
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **April 18, 2014**

SYSOREX GLOBAL HOLDINGS CORP.

(Exact Name of Registrant as Specified in Charter)

Nevada (State or other jurisdiction of incorporation)	001-36404 (Commission File Number)	88-0434915 (I.R.S. Employer Identification Number)
3375 Scott Blvd., Suite 440 Santa Clara, CA (Address of Principal Executive Offices)		95054 (Zip Code)

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

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act
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ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

As reported in prior filings, on December 20, 2013, Sysorex Global Holdings Corp. (the “Company”) entered into an Agreement of Plan and Merger (the “Merger Agreement”) as amended on February 28, 2014, to acquire 100% of the capital stock of AirPatrol Corporation (“AirPatrol”), a company in the mobile cyber-security and location-based services (LBS) space with leading-edge solutions and proprietary intellectual property, for a purchase price equal to (a) \$10,000,000 in cash, subject to certain adjustments, allocated to and among certain creditors, payees, holders of AirPatrol’s issued and outstanding capital stock and (b) 2,000,000 shares (after giving effect to a reverse stock split) of Company common stock, of which 800,000 shares shall be held in escrow for one year, as security to satisfy any indemnity claims that may be owed by the AirPatrol stockholders to the Company (the “Merger Consideration”). The Merger Consideration also includes an earnout, half of the value of which would be in stock and the other half in cash (unless otherwise agreed or required pursuant to the Merger Agreement) payable to the stockholders of AirPatrol in 2015 in accordance with the following formula: if for the five-quarter period ending March 31, 2015, AirPatrol Net Income meets or exceeds \$3,500,000, the Company shall pay to the AirPatrol shareholders an earnout payment equal to (i) AirPatrol Net Income, divided by \$5,000,000, times (ii) \$10,000,000, provided that the total earnout payment (in cash and stock) shall not exceed \$10,000,000. The closing of the Merger was conditioned upon the consummation of an initial public offering of the Company’s common stock with gross proceeds of at least \$10,000,000 on terms acceptable to the Company and certain other customary conditions. The Company’s initial public offering registration statement was declared effective on April 8, 2014, and the offering was completed on April 14, 2014.

Amendment to Merger Agreement

On April 18, 2014, the parties to the Merger Agreement entered into an Amendment No. 2, under which Company agreed to (i) modify the working capital adjustment provision of the Merger Agreement, (ii) modify the distribution of the earnout, (iii) enter into a non-competition agreement with Brad Rotter (former Chairman and significant stockholder of AirPatrol) in exchange for allocation of consideration to Mr. Rotter, (iv) modify the AirPatrol retention plan (Exhibit H to the Merger Agreement) to reduce cash consideration and increase stock consideration paid to Cleve Adams, in addition to other modifications as set forth in the full text of Amendment No. 2, included with this current report as Exhibit 2.8. None of these modifications resulted in any increase to the Merger Consideration.

The working capital adjustment provision, which otherwise would have resulted in a deduction entirely from cash merger consideration of approximately \$1.27 million, was adjusted so that instead approximately \$486,000 was deducted from cash merger consideration, and the balance of approximately \$786,000 was deducted from stock merger consideration (resulting in 157,192 fewer shares of Sysorex common stock issued as stock merger consideration at the closing).

Six former holders of warrants to purchase AirPatrol common stock entered into agreements with AirPatrol to terminate their warrants, which by their terms would not otherwise terminate upon closing of the Merger. As consideration and inducement for the warrant holders to terminate their warrants and provide a release of obligations to AirPatrol, the Company agreed to modify the holdback escrow and earnout distribution provisions in order to permit the former warrant holders to participate and receive proceeds from the holdback escrow and earnout (if paid). As modified, the first \$0.281685 per share of merger consideration shall be distributed to the former AirPatrol stockholders, who immediately prior to closing held an aggregate of approximately 45.6 million shares of AirPatrol. If the total value of consideration (including the consideration paid at closing, the holdback shares, and earnout) received by the former holders of AirPatrol common stock on the date of closing exceeds \$0.281685 per share, the excess shall be shared pro rata by the former holders of AirPatrol common stock and the warrant holders, who will be treated for purposes of the distribution provisions as being the former holders of an aggregate of 7,527,633 shares of AirPatrol common stock.

On April 18, 2014 the Company entered into a Non-Competition Agreement with Bradley Rotter, the former Chairman of the Board of AirPatrol and former significant stockholder, as agreed pursuant to Amendment No. 2. The agreement restricts Mr. Rotter from competing against the Company and its affiliates in North America or other jurisdictions in which AirPatrol conducts business, or from soliciting its employees, for a period of three years after closing. In consideration for the foregoing the Company agreed to allocate to Mr. Rotter 30,000 shares of its common stock and \$75,000 in cash, out of the Merger Consideration.

The Company agreed to modify the AirPatrol retention plan adopted in connection with the Merger, reducing the amount of cash and increasing the amount of stock issued and paid to Guy Levy-Yurista at closing. As adjusted, the parties agreed that Mr. Levy-Yurista would receive \$100,000 in cash and 40,000 shares (after giving effect to the April 8, 2014 reverse stock split) of Company common stock at closing as a part of his overall retention plan compensation package.

Non-Competition Agreements

In connection with the closing of the Merger and pursuant to the Merger Agreement, on April 18, 2014 the Company entered into non-competition agreements with each of the continuing executive officers of AirPatrol Corporation: Cleve Adams (Chief Executive Officer), Sage Osterfeld (Chief Marketing Officer) and Bobby Hernandez (Vice President of Sales). These agreements were entered into in consideration for continued employment on the terms agreed, in addition to other benefits and payments in connection with the Merger. Each non-competition agreement restricts the executive officer from competing against the Company and its affiliates in North America or other jurisdictions in which AirPatrol conducts business, or from soliciting employees of the Company or affiliates, for a period of three years after closing.

Employment Agreements

In connection with the closing of the Merger and pursuant to the Merger Agreement, on April 18, 2014 AirPatrol Corporation (a wholly-owned subsidiary of the Company upon closing of the Merger) entered into employment agreements with each of Cleve Adams (Chief Executive Officer) with base compensation of \$300,000 per year, Guy Levy-Yurista (Chief Technology Officer) with base compensation of \$190,000 per year, Sage Osterfeld (Chief Marketing Officer) with base compensation of \$180,000 per year and Bobby Hernandez (Vice President of Sales) with base compensation of \$190,000 per year. Each executive employee may be eligible to receive an annual bonus ranging from zero to 50% of base compensation, and determined in accordance with mutually agreed Company and employee performance goals and objectives. Each executive employee is also entitled to participate in the Company's option plan or plans, receive benefits consistent with similarly situated employees of the Company, and shall be entitled to reimbursement of reasonable expenses. Each employment relationship is "at-will", and any party may voluntarily terminate the agreement upon 30 days written notice. If the Company terminates an executive's agreement without cause, the executive terminates for good reason, or the executive's employment agreement is not assumed in a change of control transaction, the executive may be entitled to a severance payment equal to three to six months' of his base salary. In addition, each agreement contains customary provisions relating to confidentiality, use of Company proprietary information, and disposition of corporate opportunities.

ITEM 2.01. COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS

The Merger described in Item 1.01 was consummated on April 18, 2014, and as a result the Company became the holder of 100% of the outstanding capital stock of AirPatrol Corporation. At the closing, the Company (i) paid or initiated actions to pay a total of \$8,466,258 to various former stockholders, former noteholders, former directors, professional service firms and continuing officers, (ii) issued a total of 1,042,809 shares of its common stock to former stockholders, directors, and continuing officers of AirPatrol, and to the investment banking firm of AGC Partners, LLC, and (iii) issued 800,000 shares of its common stock into a holdback escrow. A working capital adjustment applied at closing reduced cash consideration by approximately \$486,000 and reduced stock merger consideration by 157,192 shares. Additionally, a total of \$1,047,781 was deducted from cash merger consideration in conjunction with repayment of AirPatrol's indebtedness to the Company (see paragraph titled "Repayment of \$1,000,000 Secured Loan" below). None of the persons receiving merger consideration from the Company at the closing had any material relationship, other than in respect of the Merger transaction, with the Company, its affiliates, directors, officers, or any associate of such directors and officers.

Of the cash consideration paid at closing, approximately \$6.3 million was paid to noteholders and other creditors of AirPatrol, \$735,000 was paid toward the satisfaction of employee obligations and employee transaction-related expenses, and approximately \$1.4 million was paid toward other investment banking, legal, accounting and consulting transaction expenses.

Of the stock merger consideration issued at closing, 821,738 shares were issued to the former holders of Series A Preferred Stock of AirPatrol (or its assignees) and holders of similar preferential rights, a total of 150,000 shares were issued to former directors of AirPatrol, Cleve Adams (CEO of AirPatrol) and Guy Levy-Yurista (CTO of AirPatrol), and a total of 71,071 shares were issued to certain noteholders, Bradley Rotter and AGC Partners, LLC in lieu of cash.

AirPatrol develops indoor device locationing, monitoring and management technologies for mobile devices operating on WiFi, cellular and wideband RF networks. AirPatrol has two product lines. The first is a mobile security platform that locates devices operating within a monitored area, determines their compliance with network security policies for that zone, and then can trigger policy modification of device apps and/or features - either directly or via leading third party mobile device, application and network management tools. AirPatrol's other product is a commercial platform for enabling location and/or context-based services and information delivery to mobile devices based on zones as small as 10 feet or as large as a square mile. The monitored areas may include a building, a campus, a mall, and outdoor regions like a downtown. Unlike other mobile locationing technologies, AirPatrol technologies use passive sensors that work over both cellular and WiFi networks and offer device locationing and zone-based app and information delivery accurate to within 10 feet - three to five times more precise than the industry standard. Additionally, unlike geo-fencing systems, AirPatrol technologies are capable of simultaneously enabling different policies and delivering different apps or information to multiple devices within the same zone based on contexts such as the type of device, the device user and time of day.

AirPatrol's products and technologies deliver solutions to address an exploding global location-based mobile security and services (LBS) market currently estimated to be more than \$12 billion in 2014, growing at a fast rate (Jupiter Research, 2013). AirPatrol has 15 patents currently pending in the areas of context-aware policy management, RF detection, cellular monitoring, end node network applications for mobile devices and related technologies. Customers for the security platforms are big box retailers, healthcare facilities, property managers (malls, shopping centers, etc.), hotels and resorts, gaming operators and government agencies. This platform requires no app installation for anonymous collection of behavioral data such as traffic flow, entry and exit patterns, length of stay and other business intelligence and analytics functions. It also serves as location-based services, sales and marketing system. In these cases, the security platform connects to third party apps on a user's mobile device that provide functions such as location-based offers, discounts and suggestive selling, VIP service functions (for hotels, resorts, casinos, etc.), and location-based information delivery such as mobile-based guided tours of historic sites, points of interest and museums, shopping center maps, building floor plans and so on.

Repayment of \$1,000,000 Secured Loan

Pursuant to a Loan Agreement dated as of August 30, 2013, the Company loaned AirPatrol \$1 million evidenced by a secured promissory note due April 29, 2014, as amended on February 28, 2014. The Note bears interest at 8% per annum secured by all assets of AirPatrol. Upon the closing of the Merger on April 18, 2014, the Note became due and payable. On the closing date, AirPatrol repaid the principal and interest of the Note totaling \$1,047,781 as a deduction from merger consideration, consisting of \$1,000,000 in principal and \$47,781 in interest.

AirPatrol Financial Statements

Reference is made to the audited financial statements of AirPatrol Corporation, included as Exhibit 99.1 to this current report, which information is hereby incorporated by reference.

Pro Forma Financial Information

Reference is made to the pro forma financial information of the Company included as Exhibit 99.2 to this current report, which presents the consolidated results of operations of the Company, AirPatrol, Lilien Systems (acquired by the Company in 2013), and Shoom, Inc. (acquired by the Company in 2013) for the year ended December 31, 2013 as if all of the foregoing business combinations had occurred on January 1, 2013. The foregoing pro forma financial information is hereby incorporated by reference.

ITEM 3.02. UNREGISTERED SALES OF EQUITY SECURITIES

On April 18, 2014, in connection with the closing of the Merger, the Company issued 1,042,809 shares of restricted common stock to the former holders of Series A Preferred Stock of AirPatrol Corporation (including assignees of the same, and holders of similar preferential rights), as well as to certain former directors and continuing officers of AirPatrol pursuant to the Merger Agreement referenced in item 1.01 above. In addition, the Company issued 800,000 into a holdback escrow for the benefit of the former common stockholders of AirPatrol, consisting of accredited investors and fewer than 35 unaccredited investors.

The shares were issued in a transaction that was 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 where noted pursuant to Regulation D under the Securities Act of 1933. The Company relied on the representations made in investor questionnaires, written representations or other agreements signed by the stock merger consideration recipients.

The Company agreed to file an "evergreen" shelf registration statement on Form S-1 pursuant to Rule 415 under the Securities Act (or any successor provisions) within 30 days following the closing of the Merger, providing for an offering to be made on a continuous basis of the Company common stock issued pursuant to the Merger Agreement. The Company agreed to use reasonable best efforts to cause the shelf registration statement to become effective within 180 days of the closing, and to maintain effectiveness for a period of two years.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit No.	Description
2.6	Agreement and Plan of Merger dated as of December 20, 2013, by and among Sysorex Global Holdings Corp., AirPatrol Corporation, AirPatrol Acquisition Corp. I, AirPatrol Acquisition Corp. II, and Shareholders Representative Services LLC. (2)
2.7	Amendment No. 1 to Agreement and Plan of Merger dated February 28, 2014 with AirPatrol Corporation (3)
2.8*	Amendment No. 2 to Agreement and Plan of Merger dated April 18, 2014 with AirPatrol Corporation
3.3*	Articles of Merger between AirPatrol Acquisition Corp. I and AirPatrol Corporation (as surviving corporation), effective on April 18, 2014.
3.4*	Articles of Merger between AirPatrol Corporation and AirPatrol Acquisition Corp. II (as surviving corporation), effective on April 18, 2014.
10.9	Loan Agreement dated as of August 30, 2013 by and between AirPatrol Corporation and Sysorex Global Holdings Corp. (1)
10.10	Secured Promissory Note dated August 30, 2013 from AirPatrol Corporation to Sysorex Global Holdings Corp. (1)
10.11	Security Agreement dated as of August 30, 2013 by and between AirPatrol Corporation and Sysorex Global Holdings Corp. (1)
10.12	Subordination Agreement dated as of August 30, 2013 by and between Sysorex Global Holdings Corp. and Note Holders (1)
10.13	Employment Agreement dated as of December 20, 2013 by and between AirPatrol Corporation and Cleve Adams (2)
10.14	Amendment to Secured Promissory Note dated February 28, 2014 from AirPatrol Corporation to Sysorex Global Holdings Corp (3)
10.17*	Non-Competition Agreement dated April 16, 2014 by and among Sysorex Global Holdings Corp., AirPatrol Corporation and Cleve Adams
10.18*	Non-Competition Agreement dated April 16, 2014 by and among Sysorex Global Holdings Corp., AirPatrol Corporation and Sage Osterfeld
10.19*	Non-Competition Agreement dated April 16, 2014 by and among Sysorex Global Holdings Corp., AirPatrol Corporation and Bobby Hernandez
10.20*	Non-Competition Agreement dated April 16, 2014 by and among Sysorex Global Holdings Corp., AirPatrol Corporation and Bradley Rotter
10.21*	Retention Plan adopted in connection with the Agreement and Plan of Merger referenced in Exhibit 2.6, as amended
99.1*	Audited Financial Statements of AirPatrol Corporation for the years ending December 31, 2012 and 2013
99.2*	Pro Forma Financial Information of the Company, including financial information of AirPatrol Corporation, Lilien Systems and Shoom, Inc.
99.3*	Press Release dated April 9, 2014.

* Filed herewith.

- (1) Filed on December 9, 2013 with Amendment No. 2 to the Company's Registration Statement on Form S-1 (No. 333-191648) filed on October 9, 2013 ("Registration Statement").
- (2) Filed on January 21, 2014 with Amendment No. 3 to the Registration Statement.
- (3) Filed on March 13, 2014 with Amendment No. 4 to the Registration Statement.

SIGNATURES

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

SYSOREX GLOBAL HOLDINGS CORP.

Dated: April 24, 2014

By: /s/ Nadir Ali
Name: Nadir Ali
Title: Chief Executive Officer

AMENDMENT NO. 2 TO

AGREEMENT AND PLAN OF MERGER

THIS AMENDMENT NO.2 TO AGREEMENT AND PLAN OF MERGER (this "Amendment") dated April 18, 2014 is an amendment to that certain Agreement and Plan of Merger dated December 20, 2013 ("Merger Agreement") by and among SYSOREX GLOBAL HOLDINGS CORP., a Nevada corporation ("Acquiror"), AIRPATROL CORPORATION, a Nevada corporation ("AirPatrol"), AIRPATROL ACQUISITION CORP. I, a Nevada corporation and a wholly owned subsidiary of Acquiror ("Merger Sub I"), AIRPATROL ACQUISITION CORP. II, a Nevada corporation and a wholly owned subsidiary of Acquiror ("Merger Sub II") and together with Merger Sub I, the "Merger Subs"), and SHAREHOLDER REPRESENTATIVE SERVICES LLC, a Colorado limited liability company, solely in its capacity as the representative of the shareholders of AirPatrol ("Representative"), as amended by the Amendment No. 1 to Merger Agreement and Plan of Merger dated February 28, 2014. Capitalized terms used herein and not defined shall have the same respective meanings as provided in the Merger Agreement.

RECITALS

- A. The parties to the Merger Agreement desire to make certain changes with respect to the distribution of the Earnout Payment, if any.
- B. The parties to the Merger Agreement are executing this Amendment in order to effectuate such changes.

AGREEMENT

The undersigned parties hereby agree that:

1. Section 1.7.1 of the Merger Agreement is amended and restated in its entirety as follows:

"1.7.1 Cash Merger Consideration. The Cash Merger Consideration shall be paid to each AirPatrol Shareholder in accordance with the percentage of the Merger Consideration to which each AirPatrol Shareholder is entitled as set forth in the Closing Spreadsheet. "Cash Merger Consideration" means:

- (a) Ten million dollars (\$10,000,000); *minus*
- (b) the amount by which Working Capital as determined and set forth in the Projected Closing Balance Sheet is less than \$450,000, multiplied by 0.38207; *minus*
- (c) any net increase in AirPatrol Indebtedness outstanding as of the date of the Closing (as set forth in the Consideration Certificate), in relation to total Indebtedness of AirPatrol reflected in the Balance Sheet as of September 30, 2013; *minus*
- (d) the aggregate of AirPatrol Merger Expenses payable in cash as set forth in the Consideration Certificate; *minus*
- (e) the aggregate amount of all Employee Transaction Related Expenses payable in cash as set forth in the Consideration Certificate; *minus*
- (f) the aggregate amount of all Employee Obligations payable in cash, as set forth in the Consideration Certificate; *minus*
- (g) the outstanding unpaid principal and accrued interest under the secured and unsecured bridge promissory notes payable in cash of AirPatrol identified on Schedule 1.7.1, which includes the Secured Note, after giving effect to all conversions thereof as of the date of Closing, and as set forth in the Consideration Certificate; *minus*
- (h) the total amount payable by AirPatrol to Persistent Systems, Inc. as of the date of Closing.

2. Section 1.7.4 of the Merger Agreement is hereby deleted in its entirety and replaced with the following:

“1.7.4 Stock Merger Consideration. The 4,000,000 shares of Acquiror Common Stock (appropriately adjusted to reflect fully the effect of any stock split, reverse stock split, stock dividend, reorganization or like change with respect to Acquiror Common Stock occurring after the date of this Agreement and prior to the of Merger I) representing the Stock Merger Consideration will be paid as follows:

(a) The Closing Shares shall be paid and issued to the AirPatrol Shareholders on the Closing Date in accordance with the percentage of the Merger Consideration to which each AirPatrol Shareholder is entitled as set forth in the Closing Spreadsheet. “Closing Shares” means:

(i) 2,400,000 shares of Acquiror Common Stock (appropriately adjusted to reflect fully the effect of any stock split, reverse stock split, stock dividend, reorganization or like change with respect to Acquiror Common Stock occurring after the date of this Agreement and prior to the of Merger I); *minus*

(ii) a number of shares of Acquiror Common Stock equal to (i) the amount by which Working Capital as determined and set forth in the Projected Closing Balance Sheet is less than \$450,000, multiplied by 0.61793, divided by (ii) \$2.50 per share of Acquiror Common Stock (appropriately adjusted to reflect fully the effect of any stock split, reverse stock split, stock dividend, reorganization or like change with respect to Acquiror Common Stock occurring after the date of this Agreement and prior to the of Merger I); *minus*

(iii) the shares of Acquiror Common Stock to be paid in lieu of cash in payment of (A) AirPatrol Merger Expenses, (B) Employee Transaction Related Expenses, (C) Employee Obligations and (D) outstanding unpaid principal under the promissory note issued to the Barton Trust, each as set forth in the Consideration Certificate (which such payments made in Acquiror Common Stock rather than cash have the effect of reducing the total Stock Merger Consideration payable to the holders of AirPatrol Common Stock); *minus*

(iv) the Series A Stock Merger Consideration (if any) payable to the holders of outstanding shares of AirPatrol Preferred Stock in accordance with Section 1.7.2; provided that if there are not sufficient Closing Shares to pay the total Series A Stock Merger Consideration following the payments listed in paragraphs (ii) and (iii) of this Section 1.7.4(a), that number of Holdback Shares equal to the amount of such shortfall shall be deemed to have been contributed to the Escrow Account on behalf of the holders of AirPatrol Preferred Stock.

(b) An additional 1,600,000 shares of Acquiror Common Stock (appropriately adjusted to reflect fully the effect of any stock split, reverse stock split, stock dividend, reorganization or like change with respect to Acquiror Common Stock occurring after the date of this Agreement and prior to the Effective Time of Merger I) (“Holdback Shares”) shall be deposited by Acquiror into a holdback escrow account (“Escrow Account”) in accordance with the Escrow Agreement attached hereto as Exhibit F (“Escrow Agreement”).”

3. A new Section 1.7.10 is hereby added to the Merger Agreement which shall read as follows:

“1.7.10 Distribution of Holdback Shares and Earnout Payment. Notwithstanding anything to the contrary in this Agreement, prior to (i) the date of any release from the Escrow Account of Holdback Shares (each, a “Holdback Release Date”) to the AirPatrol Shareholders pursuant to Sections 7.11.8 or 7.11.9 of this Agreement and (ii) the date of the distribution of the Remaining Earnout Payment to the AirPatrol Shareholders (the “Earnout Payment Date” and each of the Holdback Release Dates and the Earnout Payment Date a “Release Date”), the dollar value of the aggregate Merger Consideration previously paid to the holders of AirPatrol’s Common Stock (the “AirPatrol Common Holders”) and payable on such Release Date to the AirPatrol Common Holders shall be calculated. The “Remaining Earnout Payment” is defined as the remaining amount of the Earnout Payment, if any, following the allocations of the Earnout Payment in Section 1.7.9. On the basis of such calculation, payments shall be made to the AirPatrol Common Holders and the Terminating Warrant Holders (as such term is defined below), as follows:

(a) The aggregate value as of the Release Date of the Acquiror Common Stock that was previously paid to the AirPatrol Common Holders at the Closing (the “Closing Stock Payment”) shall be determined by taking (i) the number of shares of Acquiror Common Stock paid to the AirPatrol Common Holders at the Closing, multiplied by the fair market value of Acquiror Common Stock on the applicable Release Date (which shall be the 20-trading-day trailing average closing price of Acquiror Common Stock if traded on a national exchange, or the 20-trading-day trailing volume weighted average price per share of Acquiror’s Common Stock if quoted on the OTC Markets as of such Release Date) (the “Release Date Stock Price”), divided by (ii) the total number of shares of AirPatrol Common Stock outstanding on the Closing Date.

(b) The aggregate value as of such Release Date of any Holdback Shares released to the AirPatrol Common Holders (including all Holdback Shares released prior to and as of such Release Date) (the “Holdback Shares Payment”), shall be determined by multiplying the number of such Holdback Shares by the applicable Release Date Stock Price.

(c) If (i) the Closing Stock Payment plus the Holdback Shares Payment (if any) plus the Remaining Earnout Payment (if any) divided by (ii) the total number of shares of AirPatrol Common Stock outstanding on the Closing Date is less than \$0.281685, then payment from the Holdback Shares (if any) or the Remaining Earnout Payment (if any) shall be made to the AirPatrol Common Holders in cash (if available) and then in Acquiror Common Stock, such that following such payment each AirPatrol Common Holder shall have received a total amount of not more than \$0.281685 multiplied by the number of shares of AirPatrol Common Stock held by such AirPatrol Common Holder as of the Closing Date (excluding any amounts payable pursuant to the following sentence). Any additional amount of the Holdback Shares and/or Remaining Earnout Payment following such payment to the AirPatrol Common Holders (whether on such Release Date or a subsequent Release Date) shall be distributed to the AirPatrol Common Holders and the Terminating Warrant Holders on a pro rata basis based on the number of shares of AirPatrol Common Stock held by such holder as of the Closing Date (with the warrants terminated by the Terminating Warrant Holders set forth in paragraph (d) of this Section 7.1.10 being treated for purposes of such calculation as if exercised as of the Closing Date for AirPatrol Common Stock).

(d) For purposes of this Agreement, the “Terminating Warrant Holders” and the number of warrant shares to be included in the calculation in paragraph (c) of this Section 7.1.10 are as follows:

Terminating Warrant Holder	Warrant Shares
AVG Ventures LP	250,000
James River Capital Corp 401k Plan FBO Kevin M Brandt	710,013
Billy Parrott	532,510
Paul Saunders	5,325,097
Franco Scalamandre	443,758
Margaret Scalamandre	266,255

(e) The information necessary for the Paying Agent to calculate and distribute the Remaining Earnout Payment to the AirPatrol Common Holders and Terminating Warrant Holders in the manner described in this Section 7.1.10 shall be set forth in the Closing Spreadsheet.”

4. The execution and delivery of a Non-Competition Agreement in the form attached as Exhibit D-4 by and among the Acquiror, AirPatrol and Bradley Rotter is hereby added as a condition to Closing in Section 6.1.7(g), and as an exhibit to the Merger Agreement.
5. Section 7.2 is hereby amended to add the following subsection: “7.2.10 any claim by any current or former AirPatrol securityholder, or any Affiliate, trustee or beneficiary of any AirPatrol securityholder, based on any alleged breach of fiduciary duty, usurpation of corporate opportunity or similar breach of duty of care, loyalty or comparable claims by any officer, director or current or former AirPatrol securityholder occurring prior to the Closing, whether or not in connection with this Agreement or the transactions contemplated by this Agreement.”
6. In Section 11.12 of the Merger Agreement, the address for Sysorex Global Holdings Corp. is deleted and replaced with “3375 Scott Blvd., Suite 440, Santa Clara, CA 95054.”
7. In Appendix I to the Merger Agreement, in the definition of “AirPatrol Indebtedness” or “Indebtedness of AirPatrol,” the phrase “Employee Transaction Related Expenses or AirPatrol Merger Expenses” is deleted at the end of the sentence and replaced with “(x) Employee Transaction Related Expenses, (y) AirPatrol Merger Expenses or (z) capital leases or affiliate debt that is already included as a liability in the calculation of Working Capital, i.e. specifically the amounts reflected in the line items “Furniture Lease” and “Advances from Affiliates” in the Projected Closing Balance Sheet and related documents.”
8. In Exhibit H to the Merger Agreement, in Section 4(a), “\$150,000” is deleted and replaced with “\$100,000” and in Section 4(b), “60,000 shares” is deleted and replaced with “80,000 shares”.
9. The acquisition date for accounting purposes shall be April 16, 2014, and the Closing Date shall be April 18, 2014.

10. Governing Law. This Amendment shall be governed by and construed under the laws of the State of California, without regard to conflicts of laws principles.
11. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall be considered one and the same agreement.
12. Entire Agreement. The Agreement, this Amendment and the documents referred to herein and therein constitute the entire agreement among the parties and no party shall be liable or bound to any other party in any manner by any warranties, representations or covenants except as specifically set forth herein or therein.

[Signatures Follow]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first set forth above.

ACQUIROR:

Sysorex Global Holdings Corp.
a Nevada corporation

By: _____

Name: _____

Its: _____

AIRPATROL:

AirPatrol Corporation
a Nevada corporation

By: _____

Name: _____

Its: _____

MERGER SUB I:

AirPatrol Acquisition Corp. I
a Nevada corporation

Nadir Ali
Chief Executive Officer

MERGER SUB II:

AirPatrol Acquisition Corp. II
a Nevada corporation

Nadir Ali
Chief Executive Officer

SHAREHOLDER REPRESENTATIVE:

Shareholder Representative Services LLC
a Colorado limited liability company, solely in its
capacity as the Representative

By: _____

Name: _____

Its: _____

STATE OF NEVADA

ROSS MILLER
Secretary of State



SCOTT W. ANDERSON
Deputy Secretary
for Commercial Recordings

OFFICE OF THE
SECRETARY OF STATE

Certified Copy

April 18, 2014

Job Number: C20140421-0642
Reference Number:
Expedite:
Through Date:

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number(s)	Description	Number of Pages
20140287681-09	Merge In	6 Pages/1 Copies



Respectfully,

A handwritten signature in black ink, appearing to read "Ross Miller".

ROSS MILLER
Secretary of State

Certified By: A Frieser
Certificate Number: C20140421-0642
You may verify this certificate
online at <http://www.nvsos.gov/>

Commercial Recording Division
202 N. Carson Street
Carson City, Nevada 89701-4069
Telephone (775) 684-5708
Fax (775) 684-7138



140103



ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4520
(775) 684-5708
Website: www.nvsos.gov

Filed in the office of Ross Miller Secretary of State State of Nevada	Document Number
	20140287681-09
	Filing Date and Time
	04/18/2014 4:31 PM
Entity Number	
E0489342005-8	

Articles of Merger
(PURSUANT TO NRS 92A.200)
Page 1

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Articles of Merger
(Pursuant to NRS Chapter 92A)

1) Name and jurisdiction of organization of each constituent entity (NRS 92A.200):

If there are more than four merging entities, check box and attach an 8 1/2" x 11" blank sheet containing the required information for each additional entity from article one.

Name of merging entity _____

AIRPATROL ACQUISITION CORP. I Corporation

Jurisdiction Entity type *

Nevada

Name of merging entity _____

AIRPATROL CORPORATION Corporation

Jurisdiction Entity type *

Nevada

Name of merging entity _____

_____ Corporation

Jurisdiction Entity type *

Name of merging entity _____

_____ Corporation

Jurisdiction Entity type *

and,

AIRPATROL CORPORATION

Name of surviving entity _____

Nevada Corporation

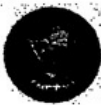
Jurisdiction Entity type *

* Corporation, non-profit corporation, limited partnership, limited-liability company or business trust.

Filing Fee: \$350.00

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Nevada Secretary of State 92A Merger Page 1
Revised: 8-31-11



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Articles of Merger
 (PURSUANT TO NRS 92A.200)
 Page 2

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2) Forwarding address where copies of process may be sent by the Secretary of State of Nevada (if a foreign entity is the survivor in the merger - NRS 92A.190):

Attn:

c/o:

3) Choose one:

The undersigned declares that a plan of merger has been adopted by each constituent entity (NRS 92A.200).

The undersigned declares that a plan of merger has been adopted by the parent domestic entity (NRS 92A.180).

4) Owner's approval (NRS 92A.200) (options a, b or c must be used, as applicable, for each entity):

If there are more than four merging entities, check box and attach an 8 1/2" x 11" blank sheet containing the required information for each additional entity from the appropriate section of article four.

(a) Owner's approval was not required from

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

and, or;

Name of surviving entity, if applicable

This form must be accompanied by appropriate fees.

Nevada Secretary of State 92A Merger Page 2
 Revised: 8-31-11



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Articles of Merger
 (PURSUANT TO NRS 92A.200)
 Page 3

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(b) The plan was approved by the required consent of the owners of*:

AIRPATROL ACQUISITION CORP. I
Name of merging entity, if applicable
Name of merging entity, if applicable
Name of merging entity, if applicable
Name of merging entity, if applicable

and, or;

AIRPATROL CORPORATION
Name of surviving entity, if applicable

* Unless otherwise provided in the certificate of trust or governing instrument of a business trust, a merger must be approved by all the trustees and beneficial owners of each business trust that is a constituent entity in the merger.

This form must be accompanied by appropriate fees.



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Articles of Merger
 (PURSUANT TO NRS 92A.200)
Page 4

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(c) Approval of plan of merger for Nevada non-profit corporation (NRS 92A.160):

The plan of merger has been approved by the directors of the corporation and by each public officer or other person whose approval of the plan of merger is required by the articles of incorporation of the domestic corporation.

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

and, or;

Name of surviving entity, if applicable

This form must be accompanied by appropriate fees.



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Articles of Merger
 (PURSUANT TO NRS 92A.200)
 Page 5

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5) Amendments, if any, to the articles or certificate of the surviving entity. Provide article numbers, if available. (NRS 92A.200)*:

N/A

6) Location of Plan of Merger (check a or b):

(a) The entire plan of merger is attached;

or,

(b) The entire plan of merger is on file at the registered office of the surviving corporation, limited-liability company or business trust, or at the records office address if a limited partnership, or other place of business of the surviving entity (NRS 92A.200).

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

Date: Time:

* Amended and restated articles may be attached as an exhibit or integrated into the articles of merger. Please entitle them "Restated" or "Amended and Restated," accordingly. The form to accompany restated articles prescribed by the secretary of state must accompany the amended and/or restated articles. Pursuant to NRS 92A.180 (merger of subsidiary into parent - Nevada parent owning 90% or more of subsidiary), the articles of merger may not contain amendments to the constituent documents of the surviving entity except that the name of the surviving entity may be changed.

This form must be accompanied by appropriate fees.

Nevada Secretary of State 92A Merger Page 5
 Revised: 8-31-11



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Articles of Merger
 (PURSUANT TO NRS 92A.200)
Page 6

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8) Signatures - Must be signed by: An officer of each Nevada corporation; All general partners of each Nevada limited partnership; All general partners of each Nevada limited-liability limited partnership; A manager of each Nevada limited-liability company with managers or one member if there are no managers; A trustee of each Nevada business trust (NRS 92A.230)*

If there are more than four merging entities, check box and attach an 8 1/2" x 11" blank sheet containing the required information for each additional entity from article eight.

AIRPATROL ACQUISITION CORP. I

Name of merging entity

X

CEO

4/18/2014

Signature

Title

Date

Name of merging entity

X

Signature

Title

Date

Name of merging entity

X

Signature

Title

Date

Name of merging entity

X

Signature

Title

Date

and,

AIRPATROL CORPORATION

Name of surviving entity

X

CEO

4/18/2014

Signature

Title

Date

* The articles of merger must be signed by each foreign constituent entity in the manner provided by the law governing it (NRS 92A.230). Additional signature blocks may be added to this page or as an attachment, as needed.

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Nevada Secretary of State 92A Merger Page 6
 Revised: 6-31-11

STATE OF NEVADA

ROSS MILLER
Secretary of State



SCOTT W. ANDERSON
Deputy Secretary
for Commercial Recordings

OFFICE OF THE
SECRETARY OF STATE

Certified Copy

April 18, 2014

Job Number: C20140421-0669
Reference Number:
Expedite:
Through Date:

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number(s)	Description	Number of Pages
20140287706-07	Merge In	8 Pages/1 Copies



Respectfully,

A handwritten signature in black ink, appearing to read "Ross Miller".

ROSS MILLER
Secretary of State

Certified By: A Frieser
Certificate Number: C20140421-0669
You may verify this certificate
online at <http://www.nvsos.gov/>


Commercial Recording Division
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Telephone (775) 684-5708
Fax (775) 684-7138



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Secretary of State
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Articles of Merger
(PURSUANT TO NRS 92A.200)
Page 1

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Articles of Merger
(Pursuant to NRS Chapter 92A)

1) Name and jurisdiction of organization of each constituent entity (NRS 92A.200):

If there are more than four merging entities, check box and attach an 8 1/2" x 11" blank sheet containing the required information for each additional entity from article one.

AIRPATROL CORPORATION

Name of merging entity

Nevada

Jurisdiction

Corporation

Entity type *

Name of merging entity

Jurisdiction

Entity type *

Name of merging entity

Jurisdiction

Entity type *

Name of merging entity

Jurisdiction

Entity type *

and,

AIRPATROL ACQUISITION CORP. II

Name of surviving entity

Nevada

Jurisdiction

Corporation

Entity type *

* Corporation, non-profit corporation, limited partnership, limited-liability company or business trust.

Filing Fee: \$350.00

This form must be accompanied by appropriate fees.



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Articles of Merger
 (PURSUANT TO NRS 92A.200)
Page 2

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2) Forwarding address where copies of process may be sent by the Secretary of State of Nevada (if a foreign entity is the survivor in the merger - NRS 92A.190):

Attn:

c/o:

3) Choose one:

- The undersigned declares that a plan of merger has been adopted by each constituent entity (NRS 92A.200).
- The undersigned declares that a plan of merger has been adopted by the parent domestic entity (NRS 92A.180).

4) Owner's approval (NRS 92A.200) (options a, b or c must be used, as applicable, for each entity):

- If there are more than four merging entities, check box and attach an 8 1/2" x 11" blank sheet containing the required information for each additional entity from the appropriate section of article four.

(a) Owner's approval was not required from

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

and, or:

Name of surviving entity, if applicable

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Articles of Merger
 (PURSUANT TO NRS 92A.200)
Page 3

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(b) The plan was approved by the required consent of the owners of *:

AIRPATROL CORPORATION
 Name of merging entity, if applicable

 Name of merging entity, if applicable

 Name of merging entity, if applicable

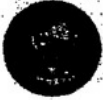
 Name of merging entity, if applicable

and, or,

AIRPATROL ACQUISITION CORP. II
 Name of surviving entity, if applicable

* Unless otherwise provided in the certificate of trust or governing instrument of a business trust, a merger must be approved by all the trustees and beneficial owners of each business trust that is a constituent entity in the merger.

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Articles of Merger
(PURSUANT TO NRS 92A.200)
Page 4

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(c) Approval of plan of merger for Nevada non-profit corporation (NRS 92A.160):

The plan of merger has been approved by the directors of the corporation and by each public officer or other person whose approval of the plan of merger is required by the articles of incorporation of the domestic corporation.

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

and, or,

Name of surviving entity, if applicable

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Nevada Secretary of State 92A Merger Page 4
Revised: 8-31-11



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Articles of Merger
 (PURSUANT TO NRS 92A.200)
Page 5

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5) Amendments, if any, to the articles or certificate of the surviving entity. Provide article numbers, if available. (NRS 92A.200)*:

Sections 1-4 of the Articles of Incorporation of AirPatrol Acquisition Corp. II (Document Number 20130808042-18) are hereby amended and restated in their entirety to read as set forth in Articles First through Eleventh in the Amended and Restated Articles of Incorporation attached as Exhibit A hereto, and as so amended, the same shall be the Articles of Incorporation of the surviving entity.

6) Location of Plan of Merger (check a or b):

(a) The entire plan of merger is attached;

or,

(b) The entire plan of merger is on file at the registered office of the surviving corporation, limited-liability company or business trust, or at the records office address if a limited partnership, or other place of business of the surviving entity (NRS 92A.200).

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

Date: Time:

* Amended and restated articles may be attached as an exhibit or integrated into the articles of merger. Please entitle them "Restated" or "Amended and Restated," accordingly. The form to accompany restated articles prescribed by the secretary of state must accompany the amended and/or restated articles. Pursuant to NRS 92A.180 (merger of subsidiary into parent - Nevada parent owning 90% or more of subsidiary), the articles of merger may not contain amendments to the constituent documents of the surviving entity except that the name of the surviving entity may be changed.

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Nevada Secretary of State 92A Merger Page 5
 Revised: 8-31-11



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Articles of Merger
 (PURSUANT TO NRS 92A.200)
Page 6

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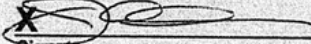
ABOVE SPACE IS FOR OFFICE USE ONLY

8) Signatures - Must be signed by: An officer of each Nevada corporation; All general partners of each Nevada limited partnership; All general partners of each Nevada limited-liability limited partnership; A manager of each Nevada limited-liability company with managers or one member if there are no managers; A trustee of each Nevada business trust (NRS 92A.230)*

If there are more than four merging entities, check box and attach an 8 1/2" x 11" blank sheet containing the required information for each additional entity from article eight.

AIRPATROL CORPORATION

Name of merging entity

	CEO	4/18/2014
Signature	Title	Date

Name of merging entity

X		
Signature	Title	Date

Name of merging entity

X		
Signature	Title	Date


Name of merging entity

X		
Signature	Title	Date

and,

AIRPATROL ACQUISITION CORP. II

Name of surviving entity

	CEO	4/18/2014
Signature	Title	Date

* The articles of merger must be signed by each foreign constituent entity in the manner provided by the law governing it (NRS 92A.230). Additional signature blocks may be added to this page or as an attachment, as needed.

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Nevada Secretary of State 92A Merger Page 6
 Revised: 8-31-11

Reset

EXHIBIT A

**AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
AIRPATROL CORPORATION**

AirPatrol Acquisition Corp. II, as the surviving corporation under the Articles of Merger dated April 14, 2014, hereby adopts these Amended and Restated Articles of Incorporation pursuant to Sections 78.390 and 78.403 of the Nevada Revised Statutes. The following Amended and Restated Articles of Incorporation was adopted by unanimous consent of the Board of Directors pursuant to Section 78.315 of the Nevada Revised Statutes and by Consent of Majority Stockholders pursuant to Section 78.320 of the Nevada Revised Statutes.

AirPatrol Acquisition Corp. II was formed upon the filing of its initial Articles of Incorporation on December 10, 2013 with the Secretary of State of the State of Nevada. These Amended and Restated Articles of Incorporation amend and restate the aforesaid original Articles of Incorporation, as follows:

FIRST: The name of the corporation is "AirPatrol Corporation".

SECOND: The address of the registered office of the Corporation in the State of Nevada is located at 318 North Carson Street #208, Carson City, Nevada 89701. The name of the registered agent at that address is Paracorp Incorporated.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under Chapter 78 of the Nevada General Corporation Law.

FOURTH: The total number of shares of capital stock that the Corporation is authorized to issue is 1,000 shares of common stock, par value \$0.001 per share.

FIFTH: The election of directors need not be by written ballot unless otherwise provided by the By-laws of the Corporation.

SIXTH: The Board of Directors of the Corporation is authorized and empowered from time to time in its discretion to make, alter, amend or repeal the Bylaws of the Corporation, except as such power may be restricted or limited by the Nevada General Corporation Law.

SEVENTH: Anything to the contrary in this Articles of Incorporation notwithstanding, no director shall be liable personally to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided, however, that nothing in this paragraph shall eliminate or limit the liability of a director: (i) for any breach of such director's duty of loyalty to the Corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve

-intentional misconduct or a knowing violation of law; (iii) under Section 78.300 of the Nevada General Corporation Law; or (iv) for any transaction from which such director derived an improper personal benefit. If the Nevada General Corporation Law is amended after approval by the stockholders of this article to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Nevada General Corporation Law, as so amended.

Any repeal or modification of the foregoing paragraph by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

EIGHTH: The Corporation shall indemnify, in the manner and to the fullest extent permitted by law, each person (or the estate of any such person) who was or is a party to, or is threatened to be made a party to, any threatened, pending or completed action, suit or proceeding, whether or not by or in the right 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, employee benefit plan or other enterprise. The indemnification provided for herein shall be made only as authorized in the specific case upon a determination, in the manner provided by law, that indemnification of the director, officer, employee or agent is proper under the circumstances. The Corporation may, to the fullest extent permitted by law, purchase and maintain insurance on behalf of any such person against any liability that may be asserted against such person. To the fullest extent permitted by law, the indemnification provided herein shall include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement, and, in the manner provided by law, any such expenses shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding. The indemnification provided herein shall not be deemed to limit the right of the Corporation to indemnify any other person for any such expenses to the fullest extent permitted by law, nor shall it be deemed exclusive of any other rights to which any person seeking indemnification from the Corporation may be entitled under any agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. Such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

NINTH: The provisions of Nevada General Corporation Law §78.378 to 78.3793, inclusive, regarding the acquisition of controlling interest, shall not govern or apply to this Corporation.

TENTH: The provisions of Nevada General Corporation Law §78.411 to 78.444, inclusive, regarding combinations with interested stockholders, shall not govern or apply to this Corporation.

ELEVENTH: This Corporation reserves the right to amend, alter, change, in any manner now or hereafter prescribed by statute, or by these Articles of Incorporation.

SECRETARY OF STATE



NEVADA STATE BUSINESS LICENSE

AIRPATROL CORPORATION
Nevada Business Identification # NV20131717166

Expiration Date: December 31, 2014

In accordance with Title 7 of Nevada Revised Statutes, pursuant to proper application duly filed and payment of appropriate prescribed fees, the above named is hereby granted a Nevada State Business License for business activities conducted within the State of Nevada.

This license shall be considered valid until the expiration date listed above unless suspended or revoked in accordance with Title 7 of Nevada Revised Statutes.



IN WITNESS WHEREOF, I have hereunto
set my hand and affixed the Great Seal of State,
at my office on April 21, 2014

ROSS MILLER
Secretary of State

This document is not transferable and is not issued in lieu of any locally-required business license, permit or registration.

Please Post in a Conspicuous Location

**You may verify this Nevada State Business License
online at www.nvsos.gov under the Nevada Business Search.**

NON-COMPETITION AGREEMENT

THIS NON-COMPETITION AGREEMENT (this "Agreement") is made and entered into as of April 18, 2014 by and among SYSOREX GLOBAL HOLDINGS CORP., a Nevada corporation ("Acquiror"), AirPatrol Corporation ("AirPatrol") and Cleve Adams ("Obligor"). The Closing Date (as defined in the Merger Agreement (as defined below)) shall be the "Effective Date" of this Agreement.

RECITALS

- A. Acquiror is acquiring AirPatrol in a merger transaction (the "Merger") involving the payment of merger consideration in the form of Acquiror common stock and cash; upon consummation of the Merger ("Closing Date"), AirPatrol shall become a wholly-owned subsidiary of the Acquiror (the Acquiror and AirPatrol on a post-transaction basis is referred to as the "Combined Company").
- B. AirPatrol is a developer of platforms and tools for location based wireless detection systems and context aware systems using AirPatrol technologies (the "Business").
- C. The undersigned Obligor is an employee and officer of AirPatrol, who possesses critical knowledge and skills relating to AirPatrol's technology, products, services and operations.
- D. This Non-Competition Agreement is being entered into between the Acquiror and Obligor as a condition of closing pursuant to the Agreement and Plan of Merger dated December 20, 2013 (the "Merger Agreement") by and among the Acquiror, AirPatrol Acquisition Corp. I, AirPatrol Acquisition Corp. II, AirPatrol and Shareholder Representative Services LLC, solely in its capacity as the representative of the shareholders of AirPatrol, pursuant to which the Acquiror shall become the indirect sole shareholder and parent corporation of AirPatrol, and the pre-merger AirPatrol shareholders and key persons shall receive merger consideration consisting of cash and Acquiror stock. The Merger Agreement, together with each of the exhibits attached thereto, are hereinafter collectively referred to as the "Transaction Documents".
- E. AirPatrol and the Obligor have valuable knowledge, relationships, experience and expertise in the management and operation of the Business, and in order to induce the Acquiror to enter into the Merger Agreement, and to preserve the value of the business being acquired by the Acquiror in the Merger, the Obligor has agreed to the terms of this Agreement effective on the Effective Date.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises made herein, Acquiror, AirPatrol and the Obligor hereby agree as follows:

1. Covenant Not to Compete or Solicit

(a) Beginning on the Effective Date and ending on the third (3rd) anniversary of the Closing Date of the Merger (the "Non-Competition Period"), Obligor shall not, other than on behalf of the Combined Company, directly or indirectly, without the prior written consent of the Combined Company: (i) engage in, anywhere in North America, or any other jurisdiction in which AirPatrol, conducts business (the "Restricted Area"), whether as an employee, agent, consultant, advisor, independent contractor, proprietor, partner, officer, director or otherwise, or have any ownership interest in (except for ownership of three percent (3%) or less of any publicly-held entity), or participate in or facilitate the financing, operation, management or control of, any firm, partnership, corporation, entity or business that engages or participates in a Competing Business Activity (as defined below); or (ii) interfere with the business of the Combined Company or approach, contact or solicit customers, vendors, employees, contractors, shareholders or other affiliates of the Combined Company, in connection with a Competing Business Activity. For purposes of this Agreement, "Competing Business Activity" shall mean engaging in, whether independently or as an employee, agent, consultant, advisor, independent contractor, partner, officer, director or otherwise, any business which is materially competitive with the Business as conducted or actively planned to be conducted by AirPatrol during the Non-Competition Period, or disclosure or use of the Confidential Material or Proprietary Information for any purpose which is materially competitive with the business of Acquiror, AirPatrol or the Combined Company.

(b) Beginning on the Effective Date and ending on the third (3rd) anniversary of the Closing Date of the Merger (the “Non-Solicitation Period”), Obligor shall not, directly or indirectly, without the prior written consent of Acquiror, solicit, encourage or take any other action which is intended to induce or encourage, or has the effect of inducing or encouraging, any employee of the Combined Company, or any subsidiary or affiliate of the foregoing, to terminate his or her employment with the Combined Company, or any subsidiary or affiliate thereof. Notwithstanding the foregoing, for purposes of this Agreement, the placement of general advertisements or on-line notifications that may be targeted to a particular geographic, social networking or technical area but that are not specifically targeted toward employees of the Combined Company shall not be deemed to be a breach of this Section 1(b).

(c) The covenants contained in Section 1(a) hereof shall be construed as a series of separate covenants, one for each country, province, state, city or other political subdivision of the Restricted Area. Except for geographic coverage, each such separate covenant shall be deemed identical in terms to the covenant contained in Section 1(a) hereof. If, in any judicial proceeding, a court refuses to enforce any of such separate covenants (or any part thereof), then such unenforceable covenant (or such part) shall be eliminated from this Agreement to the extent necessary to permit the remaining separate covenants (or portions thereof) to be enforced. In the event that the provisions of this Section 1 are deemed to exceed the time, geographic or scope limitations permitted by applicable law, then such provisions shall be reformed to the maximum time, geographic or scope limitations, as the case may be, permitted by applicable laws.

(d) Obligor acknowledges that (i) the goodwill associated with the existing business, customers and assets of AirPatrol prior to the Acquisition, including but not limited to the trade secrets and know-how possessed by the staff of AirPatrol, is an integral component of the value of the Acquired Assets to Acquiror, and (ii) Obligor’s agreement as set forth herein is necessary to preserve the value of the Acquired Assets following the Acquisition. Obligor also acknowledges that the limitations of time, geography and scope of activity agreed to in this Agreement are reasonable because, among other things: (A) the AirPatrol and Acquiror are engaged in a highly competitive industry and market segment, (B) Obligor has unique access to, and will continue to have access to, Confidential Material and Proprietary Information, which includes without limitation, trade secrets, know-how, plans and strategy of Acquiror, AirPatrol and the Combined Company, (C) Obligor is receiving significant consideration in connection with the Acquisition, (D) the Obligor is not dependent upon use of the Acquired Assets, or Confidential Material or Proprietary Information, to earn a livelihood in a trade or business, and would be able to obtain suitable and satisfactory employment or engagement without violation of this Agreement, (E) the market for the products and services now offered or to be offered by the Combined Company is worldwide, and (F) the Acquiror and AirPatrol now conducts, and the Combined Company is expected to conduct, business in North America, while most of the competitors or potential competitors of the Combined Company are located in North America.

(e) For purposes of this Agreement, “Confidential Material” shall mean customer lists, product design information, performance standards and other confidential information of the Acquiror and AirPatrol or licensed to the Combined Company, including without limitation trade secrets, copyrighted materials and/or financial information of the Combined Company (or any of its Affiliates), including without limitation, financial statements, reports and data; however, Confidential Material does not include any general know-how nor any of the foregoing items which has become publicly known or made generally available through no wrongful act of Obligor or of others who were under known confidentiality obligations as to the item or items involved.

(f) For purposes of this Agreement, “Proprietary Information” shall mean any information, observation, data, written material, record, document, software, algorithm, code, sequence, firmware, invention, discovery, improvement, development, tool, machine, apparatus, appliance, design, promotional idea, customer list, practice, process, formula, method, technique, trade secret, product and/or research related to the actual or anticipated research, marketing strategies, pricing information, business records, development, products, organization, business or finances of the Acquiror, AirPatrol or the Combined Company.

2. Miscellaneous.

(a) Governing Law; Consent to Personal Jurisdiction. This Agreement shall be governed by the laws of the State of California without reference to rules of conflicts of law. Obligor hereby consents to the personal jurisdiction of the state and federal courts located in California for any action or proceeding arising from or relating to this Agreement or relating to any arbitration in which the parties are participants.

(b) Severability. If any portion of this Agreement is held by a court of competent jurisdiction to conflict with any federal, state or local law, or to be otherwise invalid or unenforceable, such portion of this Agreement shall be of no force or effect and this Agreement shall otherwise remain in full force and effect and be construed as if such portion had not been included in this Agreement.

(c) No Assignment. Because the nature of the Agreement is specific to the actions of Obligor, Obligor may not assign this Agreement. This Agreement shall inure to the benefit of Acquiror and its successors and assigns.

(d)

Notices.

All notices, consents and other communications hereunder shall be in writing and shall be deemed to have been given when delivered personally, on the next business day when sent overnight by Federal Express or other nationally recognized overnight courier service, or five (5) days after being mailed if mailed by first-class, registered or certified mail, postage prepaid, addressed (a) if to Obligor, at PO Box 1311, San Clemente, California 92674; or at such other address or addresses as Obligor shall have furnished to the Acquiror in writing, or (b) if to the Acquiror, at Attn: Chief Executive Officer, Sysorex Global Holdings Corp., 3375 Scott Blvd., Suite 440, Santa Clara, CA 95054, or at such other address as the Acquiror shall have furnished to Obligor in writing. A copy of all notices sent to Acquiror shall also be sent to Attn: Nimish Patel, Richardson & Patel LLP, 1100 Glendon Avenue, Suite 850, Los Angeles, California 90024, facsimile (310) 208-1154. A copy of all notices sent to Obligor shall also be sent to Attn: Paul Sieben, O'Melveny & Myers LLP, 2765 Sand Hill Road, Menlo Park, California 94025, at facsimile (650) 473-2601.

(e) Entire Agreement. This Agreement contains the entire agreement and understanding of the parties and supersedes all prior discussions, agreements and understandings relating to the subject matter hereof. This Agreement may not be changed or modified, except by an agreement in writing executed by Acquiror and Obligor.

(f) Waiver of Breach. The waiver of a breach of any term or provision of this Agreement, which must be in writing, shall not operate as or be construed to be a waiver of any other previous or subsequent breach of this Agreement.

(g) Headings. All captions and section headings used in this Agreement are for convenience only and do not form a part of this Agreement.

(h) Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

(i) Termination. This Agreement shall terminate upon the third (3rd) anniversary of the Closing Date of the Merger.

[Remainder of Page Left Blank Intentionally]

IN WITNESS WHEREOF, the Parties have executed this Non-Competition Agreement as of the date first written above.

ACQUIROR:

SYSOREX GLOBAL HOLDINGS CORP.

By: _____
Nadir Ali
Chief Executive Officer

AIRPATROL:

AIRPATROL CORPORATION

By: _____
Cleve Adams
Chief Executive Officer

OBLIGOR:

Signature

Cleve Adams

Print Name

Address:
PO Box 1311

San Clemente, CA 92674

NON-COMPETITION AGREEMENT

THIS NON-COMPETITION AGREEMENT (this "Agreement") is made and entered into as of April 18, 2014 by and among SYSOREX GLOBAL HOLDINGS CORP., a Nevada corporation ("Acquiror"), AirPatrol Corporation ("AirPatrol") and Sage Osterfeld ("Obligor"). The Closing Date (as defined in the Merger Agreement (as defined below)) shall be the "Effective Date" of this Agreement.

RECITALS

- A. Acquiror is acquiring AirPatrol in a merger transaction (the "Merger") involving the payment of merger consideration in the form of Acquiror common stock and cash; upon consummation of the Merger ("Closing Date"), AirPatrol shall become a wholly-owned subsidiary of the Acquiror (the Acquiror and AirPatrol on a post-transaction basis is referred to as the "Combined Company").
- B. AirPatrol is a developer of platforms and tools for location based wireless detection systems and context aware systems using AirPatrol technologies (the "Business").
- C. The undersigned Obligor is an employee and officer of AirPatrol, who possesses critical knowledge and skills relating to AirPatrol's technology, products, services and operations.
- D. This Non-Competition Agreement is being entered into between the Acquiror and Obligor as a condition of closing pursuant to the Agreement and Plan of Merger dated December 20, 2013 (the "Merger Agreement") by and among the Acquiror, AirPatrol Acquisition Corp. I, AirPatrol Acquisition Corp. II, AirPatrol and Shareholder Representative Services LLC, solely in its capacity as the representative of the shareholders of AirPatrol, pursuant to which the Acquiror shall become the indirect sole shareholder and parent corporation of AirPatrol, and the pre-merger AirPatrol shareholders and key persons shall receive merger consideration consisting of cash and Acquiror stock. The Merger Agreement, together with each of the exhibits attached thereto, are hereinafter collectively referred to as the "Transaction Documents".
- E. AirPatrol and the Obligor have valuable knowledge, relationships, experience and expertise in the management and operation of the Business, and in order to induce the Acquiror to enter into the Merger Agreement, and to preserve the value of the business being acquired by the Acquiror in the Merger, the Obligor has agreed to the terms of this Agreement effective on the Effective Date.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises made herein, Acquiror, AirPatrol and the Obligor hereby agree as follows:

1. Covenant Not to Compete or Solicit

(a) Beginning on the Effective Date and ending on the third (3rd) anniversary of the Closing Date of the Merger (the "Non-Competition Period"), Obligor shall not, other than on behalf of the Combined Company, directly or indirectly, without the prior written consent of the Combined Company: (i) engage in, anywhere in North America, or any other jurisdiction in which AirPatrol, conducts business (the "Restricted Area"), whether as an employee, agent, consultant, advisor, independent contractor, proprietor, partner, officer, director or otherwise, or have any ownership interest in (except for ownership of three percent (3%) or less of any publicly-held entity), or participate in or facilitate the financing, operation, management or control of, any firm, partnership, corporation, entity or business that engages or participates in a Competing Business Activity (as defined below); or (ii) interfere with the business of the Combined Company or approach, contact or solicit customers, vendors, employees, contractors, shareholders or other affiliates of the Combined Company, in connection with a Competing Business Activity. For purposes of this Agreement, "Competing Business Activity" shall mean engaging in, whether independently or as an employee, agent, consultant, advisor, independent contractor, partner, officer, director or otherwise, any business which is materially competitive with the Business as conducted or actively planned to be conducted by AirPatrol during the Non-Competition Period, or disclosure or use of the Confidential Material or Proprietary Information for any purpose which is materially competitive with the business of Acquiror, AirPatrol or the Combined Company.

(b) Beginning on the Effective Date and ending on the third (3rd) anniversary of the Closing Date of the Merger (the “Non-Solicitation Period”), Obligor shall not, directly or indirectly, without the prior written consent of Acquiror, solicit, encourage or take any other action which is intended to induce or encourage, or has the effect of inducing or encouraging, any employee of the Combined Company, or any subsidiary or affiliate of the foregoing, to terminate his or her employment with the Combined Company, or any subsidiary or affiliate thereof. Notwithstanding the foregoing, for purposes of this Agreement, the placement of general advertisements or on-line notifications that may be targeted to a particular geographic, social networking or technical area but that are not specifically targeted toward employees of the Combined Company shall not be deemed to be a breach of this Section 1(b).

(c) The covenants contained in Section 1(a) hereof shall be construed as a series of separate covenants, one for each country, province, state, city or other political subdivision of the Restricted Area. Except for geographic coverage, each such separate covenant shall be deemed identical in terms to the covenant contained in Section 1(a) hereof. If, in any judicial proceeding, a court refuses to enforce any of such separate covenants (or any part thereof), then such unenforceable covenant (or such part) shall be eliminated from this Agreement to the extent necessary to permit the remaining separate covenants (or portions thereof) to be enforced. In the event that the provisions of this Section 1 are deemed to exceed the time, geographic or scope limitations permitted by applicable law, then such provisions shall be reformed to the maximum time, geographic or scope limitations, as the case may be, permitted by applicable laws.

(d) Obligor acknowledges that (i) the goodwill associated with the existing business, customers and assets of AirPatrol prior to the Acquisition, including but not limited to the trade secrets and know-how possessed by the staff of AirPatrol, is an integral component of the value of the Acquired Assets to Acquiror, and (ii) Obligor’s agreement as set forth herein is necessary to preserve the value of the Acquired Assets following the Acquisition. Obligor also acknowledges that the limitations of time, geography and scope of activity agreed to in this Agreement are reasonable because, among other things: (A) the AirPatrol and Acquiror are engaged in a highly competitive industry and market segment, (B) Obligor has unique access to, and will continue to have access to, Confidential Material and Proprietary Information, which includes without limitation, trade secrets, know-how, plans and strategy of Acquiror, AirPatrol and the Combined Company, (C) Obligor is receiving significant consideration in connection with the Acquisition, (D) the Obligor is not dependent upon use of the Acquired Assets, or Confidential Material or Proprietary Information, to earn a livelihood in a trade or business, and would be able to obtain suitable and satisfactory employment or engagement without violation of this Agreement, (E) the market for the products and services now offered or to be offered by the Combined Company is worldwide, and (F) the Acquiror and AirPatrol now conducts, and the Combined Company is expected to conduct, business in North America, while most of the competitors or potential competitors of the Combined Company are located in North America.

(e) For purposes of this Agreement, “Confidential Material” shall mean customer lists, product design information, performance standards and other confidential information of the Acquiror and AirPatrol or licensed to the Combined Company, including without limitation trade secrets, copyrighted materials and/or financial information of the Combined Company (or any of its Affiliates), including without limitation, financial statements, reports and data; however, Confidential Material does not include any general know-how nor any of the foregoing items which has become publicly known or made generally available through no wrongful act of Obligor or of others who were under known confidentiality obligations as to the item or items involved.

(f) For purposes of this Agreement, “Proprietary Information” shall mean any information, observation, data, written material, record, document, software, algorithm, code, sequence, firmware, invention, discovery, improvement, development, tool, machine, apparatus, appliance, design, promotional idea, customer list, practice, process, formula, method, technique, trade secret, product and/or research related to the actual or anticipated research, marketing strategies, pricing information, business records, development, products, organization, business or finances of the Acquiror, AirPatrol or the Combined Company.

2. Miscellaneous.

(a) Governing Law; Consent to Personal Jurisdiction. This Agreement shall be governed by the laws of the State of California without reference to rules of conflicts of law. Obligor hereby consents to the personal jurisdiction of the state and federal courts located in California for any action or proceeding arising from or relating to this Agreement or relating to any arbitration in which the parties are participants.

(b) Severability. If any portion of this Agreement is held by a court of competent jurisdiction to conflict with any federal, state or local law, or to be otherwise invalid or unenforceable, such portion of this Agreement shall be of no force or effect and this Agreement shall otherwise remain in full force and effect and be construed as if such portion had not been included in this Agreement.

(c) No Assignment. Because the nature of the Agreement is specific to the actions of Obligor, Obligor may not assign this Agreement. This Agreement shall inure to the benefit of Acquiror and its successors and assigns.

(d)

Notices.

All notices, consents and other communications hereunder shall be in writing and shall be deemed to have been given when delivered personally, on the next business day when sent overnight by Federal Express or other nationally recognized overnight courier service, or five (5) days after being mailed if mailed by first-class, registered or certified mail, postage prepaid, addressed (a) if to Obligor, at 336 Hidden Lake Lane, Vista, California 92084; or at such other address or addresses as Obligor shall have furnished to the Acquiror in writing, or (b) if to the Acquiror, at Attn: Chief Executive Officer, Sysorex Global Holdings Corp., 3375 Scott Blvd., Suite 440, Santa Clara, CA 95054, or at such other address as the Acquiror shall have furnished to Obligor in writing. A copy of all notices sent to Acquiror shall also be sent to Attn: Nimish Patel, Richardson & Patel LLP, 1100 Glendon Avenue, Suite 850, Los Angeles, California 90024, facsimile (310) 208-1154. A copy of all notices sent to Obligor shall also be sent to Attn: Paul Sieben, O'Melveny & Myers LLP, 2765 Sand Hill Road, Menlo Park, California 94025, at facsimile (650) 473-2601.

(e) Entire Agreement. This Agreement contains the entire agreement and understanding of the parties and supersedes all prior discussions, agreements and understandings relating to the subject matter hereof. This Agreement may not be changed or modified, except by an agreement in writing executed by Acquiror and Obligor.

(f) Waiver of Breach. The waiver of a breach of any term or provision of this Agreement, which must be in writing, shall not operate as or be construed to be a waiver of any other previous or subsequent breach of this Agreement.

(g) Headings. All captions and section headings used in this Agreement are for convenience only and do not form a part of this Agreement.

(h) Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

(i) Termination. This Agreement shall terminate upon the third (3rd) anniversary of the Closing Date of the Merger.

[Remainder of Page Left Blank Intentionally]

IN WITNESS WHEREOF, the Parties have executed this Non-Competition Agreement as of the date first written above.

ACQUIROR:

SYSOREX GLOBAL HOLDINGS CORP.

By: _____
Nadir Ali
Chief Executive Officer

AIRPATROL:

AIRPATROL CORPORATION

By: _____
Cleve Adams
Chief Executive Officer

OBLIGOR:

Signature

Sage Osterfeld

Print Name

Address:
336 Hidden Lake Lane

Vista, CA 92084

NON-COMPETITION AGREEMENT

THIS NON-COMPETITION AGREEMENT (this "Agreement") is made and entered into as of 18, 2014 by and among SYSOREX GLOBAL HOLDINGS CORP., a Nevada corporation ("Acquiror"), AirPatrol Corporation ("AirPatrol") and Bobby Hernandez ("Obligor"). The Closing Date (as defined in the Merger Agreement (as defined below)) shall be the "Effective Date" of this Agreement.

RECITALS

A. Acquiror is acquiring AirPatrol in a merger transaction (the "Merger") involving the payment of merger consideration in the form of Acquiror common stock and cash; upon consummation of the Merger ("Closing Date"), AirPatrol shall become a wholly-owned subsidiary of the Acquiror (the Acquiror and AirPatrol on a post-transaction basis is referred to as the "Combined Company").

B. AirPatrol is a developer of platforms and tools for location based wireless detection systems and context aware systems using AirPatrol technologies (the "Business").

C. The undersigned Obligor is an employee and officer of AirPatrol, who possesses critical knowledge and skills relating to AirPatrol's technology, products, services and operations.

D. This Non-Competition Agreement is being entered into between the Acquiror and Obligor as a condition of closing pursuant to the Agreement and Plan of Merger dated December 20, 2013 (the "Merger Agreement") by and among the Acquiror, AirPatrol Acquisition Corp. I, AirPatrol Acquisition Corp. II, AirPatrol and Shareholder Representative Services LLC, solely in its capacity as the representative of the shareholders of AirPatrol, pursuant to which the Acquiror shall become the indirect sole shareholder and parent corporation of AirPatrol, and the pre-merger AirPatrol shareholders and key persons shall receive merger consideration consisting of cash and Acquiror stock. The Merger Agreement, together with each of the exhibits attached thereto, are hereinafter collectively referred to as the "Transaction Documents".

E. AirPatrol and the Obligor have valuable knowledge, relationships, experience and expertise in the management and operation of the Business, and in order to induce the Acquiror to enter into the Merger Agreement, and to preserve the value of the business being acquired by the Acquiror in the Merger, the Obligor has agreed to the terms of this Agreement effective on the Effective Date.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises made herein, Acquiror, AirPatrol and the Obligor hereby agree as follows:

1. Covenant Not to Compete or Solicit

(a) Beginning on the Effective Date and ending on the third (3rd) anniversary of the Closing Date of the Merger (the "Non-Competition Period"), Obligor shall not, other than on behalf of the Combined Company, directly or indirectly, without the prior written consent of the Combined Company: (i) engage in, anywhere in North America, or any other jurisdiction in which AirPatrol, conducts business (the "Restricted Area"), whether as an employee, agent, consultant, advisor, independent contractor, proprietor, partner, officer, director or otherwise, or have any ownership interest in (except for ownership of three percent (3%) or less of any publicly-held entity), or participate in or facilitate the financing, operation, management or control of, any firm, partnership, corporation, entity or business that engages or participates in a Competing Business Activity (as defined below); or (ii) interfere with the business of the Combined Company or approach, contact or solicit customers, vendors, employees, contractors, shareholders or other affiliates of the Combined Company, in connection with a Competing Business Activity. For purposes of this Agreement, "Competing Business Activity" shall mean engaging in, whether independently or as an employee, agent, consultant, advisor, independent contractor, partner, officer, director or otherwise, any business which is materially competitive with the Business as conducted or actively planned to be conducted by AirPatrol during the Non-Competition Period, or disclosure or use of the Confidential Material or Proprietary Information for any purpose which is materially competitive with the business of Acquiror, AirPatrol or the Combined Company.

(b) Beginning on the Effective Date and ending on the third (3rd) anniversary of the Closing Date of the Merger (the “Non-Solicitation Period”), Obligor shall not, directly or indirectly, without the prior written consent of Acquiror, solicit, encourage or take any other action which is intended to induce or encourage, or has the effect of inducing or encouraging, any employee of the Combined Company, or any subsidiary or affiliate of the foregoing, to terminate his or her employment with the Combined Company, or any subsidiary or affiliate thereof. Notwithstanding the foregoing, for purposes of this Agreement, the placement of general advertisements or on-line notifications that may be targeted to a particular geographic, social networking or technical area but that are not specifically targeted toward employees of the Combined Company shall not be deemed to be a breach of this Section 1(b).

(c) The covenants contained in Section 1(a) hereof shall be construed as a series of separate covenants, one for each country, province, state, city or other political subdivision of the Restricted Area. Except for geographic coverage, each such separate covenant shall be deemed identical in terms to the covenant contained in Section 1(a) hereof. If, in any judicial proceeding, a court refuses to enforce any of such separate covenants (or any part thereof), then such unenforceable covenant (or such part) shall be eliminated from this Agreement to the extent necessary to permit the remaining separate covenants (or portions thereof) to be enforced. In the event that the provisions of this Section 1 are deemed to exceed the time, geographic or scope limitations permitted by applicable law, then such provisions shall be reformed to the maximum time, geographic or scope limitations, as the case may be, permitted by applicable laws.

(d) Obligor acknowledges that (i) the goodwill associated with the existing business, customers and assets of AirPatrol prior to the Acquisition, including but not limited to the trade secrets and know-how possessed by the staff of AirPatrol, is an integral component of the value of the Acquired Assets to Acquiror, and (ii) Obligor’s agreement as set forth herein is necessary to preserve the value of the Acquired Assets following the Acquisition. Obligor also acknowledges that the limitations of time, geography and scope of activity agreed to in this Agreement are reasonable because, among other things: (A) the AirPatrol and Acquiror are engaged in a highly competitive industry and market segment, (B) Obligor has unique access to, and will continue to have access to, Confidential Material and Proprietary Information, which includes without limitation, trade secrets, know-how, plans and strategy of Acquiror, AirPatrol and the Combined Company, (C) Obligor is receiving significant consideration in connection with the Acquisition, (D) the Obligor is not dependent upon use of the Acquired Assets, or Confidential Material or Proprietary Information, to earn a livelihood in a trade or business, and would be able to obtain suitable and satisfactory employment or engagement without violation of this Agreement, (E) the market for the products and services now offered or to be offered by the Combined Company is worldwide, and (F) the Acquiror and AirPatrol now conducts, and the Combined Company is expected to conduct, business in North America, while most of the competitors or potential competitors of the Combined Company are located in North America.

(e) For purposes of this Agreement, “Confidential Material” shall mean customer lists, product design information, performance standards and other confidential information of the Acquiror and AirPatrol or licensed to the Combined Company, including without limitation trade secrets, copyrighted materials and/or financial information of the Combined Company (or any of its Affiliates), including without limitation, financial statements, reports and data; however, Confidential Material does not include any general know-how nor any of the foregoing items which has become publicly known or made generally available through no wrongful act of Obligor or of others who were under known confidentiality obligations as to the item or items involved.

(f) For purposes of this Agreement, “Proprietary Information” shall mean any information, observation, data, written material, record, document, software, algorithm, code, sequence, firmware, invention, discovery, improvement, development, tool, machine, apparatus, appliance, design, promotional idea, customer list, practice, process, formula, method, technique, trade secret, product and/or research related to the actual or anticipated research, marketing strategies, pricing information, business records, development, products, organization, business or finances of the Acquiror, AirPatrol or the Combined Company.

2. Miscellaneous.

(a) Governing Law; Consent to Personal Jurisdiction. This Agreement shall be governed by the laws of the State of California without reference to rules of conflicts of law. Obligor hereby consents to the personal jurisdiction of the state and federal courts located in California for any action or proceeding arising from or relating to this Agreement or relating to any arbitration in which the parties are participants.

(b) Severability. If any portion of this Agreement is held by a court of competent jurisdiction to conflict with any federal, state or local law, or to be otherwise invalid or unenforceable, such portion of this Agreement shall be of no force or effect and this Agreement shall otherwise remain in full force and effect and be construed as if such portion had not been included in this Agreement.

(c) No Assignment. Because the nature of the Agreement is specific to the actions of Obligor, Obligor may not assign this Agreement. This Agreement shall inure to the benefit of Acquiror and its successors and assigns.

(d)

Notices.

All notices, consents and other communications hereunder shall be in writing and shall be deemed to have been given when delivered personally, on the next business day when sent overnight by Federal Express or other nationally recognized overnight courier service, or five (5) days after being mailed if mailed by first-class, registered or certified mail, postage prepaid, addressed (a) if to Obligor, at 629 Garfield Street, Oceanside, California 92054; or at such other address or addresses as Obligor shall have furnished to the Acquiror in writing, or (b) if to the Acquiror, at Attn: Chief Executive Officer, Sysorex Global Holdings Corp., 3375 Scott Blvd., Suite 440, Santa Clara, CA 95054, or at such other address as the Acquiror shall have furnished to Obligor in writing. A copy of all notices sent to Acquiror shall also be sent to Attn: Nimish Patel, Richardson & Patel LLP, 1100 Glendon Avenue, Suite 850, Los Angeles, California 90024, facsimile (310) 208-1154. A copy of all notices sent to Obligor shall also be sent to Attn: Paul Sieben, O'Melveny & Myers LLP, 2765 Sand Hill Road, Menlo Park, California 94025, at facsimile (650) 473-2601.

(e) Entire Agreement. This Agreement contains the entire agreement and understanding of the parties and supersedes all prior discussions, agreements and understandings relating to the subject matter hereof. This Agreement may not be changed or modified, except by an agreement in writing executed by Acquiror and Obligor.

(f) Waiver of Breach. The waiver of a breach of any term or provision of this Agreement, which must be in writing, shall not operate as or be construed to be a waiver of any other previous or subsequent breach of this Agreement.

(g) Headings. All captions and section headings used in this Agreement are for convenience only and do not form a part of this Agreement.

(h) Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

(i) Termination. This Agreement shall terminate upon the third (3rd) anniversary of the Closing Date of the Merger.

[Remainder of Page Left Blank Intentionally]

IN WITNESS WHEREOF, the Parties have executed this Non-Competition Agreement as of the date first written above.

ACQUIROR:

SYSOREX GLOBAL HOLDINGS CORP.

By: _____
Nadir Ali
Chief Executive Officer

AIRPATROL:

AIRPATROL CORPORATION

By: _____
Cleve Adams
Chief Executive Officer

OBLIGOR:

Signature

Bobby Hernandez

Print Name

Address:
629 Garfield Street

Oceanside, CA 92054

NON-COMPETITION AGREEMENT

THIS NON-COMPETITION AGREEMENT (this "Agreement") is made and entered into as of April 18, 2014 by and among SYSOREX GLOBAL HOLDINGS CORP., a Nevada corporation ("Acquiror"), AirPatrol Corporation ("AirPatrol") and Bradley Rotter ("Obligor"). The Closing Date (as defined in the Merger Agreement (as defined below)) shall be the "Effective Date" of this Agreement.

RECITALS

A. Acquiror is acquiring AirPatrol in a merger transaction (the "Merger") involving the payment of merger consideration in the form of Acquiror common stock and cash; upon consummation of the Merger ("Closing Date"), AirPatrol shall become a wholly-owned subsidiary of the Acquiror (the Acquiror and AirPatrol on a post-transaction basis is referred to as the "Combined Company").

B. AirPatrol is a developer of platforms and tools for location based wireless detection systems and context aware systems using AirPatrol technologies (the "Business").

C. The undersigned Obligor is a former employee and officer of AirPatrol, who possesses critical knowledge and skills relating to AirPatrol's technology, products, services and operations.

D. This Non-Competition Agreement is being entered into between the Acquiror and Obligor as a condition of closing pursuant to the Agreement and Plan of Merger dated December 20, 2013 (the "Merger Agreement") by and among the Acquiror, AirPatrol Acquisition Corp. I, AirPatrol Acquisition Corp. II, AirPatrol and Shareholder Representative Services LLC, solely in its capacity as the representative of the shareholders of AirPatrol, pursuant to which the Acquiror shall become the indirect sole shareholder and parent corporation of AirPatrol, and the pre-merger AirPatrol shareholders and key persons shall receive merger consideration consisting of cash and Acquiror stock. The Merger Agreement, together with each of the exhibits attached thereto, are hereinafter collectively referred to as the "Transaction Documents."

E. AirPatrol and the Obligor have valuable knowledge, relationships, experience and expertise in the management and operation of the Business, and in order to induce the Acquiror to enter into the Merger Agreement, and to preserve the value of the business being acquired by the Acquiror in the Merger, the Obligor has agreed to the terms of this Agreement effective on the Effective Date.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises made herein, Acquiror, AirPatrol and the Obligor hereby agree as follows:

1. Covenant Not to Compete or Solicit

(a) Beginning on the Effective Date and ending on the third (3rd) anniversary of the Closing Date of the Merger (the "Non-Competition Period"), Obligor shall not, other than on behalf of the Combined Company, directly or indirectly, without the prior written consent of the Combined Company: (i) engage in, anywhere in North America, or any other jurisdiction in which AirPatrol, conducts business (the "Restricted Area"), whether as an employee, agent, consultant, advisor, independent contractor, proprietor, partner, officer, director or otherwise, or have any ownership interest in (except for ownership of three percent (3%) or less of any publicly-held entity), or participate in or facilitate the financing, operation, management or control of, any firm, partnership, corporation, entity or business that engages or participates in a Competing Business Activity (as defined below); or (ii) interfere with the business of the Combined Company or approach, contact or solicit customers, vendors, employees, contractors, shareholders or other affiliates of the Combined Company, in connection with a Competing Business Activity. For purposes of this Agreement, "Competing Business Activity" shall mean engaging in, whether independently or as an employee, agent, consultant, advisor, independent contractor, partner, officer, director or otherwise, any business which is materially competitive with the Business as conducted or actively planned to be conducted by AirPatrol during the Non-Competition Period, or disclosure or use of the Confidential Material or Proprietary Information for any purpose which is materially competitive with the business of Acquiror, AirPatrol or the Combined Company.

(b) Beginning on the Effective Date and ending on the third (3rd) anniversary of the Closing Date of the Merger (the “Non-Solicitation Period”), Obligor shall not, directly or indirectly, without the prior written consent of Acquiror, solicit, encourage or take any other action which is intended to induce or encourage, or has the effect of inducing or encouraging, any employee of the Combined Company, or any subsidiary or affiliate of the foregoing, to terminate his or her employment with the Combined Company, or any subsidiary or affiliate thereof. Notwithstanding the foregoing, for purposes of this Agreement, the placement of general advertisements or on-line notifications that may be targeted to a particular geographic, social networking or technical area but that are not specifically targeted toward employees of the Combined Company shall not be deemed to be a breach of this Section 1(b).

(c) The covenants contained in Section 1(a) hereof shall be construed as a series of separate covenants, one for each country, province, state, city or other political subdivision of the Restricted Area. Except for geographic coverage, each such separate covenant shall be deemed identical in terms to the covenant contained in Section 1(a) hereof. If, in any judicial proceeding, a court refuses to enforce any of such separate covenants (or any part thereof), then such unenforceable covenant (or such part) shall be eliminated from this Agreement to the extent necessary to permit the remaining separate covenants (or portions thereof) to be enforced. In the event that the provisions of this Section 1 are deemed to exceed the time, geographic or scope limitations permitted by applicable law, then such provisions shall be reformed to the maximum time, geographic or scope limitations, as the case may be, permitted by applicable laws.

(d) Obligor acknowledges that (i) the goodwill associated with the existing business, customers and assets of AirPatrol prior to the Acquisition, including but not limited to the trade secrets and know-how possessed by the staff of AirPatrol, is an integral component of the value of the Acquired Assets to Acquiror, and (ii) Obligor’s agreement as set forth herein is necessary to preserve the value of the Acquired Assets following the Acquisition. Obligor also acknowledges that the limitations of time, geography and scope of activity agreed to in this Agreement are reasonable because, among other things: (A) the AirPatrol and Acquiror are engaged in a highly competitive industry and market segment, (B) Obligor has unique access to, and will continue to have access to, Confidential Material and Proprietary Information, which includes without limitation, trade secrets, know-how, plans and strategy of Acquiror, AirPatrol and the Combined Company, (C) Obligor is receiving significant consideration in connection with the Acquisition, (D) the Obligor is not dependent upon use of the Acquired Assets, or Confidential Material or Proprietary Information, to earn a livelihood in a trade or business, and would be able to obtain suitable and satisfactory employment or engagement without violation of this Agreement, (E) the market for the products and services now offered or to be offered by the Combined Company is worldwide, and (F) the Acquiror and AirPatrol now conducts, and the Combined Company is expected to conduct, business in North America, while most of the competitors or potential competitors of the Combined Company are located in North America.

(e) For purposes of this Agreement, “Confidential Material” shall mean customer lists, product design information, performance standards and other confidential information of the Acquiror and AirPatrol or licensed to the Combined Company, including without limitation trade secrets, copyrighted materials and/or financial information of the Combined Company (or any of its Affiliates), including without limitation, financial statements, reports and data; however, Confidential Material does not include any general know-how nor any of the foregoing items which has become publicly known or made generally available through no wrongful act of Obligor or of others who were under known confidentiality obligations as to the item or items involved.

(f) For purposes of this Agreement, “Proprietary Information” shall mean any information, observation, data, written material, record, document, software, algorithm, code, sequence, firmware, invention, discovery, improvement, development, tool, machine, apparatus, appliance, design, promotional idea, customer list, practice, process, formula, method, technique, trade secret, product and/or research related to the actual or anticipated research, marketing strategies, pricing information, business records, development, products, organization, business or finances of the Acquiror, AirPatrol or the Combined Company.

2. Payment. In consideration for entering into this Agreement, Obligor shall receive (i) 30,000 shares of Acquiror’s common stock on the Closing Date, and (ii) an amount equal to \$75,000 shall be paid from the Earnout Payment in proportion to the percentage of the Earnout Payment actually realized (as such terms are defined in the Merger Agreement).

3. Miscellaneous.

(a) Governing Law; Consent to Personal Jurisdiction. This Agreement shall be governed by the laws of the State of California without reference to rules of conflicts of law. Obligor hereby consents to the personal jurisdiction of the state and federal courts located in California for any action or proceeding arising from or relating to this Agreement or relating to any arbitration in which the parties are participants.

(b) Severability. If any portion of this Agreement is held by a court of competent jurisdiction to conflict with any federal, state or local law, or to be otherwise invalid or unenforceable, such portion of this Agreement shall be of no force or effect and this Agreement shall otherwise remain in full force and effect and be construed as if such portion had not been included in this Agreement.

(c) No Assignment. Because the nature of the Agreement is specific to the actions of Obligor, Obligor may not assign this Agreement. This Agreement shall inure to the benefit of Acquiror and its successors and assigns.

(d)

Notices.

All notices, consents and other communications hereunder shall be in writing and shall be deemed to have been given when delivered personally, on the next business day when sent overnight by Federal Express or other nationally recognized overnight courier service, or five (5) days after being mailed if mailed by first-class, registered or certified mail, postage prepaid, addressed (a) if to Obligor, at 634a Prospect Row, San Mateo, CA 94401; or at such other address or addresses as Obligor shall have furnished to the Acquiror in writing, or (b) if to the Acquiror, at Attn: Chief Executive Officer, Sysorex Global Holdings Corp., 3375 Scott Blvd., Suite 440, Santa Clara, CA 95054, or at such other address as the Acquiror shall have furnished to Obligor in writing. A copy of all notices sent to Acquiror shall also be sent to Attn: Nimish Patel, Richardson & Patel LLP, 1100 Glendon Avenue, Suite 850, Los Angeles, California 90024, facsimile (310) 208-1154. A copy of all notices sent to Obligor shall also be sent to Attn: Paul Sieben, O'Melveny & Myers LLP, 2765 Sand Hill Road, Menlo Park, California 94025, at facsimile (650) 473-2601.

(e) Entire Agreement. This Agreement contains the entire agreement and understanding of the parties and supersedes all prior discussions, agreements and understandings relating to the subject matter hereof. This Agreement may not be changed or modified, except by an agreement in writing executed by Acquiror and Obligor.

(f) Waiver of Breach. The waiver of a breach of any term or provision of this Agreement, which must be in writing, shall not operate as or be construed to be a waiver of any other previous or subsequent breach of this Agreement.

(g) Headings. All captions and section headings used in this Agreement are for convenience only and do not form a part of this Agreement.

(h) Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

(i) Termination. This Agreement shall terminate upon the third (3rd) anniversary of the Closing Date of the Merger.

[Remainder of Page Left Blank Intentionally]

IN WITNESS WHEREOF, the Parties have executed this Non-Competition Agreement as of the date first written above.

ACQUIROR:

SYSOREX GLOBAL HOLDINGS CORP.

By: _____
Nadir Ali
Chief Executive Officer

AIRPATROL:

AIRPATROL CORPORATION

By: _____
Cleve Adams
Chief Executive Officer

OBLIGOR:

Signature

Bradley Rotter

Print Name

Address:
634a Prospect Row

San Mateo, CA 94401

EXHIBIT H

RETENTION PLAN

Reference is made to the Agreement and Plan of Merger dated December 20, 2013 ("Agreement") by and among SYSOREX GLOBAL HOLDINGS CORP., a Nevada corporation ("Acquiror"), AIRPATROL CORPORATION, a Nevada corporation ("AirPatrol"), AIRPATROL ACQUISITION CORP. I, a Nevada corporation and a wholly owned subsidiary of Acquiror ("Merger Sub I"), AIRPATROL ACQUISITION CORP. II, a Nevada corporation and wholly owned subsidiary of Acquiror ("Merger Sub II") and together with Merger Sub I, the "Merger Subs", and SHAREHOLDER REPRESENTATIVE SERVICES LLC, as a representative of the shareholders of AirPatrol ("Shareholder Representative"). Capitalized terms used in this Retention Plan ("Retention Plan") and not otherwise defined herein shall have the same respective meanings used in the Agreement.

Under this Retention Plan, the Acquiror shall provide the following incentive compensation to executive and non-executive employees of AirPatrol in accordance with the following terms and conditions:

1. The administrator of the 2011 Employee Stock Incentive Plan (the "Plan") of the Acquiror shall grant four-year vesting option awards under the Plan for the purchase of up to 600,000 shares of common stock of the Acquiror to the employees of AirPatrol set forth below with exercise prices equal to the fair market value of shares on the date of grant, such options to be granted within 20 days following the Closing and to vest in 48 monthly installments measured from the Closing Date. The foregoing awards shall be allocated among such employees based upon the non-binding recommendation of AirPatrol's management, subject to approval by the board of directors of the Acquiror. Such options will be granted to the following persons:

Cleve Adams	300,000
Guy Levy-Yurista	150,000
Sage Osterfeld	50,000
Bobby Hernandez	50,000
Other Employees TBD	50,000

2. The following employees shall be granted the opportunity to receive bonuses in the aggregate amount of up to \$1,000,000 of the Earnout Payment (if any) to be paid by Acquiror, in the form of Earnout Stock and cash in the same proportion thereof to which the AirPatrol Shareholders may be entitled under the Agreement, such bonuses to be as adjusted pursuant to Section 1.7.8 of the Agreement and subject to the terms and conditions set forth therein (such aggregate amount, the "Bonus Pool"), and provided that in all events any payment of the Bonus Pool under this Retention Plan shall be made during 2015. The Bonus Pool shall be allocated to the employees as follows:

<u>Employee</u>	<u>Percentage of Bonus Pool</u>
Cleve Adams	40%
Guy Levy-Yurista	25%
Sage Osterfeld	10%
Bobby Hernandez	10%
Tim Thompson	3.75%
Mark Bauer	3.75%
Fred Bosch	3.75%
Mark Wilson	3.75%

The obligation of Acquiror to pay the Earnout Payment-related incentive compensation set forth in this paragraph 2 to any particular employee is expressly conditioned upon either (a) the employee being employed by AirPatrol (or Acquiror or any of Acquiror's affiliates) on the date on which the Earnout Payment (if any) is payable to the AirPatrol Shareholders or (b) such employee's employment having been terminated by AirPatrol (or Acquiror or an affiliate of Acquiror) without Cause (as defined below) after the Closing and prior to such date. In the event that one or more of the foregoing employees is ineligible to receive his or her allocation of the Bonus Pool as indicated above, the amount that would otherwise be paid to such individual(s) shall be reallocated pro rata among the remaining employees listed above who remain eligible to receive their allocations, in accordance with the respective percentages of the Bonus Pool to which such remaining employees are entitled.

For purposes of the Retention Plan, "Cause" shall have the meaning, as to a particular Retention Plan participant, ascribed to such term in such participant's employment or similar agreement with AirPatrol or any of its affiliates then in effect or, if there is no such agreement (or such agreement does not define such term, "Cause" shall mean the existence or occurrence of any of the following (in each case, so long as AirPatrol has given such participant written notice describing the Cause and such participant has not cured such Cause within a reasonable time (no less than 30 days)):

- (a) Such participant's conviction for or pleading of nolo contendere to any felony.
- (b) Such participant's misappropriation of material AirPatrol assets.
- (c) Such participant's willful violation of an AirPatrol lawful policy or a lawful directive of the AirPatrol board of directors previously delivered to him in writing.
- (d) Such participant's material breach of his obligations set forth in a written agreement between AirPatrol and such participant.
- (e) Any willful neglect or material breach by such participant of duty to AirPatrol.

3. Cleve Adams, the Chief Executive Officer of AirPatrol, shall receive:

- a. \$300,000 of the Cash Merger Consideration at Closing;
- b. 120,000 shares of common stock of Acquiror out of the Stock Merger Consideration at Closing; and
- c. an amount equal to three percent (3.0%) of the Earnout Payment (if any), in the form of Earnout Stock and cash in the same proportion thereof to which the AirPatrol Shareholders may be entitled under the Agreement, when due and as adjusted pursuant to Section 1.7.8 of the Agreement.
- d. For clarity, the amounts provided in this paragraph 3 are in addition to any amount of the Bonus Pool that Mr. Adams may be entitled to receive pursuant to paragraph 2 above.

4. Guy Levy-Yurista, the Chief Technology Officer of AirPatrol, shall receive:

- a. \$150,000 of the Cash Merger Consideration at Closing;
- b. 60,000 shares of common stock of Acquiror out of the Stock Merger Consideration at Closing; and
- c. an amount equal to six hundred thousand dollars (\$600,000) of the Earnout Payment (if any), in the form of Earnout Stock and cash in the same proportion thereof to which the AirPatrol Shareholders may be entitled under the Agreement, when due pursuant to Section 1.7.8 of the Agreement, provided that the minimum \$3,500,000 of AirPatrol Net Income stipulated in Section 1.7.8 is met or exceeded.
- d. For clarity, the amounts provided in this paragraph 3 are in addition to any amount of the Bonus Pool that Mr. Levy-Yurista may be entitled to receive pursuant to paragraph 2 above.

5. For clarity,

- a. the option awards to be granted Acquiror as described in paragraph 1 above shall be apart from and in addition to any Merger Consideration paid by Acquiror under the Merger Agreement;
- b. the compensation referenced in paragraphs 2, 3(c) and 4(c) above shall be taken out of the Earnout Payment (if any) due and payable by Acquiror, and if no Earnout Payment is due, no compensation will be paid pursuant to these paragraphs;
- c. the obligation of Acquiror to pay the Earnout Payment-related incentive compensation set forth in paragraphs 2, 3(c) and 4(c) above with respect to each employee is expressly conditioned upon such employee's continued employment in their current capacity on the date on which the Earnout Payment (if any) is due, in addition to further eligibility requirements as the board of directors approve;
- d. the compensation referenced in Sections 3(a), 3(b), 4(a) and 4(b) shall be paid out of Merger Consideration due at Closing.

6. All share amounts in this Exhibit H shall be appropriately adjusted for any stock splits, consolidations or changes in capitalization of Acquiror occurring after the date of the Agreement and prior to the issuance of said shares to the recipient of incentive compensation.

7. All compensation payable pursuant to this Retention Plan shall be subject to applicable tax withholding and authorized deductions. It is intended that any amounts payable under this Retention Plan shall either be exempt from or comply with Section 409A of the U.S. Internal Revenue Code so as not to subject any plan participant to payment of any additional tax, penalty or interest imposed under Section 409A. The provisions of this Retention Plan shall be construed and interpreted consistent with that intent.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
AirPatrol Corporation

We have audited the accompanying consolidated balance sheets of AirPatrol Corporation and its Subsidiary (the "Company") as of December 31, 2013 and 2012, and the related statements of operations, changes in shareholders' deficit, 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 AirPatrol Corporation and Subsidiary as of December 31, 2013 and 2012, 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.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has had recurring losses, and has a working capital and shareholders' deficit as of December 31, 2013 and 2012. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Marcum LLP
New York, NY
March 12, 2014

**AIRPATROL CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS**

	December 31, 2013	December 31, 2012
Assets		
Current Assets		
Cash	\$ 80,072	\$ 256,300
Certificate of deposit - restricted	90,000	-
Accounts receivable, net	208,470	10,323
Inventory	256,998	201,730
Prepaid expenses	149,003	25,372
Total Current Assets	784,543	493,725
Property and Equipment, net	116,696	79,287
Other Assets	14,496	12,483
Total Assets	\$ 915,735	\$ 585,495
Liabilities and Shareholders' Deficit		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 1,718,626	\$ 1,216,174
Accrued interest payable	892,895	304,320
Accrued compensation and benefits	346,480	288,849
Deferred revenue	187,523	143,631
Deferred rent	1,854	-
Loans payable - related party	69,068	-
Notes payable	1,000,000	-
Derivative liabilities	605,211	-
Convertible notes payable	3,330,000	2,480,000
Total Current Liabilities	8,151,657	4,432,974
Long-Term Liabilities:		
Deferred revenue - net of current portion	-	5,547
Deferred rent - net of current portion	39,733	-
Notes payable - net of current portion	100,000	-
Convertible notes payable - net of current portion and debt discount of \$168,222 and \$2,234	663,920	499,766
Total Liabilities	8,955,310	4,938,287
Commitments and Contingencies		
Shareholders' Deficit		
Series A Convertible Preferred stock, \$0.001 par value; 15,000,000 shares authorized; 10,650,194 shares issued and outstanding as of December 31, 2013 and 2012; Liquidation preference \$2,982,054 and \$2,982,054 as of December 31, 2013 and 2012	10,650	10,650
Common stock, \$0.001 par value; 85,000,000 shares authorized; 49,420,768 and 49,065,762 shares issued and outstanding as of December 31, 2013 and 2012	49,422	49,067
Additional paid in capital	14,816,733	14,748,185
Accumulated deficit	(22,916,380)	(19,160,694)
Total Shareholders' Deficit	(8,039,575)	(4,352,792)
Total Liabilities and Shareholders' Deficit	\$ 915,735	\$ 585,495

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

**AIRPATROL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS**

	For the Years Ended	
	December 31, 2013	December 31, 2012
Revenue	\$ 1,362,572	\$ 719,970
Cost of revenue	313,463	223,368
Gross profit	1,049,109	496,602
Operating expenses		
Selling	152,155	125,096
Engineering, research and development	95,489	665,217
General and administrative	3,501,817	2,853,203
Total operating expenses	3,749,461	3,643,516
Loss from operations	(2,700,352)	(3,146,914)
Other (income) expense:		
Interest income	(41)	(16)
Interest expense	657,402	392,472
Change in fair value of derivative liabilities	397,973	(2,872)
Total other expense	1,055,334	389,584
Net loss	\$ (3,755,686)	\$ (3,536,498)
Net loss per common share - basic and diluted	\$ (0.08)	\$ (0.08)
Weighted average number of common shares outstanding - basic and diluted	49,393,535	43,364,510

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

AIRPATROL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Series A Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balance, December 31, 2011	10,650,194	\$ 10,650	43,038,624	\$ 43,040	\$ 13,044,530	\$ (15,624,196)	\$ (2,525,976)
Conversion of debt to common stock	-	-	5,743,133	5,743	1,612,011	-	1,617,754
Issuance of common stock for services	-	-	284,005	284	79,716	-	80,000
Issuance of common stock options for services	-	-	-	-	11,928	-	11,928
Net loss	-	-	-	-	-	(3,536,498)	(3,536,498)
Balance, December 31, 2012	10,650,194	10,650	49,065,762	49,067	14,748,185	(19,160,694)	(4,352,792)
Issuance of common stock for services	-	-	355,006	355	63,156	-	63,511
Issuance of common stock options for services	-	-	-	-	5,392	-	5,392
Net loss	-	-	-	-	-	(3,755,686)	(3,755,686)
Balance, December 31, 2013	<u>10,650,194</u>	<u>\$ 10,650</u>	<u>49,420,768</u>	<u>\$ 49,422</u>	<u>\$ 14,816,733</u>	<u>\$ (22,916,380)</u>	<u>\$ (8,039,575)</u>

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

**AIRPATROL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	December 31, 2013	December 31, 2012
Cash Flows From Operating Activities:		
Net loss	\$ (3,755,686)	\$ (3,536,498)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	60,382	41,471
Stock based compensation	68,903	91,928
Accretion of debt discount	41,250	638
Change in fair value of derivative liabilities	397,973	(2,872)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(198,147)	37,023
Prepaid expenses	(123,631)	10,513
Inventory	(55,268)	(90,862)
Other assets	(2,013)	(6,106)
Increase (decrease) in:		
Accounts payable and accrued liabilities	502,452	146,265
Accrued interest payable	588,575	379,327
Accrued compensation and benefits	57,631	186,531
Deferred revenue	38,345	49,201
Deferred rent	41,587	-
Net Cash Used in Operating Activities	(2,337,647)	(2,693,441)
Cash Flows From Investing Activities:		
Purchase of property and equipment	(97,791)	(62,633)
Certificate of deposit - restricted	(90,000)	-
Net Cash Used in Investing Activities	(187,791)	(62,633)
Cash Flows From Financing Activities:		
Proceeds from related party loans	150,000	-
Repayment of related party loans	(80,932)	-
Proceeds from notes payable	1,100,000	-
Repayment of convertible notes	(250,000)	-
Proceeds from convertible notes	1,430,142	2,580,000
Net Cash Provided by Financing Activities	2,349,210	2,580,000
Net change in cash	(176,228)	(176,074)
Cash at beginning of year	256,300	432,374
Cash at end of year	\$ 80,072	\$ 256,300
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 27,693	\$ -
Cash paid for taxes	\$ -	\$ -
Supplemental disclosure of non-cash investing and financing activities:		
Debt discount recorded on convertible debt and warrants accounted for as derivative liabilities	\$ 207,238	\$ -
Conversion of convertible notes to common stock	\$ -	\$ 1,617,755

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

**AIRPATROL CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 1 - Organization and Nature of Business

Overview

AirPatrol Corporation and AirPatrol Research (collectively the “Company”), is a developer of mobile device identification and locationing systems. Its flagship product, ZoneDefense, is a security platform for wireless and cellular networks that can detect, monitor and manage the behavior of smartphones, tablets, laptops and other mobile devices based on their location. AirPatrol customers include numerous government and military agencies and large enterprises around the globe. The Company was incorporated on July 28, 2005 under the laws of the State of Nevada. The Company is headquartered in the state of Maryland, has an office in the state of California, and the Company’s wholly-owned subsidiary operates in Canada.

Acquisition of AirPatrol Corporation

On December 20, 2013, the Company entered into an Agreement of Plan and Merger (the “Merger Agreement”) whereby Sysorex Global Holdings Corp. (“Sysorex”) would acquire 100% of the capital stock of the Company for a purchase price equal to (a) \$10,000,000 in cash, subject to certain adjustments, allocated to and among certain creditors, payees, holders of the Company’s issued and outstanding capital stock and (b) 4,000,000 shares of Sysorex’s common stock, of which 1,600,000 shall be held in escrow for one year, as security to satisfy any indemnity claims that may be owed by the Company’s shareholders to Sysorex (the “Merger Consideration”). The Merger Consideration also includes an earnout, half of the value of which shall be in stock and the other half in cash (unless otherwise agreed or required pursuant to the Merger Agreement) payable to the shareholders of the Company in 2015 in accordance with the following formula: if for the five quarter period ending March 31, 2015, the Company’s Net Income meets or exceeds \$3,500,000, Sysorex shall pay to the Company’s shareholders an earnout payment equal to (i) the Company’s Net Income, divided by \$5,000,000, times (ii) \$10,000,000, provided that the total earnout payment shall not exceed \$10,000,000. The closing of the Merger is conditioned upon the consummation of an initial public offering of Sysorex’s common stock with gross proceeds of at least \$10,000,000 on terms acceptable to Sysorex and certain other customary conditions. The Company can give no assurance that the terms and conditions will be met and the transaction will close.

Note 2 - Going Concern Matters

As reflected in the accompanying financial statements, the Company has recurring net losses and incurred a net loss and used net cash in operations of \$3,755,686 and \$2,337,647, respectively, for the year ended December 31, 2013. In addition, the Company has an accumulated deficit of \$22,916,380 as of December 31, 2013. These conditions raise substantial doubt about the Company’s ability to continue as a going concern.

The financial statements have been prepared on the going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of operations. The ability of the Company to continue its operations is dependent on Management’s plans, which include the raising of capital through debt and/or equity markets with some additional funding from other traditional financing sources, including term notes, until such time that funds provided by operations are sufficient to fund working capital requirements. The Company may need to incur additional liabilities with certain related parties to sustain the Company’s existence. If the Company were not to continue as a going concern, it would likely not be able to realize on its assets at values comparable to the carrying value or the fair value estimates reflected in the balances set out in the preparation of the financial statements. There can be no assurances that the Company will be successful in generating additional cash from equity or other sources to be used for operations. The financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company not be successful in obtaining the necessary financing to fund its operations, the Company would need to curtail certain or all operational activities and/or contemplate the sale of its assets if necessary.

Note 3 - Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements have been prepared using the accounting records of the Company and its wholly-owned Canadian subsidiary, AirPatrol Research Corp. All material inter-company balances and transactions have been eliminated.

**AIRPATROL CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 3 - Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. 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, derivative liabilities, 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, 2013 and 2012 the Company had no cash equivalents.

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 customer's 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, 2013 and 2012 was not material.

Inventory

Inventory consisting primarily of finished goods and raw materials 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 and establishes reserves based on historical and projected sales volumes and anticipated selling prices. 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, 2013 and 2012, the Company has not recorded an allowance for inventory.

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

Based on its assessments, the Company did not record any impairment charges for the years ended December 31, 2013 and 2012.

AIRPATROL CORPORATION AND SUBSIDIARY
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Note 3 - 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.

Deferred Rent Expense

The Company has operating leases which contain predetermined increases and rent holidays in the rentals payable during the term of such leases. For these leases, the aggregate rental expense over the lease term is recognized on a straight-line basis over the lease term. The difference between the expense charged to operations in any year and the amount payable under the lease during that year is recorded as deferred rent expense on the Company's balance sheet, which will reverse over the lease term.

Foreign Currency Translation

The U.S. dollar is the functional currency of the Company and its subsidiaries. Monetary assets and liabilities denominated in foreign currencies are translated to U.S. dollars at the exchange rate in effect at the balance sheet date and non-monetary assets and liabilities at the exchange rates in effect at the time of the transactions. Revenues and expenses are translated to U.S. dollars at rates approximating exchange rates in effect at the time of the transactions. Translation exchange gains and losses resulting from the period-end translation of assets and liabilities denominated in foreign currencies are recorded in other comprehensive income or loss, on the statement of equity. Transaction gains or losses are recognized through earnings.

Transaction and translation gains and losses were immaterial for the years ended December 31, 2013 and 2012.

Comprehensive Income (Loss)

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

Revenue Recognition

Revenues for the years ended December 31, 2013 and 2012 are comprised of the following:

	Year Ended	
	December 31,	
	2013	2012
Product Revenue	\$ 959,902	\$ 513,651
Service and maintenance	289,501	179,990
Installation and training	113,169	26,329
Total	\$ 1,362,572	\$ 719,970

Revenues are derived principally from the sale of hardware products, software bundled with hardware that is essential to the functionality of the hardware and support and maintenance arrangements to customers in the United States and internationally. The Company recognizes the revenue on sales of hardware 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.

**AIRPATROL CORPORATION AND SUBSIDIARY
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Note 3 - Summary of Significant Accounting Policies (continued)

The Company also enters into sales transactions whereby customer orders contain multiple deliverable arrangements, and reports its multiple deliverable arrangements under ASC 605-25 "Revenue Arrangements with Multiple Deliverables" ("ASC-605-25"). The Company evaluates each deliverable in these arrangements to determine whether they represent separate units of accounting at the inception of the arrangement and considers the delivered items a separate unit of accounting if the delivered item(s) has value to the customer when it is regularly sold on a standalone basis, and there is objective and reliable evidence of the fair value of the undelivered item(s) pursuant to Subtopic 605-25. These multiple deliverable arrangements primarily consist of the following deliverables: computer hardware, software, and hardware and software maintenance services. 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. For the years ended December 31, 2013 and 2012 revenues recognized as a result of customer contracts requiring the delivery of multiple elements were \$1,362,572 and \$719,970 respectively.

Maintenance agreements allow customers to obtain technical support directly from the Company 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 maintenance contracts 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.

The Company will occasionally require 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.

Engineering, Research and Development

Engineering, research and development costs consist primarily of professional fees. All engineering, research and development costs are expensed as incurred.

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.

Shipping and Handling Costs

Shipping and handling costs are expensed as incurred and are included in Cost of Revenue on the consolidated statements of operations.

Stock-Based Compensation

The Company accounts for options and warrants 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.

AIRPATROL CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 3 - Summary of Significant Accounting Policies (continued)

The Company incurred stock-based compensation charges of \$68,903 and \$91,928 for the years ended December 31, 2013 and 2012, respectively. The following table summarizes the nature of such charges which are included in general and administrative expenses for the years ended December 31, 2013 and 2012:

	For the Year	
	Ended December 31,	
	2013	2012
Compensation	\$ 5,392	\$ 11,928
Professional fees	63,511	80,000
Total	\$ 68,903	\$ 91,928

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, 2013 and 2012:

	2013	2012
Options	10,257,285	12,698,957
Warrants	24,388,867	23,200,113
Convertible notes payable	19,567,913	29,454,886
Series A Convertible preferred stock	10,650,194	10,650,194
Totals	64,864,259	76,004,150

Fair Value of Financial Instruments

Financial instruments consist of cash, accounts receivable, accounts payable, accrued expenses, deferred revenue, short term debt 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".

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.

**AIRPATROL CORPORATION AND SUBSIDIARY
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Note 3 - Summary of Significant Accounting Policies (continued)

The fair value of an embedded conversion option that is convertible into a fixed number of shares is recorded using the intrinsic value method and the embedded conversion option that is convertible into a variable amount of shares is deemed to be a "down-round protection" and therefore, does not meet the scope exception for treatment as a derivative under ASC 815. "Down-round protection" is not an input into the calculation of the fair value of the conversion option and therefore cannot be considered "indexed to the Company's own stock" which is a requirement for the scope exception as outlined under ASC 815. As a result, warrants that have been reclassified 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 which approximated the Binomial Lattice 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.

Subsequent Events

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

Note 4 - Certificate of Deposit - Restricted

Restricted cash as of December 31, 2013 included cash on deposit with the Company's clearing organization.

Note 5 - Inventory

Inventory at December 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Raw materials	\$ 36,147	\$ --
Finished goods	220,851	201,730
Total	<u>\$ 256,998</u>	<u>\$ 201,730</u>

Note 6 - Property and Equipment

Property and equipment at December 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Computer equipment	\$ 160,145	\$ 143,216
Furniture and equipment	11,746	5,721
Leasehold improvements	59,073	8,865
Software	81,513	57,155
Test equipment	54,087	54,215
Total	366,564	269,172
Less: accumulated depreciation and amortization	(249,868)	(189,885)
Total Property and Equipment - Net	<u>\$ 116,696</u>	<u>\$ 79,287</u>

Depreciation and amortization expense was \$60,382 and \$41,471 for the years ended December 31, 2013 and 2012, respectively.

**AIRPATROL CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 7 – Loans Payable – Related Party

On February 12, 2013 and April 9, 2013, the Chairman of the Board and largest shareholder of the Company loaned the Company \$100,000 and \$50,000, respectively. The loans accrue interest at a rate of 30% per annum and mature on the earlier of the one year anniversary of the loan or a change of control of the Company as defined in the agreement. During October 2013 the Company repaid \$80,932 of the February advance of \$100,000. As of December 31, 2013, the Company had outstanding balances of principal and accrued interest of \$19,068 and \$1,411 and \$50,000 and \$10,932 due to the related party on the February and April advances, respectively.

Note 8 - Notes Payable

During the year ended December 31, 2013, the Company entered into three notes payable agreements for gross proceeds of \$1,350,000 as follows:

Note Date	Maturity Date	Interest Rate	Proceeds	December 31,	
				2013	2012
May 13, 2013	July 10, 2013	8.00%	\$ 250,000	\$ -	\$ -(1)(2)
September 10, 2013	April 29, 2014	8.00%	1,000,000	1,000,000	-(3)
September 20, 2013	December 31, 2017	8.00%	100,000	100,000	-(4)
			\$ 1,350,000	\$ 1,100,000	\$ -

- (1) Note was repaid by the Company.
- (2) Note included warrants for the purchase of 500,000 shares of the Company's common stock.
- (3) Note received from Sysorex Global Holdings Corp. matures on April 29, 2014 and is secured by all of the assets of the Company.
- (4) Note received from Howard County Economic Development Authority (Maryland) as incentive to relocate the Company office to the county. The note is unsecured and matures on December 31, 2017.

Note 9 - Convertible Notes Payable

Note Date	Interest Rate	Proceeds	December 31,	
			2013	2012
2013 Notes	8% - 20%	\$ 1,430,142	\$ 1,180,142	\$ -(1)
2012 Notes	20%	\$ 2,580,000	1,580,000	1,580,000(2)
2011 Notes	20%	\$ 2,692,000	1,402,000	1,402,000(3)
			4,162,142	2,982,000
	Less current maturities		3,330,000	2,480,000
	Less debt discount		168,222	2,234
			\$ 663,920	\$ 499,766

- (1) During the year ended December 31, 2013, the Company issued secured convertible promissory notes ("2013 Notes") and received proceeds of approximately \$1,430,000. The 2013 Notes accrue interest at the rates of 8% and 20%, are secured by the assets of the Company and mature on various dates through June 30, 2016. In July 2013, the Company repaid one of the convertible notes which had an outstanding balance of \$250,000.

In connection with the issuance of the 2013 Notes and the \$250,000 unsecured note, the Company also issued warrants for the purchase of 2,769,004 and 532,510 shares of the Company's common stock, respectively, at an exercise price of \$0.28 per share through June 30, 2016. 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 notes described above, all other non-employee warrants issued by the Company must also be classified and accounted for as derivative financial instruments.

**AIRPATROL CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 9 - Convertible Note Payable (continued)

The Notes are also convertible at any time at the option of the holder into shares of the Company's common stock at a conversion price of the lower of \$0.28 per share or the per share price from a new offering. 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. During 2012, the Company issued a total of 5,743,133 shares of common stock to note holders upon the settlement of unsecured notes of principal of \$1,490,000 and accrued interest of \$127,754.

- (2) During the year ended December 31, 2012, the Company issued secured convertible promissory notes ("2012 Notes") and received proceeds of \$1,330,000. The 2012 Notes accrue interest at the rate of 20%, are secured by the assets of the Company, matured on December 31, 2012, and could be prepaid without penalty at any time. As of December 31, 2013, the Company was not in compliance with the terms of these notes due to non-payment of principal and interest. However, the note holders have not issued to the Company a formal notice of default.

In connection with the issuance of the 2012 Notes, the Company also issued warrants for the purchase of 8,271,650 shares of the Company's common stock at an exercise price of \$0.28 per share through June 28, 2017. 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.

On January 24, 2012 and March 12, 2012, the Company entered into two unsecured convertible notes payable agreements with the same party for gross proceeds of \$1,000,000. The notes accrued interest 8% per annum and were converted on December 30, 2012 to 3,796,721 shares of common stock. The Company also entered into a third unsecured convertible notes payable agreement for \$250,000. This note accrues interest at 8% per annum and matures on June 30, 2016.

- (3) During the year ended December 31, 2012, \$490,000 of the 2011 Notes were converted to common stock.

The Notes are also convertible at any time at the option of the holder into shares of the Company's common stock at a conversion price of the lower of \$0.28 per share or the per share price from a new offering. 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. During 2012, the Company issued a total of 5,743,133 shares of common stock to note holders upon the settlement of unsecured notes of principal of \$1,490,000 and accrued interest of \$127,754.

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 Notes' embedded conversion feature and the warrants, \$74,065 and \$531,146, respectively, aggregated \$605,211. Consequently, upon issuance of the 2013 and 2012 Notes, debt discounts of \$207,238 and \$3,504 were recorded and the differences of \$41,250 and \$638, representing the fair value of the conversion feature and the warrants in excess of the debt discount, were immediately charged to interest expense for the years ended December 31, 2013 and 2012, respectively. 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. There were unamortized debt discounts of \$168,222 and \$2,234 as of December 31, 2013 and 2012, respectively.

**AIRPATROL CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 9 - Convertible Note Payable (continued)

The fair value of the embedded conversion feature and the warrants was estimated using the Black-Scholes option-pricing model, which was not materially different from the binomial lattice model. Key assumptions used to apply this pricing model during the year ended December 31, 2013 were as follows:

Risk-free interest rate	0.25% to 3.77%
Expected life of option grants	0 to 4.8 years
Expected volatility of underlying stock	41% to 47%
Dividends	\$0

Key assumptions used to apply this pricing model during the year ended December 31, 2012 were as follows:

Risk-free interest rate	1.22% to 1.60%
Expected life of option grants	0 to 4.5 years
Expected volatility of underlying stock	34%
Dividends	\$0

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. The options have expected lives ranging from 0 to 5 years and contractual lives of 10 years.

The Company's minimum debt payments with respect to related party payable, notes payable and convertible notes payable are as follows:

For the years ending December 31,

2014	\$	4,399,068
2015		330,142
2016		502,000
2017		100,000
	\$	<u>5,331,210</u>

Note 10 - Preferred Stock

The Company is authorized to issue 15,000,000 shares of preferred stock with a par value of \$0.001 of which 10,650,194 have been designated as Series A Preferred Stock. The preferred stock has a liquidation preference of \$0.28 per share and is convertible at the option of the holder into one share of common. The Series A Convertible Preferred Stock carries an automatic conversion provision into common stock prior to the closing of a qualified financing as defined in the articles of incorporation. Under the terms of the articles of incorporation, the holders of the Series A Preferred Stock shall be entitled to receive non-cumulative dividends of 6% out of the funds legally available upon the declaration by the Board of Directors. In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company, the holders of each share of Series A convertible preferred stock then outstanding shall be paid, out of the assets of the Company available for distribution to its stockholders, an amount equal to the face value per share, plus an amount equal to all accrued and unpaid dividends before any amount shall be distributed among the holders of common stock. The Series A Convertible Preferred Stock have no redemption provisions. As of December 31, 2013, the Company has not declared non-cumulative dividends on the preferred stock.

Note 11 - Common Stock

On January 28, 2013, the Company issued 355,006 shares of fully vested common stock for \$0.18 per share for consulting services. Accordingly, the Company recorded an expense of \$63,511 for the fair value of these issuances.

**AIRPATROL CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 11 - Common Stock (continued)

On January 12, 2012, the Company issued 284,005 shares of fully vested common stock for \$0.28 per share for consulting services. Accordingly, the Company recorded an expense of \$80,000 for the fair value of these issuances.

On December 30, 2012, the Company issued 5,743,133 shares of common stock to note holders for the settlement of \$1,490,000 of principal and \$127,754 of accrued interest.

Note 12 - Options

During the year ended December 31, 2013, the Company granted 25,000 of stock options to an advisory board member 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 \$0.28 per share. On the date of the award, the Company valued the stock options using the Black-Scholes option valuation model and incurred a stock-based compensation charge of \$5,392.

During the year ended December 31, 2012, the Company granted 6,432,598 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 \$0.28 per share. The Company valued the stock options using the Black-Scholes option valuation model and incurred a stock-based compensation charge of \$11,928.

As of December 31, 2013, the fair value of non-vested options granted prior to 2012 totaled \$4,743, which is expected to be expensed over a weighted average period of 3 years.

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 options have expected lives ranging from 0 to 7 years and contractual lives of 10 years.

The following table summarizes the changes in options outstanding during the years ended December 31, 2013 and 2012:

	Number of Options	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding at January 1, 2012	12,915,429	\$ 0.47	\$ --
Granted	6,622,598	0.28	--
Forfeited	<u>(6,839,076)</u>	<u>(0.37)</u>	<u>--</u>
Outstanding at December 31, 2012	12,698,951	\$ 0.38	\$ --
Granted	25,000	0.28	--
Forfeited	<u>(2,466,666)</u>	<u>(0.44)</u>	<u>--</u>
Outstanding at December 31, 2013	<u>10,257,285</u>	<u>\$ 0.32</u>	<u>\$ --</u>
Exercisable at December 31, 2013	<u>4,624,696</u>	<u>\$ 0.36</u>	<u>\$ --</u>
Exercisable at December 31, 2012	<u>3,937,147</u>	<u>\$ 0.61</u>	<u>\$ --</u>

Number of Options	Range of Exercise Price	Weighted Average Remaining Contractual Life (In Years)	Average Exercise Price	Currently Exercisable
10,057,285	\$0.28	7.8	\$0.28	4,424,696
200,000	\$2.00	5.2	\$2.00	200,000
<u>10,257,285</u>				<u>4,624,696</u>

AIRPATROL CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 13 - Income Taxes

As of December 31, 2013 and 2012, the Company had approximately \$11.7 million and \$9.9 million, respectively, of U.S. federal and state net operating loss ("NOL") carryovers available to offset future taxable income. These net operating loss carryovers, if not utilized, begin expiring in the year 2027. 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.

As of December 31, 2013 and 2012, the Company had approximately \$9.1 million and \$8.4 million, respectively, of Canadian NOLs available to offset future taxable income. These NOLs, if not utilized, begin expiring in 2027.

The domestic and foreign components of income (loss) before income taxes from continuing operations for the years ended December 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Domestic	\$ (3,071,691)	\$ (2,833,103)
Foreign	(683,995)	(703,395)
Loss before Provision for Income Taxes	\$ (3,755,686)	\$ (3,536,498)

The income tax provision (benefit) for the years ended December 31, 2013 and 2012 consists of the following:

	<u>2013</u>	<u>2012</u>
Foreign		
Current	\$ --	\$ --
Deferred	(177,753)	(182,883)
U.S. federal		
Current	--	--
Deferred	(691,298)	(958,178)
State and Local		
Current	--	--
Deferred	(161,059)	(225,327)
Change in valuation allowance	1,030,110	1,366,388
Income Tax Provision	\$ --	\$ --

The reconciliation between the U.S. statutory federal income tax rate and the Company's effective rate for the years ended December 31, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
U.S. federal statutory rate	34.0%	34.0%
Foreign tax rate differential	(2.5)	(2.7)
State income taxes, net of federal benefit	5.5	5.5
Transaction costs	(6.2)	0.0
Other permanent items	(3.4)	1.8
Change in valuation allowance	(27.4)	(38.6)
Effective Rate	0.0%	0.0%

AIRPATROL CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 13 - Income Taxes (continued)

As of December 31, 2013 and 2012, the Company's deferred tax assets consisted of the effects of temporary differences attributable to the following:

	<u>2013</u>	<u>2012</u>
Deferred Tax Asset		
U.S. federal and state net operating loss carryovers	\$ 4,950,176	\$ 4,191,794
Canadian net operating loss carryovers	2,371,195	2,193,442
Non-deductible stock compensation	92,995	65,817
Fixed asset depreciation	3,261	--
Accrued compensation	126,735	93,040
Derivative liability	26,174	--
Deferred rent	16,404	--
Total Deferred Tax Asset	7,586,940	6,544,093
Less: valuation allowance	(7,560,766)	(6,530,656)
Deferred Tax Asset, Net of Valuation Allowance	\$ 26,174	\$ 13,437
Deferred Tax Liabilities		
Fixed Asset depreciation	\$ --	\$ (13,437)
Convertible debt	(26,174)	--
Total deferred tax liabilities	(26,174)	(13,437)
Net Deferred Tax Asset (Liability)	\$ --	\$ --

No provision was made for U.S. or foreign taxes on the undistributed earnings of AirPatrol Research 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 AirPatrol Research. It is not practicable to determine the amount of additional tax, if any, that might be payable on the undistributed foreign earnings.

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. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. After consideration of all of the information available, Management believes that significant uncertainty exists with respect to future realization of the deferred tax assets and has therefore established a full valuation allowance. For the years ended December 31, 2013 and 2012, the change in the valuation allowance was approximately \$1,030,110 and \$1,366,388.

The Company evaluated the provisions of ASC 740 related to the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. ASC 740 prescribes a comprehensive model for how a company should recognize, present, and disclose uncertain positions that the company has taken or expects to take in its 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. Differences between tax positions taken or expected to be taken in a tax return and the net benefit recognized and measured pursuant to the interpretation are referred to as "unrecognized benefits." A liability is recognized (or amount of net operating loss carry forward or amount of tax refundable is reduced) for an unrecognized tax benefit because it represents an enterprise's potential future obligation to the taxing authority for a tax position that was not recognized as a result of applying the provisions of ASC 740.

If applicable, interest costs related to unrecognized tax benefits are required to be calculated and would be classified as "Other expenses - Interest" in the statements of operation. Penalties would be recognized as a component of "General and administrative."

No interest or penalties were recorded during the years ended December 31, 2013 and 2012, respectively. As of December 31, 2013 and 2012, no liability for unrecognized tax benefits was required to be reported. The Company does not expect any significant changes in its unrecognized tax benefits in the next year.

The Company files tax returns in U.S. federal and state jurisdictions and is subject to examination by tax authorities beginning with the year ended December 31, 2010. The Company also files tax returns in Canada and is subject to examination by tax authorities beginning with the year ended December 31, 2010.

**AIRPATROL CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 14 - 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 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, 2013 and 2012. 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 and liabilities that were measured at fair value during the year ended December 31, 2013 and 2012, 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, 2013
Embedded conversion feature	\$ --	\$ --	\$ 74,065	\$ 74,065
Warrant and option liability	--	--	531,146	531,146
December 31, 2013	\$ --	\$ --	\$ 605,211	\$ 605,211

	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	\$ --	\$ --	\$ --	\$ --
Warrant and option liability	--	--	--	--
December 31, 2012	\$ --	\$ --	\$ --	\$ --

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.

AIRPATROL CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 14 - Fair Value (continued)

Assumptions utilized in the development of Level 3 liabilities as of and during the year ended December 31, 2013 are described in Note 9.

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, 2013.

	Warrant Liability	Embedded Conversion Feature	Total
Balance - January 1, 2013	\$ --	\$ --	\$ --
Included in debt discount	184,401	22,837	207,238
Change in fair value of derivative liability	346,745	51,228	397,973
Balance - December 31, 2013	<u>\$ 531,146</u>	<u>\$ 74,065</u>	<u>\$ 605,211</u>

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	\$ --	\$ 2,872	\$ 2,872
Change in fair value of derivative liability	--	(2,872)	(2,872)
Balance - December 31, 2012	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Note 15 - 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.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits at financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. Cash is also maintained at a foreign financial institution for its majority-owned subsidiary which had a balance of approximately \$17,000 as of December 31, 2013. 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, 2013, the Company earned revenues from two customers representing approximately 50% and 16% of gross sales. During the year ended December 31, 2012, the Company earned revenues from one customer representing approximately 45% of gross sales.

As of December 31, 2013, five customers represented approximately 37%, 19%, 15%, 12% and 10% of total gross accounts receivable. As of December 31, 2012, one customer represented approximately 97% of total gross accounts receivable.

During the year ended December 31, 2013, one vendor represented approximately 87% of total purchases. During the year ended December 31, 2012, two vendors represented approximately 50% and 37% of total purchases.

As of December 31, 2013 and 2012, two vendors represented approximately 60% and 13% of total gross accounts payable. As of December 31, 2012, one vendor represented approximately 69% of total gross accounts payable.

AIRPATROL CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 16 - Foreign Operations

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

	<u>United States</u>	<u>Canada</u>	<u>Eliminations</u>	<u>Total</u>
Year Ended December 31, 2013 :				
Revenues by geographic area	\$ 1,061,100	\$ 301,500	\$ -	\$ 1,362,600
Depreciation expense	\$ 44,200	\$ 16,200	\$ -	\$ 60,400
Operating loss by geographic area	\$ (2,027,200)	\$ (673,100)	\$ -	\$ (2,700,300)
Net loss by geographic area	\$ (3,082,700)	\$ (673,000)	\$ -	\$ (3,755,700)

Year Ended December 31, 2012 :				
Revenues by geographic area	\$ 666,000	\$ 54,000	\$ -	\$ 720,000
Depreciation expense	\$ 27,000	\$ 14,500	\$ -	\$ 41,500
Operating loss by geographic area	\$ (2,483,900)	\$ (663,000)	\$ -	\$ (2,478,400)
Net loss by geographic area	\$ (2,873,500)	\$ (663,000)	\$ -	\$ (3,536,500)

	<u>United States</u>	<u>Canada</u>	<u>Eliminations</u>	<u>Total</u>
As of December 31, 2013 :				
Fixed assets by geographic area – net	\$ 80,700	\$ 36,000	\$ -	\$ 116,700
Identifiable assets by geographic area	\$ 6,064,500	\$ 223,200	\$ (5,372,000)	\$ 915,700

As of December 31, 2012 :				
Fixed assets by geographic area – net	\$ 48,700	\$ 30,600	\$ -	\$ 79,300
Identifiable assets by geographic area	\$ 5,812,500	\$ 145,000	\$ (5,372,000)	\$ 585,500

Note 17 - Commitments and Contingencies

Operating Leases

During 2013, the Company entered into two new lease agreements for its Maryland (US) and Canadian locations. The Maryland lease commenced on January 1, 2014 and expires on December 31, 2018. The lease calls for monthly payments of \$13,708 plus common area maintenance fees along with annual increases of 3% during the term of the lease. The lease may be extended for an additional five year period. The lease of the Canadian location commenced on November 1, 2013 and expires on September 30, 2018. The lease requires fixed monthly payments of \$7,018 plus common area maintenance fees for the first two years of the agreement. The last three years of the agreement call for fixed monthly payments of \$7,558 plus common area maintenance fees totaling approximately \$138,250 per year. The leases may be extended for an additional five year period.

The operating leases provide for annual real estate tax and cost of living increases and contain predetermined increases in the rentals payable during the term of the lease. The aggregate rent expense is recognized on a straight-line basis over the lease term. The difference between the expense charged to operations in any year and amounts payable under the lease during that year is recorded as deferred rent expense which will reverse over the lease term.

As of December 31, 2013, deferred rent was \$41,587. As of December 31, 2012, deferred rent payable was immaterial. Rental expense under the operating leases for the year ended December 31, 2013 and 2012 was \$156,197 and \$103,884, respectively.

AIRPATROL CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 17 - Commitments and Contingencies (continued)

Future minimum payments of the Company's leases are as follows:

For the years ending December 31,	
2014	\$ 285,288
2015	302,824
2016	312,768
2017	318,002
2018	<u>288,832</u>
	<u>\$ 1,507,714</u>

401(k) and Profit Sharing Plan

The Company maintains a contributory 401(k) plan and a profit sharing plan. These plans are for the benefit of all eligible employees, who may have up to 90% of their salary withheld, not to exceed annual statutory limits. The Company may, in its sole discretion, contribute and allocate to each eligible participant, a percentage of the participant's elective deferral. The Company did not make any 401(k) plan contributions for the years ended December 31, 2013 and 2012, respectively.

Litigation

The Company is subject to litigation in the ordinary course of business. Management believes that the Company has adequate insurance coverage and accrues loss contingencies for all known matters that are probable and can be reasonably estimated and that the resolution of any such items will not have a material effect upon the Company's financial position or results of operations. As of and during the years ended December 31, 2013 and 2012, the Company has not been involved in any litigation.

Note 18 - Subsequent Events

The Company evaluated all subsequent events from the date of the balance sheet through the date these financial statements are available to be issued. Other than as disclosed elsewhere in these financial statements, there were no events or transactions occurring during the subsequent event reporting period which require recognition or disclosure in the financial statements.

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

The Company entered into an Asset Purchase and Merger Agreement to acquire substantially all of the 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. Effective August 31, 2013, the Company entered into an Agreement and Plan of Merger to acquire 100% of the issued and outstanding common stock of Shoom, Inc. (“Shoom”). On December 20, 2013 the Company entered into an Agreement and Plan of Merger to acquire 100% of the capital stock of AirPatrol Corporation (“AirPatrol”) and expects to close the acquisition in 2014. The following unaudited pro forma financial information presents the consolidated results of operations of the Company, Lilien, Shoom and AirPatrol for the year ended December 31, 2013 as if the acquisitions had occurred on January 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., Lilien, Shoom and AirPatrol
Pro Forma Condensed Combined Balance Sheet
December 31, 2013
(Unaudited)

	Sysorex 2013 Balance Sheet	Air Patrol 2013 Balance Sheet	Adj #1	Adj #2	Consolidated Total
ASSETS					
Current Assets					
Cash	2,103,955	80,072	1,000,000	-	3,184,027
Marketable Securities	124,753	-	-	-	124,753
Accounts Receivable	9,581,041	208,470	-	-	9,789,511
Notes Receivable	1,130,000	-	(1,000,000)	-	130,000
Inventory	74,929	256,998	-	-	331,927
Prepaid Licenses & Main Contracts	6,120,261	-	-	-	6,120,261
Other Current Assets	453,012	239,003	-	-	692,015
Total Current Assets	19,587,951	784,543	-	-	20,372,494
Furniture, Fixtures, & Equipment	290,665	116,696	-	-	407,361
Other Assets	1,691,391	14,496	-	-	1,705,887
Prepaid Licenses & Main Contracts					
Non Current	4,268,010	-	-	-	4,268,010
Acquisition Intangibles	7,328,331	-	-	18,000,000	25,328,331
Goodwill	5,707,580	-	-	11,888,351	17,595,931
Total Assets	38,873,928	915,735	-	29,888,351	69,678,014
LIABILITIES					
Accounts Payable	8,435,095	1,718,626	(1,285,705)	-	8,868,016
Accrued Expenses	3,841,552	1,239,375	(1,097,320)	-	3,983,607
Other Current Liabilities	882,488	676,133	(674,279)	-	884,342
Deferred Revenue	7,402,149	187,523	-	-	7,589,672
Notes Payable	723,042	4,330,000	(4,330,000)	10,000,000	10,723,042
Revolving Line of Credit	5,697,590	-	-	-	5,697,590
Term Loan	458,337	-	-	-	458,337
Total Liabilities	27,440,253	8,151,657	(7,387,304)	10,000,000	38,204,606
Deferred Revenue, non-current	4,845,143	-	-	-	4,845,143
Term Loan, non-current	291,663	-	-	-	291,663
Other Non-current Liabilities	-	803,653	(763,920)	-	39,733
STOCKHOLDERS' EQUITY					
Stockholders' Equity (Deficiency)	6,296,869	(8,039,575)	8,151,224	19,888,351	26,296,869
Total Liabilities and Stockholder's Equity	38,873,928	915,735	-	29,888,351	69,678,014

1) Adjustments #1 and #2 reflect the AirPatrol entity to be acquired.

The purchase price of this acquisition is expected to be \$30,000,000 consisting of a \$10,000,000 cash payment, 4,000,000 shares of the Company's common stock deemed to have an initial deemed fair value of \$10,000,000 (initial deemed fair value will be revalued at the fair value at the date of the transaction), and up to a maximum of \$10,000,000 in earn out consideration to be paid 50% in cash and 50% in Sysorex common stock. The Company is assuming 100% of the earn out will be received, however, it will revalue the cash portion of this contingency at each reporting period with any changes going to the statement of operations until the contingent consideration arrangement is settled. These proformas also assume that the Company will not assume \$8,151,224 of outstanding notes and accrued liabilities as of December 31, 2013. These liabilities will be retained and satisfied out of the consideration received in connection with the acquisition. \$1,000,000 of the non-assumed liabilities is a note payable to the Company. This note will be repaid in connection with the acquisition and is, therefore, reflected in Adjustment #1 as a reduction in notes receivable by the Company and an increase to cash.

The below table details the projected split of the purchase price between goodwill and identifiable intangibles. We expect the purchase price to be allocated to the following intangible classes: Developed technology, Patents, Customer relationships, Distribution Agreements and Trademarks and Trade Names that will be amortized over 7 years.

The goodwill resulting from this acquisition is due to the opportunity to get into the location based services segment and the opportunities it brings; the acquisition of AirPatrol validates Sysorex' stated strategy to shift from a services only company to a technology and services company. The AirPatrol acquisition also enters Sysorex into what we believe is a fast growing market and will lead to synergies with Sysorex. AirPatrol provides Sysorex with products and technology that it owns that it can now sell through its other subsidiaries (Lilien, Shoom and Sysorex Government Services) to their existing and new customers.

We expect the purchase price to be allocated as follows:

Assets Acquired:	
Cash	\$ 80,072
Accounts receivable	208,470
Inventory	256,998
Other current assets	239,003
Property and equipment	116,696
Other assets	14,496
Developed technology– Intangible amortized over 7 years	7,200,000
Patents– Intangible amortized over 7 years	4,500,000
Customer relationships– Intangible amortized over 7 years	1,800,000
Distribution agreements– Intangible amortized over 7 years	1,800,000
Trade name/trademarks– Intangible amortized over 7 years	2,700,000
Goodwill	11,888,351
	<u>30,804,086</u>
Liabilities Assumed:	
Accounts payable	432,921
Accrued expenses	142,055
Other current liabilities	1,854
Deferred revenue	187,523
Non-current liabilities	39,733
	<u>804,086</u>
Purchase Price	<u>\$ 30,000,000</u>

** This is a preliminary valuation to be adjusted at the time of closing.

- 2) Acquisition of Lilien 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.

The purchase price was allocated as follows and is included in the Sysorex 2013 balance sheet above.

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
Trade name/trademarks – Intangible amortized over 7 years	3,250,000
Customer relationships – Intangible amortized over 7 years	2,130,000
Goodwill	4,544,053
	<u>26,216,770</u>
Liabilities Assumed :	
Accounts payable	5,094,390
Accrued expenses	970,139
Deferred revenue	11,152,241
	<u>17,216,770</u>
Purchase Price	<u>\$ 9,000,000</u>

- 3) Acquisition of Shoom. The purchase price of this acquisition aggregated \$8,107,000 and consisted of cash to be paid of \$2,500,000, and 2,762,000 shares of the Company's common stock deemed to have a fair value of \$5,607,000.

The purchase price was allocated as follows and is included in the Sysorex 2013 balance sheet above.

Assets Acquired :	
Cash	\$ 3,669,000
Marketable securities	605,000
Receivables	141,000
Other assets	178,000
Property and equipment	29,000
Trade name/trademarks– Intangible amortized over 7 years	120,000
Customer relationships – Intangible amortized over 7 years	1,270,000
Developed technology – Intangible amortized over 4 years	1,380,000
Goodwill	1,164,000
	<u>8,556,000</u>
Liabilities Assumed :	
Accounts payable	69,000
Other current liabilities	380,000
	<u>449,000</u>
Purchase Price	<u>\$ 8,107,000</u>

Sysorex Global Holdings Corp., Lilien, Shoom and AirPatrol
Pro Forma Condensed Combined Statement of Operations
For the Year Ended December 31, 2013
(Unaudited)

	Sysorex	Lilien Jan 1 -	Shoom Jan 1 -	AirPatrol Jan 1 - December	Adj #1	Adj #2 Issue	Adj #3	Adj #4 Acquisition	Pro Forma
	Global Consolidated	Feb 28, 2013	Aug 31, 2013	31, 2013	Interest (Note 1)	Shares (Note 2)	Amort (Note 3)	Expenses (Note 4)	
Revenues	50,571,557	5,193,668	2,656,892	1,362,572					59,784,689
Cost of revenues	38,317,246	3,884,004	584,982	313,463					43,099,695
Gross profit	12,254,311	1,309,664	2,071,910	1,049,109					16,684,994
SG&A	16,170,215	1,958,157	1,358,889	3,749,461			3,061,909	(1,813,273)	24,485,358
Income (loss) from operations	(3,915,904)	(648,493)	713,021	(2,700,352)					(7,800,364)
Other income (expense)	(619,558)		(8,664)	(1,055,334)	(36,531)				(1,720,087)
Income (loss) before taxes	(4,535,462)	(648,493)	704,357	(3,755,686)					(9,520,451)
Provision for income taxes	0	0	111,611	0					111,611
Net income	(4,535,462)	(648,493)	592,746	(3,755,686)					(9,632,062)
Net income (loss) attributable to non-controlling interests	(272,058)	0	0	0					(272,058)
Net income (loss) attributable to shareholders of SGH	(4,263,404)	(648,493)	592,746	(3,755,686)					(9,360,004)
Dividends	0	0	0	0					0
Net income (loss) attributable to common shareholders	(4,263,404)	(648,493)	592,746	(3,755,686)					(9,360,004)
Weighted average shares o/s - Basic and diluted	24,575,556					7,102,474			31,678,030
Net income (loss) per share - Basic and diluted	(0.17)								(0.30)

Notes:

- 1) \$4,175,000 line of credit outstanding starting January 1, 2013 at interest at 5.25% - additional 2 months
- 2) Issuance of additional shares due to Lilien, Shoom and AirPatrol Acquisitions on a weighted average basis
- 3) Amortization of intangibles to include the following:

	Lilien	Shoom	AirPatrol
Tradename/trademarks - 7 year	3,250,000	120,000	2,700,000
Customer relationships - 7 year	2,130,000	1,270,000	1,800,000
Developed technology - 4 year	0	1,380,000	0
Developed technology - 7 year	0	0	7,200,000
Patents - 7 year	0	0	4,500,000
Distribution agreements - 7 year	0	0	1,800,000
Total Intangibles	5,380,000	2,770,000	18,000,000

The incremental amortization pertains to two months for Lilien, eight months for Shoom and 12 months for AirPatrol of \$128,096, \$362,384 and \$2,571,429, respectively.

- 4) Expenses directly associated with the acquisitions incurred and expensed during the year ended December 31, 2013; removed for proforma

Sysorex Global Holdings Corp. Completes Acquisition of AirPatrol Corporation

SANTA CLARA, Calif.--(BUSINESS WIRE)--Sysorex Global Holdings Corp. (NASDAQ:SYRX) ("Sysorex"), an emerging growth technology company, today announced that it has completed the acquisition of AirPatrol Corporation ("AirPatrol"), a developer of location-based cybersecurity and commercial services systems for mobile devices, for \$30 million consisting of \$10 million of common stock, \$10 million in cash (before working capital adjustments), plus an earn-out of up to \$10 million in cash and stock based on AirPatrol achieving certain profitability levels. Based in Maple Lawn, Maryland, AirPatrol has 4 U.S. and 11 foreign patent applications pending for its location, security and context awareness systems that can detect and locate smartphones, tablets, laptops and other mobile devices. AirPatrol has become a subsidiary of Sysorex and will retain its management and operations.

"We are excited to see this transaction come to a close with the Sysorex team. We believe that our location-based services and security platforms will add significant mobile and cybersecurity expertise to the Sysorex group of companies"

AirPatrol is the third acquisition for Sysorex since the beginning of 2013 and further solidifies its position as an intellectual property based company delivering technology solutions. In May, 2013 Sysorex acquired Lilien Systems, an enterprise IT infrastructure and solutions provider based in Larkspur, California. In August, 2013, Sysorex acquired Shoom, Inc., a developer of cloud-based data analytics and enterprise solutions.

"The addition of AirPatrol to the Sysorex group of companies allows for the integrated development of comprehensive solutions that combine three of the highest growth sectors in technology, Big Data, cybersecurity and mobile computing," said Sysorex CEO, Nadir Ali. "We believe the synergy between AirPatrol and our other companies will help solidify Sysorex's position as a leading technology developer and provider in our industry segment," he continued.

"We are excited to see this transaction come to a close with the Sysorex team. We believe that our location-based services and security platforms will add significant mobile and cybersecurity expertise to the Sysorex group of companies," said Cleve Adams, CEO of AirPatrol. "We are also eager to leverage Sysorex's Big Data, advanced analytics, and cloud infrastructure capabilities to enhance our product suite," he added.

About Sysorex Global Holdings

Through focused, custom technology solutions, Sysorex (NASDAQ:SYRX) provides cyber security, data analytics, custom application development, cloud solutions, Mobile/BYOD solutions and strategic outsourcing to government and commercial clients in major industries around the world. From identifying security risks to helping clients realize value from their big data strategies, Sysorex has the experience, technology, partners, and agility to be your trusted IT partner. Visit www.sysorex.com, follow @SysorexGlobal and Like us on Facebook.

About AirPatrol Corporation

AirPatrol is a developer of mobile device identification and locationing systems. Its flagship product, ZoneDefense, is a security platform for wireless and cellular networks that can detect, monitor and manage the behavior of smartphones, tablets, laptops and other mobile devices based on their location. AirPatrol also offers a business-to-consumer platform called ZoneAware that allows retailers, resort owners, consumer firms and others to deliver custom content and services based on a mobile device's location. Headquartered near Washington, DC, AirPatrol has regional offices in San Diego, California, Vancouver, Canada, Sydney, Australia and Sao Paulo, Brazil. AirPatrol customers include numerous government and military agencies and large enterprises around the globe. For more information on AirPatrol Corporation and its products, call 410-290-3446, email: ledwards@airpatrolcorp.com or visit airpatrolcorp.com.

Safe Harbor Statement

All statements in this release that are not based on historical fact are “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and the provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. While management has based any forward looking statements included in this release on its current expectations, the information on which such expectations were based may change. These forward looking statements rely on a number of assumptions concerning future events and are subject to a number of risks, uncertainties and other factors, many of which are outside of our control, which could cause actual results to materially differ from such statements. Such risks, uncertainties, and other factors include, but are not limited to, the fluctuation of global economic conditions, the performance of management and our employees, our ability to obtain financing, competition, general economic conditions and other factors that are to be detailed in our periodic and current reports available for review at www.sec.gov. Furthermore, we operate in a highly competitive and rapidly changing environment where new and unanticipated risks may arise. Accordingly, investors should not place any reliance on forward-looking statements as a prediction of actual results. We disclaim any intention to, and undertake no obligation to, update or revise forward-looking statements.

April 9, 2014

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