



AGREEMENT OF MERGER

AGREEMENT OF MERGER, dated this 30th day of June, 1997, pursuant to Section 252 of the General Corporation Law of Delaware and Section 302A.651 of the Minnesota Statutes, between SENTRY TECHNOLOGY CORPORATION, a Delaware corporation ("Parent"), VIDEO SENTRY CORPORATION, a Delaware corporation ("Video Delaware") and wholly-owned subsidiary of Parent, and VIDEO SENTRY CORPORATION, a Minnesota corporation ("Video Minnesota") and wholly-owned subsidiary of Parent.

WITNESSETH that:

WHEREAS, Video Delaware is a wholly-owned subsidiary of Parent; and

WHEREAS, Video Minnesota is a wholly-owned subsidiary of Parent; and

WHEREAS, the parties desire to merge Video Minnesota with and into Video Delaware with Video Delaware as the surviving entity;

WHEREAS, the parties understand and intend that at the Effective Time, as more fully set forth herein, (i) Video Minnesota will be merged with and into Video Delaware which shall be the surviving entity, on the terms and conditions contained herein, and (ii) all of the shares of the Video Minnesota Common Stock (as hereinafter defined) outstanding at the Effective Time will be canceled and the capital of Video Minnesota shall be contributed to Video Delaware as provided in Section 3.1; and

WHEREAS, the Boards of Directors of the Parent, Video Delaware and Video Minnesota have approved the merger of Video Minnesota into Video Delaware (the "Merger") pursuant to the terms and conditions set forth in this Agreement, and the sole stockholder of Video Delaware and Video Minnesota has approved the Merger;

NOW, THEREFORE, the Parent, Video Delaware and Video Minnesota, in consideration of the mutual covenants, agreements and provisions hereinafter contained do hereby prescribe the terms and conditions of said merger and mode of carrying the same into effect as follows:

ARTICLE I

THE MERGER

Section 1.1 The Merger. Upon the terms and subject to the conditions of this agreement, at the Effective Time (as defined below) in accordance with the Minnesota Statutes and the Delaware General Corporation Law:

Video Minnesota shall merge with and into Video Delaware (the "Merger") in accordance with this Agreement and upon the filing of the appropriate articles of merger (the "Articles of Merger"). The separate existence of Video Minnesota shall thereupon



cease and Video Delaware (the "Surviving Company") shall be the surviving entity.

Section 1.2 Effective Time of the Merger. The Merger shall become effective at such time (the "Effective Time") as (i) a copy of the duly completed and executed Articles of Merger is delivered to the Secretary of State of the State of Minnesota and is accepted for filing by the Secretary of State of the State of Minnesota, (ii) a copy of the duly completed and executed Certificate of Merger is delivered to the Secretary of State of the State of Delaware and is accepted for filing by the Secretary of State of the State of Delaware or (iii) at such later time as the parties may agree to specify in the Articles of Merger. However, for all accounting purposes the Effective Time of the Merger shall be as of the close of business on June 30, 1997.

Section 1.3 Effects of the Merger. At the Effective Time, all the property, rights, privileges, franchises, patents, trademarks, licenses, registrations, and other assets of every kind and description of Video Minnesota shall be transferred to, vested in and devolve upon the Surviving Company without further act or deed and all property, rights, and every other interest of Video Minnesota and Video Delaware shall be as effectively the property of the Surviving Company as they were of Video Minnesota and Video Delaware, respectively. Video Minnesota hereby agrees from time to time, as and when requested by the Surviving Company or by its successors or assigns, to execute and deliver or cause to be executed and delivered all such deeds and instruments and to take or cause to be taken such further or other action as the Surviving Company may deem necessary or desirable in order to vest in and confirm to the Surviving Company title to and possession of any property of Video Delaware acquired or to be acquired by reason of or as a result of the Merger and otherwise to carry out the intent and purposes hereof and the proper officers and directors of Video Delaware and the proper officers and directors of the Surviving Company are fully authorized in the name of Video Delaware or otherwise to take any and all such action.

Section 1.5 Service of Process. The Surviving Company may be served with process in the State of Minnesota in any proceeding for enforcement of an obligation of a constituent corporation and in any proceeding for the enforcement of the rights of a dissenting shareholder of a constituent corporation against the Surviving Corporation. The Secretary of State of Minnesota shall be and hereby is irrevocably appointed as agent of the Surviving Corporation to accept service of process in any such suit or other proceeding. The address to which a copy of such process shall be mailed by the Secretary of State of Minnesota is 350 Wireless Boulevard, Hauppauge, New York 11778 until the Surviving Company shall have hereafter designated in writing to the said Secretary of State a different address for such purpose. The Surviving Corporation will promptly pay to the dissenting shareholders of Video Minnesota the amount, if any, to which they are entitled under Section 302A.471.

ARTICLE II

THE SURVIVING COMPANY

Section 2.1 Certificate of Incorporation; Bylaws. The Certificate of Incorporation and the Bylaws of Video Delaware as heretofore amended and as in effect on the date of the Merger, shall continue in full force and effect as the Certificate of Incorporation and Bylaws of the Surviving Company.

Section 2.2 Directors and Officers.

(a) At the Effective Time, the Board of Directors of Video Delaware shall continue to serve as the Board of Directors of the Surviving Company.

(b) At the Effective Time, the officers of Video Delaware shall continue to be the officers of the Surviving Company.

ARTICLE III

CONVERSION OF SHARES

Section 3.1 Cancellation of Video Shares in the Merger. At the Effective Time, by virtue of the Merger and without any action on the part of any holder of any capital stock of Video Minnesota, each share of common stock, par value \$.01 per share, of Video ("Video Common Stock") issued and outstanding immediately prior to the Effective Time shall be treated as follows:

(a) Each share of Video Minnesota Common Stock which shall be outstanding at the Effective Time, and all rights in respect thereof shall forthwith be canceled and any registered owner of uncertificated shares of Video Minnesota Common Stock, if any, shall have said shares canceled; such that the capital of Video Minnesota shall be contributed to Video Delaware.

(b) Each share of common stock of Video Delaware, which shall be issued and outstanding at the Effective Time, shall remain outstanding and unaffected by the Merger.

[Signature page follows]

IN WITNESS WHEREOF, the Parent, Video Delaware and Video Minnesota have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

SENTRY TECHNOLOGY CORPORATION

By: THOMAS A. NICOLETTE  
PRESIDENT & CHIEF EXECUTIVE OFFICER

VIDEO SENTRY CORPORATION  
(DELAWARE)

By: THOMAS A. NICOLETTE  
CHIEF EXECUTIVE OFFICER

VIDEO SENTRY CORPORATION  
(MINNESOTA)

By: THOMAS A. NICOLETTE  
CHIEF EXECUTIVE OFFICER

State of Delaware  
Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF MERGER, WHICH MERGES:

"VIDEO SENTRY CORPORATION", A MINNESOTA CORPORATION,  
WITH AND INTO "VIDEO SENTRY CORPORATION" UNDER THE NAME OF "VIDEO SENTRY CORPORATION", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE SEVENTH DAY OF AUGUST, A.D. 1997, AT 2:30 O'CLOCK P.M.

A CERTIFIED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS FOR RECORDING.



*Edward J. Freel*  
Edward J. Freel, Secretary of State

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AUTHENTICATION: 8596970

DATE: 08-07-97

TRADEMARK

RECORDED: 08/08/2002

REEL: 002574 FRAME: 0970

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