



**FOR IMMEDIATE RELEASE**  
January 4, 2011

**CONTACT:** Mel Brunt  
Chief Financial Officer  
Sielox, Inc.  
(856) 861-4579

**Sielox, Inc. Announces Sale of its Wholly Owned Subsidiary, Sielox, LLC**

Carrollton, TX – January 4, 2011 – Sielox, Inc. (the “Company”) (PINK SHEETS: SLXN) announced today that on December 31, 2010, Sielox, LLC, the Company’s wholly owned subsidiary which develops, designs and distributes access control software, programmable controllers and related accessories, sold substantially all of the assets used in the business, to HGW Acquisition Company, LLC (“HGW”). HGW is owned by a group of private investors who have other business interests in the technology sector. Karen Evans, the former President of Sielox, LLC, is a member of the investor group.

Following the closing, HGW will continue to operate the access control business out of Sielox, LLC’s offices located in Runnemede, New Jersey. Ms. Evans and all of the subsidiary’s full-time employees are expected to continue to work for the business in their respective positions. As part of the terms of the transaction, the access control business will continue to sell the Company’s Costar Video products through its business partner channels.

The purchase price consisted of approximately \$2.55 million in cash, subject to potential post closing adjustment, plus the assumption of certain liabilities valued at approximately \$113,000. In addition, the Company received a commitment from HGW to purchase \$5 million of Costar Video products through its business partner channel over a three year period. This commitment, which is supported by a note secured by the receivables of the access control business, is expected to generate approximately \$2 million in additional sales for the Company over its current run rate.

The sale of the access control business has enabled the Company to pay off virtually all of its debt and is expected to permit the Company to renegotiate its credit line at substantially more favorable rates. James Pritchett, President and Chief Executive Officer of the Company, stated: “The Company will receive a double benefit from the sale. We will continue to sell Costar video products through the Sielox, LLC business partner network. Additionally, the cash proceeds from this deal will significantly strengthen the Company’s balance sheet and allow us to concentrate our resources on the sale of our video surveillance product lines.”

Following the closing, the Company will be headquartered in Carrollton, Texas and will focus on its core business line operated by its Costar Video Systems, LLC subsidiary. The Company intends to change its corporate name to Costar Video Technologies, Inc. and change its symbol on the Pink Sheets.

### **About Sielox, Inc.**

Sielox, Inc. develops, designs and distributes a range of security solution products such as surveillance cameras, lenses, digital video recorder and, high speed domes. The company also develops, designs and distributes industrial vision products to observe repetitive production and assembly lines, thereby increasing efficiency by detecting faults in the production process. The Company's shares currently trade on the Pink Sheets under the ticker symbol "SLXN".

### **Cautionary Statement Regarding Forward-Looking Statements**

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, as well as assumptions, that, if they never materialize or prove incorrect, could cause the results of the Company to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements generally are identified by the words "expects," "anticipates," "believes," "intends," "estimates," "should," "would," "strategy," "plan," "will" and similar expressions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The risks, uncertainties and assumptions include developments in the market and related products and services and other risks and uncertainties that may be disclosed by the Company from time to time in press releases or on its website. Accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on the results of operations or financial condition of the Company.

This press release is available on Sielox's website at <http://www.sieloxinc.com>.

# # #