SIELOX, INC.

Notice of 2011 Annual Meeting of Stockholders
To be Held on October 19, 2011

To the Stockholders of Sielox, Inc.:

The 2011 Annual Meeting of Stockholders of Sielox, Inc. will be held at the offices of Herrick, Feinstein LLP, 2 Park Avenue, New York, New York 10016, on Wednesday, October 19, 2011 at 10:00 a.m., local time, for the following purposes:

1. to elect five directors to serve for a term of one year;

2. to amend Sielox's Fifth Amended and Restated Certificate of Incorporation, as amended, to change the name of the Company to Costar Technologies, Inc.;

3. to authorize, but not require, our Board of Directors to effect a reverse stock split of our common stock, pursuant to an amendment to our Amended and Restated Certificate of Incorporation, as amended, as set forth in Annex B to this proxy statement;

4. to ratify the selection of Rothstein Kass & Company, P.C. as our independent registered public accounting firm for the fiscal year ended December 31, 2011; and

5. to transact such other business as may properly come before the annual meeting.

The record date for determining stockholders entitled to vote at the annual meeting is the close of business on September 16, 2011. Whether or not you plan to attend the annual meeting, please sign and date the enclosed proxy and promptly return it in the pre-addressed envelope provided for that purpose. Any stockholder may revoke his or her proxy at any time before the annual meeting by giving written notice to such effect, by submitting a subsequently dated proxy or by attending the annual meeting and voting in person.

Scott Switzer
Secretary

Coppell, Texas
September 16, 2011

SIELOX, INC.
101 WRANGLER DRIVE
COPPELL, TEXAS 75019

PROXY STATEMENT

Questions and Answers Regarding This Proxy Statement

When is the annual meeting and where will it be located? The meeting will take place on Wednesday, October 19, 2011, at 10:00 a.m., local time, at the offices of Herrick, Feinstein LLP, 2 Park Avenue, New York, New York 10016.

Who is soliciting your proxy? The proxy solicitation is being made by the Board of Directors of Sielox, Inc. (When we use the terms "we", "us", "our", "Sielox" and "the Company", we are referring to Sielox, Inc.) Proxies may also be solicited by our officers and employees, but such persons will not be specifically compensated for such services. Original solicitation of proxies by mail may be supplemented by telephone, telegram or other electronic means.

When will the proxy statement be mailed to stockholders? This proxy statement will first be mailed to stockholders on or about September 21, 2011.

What is the record date and who may attend the annual meeting? Our Board of Directors has selected the close of business on September 16, 2011 as the record date for determining the stockholders of record who are entitled to attend and vote at the annual meeting. This means that all stockholders of record as of the close of business on September 16, 2011 may vote their shares of common stock at the Annual Meeting. If your shares are held through a broker and you would like to attend, please bring a copy of your brokerage account statement reflecting your ownership of our shares on the record date or an omnibus proxy (which you can get from your broker) and we will permit you to attend the annual meeting.

Who is paying for the solicitation of proxies? We will pay all expenses of preparing and soliciting proxies. We may also reimburse brokerage houses, nominees, custodians and fiduciaries for expenses in forwarding proxy materials to the beneficial owners of shares of our common stock held of record.

Who may vote at the annual meeting? If you are a holder of common stock as of the close of business on September 16, 2011, you will have one vote for each share of common stock that you hold on each matter that is presented for action at the annual meeting. If you have common stock that is registered in the name of a broker, your broker will forward your proxy materials and will vote your shares as you indicate. You may receive more than one proxy card if your shares are registered in different names or are held in more than one account.

How do you vote? Sign and date each proxy card you receive and return it in the prepaid envelope. Stockholders who hold their shares through a bank or broker can also vote via the Internet if this option is offered by the bank or broker. Any stockholder may revoke his or her proxy, whether he or she votes by mail or the Internet, at any time before the annual meeting by written notice to such effect received by us at the address set forth above, attn: corporate secretary, by delivery of a subsequently dated proxy or by attending the annual meeting and voting in person.

How will your shares be voted? All properly completed and unrevoked proxies that are received prior to the close of voting at the annual meeting will be voted in accordance with the instructions made.

Brokers, banks, or other nominees that hold shares of common stock in “street name” for a beneficial owner of those shares typically have the authority to vote in their discretion if permitted by the stock exchange or other organization of which they are members. Brokers, banks, and other nominees are permitted to vote the beneficial owner’s proxy in their own discretion as to certain “routine” proposals when they have not received instructions from the beneficial owner, such as the ratification of the appointment of Rothstein Kass & Company, P.C. as the independent registered public accountant of the Company for the fiscal year ending December 31, 2011. If a broker, bank, or other nominee votes such “uninstructed” shares for or against a “routine” proposal, those shares will be counted towards determining whether or not a quorum is present and are considered entitled to vote on the

"routine" proposals. However, where a proposal is not "routine," a broker, bank, or other nominee is not permitted to exercise its voting discretion on that proposal without specific instructions from the beneficial owner. These non-voted shares are referred to as "broker non-votes" when the nominee has voted on other non-routine matters with authorization or voted on routine matters. These shares will be counted towards determining whether or not a quorum is present, but will not be considered entitled to vote on the "non-routine" proposals.

Please note that the rules regarding how brokers, banks, or other nominees may vote your shares have changed. Brokers, banks, and other nominees cannot use discretionary authority to vote shares on the election of directors if they have not received specific instructions from their clients. For your vote to be counted in the election of directors, you now will need to communicate your voting decisions to your broker, bank, or other nominee before the date of the meeting.

Broker non-votes will not affect the outcome of any matter being voted on at the meeting, assuming that a quorum is obtained. Abstentions, on the other hand, have the same effect as votes against the matters being voted on at the meeting.

Is your vote confidential? Proxy cards, ballots and voting tabulations that identify individual stockholders are mailed or returned directly to the transfer agent and are handled in a manner that protects your voting privacy. Your vote will not be disclosed except as needed to permit the transfer agent to tabulate and certify the vote and as required by law. Additionally, all comments written on the proxy card or elsewhere will be forwarded to management. Your identity will be kept confidential, unless you ask that your name be disclosed.

What constitutes a quorum? The presence at the annual meeting, in person or by proxy, of holders of a majority of the issued and outstanding shares of common stock as of the record date is considered a quorum for the transaction of business. If you submit a properly completed proxy or if you appear at the annual meeting to vote in person, your shares of common stock will be considered part of the quorum. Directions to withhold authority to vote for any director, abstentions, and broker non-votes will be counted as present to determine if a quorum for the transaction of business is present. Once a quorum is present, voting on specific proposals may proceed. In the absence of a quorum, the annual meeting shall be adjourned.

As of the close of business on August 31, 2011, 36,444,295 shares of common stock were issued and outstanding. We do not expect our number of issued and outstanding shares to change materially as of the record date. The common stock is our only class of securities entitled to vote, each share being entitled to one non-cumulative vote.

How many votes are needed to approve each proposal? Directors will be elected by a plurality of the votes of the shares of our common stock that are present in person or by proxy at the annual meeting. The affirmative vote of the holders of a majority of the voting power of our common stock that are present in person or by proxy at the annual meeting is required to amend the Company's certificate of incorporation to change the name of the Company and to effect the reverse stock split. The approval of the measure to ratify our independent auditors requires the affirmative vote of the holders of a majority of the voting power of our common stock that are present in person or by proxy at the annual meeting.

PROPOSAL 1

ELECTION OF DIRECTORS

At the annual meeting, you will elect five individuals to our Board of Directors. Each director will hold office until the next annual meeting and until his respective successor is elected and qualified. In the event that any nominee for director withdraws or for any reason is not able to serve as a director, we will vote your proxy for the remainder of those nominated for director (except as otherwise indicated in your proxy) and for any replacement nominee designated by our Board of Directors.

Our Nominating and Corporate Governance Committee has nominated the five individuals listed below to serve as directors of the Company. All of the nominees are currently members of our Board of Directors.

Information Concerning Nominees

Name	Age	Position with the Company	Director Since
Rory J. Cowan	58	Chairman of the Board of Directors [1][2][3]	2001
James Pritchett	64	President, Chief Executive Officer and Director [4]	2009
Jared L. Landaw	46	Director [2][4]	2008
Gregory T. Hradsky	51	Director [1][2][3][4]	2008
Jeffrey S. Wald	37	Director [1][3]	2010

(1) Member of Audit Committee
(2) Member of Nominating and Corporate Governance Committee
(3) Member of Compensation Committee
(4) Member of Strategic Committee (Mr. Pritchett is a non-voting member)

Mr. Rory J. Cowan has served as one of our directors since March 2001 and was appointed our Chairman in June 2003. Mr. Cowan is the founder of Lionbridge Technologies, Inc., a provider of globalization products and services for worldwide deployment of technology and information-based products, where he has served as Chairman of the Board and Chief Executive Officer since September 1996. From September 1996 to March 2000, Mr. Cowan also served as President of Lionbridge. Before founding Lionbridge, Mr. Cowan served on the board of Interleaf, Inc., a document management software company from 1995 until its sale in 2000. He also served as its interim Chief Executive Officer from October 1996 until January 1997. From May 1995 to June 1996, Mr. Cowan served as Chief Executive Officer of Stream International, Inc., a software and services provider and a division of R.R. Donnelley & Sons, a provider of commercial print and print-related services. Mr. Cowan joined R.R. Donnelley in 1988 and served most recently as Executive Vice President from 1991 to 1996. Before joining R.R. Donnelley, Mr. Cowan was founder of CSA Press, a software duplication firm, and held positions at Compugraphic Corporation, an automated publishing hardware firm. During his career, Mr. Cowan has served on the boards of multiple public and private companies.

Mr. James D. Pritchett has served as our President and Chief Executive Officer and as one of our directors since January 2009. Mr. Pritchett has previously served as the President of Costar Video Systems, LLC since June 2006. Prior to that, he was the President of Video Solutions Technology Center, LLC and a director of Southern Imaging, Inc. from March 2001 until June 2006. Mr. Pritchett served as an independent business consultant from 1999 until March 2001. From 1988 until March 1999, Mr. Pritchett was an executive officer of Ultrak, Inc., a then-publicly-traded company that manufactured and sold products for the security and surveillance and industrial video markets, serving as the Executive Vice-President and Chief Operating Officer from 1988-1997 and as the President and Chief Executive Officer from 1997 until March 1999.

Mr. Jared L. Landaw has served as one of our directors since June 2008. He is the Chief Operating Officer and General Counsel of Barington Capital Group, L.P., an investment firm where he has been employed since 2004. From 1998 until 2003, Mr. Landaw worked at International Specialty Products Inc., a manufacturer of specialty chemicals and performance enhancing products, where he was the Vice President of Law. Prior to that, he was an attorney with the law firm Skadden, Arps, Slate, Meagher & Flom LLP in New York City.

Mr. Gregory T. Hradsky has been an independent financial consultant since February 2006. Between May 2003 and February 2006, Mr. Hradsky was a Vice President of Avenue Capital Group, a global investment firm, where he managed a portfolio of distressed securities, post-reorganization equities and other investments. From 1999 until 2003, Mr. Hradsky was the founder and Managing Partner of Bellport Capital, an investment firm specializing in distressed securities. Prior to that, Mr. Hradsky was a Managing Director and Head of the Distressed Securities Group at UBS Securities LLC from 1993 until 1998. Mr. Hradsky joined UBS in 1991 as a research analyst focusing on distressed credits. Prior to UBS, Mr. Hradsky was a member of the Distressed Securities Group and the High Yield Research Department at the First Boston Corporation from 1988-1991. He began his career at T. Rowe Price Associates in 1983 and worked in the Fixed Income Department until 1986. Mr. Hradsky is a director of Cyclacel Pharmaceuticals, Inc. (NASDAQ: CYCC), a biopharmaceutical company developing oral therapies for the treatment of cancer and other serious diseases.

Mr. Jeffrey S. Wald has been the Chief Operating Officer of Work Market, Inc., a company that provides a web-based platform for managing variable labor resources that he co-founded, since August 2010. He is also a consultant to Peerless Systems Corporation, advising the company regarding the sourcing and execution of potential acquisitions, and has provided consulting services to Barington Capital Group, L.P. From March 2007 through May 2008, Mr. Wald was the Chief Operating Officer and Chief Financial Officer of Spinback, Inc., an internet commerce company he co-founded, and from January 2003 to March 2007, he was a Vice President at The GlenRock Group, a private equity firm which invests in undervalued, middle market companies as well as emerging and early stage companies. Earlier in his career, Mr. Wald held positions in the mergers and acquisitions department at J. P. Morgan Chase & Co. Mr. Wald is a director of Peerless Systems Corporation (Nasdaq: PRLS) and is a former director of Register.com L.P., a private company which specializes in domain registration, website and business web hosting.

Our Board of Directors unanimously recommends that you vote *FOR* the election of the nominees listed above.

Board of Directors and Committees of the Board of Directors

Our business is managed under the direction of our Board of Directors. The Board consists of a single class of directors who are elected for a term of one year, such term beginning and ending at each annual meeting of stockholders. On September 8, 2010, the Board voted to reduce the number of directors from six to five effective as of the date of the 2010 Annual Meeting. There are no family relationships among any of our directors or executive officers.

Audit Committee. We have a separately designated standing audit committee. The current members of our Audit Committee are Gregory Hradsky, Rory Cowan and Jeffrey Wald. Our Board of Directors has determined that each member is "independent" and is "financially literate," and that Mr. Hradsky qualifies as an Audit Committee Financial Expert under Exchange Act rules.

The Audit Committee hires our independent accountants and is charged with the responsibility of overseeing our financial reporting process. In the course of performing its functions, the Audit Committee reviews, with management and the independent accountants, our internal accounting controls, the annual financial statements, the report and recommendations of the independent accountants, the scope of the audit (if any) and the qualifications and independence of the auditors. As a result of the suspension of our reporting obligations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Audit Committee has determined not to obtain a full audit of our 2010 financial statements as a cost-cutting measure. A copy of the Audit Committee charter is available on the Company's website at www.sieloxinc.com.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee currently consists of Jared Landaw, Gregory Hradsky and Rory Cowan. Our Board of Directors has determined that each member is "independent."

The Committee is responsible for identifying individuals who are qualified to become directors, recommending nominees for membership on the Board and committees of the Board, promulgating minimum qualifications that it believes must be met by director nominees, establishing policies for considering director candidates recommended by stockholders, implementing procedures for stockholders in submitting recommendations for director candidates and developing and recommending to the Board corporate governance guidelines. In 2011, the Board updated the Company's Corporate Governance Guidelines.

The Committee has established a process for identifying and evaluating nominees for director. The Committee may solicit recommendations from any or all of the following sources: non-management directors, the Chief Executive Officer, other executive officers, third-party search firms or any other source it deems appropriate. The Committee will then, without regard to the source of the initial recommendation of such proposed director candidate, review and evaluate the qualifications of any such proposed director candidate, and conduct inquiries it deems appropriate. Upon identifying individuals qualified to become members of the Board, consistent with the minimum qualifications and other criteria approved by the Board from time to time, and provided that we are not legally required to provide third parties with the ability to nominate individuals for election as a member of the Board, the Committee will then recommend that the Board select the director nominees for election at each annual meeting of stockholders.

The Committee will consider director candidates recommended by our stockholders. A stockholder wishing to propose a nominee should submit a recommendation in writing to our Secretary at least 120 days before the mailing date for proxy material applicable to the annual meeting for which such nomination is proposed for submission, setting forth, among other things required by the Committee's charter, (i) the name, age, business address and, if known, residence address of each nominee, (ii) the principal occupation or employment of each such nominee for the past five years, (iii) the consent of the proposed director candidate to be named in the proxy statement relating to our annual meeting of stockholders and to serve as a director if elected at such annual meeting and (iv) any additional information regarding director nominees pursuant to the rules of the SEC. The Committee anticipates that it would use all of the above sources to identify candidates in the future.

Copies of the Nominating and Corporate Governance Committee charter and the Corporate Governance Guidelines are available on the Company's website at www.sieloxinc.com.

Compensation Committee. The Compensation Committee currently consists of Rory Cowan, Gregory Hradsky and Jeffrey Wald. The Board has determined that each member is "independent."

The Compensation Committee sets the compensation of our Chief Executive Officer and other senior executives, administers our stock option plans and executive compensation programs, determines eligibility for, and awards under, such plans and programs, and makes recommendations to the Board with regard to the adoption of new employee benefit plans, stock option plans and executive compensation plans. A copy of the Compensation Committee charter is available on the Company's website at www.sieloxinc.com.

Strategic Committee. In 2009, the Board created a Strategic Committee in order to explore various strategic alternatives to improve stockholder value, including, without limitation, a strategic acquisition, merger or sale of all or a portion of the Company. The Strategic Committee consists of Jared Landaw, Gregory Hradsky and James Pritchett, with Mr. Pritchett being a non-voting member of the committee. Consistent with its mandate, the Strategic Committee met from time to time during 2009 and 2010 in order to review and evaluate various strategic options available to the Company.

Code of Business Conduct and Ethics

In 2011, we updated our Code of Business Conduct and Ethics which applies to our directors, officers and employees. A copy of the Code of Business Conduct and Ethics is available on the Company's website at www.sieloxinc.com or can be obtained, free of charge, by writing to Sielox, Inc., 101 Wrangler Drive, Suite 201, Coppell, Texas 75019; Attn: Secretary.

Stockholder Communication with Board Members

We maintain contact information for stockholders, both telephone and email, on our website under the heading "Contact Us." By following the "Contact Us" link, a stockholder will be given access to our telephone number and mailing address, as well as links for providing email correspondence to our management. Communications specifically marked as a communication for our Board of Directors will be forwarded to the Board or specific members of the

Board as directed in the stockholder communication. In addition, communications sent directly to us via telephone, facsimile or email for our Board of Directors will be forwarded to the Board by an officer.

EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

Summary Compensation Table

The following table provides information as to compensation paid by the Company to our: (a) current President and Chief Executive Officer (principal executive officer); (b) Chief Financial Officer (principal financial officer); and (c) President of our Sielox subsidiary (collectively, the "Named Executive Officers"), for services rendered for the fiscal years ended December 31, 2010, 2009 and 2008:

Name and Principal Position	Year	Salary	Bonus	Options Awards[1]	All Other Compensation	Total
James Pritchett[2]	2010	$228,000	—	$8,400	—	$236,400
President and Chief Executive	2009	$240,000	—	$7,700	—	$247,700
Officer	2008	$210,000	$94,293	$11,166	—	$315,459
Melvyn Brunt[3]	2010	$194,000	—	$3,150	$6,600	$203,750
Chief Financial Officer	2009	$200,000	—	—	$6,600	$206,600
	2008	$200,000	$20,000	$11,166	$6,600	$237,766
Karen Evans[4]	2010	$114,000	—	—	$6,000	$120,000
President, Sielox, LLC	2009	$120,000	—	—	$6,000	$126,600
	2008	$120,000	—	$7,444	$6,000	$133,444

(1) Reflects the dollar amount recognized for financial statement reporting purposes for the fiscal years ended December 31, 2008, 2009 and 2010 in accordance with SFAS 123(R). A discussion of valuation assumptions used for purposes of the SFAS 123(R) calculation is included under Note 2 to the Company's Consolidated Financial Statements set forth in the Company's Annual Reports on Form 10-K for the fiscal years ended December 31, 2008.

(2) Compensation paid in 2008 relates to Mr. Pritchett's role as President of Costar Video Systems, LLC, a wholly-owned subsidiary of the Company.

(3) Mr. Brunt retired as Chief Financial Officer of the Company as of April 15, 2011 and will be assisting the Company on a consulting basis through June 30, 2012. See "–Employment Contracts and Termination of Employment" below.

(4) As of December 31, 2010, Ms. Evans was no longer employed by the Company as a result of her participation in the purchase by HGW Acquisition Company, LLC of substantially all of the assets of Sielox, LLC.

Outstanding Equity Awards at Fiscal Year-End Table

The following table provides summary information concerning stock options held by the Named Executive Officers as of December 31, 2010:

	Option Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date
Melvyn Brunt	100,000[(1)]		$0.31	12/17/2014
	18,400[(2)]		$0.47	1/6/2016
	51,520[(2)]		$0.56	7/18/2013
	300,000[(3)]		$0.325	9/24/2017
	60,000[(4)]		$0.26	2/9/2018
	75,000		$0.042	4/26/2020
James Pritchett	27,750[(5)]	9,250[(5)]	$0.5475	6/20/2016
	63,750[(6)]	21,250[(6)]	$0.325	9/24/2017
	60,000[(4)]		$0.26	2/9/2018
	200,000[(7)]		$0.06	1/22/2019
	200,000		$0.042	4/26/2020
Karen Evans[(8)]	9,200[(2)]		$0.47	1/6/2016
	56,250[(9)]	18,750[(9)]	$0.33	10/1/2017
	40,000[(4)]		$0.26	2/9/2018

(1) Such options vested immediately upon grant on December 17, 2004.
(2) Represents options that were originally granted for shares of the common stock of L Q Corporation, Inc., which were converted into options to purchase our common stock upon the consummation of our merger with L Q Corporation, Inc. All of such options vested in full on July 31, 2007 upon the consummation of our merger with L Q Corporation pursuant to the terms thereof.
(3) Such options vested immediately upon grant on September 24, 2007.
(4) Such options vested immediately upon grant on February 9, 2008.
(5) Such options were granted on June 20, 2006 and vest annually in 3 equal installments. The first 9,250 shares vested on June 20, 2007, the second 9,250 shares vested on June 20, 2008 and the third 9,250 shares vested on June 20, 2009.
(6) Such options were granted on September 24, 2007 and vest annually in 3 equal installments commencing on the grant date. The first 21,250 shares vested on September 24, 2007, the second 21,250 shares vested on September 24, 2008 and the third 21,250 shares vested on September 24, 2009.
(7) Represents options granted upon being appointed President, Chief Executive Officer and a director of the Company on January 20, 2009.
(8) All of Ms. Evans options expired as of December 31, 2010 upon the sale of substantially all of the assets of Sielox, LLC and the termination of her employment with us.
(9) Such options were granted on October 1, 2007 and vest annually in 3 equal installments commencing on the grant date. The first 18,750 shares vested on October 1, 2007, the second 18,750 shares vested on October 1, 2008 and the third 18,750 shares vested on October 1, 2009.

Employment Contracts and Termination of Employment

We are party to an employment agreement with James Pritchett, dated as of January 1, 2009, whereby Mr. Pritchett has been engaged to serve as our President and Chief Executive Officer. The agreement has an initial three year term ending December 31, 2011. The initial three year term may be extended for additional one year periods upon the mutual consent of the parties. The agreement provides that Mr. Pritchett is to receive (i) an initial base salary of $240,000 per annum, (ii) an incentive payment in 2009, to the extent that the consolidated net income of Costar Video Systems, LLC, before interest, income taxes, depreciation and amortization, exceeds an established annual target (the

"2009 Incentive Payment") and (iii) an additional performance bonus in respect of each complete calendar year during the term of the agreement. Mr. Pritchett is also entitled to at least 3 weeks paid vacation and reimbursement of travel and business expenses incurred in connection with the performance of his duties. Pursuant to the terms of the agreement, we have granted Mr. Pritchett an option to purchase 200,000 shares of our Common Stock, which shall vest ratably over a three year period. The agreement is subject to early termination as follows: (a) by us (i) due to Mr. Pritchett's death or total disability, (ii) without "cause" or (iii) for "cause," and (b) by Mr. Pritchett for "good reason." "Cause" and "good reason" are as defined in the agreement. In the event that the agreement is terminated by us by reason of the death or total disability of Mr. Pritchett or for "cause," or by Mr. Pritchett other than for "good reason," then we shall be obligated to pay Mr. Pritchett (or his spouse or estate, as the case may be) (a) any accrued but unpaid base salary for services rendered to the date of termination, (b) any accrued but unpaid reimbursable expenses, (c) any accrued but unpaid vacation time, (d) the 2009 Incentive Payment, if any, due and payable under the agreement and (e) for each full bonus eligible year worked by Mr. Pritchett, any performance bonus due and payable under the agreement. In the event the agreement is terminated by us without "cause," then we shall be obligated to pay Mr. Pritchett (a) any accrued but unpaid base salary for services rendered to the date of termination, (b) any accrued but unpaid reimbursable expenses, (c) any accrued but unpaid vacation time, (d) one-half of Mr. Pritchett's base salary for a period of twelve months following the date of termination, (e) the 2009 Incentive Payment, if any, due and payable under the agreement, or a pro-rata portion thereof and (f) for each full bonus eligible year worked by Mr. Pritchett, any performance bonus due and payable under the agreement. In the event that the agreement is terminated by Mr. Pritchett for "good reason," then we shall be obligated to pay Mr. Pritchett (a) any accrued but unpaid base salary for services rendered to the date of termination, (b) any accrued but unpaid reimbursable expenses, (c) any accrued but unpaid vacation time, (d) one-half of Mr. Pritchett's base salary for a period of twelve months following the date of termination, (e) the 2009 Incentive Payment, if any, due and payable under the agreement and (f) for each full bonus eligible year worked by Mr. Pritchett, any performance bonus due and payable under the agreement. Mr. Pritchett is also bound by various restrictive covenants, including a confidentiality, non-competition and non-solicitation covenant.

In 2011, the Compensation Committee agreed to increase the base salary of Mr. Pritchett from $240,000 to $280,000 in recognition of his contributions to the Company. The Company is in the process of negotiating an amendment or extension of the employment agreement with Mr. Pritchett.

On April 15, 2011, Mr. Brunt retired as Chief Financial Officer of the Company. Mr. Brunt received a bonus and severance package of approximately $148,875 with the understanding that he would provide assistance to the Company, on an as needed basis, until June 30, 2012.

Director Compensation

The following table contains information concerning the compensation of our directors for the fiscal year ended December 31, 2010. James Pritchett is not included in this table as he is paid as an employee and thus receives no compensation for his services as a director. The compensation received by Mr. Pritchett is shown above under the heading "Summary Compensation Table."

Name	Fees Earned or Paid in Cash	Options Awards[(1)]	All Other Compensation	Total
Rory Cowan	$12,167	$1,050[(2)]	—	$13,217
Jared Landaw	$13,500	$725[(3)]	$2,722[(4)]	$16,947
Dianne McKeever[(5)]	$6,000	—	—	$6,000
Gregory Hradsky	$20,500	$725[(6)]	—	$21,225
James Mitarotonda[(5)]	$12,500	$1,000[(7)]	—	$13,500
Jeffrey Wald	$4,333	$1,600[(8)]	—	$5,933

(1) Reflects the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2010 in accordance with SFAS 123(R). A discussion of valuation assumptions used for purposes of the SFAS 123(R) calculation is included under Note 2 to our Consolidated Financial Statements set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

(2) As of December 31, 2010, Mr. Cowan owned options to purchase an aggregate of 375,000 shares of our common stock.

(3) As of December 31, 2010, Mr. Landaw owned options to purchase an aggregate of 158,400 shares of our common stock.

(4) Reflects fees for legal services provided by Mr. Landaw on behalf of the Company.

(5) As of September 8, 2010, Mr. Mitarotonda delivered to the secretary of the Company notice of resignation from the Board of Directors. Also on that date, Ms. McKeever informed the Board of her decision not to stand for re-election to the Board at our 2010 Annual Meeting of Stockholders.

(6) As of December 31, 2010, Mr. Hradsky owned options to purchase an aggregate of 100,000 shares of our common stock.

(7) As of December 31, 2010, Mr. Mitarotonda owned options to purchase an aggregate of 851,376 shares of our common stock.

(8) As of December 31, 2010, Mr. Wald owned options to purchase an aggregate of 50,000 shares of our common stock.

In September 2007, our Board approved a plan that entitles our Chairman to cash compensation of $20,000 upon initial election and annually thereafter and entitles our other non-employee directors to cash compensation of $10,000 upon initial election and annually thereafter during their term of service. The annual stipend of $10,000 to each of Messrs. Hradsky and Landaw was paid on their anniversary date as a director of June 30, 2010. Our Board subsequently changed the director compensation policy to a quarterly payment schedule. The anniversary dates of our other non-employee directors occurred after the policy change and they are being compensated according to the new policy. The plan also provides non-employee directors with $1,000 per meeting of the Board attended during their term of service. In addition, the plan provides that attendance at committee meetings will be compensated at the rate of $1,000 per meeting for members and $2,000 per meeting for the chairperson.

Non-employee directors are currently entitled to fully vested options to purchase 50,000 shares of common stock upon initial election and options to purchase up to 25,000 shares of common stock annually thereafter during their term of service.

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

The following table presents information with respect to beneficial ownership of the common stock as of August 31, 2011 by:

- each person known by us to beneficially own more than 5% of the common stock;
- individuals serving as our Named Executive Officers;
- each of our directors; and
- all executive officers and directors as a group.

Except as otherwise noted, the address of each person/entity listed in the table is c/o Sielox, Inc., 101 Wrangler Drive, Suite 201, Coppell, Texas 75019. The table includes all shares of common stock issuable within 60 days of August 31, 2011 upon the exercise of options and other rights beneficially owned by the indicated stockholders on that date. Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power with respect to all shares of common stock. To our knowledge, except under applicable community property laws or as otherwise indicated, the persons named in the table have sole voting and sole investment control with respect to all shares of common stock beneficially owned. The applicable percentage of ownership for each stockholder is based on 36,444,295 shares of common stock outstanding as of August 31, 2011. Shares of common stock issuable upon exercise of options and other rights beneficially owned are deemed outstanding for the purpose of computing the percentage ownership of the person holding those options and other rights, but are not deemed outstanding for computing the percentage ownership of any other person.

Name of Beneficial Owner	Number of Shares	Percent
Barington Capital Group, L.P. and related entities 888 Seventh Avenue, 17th Floor New York, NY 10019	6,459,636[(1)]	17.32
Lloyd I. Miller, III 4550 Gordon Drive Naples, Florida 34102	4,654,265[(2)]	12.77
Jay Gottlieb 27 Misty Brook Lane New Fairfield, CT	1,944,874[(3)]	5.34
Melvyn Brunt	679,920[(4)]	1.83
James Pritchett	1,038,440[(5)]	2.80
Karen Evans	—	—
Rory J. Cowan	400,000[(4)]	1.09
Jared L. Landaw	325,400[(6)]	*
Gregory T. Hradsky	232,000[(7)]	*
Jeffrey Wald	50,000[(4)]	*
Scott Switzer	241,000[(8)]	*
All executive officers and directors as a group (consisting of 6 persons)	2,286,840[(9)]	6.04

* Represents less than 1% of the outstanding shares of common stock.

(1) This information is based on (a) a Schedule 13D, as amended, filed with the SEC on December 15, 2008 by Barington Companies Equity Partners, L.P. ("Equity Partners"), Barington Companies Investors, LLC ("Investors"), Barington Companies Offshore Fund, Ltd., Barington Offshore Advisors II, LLC, Barington Capital Group, L.P. ("Capital Group"), LNA Capital Corp. ("LNA") and James Mitarotonda, Chairman, President and Chief Executive Officer of Capital Group, (b) a Form 4 filed with the SEC on December 16, 2009 by such parties and (c) Form 4s filed with the SEC on January 22, 2009 and January 22, 2010 by Mr. Mitarotonda. According to such filings:

- As of December 16, 2009, Equity Partners beneficially owned an aggregate of 1,382,655 shares of our common stock.
- As the general partner of Equity Partners, Investors may be deemed to beneficially own the 1,382,655 shares of our common stock beneficially owned by Equity Partners.
- As of December 16, 2009, Capital Group beneficially owned an aggregate of 4,225,605 shares of our common stock.
- As the majority member of Investors, Capital Group may also be deemed to beneficially own the 1,382,655 shares of our common stock beneficially owned by Equity Partners, constituting an aggregate of 5,608,260 shares of our common stock.
- As the general partner of Capital Group, LNA may be deemed to beneficially own the 1,382,655 shares of our common stock beneficially owned by Equity Partners and the 4,225,605 shares of our common stock beneficially owned by Capital Group, constituting an aggregate of 5,608,260 shares of our common stock.
- As the sole stockholder and director of LNA, James Mitarotonda may be deemed to beneficially own the 1,382,655 shares of our common stock beneficially owned by Equity Partners and the 4,225,605 shares of our common stock beneficially owned by Capital Group, constituting an aggregate of 5,608,260 shares of our common stock.
- Mr. Mitarotonda has sole voting and dispositive power with respect to the 1,382,655 shares of our common stock beneficially owned by Equity Partners and the 4,225,605 shares of our common stock beneficially owned by Capital Group by virtue of his authority to vote and dispose of such shares. Mr. Mitarotonda disclaims beneficial ownership of any such shares except to the extent of his pecuniary interest therein.

Also includes 851,376 shares of common stock issuable upon the exercise of options granted to Mr. Mitarotonda, of which Mr. Mitarotonda has sole voting and dispositive power. As a result, Mr. Mitarotonda may be deemed to beneficially own an aggregate of 6,459,636 shares of our common stock.

(2) This information is based on a Schedule 13G/A filed by Lloyd I. Miller, III with the SEC on February 9, 2010, a Schedule 13G filed by The PNC Financial Services Group, Inc., PNC Bancorp, Inc. and PNC Bank, National Association with the SEC on February 12, 2010, and a Form 4 filed by Mr. Miller with the SEC on April 20, 2010.

(3) This information is based on a Schedule 13G filed by Jay Gottlieb with the SEC on February 11, 2010.

(4) Represents shares of common stock issuable upon the exercise of options.

(5) Includes 456,440 shares of common stock and 582,000 shares of common stock issuable upon the exercise of options.

(6) Includes 142,000 shares of common stock and 183,400 shares of common stock issuable upon the exercise of options. Mr. Landaw is the Chief Operating Officer and General Counsel of Barington Capital Group, L.P. See footnote (1) above for information on the beneficial ownership of our common stock by Barington and its affiliates.

(7) Includes 107,000 shares of common stock and 125,000 shares of common stock issuable upon the exercise of options.

(8) Mr. Switzer is our Chief Financial Officer and Secretary as of June 2011. Includes 171,000 shares of common stock and 70,000 shares of common stock issuable upon the exercise of options.

(9) Includes 1,410,400 shares of common stock issuable upon the exercise of options.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Transactions with Related Persons

Melvyn Brunt, our former Chief Financial Officer, was the Chief Financial Officer of Barington Capital Group, L.P. ("Barington") from 2002 to June 2007. Jared L. Landaw, a director, is the Chief Operating Officer and the General Counsel of Barington, and Jeff Wald, a director, is a former consultant to Barington. Barington and its affiliates, as reported in filings with the SEC, beneficially own greater than 15% of the Company's outstanding common stock.

For a description of all 5% and greater owners of our voting securities, see the section of this Proxy Statement entitled "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters."

Sielox, Inc.

The Company entered into a services agreement with Barington dated as of December 17, 2004 (the "Services Agreement"), pursuant to which Barington agreed to perform certain administrative services on behalf of the Company in consideration of a monthly fee, as well as certain financial advisory and legal services from time to time at the request of the Company. The Services Agreement has been amended several times, including as of May 18, 2007 in order to provide for the termination of the administrative services provided by Barington on behalf of the Company immediately following the closing of the merger of the Company with L Q Corporation, Inc. In 2011, the Board of the Company, by unanimous written consent, including each director independent of Barington, approved an amendment to the Services Agreement extending its term through December 31, 2011.

The Services Agreement, as currently in effect, permits the Company to continue to have access to certain financial advisory and legal services from Barington on an "as requested" basis. Pursuant to the terms of the Services Agreement, Barington may provide certain M&A and financial consulting services to the Company, as may be requested by the Company from time to time at a price to be agreed upon, as well as certain legal services as may be requested by the Company from time to time at an hourly rate of $183.75. There is no requirement under the Agreement for the Company to utilize such services of Barington.

During the fiscal year ended December 31, 2010, the Company paid $2,722 for legal services provided by Jared Landaw, a director of the Company and the Chief Operating Officer and General Counsel of Barington, pursuant to the Services Agreement. During this same period, Barington did not provide any financial advisory services to the Company pursuant to the Services Agreement. The Board has determined that the payments to Mr. Landaw do not impede his independence as a director of the Company.

Review, Approval or Ratification of Transactions with Related Persons

Pursuant to the Charter of the Audit Committee, the Audit Committee is charged, on behalf of the Board, with conducting an appropriate review of all related party transactions for potential conflict of interest situations on an ongoing basis, and the approval of the Audit Committee is required for all such transactions.

PROPOSAL 2

CHANGE OF NAME

The Company's Board has unanimously approved, subject to stockholder approval, an amendment to its Fifth Amended and Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation") to change the Company's name from "Sielox, Inc." to "Costar Technologies, Inc." At the 2011 Annual Meeting, stockholders will be asked to approve the proposed amendment to the Company's Certificate of Incorporation to change the name of the Company. The proposed Certificate of Amendment to the Certificate of Incorporation is included in the attachment marked as Annex A to this Proxy Statement.

Our management and Board believe that the corporate name change will better reflect our corporate identity. On December 31, 2010, Sielox, LLC, a wholly-owned subsidiary of the Company, sold substantially all of its assets used in its business of developing, designing and distributing access control software, programmable controllers and related accessories to HGW Acquisition Company, LLC, including, among other things, its rights in the name "Sielox." In order to comply with its obligations under the transaction, as well as to reflect the fact that the Company is now primarily engaged in the business conducted by its Costar Video Systems subsidiary and is no longer in the access control business, the Company desires to change its name to "Costar Technologies, Inc."

The change of the Company's name will not by itself have any effect on its corporate status or the rights of stockholders, or affect in any way the validity of currently outstanding stock certificates or the trading of the Company's securities. The Company's stockholders will not be required to surrender or exchange any of the Company's stock certificates that they currently hold. Stockholders with certificated shares may continue to hold their existing certificates or receive new certificates reflecting the name change upon tendering the old certificates to the Company's transfer agent.

The Delaware General Corporation Law does not grant the Company's stockholders dissenter's rights or rights of appraisal upon any amendment of the Certificate of Incorporation to change the name of the Company.

If the stockholders approve this amendment, the Company intends to apply for a new ticker symbol and a new CUSIP number of its Common Stock. If approved, the Company will amend its Certificate of Incorporation as set forth in Annex A, which amendment will be effective upon filing with the Secretary of State of the State of Delaware, which will occur as soon as reasonably practicable after the annual meeting.

The Board of Directors recommends that you vote *FOR* the approval of the amendment to the Certificate of Incorporation to change the Company's name.

PROPOSAL 3

REVERSE STOCK SPLIT

Our Board of Directors has unanimously adopted resolutions (a) declaring that it is advisable to give our Board of Directors the authority to amend our Amended and Restated Certificate of Incorporation, as amended, to effect a reverse stock split and reduce the number of authorized shares of our common stock as described below, and (b) directing that a proposal to approve the reverse stock split and a reduction in the number of authorized shares, subject to the determination of our Board of Directors, be submitted to the holders of our common stock for their approval.

The form of the proposed amendment to our Amended and Restated Certificate of Incorporation, as amended, to effect the reverse stock split is attached to this proxy statement as Annex B. If approved by our stockholders, the reverse stock split would permit (but not require) our Board of Directors to effect a reverse stock split of our common stock at any time prior to the close of business on October 19, 2012, at a reverse stock split ratio within a range of 1 to 10 and 1 to 30, as determined by our Board of Directors in its sole discretion. We believe that leaving the ratio to the discretion of our Board of Directors (provided that it is within the range) will provide us with the flexibility to implement the reverse stock split in a manner designed to maximize the anticipated benefits for our stockholders. In determining a ratio, if any, following the receipt of stockholder approval, our Board of Directors may consider, among other things, factors such as:

- the historical trading price and trading volume of our common stock;
- the number of shares of our common stock outstanding;
- the then-prevailing trading price and trading volume of our common stock and the anticipated impact of the reverse stock split on the trading market for our common stock;
- the anticipated impact of a particular ratio on our ability to reduce administrative and transactional costs; and
- prevailing general market and economic conditions.

Our Board of Directors reserves its right to elect to abandon the reverse stock split if it determines, in its sole discretion, that the reverse stock split is no longer in our best interests or the best interests of our stockholders.

Depending on the ratio for the reverse stock split determined by our Board of Directors, a number between ten and thirty shares of existing common stock, as determined by our Board of Directors, will be combined into one share of common stock. The number of shares of common stock issued and outstanding will therefore be reduced, depending upon the reverse stock split ratio determined by our Board of Directors. The amendment to our Amended and Restated Certificate of Incorporation, as amended, that is filed to effect the reverse stock split, if any, will include only the reverse split ratio determined by our Board of Directors to be in the best interests of stockholders and all of the other proposed amendments at different ratios will be abandoned.

If the reverse stock split is effected, we will also reduce the number of authorized shares of our common stock to 10,000,000, as described below in "—Authorized Shares," although such reduction will not be proportional to the reverse stock split ratio determined by our Board of Directors. Accordingly, we are also proposing to adopt amendments to our Amended and Restated Certificate of Incorporation, as amended, to reduce the total number of authorized shares of common stock to 10,000,000. If our Board of Directors abandons the reverse stock split, it will also abandon the related reduction in the number of authorized shares.

The reverse stock split, if approved by our stockholders, would become effective upon the filing of a certificate of amendment to our Amended and Restated Certificate of Incorporation, as amended, with the Secretary of State of the State of Delaware. The exact timing of the filing of the reverse stock split will be determined by our Board of Directors based on its evaluation as to when such action will be the most advantageous to us and our stockholders. In addition, our Board of Directors reserves the right, notwithstanding stockholder approval and without further action by the stockholders, to elect not to proceed with the reverse stock split if, at any time prior to

filing the certificate of amendment, our Board of Directors, in its sole discretion, determines that it is no longer in our best interests and the best interests of our stockholders to proceed with the reverse stock split. If a certificate of amendment effecting the reverse stock split has not been filed with the Secretary of State of the State of Delaware by the close of business on October 19, 2012, our Board of Directors will abandon the reverse stock split.

To avoid the existence of fractional shares of our common stock, stockholders of record who would otherwise hold fractional shares as a result of the reverse stock split will be entitled to receive cash (without interest) in lieu of such fractional shares from our agent. The total amount of cash that will be paid to holders of fractional shares following the reverse stock split will be an amount equal to the net proceeds (after customary brokerage commissions, other expenses and applicable withholding taxes) attributable to the sale of such fractional shares following the aggregation and sale by our agent of all fractional shares otherwise issuable. Holders of fractional shares as a result of the reverse stock split will be paid such proceeds on a pro rata basis, depending on the fractional amount of shares that they owned.

Background and Reasons for the Reverse Stock Split

Our Board of Directors is submitting the reverse stock split to stockholders for approval with the primary intent of increasing the price of our common stock to make our common stock more attractive to a broader range of investors. In addition to increasing the price of our common stock, the reverse stock split may also reduce certain of our costs, such as proxy solicitation fees. Accordingly, for these and other reasons discussed below, we believe that effecting the reverse stock split is in our and our stockholders' best interests.

We believe that the reverse stock split will make our common stock more attractive to a broader range of investors, as we believe that the current market price of our common stock may affect its acceptability to certain institutional investors, professional investors and other members of the investing public. Many brokerage houses and institutional investors have internal policies and practices that either prohibit them from investing in low-priced stocks or tend to discourage individual brokers from recommending low-priced stocks to their customers. In addition, some of those policies and practices may function to make the processing of trades in low-priced stocks economically unattractive to brokers. Moreover, because brokers' commissions on low-priced stocks generally represent a higher percentage of the stock price than commissions on higher-priced stocks, the current average price per share of common stock can result in individual stockholders paying transaction costs representing a higher percentage of their total share value than would be the case if the share price were substantially higher. We believe that the reverse stock split will make our common stock a more attractive and cost effective investment for many investors, which will enhance the liquidity of the holders of our common stock.

Reducing the number of outstanding shares of our common stock through the reverse stock split is intended, absent other factors, to increase the per share market price of our common stock. However, other factors, such as our financial results, market conditions and the market perception of our business may adversely affect the market price of our common stock. As a result, there can be no assurance that the reverse stock split, if completed, will result in the intended benefits described above, that the market price of our common stock will increase following the reverse stock split or that the market price of our common stock will not decrease in the future. Additionally, we cannot assure you that the market price per share of our common stock after a reverse stock split will increase in proportion to the reduction in the number of shares of our common stock outstanding before the reverse stock split. Accordingly, the total market capitalization of our common stock after the reverse stock split may be lower than the total market capitalization before the reverse stock split.

In addition to increasing the price of our common stock, we believe that a reverse stock split will provide us and our stockholders with other benefits. Currently, the fees that we pay for state franchise taxes, custody and clearing services and the costs of our proxy solicitations are all based on or related to the number of shares outstanding, or being held or cleared, as applicable. Reducing the number of shares that are outstanding and that will be issued in the future may reduce the amount of fees and tax that we pay to these organizations and agencies, as well as other organizations and agencies that levy charges based on the number of shares rather than the value of the shares.

Effect of the Reverse Stock Split on Holders of Outstanding Common Stock

All of our issued and outstanding shares of common stock will be affected by the reverse stock split. Depending on the ratio for the reverse stock split determined by our Board of Directors, a number between ten and thirty shares of existing common stock, as determined by our Board of Directors, will be combined into one new share of common stock. The number of shares of common stock issued and outstanding will therefore be reduced, depending upon the reverse stock split ratio determined by our Board of Directors. The table below shows the number of authorized and issued (or reserved for issuance) shares of common stock that will result from some hypothetical reverse stock split ratios within the range (without giving effect to the treatment of fractional shares):

Reverse Split Percentage	Approximate Number of Shares of Common Stock Outstanding Following the Reverse Stock Split
1 for 10	3,644,429.5
1 for 15	2,429,619.7
1 for 20	1,822,214.8
1 for 25	1,457,771.8
1 for 30	1,214,809.8

If approved and effected, the reverse stock split will be realized simultaneously and in the same ratio for all of our common stock. The reverse stock split will affect all holders of our common stock uniformly and will not affect any stockholder's percentage ownership interest in us, except that as described below in "—Fractional Shares," record holders of common stock otherwise entitled to a fractional share as a result of the reverse stock split will receive a cash payment in lieu of such fractional share. These cash payments will reduce the number of post-reverse stock split holders of our common stock to the extent there are currently stockholders who would otherwise receive less than one share of common stock after the reverse stock split. In addition, the reverse stock split will not affect any stockholder's proportionate voting power (subject to the treatment of fractional shares).

The reverse stock split may result in some stockholders owning "odd lots" of less than 100 shares of common stock. Odd lot shares may be more difficult to sell, and brokerage commissions and other costs of transactions in odd lots are generally somewhat higher than the costs of transactions in "round lots" of even multiples of 100 shares.

After the effective time of the reverse stock split, our common stock will have a new Committee on Uniform Securities Identification Procedures (CUSIP) number, which is a number used to identify our equity securities, and stock certificates with the older CUSIP number will need to be exchanged for stock certificates with the new CUSIP number by following the procedures described below.

Beneficial Holders of Common Stock (i.e. stockholders who hold in street name)

Upon the reverse stock split, we intend to treat shares held by stockholders through a bank, broker, custodian or other nominee, in the same manner as registered stockholders whose shares are registered in their names. Banks, brokers, custodians or other nominees will be instructed to effect the reverse stock split for their beneficial holders holding our common stock in street name. However, these banks, brokers, custodians or other nominees may have different procedures than registered stockholders for processing the reverse stock split and making payment for fractional shares. If a stockholder holds shares of our common stock with a bank, broker, custodian or other nominee and has any questions in this regard, stockholders are encouraged to contact their bank, broker, custodian or other nominee.

Registered "Book-Entry" Holders of Common Stock (i.e. stockholders that are registered on the transfer agent's books and records but do not hold stock certificates)

Certain of our registered holders of common stock may hold some or all of their shares electronically in book-entry form with the transfer agent. These stockholders do not have stock certificates evidencing their ownership of the common stock. They are, however, provided with a statement reflecting the number of shares registered in their accounts.

If a stockholder holds registered shares in book-entry form with the transfer agent, they will be sent a transmittal letter by our transfer agent after the effective time of the reverse stock split and will need to return a properly completed and duly executed transmittal letter in order to receive any cash payment in lieu of fractional shares or any other distributions, if any, that may be declared and payable to holders of record following the reverse stock split.

Holders of Certificated Shares of Common Stock

Stockholders holding shares of our common stock in certificated form will be sent a transmittal letter by the transfer agent after the effective time of the reverse stock split. The letter of transmittal will contain instructions on how a stockholder should surrender his, her or its certificate(s) representing shares of our common stock to the transfer agent in exchange for certificates representing the appropriate number of whole shares of post-reverse stock split common stock. No new certificates will be issued to a stockholder until such stockholder has surrendered all old certificates, together with a properly completed and executed letter of transmittal, to the transfer agent. No stockholder will be required to pay a transfer or other fee to exchange his, her or its old certificates. Stockholders will then receive a new certificate(s) representing the number of whole shares of common stock that they are entitled as a result of the reverse stock split. Until surrendered, we will deem outstanding old certificates held by stockholders to be cancelled and only to represent the number of whole shares of post-reverse stock split common stock to which these stockholders are entitled. Any old certificates submitted for exchange, whether because of a sale, transfer or other disposition of stock, will automatically be exchanged for new certificates. If an old certificate has a restrictive legend on the back of the old certificate(s), the new certificate will be issued with the same restrictive legends that are on the back of the old certificate(s). If a stockholder is entitled to a payment in lieu of any fractional share interest, such payment will be made as described below under "—Fractional Shares."

Stockholders should not destroy any stock certificate(s) and should not submit any stock certificate(s) until requested to do so.

Fractional Shares

We do not currently intend to issue fractional shares in connection with the reverse stock split. Therefore, we will not issue certificates representing fractional shares. In lieu of issuing fractions of shares, we intend to pay cash (without interest and subject to applicable withholding taxes) as follows:

- If a stockholder's shares are held in street name, payment for the fractional shares will be deposited directly into the stockholder's account with the organization holding the stockholder's shares; and
- If the stockholder's shares are registered directly in the stockholder's name, payment for the fractional shares will be made by check, sent to the stockholder directly from our transfer agent upon receipt of the properly completed and executed transmittal letter and original stock certificates.

By signing and cashing the check, applicable stockholders will warrant that they owned the shares of common stock for which they received a cash payment. The cash payment is subject to applicable federal and state income tax and state abandoned property laws. Stockholders will not be entitled to receive interest for the period of time between the effective time of the reverse stock split and the date payment is received.

The amount of cash to be paid for fractional shares will be equal to the product obtained by multiplying:

- The average closing sales price of our common stock as reported by the Pink Sheets for the five trading days preceding the effective date of the reverse stock split; by
- The amount of the fractional share.

Those stockholders who hold less than the number of shares set forth in the reverse stock split ratio would be eliminated as a result of the payment of fractional shares in lieu of any fractional share interest in connection with the reverse stock split. The Board reserves the right to aggregate all fractional shares for cash and arrange for their sale, with the aggregate proceeds from such sale being distributed to the holders of fractional shares on a pro rata basis.

Authorized Shares

If and when our Board of Directors elects to effect the reverse stock split, we will also reduce the number of authorized shares of common stock to 10,000,000 from 90,000,000. This reduction would not be proportional to the reverse stock split ratio determined by our Board of Directors. Accordingly, there will be a different proportion of authorized but unissued shares to shares authorized and issued (or reserved for issuance) that would be maintained if our Board of Directors elects to effect the reverse stock split. The reduction in the number of authorized shares would be effected by the filing of the certificate of amendment to our Amended and Restated Certificate of Incorporation, as amended, as discussed above.

Neither the reverse stock split nor the reduction in the number of authorized shares of common stock shall effect the number of authorized shares of our undesignated "blank check" preferred stock, none of which are currently outstanding. If the reverse stock split is abandoned by our Board of Directors, we will also abandon the reduction in the number of authorized shares of our common stock.

Effect of the Reverse Stock Split on Options, Restricted Stock Awards and Units, Warrants, and Convertible or Exchangeable Securities

Based upon the reverse stock split ratio determined by our Board of Directors, proportionate adjustments are generally required to be made to the per share exercise price and the number of shares issuable upon the exercise or conversion of all outstanding options, warrants, convertible or exchangeable securities entitling the holders to purchase, exchange for, or convert into, shares of common stock. This would result in approximately the same aggregate price being required to be paid under such options, warrants, convertible or exchangeable securities upon exercise, and approximately the same value of shares of common stock being delivered upon such exercise, exchange or conversion, immediately following the reverse stock split as was the case immediately preceding the reverse stock split. The number of shares deliverable upon settlement or vesting of restricted stock awards and units, if any, will be similarly adjusted. The number of shares reserved for issuance pursuant to these securities will be reduced proportionately based upon the reverse stock split ratio determined by our Board of Directors.

Accounting Matters

The proposed amendments to our Amended and Restated Certificate of Incorporation, as amended, will not affect the par value of our common stock per share, which will remain at $0.001. As a result, as of the effective time of the reverse stock split, the stated capital attributable to common stock on our balance sheet will be reduced proportionately based on the reverse stock split ratio (including a retroactive adjustment of prior periods), and the additional paid-in capital account will be credited with the amount by which the stated capital is reduced. Reported per share net income or loss will be higher because there will be fewer shares of common stock outstanding.

Certain Federal Income Tax Consequences of the Reverse Stock Split

The following summary describes certain material U.S. federal income tax consequences of the reverse stock split to holders of our common stock.

Unless otherwise specifically indicated herein, this summary addresses certain U.S. federal income tax consequences only to a beneficial owner of our common stock that is a citizen or individual resident of the United States, a corporation organized in or under the laws of the United States or any state thereof or the District of Columbia or otherwise subject to U.S. federal income taxation on a net income basis in respect of our common stock (a "U.S. holder"). A trust may also be a U.S. holder if (1) a U.S. court is able to exercise primary supervision over administration of such trust and one ore more U.S. persons have the authority to control all substantial decisions of

the trust or (2) it has a valid election in place to be treated as a U.S. person. An estate whose income is subject to U.S. federal income taxation regardless of its source may also be a U.S. holder. This summary does not address all of the tax consequences that may be relevant to any particular investor, including tax considerations that arise from rules of general application to all taxpayers or to certain classes of taxpayers or that are generally assumed to be known by investors. This summary also does not address the tax consequences to (i) persons that may be subject to special treatment under U.S. federal income tax law, such as banks, insurance companies, thrift institutions, regulated investment companies, real estate investment trusts, tax-exempt organizations, U.S. expatriates, persons subject to the alternative minimum tax, traders in securities that elect to mark to market and dealers in securities or currencies, (ii) persons that hold our common stock as part of a position in a "straddle" or as part of a "hedging," "conversion" or other integrated investment transaction for federal income tax purposes or (iii) persons that do not hold our common stock as "capital assets" (generally, property held for investment).

If a partnership (or other entity classified as a partnership for U.S. federal income tax purposes) is the beneficial owner of our common stock, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. Partnerships that hold our common stock, and partners in such partnerships, should consult their own tax advisors regarding the U.S. federal income tax consequences of the reverse stock split.

This summary is based on the provisions of the Internal Revenue Code of 1986, as amended, U.S. Treasury regulations, administrative rulings and judicial authority, all as in effect as of the date of this proxy statement. Subsequent developments in U.S. federal income tax law, including changes in law or differing interpretations, which may be applied retroactively, could have a material effect on the U.S. federal income tax consequences of the reverse stock split.

THE FOLLOWING WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTION OR MATTERS ADDRESSED HEREIN. THE FOLLOWING WAS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER US FEDERAL TAX LAW. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

PLEASE CONSULT YOUR OWN TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE REVERSE STOCK SPLIT IN YOUR PARTICULAR CIRCUMSTANCES UNDER THE INTERNAL REVENUE CODE AND THE LAWS OF ANY OTHER TAXING JURISDICTION.

U.S. Holders

The reverse stock split should be treated as a recapitalization for U.S. federal income tax purposes. Therefore, a stockholder generally will not recognize gain or loss on the reverse stock split, except to the extent of cash, if any, received in lieu of a fractional share interest in the post-reverse stock split shares. The aggregate tax basis of the post-split shares received should be equal to the aggregate tax basis of the pre-split shares exchanged therefore (excluding any portion of the holder's basis allocated to fractional shares), and the holding period of the post-split shares received should include the holding period of the pre-split shares exchanged. A holder of the pre-split shares who receives cash will generally recognize gain or loss equal to the difference between the portion of the tax basis of the pre-split shares allocated to the fractional share interest and the cash received. Such gain or loss should be capital gain or loss and will be short term if the pre-split shares were held for one year or less and long term if held more than one year. No gain or loss should be recognized by us as a result of the reverse stock split.

No Appraisal Rights

Under Delaware law and our Amended and Restated Certificate of Incorporation, as amended, holders of our common stock will not be entitled to dissenter's rights or appraisal rights with respect to the reverse stock split.

Required Vote and Recommendation

Under Delaware law and our Amended and Restated Certificate of Incorporation, as amended, the affirmative written consent of holders of a majority of the shares of common stock outstanding as of the record date is required to approve the reverse stock split and reduction in authorized shares of common stock.

The Board of Directors recommends that you vote *FOR* the approval of the amendment to the Certificate of Incorporation to effect the reverse stock split and to decrease the number of our authorized shares of common stock.

PROPOSAL 4

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The audit committee of our Board of Directors has appointed Rothstein Kass & Company, P.C. as our independent accountants for 2011. We expect a representative of our independent accountants to attend the 2011 Annual Meeting of Stockholders. Such representative will have an opportunity to make a statement if he or she desires to do so and will be available to respond to appropriate questions.

Stockholder Ratification

We are not required to submit the appointment of Rothstein Kass & Company, P.C. for ratification by our stockholders. However, we are doing so as a matter of good corporate practice. If the stockholders fail to ratify the appointment, the audit committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the audit committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if they determine that such an appointment would be in our best interests and that of our stockholders.

The Board of Directors, based upon the recommendation of the audit committee, unanimously recommends a vote *FOR* the ratification of the appointment of Rothstein Kass & Company, P.C. as the independent registered public accounting firm of the Company for 2011.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The public accounting firm of Rothstein Kass & Company, P.C. has served as our independent accountant to perform the review of our financial statements for the fiscal years ended December 31, 2010 and 2009, and audit of our financial statements for fiscal years ended December 31, 2008. The table below sets forth the aggregate audit fees, audit-related fees, tax fees and all other fees billed for services rendered by our principal accountants in our fiscal years ended December 31, 2010 and 2009.

Fee Category	Fiscal 2010	Fiscal 2009
Audit Fees[1]	$40,000	$80,000
Audit-Related Fees	—	—
Tax Fees[2]	$35,000	$35,000
Total Fees	$75,000	$115,000

(1) These consist of fees billed for professional services rendered for the review of our annual financial statements and review of our interim quarterly financial statements and for services normally provided in connection with statutory and regulatory filings.

(2) These consist of fees billed for professional services for tax compliance, tax advice and tax planning.

Pre-Approval Policies and Procedures of Audit Committee

The Audit Committee has responsibility for the appointment, compensation and oversight of the work of the independent accountant. As part of this responsibility, the Audit Committee must pre-approve all permissible services to be performed by the independent accountant.

The Audit Committee has adopted an auditor pre-approval policy which sets forth the procedures and conditions pursuant to which pre-approval may be given for services performed by the independent auditor. Under the policy, the Committee must give prior approval for all auditing services and the terms thereof (which may include providing comfort letters in connection with securities underwritings) and non-audit services (other than non-audit services prohibited under Section 10A(g) of the Exchange Act or the applicable rules of the SEC or the Public Company Accounting Oversight Board) to be provided. Prior approval need not be given with respect to the

provision of non-audit services if certain "de minimis" provisions of Section 10A(i)(1)(B) of the Exchange Act are satisfied. The Audit Committee may delegate to one or more of its members authority to approve a request for pre-approval provided the member reports any approval so given to the Audit Committee at its next scheduled meeting.

ANNUAL REPORT

In March 2010, the Company terminated the registration of its common stock under the Exchange Act. As a result, the Company's obligation to file reports under the Exchange Act, including an annual report under Form 10-K, has been suspended. The Company will continue to make unaudited quarterly and reviewed annual financial information available to its stockholders by press release and through its website located at http://www.sieloxinc.com.

OTHER MATTERS

Our Board of Directors knows of no other matters to be brought before the meeting. However, if other matters should come before the meeting, it is the intention of each person named in the proxy to vote such proxy in accordance with his or her judgment on such matters.

ANNEX A

FORM OF CERTIFICATE OF AMENDMENT

OF THE

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

SIELOX, INC.

The undersigned officer of Sielox, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), in order to amend its Amended and Restated Certificate of Incorporation, as amended (the "Certificate"), DOES HEREBY CERTIFY as follows:

FIRST: The name of the Corporation is Sielox, Inc.

SECOND: The Corporation hereby amends the Certificate as follows:

Article I of the Certificate is hereby amended and restated to read in its entirety as follows:

"The name of the Corporation is Costar Technologies, Inc."

THIRD: The foregoing amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

FIFTH: The foregoing amendments shall be effective upon filing with the Secretary of State of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by its duly authorized officer, this [ ] day of [ ], 20[ ].

SIELOX, INC.

By:_____
Name:
Title:

ANNEX B

FORM OF CERTIFICATE OF AMENDMENT
OF THE
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
SIELOX, INC.

The undersigned officer of Sielox, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), in order to amend its Amended and Restated Certificate of Incorporation, as amended, DOES HEREBY CERTIFY as follows:

FIRST: The name of the Corporation is Sielox, Inc.

SECOND: Upon the filing and effectiveness (the "Effective Time") pursuant to the General Corporation Law of the State of Delaware (the "DGCL") of this certificate of amendment to the Amended and Restated Certificate of Incorporation of the Corporation, as amended, each [number within a range of ten and thirty] shares of the Corporation's common stock, par value $0.001 per share, issued and outstanding immediately prior to the Effective Time shall be combined into one (1) validly issued, fully paid and non-assessable share of common stock, par value $0.001 per share, without any further action by the Corporation or the holder thereof, subject to the treatment of fractional share interests as described below (the "Reverse Stock Split"). No certificates representing fractional shares of common stock shall be issued in connection with the Reverse Stock Split. Stockholders who otherwise would be entitled to receive fractional shares of common stock shall be entitled to receive cash (without interest or deduction) from or on behalf of the Corporation in lieu of such fractional shares upon such terms as may be required by the Corporation, including the submission of a transmittal letter by stockholders and/or upon the surrender of the stockholder's Old Certificates (as defined below), in an amount equal to the product obtained by multiplying (a) the average closing sales price of the Corporation's common stock as reported by the Pink Sheets for the five trading days preceding the Effective Time by (b) the amount of the fractional share. Each certificate that immediately prior to the Effective Time represented shares of common stock ("Old Certificates"), shall thereafter represent that number of shares of common stock into which the shares of common stock represented by the Old Certificate shall have been combined, subject to the elimination of fractional share interests as described above.

THIRD: At the Effective Time, the first paragraph of Article IV of the Amended and Restated Certificate of Incorporation of the Corporation, as amended, shall be hereby amended to read in its entirety as follows:

> "The total number of shares of capital stock which the Corporation shall have authority to issue is twenty million (20,000,000) shares, of which (i) ten million (10,000,000) shares shall be a class designated as common stock, par value $.001 per share (the "Common Stock"), and (ii) ten million (10,000,000) shares shall be a class designated as undesignated preferred stock, par value $.001 per share (the "Undesignated Preferred Stock")."

FOURTH: The foregoing amendments were duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

FIFTH: The foregoing amendments shall be effective upon filing with the Secretary of State of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by its duly authorized officer, this [ ] day of [ ], 20[ ].

SIELOX, INC.

By:_____
Name:
Title: