



Sentry Technologies Inc.
 PO Box 772258
 Houston, Texas 77215-2258
 Phone: 281.561.0008
 Fax: 281.561.0073

LEASE AGREEMENT

June 16, 2011

LESSEE:

SALES ORDER:
 SERIAL NUMBER:

PO NUMBER: LEASE NAME: TERM:

QUANTITY	DESCRIPTION	MONTHLY RATE

1. SENTRY TECHNOLOGIES, INC.(STI) HEREBY LEASES TO LESSEE, AND LESSEE HEREBY HIRES AND TAKES FROM STI, THE REMOTE MONITORS (EQUIPMENT) FURTHER DESCRIBED ABOVE IN ACCORDANCE WITH THE TERMS OF THIS LEASE AGREEMENT.
2. STI WARRANTS THAT UPON DELIVERY TO LESSEE, THE EQUIPMENT IS IN GOOD WORKING ORDER AND IN PROPER CONDITION FOR NORMAL OPERATIONS FOR WHICH IT HAS BEEN DESIGNED. STI SHALL NOT BE LIABLE FOR CONSEQUENTIAL DAMAGES OR LOST PROFITS UNDER THIS AGREEMENT, WHETHER RESULTING FROM THE BREAKDOWN OR DEFECTIVE PERFORMANCE OF THE EQUIPMENT OR OTHERWISE, EXCEPT THAT STI SHALL ONLY BE RESPONSIBLE FOR THE REPAIR OR REPLACEMENT REFERENCED IN PARAGRAPH 4 HEREOF.
3. THE LENGTH OF THE TERM OF THIS AGREEMENT IS SET FORTH FROM ABOVE FROM DATE OF ACCEPTANCE. THEREFORE, UPON THIRTY (30) DAYS WRITTEN NOTICE TO EITHER PARTY, THIS AGREEMENT MAY BE TERMINATED. LESSEE AGREES TO PROMPTLY RETURN THE EQUIPMENT AND ANY ADDITIONS THERETO IN ACCORDANCE WITH PARAGRAPH 6 HEREOF. LESSEE AGREES TO PAY STI THE ABOVE RATE AS MONTHLY RENTAL FOR THE EQUIPMENT.
4. LESSEE AGREES TO USE SAID EQUIPMENT IN A CAREFUL AND PRUDENT MANNER IN COMPLIANCE WITH ALL APPLICABLE LAW AND TO OPERATE THE EQUIPMENT WITHIN THE MANUFACTURER'S RECOMMENDED RATINGS. LESSEE AGREES TO FURNISH THE NECESSARY LABOR AT ITS SOLE COST AND EXPENSE IN ORDER TO OPERATE SAID EQUIPMENT, AND LESSEE'S EMPLOYEES OR CONTRACTORS WILL FURNISH DAY-TO-DAY ROUTINE MAINTENANCE OF THE EQUIPMENT. STI AGREES TO FURNISH THE NECESSARY MATERIALS AND LABOR REQUIRED TO REPAIR ANY MAJOR COMPONENT OF EQUIPMENT WHEN OPERATED WITHIN THE MANUFACTURER'S RECOMMENDED RATINGS.
5. LESSEE SHALL BEAR THE RISK OF LOSS OR DAMAGE TO THE EQUIPMENT. LESSEE SHALL MAINTAIN AND CONTINUE, AT ITS OWN EXPENSE, PROPERTY, CASUALTY AND LIABILITY INSURANCE AS MAY BE REQUIRED FROM TIME TO TIME BY STI, NAMING STI AS ADDITIONAL INSURED AND LOSS PAYEE. IN THE EVENT THE EQUIPMENT IS MATERIALLY DAMAGED OR DESTROYED, STI MAY ELECT TO EITHER REPAIR OR REPLACE SUCH DAMAGED OR DESTROYED EQUIPMENT OR TERMINATE THE LEASE. LESSEE HEREBY AGREES TO PROTECT, DEFEND, INDEMNIFY, SAVE AND HOLD HARMLESS STI, ITS AGENTS, EMPLOYEES, OFFICERS, DIRECTORS, SHAREHOLDERS, SUCCESSORS AND ASSIGNS (HEREINAFTER REFERRED TO AS THE "INDEMNIFIED PARTIES"), FROM AND AGAINST AND PAY THE INDEMNIFIED PARTIES ON DEMAND, THE AMOUNT OF ANY AND ALL LOSSES, DAMAGES, PENALTIES, COSTS, INJURIES, OBLIGATIONS, LIABILITIES, FINES, CLAIMS, ACTIONS AND SUITS OF WHATSOEVER KIND AND NATURE (INCLUDING LEGAL COSTS AND EXPENSES) SUFFERED OR INCURRED BY THE INDEMNIFIED PARTY ARISING FROM OR RELATING IN ANY MANNER TO THE EQUIPMENT OR THE OPERATIONS OF LESSEE, REGARDLESS OF THE CAUSE AND EVEN IF CAUSED BY THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OF INDEMNIFIED PARTIES. THE PROVISIONS OF THIS INDEMNITY SHALL SURVIVE THE EXPIRATION OR TERMINATION OF THIS LEASE.
6. LESSEE AGREES TO BEAR ALL THE COST OF DISCONNECTING THE EQUIPMENT PRIOR TO RETURNING THE EQUIPMENT TO STI. COST OF TRANSPORTING THE EQUIPMENT FROM STI'S YARD IN HOUSTON, TEXAS TO LESSEE'S LOCATION AND OF TRANSPORTING THE EQUIPMENT BACK TO STI'S YARD IN HOUSTON, TEXAS UPON TERMINATION OF THIS AGREEMENT SHALL BE AT LESSEE'S EXPENSE. UNLESS HEREIN PROVIDED, LESSEE SHALL RETURN THE EQUIPMENT AND ANY ADDITIONS TO THE EQUIPMENT TO STI IN GOOD REPAIR, CONDITION AND WORKING ORDER, ORDINARY WEAR AND TEAR RESULTING FROM PROPER USE THEREOF EXCEPTED. LESSEE WILL PAY ALL AD VALOREM TAXES ASSESSED AGAINST THE EQUIPMENT THAT MAY ACCRUE DURING THE TERM OF THIS AGREEMENT.
7. THE TITLE TO THE EQUIPMENT SHALL REMAIN IN STI, AND LESSEE SHALL NOT GIVE, OR ATTEMPT TO GIVE, CREATE, OR ALLOW TO BE CREATED ANY CONVEYANCE, SECURITY INTEREST, LIEN OR ENCUMBRANCE AFFECTING THIS EQUIPMENT. LESSEE WILL NOT ALTER OR REMOVE ANY INSIGNIA, LETTERING, OR NUMERALS WHICH ARE ON EQUIPMENT AT THE TIME OF DELIVERY THEREOF OR WHICH THEREAFTER ARE PLACED THERON TO IDENTIFY EQUIPMENT AND/OR TO INDICATE STI'S OWNERSHIP THEREOF. LESSEE AGREES, AT ANY TIME DURING THE TERM HEREOF, AT STI'S REQUEST, TO AFFIX IN A PROMINENT PLACE ON EQUIPMENT SUCH LABELS, PLATES OR OTHER MARKINGS SUPPLIED BY STI IDENTIFYING EQUIPMENT, AS PROPERTY OF STI. REGARDLESS OF WHETHER OR NOT SUCH CONSENT IS GRANTED, ANY ASSIGNMENT OF THIS AGREEMENT BY LESSEE SHALL NOT RELIEVE LESSEE OF ANY OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND ANY ASSIGNEE SHALL BE DEEMED TO HAVE ASSUMED ALL OF LESSEE'S OBLIGATIONS UNDER THIS AGREEMENT AND SHALL BE RESPONSIBLE FOR THE FULL AND TIMELY PERFORMANCE OF ALL OF LESSEE'S OBLIGATIONS UNDER THIS AGREEMENT.LESSEE SHALL NOT PART WITH POSSESSION OF OR ENTER INTO ANY SUBLEASE WITH RESPECT TO EQUIPMENT, OR ANY PART THEREOF, OR ASSIGN THIS AGREEMENT OR ITS INTERESTS HEREUNDER WITHOUT PRIOR WRITTEN CONSENT OF STI. UPON TERMINATION OF THIS EQUIPMENT LEASE AGREEMENT, LESSEE SHALL SURRENDER THE EQUIPMENT TO STI.
8. STI SHALL HAVE ACCESS TO LESSEE'S SAID LOCATION DURING THE USUAL WORKING HOURS FOR THE PURPOSE OF INSPECTING, OBSERVING, MAINTAINING AND REPAIRING SAID EQUIPMENT OR TO DO ANY ONE OR COMBINATION OF SAID PURPOSES.
9. DELIVERY OF ALL NOTICES UNDER THIS AGREEMENT SHALL BE SUFFICIENT IF GIVEN PERSONALLY OR MAILED, BY CERTIFIED MAIL, TO THE PARTY INVOLVED AT ITS RESPECTIVE ADDRESS SET FORTH ABOVE. ANY SUCH NOTICES MAILED TO SUCH ADDRESS SHALL BE EFFECTIVE WHEN DEPOSITED IN THE UNITED STATES MAILS, DULY ADDRESSED AND WITH POSTAGE PREPAID.

AUTHORIZED SIGNATURE: _____