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PYRAMID ASSOCIATES FORMED IN SPIN-OFF

Keri spins-off the assets of the Pyramid Series Proximity line, including patents, products and key personnel to Pyramid Associates, a new and independent company.

SAN JOSE, CALIFORNIA - January 1, 2003 - To better serve the OEM access control market, Keri Systems, Inc. has announced it will spin-off the *Pyramid Series* Proximity™ line of OEM proximity readers, cards and tags as a separate company to Pyramid Associates, Inc. This spin-off will include the tangible and intangible assets that make up the product line.

Pyramid Associates, a new and independent company, will focus exclusively on the growth and development of the Pyramid Series line, with a renewed commitment to serving the global community of OEM access control system manufacturers. Keri will continue as a leading supplier of integrated access control systems specializing in small- to medium sized applications, and will become an OEM customer of Pyramid Associates. Keri's distributor and dealer customers will continue purchase their Pyramid readers from Keri, and at existing prices.

"This spin-off is the right move", said Ted Geiszler, CEO of Keri and original founder of Indala Corporation. "With the Pyramid Series as a component of Keri we created a dilemma, compelling Keri to act as both supplier and competitor. This spin-off promises to unlock great value to our current and potential customers, as well as the industry at large."

The transition for OEM customers will be smooth. From a financial and management perspective Pyramid Associates is in a good position. It is staffed by an experienced team of proximity access control professionals. Scott Lindley will lead Pyramid Associates as President once the spin-off is complete. Says Lindley, "In a proactive, customer focused and entrepreneurial manner, Pyramid Associates will be focused exclusively on the continued development of the Pyramid Series line."

Engineering of the Pyramid Series line began in 1997, with initial sales being made in 1998. Today revenues of the the line are growing consistently, with active use on six continents. The Pyramid Series line currently consists of five unique reader designs and three base card and tag styles. It is also the only line to offer the option of inter-brand compatibility, specifically with proximity products from HID and Indala.

Proximity, based upon proven RFID (radio frequency identification) technology has grown over the past decade to become today's leading form of security-access control identification technology. This is due in large part to the inherent cost, convenience, security, and reliability advantages proximity offers. Electronic security industry experts widely agree proximity should continue its growth well into the future.

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