties will equally share the cost of the referee and the court reporter at trial.

(h) The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, enter equitable orders that will be binding on the parties and rule on any motion which would be authorized in a court proceeding, including without limitation motions for summary judgment or summary adjudication. The referee shall issue a decision at the close of the reference proceeding which disposes of all claims of the parties that are the subject of the reference. Pursuant to CCP § 644, such decision shall be entered by the Court as a judgment or an order in the same manner as if the action had been tried by the Court and any such decision will be final, binding and conclusive. The parties reserve the right to appeal from the final judgment or order or from any appealable decision or order entered by the referee. The parties reserve the right to findings of fact, conclusions of laws, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

(i) If the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by reference procedure will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge or justice, in accordance with the California Arbitration Act §1280 through §1294.2 of the CCP as amended from time to time. The limitations with respect to discovery set forth above shall apply to any such arbitration proceeding.

(j) THE PARTIES RECOGNIZE AND AGREE THAT ALL CONTROVERSIES, DISPUTES AND CLAIMS RESOLVED UNDER THIS REFERENCE PROVISION WILL BE DECIDED BY A REFEREE AND NOT BY A JURY. AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS, HIS OR HER OWN CHOICE, EACH PARTY KNOWINGLY AND VOLUNTARILY, AND FOR THE MUTUAL BENEFIT OF ALL PARTIES, AGREES THAT THIS REFERENCE PROVISION WILL APPLY TO ANY CONTROVERSY, DISPUTE OR CLAIM BETWEEN OR AMONG THEM ARISING OUT OF OR IN ANY WAY RELATED TO, THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS.

29. Remedies. All rights and remedies provided in this Guaranty and any instrument or agreement referred to herein are cumulative and are not exclusive of any rights or remedies otherwise provided by law. Any single or partial exercise of any right or remedy shall not preclude the further exercise thereof or the exercise of any other right or remedy.

30. Severability. The illegality or unenforceability of any provision of this Guaranty or any instrument or agreement referred to herein shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Guaranty or any instrument or agreement referred to herein.

[remainder of this page intentionally left blank]

Executed as of this [15th] day of March, 2013.

SYSOREX GLOBAL HOLDINGS CORP.,
a Nevada corporation

By: /s/ Nadir Ali
Name: Nadir Ali
Title: President

Address for notices to Lender:

BRIDGE BANK, NATIONAL ASSOCIATION
Attn: Lee A. Shodiss, Senior Vice President
55 Almaden Boulevard, Suite 150
San Jose, California 95113
Tel: (408) 556-6502
Fax: (408) 423-8510

Address for notices to Guarantor:

SYSOREX GLOBAL HOLDINGS CORP.
Attn: Nadir Ali
3375 Scott Blvd., Suite 440
Santa Clara, CA 95054
Fax: (703) 880-7219

GUARANTY

Exhibit 10.2

GUARANTOR SECURITY AGREEMENT

Borrowers:	**LILIEN SYSTEMS 3375 Scott Blvd., Suite 440 Santa Clara, CA 95054**	**Lender:**	**BRIDGE BANK, National Association 55 Almaden Boulevard, Suite 100 San Jose, CA 95113**
	SYSOREX GOVERNMENT SERVICES, INC. 3375 Scott Blvd., Suite 440 Santa Clara, CA 95054		
Guarantor:	**SYSOREX GLOBAL HOLDINGS CORP. 3375 Scott Blvd., Suite 440 Santa Clara, CA 95054**		

This GUARANTOR SECURITY AGREEMENT, dated as of March 15, 2013, is made and entered into between SYSOREX GLOBAL HOLDINGS CORP., a Nevada corporation ("**Guarantor**"), and BRIDGE BANK, NATIONAL ASSOCIATION ("**Lender**"), with reference to the following facts:

Lilien Systems, a California corporation ("**Lilien**"), ahd Sysorex Government Services, Inc., a Virginia corporation ("SGSI") (Lilien and SGSI are sometimes collectively referred to herein as "**Borrowers**" and each individually as a "**Borrower**"), and Lender are concurrent herewith entering into that certain Business Financing Agreement, dated as of even date herewith (as the same may be amended or restated from time to time, the "**Financing Agreement**"), pursuant to which Lender is providing financial accommodations to Borrowers upon the terms and conditions set forth therein.

In order to induce Lender to enter into the Financing Agreement and provide such financial accommodations to Borrowers, and in consideration thereof, Guarantor has executed and delivered to Lender that certain Guaranty, dated as of even date herewith (as may be amended or restated from time to time, the "**Guaranty**") to guaranty the prompt payment and performance of all of Borrowers' obligations owing to Lender, as more particularly set forth therein.

Further to induce Lender to enter into the Financing Agreement and provide such financial accommodations to Borrowers, and in consideration thereof, Guarantor is executing and delivering this Guarantor Security Agreement to secure the prompt payment and performance of all of Guarantor's obligations owing to Lender under the Guaranty, as more particularly set forth herein.

1. **SECURITY INTEREST.** To secure the prompt payment and performance to Lender of all of the Obligations, Guarantor hereby grants to Lender a continuing security interest in the Collateral. Guarantor is not authorized to sell, assign, transfer or otherwise convey any Collateral without Lender's prior written consent, except for the sale of finished inventory in Guarantor's usual course of business. Guarantor agrees to sign any instruments and documents requested by Lender to evidence, perfect, or protect the interests of Lender in the Collateral. Guarantor agrees to deliver to Lender the originals of all instruments, chattel paper and documents evidencing or related to Financed Receivables and Collateral. Guarantor shall not grant or permit any lien or security in the Collateral or any interest therein other than Permitted Liens.

2. **POWER OF ATTORNEY.** Guarantor irrevocably appoints Lender and its successors and as true and lawful attorney in fact, and authorizes Lender (a) to, whether or not there has been an Event of Default, (i) demand, collect, receive, sue, and give releases to any Account Debtor for the monies due or which may become due' upon or with respect to the Receivables and to compromise, prosecute, or defend any action, claim, case or proceeding relating to the Receivables, including the filing of a claim or the voting of such claims in any bankruptcy case, all in Lender's name or Guarantor's name, as Lender may choose; (ii) prepare, file and sign Guarantor's name on any notice, claim, assignment, demand, draft, or notice of or satisfaction of lien or mechanics' lien or similar document; (iii) notify all Account Debtors with respect to the Receivables to pay Lender directly; (iv) receive and open all mail addressed to Guarantor for the purpose of collecting the Receivables; (v) endorse Guarantor's name on any checks or other forms of payment on the Receivables; (vi) execute on behalf of Guarantor any and all instruments, documents, financing statements and the like to perfect Lender's interests in the Receivables and Collateral; (vii) debit any Guarantor's deposit accounts maintained with Lender for any and all Obligations due under this Agreement; and (viii) · do all acts and· things necessary or expedient, in furtherance of any such purposes, and (b) to, upon the occurrence and during the continuance of an Event of Default, sell, assign, transfer, pledge, compromise, or discharge the whole or any part of the Receivables. Upon the occurrence and continuation of an Event of Default, all of the power of attorney rights granted by Guarantor to Lender hereunder shall be applicable with respect to all Receivables and all Collateral.

3. **REPRESENTATIONS AND WARRANTIES.** Guarantor represents and warrants:

3.1 No representation, warranty or other statement of Guarantor in any certificate or written statement given to Lender contains any untrue statement of a material fact or omits to state a material fact necessary to make the statement contained in the certificates or statement not misleading. ·

3.2 Guarantor is duly existing and in good standing in the State of Nevada and has submitted all documentation and paid all fees required by the State of California to reinstate its qualification and license to do business in California, the only state in which the conduct of its business or its ownership of property requires that it be qualified.

3.3 The execution, delivery and performance of this Agreement has been duly authorized, and does not conflict with Guarantor's organizational documents, nor constitute an Event of Default under any material agreement by which Guarantor is bound. Guarantor is not in default under any agreement to which or by which it is bound.

3.4 Guarantor has good title to the Collateral and all inventory is in all material respects of good and marketable quality, free from material defects.

3.5 Guarantor's name, form of organization, chief executive office, and the place where the records concerning all Financed Receivables and Collateral are kept is set forth at the beginning of this Agreement, Guarantor is located at its address for notices set forth in this Agreement.

3.6 If Guarantor owns, holds or has any interest in, any copyrights (whether registered, or unregistered), patents or trademarks, and licenses of any of the foregoing, such interest has been specifically disclosed and identified to Lender in writing.

4. **MISCELLANEOUS PROVISIONS.** Guarantor shall:

4.1 Maintain its corporate existence and good standing in its jurisdictions of incorporation and maintain its qualification to do business in each jurisdiction necessary to Guarantor's business or operations.

4.2 Give Lender at least 30 days prior written notice of changes to its name, organization, chief executive office or location of records.

4.3 Pay all its taxes including gross payroll, withholding and sales taxes when due and will deliver satisfactory evidence of payment to Lender if requested.

4.4 Give Lender copies of all Forms 10-K, 10-Q and 8-K (or equivalent filings with the OTC PINK marketplace) within 5 days of filing with the Securities and Exchange Commission or OTC PINK marketplace, as applicable, while any Financed Receivable is outstanding.

4.5 Execute any further instruments and take further action as Lender requests to perfect or continue Lender's security interest in the Collateral or to affect the purposes of this Agreement.

4.6 Immediately notify, transfer and deliver to Lender all Collections Guarantor receives.

4.7 Not create, incur, assume, or be liable for any indebtedness, other than Permitted Indebtedness.

4.8 Immediately notify Lender if Guarantor hereafter obtains any interest in any copyrights, patents, trademarks or licenses that are significant in value or are material to the conduct of its business or the value of any Financed Receivable.

4.9 Provide the following financial information and statements in form and content acceptable to Lender, and such additional information as requested by Lender from time to time. Lender has the right to require Guarantor to deliver financial information and statements to Lender more frequently than otherwise provided below, and to use such additional information and statements to measure any applicable financial covenants in this Agreement:

(a) Within 90 days of the fiscal year end, the annual financial statements of Guarantor, certified and dated by an authorized financial officer. These financial statements must be audited (with an opinion reasonably satisfactory to the Lender) by a Registered Public Accounting Firm of nationally recognized standing or a Certified Public Accountant reasonably acceptable to Lender. The statements shall be prepared on a consolidating and consolidated basis.

(b) No later than 30 days after the end of each fiscal month (including the last period in each fiscal year), monthly financial statements of Guarantor, certified and dated by an authorized financial officer. The statements shall be prepared on a consolidating and consolidated basis.

(c) Promptly, upon sending or receipt, copies of any management letters and correspondence relating to management letters, sent or received by Guarantor to or from Guarantor's auditor. If no management letter is prepared, Guarantor shall, upon Lender's request, obtain a letter from such auditor stating that no deficiencies were noted that would otherwise be addressed in a management letter.

(d) Electronic copies of the Form 1O-K Annual Report, Form 1 0-Q Quarterly Report and Form 8-K Current Report for Parent (and/or the equivalent fiings with the OTC PINK marketplace) concurrent with the date of filing with the Securities and Exchange Commission, or OTC PINK marketplace, as applicable.

(e) Within 10 days after the 15th and last day of each calendar month, a detailed aging of Guarantor's receivables by invoice or a summary aging by account debtor, together with payable aging, inventory analysis, deferred revenue report, and such other matters as Lender may request.

(f) Promptly upon Lender's request, such other books, records, statements, lists of property and accounts, budgets, forecasts or reports as to Guarantor as Lender may request.

4.10 Maintain its primary depository and operating accounts with Lender and, in the case of any deposit accounts not maintained with Lender, grant to Lender a first priority perfected security interest in and "control" (within the meaning of Section 91 04 of the UCC) of such deposit account pursuant to documentation acceptable to Lender.

4.11 Promptly provide to Lender such additional information and documents regarding the finances, properties, business or books and records of Guarantor or any other obligor as Lender may request.

4.12 Not make any Restricted Payments or any Investments, other than Permitted Restricted Payments and Permitted Investments.

5. DEFAULT AND REMEDIES.

5.1 Events of Default. The occurrence of any Event of Default under the Financing Agreement shall constitute an Event of Default hereunder.

5.2 Remedies. Upon the occurrence of an Event of Default, (1) all or a portion of the Obligations shall be, at the option of and upon demand by Lender, or with respect to an Event of Default described in Section 9.1 (e) of the Financing Agreement, automatically and without notice or demand, due and payable in full; and (2) Lender shall have and may exercise all the rights and remedies under this Agreement and under applicable law, including the rights and remedies of a secured party under the UCC, all the power of attorney rights described in Section 2 with respect to all Collateral, and the right to collect, dispose of, sell, lease, use, and realize upon all Financed Receivables and all Collateral in any commercial reasonable manner.

6. FEES, COSTS AND EXPENSES; INDEMNIFICATION. Guarantor shall pay to Lender upon demand all fees, costs and expenses (including fees of attorneys and professionals and their costs and expenses) that Lender incurs or may from time to time impose in connection with any of the following: (a) preparing, negotiating, administering, and enforcing this Agreement or any other agreement executed in connection herewith, including any amendments, waivers or consents in connection with any of the foregoing, (b) any litigation or dispute (whether instituted by Lender, Guarantor or any other person) in any way relating to the Financed Receivables, the Collateral, this Agreement or any other agreement executed in connection herewith or therewith, (c) enforcing any rights against Guarantor, or any Account Debtor, (d) protecting or enforcing its interest in the Financed Receivables or the Collateral, (e) collecting the Financed Receivables and the Obligations, or (f) the representation of Lender in connection with any bankruptcy case or insolvency proceeding involving Guarantor, any Financed Receivable, the Collateral, any Account Debtor. Guarantor shall indemnify and hold Lender harmless from and against any and all claims, actions, damages, costs, expenses, and liabilities of any nature whatsoever arising in connection with any of the foregoing.

7. INTEGRATION, SEVERABILITY WAIVER, AND CHOICE OF LAW FORUM AND VENUE.

7.1 This Agreement and any related security or other agreements required by this Agreement, collectively: (a) represent the sum of the understandings and agreements between Lender and Guarantor concerning this credit; (b) replace any prior oral or writ~en agreements between Lender and Guarantor concerning this credit; and (c) are intended by Lender and Guarantor as the final, complete and exclusive statement of the terms agreed to by them. In the event of any conflict between this Agreement and any other agreements required by this Agreement, this Agreement will prevail. If any provision of this Agreement is deemed invalid by reason of law, this Agreement will be construed as not containing such provision and the remainder of the Agreement shall remain in full force and effect. Lender retains all of its rights, even if it makes an Advance after a default. If Lender waives a default, it may enforce a later default. Any consent or waiver under, or amendment of, this Agreement must be in writing, and no such consent, waiver, or amendment shall imply any obligation by Lender to make any subsequent consent, waiver, or amendment.

7.2 THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA. THE PARTIES HERETO AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER RELATED DOCUMENTS SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND FEDERAL COURTS LOCATED IN THE COUNTY OF SANTA CLARA, CALIFORNIA, OR, AT THE SOLE OPTION OF LENDER, IN ANY OTHER COURT IN WHICH LENDER SHALL INITIATE LEGAL OR EQUITABLE PROCEEDINGS AND WHICH HAS JURISDICTION OVER THE SUBJECT MATTER AND PARTIES IN CONTROVERSY. EACH PARTY HERETO WAIVES ANY RIGHT TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION AND STIPULATES THAT THE STATE AND FEDERAL COURTS LOCATED IN THE COUNTY OF SANTA CLARA, CALIFORNIA SHALL HAVE IN PERSONAM JURISDICTION AND VENUE OVER EACH SUCH PARTY FOR THE PURPOSE OF LITIGATING ANY SUCH DISPUTE, CONTROVERSY, OR PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR ANY OTHER RELATED DOCUMENTS. SERVICE OF PROCESS SUFFICIENT FOR PERSONAL JURISDICTION IN ANY ACTION AGAINST GUARANTOR MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ITS ADDRESS SPECIFIED FOR NOTICES PURSUANT TO SECTION 8.

8. NOTICES; TELEPHONIC AND TELEFAX AUTHORIZATIONS. All notices shall be given to Lender and Guarantor at the addresses or faxes (or e-mail, if applicable} set forth on the signature page of this agreement and shall be deemed to have been delivered when actually received at the designated address. Lender may honor telephone, fax, e-mail or telefax instructions for Advances or repayments given, or purported to be given, by any one of the Authorized Persons. Guarantor shall indemnify and hold Lender harmless from all liability, loss, and costs in connection with any act resulting from telephone or telefax instructions Lender reasonably believes are made by any Authorized Person. This paragraph will survive this Agreement's termination, and will benefit Lender and its officers, employees, and agents.

9. DEFINITIONS AND CONSTRUCTION.

9.1 Definitions.

(a) All initially capitalized terms used but not defined in this Agreement have the meanings given to such terms in the Financing Agreement.

(b) In addition, as used in this Agreement:

"Agreement" means this Guarantor Security Agreement.

"Authorized Person" means any one of the individuals authorized to sign on behalf of Guarantor.

"Collateral" means all of Guarantor's rights and interest in any and all personal property, whether now existing or hereafter acquired or created and wherever located, and all products and proceeds thereof and accessions thereto, including but not limited to the following (collectively, the "Collateral"): (a) all accounts (including health care insurance receivables), chattel paper (including tangible and electronic chattel paper), inventory (including all goods held for sale or lease or to be furnished under a contract for service, and including returns and repossessions), equipment (including all accessions and additions thereto), instruments (including promissory notes), investment property (including securities and securities entitlements), documents (including negotiable documents), deposit accounts, letter of credit rights, money, any commercial tort claim of Guarantor which is now or hereafter identified by Guarantor or Lender, general intangibles (including payment intangibles and software}, goods (including fixtures) and all of Guarantor's books and records with respect to any of the foregoing, and the computers and equipment containing said books and records; and (b) any and all cash proceeds and/or noncash proceeds thereof, including without limitation, insurance proceeds, and all supporting obligations and the security therefore or for any right to payment. In no event shall the Collateral include, or Lender's Lien attach to, any of the outstanding Ownership Interests of a Foreign Subsidiary in excess of 65% of the issued and outstanding Ownership Interests entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c }(2}} and 1 00% of the issued and outstanding Ownership Interests not entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) in each Foreign Subsidiary if the pledge of a greater percentage would result in material adverse tax consequences to Guarantor.

"Collections" means all payments from or on behalf of an Account Debtor with respect to Receivables.

"Default" means any Event of Default or any event that with notice, lapse of time or otherwise would constitute an Event of Default.

"Event of Default" has the meaning set forth in Section 5.1.

"Financing Agreement" is defined in the Recitals to this Agreement.

"Guarantor" is defined in the Preamble to this Agreement.

"Guaranty" is defined in the Recitals to this Agreement.

"Lender" means Bridge Bank, National Association, and its successors and assigns.

"Obligations" means all liabilities and obligations of Guarantor to Lender of any kind or nature, present or future, arising under or in connection with this Agreement or under any other document, instrument or agreement, whether or not evidenced by any note, guarantee or other instrument, whether arising on account or by overdraft, whether direct or indirect (including those acquired by assignment) absolute or contingent, primary or secondary, due or to become due, now owing or hereafter arising, and however acquired; including, without limitation, all Advances, Finance Charges, fees, interest, expenses, professional fees and attorneys' fees.

"Receivables" means Guarantor's rights to payment arising in the ordinary course of Guarantor's business, including accounts, chattel paper, instruments, contract rights, documents, general intangibles, letters of credit, drafts, and bankers acceptances.

"UCC" means the California Uniform Commercial Code, as amended or supplemented from time to time.

9.2 Construction:

(a) In this Agreement: (i) references to the plural include the singular and to the singular include the plural; (ii) references to any gender include any other gender; (iii) the terms "include" and "including" are not limiting; (iv) the term "or" has the inclusive meaning represented by the phrase "and/or," (v) unless otherwise specified, section and subsection references are to this Agreement, and (vi) any reference to any statute, law, or regulation shall include all amendments thereto and revisions thereof.

(b) Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved using any presumption against either Guarantor or Lender, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each party hereto and their respective counsel. In case of any ambiguity or uncertainty, this Agreement shall be construed and interpreted according to the ordinary meaning of the words used to accomplish fairly the purposes and intentions of all parties hereto.

(c) Titles and section headings used in this Agreement are for convenience only and shall not be used in interpreting this Agreement.

10. JURY TRIAL WAIVER. THE UNDERSIGNED ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED UNDER CERTAIN CIRCUMSTANCES. TO THE EXTENT PERMITTED BY LAW, EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS, HIS OR HER CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THE MUTUAL BENEFIT OF ALL PARTIES, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION ARISING OUT OF OR RELATED TO THIS AGREEMENT OR ANY OTHER DOCUMENT, INSTRUMENT OR AGREEMENT BETWEEN THE UNDERSIGNED PARTIES.

11. JUDICIAL REFERENCE PROVISION.

11.1 In the event the Jury Trial Waiver set forth above is not enforceable, the parties elect to proceed under this Judicial Reference Provision.

11.2 With the exception of the items specified in Section 11.3 below, any controversy, dispute or claim (each, a "**Claim**") between the parties arising out of or relating to this Agreement or any other document, instrument or agreement between the undersigned parties (collectively in this Section, the "**Loan Documents**"), will be resolved by a reference proceeding in California in accordance with the provisions of Sections 638 et seq. of the California Code of Civil Procedure ("**CCP**"), or their successor sections, which shall constitute the exclusive remedy for the resolution of any Claim, including whether the Claim is subject to the reference proceeding. Except as otherwise provided in the Loan Documents, venue for the reference proceeding will be in the state or federal court in the county or district where the real property involved in the action, if any, is located or in the state or federal court in the county or district where venue is otherwise appropriate under applicable law (the "**Court**").

11.3 The matters that shall not be subject to a reference are the following: (i) nonjudicial foreclosure of any security interests in real or personal property, (ii) exercise of self-help remedies (including, without limitation, set-off), (iii) appointment of a receiver and (iv) temporary, provisional or ancillary remedies (including, without limitation, writs of attachment, writs of possession, temporary restraining orders or preliminary injunctions). This reference provision does not limit the right of any party to exercise or oppose any of the rights and remedies described in clauses (i) and (ii) or to seek or oppose from a court of competent jurisdiction any of the items described in clauses (iii) and (iv). The exercise of, or opposition to, any of those items does not waive the right of any party to a reference pursuant to this reference provision as provided herein.

11.4 The referee shall be a retired judge or justice selected by mutual written agreement of the parties. If the parties do not agree within ten (1 0) days of a written request to do so by any party, then, upon request of any party, the referee shall be selected by the Presiding Judge of the Court (or his or her representative). A request for appointment of a referee may be heard on an ex parte or expedited basis, and the parties agree that irreparable harm would result if ex parte relief is not granted. Pursuant to CCP § 170.6, each party shall have one peremptory challenge to the referee selected by the Presiding Judge of the Court (or his or her representative).

11.5 The parties agree that time is of the essence in conducting the reference proceedings. Accordingly, the referee shall be requested, subject to change in the time periods specified herein for good cause shown, to (i) set the matter for a status and trial-setting conference within fifteen (15) days after the date of selection of the referee, (ii) if practicable, try all issues of law or fact within one hundred twenty (120) days after the date of the conference and (iii) report a statement of decision within twenty (20) days after the matter has been submitted for decision.

11.6 The referee will have power to expand or limit the amount and duration of discovery. The referee may set or extend discovery deadlines or cutoffs for good cause, including a party's failure to provide requested discovery for any reason whatsoever. Unless otherwise ordered based upon good cause shown, no party shall be entitled to "priority" in conducting discovery, depositions may be taken by either party upon seven (7) days written notice, and all other discovery shall be responded to within fifteen (15) days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding.

11.7 Except as expressly set forth herein, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee, and the referee will be provided a courtesy copy of the transcript. The party making such a request shall have the obligation to arrange for and pay the court reporter. Subject to the referee's power to award costs to the prevailing party, the parties will equally share the cost of the referee and the court reporter at trial.

11.8 The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, enter equitable orders that will be binding on the parties and rule on any motion which would be authorized in a court proceeding, including without limitation motions for summary judgment or summary adjudication. The referee shall issue a decision at the close of the reference proceeding which disposes of all claims of the parties that are the subject of the reference. Pursuant to CCP § 644, such decision shall be entered by the Court as a judgment or an order in the same manner as if the action had been tried by the Court and any such decision will be final, binding and conclusive. The parties reserve the right to appeal from the final judgment or order or from any appealable decision or order entered by the referee. The parties reserve the right to findings of fact, conclusions of laws, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

11.9 If the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by reference procedure will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge or justice, in accordance with the California Arbitration Act §1280 through §1294.2 of the CCP as amended from time to time. The limitations with respect to discovery set forth above shall apply to any such arbitration proceeding.

11.10 THE PARTIES RECOGNIZE AND AGREE THAT ALL CONTROVERSIES, DISPUTES AND CLAIMS RESOLVED UNDER THIS REFERENCE PROVISION WILL BE DECIDED BY A REFEREE AND NOT BY A JURY. AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS, HIS OR HER OWN CHOICE, EACH PARTY KNOWINGLY AND VOLUNTARILY, AND FOR THE MUTUAL BENEFIT OF ALL PARTIES, AGREES THAT THIS REFERENCE PROVISION WILL APPLY TO ANY CONTROVERSY, DISPUTE OR CLAIM BETWEEN OR AMONG THEM ARISING OUT OF OR IN ANY WAY RELATED TO, THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS.

12. OTHER AGREEMENTS. (i) Any security agreements, liens and/or security interests securing payment of any obligations of Guarantor owing to Lender or its affiliates also secure the Obligations, and are valid and subsisting and are not adversely affected by execution of this Agreement. An Event of Default under this Agreement constitutes a default under other outstanding agreements between Guarantor and Lender or its affiliates; (ii) Lender reserves the right to issue press releases, advertisements, and other promotional materials describing any successful outcome of services provided on Guarantor's behalf. Guarantor agrees that Lender shall have the right to identify Guarantor by name in those materials.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, Guarantor and Lender have executed this Agreement on the day and year above written.

GUARANTOR:

SYSOREX GLOBAL HOLDINGS CORP.,
a Nevada corporation

By: /s/ Nadir Ali
Name: Nadir Ali
Title: President

Address for Notices:

3375 Scott Blvd, Suite 440
Santa Clara, CA 95054
Fax: (703) 880-7218

LENDER:

BRIDGE BANK, NATIONAL ASSOCIATION

By: _____
Name: Sarah Schmidt
Title: Senior Vice President

Address for Notices:

Attn: Lee A. Shodiss, Senior Vice President
55 Almaden Blvd., Suite 150
San Jose, CA 95113
Tel: (408) 556-6502
Fax: (408) 423-8514

GUARANTOR SECURITY AGREEMENT

IN WITNESS WHEREOF, Guarantor and Lender have executed this Agreement on the day and year above written.

GUARANTOR:

SYSOREX GLOBAL HOLDINGS CORP.,
a Nevada corporation

By: _____
Name: Nadir Ali
Title: President

Address for Notices:

3375 Scott Blvd, Suite 440
Santa Clara, CA 95054
Fax: (703) 880-7218

LENDER:

BRIDGE BANK, NATIONAL ASSOCIATION

By: /s/ Sarah Schmidt
Name: Sarah Schmidt
Title: Senior Vice President

Address for Notices:

Attn: Lee A. Shodiss, Senior Vice President
55 Almaden Blvd., Suite 150
San Jose, CA 95113
Tel: (408) 556-6502
Fax: (408) 423-8514

GUARANTOR SECURITY AGREEMENT

Exhibit 10.3

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this **"Agreement"**) is made effective as of March 20, 2013, by and between Sysorex Global Holdings Corp., a Nevada corporation (the **"Company"**), and Bridge Bank, N.A., and its assignees (the **"Holder"** or **"Purchasers"**).

RECITALS

WHEREAS, the Purchaser has entered into a Credit Facility on the date hereof with the Company and, among other things, received a common stock purchase warrant (the **"Warrant"**) to purchase 166,667 shares of Common Stock, $.001 par value; and

WHEREAS, as a condition of the Credit Facility, the Company is required to execute and deliver this Agreement to the Purchaser to provide for certain registration rights with respect to Common Stock underlying the Warrants (**"Underlying Shares"**) upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of these premises and the mutual promises and covenants hereinafter set forth and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. In addition to the terms defined elsewhere in this Agreement, the following capitalized terms shall have the following meanings. Capitalized terms used and not otherwise defined herein that are defined in the Subscription Agreement shall have the meanings given such terms in the Subscription Agreement.

"Business Day" means any day other than a Saturday, Sunday or legal holiday in the State of California.

"Effectiveness Date" means, with respect to the Registration Statement to be filed pursuant to Section 2(a), the date on which the SEC declares the Registration Statement effective.

"Effectiveness Period" is defined in Section 2(a).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Filing Date" means, with respect to the Registration Statement to be filed hereunder, the date on which the Company files its next registration statement other than an S-4 or S-8 Registration Statement.

"Holder" or **"Holders"** means the holder or holders, as the case may be, from time to time of Registrable Securities (including any permitted assignee).

"Holders' Representative" means Bridge Bank, N.A., or any other person that has been appointed by the Holders of a majority of the Registrable Securities to act as representative of the Holders for purposes of this Agreement.

"Indemnified Party" is defined in Section 5(c).

"Indemnifying Party" is defined in Section 5(c).

"Losses" is defined in Section 5(a).

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Prospectus" means the prospectus included in the Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by the Registration Statement, and all other amendments and supplements to the Prospectus, including post effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"Registrable Securities" means the Underlying Shares issuable upon exercise of warrants provided, that the Company shall have the right to reduce the number of Registrable Securities if in the reasonable opinion of counsel to the Company, the Registration Statement could not be declared effective by the SEC without such reduction as a result of SEC guidance pursuant to Rule 415 promulgated under the Securities Act. Any such reduction shall be pro rata among all Holders. In addition, Registrable Securities shall also include any shares of Common Stock issuable pursuant to Section 2(b) of this Agreement.

"Registration Statement" means the registration statements required to be filed hereunder, including (in each case) the Prospectus, amendments and supplements to the registration statement or Prospectus, including pre and post effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in the registration statement.

"Rule 144" means Rule 144 promulgated by the SEC pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar Rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule.

"Rule 415" means Rule 415 promulgated by the SEC pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar Rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule.

"Rule 424" means Rule 424 promulgated by the SEC pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar Rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

·**"Selling Shareholder Questionnaire"** is defined in Section 2(e).

"Trading Day" means (i) a day on which Common Stock is traded or quoted on a Trading Market, or (ii) if Common Stock is not traded or quoted on a Trading Market, a day on which Common Stock is quoted in the over-the-counter market as reported by the National Quotation Bureau Incorporated (or any similar organization or agency succeeding to its functions of reporting price); provided, that in the event that Common Stock is not traded or quoted as set forth in (i), and (ii) hereof, that Trading Day shall mean a Business Day.

"Trading Market" means the following markets or exchanges on which Common Stock is listed or quoted for trading on the date in question: the NASDAQ Capital Market, the New York Stock Exchange, the NYSE MKT, LLC, NASDAQ Global Market, the NASDAQ Global Select Market or the OTC PINK marketplace.

2. Registration.

(a) Required Registration. No later than the Filing Date, the Company shall prepare and file with the SEC the Registration Statement covering the resale of all of the Registrable Securities which a Holder has requested to be included in such Registration Statement (subject to the proviso set forth in the definition of "Registrable Securities" above) and for which such Holder has provided the Company with a completed Selling Shareholder Questionnaire, which offering shall be made on a continuous basis pursuant to Rule 415. The Registration Statement shall be on Form S-1 (or other applicable form at the discretion Of the Company). The Registration Statement shall contain (except if otherwise directed by the Holders) the **"Plan of Distribution"** substantially in the form attached hereto as **Annex A** (which may be modified as required by the Securities Act and the rules and regulations thereunder and to respond to comments, if any, received from the SEC). The Company shall cause the Registration Statement to be declared effective under the Securities Act prior to the Effectiveness Date and shall use its reasonable best efforts to keep the Registration Statement continuously effective under the Securities Act until the date when all Registrable Securities covered by the Registration Statement (a) have been sold pursuant to the Registration Statement or an exemption from the registration requirements of the Securities Act or (b) may be sold without any volume or manner of sale restrictions pursuant to Rule 144 (the **"Effectiveness Period"**).

(b) Sufficient Number of Shares Registered. The Registration Statement filed pursuant to Section 2(a) shall include a number of shares of Common Stock sufficient to cover all of the Registrable Securities. In the event the number of shares of Common Stock covered under a Registration Statement filed pursuant to Section 2(a) is insufficient to cover all of the Registrable Securities which such Registration Statement is required to cover (subject to the proviso set forth in the definition of "Registrable Securities" above), the Company shall use its reasonable best efforts to amend the Registration Statement, or file a new Registration Statement, or both, so as to cover at least 100% of the Registrable Securities, in each case, as soon as practicable. The Company shall use its reasonable best efforts to cause such amendment and/or new Registration Statement to become effective as soon as practicable following the filing thereof.

(c) Participation in Underwritten Registrations. If the registration of which Company gives notice to Holder is for a registered public offering involving an underwriting, Company shall so advise Holder as part of the written notice given to Holder. No Holder may participate in any underwritten registration with respect to the Registrable Securities unless such Holder completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements, lock-up letters and other documents reasonably required under the terms of such underwriting agreements.

(d) Other Requirements. In connection with any Registration Statement under Section 2(a), Holders whose Registrable Securities are included therein shall provide such information and shall execute and deliver to the Company such documents, including, but not limited to, a selling shareholder questionnaire in customary form and substance reasonably satisfactory to the Company (**"Selling Shareholder Questionnaire"**), as the Company may reasonably request in order to effect such registration pursuant to this Agreement and in accordance with applicable securities laws.

(e) Piggy-Back Registrations. If at any time during the Effectiveness Period there is not an effective Registration Statement covering all of the Registrable Securities and the Company shall determine to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with the stock option or other employee benefit plans, then the Company shall send to each Holder a written notice of such determination and, if within fifteen (15) days after the date of such notice, any such Holder shall so request in writing, the Company shall include in such registration statement all or any part of such Registrable Securities such Holder requests to be registered, subject to customary underwriter cutbacks applicable to all holders of registration rights on a *pro rata* basis, provided that if at any time after giving written notice of its intention to register any securities and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason not to register or to delay registration of such securities, the Company may, at its election, give written notice of such determination to such Holder and, thereupon, (i) in the case of a determination not to register, shall be relieved of its obligation to register any Registrable Securities in connection with such registration (but not from its obligation to pay expenses in accordance with Section 4 hereof), and (ii) in the case of a determination to delay registering, shall be permitted to delay registering any Registrable Securities being registered pursuant to this Section for the same period as the delay in registering such other securities. Notwithstanding the foregoing, the Company shall not be required to register any Registrable Securities pursuant to this Section that are eligible for resale pursuant to Rule 144(b) promulgated under the Securities Act or that are the subject of a then effective Registration Statement. Notwithstanding the foregoing, nothing herein shall be construed of relieving the Company of its obligations under this Agreement.

3. Registration Procedures. In connection with the Company's registration obligations hereunder, the Company shall use reasonable best efforts to:

(a) Not less than three (3) Trading Days prior to the filing of the Registration Statement or of any related Prospectus or any amendment or supplement thereto, (i) furnish to the Holders' Representative copies of all such documents substantially in the form proposed to be filed (including documents incorporated or deemed incorporated by reference to the extent requested by such Person) which documents will be subject to the review of the Holders' Representative, and (ii) subject, if appropriate, to the execution of confidentiality agreements in form reasonably acceptable to the Company, cause its officers and directors, counsel and independent certified public accountants to respond to such inquiries as shall be reasonably necessary, in the reasonable opinion of respective counsel to conduct a reasonable investigation within the meaning of the Securities Act.

(b) (i) Prepare and file with the SEC such amendments, including post effective amendments, to the Registration Statement and the Prospectus used in connection therewith as may be necessary to keep the Registration Statement continuously effective as to the applicable Registrable Securities for the Effectiveness Period; (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement, and as so supplemented or amended to be filed pursuant to Rule 424; and (iii) respond as promptly as reasonably practicable to any comments received from the SEC with respect to the Registration Statement or any amendment thereto and, as promptly as reasonably practicable, upon request, provide the Holders' Representative true and complete copies of all correspondence from and to the SEC relating to the Registration Statement (subject, if appropriate, to the execution of confidentiality agreements in form acceptable to the Company).

(c) Notify the Holders of Registrable Securities to be sold as promptly as reasonably possible (and, in the case of (i)(A) below, not less than three (3) Trading Days prior to such filing) and (if requested by any such Person) confirm such notice in writing promptly following the day (i)(A) when a Prospectus or any Prospectus supplement or post effective amendment to the Registration Statement is proposed to be filed; (B) when the SEC notifies the Company whether there will be a "review" of the Registration Statement and whenever the SEC comments in writing on the Registration Statement (the Company shall upon request provide true and complete copies thereof and all written responses thereto to the Holders' Representative, subject, if appropriate, to the execution of confidentiality agreements in form acceptable to the Company);

and (C) with respect to the Registration Statement or any post effective amendment, when the same has become effective; (ii) of any request by the SEC or any other federal or state governmental authority during the period of effectiveness of the Registration Statement for amendments or supplements to the Registration Statement or Prospectus or for additional information; (iii) of the issuance by the SEC or any other federal or state governmental authority of any stop order suspending the effectiveness of the Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; and (v) of the occurrence of any event or passage of time that makes the financial statements included in the Registration Statement ineligible for inclusion therein or any statement made in the Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to the Registration Statement, Prospectus or other documents so that, in the case of the Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) Avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order suspending the effectiveness of the Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(e) Promptly deliver to each Holder no later than five (5) business days after the Effectiveness Date, without charge, two (2) copies of the Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto (and, upon the request of the Holder such additional copies as such Persons may reasonably request in connection with resales by the Holder of Registrable Securities). The Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto, except after the giving of any notice pursuant to Section 3(c)(ii)-(v).

(f) Prior to any resale of Registrable Securities by a Holder, use its reasonable best efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from the registration or qualification) of such Registrable Securities for the resale by the Holder under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder reasonably requests in writing, to keep such registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things reasonably necessary to enable the disposition in such jurisdictions of the Registrable Securities covered by the Registration Statement; provided, however, that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, subject the Company to any material tax in any such jurisdiction where it is not then so subject or file a general consent to service of process in any such jurisdiction.

(g) If requested by the Holders, cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to the Registration Statement, which certificates shall be free, to the extent permitted by the Subscription Agreement, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holders may request.

(h) Upon the occurrence of any event contemplated by Section 3(c), as promptly as reasonably possible under the circumstances taking into account the Company's good faith assessment of any adverse consequences to the Company and its stockholders of the premature disclosure of such event, prepare and file a supplement or amendment, including a post effective amendment, to the Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither the Registration Statement nor such Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company will use, in good faith, its commercially reasonable reasonable best efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable. In accordance with the provisions of Section 6(o), the Company shall be entitled to exercise its right under this Section 3(h) to suspend the availability of a Registration Statement and Prospectus.

(i) Comply in all material respects with all applicable rules and regulations of the SEC relating to the registration of the Registrable Securities pursuant to the Registration Statement or otherwise.

(j) The Company shall not be required to include in any Registration Statement the Registrable Securities of any Holder that does not complete a Selling Shareholder Questionnaire.

(k) Make all documents, files, books, records, officers, directors and employees of the Company reasonably available to the Holders' Representative, legal counsel to the Holders and accountants retained by the Holders (collectively,

the **"Inspectors"**), and make such other accommodations as are reasonably necessary for the Inspectors, if any, to perform a due diligence review of the Company; provided, however, that all such information **("Confidential Information")** will be kept confidential and not utilized by the Inspectors except as contemplated herein and except as required by law or court order. The term Confidential Information also includes any information included in a draft Registration Statement or any related Prospectus or any amendment or supplement thereto provided to a Holder pursuant to Section 3(a); for the avoidance of doubt, however, the Company shall not furnish to Holders, without their prior approval, any information that constitutes or might constitute material, nonpublic information. The term Confidential Information does not include information that (a) is already in possession of such other party (other than that which is subject to another confidentiality agreement or unless obtained from a third party where the receiving party knows that the third party was subject to a confidentiality agreement), (b) becomes generally available to the public other than by disclosure in violation of this Agreement or any other agreement to which a Holder is a party, or (c) becomes available on a non-confidential basis from a source other than the Company unless obtained from a third party where the receiving party knows that the third party was subject to a confidentiality agreement. Each Holder agrees that it shall, upon learning that disclosure of such Confidential Information is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, the information deemed confidential.

(l) Hold in confidence and not make any disclosure of information concerning any Holder provided to the Company unless (a) such information is already in possession of the Company, (b) such information becomes available to the Company on a nonconfidential basis from a person other than such Holder who is not known by the Company to be otherwise bound by a confidentiality or comparable agreement with such Holder, (c) disclosure of such information is necessary to comply with federal or state securities laws, (d) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement or Prospectus, (e) the release of such information is ordered pursuant to a subpoena or other final, non-appealable order from a court or governmental body of competent jurisdiction, (f) such information has been made generally available to the public other than by disclosure in violation of this Agreement or any other agreement to which the Company is a party, or (g) such Holder consents to the form and content of any such disclosure (the Holders shall be deemed to consent to the inclusion of any information provided in the Selling Shareholder Questionnaire, in the Registration Statement, any Prospectus related thereto, and any amendments or supplements thereto). The Company agrees that it shall, upon learning that disclosure of such information concerning any Holder is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt written notice to such Holder and allow such Holder, at the Holder's expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

(m) File the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder so long as the Holders own any Registrable Securities, but in no event longer than two (2) years; provided, however, the Company may delay any such filing but only pursuant to Rule 12b-25 under the Exchange Act, and the Company shall use commercially reasonable efforts to take such further action as any Holder of Registrable Securities may reasonably request, all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (a) Rule 144 under the Securities Act, or (b) any similar rule or regulation hereafter adopted by the SEC. Upon the request of any Holder of Registrable Securities, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements.

(n) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering.

4. Registration Expenses. All fees and expenses incident to the performance of or compliance with this Agreement by the Company (including, without limitation, fees and expenses of counsel for the Holders' Representative with respect to the review of the Registration Statement, **"Holders' Representative Counsel"**) shall be borne by the Company whether or not any Registrable Securities are sold pursuant to the Registration Statement, other than fees and expenses of counsel (other than the Holder's Representative Counsel referenced above) or any other advisor retained by the Holders and discounts, fees and commissions with respect to the sale of any Registrable Securities by the Holders. The fees and expenses to referred to in the foregoing sentence to be borne by the Company shall include, without limitation, (i) all registration filing and qualification fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with the Trading Market on which Common Stock is then listed for trading, and (B) to effect compliance with applicable state securities or Blue Sky laws), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing Prospectuses), (iii) fees and disbursements of counsel for the Company, (iv) expenses of any special audits incidental to or required by registration, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any

securities exchange or other trading market as required hereunder. All expenses of any registered offering not otherwise borne by Company shall be borne pro rata among Holders participating in the Offering and Company.

5. Indemnification

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, agents and employees, of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable attorneys' fees) and expenses (including the cost (including without limitation, reasonable attorneys' fees) and expenses relating to an Indemnified Party's actions to enforce the provisions of this Section 5) (collectively, **"Losses"**), as incurred, to the extent arising out of or relating to any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus, any form of prospectus, in any amendment or supplement thereto, in any preliminary prospectus, offering circular or other document incident to a registration, qualification or compliance, or arising out of or relating to any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, except to the extent, but only to the extent, that (1) such untrue (or alleged untrue) statements or omissions (or alleged omissions) are based solely upon information regarding such Holder furnished (or in the case of an omission, results from the failure of such Holder to fully or accurately complete the Selling Shareholder Questionnaire) in writing to the Company by or on behalf of such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and which proposed method was reviewed by such Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto (it being understood that the Holder has reviewed Annex A hereto for this purpose), (2) in the case of an occurrence of an event of the type specified in Section 3(c)(ii)-(v), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated in Section 6(c), or (3) the failure of the Holder to deliver a Prospectus as amended or supplemented prior to the confirmation of a sale. The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding of which the Company is aware in connection with the transactions contemplated by this Agreement.

(b) Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, to the extent arising out of or based upon: any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus, or any form of prospectus, or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of the Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading (i) to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is contained in any infonnation so furnished (or in the case of an omission, results from the failure of such Holder to fully or accurately complete the Selling Shareholder Questionnaire) in writing by or on behalf of such Holder to the Company specifically for inclusion in the Registration Statement or such Prospectus or (ii) to the extent that (1) such untrue statements or omissions are based solely upon information regarding such Holder furnished (or in the case of an omission, results from the failure of such Holder to fully or accurately complete the Selling Shareholder Questionnaire) in writing to the Company by or on behalf of such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and which proposed method was reviewed by such Holder expressly for use in the Registration Statement (it being understood that the Holder has reviewed Annex A hereto for this purpose), such Prospectus or such form of Prospectus or in any amendment or supplement thereto, or (2) in the case of an occurrence of an event of the type specified in Section 3(c)(ii)-(v), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated in Section 6(c), or (3) the failure of the Holder to deliver a Prospectus as amended or supplemented prior to the confirmation of a sale. In no event shall the liability of any selling Holder hereunder be greater in amount than the gross proceeds received by the Holder with respect to the sale of its Registrable Securities giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an **"Indemnified Party"**), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the **"Indemnifying Party"**) in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give

such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that such failure shall have materially prejudiced the Indemnifying Party. An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in (but not control) the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed to assume the defense of such Proceeding in a timely manner and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel in writing that a conflict of interest would exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and the reasonable fees and expenses of one separate counsel for all Indemnified Parties in any matters related on a factual basis shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding affected without its written consent, not to be unreasonably withheld. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding. All reasonable fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within fifteen (15) Business Days of written notice thereof to the Indemnifying Party; provided, that the Indemnified Party shall promptly reimburse the Indemnifying Party for that portion of such fees and expenses applicable to such actions for which such Indemnified Party is not entitled to indemnification hereunder, determined based upon the relative faults of the parties.

(d) Contribution. If a claim for indemnification under Section 5(a) or Section 5(b) is unavailable to an Indemnified Party (by reason of public policy or otherwise), then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Section 5(c), any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

(e) The parties hereto agree that it would not be just and equitable if contribution pursuant to Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in Section 5(d). Notwithstanding the provisions of Section 5(d), no Holder shall be required to indemnify or contribute, in the aggregate, pursuant to this Article 5, any amount in excess of the amount by which the proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, except in the case of fraud by such Holder. The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties. No party guilty of fraudulent misrepresentation pursuant to Section 11(f) of the Securities Act shall be entitled to contribution from any other party.

6. Miscellaneous.

(a) Remedies. In the event of a breach by the Company or by a Holder of any of their obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement will be entitled to specific performance of its rights under this Agreement. The Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(b) Compliance. Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to the Registration Statement.

(c) Discontinued Disposition. Each Holder agrees by its acquisition of such Registrable Securities that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(c)(ii)-(v), such Holder will forthwith discontinue disposition of such Registrable Securities under the Registration Statement until such Holder's receipt of the copies of the supplemented Prospectus and/or amended Registration Statement or until it is advised in writing (the **"Advice"**) by the Company that the use of the applicable Prospectus may be resumed, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement. The Company may provide appropriate stop orders to enforce the provisions of this paragraph.

(d) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and the Holder whereupon such amendment, modification, supplement or waiver shall be binding on all Holders; provided, however, that no consideration shall be offered or paid to any Holder to amend or consent to a waiver or modification of any provision of this Agreement unless the same consideration (on a pro-rata basis) is also offered to all of the Holders under this Agreement.

(e) Notices. All notices that are required or may be given pursuant to this Agreement must be in writing and delivered personally, by a recognized courier service, by a recognized overnight delivery service, or by registered or certified mail, postage prepaid, to the parties at the following addresses (or to the attention of such other person or such other address as any party may provide to the other parties by notice in accordance with this section):

If to the Company:

Sysorex Global Holdings Corp.
3375 Scott Blvd., Suite 440
Santa Clara, CA 95054
Attention: Nadir Ali, President
Tel: (703) 880-7219
Email: ali@sysorex.com

With a copy to:

Davidoff Butcher & Citron LLP
605 Third A venue, 34th Floor
New York, NY 10158
Attention: Elliot H. Lutzker, Esq.
Telephone: (212) 286-1884
Email: ehl @dhclegal.com

If to Purchaser:

Bridge Bank, N.A. Bridge Capital Finance Group
55 Almaden Boulevard, Suite 150
San Jose, CA 95113
Attention: Lee A. Shodiss, Senior Vice President, Group Manager
Telephone: (408) 556-6502
Email: Lee.Shodiss@ bridgebank.com

With a copy (which shall not constitute notice) to:

Buchalter Nemer
1000 Wilshire Blvd., Suite 1500
Los Angeles, CA 90017
Attention: Robert Willner, Esq.
Telephone: (213) 891-5107
Email: rwillner@ buchalter.com

Any such notice or other communication will be deemed to have been given and received (whether actually received or not) on the day it is personally delivered or delivered by courier or overnight delivery service or, if mailed, when actually received.

(f) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon each of the parties and their respective successors and permitted assigns.

(g) Execution and Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California without regard to the conflicts of laws principles thereof. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. All actions arising out of or relating to this Agreement shall be heard and determined exclusively in any federal court sitting in the Northern District of California; provided, however, that if such federal court does not have jurisdiction over such action, such action shall be heard and determined exclusively in any California state court sitting in Santa Clara County, California. Consistent with the preceding sentence, the parties hereto hereby (a) submit to the exclusive jurisdiction of any federal or state court sitting in the County of California for the purpose of any action arising out of or relating to this Agreement brought by any party hereto and (b) irrevocably waive, and agree not to assert by way of motion, defense, or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the action is brought in an inconvenient forum, that the venue of the action is improper, or that this Agreement or the transactions contemplated by this Agreement may not be enforced in or by any of the above-named courts.

(i) Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OF THE PARTIES HERETO HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B)ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 6(i).

(j) Cumulative Remedies. Subject to the first sentence of Section 6(a), the remedies provided herein are cumulative and not exclusive of any remedies provided by law.

(k) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(l) Interpretation. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof. References to Sections mean Sections of this Agreement unless otherwise stated. Any term defined in this Agreement shall be deemed to include derivations of such term (e.g., the term **"Indemnified Party"** shall include **"Indemnified Parties"**).

(m) Independent Nature of Purchasers' Obligations and Rights. The obligations of each Purchaser hereunder is several and not joint with the obligations of any other Purchaser hereunder, and no Purchaser shall be responsible in any way for the performance of the obligations of any other Purchaser hereunder. Nothing contained herein or in any other agreement or document delivered at any closing, and no action taken by any Purchaser pursuant hereto or thereto, shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert with respect to such obligations or the transactions contemplated by this Agreement. Each Purchaser shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Purchaser to be joined as ah additional party in any proceeding for such purpose. EACH PURCHASER REPRESENTS THAT IS HAS BEEN REPRESENTED BY ITS OWN SEPARATE LEGAL COUNSEL IN ITS REVIEW AND NEGOTIATION OF THIS AGREEMENT. The Company has elected to provide all Purchasers with the same terms and documents for the convenience of the Company and not because it was required to do so by the Purchasers.

(n) Assignment of Registration Rights. The rights of any Holder under this Agreement shall be automatically assignable by such Holder to any transferee of all or any portion of Registrable Securities (other than pursuant to a public sale

or Rule 144) if: (1) such Holder agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company promptly after such assignment; (2) the Company is, promptly after such transfer or assignment, furnished with written notice of (i) the name and address of such transferee or assignee, and (ii) the securities with respect to which such registration rights are being transferred or assigned; and (3) the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein.

(o) Deferral Period. With respect to any Registration Statement filed or to be filed pursuant to Section 2, if the Company determines that, in its good faith judgment, it would (because of the existence of, or in reasonable anticipation of, any acquisition or corporate reorganization or other transaction, financing activity, stock repurchase or other material development involving the Company or any subsidiary, or the unavailability for reasons beyond the Company's control of any required financial statements or other material information, or any other event or condition material to the Company or any subsidiary) be materially disadvantageous to the Company to proceed with such Registration Statement or that the Company is required by applicable law, rules or regulations not to proceed with the Registration Statement or to suspend its effectiveness (a **"Material Development Condition"**), then the Company shall, notwithstanding any other provisions of this Agreement, be entitled, upon the giving of a written notice that a Material Development Condition has occurred (a **"Delay Notice"**) from an officer of the Company to the Holders' Representative, as the representative of the Purchasers, (i) to cause sales of Registrable Securities by the Purchasers pursuant to such Registration Statement to cease, (ii) to cause such Registration Statement to be withdrawn and the effectiveness of such Registration Statement suspended, or (iii) in the event no such Registration Statement has yet been filed or declared effective, to delay filing or effectiveness of any such Registration Statement until, in the good faith judgment of the Company, such Material Development Condition shall be disclosed or no longer exists (notice of which the Company shall promptly deliver to the Holders' Representative, as the representative of the Purchasers). Notwithstanding the foregoing provisions of this Section 6(o), in the event a Registration Statement is filed and subsequently withdrawn by reason of any existing or anticipated Material Development Condition as provided above, the Company shall use commercially reasonable efforts to cause a new Registration Statement covering the Registrable Securities to be filed with the SEC as soon as reasonably practicable, but no later than the expiration of ninety (90) days from the Delay Notice.

(p) Entire Agreement. This Agreement, any annexes hereto and any writings incorporated herein by reference set forth the entire understanding of the parties hereto with respect to the subject matter hereof. The recitals hereto are a material part of this Agreement and are incorporated in this Agreement by reference as if fully set forth herein.

(q) No Piggyback on Registrations. Neither the Company nor any of its security holders (other than the Holders in such capacity pursuant hereto) may include securities of the Company in the initial Registration Statement other than the Registrable Securities, and the Company shall not, during the period beginning on the date hereof and ending on the Trading Day immediately following the actual effective date of such initial Registration Statement, enter into any agreement providing any such right to any of its security holders. Notwithstanding the foregoing, however, the Company may grant piggyback registration rights to third parties during the aforementioned period; provided, however, that such rights would expressly exclude the initial Registration Statement contemplated by this Agreement. The Company shall not file any other registration statements until the initial Registration Statement required hereunder is declared effective by the Commission.

(r) No Inconsistent Agreements. The Company has entered, as of the date hereof, nor shall the Company, on or after the date of this Agreement, enter into any agreement with respect to its securities, that would have the effect of impairing the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. Except as disclosed in the Offering Documents, neither the Company nor any of its subsidiaries has previously entered into any agreement granting any registration rights with respect to any of its securities to any person that have not been satisfied in full.

[Signature page(s) to follow]

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

SYSOREX GLOBAL HOLDINGS CORP.

By: /s/ Nadir Ali
Name: Nadir Ali
Title: President

(SUBSCRIBER'S SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT)

Name of Subscriber: _____

Name of Authorized Signatory (if different from Subscriber): _____

Title of Authorized Signatory: _____

Signature of Authorized Signatory or Subscriber: _____

EIN or Social Security Number: _____

Email Address of Subscriber: _____

Facsimile Number of Subscriber: _____

Address for Notice to Subscriber:

ANNEXA

Plan of Distribution

The Selling Stockholders and any of their pledgees, donees, assignees and successors-ininterest may, from time to time, sell any or all of their shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. The Selling Stockholders may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker/dealer solicits purchasers;
- block trades in which the broker/dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker/dealer as principal and resale by the broker/dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- put or call options transactions;
- settlement of short sales;
- broker/dealers may agree with the Selling Stockholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted by applicable law.

The Selling Stockholders may also sell shares under Rule 144 under the Securities Act of 1933, if available, rather than under this prospectus.

Broker/dealers engaged by the Selling Stockholders may arrange for other brokers/dealers to participate in sales. Broker/dealers may receive commissions from the Selling Stockholders (or, if any broker/dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The Selling Stockholders do not expect these commissions to exceed what is customary in the types of transactions involved.

The Selling Stockholders may from time to time pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the donees, pledgees or secured parties may offer and sell the shares of common stock from time to time under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act of 1933 amending the list of Selling Stockholders to include the donee, pledgee, transferee or other successors in interest as Selling Stockholders under this prospectus.

The Selling Stockholders and any broker/dealers or agents that are involved in selling the shares may be deemed to be “underwriters” within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker/dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions under the Securities Act of 1933. The Selling Stockholders have informed the Company that they do not have any agreement or understanding, directly or indirectly, with any person to distribute common stock.

At the time a particular offering of securities is made, to the extent required, a prospectus supplement will be distributed which will set forth the number of securities being offered and the terms of the offering, including the purchase price or the public offering price, the name or names of any underwriters, dealers or agents, the purchase price paid by any underwriters for securities purchased from the Selling Stockholders, any discounts, commissions and other items constituting compensation from the selling security holders and any discounts, commissions or concessions allowed or reallowed or paid to dealers.

Because Selling Stockholders may be deemed to be “underwriters” within the meaning of the Securities Act, they will be subject to the prospectus delivery requirements of the Securities Act. In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144 under the Securities Act may be sold under Rule 144 rather than under this prospectus. There is no underwriter or coordinating broker acting in connection with the proposed sale of the resale shares by the Selling Stockholders.

We agreed to keep this prospectus effective until the earlier of (i) the date on which the shares may be resold by the Selling Stockholders without registration and without regard to any volume limitations by reason of Rule 144 under the Securities Act or any other rule of similar effect or (ii) all of the shares have been sold pursuant to this prospectus or Rule 144 under the Securities Act or any other rule of similar effect. The resale shares will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states, the resale shares may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Pursuant to applicable rules and regulations under the Securities Exchange Act of 1934, any person engaged in the distribution of the securities offered under this prospectus may not simultaneously engage in market activities for the shares of common stock for a period of five business days prior to the commencement of such distribution. In addition, each Selling Stockholder and any other person who participates in a distribution of the securities will be subject to applicable provisions of the Securities Exchange Act of 1934 and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and may affect the marketability of the securities and the ability of any person to engage in market activities for the shares of common stock.

The Company is required to pay all fees and expenses incident to the registration of the shares. The Company has agreed to indemnify the Selling Stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act of 1933.

Exhibit 10.4

GUARANTY AGREEMENT

GUARANTY AGREEMENT (the "Guaranty") dated as of March __, 2013 (the "Closing Date") by and among Sysorex Global Holdings Corp., a Nevada corporation, having an address at 3375 Scott Blvd., Suite 440, Santa Clara, California 94054 (together with its successors and assigns, "Sysorex") and _____, ("Former Lilien Member").

W I T N E S S E T H:

WHEREAS, Sysorex has agreed to purchase substantially all of the assets and liabilities of Lilien, LLC, a Delaware limited liability company, including the capital stock of its wholly-owned subsidiary, Lilien Systems (together, "Lilien"), pursuant to an Asset Purchase and Merger Agreement effective and entered into on March 1, 2013 (the "Purchase Agreement") by and between Lilien and Sysorex. All capitalized terms not defined herein shall have the same meaning as set forth in the Purchase Agreement;

WHEREAS, Lilien has agreed to exchange all of the capital stock of Lilien Systems in consideration of the issuance of an aggregate of 6,000,000 shares of Common Stock of Sysorex (the "Sysorex Distributed Shares") to be distributed to the Former Lilien Member and other members of Lilien pursuant to the Purchase Agreement;

WHEREAS, pursuant to Section 2.02(A)(c)(i) of the Purchase Agreement, Sysorex will transfer to the Former Lilien Member _____ of the Sysorex Distributed Shares (the "Guaranteed Shares");

WHEREAS, pursuant to 2.02(A)(c)(ii) of the Purchase Agreement, the Former Lilien Member has entered into a Lock-Up/Leak-Out Agreement (the "Lock-Up/Leak-Out") under which the Former Lilien Member has agreed to not sell, transfer or otherwise dispose of the Guaranteed Shares except as specified in the Lock-Up/Leak-Out; and

WHEREAS, pursuant to Section 2.02(B) of the Purchase Agreement, Sysorex has guaranteed the amount of the Guaranteed Proceeds (as defined in Section 2.02(B)(i)) from the sale of the Guaranteed Shares when sold pursuant to the terms and conditions of the Lock-Up/Leak-Out and in accordance with the terms and conditions of this Guaranty and subject to the Claw-back, described below.

NOW, THEREFORE, in consideration of the foregoing and the terms, conditions and mutual covenants appearing in this Guaranty, the parties hereto hereby agree as follows:

Section 1.

(a) If all of the Guaranteed Shares are sold pursuant to the Lock-Up/Leak-Out and the terms and conditions of this Guaranty by the end of the Guaranty Period (defined in Section 2.02(B)(ii)) then Sysorex shall pay to the Former Lilien Member the difference between $1.00 per Guaranteed Share and the cumulative price for which Former Lilien Member sells all of the Guaranteed Shares, less customary commissions ("Guaranteed Proceeds").

Section 2.

(a) A Shortfall in the Guaranteed Proceeds shall be calculated at: the earlier of (A) (24) months from the Closing Date, or (B) the sale of all of the Guaranteed Shares (the "Guaranty Period"). For purposes of this Guaranty, a "Shortfall" is defined as the difference between the Guaranteed Proceeds and the actual cumulative proceeds the Former Lilien Member receives from the sale of all of the Guaranteed Shares. At the end of the Guaranty Period, if the Former Lilien Member is unable to sell any Shares, such Former Lilien Member shall have an option for a ten (10)-day period commencing at the end of the Guaranty Period, to put all, but not less than all, of such Former Lilien Member's unsold Guaranteed Shares to Sysorex, for the purchase price of $1.00 per unsold Guaranteed Share. Payment by Sysorex shall be due in full within 120 days from the receipt of the put Guaranteed Shares. To the extent any Guaranteed Shares are not sold by the Former Lilien Member prior to the end of the Guaranty Period and have not been put to Sysorex for repurchase as discussed above, the Guaranty shall not apply to such unsold Guaranteed Shares.

(b) Notwithstanding the foregoing Guaranty by Sysorex, in the event the gross profit for the calendar years ending December 31, 2013 and 2014, attributed to the Business Assets (as defined in the Purchase Agreement) are more than twenty (20%) percent below the Forecast attached hereto as Exhibit A, the Guaranty shall be proportionately reduced (the "Claw-Back"). By way of example, in the event the gross profit attributed to the Business Assets for the fiscal year ended either December 31, 2013 or 2014, is 50% less than the projected amount set forth in Exhibit A, the Guaranty shall be reduced to $0.50 per Guaranteed Share (in the aggregate, $3,000,000 for all of the Sysorex Distributed Shares subject to this Guaranty or similar guaranties).

(c) Former Lilien Member shall prepare and deliver to Sysorex within one month after the end of the expiration of the Guaranty Period a cumulative statement, supported by documentation reflecting all sales of Guaranteed Shares by him, if not previously provided, and stating the amount, if any, to be paid by Sysorex to him pursuant to the terms of this Guaranty, subject to the Claw-Back.

(d) In the event that Former Lilien Member offers, sells, transfers or otherwise disposes of the Guaranteed Shares in violation of the Lock-Up/Leak-Out, without the prior written consent of Sysorex, the Guaranty shall not apply to the proceeds received from such sale and the Guaranty for that Former Lilien Member (not joint and several with other former Lilien Members) shall from that time be null and void.

Section 3. Subject to Section 6 hereunder, this Agreement shall inure to the benefit of and be binding upon Sysorex, its successors and assigns, and upon the Former Lilien Members, their heirs, executors, administrators, legatees and representatives.

Section 4. Should any part of this Guaranty, for any reason whatsoever, be declared invalid, illegal, or incapable of being enforced in whole or in part, such decision shall not affect the validity of any remaining portion, which remaining portion shall remain in full force and effect as if this Guaranty had been executed with the invalid portion thereof eliminated, and it is hereby declared the intention of the parties hereto that they would have executed the remaining portion of this Guaranty without including therein any portion which may for any reason be declared invalid.

Section 5. This Guaranty shall be construed and enforced in accordance with the laws of the State of California applicable to agreements made and to be performed in such State without application of the principles of conflicts of laws of such State.

Section 6. This Guaranty and all rights hereunder are personal to the parties and shall not be assignable, and any purported assignment in violation thereof shall be null and void.

Section 7.

(a) All notices, requests, consents, and demands by the parties hereunder shall be delivered by hand, recognized national overnight courier or by deposit in the United States Mail postage prepaid, by registered or certified mail, return receipt requested, addressed to the party to be notified at the address set forth below:

If to the Former Lilien Member to:

_____
_____
_____

With a copy to:

Dudnick Detwiler Rivin & Stikker LLP
351 California Street, 15th Floor
San Francisco, CA 94104
Attention: Jeffrey B. Detwiler
Facsimile: (415) 982-1401

If to Sysorex to:

Sysorex Global Holdings Corp.
3375 Scott Blvd., Suite 440
Santa Clara, CA 95054
Attention: Nadir Ali, CEO
Facsimile: 650-649-1940

With a copy to:

Davidoff Hutcher & Citron LLP
605 Third Avenue
New York, NY 10158
Attention: Elliot H. Lutzker, Esq.
Facsimile. (212) 286-1884

(b) Notices given by mail shall be deemed effective on the earlier of the date shown on the proof of receipt of such mail or, unless the recipient proves that the notice was received later or not received, three (3) days after the date of mailing thereof. Other notices shall be deemed given on the date of receipt. Any party hereto may change the address specified herein by written notice to the other parties hereto.

Section 8. In the event that Sysorex fails to make a payment for a Shortfall in the Guaranteed Proceeds in accordance with Section 2 hereof within thirty (30) days after such payment is due, Sysorex shall be in default under this Guaranty with respect to such payment ("Default Payment"). Upon such default by Sysorex, the Former Lilien Members shall be entitled to recover the aggregate Shortfall entirely in cash and may declare a default under the Purchase Agreement and pursue all remedies to which they are entitled to the extent necessary to relieve such default. This Guaranty shall otherwise remain in full force and effect. The failure of any party to insist upon the strict performance of any of the terms, conditions and provisions of this Guaranty shall not be construed as a waiver or relinquishment of future compliance therewith, and said terms, conditions and provisions shall remain in full force and effect. No waiver of any term or any condition of this Guaranty on the part of any party shall be effective for any purpose whatsoever unless such waiver is in writing and signed by such party.

Signature Page Follows

IN WITNESS WHEREOF, the parties hereto have executed this Guaranty as of the day and year first written above.

SYSOREX GLOBAL HOLDINGS CORP.

By: _____
Nadir Ali, CEO

FORMER LILIEN MEMBER

_____

Exhibit 10.5

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (the "Agreement") effective March ___, 2013 (the "Effective Date") by and between Lilien Systems, a California corporation ("Lilien"), and _____ (the"Executive") (collectively, the "Parties").

WHEREAS, Lilien desires to employ Executive and to enter into an agreement embodying the terms of such employment; and

WHEREAS, Executive desires to become employed with Lilien on the terms and conditions set forth herein and enter into such agreement.

NOW THEREFORE, in consideration of the premises and mutual covenants herein and for other good and valuable consideration, the Parties agree as follows:

1. Effectiveness; Term of Employment.

a. Effectiveness. This Agreement shall constitute a binding agreement between the parties as of the date hereof.

b. Term of Employment. The term of this Agreement shall commence on the Effective Date and shall continue until the second year anniversary date hereafter unless terminated pursuant to Paragraph 7 below (the "Term").

2. Position.

a. During the Term, Executive shall serve as: _____ of Lilien, a wholly-owned subsidiary of Sysorex Global Holdings Corp. (the "Company") and as a member of the Initial Board (as defined in Section 7(b)(iii)). In general, Executive shall have and perform such duties as those for which Executive was responsible prior to the acquisition of Lilien by the Company on the date hereof. Executive shall have the authority_____. However, HR, accounting and finance will be the responsibility of the Company's CFO. Executive will have and perform other duties as shall be determined from time to time by the Company's Board of Directors consistent with Executive's position.

b. During the Term, Executive will devote his full business time and efforts (excluding periods of vacation and sick days) to the performance of Executive's duties hereunder, and will not engage in any other business, profession or occupation which would conflict or interfere with the rendition of such services either directly or indirectly, without the prior written consent of the Board, which consent shall not unreasonably be withheld. Executive may: (i) engage in personal investment activities (including for Executive's immediate family); (ii) serve on the boards of nonprofit organizations and business entities; and/or (iii) be involved in other organizations, in each case provided that any of such activities do not materially interfere with Executive's performance of his duties for Lilien or create a conflict of interest with that of Lilien. Specifically, Executive and his immediate family shall be prohibited from having an ownership interest in or be employed by any other company besides Lilien or the Company or which has a joint venture or equivalent relationship with any company which competes directly with Lilien.

c. For the purposes of this Agreement, control or participation in any competing business shall be deemed to include (but shall not be limited to) ownership in excess of three percent (3%) of the aggregate capital stock of such competing business.

d. Subject to such travel as the performance of Executive's duties may reasonably be requested by the Company's Board, Executive shall perform the duties required of him by this Agreement in his office located in Larkspur, California.

3. Compensation.

a. Base Salary. Executive's Gross Base Salary, is hereinafter referred to as "Base Salary." During the term, Lilien shall pay to Executive an annual Base Salary at the rate of $_____, paid in accordance with Lilien's regular payroll practices, but not less frequently than monthly. Executive's Base Salary will be subject to all appropriate legally required tax deductions.

b. Bonus. In addition to Base Salary, Executive shall be entitled to incentives based on a compensation plan to be agreed to between Lilien and the Executive, as the same may be amended, modified or supplemented from time to time ("Incentives"). During the Term, the determination of whether to authorize additional bonuses and the timing and amount of such bonuses, shall be made by the Board in its discretion.

4. Benefits and Insurance.

a. Executive Benefits. During the Term, Executive shall be entitled to participate in Lilien's and/or the Company's employee and/or executive benefit plans (other than any annual incentive or other compensation or severance plans or programs, which benefits are set forth in this Agreement) as in effect from time to time (collectively "Executive Benefits"), on the same basis as those benefits are generally made available to other senior Lilien executives. Such Executive Benefits shall include, but not be limited to, health, dental, defined contribution plan, executive automobiles, disability and life insurance benefits. Lilien reserves the right to change or cancel any Executive Benefits at its sole discretion, except as specifically set forth in this Agreement.

b. Directors and Officers Liability Insurance. During the Term, and for a reasonable period (not less than one year) thereafter, the Company shall maintain Directors and Officers liability insurance coverage for Executive in a total coverage amount determined by the Board to be reasonable, provided that, if Executive's employment is terminated for "Cause" or Executive resigns his employment without "Good Reason," each term as defined herein, the Company may, at its discretion, elect not to maintain Directors and Officers liability insurance coverage for Executive after Executive's termination date.

5 . Business Expenses. During the Term, Lilien shall reimburse Executive for, or pay on behalf of Executive, all reasonable and customary business expenses, including, but not limited to, travel expenses incurred by Executive in the performance of Executive's duties hereunder**.**

6. Vacations. During the Term, Executive shall be entitled to _____ paid days of vacation annually and such other time off as is provided under the Lilien employee manual. Up to _____ days of paid vacation may be accrued and used in the following years.

7 . Termination. The Executive's employment hereunder shall continue from the effective date of this Agreement through the end of the Term, unless terminated earlier by Lilien or by Executive pursuant to this Paragraph 7. Lilien and Executive agree to enter into good faith negotiations for any successor agreement or extension of the Term no later than 6 months prior to the expiration of the Term, unless Lilien provides notice to Executive of its intention not to extend the Agreement with Executive. No later than 6 months prior to the expiration of the Term, Lilien shall submit written notice to Executive indicating Lilien's intent to initiate negotiations for a successor Agreement, extend the Term, or not to extend the Agreement with Executive. Executive shall respond to Lilien, in writing, no later than 20 days after receipt of Lilien's request.

a. Termination By the Company For Cause; Resignation By Executive Without Good Reason

(i) The Term and Executive's employment hereunder may be terminated by Lilien for Cause (as defined herein). Additionally, Executive's employment shall terminate automatically upon Executive's resignation without Good Reason (as hereinafter defined).

(ii) For purposes of this Agreement, "Cause" shall mean: (A) Executive's indictment for, or plea of nolo contendere to a felony under the laws of the United States or any state thereof or a misdemeanor involving moral turpitude; (B) Executive's material fraud in connection with Executive's duties hereunder which is materially injurious to the financial condition or business reputation of Lilien; provided, that no such termination shall be effective as a termination for "Cause" unless Executive has been given written notice by the Board of its intention to terminate Executive's employment for Cause, stating the grounds for such purported termination and Executive has had an opportunity to address such allegations with the Board; or (C) in the event the gross profit for the calendar years ending December 31, 2013 and 2014 attributable to Lilien are more than twenty-five (25%) percent below the Gross Profit Projections for Lilien (Exhibit A) provided by, and agreed to, by Executive.

(iii) If Executive's employment is terminated by Lilien for Cause or if Executive resigns without Good Reason (as hereinafter defined), Executive shall be entitled only to receive:

(A) Executive's Base Salary earned through the date of Executive's termination;

(B) reimbursement for any business expenses properly incurred by Executive in accordance with Lilien policy prior to the date of Executive's termination;

(C) such Executive Benefits, if any, pursuant to Paragraph 4 herein as to which Executive may be entitled as of the effective date of termination under the employee benefit plans of Lilien;

The amounts described in clauses 7(a)(iii)(A) through (C) are referred to herein as the "Accrued Rights".

b . Termination by Lilien Without Cause; Resignation by Executive for Good Reason; Termination Due to Change in Control.

(i) The Term and Executive's employment hereunder may be terminated by Lilien without Cause, or by Executive's resignation for Good Reason (as defined below), or due to a Change in Control (as defined below).

(ii) For purposes of this Agreement, "Good Reason" shall mean only: (A) the failure of Lilien to pay or cause to be paid, or to provide or cause to be provided, any part of Executive's compensation, benefits or perquisites when due hereunder that is not applicable to all other senior executives, or failure to provide a work atmosphere free from hostilities; (B) any diminution in Executive's title, position, authority responsibilities from those described herein, except in connection with Lilien's successorship plan or planning as duly authorized by the Board; (C) relocation of the Company's offices by more than fifty (50) miles from its current offices; or (D) failure of any successor company that acquires assets or stock of Lilien to assume the Agreement and the obligations hereunder, except in connection with Lilien's successorship plan or planning as duly authorized by the Board; provided that the events described in clauses (A) through (D) of this Paragraph 7(b)(ii) shall constitute Good Reason only if Lilien fails to cure such event to Executive's reasonable satisfaction within 30 days after receipt from Executive of written notice of the event which constitutes Good Reason. Executive's determination that Good Reason exists shall be subject to review, at Lilien's election, through arbitration in accordance with Paragraph 13 herein.

(iii) The Term and Executive's employment hereunder may be terminated by Executive upon a Change in Control (as defined below) of Lilien. For purposes of this Agreement, "Change in Control" shall occur in the event that, during any period of three (3) consecutive months commencing after the date of this Agreement, a majority of the Board is not comprised of any combination of (A) Board members as of the date of the Agreement (collectively, the "Initial Board"); (B) individuals recommended by a majority of the Initial Board to succeed members of the Initial Board; and (C) individuals added to the Initial Board by decision of a majority of the Initial Board. "Change in Control" shall also occur in the event Executive is removed or otherwise loses his seat on the Board against his wishes.

(iv) If the Term and Executive's employment is terminated by Lilien without Cause or, if Executive resigns for Good Reason, or due to a Change in Control (each term as defined above), Executive shall be entitled only to receive, in addition to all Accrued Rights:

(A) the amount equal to one year of Executive's Base Salary, payable in monthly installments equal to Executive's monthly Base Salary for the twelve (12) months beginning with Lilien's payroll date following Executive's date of termination.

(B) all non-vested shares of Company stock or other non-vested option or equity grants to Executive shall vest on the date of termination;

(C) such Executive Benefits, if any, pursuant to Paragraph 4 herein as to which Executive may be entitled for a period of one year immediately following Executive's date of termination;

(D) payment of premiums by Lilien for health, disability, long term care and life insurance coverage equivalent to that provided to Executive pursuant to Lilien's benefit plans through the end of the Term. Executive may elect continuation of health coverage under COBRA, as eligible;

(E) Directors and Officers liability insurance coverage in a total coverage amount determined by the Board to be reasonable for a period of one year after Executive's termination date.

c. Termination Due to Death.

(i) The Term and Executive's employment hereunder shall terminate upon Executive's death. Upon termination of the Term and Executive's employment hereunder for Executive's death, Executive's spouse or estate (as the case may be) shall be entitled only to receive the Accrued Rights.

d. Termination Due to Disability.

(i) The term "Disability" shall mean if Executive becomes physically or mentally incapacitated and is therefore unable to perform the essential functions of Executive's position as President for a consecutive period of three (3) months during the Term.

(ii) Upon termination of the Term and Executive's employment hereunder for Executive's Disability, Executive shall be entitled only to receive:

(A) the Accrued Rights;

(B) for the first six months of Executive's Disability, the sum of Executive's then-current Base Salary and Target Annual Incentive, each prorated for such six month period;

(C) for the remaining Term (which period shall commence on the first day after the period set forth in 7(d)(ii)(B) above), the sum of Executive's then-current Base Salary and Incentives (assuming performance at 100% of targets and achievement of all MBO objectives), less all amounts Executive received pursuant to applicable disability insurance policies covering Executive for such period (including but not limited to all disability insurance policies provided to Executive by the Company);

e. Notice of Termination. Any purported termination of the Term and Executive's employment by Lilien or by Executive (other than due to Executive's death) shall be communicated by written Notice of Termination to the other party. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of employment under the provision so indicated, provided that the procedures set forth in Paragraph 7(a)(ii) and 7(b)(ii) herein must be complied with in respect of any termination by Lilien for "Cause" or resignation by Executive for "Good Reason."

8. Confidential Information.

a. Executive will not at any time (whether during or after Executive's employment with Lilien) retain or use for the benefit, purposes or account of Executive or any other Person or disclose, divulge, reveal, communicate, share, transfer or provide access to any Person outside of Lilien (other than its professional advisers who are bound by confidentiality obligations or as otherwise required in connection with the proper performance of his duties on behalf of Lilien), any non-public, proprietary or confidential information -- including without limitation trade secrets, know-how, research and development, strategies, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, profits, pricing, costs, products, services, vendors, customers, clients, partners, personnel, compensation, recruiting, training, advertising, sales, marketing, promotions -- concerning the past, current or future business, activities and operations of Lilien and/or any third party that has disclosed or provided any of same to Lilien on a confidential basis ("Confidential Information") without the prior written authorization of the Board.

b. "Confidential Information" shall not include any information that is: (a) generally known to the industry or the public other than as a result of Executive's breach of this covenant or any breach of other confidentiality obligations by third parties; (b) made legitimately available to Executive by a third party without breach of any confidentiality obligation; or (c) required by law or legal process to be disclosed; provided that Executive shall give prompt written notice to Lilien of such requirement, disclose no more information than is so required, and reasonably cooperate with any attempts by Lilien to obtain a protective order or similar treatment at Lilien's sole expense.

c. Except as required by law, Executive will not disclose to anyone, other than Executive's immediate family and legal and other professional advisors, or as he may be compelled by law or legal process, the contents of this Agreement; provided that Executive may disclose to any prospective future employer the provisions of Paragraph 8 of this Agreement provided they agree to maintain the confidentiality of such terms, and may disclose the contents of this Agreement in order to enforce its terms.

d. Upon termination of Executive's employment with Lilien for any reason, Executive shall cease and not thereafter commence use of any Confidential Information owned or used by Lilien, and upon notification from the Company shall destroy, delete, or return to Lilien, at Lilien's option, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in Executive's possession or control (including any of the foregoing stored or located in Executive's office, home, laptop or other computer, whether or not Company property) that contain Confidential Information or is otherwise the property of Lilien, except that Executive may retain only those portions of any personal notes, notebooks and diaries that do not contain any Confidential Information.

The provisions of this Paragraph 8 shall survive the termination of Executive's employment with Lilien for any reason.

9. Intellectual Property.

a. If Executive creates, invents, designs, develops, contributes to or improves any United States or foreign works of authorship, design, program, software, source code, inventions, materials, documents, inventions, trade secrets, processes, patent applications, patents, know-how, copyrightable subject matter, and/or other intellectual property or work product of any kind (including without limitation, research, reports, software, databases, systems, applications, presentations, textual works, content, or audiovisual materials), either alone or with third parties, at any time during the Term and within the scope of Executive's employment and/or with the use of any Lilien resources ("Lilien Works"), Executive shall promptly and fully disclose same to Lilien, hereby irrevocably relinquishes for the benefit of Lilien and its assigns any rights Executive may have to Lilien Works, and hereby irrevocably assigns, transfers and conveys, to the maximum extent permitted by applicable law, all rights and intellectual property rights therein (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) to Lilien to the extent ownership of any such rights does not vest originally in Lilien, without further consideration.

b. During or after the Term, Executive shall take all requested actions and execute all requested documents (including any licenses or assignments required by a government contract) at Lilien's expense (but without further remuneration) to assist Lilien in validating, maintaining, protecting, enforcing, perfecting, recording, patenting or registering any of Lilien's rights in Lilien Works.

c. The provisions of this Paragraph 9 shall survive the termination of Executive's employment for any reason.

10. Specific Performance. Executive acknowledges and agrees that Lilien's remedies at law for a breach or threatened breach of any of the provisions of Paragraphs 8 or 9, would be inadequate and Lilien would suffer irreparable damages as a result of such breach. In recognition of this fact, Executive agrees that, in the event of such a breach, in addition to any remedies at law, Lilien, without posting any bond, and without the necessity of proof of actual damages, shall be entitled to obtain injunctive relief restraining any threatened or further breach, or any other equitable remedy which may then be available.

11. Indemnification.

a. Lilien shall defend, indemnify and hold harmless Executive to the fullest extent of the law from and against any and all loss, liability, damage or expense (including reasonable attorney's fees and expenses incurred in connection with the investigation, defense or negotiation of a settlement thereof or otherwise) (collectively, "Losses") arising from any claim or threatened claim by any third party with respect to, or in any way related to, Lilien, this Agreement or Executive's services hereunder (collectively "Claim"). Executive shall give Lilien prompt notice of any such Claim known to him, and Lilien, in its sole discretion, then may take such action as it deems advisable to defend the Claim on behalf of the Executive. (The failure by Executive to give such a prompt notice shall not affect the right to indemnification except to the extent Lilien is materially prejudiced thereby.) Lilien shall have the sole and exclusive right to use counsel of its own choosing, shall control the defense of any such Claim in all respects, and shall have the sole and exclusive right to negotiate and settle any such Claim on behalf of Executive. Notwithstanding the foregoing, Executive shall have the right to employ his own legal counsel in defense of any Claim, with the reasonable fees and expenses of such counsel to be paid by Lilien, provided that Lilien determines that there exists a conflict of interest by reason of having common counsel in any such Claim. Executive shall cooperate fully with Lilien and its counsel in all respects in connection with the defense of any Claim and in any attempt made to settle the matter. Such indemnification shall be deemed to apply solely to (a) the amount of the judgment, if any, against Executive, (b) any sums paid by Executive in settlement, and (c) the expenses (including reasonable attorneys' fees and expenses) incurred by Executive in connection with its defense. Notwithstanding anything to the contrary contained herein, Executive shall not be entitled to indemnification for Losses under this Paragraph 13 for any claim or allegation made by Lilien against Executive arising out of Executive's breach of this Agreement; or if it is adjudicated by a court of competent jurisdiction that any Losses were the direct result of the gross negligence or willful misconduct by Executive and, if so proven, Executive shall reimburse Lilien for the costs of defense incurred by Lilien.

b. Notwithstanding anything elsewhere to the contrary, this Paragraph 11 shall survive the termination of this Agreement and shall survive any termination of Executive's employment.

12. No Mitigation; No Set Off. In the event of any termination of employment hereunder, Executive shall be under no obligation to seek other employment and there shall be no offset against any amounts due Executive under this Agreement on account of any remuneration attributable to any subsequent employment that Executive may obtain.

13. Arbitration. Any dispute between the parties arising out of this Agreement, including but not limited to any dispute regarding any aspect of this Agreement, its formation, validity, interpretation, effect, performance or breach, or the Executive's employment ("Arbitrable Dispute") shall be determined in accordance with the existing arbitration agreement between Executive and Lilien.

14. Section 409A. The intent of the parties is that payments and benefits under this Agreement comply with Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively "Code Section 409A") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. The provisions of this Paragraph 14 shall survive the termination of this Agreement and shall survive any termination of Executive's employment. Notwithstanding anything herein to the contrary, if at the time of an Executive's termination of employment the Executive is a "specified employee" of a publicly traded company as defined in Code Section 409A (and any related regulations or other pronouncements thereunder) and the deferral of any payments otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Code Section 409A, then the Company shall defer such payments (without any reduction in such payments ultimately paid or provided to the Executive) until the date that is six months following the Executive's termination of employment (or the earliest date as is permitted under Code Section 409A).

15. Miscellaneous.

a . Governing Law. This Agreement will be governed by, and construed and enforced in accordance with, the laws of the State of California without regard to the conflict of laws provisions thereof. The parties hereto do hereby consent and submit to the venue and jurisdiction of the state and federal courts sitting in Santa Clara County, California, as the sole and exclusive forum for the enforcement of an award pursuant to arbitration or, if no arbitration agreement between the parties is in place or such agreement is deemed unenforceable, for the enforcement of this Agreement.

b . Entire Agreement/Amendments. This Agreement contains the entire understanding of the parties with respect to the employment of Executive by Lilien. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. This Agreement may not be altered, modified, or amended except by written instrument signed by the parties hereto.

c . No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

d. Severability In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

e. Assignment. This Agreement, and all of Executive's rights and duties hereunder, shall not be assignable or delegable by Executive. Any purported assignment or delegation by Executive in violation of the foregoing shall be null and void *ab initio* and of no force and effect. This Agreement may be assigned by Lilien solely to a person or entity which is an affiliate or a successor in interest to substantially all of the business operations of Lilien. Upon such assignment, the rights and obligations of Lilien hereunder shall become the rights and obligations of such affiliate or successor person or entity.

f. Successors; Binding Agreement. This Agreement shall inure to the benefit of and be binding upon the personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees of the Parties. Lilien shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Lilien to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Lilien would be required to perform it if no such succession had taken place. As used in this Agreement, "Lilien" shall mean Lilien and any successor to its business and/or assets, which assumes and agrees to perform this Agreement by operation of law, or otherwise. If Executive should die while any accrued amount would still be payable to him hereunder had he continued to live, the accrued amounts, with the exception of any life, disability or health insurance premiums, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to his devisee, legatee or other designee, or if there is no such designee, to his estate.

g . **Notice**. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three days after it has been mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below in this Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to Lilien:	LILIEN SYSTEMS 3375 Scott Blvd., Suite 440 Santa Clara, CA 94054 Fax: 703-886-7219 Attention: Nadir Ali, CEO
with a copy to:	DAVIDOFF HUTCHER & CITRON LLP 605 Third Avenue, 34th Floor New York, New York 10158 Fax: (212) 286-1884 Attention: Elliot H. Lutzker, Esq.
If to the Executive, to:	_____ _____ _____ _____
With a copy to:	_____ _____ _____ _____

h . **Executive Representations**. Executive hereby represents to Lilien that the execution and delivery of this Agreement by Executive and Lilien and the performance by Executive of Executive's duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any employment agreement or other agreement or policy to which Executive is a party or otherwise bound. Executive further represents that he has been advised by, or has consulted with his own independent counsel with respect to the negotiation of, and his decision to enter into, this Agreement and acknowledges that he understands the meaning and effect of each and every term and provision contained herein.

i . **Prior Agreements** This Agreement supersedes all prior agreements and understandings (including verbal agreements) between Executive and Lilien regarding the terms and conditions of Executive's employment with Lilien.

j . **Withholding Taxes**. Lilien shall withhold from any amounts payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

k . **Counterparts**. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

EXECUTIVE:

_____ Dated: March ___, 2013
[ ]

LILIEN SYSTEMS

_____ Dated: March ___, 2013
By: Nadir Ali
Title: CEO

EXHIBIT 21

SUBSIDIARIES

NAME	JURISDICTION OF INCORPORATION	PERCENTAGE OWNERSHIP
Lilien Systems	California	100%
Sysorex Federal, Inc.	Delaware	100%
Sysorex Government Services, Inc.	Virginia	100%
Sysorex Arabia LLC	Saudi Arabia	50.2%

EXHIBIT 23.1

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the inclusion in this Registration Statement of Sysorex Global Holdings Corp on Form S-1 of our report dated August 12, 2013, with respect to our audits of the consolidated financial statements of Sysorex Global Holdings Corp. as of December 31, 2012 and 2011, and for the years then ended, which report appears in the Prospectus, which is part of this Registration Statement. We also consent to the reference to our Firm under the heading "Experts" in such Prospectus.

/s/ Marcum llp

Marcum llp
New York, New York
August 12, 2013

EXHIBIT 23.2

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the inclusion in this Registration Statement of Sysorex Global Holdings Corp. on Form S-1 of our report dated August 12, 2013, with respect to our audits of the consolidated financial statements of Lilien LLC and Subsidiary as of December 31, 2012 and 2011 and for the years then ended, which report appears in the Prospectus, which is part of this Registration Statement. We also consent to the reference to our Firm under the heading "Experts" in such Prospectus.

/s/ Marcum llp

Marcum llp
New York, New York
August 12, 2013