

SECURITIES AND EXCHANGE COMMISSION

FORM S-3

Registration statement for specified transactions by certain issuers

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FILER

SENSORMATIC ELECTRONICS CORP

CIK: **88974** | IRS No.: **341024665** | State of Incorporation: **DE** | Fiscal Year End: **0531**
Type: **S-3** | Act: **33** | File No.: **033-51955** | Film No.: **94501892**
SIC: **3669** Communications equipment, nec

Business Address
500 N W 12TH AVE
DEERFIELD BEACH FL 33442
3054202000

As filed with the Securities and Exchange Commission on January 19, 1994.
Registration No. 33-

SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SENSORMATIC ELECTRONICS CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

34-1024665
(I.R.S. Employer
Identification No.)

500 N.W. 12TH AVENUE
DEERFIELD BEACH, FLORIDA 33442
(305) 420-2000

(Address, including zip code, and telephone number, including area code, of
registrant's principal executive offices)

MICHAEL E. PARDUE
EXECUTIVE VICE PRESIDENT
Sensormatic Electronics Corporation
500 N.W. 12th Avenue, Deerfield Beach, Florida 33442
(305) 420-2000

(Name, address, including zip code, and telephone number, including area code,
of agent for service)

Copies to:

JEROME M. LEWINE
Christy & Viener
620 Fifth Avenue, New York, New York 10020

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
As soon as practicable after the effective date of this Registration Statement.

If the only securities being registered on this Form are being
offered pursuant to dividend or interest reinvestment plans, please check the
following box. []

If any of the securities being registered on this Form are to be
offered on a delayed or continuous basis pursuant to Rule 415 under the
Securities Act of 1933, other than securities offered only in connection with
dividend or interest reinvestment plans, check the following box. [X]

CALCULATION OF REGISTRATION FEE

<TABLE>

<CAPTION>

Title of Shares to be Registered	Amount to be Registered	Proposed Maximum Aggregate Offering Price per Share (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
<S>	<C>	<C>	<C>	<C>
Common Stock (\$.01 par value)	90,000	\$35	\$3,150,000	\$1,087

</TABLE>

(1) Estimated solely for purposes of calculating the registration fee
on the basis of the average of the high and low reported sales
prices of the Common Stock on January 18, 1994, on the New York
Stock Exchange, in accordance with Rule 457(c) under the
Securities Act of 1933.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH
DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE
REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS
REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH
SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT

SENSORMATIC ELECTRONICS CORPORATION

90,000 SHARES OF COMMON STOCK

This Prospectus relates to up to 90,000 shares (the "Shares") of the Common Stock of Sensormatic Electronics Corporation (the "Company") which have been issued or may be issued to the stockholders (the "Selling Stockholders") of Advanced Entry Systems, Inc. ("AES") pursuant to the Company's agreement to acquire all of the outstanding stock of AES. The Shares are to be sold from time to time by the Selling Stockholders on the New York Stock Exchange, Inc. (the "NYSE") or otherwise at prices then attainable, less ordinary brokers' commissions and dealers' discounts, as applicable. See "The Selling Stockholders" and "Plan of Distribution".

The Shares will be approved for listing on the NYSE, subject to notice of issuance, under the trading symbol SRM. The last reported sale price of the Company's Common Stock on the NYSE on January 18, 1994 was \$35 1/8.

The Shares are being offered for the account of the Selling Stockholders and the Company will receive no part of the proceeds of this Offering. See "Use of Proceeds" and "The Selling Stockholders".

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is January __, 1994

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, in accordance therewith, files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). This Prospectus contains information concerning the Company, but does not contain all of the information set forth in the Registration Statement and exhibits thereto which the Corporation has filed with the Commission under the Securities Act of 1933. Such reports, proxy statements, Registration Statement and exhibits and other information can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington D.C. 20549, and at the following Regional Offices of the Commission: Chicago Regional Office, Room 3190, Kluczynski Building, 230 South Dearborn Street, Chicago, Illinois, 60604 and New York Regional Office, Room 1400, 75 Park Place, New York, New York 10007. Copies of such material can also be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington D.C. 20549 at prescribed rates. In addition, such reports, proxy statements, Registration Statement and exhibits and other information concerning the Company may be inspected at the offices of the New York Stock Exchange, 20 Broad Street, 7th Floor, New York, New York 10005.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993; its Quarterly Report on Form 10-Q for the quarter ended September 30, 1993; its Current Report on Form 8-K filed December 7, 1993 (File Number 0-3953); and those portions of the Company's Prospectus, dated July 22,

1992 (File Number 33-47824), set forth under the captions "Management's Discussion and Analysis of Financial Condition and Results of Operations of ALP" (pages 26 and 27) and "ALP Business" (pages 38 and 39), and the financial information appearing in the ALP financial statements as of November 30, 1991 and November 30, 1990, and for each year in the three-year period ended November 30, 1991, included in such Prospectus, including the Report of Independent Chartered Accountants (pages F-2 through F-19); have been filed with the Commission and are incorporated by reference into this Prospectus. The description of the Company's Common Stock set forth in the Company's amended Registration Statement on Form 8-A, dated May 14, 1991, filed under the Exchange Act, including any subsequent amendment or report filed for the purpose of updating such description, is also incorporated herein by reference.

All documents filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and prior to the termination of the offering of the Shares covered by this Prospectus shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof from their respective dates of filing. Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in this Prospectus or in any other subsequently filed document which is or is deemed to be incorporated herein by reference modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

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THIS PROSPECTUS INCORPORATES BY REFERENCE CERTAIN DOCUMENTS WHICH ARE NOT PRESENTED HEREIN OR DELIVERED HERewith. THE COMPANY WILL PROVIDE COPIES OF SUCH DOCUMENTS (OTHER THAN EXHIBITS TO SUCH DOCUMENTS, UNLESS SUCH EXHIBITS ARE SPECIFICALLY INCORPORATED BY REFERENCE INTO THE TEXT OF SUCH DOCUMENTS), WITHOUT CHARGE, TO EACH PERSON TO WHOM THIS PROSPECTUS IS DELIVERED, ON THE WRITTEN OR ORAL REQUEST OF SUCH PERSON. REQUESTS FOR COPIES OF SUCH DOCUMENTS SHOULD BE DIRECTED TO WALTER A. ENGDahl, SECRETARY, SENSORMATIC ELECTRONICS CORPORATION, 500 N.W. 12TH AVENUE, DEERFIELD BEACH, FLORIDA 33442 (TELEPHONE (305) 420-2000).

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS IN CONNECTION WITH THE OFFER CONTAINED HEREIN AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR BY ANY OTHER PERSON. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION ABOUT THE COMPANY SINCE THE DATE HEREOF, OR THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THEIR RESPECTIVE DATES. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO BUY, ANY SECURITY OTHER THAN THE SHARES, NOR SHALL THIS PROSPECTUS CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

THE COMPANY

The Company is a fully-integrated supplier of electronic security systems to retail and non-retail markets worldwide. The Company designs, manufactures, markets and services electronic article surveillance ("EAS") systems, including the reusable tags and disposable labels used with such systems, microprocessor-controlled closed circuit television ("CCTV") systems, exception monitoring systems and access control systems. These electronic security systems are used principally to deter shoplifting, or internal or other theft, in a wide variety of soft and hard goods retail stores and non-retail environments (such as industrial and commercial facilities), as well as for other security applications. The Company's multiple product lines, which have been developed for specific targeted loss prevention applications, make use of a broad base of technology which it has developed or acquired. The Company's product lines, together with its extensive, experienced sales and service organization, have made the Company the recognized world leader in supplying loss prevention products to retailers. From inception through September 30, 1993, the Company sold or leased worldwide approximately 206,200 EAS systems and approximately 794 million reusable tags. The Company sold approximately 292 million disposable labels during the first three months of fiscal 1994 and approximately 1.1 billion, 750 million and 650 million disposable labels in fiscal 1993, 1992 and 1991, respectively. The Company also installed more than 49,600 CCTV camera-containing domes from 1984 through

The Company's initial EAS systems were designed and are marketed for use primarily by department, specialty and other retail stores for the protection of clothing and other soft goods merchandise. The Company's newer EAS product lines have been developed and targeted for specific hard goods retail applications (including applications in supermarkets

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and hypermarkets and drug, discount, eyeglass, music, hardware, "do-it-yourself" home improvement, book and video stores) and the Company has become the leading supplier of EAS products to hard goods retailers. Hard goods retailers are estimated to be a substantially larger user group than soft goods retailers and have only begun to use EAS products during the last few years. These EAS hard goods retailers primarily use disposable labels which are affixed to merchandise. Use of the hard goods EAS systems creates a continuing need on the part of retailers for additional disposable labels to be affixed to new merchandise, resulting in a major source of recurring revenues for the Company.

The Company has developed a broad range of CCTV products for use in retail and commercial and industrial applications. CCTV products are used to control inventory shrinkage and other losses due to internal or employee theft in retail businesses, and are also used for the protection and monitoring of personnel and assets in large-scale office and manufacturing complexes, warehouses, casinos and numerous other non-retail facilities. Additionally, the CamEra division in the United Kingdom (acquired in connection with the acquisition of ALPS in July 1992, discussed below) markets packaged, lower cost CCTV systems primarily for smaller retail and commercial businesses. The Company is beginning to market CamEra systems elsewhere in Europe and in the U.S.

The Company's point-of-sale exception monitoring systems consist of proprietary software interfaces linking retail cash registers with CCTV systems, which are programmed to record predetermined types of transactions.

The Company has recently directed substantial new product development and marketing efforts to commercial, industrial and other non-retail customers. The Company's Commercial/Industrial Group markets electronic article protection ("EAP") systems, SensorVision(R) and other CCTV systems and access control systems for the protection, monitoring and control of personnel and assets in large-scale office and manufacturing complexes, warehouses, hospitals and nursing homes, nurseries, transportation centers, colleges and universities, casinos, nuclear power plants and numerous other non-retail facilities. Assets which are protected or controlled by the Company's EAP products include limited access files, computer magnetic tapes and disks, portable computer systems, facsimile and copy machines and other office equipment, hospital equipment, garments and supplies, and many other valuable items. Non-retail businesses are increasingly receptive to systems integrating combinations of these various products, furnished and serviced by a single supplier.

To maximize the advantages of its new technologies and improved and expanded product lines, and to realize their market potential, the Company has also greatly expanded its sales and marketing efforts in North America, western Europe, and certain Asia/Pacific countries in recent years. To this end, the Company has been increasing the total number of sales and customer engineering personnel, establishing specialized sales groups to reach targeted potential retail customer groups, and developing a separate group, the Commercial/Industrial Group, to market products to commercial, industrial and other non-retail customer groups. In addition, the Company has been strengthening its global presence through the expansion of direct sales operations in other strategic geographic areas around the world. During the past six years, the Company acquired the remaining 51% interest in its United Kingdom distributor (whose territory included Australia, New Zealand and Hong Kong); established headquarters for its Asia/ Pacific operations in Singapore; acquired the EAS and CCTV retail distribution rights and businesses of its Canadian distributor; acquired certain businesses and related assets of its distributors operating in Scandinavia (primarily in Denmark,

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Finland, Norway and Sweden), Mexico and Puerto Rico (including the Caribbean Basin); established a joint venture company to manufacture and market certain loss prevention products in Brazil; and established sales representation in

Hungary and expanded its sales representation into eastern Germany. Additionally, during the same six-year period, the Company acquired ALPS (discussed further below); Security Tag Systems, Inc. ("Security Tag"), a U.S. based manufacturer and marketer of loss prevention products; American Dynamics, a leading U.S. manufacturer of CCTV components and systems; Continental Instruments Corporation, a supplier of electronic access control systems; Point of Sale Data Products, Inc. ("POSdata"), a value-added reseller of laser bar-code scanners; and, in September 1993, the business and related assets of Robot Research Inc., a U.S. based manufacturer and marketer of sophisticated CCTV display and transmission systems. The Company continually evaluates strategic acquisition opportunities and anticipates making further acquisitions.

In July 1992, the Company acquired from Automated Security (Holdings) PLC ("ASH"; together with its subsidiaries, the "ASH Group") the ASH Group's European EAS, CCTV and exception monitoring loss prevention systems division ("ALPS"; also sometimes referred to as "ALP" in this Prospectus or in documents incorporated by reference herein). With the acquisition of ALPS, previously a large European distributor of EAS and CCTV products, the Company is able to offer an expanded base of European customers a full range of EAS technologies well suited to virtually any retail application, together with a broad range of CCTV, exception monitoring and access control products, backed by the combined sales and service organization of Sensormatic and ALPS. Additionally, the Company, already the leader in the U.S. and the world, became the largest supplier of loss prevention products to retailers in the European market.

In connection with the acquisition of ALPS, the Company acquired the ASH Group's interest of approximately 30% in Security Tag. Prior to June 1993, the Company distributed Security Tag's products outside North and South America under an exclusive distribution agreement between the Company and Security Tag. In June 1993, the Company acquired the remaining interest in Security Tag (approximately 70%).

Another of the Company's strategic objectives is to work closely with manufacturers and retailers to develop and implement source labeling and source tagging programs. Source labeling and source tagging are processes whereby the label or tag is affixed to the merchandise to be protected at the point of manufacture rather than at the retail store. Several large U.S. retailers have signed agreements with the Company to purchase the Company's Ultra-Max(R) equipment in connection with the implementation by such retailers of source labeling programs with their respective manufacturers, and a number of other U.S. retailers are exploring similar programs with the Company.

In March 1993, the National Association of Recording Merchandisers ("NARM") recommended the Company's acousto-magnetic UltraMax product line as the industry standard for use in source labeling of pre-recorded music in the U.S. The Company has committed to NARM that it would license its acousto-magnetic technology in the U.S. to other companies supplying the music industry. In November 1993, the six major music manufacturers objected to implementing EAS source labeling of pre-recorded music using the Company's acousto-magnetic technology as recommended by NARM, principally on the grounds of test results obtained by the manufacturers purporting to show degradation of the sound quality of certain audio cassette tapes from the magnetic deactivation devices used. Compact discs, which are the most subject to shrinkage of the pre-recorded music formats

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carried by music retailers, have not been subject to any controversy over alleged degradation in sound quality. The manufacturers also expressed concerns relating to possible problems with label placement and automated manufacturing processes. NARM is currently in the process of evaluating the test reports furnished by the manufacturers in support of their position. While there can be no assurance as to the outcome of the NARM program, music retailers are continuing to expand their use of the Company's acousto-magnetic Ultra-Max products. Sales to U.S. music retailers account for approximately 3% of the Company's total consolidated revenues.

The Company is a Delaware corporation organized in 1968 to succeed its predecessor, an Ohio corporation founded in 1966. The Company's principal executive offices are located at 500 N.W. 12th Avenue, Deerfield Beach, Florida 33442 and its telephone number is (305) 420-2000. Unless the context otherwise requires, the term "the Company" refers to the Company and its subsidiaries.

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CONDENSED FINANCIAL INFORMATION

INTRODUCTORY NOTES

The two tables presented below set forth certain condensed historical financial information and unaudited condensed pro forma combined financial information for Sensormatic after giving effect to the acquisition of ALPS, using the purchase method as if such acquisition had been consummated, with respect to the statements of income, on July 1, 1992. (Sensormatic's historical balance sheet at September 30, 1993, incorporated herein by reference, reflects the acquisition of ALPS as it occurred on July 29, 1992. See "Sensormatic Selected Historical Financial Information".) Additionally, the unaudited condensed pro forma combined financial information gives effect to the merger with Security Tag, using the purchase method, as if such merger were consummated, with respect to the summary of operations data, as of July 1, 1992. (Sensormatic's historical balance sheet at September 30, 1993, incorporated herein by reference, also reflects the merger with Security Tag as it occurred on June 17, 1993. See "Sensormatic Selected Historical Financial Information".) The condensed historical financial information of Sensormatic set forth in the first table with respect to the three months ended September 30, 1993 is not necessarily indicative of the results expected for the full year. The information contained in the second table does not purport to be indicative of the results of operations of Sensormatic which may have been obtained had the acquisition of ALPS and the merger with Security Tag been consummated on the dates assumed.

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SENSORMATIC CONDENSED HISTORICAL FINANCIAL INFORMATION
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	YEARS ENDED MAY 31,					YEAR ENDED JUNE 30,		THREE MONTHS ENDED SEPTEMBER 30,		
	1989	1990	1991	1992	1993 (1) (2)	1992	1993			
	(in thousands, except per share amounts)									
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	
SUMMARY OF OPERATIONS DATA:										
Total revenues	\$150,904	\$191,267	\$239,165	\$309,878	\$487,319	\$119,717	\$	143,284		
Operating income	16,726	22,796	29,336	43,562	71,008	14,256		22,270		
Income from continuing operations	16,708	20,027	24,711	31,526	54,084	10,891		14,806		
Net income	16,688	20,027	24,670	31,526	54,084	10,891		14,806		
Primary earnings per common share(3):										
Continuing operations	\$ 0.40	\$ 0.48	\$ 0.60	\$ 0.73	\$ 0.97	\$ 0.21	\$	0.25		
Net income	0.40	0.48	0.60	0.73	0.97	0.21		0.25		
Fully diluted earnings per common share(3):										
Continuing operations	0.40	0.48	0.60	0.73	0.93	0.21		0.24		
Net income	0.40	0.48	0.60	0.73	0.93	0.21		0.24		
Cash dividends per common share(3)	0.033	0.123	0.20	0.20	0.15 (4)	0.05		0.05		
BALANCE SHEET DATA (AT END OF PERIOD):										
Cash and marketable securities	\$ 53,126	\$ 26,885	\$102,481	\$ 62,692	\$117,899	\$ 52,672	\$	102,326		
Total assets	255,076	265,118	421,824	467,341	926,854	852,931		1,011,493		
Senior debt	15,539	19,966	33,729	35,574	194,224	149,429		212,709		
Convertible subordinated debentures	--	--	115,000	115,000	114,165	115,000		114,155		
Total stockholders' equity	192,028	199,830	222,220	255,690	489,757	465,458		522,128		

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- (1) In fiscal 1993, the Company acquired ALPS and the outstanding common stock of Security Tag.

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- (2) Selected financial data for and as of the end of the one month ended June 30, 1992 is as follows: total revenues - \$20,992; operating loss - \$3,325; loss from continuing operations and net loss - \$2,454; primary and fully diluted loss per common share from continuing operations and net loss - \$.06 (see Note 3, below); total assets - \$462,233; total debt - \$150,268 and total stockholders' equity - \$258,262.
- (3) Adjusted to reflect the three-for-two stock split in fiscal 1994.
- (4) Fourth quarter dividend of \$.05 per share (see Note 3, above) was declared in July 1993.

PRELIMINARY SECOND QUARTER RESULTS

The Company recently stated that it expects net income for the three months ended December 31, 1993 to be approximately \$18.5 million, or \$.29 per share, and total revenues for the quarter to be approximately \$160 million, in comparison with net income of \$13.6 million, or \$.23 per share, and total revenues of \$122 million for the three months ended December 31, 1992. See "Sensormatic Selected Historical Financial Information".

|| UNAUDITED CONDENSED PRO FORMA COMBINED FINANCIAL INFORMATION
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
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	Combined Sensormatic and ALPS			Combined Sensormatic, ALPS and Security Tag		
	Year Ended June 30, 1993	Three Months Ended Sept. 30,		Year Ended June 30, 1993(2)	Three Months Ended Sept. 30,	
		1992	1993(1)		1992	1993(1)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
SUMMARY OF OPERATIONS DATA:						
Total revenues	\$ 495,874	\$ 128,272	\$ 143,284	\$ 510,213	\$ 132,347	\$ 143,284
Operating income	70,630	13,511	22,270	70,785	13,271	22,270
Income from continuing operations	54,115	10,677	14,806	53,878	10,467	14,806
Primary earnings per common share from continuing operations(3)	\$ 0.94	\$ 0.20	\$ 0.25	\$ 0.92	\$ 0.19	\$ 0.25
Fully diluted earnings per common share from continuing operations(3)	0.92	0.20	0.24	0.89	0.19	0.24
BALANCE SHEET DATA (AT END OF PERIOD):						
Cash and marketable securities			\$ 102,326			\$ 102,326
Total assets			1,011,493			1,011,493
Senior debt			212,709			212,709
Convertible subordinated debentures			114,155			114,155
Total stockholders' equity			522,128			522,128

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- (1) Sensormatic's historical balance sheet at September 30, 1993 and income statement for the three months ended September 30, 1993 reflect the acquisition of ALPS and the merger with Security Tag, which occurred on July 29, 1992 and June 17, 1993, respectively. Accordingly, historical balance sheet and income statement information have been presented in lieu of summary pro forma information as of and for the three months ended September 30, 1993.
 - (2) Includes Security Tag for the year ended March 31, 1993.
 - (3) Adjusted to reflect the three-for-two stock split in fiscal 1994.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF CONDENSED PRO FORMA COMBINED FINANCIAL CONDITION AND RESULTS OF OPERATIONS

HISTORICAL COMBINED FINANCIAL CONDITION AT SEPTEMBER 30, 1993. Following the acquisition of ALPS and after giving effect to the merger with Security Tag, the financial condition of the Company remained strong. As of September 30, 1993, cash and marketable securities were approximately \$102.3 million and the debt-to-equity ratio of the Company was .63 to 1.0.

HISTORICAL THREE MONTHS ENDED SEPTEMBER 30, 1993 COMPARED TO PRO FORMA THREE MONTHS ENDED SEPTEMBER 30, 1992. Historical combined revenues of \$143.3 million for the three months ended September 30, 1993 increased \$10.9 million or 8.3% over the pro forma combined revenues for the three months ended September 30, 1992, after giving effect to the acquisition of ALPS and the merger with Security Tag. The revenue growth resulted from an increase in worldwide Sensormatic and ALPS revenues, primarily from higher retail EAS and CCTV revenues and higher revenues from Sensormatic's Commercial/Industrial Group, which markets EAS, CCTV and access control systems to non-retail customers; offset in part by the effect on the local currency revenues of Sensormatic's international subsidiaries and ALPS when translated into U.S. dollars for financial statement purposes caused by the stronger average U.S. dollar (in relation to the local currencies of Sensormatic's international subsidiaries and ALPS, in the aggregate) throughout the quarter ended September

30, 1993, compared to the quarter ended September 30, 1992.

The 68% increase in historical combined operating income for the three months ended September 30, 1993, compared to pro forma combined operating income for the three months ended September 30, 1992, occurred principally due to an increase in revenues and an improvement in combined gross profit on revenues from 53% to 55%, primarily attributable to Sensormatic and ALPS. Combined operating expenses as a percentage of revenues increased from 43% to 46%.

Combined historical other income decreased \$3.2 million in the first three months of fiscal 1994 compared to the pro forma combined other income for the first three months of fiscal 1993, principally due to the decrease in interest income earned by Sensormatic and ALPS on trade receivables under deferred terms and installment contract obligations and on net investment in sales-type leases, and increased interest expense due to higher borrowings. The effective tax rate on combined pretax income from continuing operations for the first three months of fiscal 1994 remained flat at 25% when compared to the three months ended September 30, 1992.

Historical combined income from continuing operations (and related fully diluted earnings per share) for the first three months of fiscal 1994 increased \$4.3 million (and \$0.05), versus pro forma combined income from continuing operations for the three months ended September 30, 1992, and outpaced revenue growth based primarily on the factors previously discussed.

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USE OF PROCEEDS

The Company will receive no part of the proceeds from the sale of the Shares offered pursuant to this Prospectus. The Company has agreed that if the aggregate proceeds from the sale of Shares sold during a period of three trading days following the date hereof are less than a specified amount based on their valuation upon issuance, the Company will issue additional Shares for resale under this Prospectus or make a cash payment sufficient to reimburse the Selling Stockholders for the difference. See "The Selling Stockholders".

THE SELLING STOCKHOLDERS

The Selling Stockholders are Patricia McWethy, Steven McWethy and Steven Fisher, who have been, respectively, the President, Vice President and Vice President of Regional Operations of AES and are expected to serve, respectively, as Regional Administrator, Regional Manager and Regional Sales Manager of the Company. Mr. and Mrs. McWethy were also directors of AES prior to the AES stock purchase (see "Acquisition of AES" below under this main heading). At the closing of the stock purchase, Mrs. McWethy was issued 42,288 Shares, Mr. McWethy was issued 29,059 Shares and Mr. Fisher was issued 3,804 Shares (collectively, the "Closing Date Shares"), using a valuation of \$34.375 per share (the "Closing Valuation Per Share") based on the average of the NYSE closing prices of the Common Stock for the five trading days ending January 13, 1994. As discussed in greater detail below, additional Shares may be issued to the Selling Stockholders in the event that the aggregate net proceeds of sale of Closing Date Shares which are sold by them during the period beginning on the date of this Prospectus and ending three NYSE trading days thereafter are less than the Closing Valuation Per Share (together with accrued interest thereon) times the number of Closing Date Shares sold during such period. Any such additional Shares would also be included in the Shares offered pursuant to this Prospectus in order to permit their resale by the Selling Stockholders.

ACQUISITION OF AES

Effective January 17, 1994, the Company consummated the acquisition of all of the Stock of AES for \$2,600,000 in the aggregate. The Company paid an additional \$1,000,000 to the Selling Stockholders in consideration of certain agreements regarding non-competition and the assignment to the Company of certain know-how and proprietary information, and the Selling Stockholders have also entered into employment agreements with AES. AES is in the business of reselling and installing access- control systems to commercial and industrial customers.

The purchase price payable to the Selling Stockholders was paid in the form of Sensormatic Common Stock issued to them at closing, at a valuation equal to the Closing Valuation Per Share. The Company has also agreed that in the event that the aggregate net proceeds from sales of Closing Date Shares during the period beginning on the date of this Prospectus and ending three NYSE trading days thereafter are less than (i) the Closing Valuation Per Share, together with interest accrued thereon at the rate of 10% per annum from January 17, 1994 to the date of this Prospectus, multiplied by (ii) the number of Shares sold, the Company will issue additional Shares for

resale under this Prospectus or make a cash payment sufficient to reimburse the Selling Stockholders for the difference. The number of any

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additional Shares issued by the Company to the Selling Stockholders will be based on the closing price of the Company's Common Stock on the NYSE on the trading day preceding the date of issuance of such additional Shares (or a day not more than two trading days prior thereto). The Company has further agreed to reimburse the Selling Stockholders, in cash, for any additional shortfall in the event that the aggregate net proceeds from sales of such additional Shares during a period of two trading days following their issuance are less than the amount per share at which they were valued upon issuance multiplied by the number of Shares sold during such period.

PLAN OF DISTRIBUTION

The Selling Stockholders expect to sell the Shares primarily through brokers' transactions over the NYSE at prices then attainable, less ordinary brokers' commissions and dealers' discounts, as applicable. As of the date of this Prospectus, the Selling Stockholders have no agreement, arrangement or understanding with any Broker (as such term is defined below) as to the sale of the Shares.

The Selling Stockholders and any broker or dealer to or through whom any of the Shares are sold ("Brokers") may be deemed to be underwriters within the meaning of the Securities Act of 1933, as amended (the "Act"), with respect to the Shares offered hereby, and any profits realized by the Selling Stockholders or the Brokers may be deemed to be underwriting commissions. Brokers' commissions and dealers' discounts, taxes and other selling expenses with respect to the Shares are not expected to exceed normal selling expenses for sales over the NYSE or otherwise, as the case may be. In the event that the Company is required to issue additional Sensormatic Common Stock or make cash payments to reimburse the Selling Stockholders for any shortfall in net proceeds (see "The Selling Stockholders -- Acquisition of AES"), the Company may be deemed to have borne some or all of such selling expenses. The Company and the Selling Stockholders have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

The registration of the Shares under the Act shall not be deemed an admission by the Selling Stockholders or the Company that the Selling Stockholders are underwriters for purposes of the Act of any Shares offered under this Prospectus.

PRO FORMA COMBINED FINANCIAL INFORMATION OF SENSORMATIC AND ALPS

INTRODUCTORY NOTE

The following tables set forth certain unaudited condensed pro forma combined financial information for Sensormatic after giving effect to the acquisition of ALPS, using the purchase method as if such acquisition had been consummated, with respect to the statements of income, on July 1, 1992. (Sensormatic's historical balance sheet at September 30, 1993, incorporated herein by reference, reflects the acquisition of ALPS as it occurred on July 29, 1992, and, therefore, a pro forma balance sheet has not been presented. See "Sensormatic Selected Historical Financial Information" in this Prospectus.) The information contained in the following tables does not purport to be indicative of the results of operations of Sensormatic which may have been obtained had the acquisition been consummated on the date assumed.

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ALPS's financial information contained in these pro forma financial statements has been derived from the financial statements of ALPS prepared in accordance with accounting principles generally accepted in the United Kingdom ("U.K. GAAP") and stated in pounds sterling. Such financial information has been adjusted to comply with applicable accounting principles generally accepted in the United States ("U.S. GAAP"). Significant differences between U.K. GAAP and U.S. GAAP are discussed in the historical financial statements and the notes thereto of ALPS incorporated herein by reference.

This information should be read in conjunction with the historical consolidated financial statements and accompanying notes of Sensormatic contained in its Annual Report on Form 10-K for the fiscal year

ended June 30, 1993 and its Quarterly Report on Form 10-Q for the quarter ended September 30, 1993, each of which is incorporated herein by reference, and the historical financial statements and accompanying notes of ALPS contained elsewhere herein and in Sensormatic's Prospectus, dated July 22, 1992 (File Number 33-47824), incorporated herein by reference. See "Incorporation of Certain Documents by Reference". See also "Unaudited Condensed Pro Forma Combined Information -- Management's Discussion and Analysis of Condensed Pro Forma Combined Financial Condition and Results of Operations" elsewhere in this Prospectus.

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UNAUDITED CONDENSED PRO FORMA COMBINED STATEMENT OF INCOME
YEAR ENDED JUNE 30, 1993
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	SENSORMATIC (1)	ALPS (1)	PRO FORMA ADJUSTMENTS	COMBINED SENSORMATIC AND ALPS
<S>	<C>	<C>	<C>	<C>
Total revenues	\$ 487,319	\$ 9,469	\$ (914) (a)	\$ 495,874
Cost of revenues	203,532	4,896		208,428
Operating expenses	212,779	4,092	(55) (b) (e)	216,816
Operating income	71,008	481	(859)	70,630
Other income (expenses), net	976	(388)	958 (a) (c) (d)	1,546
Income from continuing operations before income taxes	71,984	93	99	72,176
Provision for income taxes	17,900	42	119 (f)	18,061
Income from continuing operations	\$ 54,084	\$ 51	\$ (20)	\$ 54,115
Primary earnings per common share from continuing operations(2)	\$ 0.97			\$ 0.94
Fully diluted earnings per common share from continuing operations(2)	\$ 0.93			\$ 0.92
Common shares used in the computation of (2):				
Primary earnings per common share from continuing operations	56,028			57,378
Fully diluted earnings per common share from continuing operations	63,633			64,983

</TABLE>

||

- (1) The ALPS information reflects the pre-acquisition operating results of ALPS (i.e. operating results for the period from July 1, 1992 to July 29, 1992). The Sensormatic information reflects the post-acquisition results of ALPS (i.e. operating results for the period from July 30, 1992 to June 30, 1993).
- (2) Adjusted to reflect the three-for-two stock split in fiscal 1994.
- See Accompanying Notes to Unaudited Condensed Pro Forma Combined Financial Information of Sensormatic and ALPS.

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UNAUDITED CONDENSED PRO FORMA COMBINED STATEMENTS OF INCOME
Three Months Ended September 30, 1992
(in thousands, except per share amounts)

<TABLE>
<CAPTION>

COMBINED

	SENSORMATIC (1)	ALPS (1)	PRO FORMA ADJUSTMENTS	SENSORMATIC AND ALPS
<S>	<C>	<C>	<C>	<C>
Total revenues	\$ 119,717	\$ 9,469	\$ (914) (a)	\$ 128,272
Cost of revenues	54,975	4,896		59,871
Operating expenses	50,486	4,092	312 (b)	54,890
Operating income	14,256	481	(1,226)	13,511
Other income (expenses), net	135	(388)	958 (a) (c) (d)	705
Income from continuing operations before income taxes	14,391	93	(268)	14,216
Provision for income taxes	3,500	42	(3) (f)	3,539
Income from continuing operations	\$ 10,891	\$ 51	\$ (265)	\$ 10,677
Primary earnings per common share from continuing operations(2)	\$ 0.21			\$ 0.20
Fully diluted earnings per common share from continuing operations(2)	0.21			0.20
Common shares used in the computation of(2): Primary earnings per common share from continuing operations	51,961			53,312
Fully diluted earnings per common share from continuing operations	59,302			60,653

</TABLE>
||

- (1) The ALPS information reflects the pre-acquisition operating results of ALPS (i.e. operating results for the period from July 1, 1992 to July 29, 1992). The Sensormatic information reflects the post-acquisition operating results of ALPS (i.e. operating results for the period from July 30, 1992 to September 30, 1992).
- (2) Adjusted to reflect the three-for-two stock split in fiscal 1994.
- See Accompanying Notes to Unaudited Condensed Pro Forma Combined Financial Information of Sensormatic and ALPS.

NOTES TO UNAUDITED CONDENSED PRO FORMA COMBINED
FINANCIAL INFORMATION OF SENSORMATIC AND ALPS

1. BASIS OF PRESENTATION

The statement of income of ALPS has been translated using the average exchange rate in effect during the relevant period. This rate, expressed in dollars per L.1.00, was \$1.92 for the period from July 1, 1992 to July 29, 1992.

2. PRO FORMA ADJUSTMENTS

The following pro forma adjustments have been made:

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- (a) Adjustment to reclassify interest income earned by ALPS on internally financed sales-type leases to conform to Sensormatic's financial statement presentation. This adjustment was approximately \$914,000 for the period from July 1, 1992 to July 29, 1992.
- (b) Adjustment to record the amortization of the costs in excess of net assets acquired (approximately \$198.0 million) related to the ALPS acquisition over 40 years. This adjustment was approximately \$312,000 for the period from July 1, 1992 to July 29, 1992, net of the elimination of ALPS historical amortization of costs in excess of net assets acquired of approximately \$101,000.
- (c) Adjustment to reverse the interest expense related to the debt of ALPS assumed by ASH prior to the acquisition of ALPS. This adjustment was approximately \$374,000 for the period from July 1, 1992 to July 29, 1992.
- (d) Adjustment to record interest expense related to the \$96.1 million of bank debt, at 4.125% per annum, incurred to partially fund the acquisition of ALPS. This adjustment was approximately \$330,000 for the period from July 1, 1992 to July 29, 1992.

(e) Adjustment to record an estimate of the cost savings associated with the implementation by Sensormatic of a formal plan to eliminate duplicative administrative functions and other overhead costs arising from the acquisition of ALPS. This adjustment was approximately \$367,000 for the year ended June 30, 1993.

(f) Adjustment to record the income tax effect of the pro forma adjustments, as applicable.

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SENSORMATIC SELECTED HISTORICAL FINANCIAL INFORMATION

The selected historical financial information presented below for and as of the end of each of the four years in the period ended May 31, 1992, the one month ended June 30, 1992 and the year ended June 30, 1993, with the exception of balance sheet data as of June 30, 1992 and other data, is derived from the Consolidated Financial Statements of Sensormatic, which financial statements have been audited by Ernst & Young, independent certified public accountants. The Consolidated Financial Statements as of June 30, 1993 and May 31, 1992, and for each of the three years ended May 31, 1991, May 31, 1992 and June 30, 1993 and the one month ended June 30, 1992, and the report of Ernst & Young thereon, are included in Sensormatic's Annual Report on Form 10-K for the fiscal year ended June 30, 1993 (File Number 0-3953), incorporated herein by reference. The selected historical financial information presented below as of September 30, 1993 and for the three months ended September 30, 1992 and 1993, with the exception of balance sheet data as of September 30, 1992 and other data, is derived from the unaudited condensed consolidated financial statements of Sensormatic, included in Sensormatic's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993 (File Number 0-3953), incorporated herein by reference, which in the opinion of Sensormatic management includes all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the information set forth therein. This selected historical financial information should be read in conjunction with the consolidated financial statements, related notes and other financial information incorporated herein by reference. The results of operations for the three months ended September 30, 1993 are not necessarily indicative of results that can be expected for the full year.

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<TABLE>

<CAPTION>

	YEARS ENDED MAY 31,				YEAR ENDED	THREE MONTHS ENDED	
	1989	1990	1991	1992	JUNE 30, 1993 (1) (2)	1992	1993
	----	----	----	----	----	----	----
	(in thousands, except per share amounts)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
SUMMARY OF OPERATIONS DATA:							
Total revenues	\$ 150,904	\$ 191,267	\$ 239,165	\$ 309,878	\$ 487,319	\$ 119,717	\$ 143,284
Cost of revenues	68,368	86,749	106,523	134,723	203,532	54,975	59,006
Operating expenses	65,810	81,722	103,306	131,593	212,779	50,486	62,008
	-----	-----	-----	-----	-----	-----	-----
Operating income	16,726	22,796	29,336	43,562	71,008	14,256	22,270
Other income (expenses), net	4,382	2,231	1,875	(2,536)	976	135	(2,464)
	-----	-----	-----	-----	-----	-----	-----
Income from continuing operations							
before income taxes	21,108	25,027	31,211	41,026	71,984	14,391	19,806
Provision for income taxes	4,400	5,000	6,500	9,500	17,900	3,500	5,000
	-----	-----	-----	-----	-----	-----	-----
Income from continuing operations	\$ 16,708	\$ 20,027	\$ 24,711	\$ 31,526	\$ 54,084	\$ 10,891	\$ 14,806
	=====	=====	=====	=====	=====	=====	=====
Primary earnings per common							
share from continuing operations(3)	\$ 0.40	\$ 0.48	\$ 0.60	\$ 0.73	\$ 0.97	\$ 0.21	\$ 0.25
Fully diluted earnings per							
common share from continuing							
operations(3)	0.40	0.48	0.60	0.73	0.93	0.21	0.24
Common shares used in the							
computation of(3):							
Primary earnings per							
common share from							
continuing operations	41,725	41,722	41,242	43,075	56,028	51,961	60,271
Fully diluted earnings per							
common share from							
continuing operations	42,028	42,004	41,372	50,479	63,633	59,302	67,588
Cash dividends per common							
share(3)	\$ 0.033	\$ 0.123	\$ 0.20	\$ 0.20	\$ 0.15	(4) \$ 0.05	\$ 0.05

</TABLE>

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<TABLE>
<CAPTION>

	YEARS ENDED MAY 31,				YEAR ENDED	THREE MONTHS ENDED	
	1989	1990	1991	1992	JUNE 30, 1993 (1) (2)	SEPTEMBER 30, 1992	1993
	(in thousands, except per share amounts)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
OTHER DATA:							
Capital expenditures, net(5).	\$ 5,761	\$ 8,060	\$ 14,218	\$ 14,824	\$ 25,725	\$ 2,540	\$ 18,173
Increase in revenue equipment and inventories, net(5)	26,479	9,526	35,911	23,925	42,615	6,281	1,443
Systems installed	12.0	18.0	17.4	23.6	51.9	12.0	13.2
Reusable tags sold or leased.	50,000	40,000	65,000	75,000	101,000	19,000	30,000
Disposable labels sold . . .	205,000	350,000	650,000	750,000	1,100,000	206,000	292,000
CCTV domes installed	5.2	6.3	4.0	8.0	10.0	3.8	3.6
BALANCE SHEET DATA (AT END OF PERIOD):							
Cash and marketable securities	\$ 53,126	\$ 26,885	\$102,481	\$ 62,692	\$ 117,899	\$ 52, 672	\$ 102,326
Net property, plant and equipment	40,402	49,662	65,404	83,543	121,103	122,476	139,351
Total assets	255,076	265,118	421,824	467,341	926,854	852,931	1,011,493
Senior debt	15,539	19,966	33,729	35,574	194,224	149,429	212,709
Convertible subordinated debentures	--	--	115,000	115,000	114,165	115,000	114,155
Total stockholders' equity .	192,028	199,830	222,220	255,690	489,757	465,458	522,128

</TABLE>

- (1) In fiscal 1993, the Company acquired ALPS and the outstanding common stock of Security Tag.
 - (2) Selected financial data for Sensormatic for and as of the end of the one month ended June 30, 1992 is as follows (in thousands, except per share amounts): total revenues - \$20,992; operating loss - \$3,325; loss from continuing operations - \$2,454; loss from continuing operations per common share - \$.06 (see Note 3, below); total assets - \$462,233; senior debt - \$35,268; convertible subordinated debentures - \$115,000; total stockholders' equity - \$258,262; and no cash dividends were declared for such period.
 - (3) Adjusted to reflect the three-for-two stock split in fiscal 1994.
 - (4) Fourth quarter dividend of \$.05 per share (see Note 3, above) was declared in July 1993.
 - (5) Excludes effects of acquisitions and foreign currency translation adjustments.
- See "Management's Discussion and Analysis of Financial Condition and Results of Operations of Sensormatic" contained in Sensormatic's Annual Report on Form 10-K for the fiscal year ended June 30, 1993, and Quarterly Report on Form 10-Q for the quarter ended September 30, 1993, which are incorporated herein by reference.

PRELIMINARY SECOND QUARTER RESULTS

The Company recently stated that it expects net income for the three months ended December 31, 1993 to be approximately \$18.5 million, or \$.29 per share, and total revenues for the quarter to be approximately \$160 million, in comparison with net income of \$13.6 million, or \$.23 per share, and total revenues of \$122 million for the three months ended December 31, 1992. For the six months ended December 31, 1993, it is expected that net income will be

approximately \$33.5 million, or \$.53 per share, and that total revenues will be approximately \$303 million, compared with net income of \$24.5 million, or \$.44 per share, and total revenues of \$241.8 million for the comparable prior period.

ALPS SELECTED HISTORICAL FINANCIAL INFORMATION

The selected historical financial information presented below for and as of the end of each of the three years in the period ended November 30, 1991 is derived from the Combined Financial Statements of ALPS, which financial statements have been audited by BDO Binder Hamlyn (internationally BDO Binder), Chartered Accountants. The Combined Financial Statements as of November 30, 1990 and 1991, and for each of the three years in the period ended November 30, 1991, and the report of BDO Binder Hamlyn, Chartered Accountants thereon, are included in Sensormatic's Prospectus dated July 22, 1992 (File number 33-47824), incorporated herein by reference. The selected historical financial information presented below as of May 31, 1992 and for the periods in the six months ended May 31, 1991 and 1992 is derived from the unaudited condensed historical Combined Financial Statements of ALPS included elsewhere in this Prospectus which in the opinion of ALPS's management includes all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the information set forth therein. This selected historical financial information should be read in conjunction with the combined financial statements, related notes and other financial information included elsewhere in this Prospectus and incorporated herein by reference. The results of operations for the six months ended May 31, 1992 are not necessarily indicative of results that can be expected for the full year.

ALPS's historical Combined Financial Statements are prepared in accordance with U.K. GAAP, which differs in certain significant respects from U.S. GAAP. In making commercial decisions on various transactions, including acquisitions and dispositions, ALPS's management considered the presentation of these transactions in its historical Combined Financial Statements under U.K. GAAP. If ALPS had reported its financial results in accordance with U.S. GAAP, management may have made different commercial decisions on such transactions or may have structured such transactions differently. A summary of the significant differences between U.K. GAAP and U.S. GAAP relevant to ALPS, together with reconciliations of net income (loss) and shareholders' equity, are set forth in Note 20 of the ALPS Notes to Combined Financial Statements incorporated herein by reference.

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<TABLE>
<CAPTION>

	YEARS ENDED NOVEMBER 30,				SIX MONTHS ENDED MAY 31,		
	1989	1990	1991	1991	1991	1992	1992
	(IN THOUSANDS)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
SUMMARY OF OPERATIONS DATA:							
U.K. GAAP:							
Total revenues	L. 34,483	L. 51,257	L. 60,196	\$ 89,692	L. 29,182	L. 31,343	\$ 46,701
Cost of revenues	16,266	24,313	29,326	43,696	14,030	15,737	23,448
Operating expenses	10,369	16,585	19,909	29,664	10,700	12,658	18,860
Operating income	7,848	10,359	10,961	16,332	4,452	2,948	4,393
Other expenses, net	1,070	2,625	3,344	4,983	1,204	1,317	1,962
Income from continuing operations before income taxes, minority interest and extraordinary item	6,778	7,734	7,617	11,349	3,248	1,631	2,430
Provision for income taxes	194	727	7,707	11,483	3,091	676	1,007
Minority interest	(80)	(29)	(38)	(57)	(46)	(29)	(43)
Income (loss) from continuing operations before extraordinary items	L. 6,504	L. 6,978	L. (128)	\$ (191)	L. 111	L. 926	\$ 1,380
Cash dividends paid	L. 5,300	--	L. 5,200	\$ 7,748	L. --	L. --	\$ --
U.S. GAAP:							
Total revenues	L. 34,483	L. 51,257	L. 60,196	\$ 89,692	L. 29,182	L. 31,343	\$ 46,701
Income from continuing operations	3,133	3,166	4,153	6,188	1,680	682	1,015
BALANCE SHEET DATA (AT END OF PERIOD):							
U.K. GAAP:							
Cash	L. 241	L. 318	L. 587	\$ 875	L. 3,772	L. 849	\$ 1,265

Net property, plant and equipment	8,960	13,442	15,870	23,646	14,685	15,875	23,654
Total assets	50,292	82,253	94,816	141,276	99,375	111,902	166,734
Long term debt	3,785	12,326	11,084	16,515	20,661	25,703	38,297
Total shareholders' equity	3,690	10,533	8,031	11,966	11,910	9,748	14,525
U.S. GAAP:							
Total assets	60,283	92,715	106,861	159,223	111,872	123,653	184,243
Long term debt	3,785	12,326	11,084	16,515	20,661	25,703	38,297
Total shareholders' equity	8,497	13,563	18,377	27,382	20,324	19,800	29,502

</TABLE>
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See "Management's Discussion and Analysis of Financial Condition and Results of Operations of ALP" contained in Sensormatic's Prospectus, dated July 22, 1992 (File Number 33-47824), incorporated herein by reference.

The amounts relating to the periods ended November 30, 1991 and May 31, 1992 have been expressed in U.S. dollars (\$), solely for the purpose of convenience, using the Noon Buying Rate in New York City for cable transfers in foreign currencies as announced for customs purposes by the Federal Reserve Bank of New York in effect on January 14, 1994. This was \$1.49 = L.1.00. On January 18, 1994, the Noon Buying Rate was \$1.50 = L.1.00.

LEGAL OPINIONS

The validity of the Shares offered hereby will be passed upon for the Company by Christy & Viener, New York, New York. Jerome M. LeWine, Esq., a partner in the firm of Christy & Viener participating in the work on this matter, is a director of the Company. Mr. LeWine owns 12,000 shares of Common Stock of the Company and holds options to purchase 172,500 shares of Common Stock of the Company.

EXPERTS

The consolidated financial statements of the Company appearing in the Company's Annual Report (Form 10-K) for the year ended June 30, 1993, have been audited by Ernst & Young, independent certified public accountants, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

The combined financial statements of ALPS as of November 30, 1990 and 1991 and for each of the three years in the period ended November 30, 1991, appearing in the Company's Prospectus, dated July 22, 1992 (File No. 33-47824), have been audited by BDO Binder Hamlyn (Internationally BDO Binder), Chartered Accountants, as set forth in their report thereon incorporated herein by reference, and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

INDEX TO HISTORICAL ALPS FINANCIAL STATEMENTS

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Combined condensed balance sheet as of May 31, 1992 (unaudited)	F-2
Combined condensed statements of operations for the six months ended May 31, 1991 and 1992 (unaudited)	F-3
Combined condensed statements of cash flows for the six months ended May 31, 1991 and 1992 (unaudited)	F-4
Notes to the combined condensed financial statements for the six months ended May 31, 1991 and 1992 (unaudited)	F-5

ALPS
COMBINED CONDENSED BALANCE SHEET
AS OF MAY 31, 1992
(UNAUDITED)

<TABLE> <CAPTION>	L.'000	\$'000
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash	849	1,265
Accounts and notes receivable, prepayments and accrued income, net	25,021	37,281
Inventories	17,051	25,406
	-----	-----
Total current assets	42,921	63,952
Long term accounts and notes receivable	49,452	73,683
Investment in related company	2,744	4,089
Property and equipment, net	15,875	23,654
Development expenditure	910	1,356
	-----	-----
Total assets	111,902	166,734
	=====	=====
LIABILITIES AND COMBINED SHAREHOLDERS' EQUITY		
Current liabilities:		
Short term debt	29,895	44,544
Accounts payable and accrued liabilities	23,147	34,489
Related company--Security Tag Systems Inc.	1,204	1,794
	-----	-----
Total current liabilities	54,246	80,827
Amounts due to ASH	34,859	51,940
Long term debt	4,593	6,844
Deferred income taxes payable and other long term liabilities	8,335	12,419
Minority interest	121	180
Combined shareholders' equity:		
Ordinary shares	6,228	9,280
Additional paid-in capital	1,943	2,895
Retained earnings	1,577	2,350
	-----	-----
Total combined shareholders' equity	9,748	14,525
	-----	-----
Total liabilities and combined shareholders' equity	111,902	166,734
	=====	=====
Estimated adjustments to restate combined shareholders' equity in accordance with U.S. GAAP:		
Total combined shareholders' equity in accordance with U.K. GAAP	9,748	14,525
	-----	-----
Goodwill	9,504	14,161
Deferred income taxes	(1,699)	(2,532)
Development costs	(441)	(657)
Goodwill on related companies	2,688	4,005
	-----	-----
	10,052	14,977
	-----	-----
Estimated combined shareholders' equity in accordance with U.S. GAAP	19,800	29,502
	=====	=====

</TABLE>

The amounts relating to the period ended May 31, 1992 have been expressed in U.S. dollars (\$), solely for the purpose of convenience, using the Noon Buying Rate in New York City for cable transfers in foreign currencies as announced for customs purposes by the Federal Reserve Bank of New York in effect on January 14, 1994. This was \$1.49 = L.1.00. On January 18, 1994, the Noon Buying Rate was \$1.50=L.1.00.

See accompanying notes.

ALPS
COMBINED CONDENSED STATEMENTS OF OPERATIONS
FOR SIX MONTHS ENDED MAY 31, 1991 AND 1992
(UNAUDITED)

<TABLE>
<CAPTION>

	1991	1992	1992
	L.'000	L.'000	\$'000
	<C>	<C>	<C>
Net sales	29,182	31,343	46,701
Cost of sales	14,030	15,737	23,448
Gross profit on sales	15,152	15,606	23,253
Selling, general and administrative expenses	10,700	12,658	18,860
Operating income	4,452	2,948	4,393
Share of related company results	110	90	134
Interest expense	1,314	1,407	2,096
Income before income taxes and minority interest and extraordinary items	3,248	1,631	2,430
Provision for income taxes	(3,091)	(676)	(1,007)
Minority interest	(46)	(29)	(43)
Extraordinary items	(193)	--	--
Net income (loss)	(82)	926	1,380
Estimated adjustments to restate net income (loss) in accordance with U.S. GAAP:			
Estimated net income (loss) in accordance with U.K. GAAP	(82)	926	1,380
Development costs	(132)	--	--
Amortization of goodwill	(275)	(275)	(410)
Amortization of goodwill on related company	(45)	(45)	(67)
Extraordinary items	193	--	--
Deferred income taxes	2,021	76	113
Estimated net income in accordance with U.S. GAAP	1,680	682	1,015

</TABLE>
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See accompanying notes.

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ALPS

COMBINED CONDENSED STATEMENTS OF CASH FLOWS
FOR SIX MONTHS ENDED MAY 31, 1991 AND 1992
(UNAUDITED)

<TABLE>
<CAPTION>

	1991	1992	1992
	L.'000	L.'000	\$'000
	<C>	<C>	<C>
Cash flows from operating activities:			
Net income (loss)	(82)	926	1,380
Adjustments to reconcile net income (loss) to cash provided (used) by operations:			
Depreciation and amortization	1,239	1,540	2,295
Shares of related companies' results	(110)	(90)	(134)
Net changes in operating assets and liabilities	295	(10,289)	(15,331)
Net cash provided (used) by operating activities	1,342	(7,913)	(11,790)
Cash flows from investing activity:			
Increase in property and equipment, net	(2,424)	(1,545)	(2,302)

Cash flows from financing activities:			
Repayments to ASH	(7,223)	(12,752)	(19,000)
New loans	10,318	21,681	32,305
Additional share capital paid in	1,441	791	1,179
	-----	-----	-----
Net cash provided by financing activities	4,536	9,720	14,483
	-----	-----	-----
Net increase in cash	3,454	262	390
Cash at beginning of period	318	587	875
	-----	-----	-----
Cash at end of period	3,772	849	1,265
	=====	=====	=====
Supplementary disclosure:			
Cash paid during the period for:			
Interest	1,314	1,407	2,096
Income taxes	--	20	30

</TABLE>
||

See accompanying notes.

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ALPS

NOTES TO THE COMBINED CONDENSED FINANCIAL STATEMENTS
FOR SIX MONTHS ENDED MAY 31, 1991 AND 1992
(UNAUDITED)

(a) The interim combined financial information included herein is unaudited. Other than indicated herein, there have been no significant changes from the financial data set forth in the audited combined financial statements incorporated herein by reference. In the opinion of management, such unaudited information reflects all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation of the unaudited information shown.

Results for interim periods are not necessarily indicative of results expected for the full year.

(b) Accounts and notes receivable

At May 31, 1992 accounts and notes receivable were net of an allowance for possible losses of L.4.5 million.

(c) Inventories

At May 31, 1992 inventories consisted of the following:

	L.'000

Work-in-progress	216
Finished goods	16,835

	17,051
	=====

(d) Debt

At May 31, 1992 debt is summarized as follows:

	L.'000

Bank overdrafts	8,785
Unsecured bank loans at variable rates	

ranging between 9% and 15%	25,631
Obligations under finance lease contracts . .	72

	34,488
Less: current portion	29,895

Long term portion	4,593
	=====

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.

The expenses payable by the Company in connection with the issuance and distribution of the Shares, are set forth below. All the amounts shown are estimates, except for the registration fee.

Securities and Exchange	
Commission registration fee	\$ 1,081
NYSE listing fee	1,500
Fees and expenses of accountants	2,500
Fees and expenses of counsel	5,000
Blue Sky fees and expenses	500
Miscellaneous	1,419

Total	\$12,000
	=====

Item 15. Indemnification of Directors and Officers.

Article TENTH of the Company's Restated Certificate of Incorporation and Article IX of the Company's By-Laws provide for indemnification of officers and directors of the Company, to the fullest extent permitted by applicable law, for expenses, liabilities and losses actually and reasonably incurred by them in connection with actual or threatened claims, actions, suits or proceedings by reason of the fact that such persons are or were officers or directors of the Company. Such indemnification right includes the right to receive payment in advance of expenses incurred by the persons seeking indemnification in connection with claims, actions, suits or proceedings, to an extent consistent with applicable law. The By-Laws provide that the right to indemnification is a contract right and authorize the Company to obtain insurance to effect indemnification. Section 145 of the General Corporation Law of the State of Delaware grants each corporation organized thereunder, such as the Company, express powers to indemnify its directors and officers.

The Company carries directors' and officers' liability insurance covering losses up to \$20,000,000 (subject to certain deductible amounts).

Item 16. Exhibits.

Exhibit Number	Description of Exhibit
-----	-----
* 2(a)	Stock Purchase Agreement, dated as of December 31, 1993, among the Company, Advanced Entry Systems, Inc. ("AES") and the Stockholders of AES.

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4(a) Composite Restated Certificate of Incorporation of the Company filed pursuant to Rule 232.102(c) of Regulation S-T (incorporated by reference to Exhibit 4(d) to the Company's Registration Statement No. 33-61626)

- 4(b) By-Laws of the Company (incorporated by reference to Exhibit 3(b) to Form 10-K for the fiscal year ended May 31, 1990 (File No. 0-3953))
- * 5 Opinion of Christy & Viener, including consent
- * 23(a) Consent of Christy & Viener (included in Exhibit 5)
- * 23(b) Consent of Ernst & Young
- * 23(c) Consent of BDO Binder Hamlyn
- * 24 Powers of Attorney of Ronald G. Assaf, Thomas V. Buffett, James E. Lineberger, Michael E. Pardue, Lawrence J. Simmons, Jerome M. LeWine, Arthur G. Milnes and John T. Ray, Jr. (included on page II-4 of the Registration Statement)

* Filed herewith.

Item 17. Undertakings.

(1) The Company hereby undertakes:

(a) To file, during any period in which offers or sales are being made, a post-effective amendment to the registration statement to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(b) That for the purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) To remove from registration by means of a post-effective amendment, any of the securities being registered which remain unsold at the termination of the offering.

(2) The Company hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Company pursuant to the

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provisions described under Item 15, or otherwise, the Company has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Company certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Deerfield Beach, Florida on the 18th day of January, 1994.

SENSORMATIC ELECTRONICS CORPORATION

By /s/ Ronald G. Assaf

 Ronald G. Assaf,
 Chairman of the Board and President

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Ronald G. Assaf, James E. Lineberger, Michael E. Pardue and Jerome M. LeWine, or any of them, his attorney-in-fact, for him in any and all capacities, with full power of substitution and resubstitution, to sign any amendments, including any post-effective amendments, to this Registration Statement, and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-fact, or his substitutes, may do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the date indicated.

<TABLE> <CAPTION>	Signature -----	Title -----	Date ----
<S>	/s/ Ronald G. Assaf ----- (Ronald G. Assaf)	<C> Chairman of the Board of Directors, President and Chief Executive Officer (principal executive officer)	<C> 1/18/94
	/s/ Thomas V. Buffett ----- (Thomas V. Buffett)	Vice Chairman of the Board of Directors	1/18/94
	/s/ Michael E. Pardue ----- (Michael E. Pardue)	Executive Vice President, Chief Operating Officer and Chief Financial Officer (principal financial officer) and Director	1/18/94
	/s/ Lawrence J. Simmons ----- (Lawrence J. Simmons)	Vice President of Finance and Chief Accounting Officer (principal accounting officer)	1/18/94
	/s/ James E. Lineberger ----- (James E. Lineberger)	Chairman of the Executive Committee and Director	1/18/94
	/s/ Arthur G. Milnes ----- (Dr. Arthur G. Milnes)	Director	1/18/94
	/s/ Jerome M. LeWine ----- (Jerome M. LeWine)	Director	1/18/94
	/s/ John T. Ray, Jr. ----- (John T. Ray, Jr.)	Director	1/18/94

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Index to Exhibits

Exhibit Number	Description of Exhibit -----
* 2(a)	Stock Purchase Agreement, dated as of December 31, 1993, among the Company, Advanced Entry Systems, Inc. ("AES") and the Stockholders of AES.
4(a)	Composite Restated Certificate of Incorporation of the Company filed

pursuant to Rule 232.102(c) of Regulation S-T (incorporated by reference to Exhibit 4(d) to the Company's Registration Statement NO. 33-61626)

4(b) By-Laws of the Company (incorporated by reference to Exhibit 3(b) to Form 10-K for the fiscal year ended May 31, 1990 (File No. 0-3953))

* 5 Opinion of Christy & Viener, including consent

* 23(a) Consent of Christy & Viener (included in Exhibit 5)

* 23(b) Consent of Ernst & Young

* 23(c) Consent of BDO Binder Hamlyn

* 24 Powers of Attorney of Ronald G. Assaf, Thomas V. Buffett, James E. Lineberger, Michael E. Pardue, Lawrence J. Simmons, Jerome M. LeWine, Dr. Arthur G. Milnes and John T. Ray, Jr. (included on page II-4 of Registration Statement)

* Filed herewith.

STOCK PURCHASE AGREEMENT

Dated as of December 31, 1993

among

SENSORMATIC ELECTRONICS CORPORATION,
ADVANCED ENTRY SYSTEMS, INC.

and

THE STOCKHOLDERS

of

ADVANCED ENTRY SYSTEMS, INC.

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STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT, dated as of December 31, 1993, among SENSORMATIC ELECTRONICS CORPORATION, a Delaware corporation ("Sensormatic"); ADVANCED ENTRY SYSTEMS, INC., a Texas corporation ("AES"); STEVEN McWETHY and PATRICIA McWETHY, individuals residing in the state of Texas (the "Principal Stockholders"); and the additional stockholders of AES listed on Schedule I hereto (together with the Principal Stockholders, the "Selling Stockholders").

W I T N E S S E T H:

WHEREAS, AES is engaged principally in the business (the "Business") of purchasing, combining, assembling and reselling and installing electronic access control, closed-circuit television ("CCTV") and other equipment, components and parts for access- control and other security purposes; and

WHEREAS, the Selling Stockholders wish to sell to Sensormatic, and Sensormatic wishes to purchase, all of the issued and outstanding capital stock of AES (the "Stock"), on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual representations, warranties and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. PURCHASE AND SALE OF THE STOCK.

1.1 PURCHASE AND SALE.

(a) Subject to the terms and conditions of this Agreement, on the Closing Date (as such term is defined in Section 1.3), Sensormatic shall purchase, and each Selling Stockholder shall sell, convey, assign, transfer and deliver to Sensormatic, that number of shares of Stock set forth opposite such Selling Shareholder's name in Schedule I hereto. The Stock shall be transferred to Sensormatic free and clear of all claims, liens, security interests, charges, encumbrances, equities, adverse interests and restrictions of any kind (collectively, "Liens").

(b) At the Closing (as such term is defined in Section 1.3), each of the Selling Stockholders shall deliver to Sensormatic one or more certificates evidencing the number of shares of Stock to be sold to Sensormatic by such Selling

Stockholder, in each case duly endorsed in blank or accompanied by duly executed stock powers in blank, with signatures guaranteed by a bank or trust company as requested by Sensormatic, together with all necessary documentary or stock transfer stamps affixed to such certificates.

1.2 CONSIDERATION FOR PURCHASE. The consideration payable in the aggregate for all the Stock (the "Aggregate Purchase Price") shall be \$2,600,000. Each Selling Stockholder shall be entitled to receive that percentage (his or her "Stockholder Percentage") of the Aggregate Purchase Price set forth opposite his or her name on Schedule I hereto, which percentage has been calculated on the basis of the respective number of shares of Stock held by the Selling Stockholders, also as set forth on Schedule I.

1.3 CLOSING. Subject to Section 9.1, the closing of the transactions contemplated by this Agreement (the "Closing") shall take place at 10:00 a.m. on January 17, 1994, or such later date agreed upon by the parties as is within three business days after all of the conditions precedent set forth in Sections 5 and 6 to be satisfied prior to the Closing have been satisfied or waived (the "Closing Date"), at the offices of Spafford, Gay, Ferro & Ivy, or such other date, time and place is agreed to by the parties. At the Closing, the Selling Stockholders shall deliver to Sensormatic the endorsed certificates for the Stock as contemplated by Section 1.1(b), and Sensormatic shall deliver to the Selling Stockholders, in the aggregate, the Aggregate Purchase Price. The Aggregate Purchase Price shall be apportioned among the Selling Stockholders on the basis of their respective Stockholder Percentages and shall be payable by wire transfer or in shares of Sensormatic Common Stock pursuant to Section 1.4, as applicable. At the Closing, the applicable Selling Stockholders shall also execute and deliver to Sensormatic and AES the applicable Non- Competition and Assignment Agreements (as such term is defined in Section 5.7) and the Selling Stockholders and AES shall deliver the additional certificates, documents and instruments contemplated to be delivered by them pursuant to Section 5; and Sensormatic shall also execute and deliver the Non-Competition and Assignment Agreements and deliver the consideration contemplated thereby, i.e., \$475,000 to each of the Principal Stockholders and \$50,000 to Stephen Fisher, and shall execute and deliver the additional certificates, documents and instruments contemplated to be delivered by Sensormatic pursuant to Section 6.

1.4 OPTIONAL PAYMENT IN SENSORMATIC STOCK.

(a) Those portions of the Aggregate Purchase Price payable to the Principal Stockholders and Stephen Fisher shall

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be paid in the form of Sensormatic Common Stock, par value \$.01 per share ("Sensormatic Common Stock"), subject to the terms and conditions of this Section 1.4. The other Selling Stockholders shall receive an amount equal to the Aggregate Purchase Price times their respective Stockholder Percentages, as set forth on Schedule I, by wire transfer or check representing good funds.

(b) The number of shares of Sensormatic Common Stock payable to each Selling Stockholder receiving stock pursuant to this Section 1.4 shall be determined by dividing (a) that portion of the Aggregate Purchase Price payable to such Selling Stockholder (i.e., the Aggregate Purchase Price multiplied by such Selling Stockholder's Stockholder Percentage, as set forth on Schedule I) by (b) the average of the closing prices (last sale) of Sensormatic Common Stock on the New York Stock Exchange, Inc. ("NYSE") for the five trading days immediately prior to the Closing Date (or, at Sensormatic's option, a five-day period ending up to two days earlier). Such closing price as of a given day is sometimes referred to generically herein as the "Average Closing Price", and such price for purposes of determining the number of shares deliverable at closing is sometimes referred to herein as the "Closing Date Price".

Fractional shares, if any, shall be settled in cash.

(c) Sensormatic shall file a Registration Statement on Form S-3 (the "Registration Statement") with the Securities and Exchange Commission in order to register under the Securities Act of 1933 (the "Securities Act") the resale by the applicable Selling Stockholders of the shares of Sensormatic Common Stock delivered to them at Closing pursuant to this Section 1.4 (the "Closing Date Shares") and any additional shares issued pursuant to this Section 1.4, and shall use its best efforts to cause such Registration Statement to become effective promptly after the Closing Date. When such Registration Statement becomes effective, Sensormatic shall promptly (and in any event within two business days thereafter) so notify the Selling Stockholder Representative (as defined in Section 9.3). With respect to all sales of Closing Date Shares during the period beginning on the date the Registration Statement becomes effective (or the date of such notice of effectiveness from Sensormatic, or the Closing Date, whichever is latest) and ending at the close of the third NYSE trading day following such date (the "Resale Period"), Sensormatic shall reimburse each applicable Selling Stockholder, in cash or Sensormatic Common Stock (or a combination thereof) at Sensormatic's option, for the amount, if any, by which (i) the product of the Closing Date Price times the number of Closing Date Shares sold by such Selling Stockholder during the Resale Period, together with interest

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thereon at the Interest Rate (as defined in Section 1.4(e)) from the Closing Date to the first day of the Resale Period, exceeds (ii) the "Net Proceeds" of sale of such Closing Date Shares sold -- i.e., the cash proceeds of all sales of Closing Date Shares by each of the Selling Stockholders during the Resale Period less broker commissions of not more than \$.06 per share. Sensormatic shall make such reimbursement within three business days following the delivery by the applicable Selling Stockholders of a schedule showing the calculation on a trade-by-trade basis of such cash proceeds and Net Proceeds from sales of Closing Date Shares during the Resale Period. The Selling Stockholders agree that all sales during the Resale Period and the period referred to in Section 1.4(d) of Sensormatic Common Stock issued to them pursuant to this Agreement shall be made in an orderly fashion and in a manner reasonably acceptable to Sensormatic.

The effect of the foregoing is to guarantee that the Selling Stockholders collectively receive not less than \$2,600,000, together with interest thereon from the Closing date to the first day of the Resale Period, from the sale of all the Closing Date Shares, provided they sell all such shares during the Resale Period (it being understood that they have no obligation to do so, but that Sensormatic's obligation to guarantee any shortfall shall apply pro rata only to those Closing Date Shares sold during the Resale Period). In the event that such net proceeds of sale are less than the guaranteed amount, Sensormatic is obligated to make up any shortfall, including any broker commissions (of up to \$.06 per share) responsible for all or a portion of such shortfall. Should such net proceeds of sale equal or exceed the guaranteed amount, however, the Selling Stockholders would be entitled to retain any such excess, but Sensormatic would not be responsible for any broker commissions.

(d) In the event that Sensormatic elects to deliver additional Sensormatic Common Stock pursuant to Section 1.4(c), (i) the number of such shares delivered shall be equal to the amount payable pursuant to such Section 1.4(c) divided by the NYSE Closing Price as of the trading date immediately prior to the date of delivery of such shares (or within two trading days prior thereto, as determined by Sensormatic), and (ii) with respect to any shares so delivered (or a like number of Closing Date Shares) which are sold by the Selling Stockholders receiving them before the end of the second NYSE trading day following the date of delivery of such shares to them or their broker, Sensormatic shall further promptly reimburse the applicable Selling Stockholders, in cash, for the amount, if any, by which the aggregate valuation of such shares as determined pursuant to clause (i) of this Section 1.4(d) exceeds the Net Proceeds of sale of such shares.

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(e) In the event that the Registration Statement does not become effective until after the Closing Date, for the period following the Closing Date through the first day of the Resale Period, interest shall accrue on the Aggregate Purchase Price, for purposes of Sections 1.4(c) and 1.4(f), at a fixed rate per annum equal to 4% above the prime rate identified as such in the Wall Street Journal for the Closing (the "Interest Rate"). If less than all the Closing Date Shares are sold during the Resale Period, Sensormatic shall not be required to pay or accrue interest on the amount (based on the Closing Date Price) attributable to the unsold Closing Date Shares.

(f) In the event the Registration Statement has not become effective as of the earlier of (i) the 90th day following the Closing Date, or (ii) April 15, 1994 (or such later date as may be agreed to in writing by the parties), Sensormatic shall deliver to the Selling Stockholders who received Closing Date Shares pursuant to this Section 1.4, in exchange for all of their Closing Date Shares, good funds in an amount equal to the amount that would have been payable to them at the Closing, together with accrued interest at the Interest Rate from the Closing Date to the date of delivery of such amount. Notwithstanding the foregoing, any such Selling Stockholder may by written notice to Sensormatic given within three business days prior to the date set forth above elect to retain some or all of his or her Closing Date Shares, in which event the principal amount delivered pursuant to this Section 1.4(f) and interest thereon shall be reduced in proportion to the number of shares so retained.

(g) In the event that Sensormatic defaults in its obligations under this Section 1.4, such that it neither (i) registers the Closing Date Shares as contemplated by Section 1.4(c), nor (ii) delivers cash in exchange therefor as contemplated by Section 1.4(f) (subject to any election by a Selling Stockholder thereunder to retain his or her shares) on or before April 15, 1994 (or such later date as may be agreed to in writing by the Selling Stockholder Representative and Sensormatic), the Selling Stockholders may on any business day following such date that such default remains uncured, rescind the sale of the stock by delivering written notice of such rescission from the Selling Shareholder Representative to Sensormatic. In order for such notice to be effective, the Selling Stockholders must simultaneously or promptly thereafter redeliver the Closing Date Shares to Sensormatic, in exchange for the Stock, in each case accompanied by appropriate instruments of assignment. Upon such exchange, the transactions contemplated by this Agreement shall be without further force or effect, except that the Selling Stockholders who are parties to the Non-Competition and

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Assignment Agreements may retain the payments made pursuant thereto but shall be released from their obligations under such Agreements. Prior to the date that it either effects the registration of the Closing Date Shares in accordance with Section 1.4(c) or delivers cash in exchange therefor in accordance with Section 1.4(f), Sensormatic shall not make any material change in the business or operations of AES.

2. REPRESENTATIONS AND WARRANTIES OF THE SELLING STOCKHOLDERS. The Principal Stockholders, jointly and severally, and the other Selling Stockholders, severally, hereby represent and warrant to Sensormatic, as of the date hereof and as of the Closing Date, as follows:

2.1 DUE INCORPORATION AND QUALIFICATION OF AES; SUBSIDIARIES; CAPITALIZATION.

(a) AES is a corporation duly incorporated, validly existing and in good standing under the laws of Texas, with full corporate power and authority to own, lease and operate its properties and to carry on business in the places and in the manner as currently conducted.

(b) AES has no direct or indirect subsidiaries, nor are there any other entities which AES otherwise controls or in which it has an ownership or investment interest.

(c) Set forth in Item 2.1(c) of the Disclosure Schedule is a list of all jurisdictions in which AES is qualified to do business and is in good standing as a foreign corporation, which are the only jurisdictions in which such qualification is necessary.

(d) None of AES, the Selling Stockholders nor any of their respective affiliates (or their spouses, parents or children) owns, directly or indirectly, any assets used in the Business or any interest in any corporation, partnership, joint venture or other business entity that (i) competes with AES, (ii) sells or purchases products or services to or from AES, (iii) leases real or personal property to or from AES or (iv) otherwise does business with AES.

(e) The authorized capital stock of AES consists of 100,000 shares of common stock, par or stated value \$1.00 per share, of which 31,230 shares, constituting the Stock, are issued and outstanding, and an additional 1,570 shares are held in treasury. All of such issued and outstanding shares of Stock were duly authorized and validly issued, are fully paid and nonassessable and were not issued in violation of any preemptive rights. Except as expressly set forth in this Section 2.1(e), there are no issued or outstanding shares of

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capital stock of AES and no outstanding options, warrants, rights, conversion rights, pre-emptive rights, calls, commitments or demands of any character obligating AES to issue, sell, redeem or repurchase any of its shares of such capital stock or any other security giving a right over such shares of capital stock.

(f) Set forth opposite each Selling Stockholder's name on Schedule I is the number of shares of Common Stock owned by such Selling Stockholder. Each such Selling Stockholder is the sole beneficial and record owner of the shares of Stock so indicated, free and clear of all Liens. At the Closing, all right, title and interest in and to all of such shares, beneficially and of record, shall be owned by such Selling Stockholder free and clear of all Liens, except as provided by this Agreement; each such Selling Stockholder has and shall have full right, power and authority to sell and deliver to Sensormatic the shares of Stock required to be sold by such person on the Closing Date; and upon the assignment and delivery of the certificates for such shares by or on behalf of each such Selling Stockholder to Sensormatic, duly endorsed or accompanied by properly executed stock powers for transfer, Sensormatic shall acquire full, good and marketable title to such shares, free and clear of all Liens.

2.2 AUTHORITY; DUE AUTHORIZATION; VALID OBLIGATION.

(a) AES has all requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The Board of Directors of AES has approved this Agreement and the transactions contemplated hereby, and AES has taken any additional corporate action necessary for the execution and delivery by it of this Agreement and the consummation of the transactions contemplated hereby.

(b) This Agreement constitutes the valid and binding obligation of each of AES and each of the Selling Stockholders, and the Non-Competition and Assignment Agreements and the Employment Agreements referred to in Section 5.7 (collectively, the "Ancillary Agreements") constitute the valid and binding obligations of the respective Selling Stockholders who are parties thereto, enforceable against each of such persons (as applicable) in accordance with their respective terms, except as may be limited by principles of equity or by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally.

2.3 NO CONFLICTS OR DEFAULTS. The execution and delivery of this Agreement and the Ancillary Agreements and

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the consummation of the transactions contemplated hereby and thereby do not and shall not (a) contravene AES's Certificate of Incorporation or By-laws; or (b) except as set forth in Item 2.3 of the Disclosure Schedule, with or without the giving of notice or the passage of time, or both, (i) violate or conflict with, or result in a breach of, or a default or loss of rights under, any agreement, mortgage, indenture, lease, instrument, permit or license to which AES or any of the Selling Stockholders are a party or by which any of such persons or any of AES's assets is bound (including without limitation any of the contracts referred to in Section 2.6(d) or Section 2.14, except that with respect to the Installation Contracts referred to therein, this representation is to the knowledge of the Principal Stockholders), or any judgment, order, decree, law, rule or regulation to which any of such persons or any of AES's assets is subject, (ii) result in the creation of, or give any party the right to create, any Liens upon AES or any of AES's assets or (iii) terminate or give any party the right to terminate, abandon or refuse to perform any agreement, arrangement or commitment to which AES is a party or by which it or any of its assets is bound.

2.4 COPIES OF CHARTER DOCUMENTS AND STOCK RECORDS.

(a) Correct and complete copies of the Certificate of Incorporation, By-laws and other organizational or governing instruments of AES, in each case as amended to the date hereof, have been furnished to Sensormatic by AES.

(b) AES has made available to Sensormatic correct and complete copies of the minute books, stock ledgers or other statutory books of AES.

2.5 AUTHORIZATIONS. Except as set forth in Item 2.5 of the Disclosure Schedule, no authorization, approval, order, license, permit or consent of, or filing or registration with, any court or governmental authority, or consent of any other party, is required in connection with the execution, delivery and performance by AES or the Selling Stockholders of this Agreement and the Ancillary Agreements.

2.6 FINANCIAL STATEMENTS.

(a) AES has furnished to Sensormatic (i) audited financial statements for and as of the end of each of the two fiscal years ended March 31, 1993, reported upon by Grace & Bryan Company, P.C., and (ii) unaudited interim financial statements as of and for the six months ended September 30, 1993 (collectively, the "Financial Statements"). The Financial Statements were prepared in accordance with U.S. generally accepted accounting principles ("GAAP") applied on a

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consistent basis, are reconcilable to the books and records of AES and present fairly the financial position of AES as at the dates thereof and the results of its operations, cash flows and changes in financial position for the periods then ended, except, in the case of such unaudited interim financial statements, for the omission of footnote information and for year end audit adjustments neither of which are, singly or in the aggregate, material.

(b) As of September 30, 1993, AES had no material liabilities of any nature, whether accrued, absolute, contingent or otherwise, and whether due or to become due ("Liabilities"), which were not specifically disclosed or provided for in the unaudited consolidated balance sheet of AES as of September 30, 1993, included in Financial Statements (the "Interim Balance Sheet") or the notes to the Financial Statements as of and for the period ended March 31, 1993 (the "Financial Statement Notes"). Since September 30, 1993, AES has not incurred any Liabilities outside of the ordinary course of business, or any Liabilities which, individually or in the aggregate, are likely to have a material adverse effect on the business, prospects, financial condition or

results of operations of AES (a "Material Adverse Effect"). All such Liabilities incurred since September 30, 1993 are fully reflected or reserved on the books and records of AES.

(c) AES has furnished to Sensormatic true and correct schedules of its aged accounts receivable and accounts payable as of September 30, 1993, and will provide updated schedules thereof as reasonably requested by Sensormatic prior to the Closing. All of the accounts receivable and notes receivable reflected on the Interim Balance Sheet and the books of AES are actual bona fide receivables representing obligations for the amounts thereof shown on the Interim Balance Sheet or such books, which resulted or shall have resulted from the regular course of AES's business and are fully collectible by AES, except to the extent reserved for on the Interim Balance Sheet or, in the case of such accounts and notes receivable arising after September 30, 1993, on the books of AES consistent with prior practice.

(d) The Selling Stockholders have delivered to Sensormatic Schedules of Closed Contracts and Contracts in Progress as of September 30, 1993, in form similar to those included in the Financial Statements, and will furnish similar updated schedules as they become available prior to the Closing. All such schedules are true, correct and complete in all material respect as of their respective dates, the contracts listed thereon (the "Installation Contracts") remain in force and, to the knowledge of the Selling Stockholders, there have occurred no defaults or other events which would

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cause the information set forth on such Schedules to be incorrect in any material respect.

(e) Set forth in Item 2.6(e) of the Disclosure Schedule is a true and complete list of all outstanding bids or proposals of AES with respect to its products or services, which remained undelivered or uninstalled or unperformed, in whole or in part, as of the latest practicable date. All such outstanding bids and proposals, and all unperformed Installation Contracts referred to in Section 2.6(d), are in customary quantities, at customary prices and on customary terms, based upon the past marketing policies with respect to such products, and, to the knowledge of the Principal Stockholders, there are no such material orders or commitments which will not, upon fulfillment in accordance with their terms, result in a profit to AES based upon its recent experience and operations.

(f) Except as set forth in Item 2.6(f) of the Disclosure Schedule, the inventories reflected on the Interim Balance Sheet and on the books of AES consist of items in good and merchantable condition and which were acquired in the ordinary course of business of AES. The inventories reflected on the Interim Balance Sheet or such books of AES are valued at the lower of cost (under the first-in, first-out method) or market, determined in a manner consistent with prior periods. The level of inventories currently owned by AES is not excessive, and is adequate, in relation to the current requirements of AES.

(g) The net worth of AES (i.e., total assets minus total liabilities) as of the Closing Date shall be not less than \$1,075,000. To the extent that the foregoing representation proves incorrect, Sensormatic shall be entitled to a dollar-for-dollar reimbursement pursuant to Section 8 hereof of any deficiency, payable promptly following the Closing, which reimbursement shall be made pro rata by the Selling Stockholders on the basis of their respective Stockholder Percentages.

2.7 TITLE TO ASSETS.

(a) Except as set forth in Item 2.7(a) of the Disclosure Schedule, AES has good and marketable title to all its principal properties and assets, real and personal, free and clear of all Liens, except: (i) Liens to secure indebtedness of AES reflected on the Interim Balance Sheet and listed in Item 2.7(a) of the Disclosure Schedule; (ii) Liens consisting of zoning or planning restrictions, easements, permits and other restrictions or limitations on the use of real property or irregularities in title thereto which do not materially

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detract from the value of such property, or impair the use of such property by AES in the operation of its business; (iii) Liens for taxes, assessments or governmental charges or levies on its property listed in Item 2.7(a) of the Disclosure Schedule, if such taxes, assessments or governmental charges or levies shall not at the time be due and delinquent or if the same thereafter can be paid without penalty or if AES shall currently be contesting the validity thereof in good faith, provided the amount thereof is fully reserved against on the Interim Balance Sheet; (iv) Liens consisting of (A) pledges or deposits to secure obligations of AES under workmen's compensation or other similar laws; (B) pledges or deposits to secure performance in connection with bids, tenders, contracts or leases entered into in the ordinary course of business to which AES is a party; (C) deposits to secure public or statutory obligations of AES; (D) leases granted in the ordinary course of business or property acquired in the ordinary course of business subject to leases or purchase money security interests; or (E) mechanics', carriers', workmen's, repairmen's or other like Liens arising or incurred in the ordinary course of business or deposits to obtain the release of such Liens; and (v) other Liens which do not interfere materially with possession, ownership or use of any real or personal property of AES.

(b) Set forth in Item 2.7(b) of the Disclosure Schedule is a list of all real property leased by AES (the "Realty"). Included in such list is the address (including the county) of each location where AES keeps a material amount of its inventory or work-in-process. AES does not own any real property.

(c) All material leases pursuant to which AES leases real or personal property from others are in good standing, valid and effective in accordance with their respective terms.

2.8 ORDINARY COURSE; NO MATERIAL ADVERSE EFFECT. Except as set forth in Item 2.8 of the Disclosure Schedule, since September 30, 1993, AES has conducted the Business and maintained its assets substantially in the same manner as previously conducted or maintained and solely in the ordinary course and, since such date, (a) there has not been any material adverse change in the business, financial condition or results of operations of AES or in Assets, (b) AES has not sold, encumbered or committed to sell or encumber any of its material assets or properties, other than the sale of inventory in the ordinary course of business, or incurred or committed to incur any material amount of additional indebtedness (other than under any existing bank facilities described in the Financial Statement Notes) and (c) no dividends or

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distributions have been declared or paid with respect to any of the Stock.

2.9 PRODUCTS.

(a) To the extent that any equipment or products sold or leased by AES are required to meet applicable standards of the Federal Communications Commission ("FCC") or Underwriters Laboratories Inc. ("UL"), such equipment and products meet such standards. To the extent that any such equipment or products require any FCC or UL approvals, registrations or certifications, such equipment and products have received or are in the process of timely receiving such approvals, registrations or certifications.

(b) Except as set forth in Item 2.9(b) of the Disclosure Schedule, AES has not received any notice of any outstanding or threatened liability or claim for defects or breaches of warranty or negligence, existing or alleged, in connection with the design, manufacture, sale, lease or use of any of the products of, or any services performed by or on behalf of, AES.

2.10 PERMITS; COMPLIANCE WITH LAW.

(a) AES holds all valid and subsisting permits, certificates, licenses, approvals and other authorizations of governmental authorities (collectively, "Permits") as are material to the conduct of the Business, is in compliance in all material respects with the terms of each thereof, has made all notifications and applications to governmental authorities required under law to continue its material manufacturing operations and has not received any notice or claim pertaining to the failure to obtain any such Permit, except for instances or notices of noncompliance which would not. Except as set forth in Item 2.10(a) of the Disclosure Schedule, no such Permits will terminate as of a result of the transactions contemplated by this Agreement. Except for violations that, individually or in the aggregate, do not and are not likely to have a Material Adverse Effect, AES's business has not been, and is not being, conducted in violation of any law, ordinance, rule or regulation.

(b) The structures and equipment, whether owned or leased, which are currently used by AES conform to all applicable laws, orders, regulations, ordinances or governmental or contractual requirements relating to their construction, use and operation, except any such instances of noncompliance as do not, singly or in the aggregate, have a Material Adverse Effect.

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2.11 TAXES.

(a) AES has filed all federal, state, provincial, local and foreign returns, notices, reports and computations which were required to be filed prior to the date hereof in respect of all income, withholding, franchise, payroll, excise, property, value-added, sales, use or other taxes, duties or assessments (together with any related penalties, fines or interest, "Taxes"), each such return and report is complete and accurate in all material respects, and AES has paid or made provision in the Interim Balance Sheet or, since September 30, 1993, in its books and records for (i) payment of all Taxes (and any related penalties, fines and interest) shown to be due on such returns or reports, (ii) assessments received with respect thereto, and (iii) any Taxes which otherwise may be due with respect to periods ending on or prior to September 30, 1993. AES has not received notice of any claims pending or threatened for taxes against AES or any of its subsidiaries for periods ending on or before September 30, 1993 in excess of the amounts reflected in the Interim Balance Sheet.

(b) The amount of all accrued and unpaid federal and state franchise and income Taxes of AES, calculated in accordance with GAAP consistently applied and FASB 109 thereunder (which represents a change from APB 11, the method used in preparing the March 31, 1993 Financial Statements), was not more than \$450,000 as of September 30, 1993. In the event that the foregoing representation proves incorrect, Sensormatic shall be entitled to a dollar-for-dollar reimbursement pursuant to Section 8 hereof of any excess of such accrued and unpaid Taxes over \$450,000, payable promptly following the Closing, which reimbursement shall be made pro rata by the Selling Stockholders on the basis of their respective Stockholder Percentages.

(c) AES is not a party to any agreement characterized as a lease under Internal Revenue Code ("Code") Section 168(f)(8) (safe harbor leases) at any time in effect. Neither AES nor any of its predecessors has made a consent under Code Section 341(f)(1) or agreement under Code Section 341(f)(3)(B) (shareholder relief from collapsible corporation rules) (or any comparable state income tax provision) consenting or agreeing to have the provisions of Section 341(f)(2) of the Code (or any comparable state income tax provision) apply to any disposition of any of the Company's assets or property. AES never been an "S" corporation and no "S" election has ever been filed with respect to AES. AES is not acting as a nominee or a trustee for any person, corporation, partnership, trust or estate.

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2.12 EMPLOYEE BENEFITS.

(a) The Profit Sharing Plan of AES (the "Profit Sharing Plan") is the only "employee pension benefit plan" (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) maintained by AES or to which AES has any liability or obligation. Set forth in Item 2.12(a) of the Disclosure Schedule is a list of all "employee welfare benefit plans" (as defined in Section 3(1) of ERISA) and all other bonus, pension, profit sharing, deferred compensation, stock ownership, stock bonus, stock option, phantom stock, retirement, vacation, disability, death benefit, unemployment, hospitalization, medical, severance, or other plan, agreement, arrangement or understanding providing benefits to any current or former employee, officer or director of AES or to which AES has any liability or obligation (all such plans, agreements, arrangements and understandings referred to in this Section 2.12(a) being hereinafter referred to as the "AES Benefit Plans"). AES has delivered to Sensormatic true, complete and correct copies of (w) each AES Benefit Plan and any amendments thereto (or, in the case of any unwritten AES Benefit Plans, descriptions thereof), (x) annual reports on Form 5500 for the past three years (together with accompanying financial statements) filed with the Internal Revenue Service or Department of Labor, as applicable, with respect to each AES Benefit Plan (if any such report was required), (y) all summary plan descriptions for each AES Benefit Plan for which such summary plan description is required or otherwise available and (z) each trust agreement and group annuity contract relating to any AES Benefit Plan. Except as set forth in Item 2.12(a) of the Disclosure Schedule, AES has not terminated any AES Benefit Plan previously in effect. No AES Benefit Plan provides for post-retirement medical benefits.

(b) The accrued obligations of AES under all AES Benefit Plans are reflected on the Interim Balance Sheet as of its date and on the books of AES for periods thereafter up to the Closing Date.

(c) Each AES Benefit Plan and any related trust complies currently, and has complied at all times in the past, both as to form and operation, in all material respects with the terms of such AES Benefit Plan and with the applicable provisions of ERISA, the Internal Revenue Code of 1986, as amended, and other applicable laws. All necessary government approvals for each AES Benefit Plan have been or will be obtained on a timely basis.

(d) A determination letter has been obtained with respect to the Profit Sharing Plan (and a copy furnished to

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Sensormatic) and has not been revoked. All contributions of AES required by the Profit Sharing Plan have been made by AES or properly accrued and reflected on the Interim Balance Sheet. With respect to the Profit Sharing Plan, (i) the financial statements of the Profit Sharing Plan, as of the close of its most recent Plan year for which financial statements are available, present fairly the financial condition of such Plan for such plan year; (ii) no "prohibited transaction" (as defined in Section 406 of ERISA) resulting in liability of AES has occurred; (iii) no breach of fiduciary responsibility under Part 4 of Title I of ERISA resulting in liability of AES has occurred; and (iv) the Profit Sharing Plan is qualified under Code Section 401 and the trusts maintained pursuant thereto are exempt from federal income taxation under Code Section 501.

(e) AES does not maintain, and has no obligation to, any "multi-employer plan" (as such term is defined in Section 4001(a)(3) of ERISA). AES has no liability (contingent or otherwise) with respect to any terminated AES Benefit Plan. AES is not a member of and does not have any liability with respect to a controlled group of corporations or a trade or business (whether or not incorporated) under common control which, together with AES, is or was at any time treated as a single employer under Section 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA.

2.13 LITIGATION. Except as described in Item 2.13 of the Disclosure Schedule, there is no claim, action, suit, proceeding, investigation or

criminal proceeding, at law or in equity, before any national, state or provincial, local or other governmental authority, court, arbitration tribunal or other forum (collectively, "Proceedings") pending or, to AES's knowledge, threatened against AES which, if adversely determined, would, singly or in the aggregate, have a Material Adverse Effect or would materially adversely affect consummation of the transactions contemplated by this Agreement, or which challenges the validity or propriety of the transactions contemplated by this Agreement. Item 2.13 of the Disclosure Schedule contains a list of all Proceedings to which AES is a party or to which AES or the Assets are subject. To the knowledge of AES, there is no material outstanding and unsatisfied judgment, order, writ, ruling, injunction, stipulation or decree of any court, arbitrator or governmental authority against or relating to AES or its assets.

2.14 AGREEMENTS AND COMMITMENTS.

(a) Set forth in Item 2.14 of the Disclosure Schedule is a complete list of all of the following instruments to which AES is a party ("Listed Instruments"): (i) each employ-

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ment, consulting, severance or other agreement (including any "golden parachute" or similar arrangement) with any employee, consultant, sales or manufacturers representative, officer, director or stockholder of AES (or any company which is controlled by any such individual) whose total rate of annual remuneration, including the fair market value of all non-cash "personal benefits" received by any such individual or company, exceeds \$40,000, and all employment and other agreements with any such individual or company which provide total aggregate compensation thereunder in excess of \$75,000; (ii) each lease requiring the payment of rentals aggregating at least \$20,000 per annum, pursuant to which real or personal property is held under lease, or leased to any person by AES (other than leases of its products to customers in the ordinary course of business); (iii) each loan, guaranty or other agreement or instrument evidencing indebtedness for monies borrowed by or credit available to AES, or any guaranty of an obligation by AES; (iv) each distribution, dealership, franchise, sales agency or similar agreement to which AES is a party; (v) each manufacturing or supply agreement to which AES is a party (other than Installation Contracts listed under Section 2.6(d)); (vi) each partnership, joint venture, shareholders or similar agreement to which AES or any of the Selling Stockholders (in their capacity as such) is a party; (vii) each agreement or understanding relating to the acquisition by AES or any Intellectual Property (as such term is defined in Section 2.15) or any rights therein, or the grant by AES of any rights therein (including by license in either case), or any consulting or other services provided by any person with respect thereto; (viii) each research, development and technical assistance agreement; (ix) any covenants not to compete or similar restrictions on the conduct of the Business; and (x) each other contract, commitment or understanding to which AES is a party (and which is not disclosed in any other Item of the Disclosure Schedule or in the Notes) and which (A) involves in excess of \$50,000, (B) has a term of one year or more and is not terminable without further liability, penalty or premium or (C) was entered into other than in the ordinary course of business.

Except as set forth in the applicable Item of the Disclosure Schedule, (x) a true and complete copy of each written Listed Instrument has been furnished to Sensormatic, (y) the consummation of the transactions contemplated by this Agreement will not cause any of the Listed Instruments or, to the knowledge of the Principal Stockholders, the Installation Contracts to terminate or give any party thereto the right to terminate or renegotiate the same, and (z) AES is not in breach or default in any material respect under any of the Listed Instruments or Installation Contracts. Neither AES nor any of the Principal Stockholders has any knowledge of any

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other material breach or default under any Listed Instrument or Installation Contract by any other party thereto or by any other person, firm or corporation bound thereby.

(b) AES is not a party to any union or collective bargaining contracts with respect to any employees of AES and there has not been, nor has AES received written notice threatening, any representational or organizational activity, strike, slowdown, picketing or work stoppage by any union or other group of employees against AES.

2.15 INTELLECTUAL PROPERTY. Except as set forth in Item 2.15 of the Disclosure Schedule, none of the products or services sold or otherwise furnished by AES or the conduct of the Business infringes any patent, trademark, trade secret or other proprietary right (collectively, "Intellectual Property") of any third party. AES has not received any claims that it or its Intellectual Property has infringed the rights of others, and neither AES nor either of the Principal Stockholders is aware of any infringement of AES's Intellectual Property by others.

2.16 ENVIRONMENTAL MATTERS.

(a) Set forth in Item 2.16 of the Disclosure Schedule is a true and complete list of any environmental reports and studies performed by or for AES with respect to any of the Realty (the "Environmental Reports"). True and complete copies of any such Environmental Reports have been collected by AES and made available to Sensormatic.

(b) Except as set forth in the Environmental Reports or in Item 2.16 of the Disclosure Schedule, neither AES nor, to the knowledge of AES, any other person has ever caused or permitted any Hazardous Material (as hereinafter defined) to be spilled, released, discharged or disposed of on, under or at the Realty or any part thereof other than in the ordinary course of business and in compliance with all laws (and rules and regulations thereunder), ordinances, Permits, guidelines, orders and consent decrees of any applicable federal, state, local or foreign government (or agency thereof) concerning the disposal, release or threatened release of hazardous substances, public health and safety, or pollution or protection of the environment (collectively, "Environmental Laws"). The Realty has never been used by AES or, to the knowledge of AES, by any other person as a dump site or storage site (whether permanent or temporary) for any Hazardous Material, except for temporary storage of Hazardous Material used or generated in the ordinary course of business and generated, used, stored and disposed of in accordance with all applicable Environmental Laws. For all purposes of this

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Agreement, "Hazardous Material" shall mean any pollutants, contaminants, chemicals, or industrial toxic or hazardous substance or material defined as such in (or for purposes of) the Environmental Laws, including, without limitation, any waste constituents coming within the definition or list of hazardous substances in 40 C.F.R. Section 261.1 through 261.33.

(c) Except as set forth in Item 2.16 of the Disclosure Schedule, neither AES nor, to the knowledge of AES and the Principal Stockholders, any other person has ever caused or permitted any Hazardous Material to be placed, held, handled or located on, under or at the Realty or any part thereof other than in the ordinary course of business and in compliance with all Environmental Laws.

(d) Except as set forth in the Environmental Reports, the Realty does not have any environmentally sensitive areas (such as wetlands, floodplains and stream corridors) that restrict the current or contemplated uses of the Realty.

(e) Except as set forth in the Environmental Reports furnished to Sensormatic and in Item 2.16 of the Disclosure Schedule, AES has not received any complaint, order, citation or other notice from any governmental authority (including, without limitation, the Environmental Protection Agency) of any misuse, spill, discharge or other release of any Hazardous Material by AES or affecting the Realty, or any violation or alleged violation of any

2.17 SUPPLIERS AND CUSTOMERS. Set forth in Item 2.17 of the Disclosure Schedule is a list of all suppliers (including assemblers or manufacturers of component or finished products) and customers accounting for 5% or more of AES's annual purchases and sales, respectively. AES has adequate sources of supply for all products or the components thereof. The relationship of AES with such suppliers and customers is good and there has been no expression of any intention to terminate or materially modify any of such relationships.

2.18 INSURANCE. All of the insurable assets of AES are adequately insured for AES's benefit against loss or damage by theft, fire and all other hazards and risks of a character usually insured against by persons operating similar properties in the localities where such properties are located, under valid and enforceable policies issued by insurance carriers of substantial assets and recognized responsibility in amounts sufficient to prevent the insured from becoming a co-insurer within the terms of such policies. All such policies of insurance are in full force and effect on

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the date hereof in accordance with their terms, and neither AES nor Stockholder has received notice of termination of any such policies.

2.19 BANK ACCOUNTS, ETC. AES has heretofore furnished Sensormatic with a true, correct and complete list of (a) all accounts and credit arrangements maintained by AES, and all persons authorized to sign or act on behalf of seller with respect thereto, and all safe deposit boxes and other similar custodial arrangements and (b) the names of all persons holding powers of attorney from AES or otherwise authorized to act on behalf of AES with respect to any matters and a summary of the terms thereof.

2.20 SENSORMATIC COMMON STOCK NOT REGISTERED. The Selling Stockholders receiving Sensormatic Common Stock recognize and agree that such stock has not been registered under the Securities Act or any applicable state securities or "blue sky" laws, and that such stock may not be resold absent such registration, or pursuant to an opinion of counsel acceptable to counsel for Sensormatic to the effect that such resale would be permitted pursuant to an exemption from registration. If the Registration Statement has not become effective as of or prior to the Closing, the foregoing limitation shall be reflected in a legend on the certificates representing the Closing Date Shares until such time as the Registration Statement becomes effective.

2.21 MISCELLANEOUS. All representations and warranties of AES and the Selling Stockholders set forth in this Agreement and all information set forth by AES and the Selling Stockholders in the Disclosure Schedule or any schedules or exhibits hereto or thereto, were, as of the date of which they were made or given, true and complete in all material respects and no such representation, warranty or information contains or contained any untrue statement of a material fact or, to the knowledge of the Principal Stockholders, omits or omitted to state any material fact necessary in order to make such representation or warranty, in light of the circumstances under which it is or was made, not false or misleading. Any disclosure made pursuant to any of the representations in this Section 2 shall be deemed to have been made for purposes of any other such representations.

2.22 INFORMATION SUPPLIED. In the event that the Registration Statement is filed by Sensormatic pursuant to Section 1.4, none of the information to be supplied by or on behalf of AES or any Selling Stockholder for inclusion or incorporation by reference in the Registration Statement, including any amendments or supplements thereto, shall, at the time the Registration Statement becomes effective under the

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Securities Act, or, in the case of any subsequent amendment or supplement thereto, the date thereof, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

3. REPRESENTATIONS AND WARRANTIES OF SENSORMATIC. Sensormatic hereby represents and warrants to the Selling Stockholders, as of the date hereof and as of the Closing Date, as follows:

3.1 DUE INCORPORATION AND QUALIFICATION. Sensormatic is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, with full corporate power and authority to own, lease and operate its properties and to carry on its businesses in the places and in the manner currently conducted. Sensormatic is qualified to do business and is in good standing as a foreign corporation in each jurisdiction in which the nature of the activities conducted by it or the character of the properties owned or leased by it makes such qualification necessary and the failure to so qualify would have a material adverse effect on the business, financial condition or results of operations of Sensormatic and its subsidiaries, considered as a whole.

3.2 AUTHORITY; DUE AUTHORIZATION; VALID OBLIGATION. Sensormatic has all requisite corporate power and authority to execute and deliver this Agreement and the Ancillary Agreements and to consummate the transactions contemplated hereby and thereby. Subject to Section 5.9, Sensormatic has taken all corporate action necessary for the execution and delivery by it of this Agreement and the Ancillary Agreements and for the consummation of the transactions contemplated hereby and thereby, and this Agreement constitutes the valid and binding obligations of Sensormatic, enforceable against Sensormatic in accordance with their respective terms, except as may be limited by principles of equity or by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally.

3.3 NO CONFLICTS OR DEFAULTS. The execution and delivery of this Agreement and the Ancillary Agreements by Sensormatic and the consummation of the transactions contemplated hereby and thereby do not and shall not (a) contravene the Certificate of Incorporation or By-Laws of Sensormatic or (b) with or without the giving of notice or the passage of time, or both, (i) violate or conflict with, or result in a breach of, or a default or loss of rights under, any material agreement, mortgage, indenture, lease, instrument, permit or license to which Sensormatic is a party or by which either of

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it or any material portion its assets are bound, or any judgment, order, decree, law, rule or regulation to which it or any material portion of its assets are subject, (ii) result in the creation of, or give any party the right to create, any Lien upon any material portion of its assets, or (iii) terminate or give any party the right to terminate, abandon or refuse to perform any agreement, arrangement or commitment to which Sensormatic is a party or by which it or any material portion of its assets is bound, except any such violation conflict, breach, default, loss of rights, Lien, termination or failure of performance referred to in this clause (b) as will not, singly or in the aggregate, materially adversely affect the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements.

3.4 AUTHORIZATIONS. No authorization, approval, order, license, permit or consent of, or filing or registration with, any court or governmental authority, or consent of any other party (other than the Registration Statement) is required in connection with the execution, delivery and performance by Sensormatic or Sensormatic of this Agreement, except for such authorizations, approvals, licenses, permits, consents, filings or registrations as are obtained by the Closing Date or which, if not obtained or made, the failure to obtain or make would not materially adversely affect the consummation of the transactions contemplated by this Agreement.

3.5 LITIGATION. There are no Proceedings pending against Sensormatic, and Sensormatic has not received notice of any threatened Proceedings, which, if adversely determined, would, singly or in the aggregate, materially adversely affect consummation of the transactions contemplated by this Agreement or the Ancillary Agreements, or which challenges the validity or propriety of the transactions contemplated by this Agreement or the Ancillary Agreements.

3.6 INVESTMENT INTENTION. Sensormatic is acquiring the Stock for investment purposes only, and not with a view to, or for resale in connection with, any offering or distribution thereof. Sensormatic recognizes and agrees that the Stock has not been registered under the Securities Act or applicable state securities or "blue sky" laws, and that the Stock may not be resold absent such registration or pursuant to an exemption therefrom. If requested by the Selling Stockholders, the foregoing restriction will be reflected in a legend on the certificates representing the Stock delivered at Closing.

3.7 REGISTRATION STATEMENT; COMMON STOCK. The information included or incorporated by reference in the

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Registration Statement shall, at the time the Registration Statement becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except that no representation or warranty is made by Sensormatic with respect to statements made or incorporated by reference in the Registration Statement based upon information supplied by AES or the Selling Stockholders for inclusion therein. Any Sensormatic Common Stock issued pursuant to Section 1.4 will have been duly authorized and validly issued, will be fully paid and non-assessable and will not be issued in violation of any preemptive rights.

3.8 MISCELLANEOUS. All representations and warranties of Sensormatic set forth in this Agreement and all information set forth by Sensormatic in any schedules or exhibits hereto or thereto were, as of the date on which they were made or given, true and complete in all material respects and no such representation, warranty or information contains or contained any untrue statement of a material fact or, to Sensormatic's knowledge, omits or omitted any material fact necessary in order to make such representation or warranty, in light of the circumstances under which it is made, not false or misleading. Any disclosure made pursuant to any of the representations in this Section 3 shall be deemed to have been made for purposes of any other such representations.

4. PRE-CLOSING AGREEMENTS.

4.1 PRESERVE AES'S BUSINESS. Between the date of this Agreement and the Closing Date, AES shall (and the Principal Stockholders shall cause AES to), in all material respects, (a) preserve substantially intact the business organization of AES and use reasonable best efforts to keep available the services of AES's present officers and key employees and preserve AES's present relationships with persons having significant business relations therewith, and (b) conduct AES's Business only in the ordinary course. Without limiting the generality of the foregoing, AES shall not, without the prior written consent of Sensormatic in each instance, (i) issue or commit to issue any AES Shares or other capital stock, (ii) sell, or grant or commit to grant any options, warrants or other rights to subscribe for or purchase, any Stock or other capital stock, (iii) declare, set aside, or pay any dividend with respect to any Stock or other capital stock or make any distribution of capital, (iv) directly or indirectly redeem, purchase or otherwise acquire or commit to acquire any Stock or other capital stock or other ownership interest of AES or any other party, (v) effect a

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split or reclassification of its capital stock, or a recapitalization, (vi) amend its Certificate of Incorporation or By-laws, (vii) make or grant any wage or salary increases or any bonuses other than pursuant to pre-existing commitments, or enter into or amend any material employment, consulting, agency, personal services, compensation or severance agreement or arrangement with any party, (viii) enter into any material transaction, contract or commitment other than in the ordinary course of business, (ix) incur or commit to incur a material amount of additional indebtedness (other than under any existing bank lines of credit), or (x) sell, encumber or otherwise dispose of any material properties or assets. AES shall use its best efforts to maintain in full force and effect insurance policies providing coverage and amounts of coverage comparable to the coverage and amounts of coverage provided under the policies of insurance now in effect for AES.

4.2 PRESERVE ACCURACY OF REPRESENTATIONS AND WARRANTIES; UPDATES. Between the date of this Agreement and the Closing Date, each of AES, the Selling Stockholders and Sensormatic shall refrain from taking, without the prior written consent in each instance of Sensormatic or the Selling Stockholder Representative, as applicable, any action which would render any of the representations or warranties set forth in Sections 2 or 3 inaccurate in any material respect as of the Closing Date, and shall notify the other promptly of the occurrence of any matter, event or change in circumstances known to it after the date hereof that would have been required to be disclosed by it hereunder if it had occurred on or prior to the date hereof. Between the date of this Agreement and the Closing Date, AES shall supply to Sensormatic or its representatives, on a monthly basis, copies of all internally generated sales reports and financial statements, and such additional financial and business information as may be required by this Agreement or as they may otherwise reasonably request, which shall be prepared in a manner consistent with the manner in which they are now prepared.

4.3 FURTHER INVESTIGATION. Between the date of this Agreement and the Closing Date, AES shall (and the Selling Stockholders shall cause AES to) give to Sensormatic and its representatives full access during normal business hours, on reasonable prior notice, to all of its premises, files, books, records and employees and shall cause their officers, employees and representatives to furnish such financial and operating data and other information with respect to their respective businesses as any of the other parties shall from time to time request; provided, however, that any such investigation shall be conducted in such manner as not to interfere unreasonably with the operation of AES's business.

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No such investigation shall impair or affect any representation or warranty, or any right to indemnification, under this Agreement. If the transactions contemplated by this Agreement are not consummated, each of the parties shall return all confidential information and copies and derivations thereof to the party from which it originated.

4.4 CONSENTS, WAIVERS AND FILINGS. Upon the terms and subject to the conditions set forth in this Agreement, AES, the Selling Stockholders and Sensormatic shall use their respective best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things, reasonably necessary or desirable to consummate in an expeditious manner the transactions contemplated by this Agreement. Without limiting the foregoing, the parties shall cooperate to obtain from all relevant third parties and governmental authorities all consents and waivers to, and permits, authorizations and licenses for, the transactions contemplated by this Agreement that may be required under any agreement, lease, financing arrangement, license, Permit or other instrument or under any applicable law, rule or regulation, and to obtain and file appropriate registrations and transfers of Intellectual Property. Further in that connection, the parties note that the various agreements and schedules (including the Disclosure Schedule) contemplated by this Agreement have not been prepared or completed as of the date hereof, and agree to supply promptly

and fully all schedules and other information contemplated by this Agreement to be supplied by them and not supplied as of the date hereof.

4.5 NO SOLICITATION. Neither AES nor any Selling Stockholder shall, directly or through any other party, negotiate or conclude an agreement with any other party for a merger, or sale of the securities, of AES or for the sale or other disposition of the business or assets of AES (other than the sale of inventory in the ordinary course of business), or enter into any discussions with any other party for such purposes or knowingly take any other action that might materially prejudice the consummation of the transactions contemplated hereby, unless and until this Agreement is terminated prior to the Closing in accordance with Section 9.1.

4.6 AES BENEFIT PLANS. AES shall cooperate with if Sensormatic reasonably requests any termination, transfers or other actions reasonably requested by Sensormatic with respect to the AES Benefit Plans.

4.7 INSURANCE MATTERS. The parties shall cooperate to preserve existing insurance coverage of AES through and

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29 following the Closing and to effect an appropriate transition to Sensormatic's insurance at the time of Closing.

5. CONDITIONS TO THE OBLIGATIONS OF SENSORMATIC. The obligations of Sensormatic under Section 1 of this Agreement are subject to the satisfaction, on or prior to the Closing Date, of the following conditions:

5.1 DUE PERFORMANCE. AES and the Selling Stockholders shall have performed in all material respects all obligations required by this Agreement to be performed by them on or prior to the Closing Date.

5.2 ACCURACY OF REPRESENTATIONS AND WARRANTIES. All representations and warranties of AES and the Selling Stockholders set forth in this Agreement shall be true and correct in all material respects on and as of the Closing Date as though made on and as of the Closing Date.

5.3 CERTIFICATE OF STOCKHOLDERS. Sensormatic shall have received a certificate executed by each of the Principal Stockholders, to the effect set forth in Sections 5.1 and 5.2, with respect to AES's and the Selling Stockholders' representations and warranties and due performance of and compliance with their respective obligations and conditions.

5.4 CORPORATE ACTION. Sensormatic shall have received copies of the resolutions of AES's Board of Directors, certified by the Secretary or Assistant Secretary of AES, approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

5.5 LEGAL OPINION. Sensormatic shall have received an opinion of Spafford, Gay, Ferro & Ivy, counsel for AES, dated the Closing Date, reasonably satisfactory in form and substance to counsel for Sensormatic and covering the matters set forth on Schedule 5.5.

5.6 CERTIFICATES REPRESENTING THE STOCK. Each of the Selling Stockholders shall have delivered to Sensormatic certificates representing all of the Stock owned by him or her, duly endorsed or accompanied by properly executed stock powers for transfer.

5.7 NON-COMPETITION AND ASSIGNMENT AGREEMENT; EMPLOYMENT AGREEMENT. Each of the Principal Stockholders and Stephen Fisher shall have executed and delivered agreements as to confidentiality, non-competition and assignment of intellectual property (collectively, the "Non-Competition and Assignment Agreements") and employment agreements (the

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"Employment Agreements") substantially in the respective forms previously initialled by them and Sensormatic.

5.8 COMPLETION OF DUE DILIGENCE. Sensormatic shall have completed its due diligence investigation of AES and shall be satisfied with the results thereof, provided, that Sensormatic will be deemed to be so satisfied (and this condition waived) if AES is not notified to the contrary by Sensormatic in writing on or before January 17, 1994.

5.9 BOARD OF DIRECTORS APPROVAL. The Board of Directors or Executive Committee of Sensormatic shall have approved the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

5.10 EMPLOYEE RECEIVABLES. Except as set forth in Schedule 5.10 hereof, all outstanding receivables due to AES from its employees, officers, directors or Selling Stockholders shall have been repaid.

5.11 NO CLAIMS. No legislation, regulation, claim, action, suit, investigation or proceeding shall be enacted, adopted, pending or threatened against AES or Sensormatic which, if enacted, adopted or adversely determined, might (a) prevent or hinder consummation of the transactions contemplated by this Agreement, (b) result in the payment by AES or Sensormatic of substantial damages as a result of the transactions contemplated hereby or (c) have a Material Adverse Effect or a material adverse effect on the business, financial condition or results of operations of Sensormatic and its subsidiaries considered as a whole.

5.12 GOVERNMENTAL ACTION. Sensormatic and AES shall have received all authorizations, orders, grants, confirmations, consents, permits and approvals necessary in respect of the transactions contemplated by this Agreement from all relevant governments and governmental authorities and agencies and supranational or trade agencies and regulatory bodies, without the imposition of any materially burdensome conditions or restrictions, and all thereof shall continue to be in full force and effect at the Closing Date. Neither AES, Sensormatic nor any Selling Stockholder shall have received notice from any court or governmental authority, board, agency, commission or instrumentality of its intention to (i) institute any action or proceeding to restrain, enjoin, nullify or render ineffective this Agreement or the transactions contemplated hereby, or (ii) commence any investigation into the consummation of this Agreement and the transactions contemplated hereby, which would make it inadvisable to consummate such transactions.

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5.13 CONSENTS AND WAIVERS. All consents listed in Item 2.5 of the Disclosure Schedule and all further consents, waivers, permits and licenses from third parties to the consummation of the transactions contemplated by this Agreement required under any agreement, lease, license or other instrument or under any applicable law, rule or regulation, shall have been obtained.

5.14 SATISFACTION OF COUNSEL. All actions, proceedings, instruments, documents and other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory to counsel for Sensormatic.

5.15 RESIGNATIONS. The Principal Stockholders shall have resigned as directors of AES.

6. CONDITIONS TO THE OBLIGATIONS OF STOCKHOLDERS. The obligations of the Selling Stockholders under Section 1 of this Agreement are subject to the satisfaction, on or prior to the Closing Date, of the following conditions:

6.1 DUE PERFORMANCE. Sensormatic shall have performed in all material respects all obligations required by this Agreement to be performed by it on or prior to the Closing Date.

6.2 ACCURACY OF REPRESENTATIONS AND WARRANTIES. All representations and warranties of Sensormatic set forth in this Agreement shall be true and correct in all material respects at and as of the Closing Date.

6.3 OFFICERS' CERTIFICATE. The Selling Stockholders shall have received a certificate executed by a Vice President of Sensormatic to the effect set forth in Sections 6.1 and 6.2 with respect to Sensormatic's representations and warranties and due performance of and compliance with its obligations and conditions.

6.4 CORPORATE ACTION. The Selling Stockholders shall have received copies of the resolutions of Sensormatic's Board of Directors, or the Executive Committee of Sensormatic, certified by the Secretary or an Assistant Secretary of Sensormatic, approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

6.5 LEGAL OPINION. AES and the Selling Stockholders shall have received an opinion of Christy & Viener, counsel for Sensormatic, dated the Closing Date, reasonably

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satisfactory in form and substance to counsel for AES and covering the matters set forth in Schedule 6.5.

6.6 EMPLOYMENT AGREEMENTS. Sensormatic and/or AES, as applicable, shall have executed and delivered the Ancillary Agreements.

6.7 NO CLAIMS. No legislation, regulation, claim, action, suit, investigation or proceeding shall be enacted, adopted, pending or threatened against AES, Sensormatic or any Selling Stockholder which, if enacted, adopted or adversely determined, might (a) prevent or hinder consummation of the transactions contemplated by this Agreement, or (b) result in the payment by AES or the Selling Stockholders collectively of substantial damages as a result of the transactions contemplated hereby.

6.8 GOVERNMENTAL ACTION. Neither AES, the Selling Stockholders nor Sensormatic shall have received notice from any court or governmental authority, board, agency, commission or instrumentality of its intention to institute any action or proceeding to restrain, enjoin, nullify or render ineffective this Agreement or the transactions contemplated hereby.

6.9 SATISFACTION OF COUNSEL. All actions, proceedings, instruments, documents and other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory to counsel for the Selling Stockholders.

6.10 AGGREGATE PURCHASE PRICE AND NON-COMPETITION CONSIDERATION. Sensormatic shall have delivered the Aggregate Purchase Price to the Selling Stockholders in accordance with Section 1 and the respective amounts contemplated by the Non-Competition and Assignment Agreement to the applicable persons thereunder.

7. WAIVER OF CONDITIONS. Each of the parties hereto shall have the right to waive, in whole or in part, any of the conditions to its performance set forth in this Agreement and, upon such waiver, the waiving party may proceed with the consummation of the transactions contemplated hereby, it being expressly understood that such waiver shall not constitute a waiver of any right which such party may have by reason of the breach by the other party of any representation, warranty or agreement contained herein, or by reason of any misrepresentation made by such other party herein.

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8. INDEMNIFICATION.

8.1 GENERAL -- SELLING STOCKHOLDERS. The Principal Stockholders, jointly and severally, and the remaining Selling Stockholders, severally and in proportion to their respective Stockholder Percentages, shall indemnify, defend and hold harmless Sensormatic and AES from and against any loss, damage, liability or expense (including reasonable attorneys' fees and disbursements) (collectively "Damages") (i) arising out or connected with any breach or inaccuracy of any representation, warranty or covenant of AES or any Selling Stockholder contained in this Agreement or in any certificate or other instrument or document delivered pursuant to or in connection with this Agreement, or (ii) any tort, products liability or general liability claim arising out of or connection with the operation of the Business on or prior to the Closing Date, to the extent not reserved against on the Interim Balance Sheet; subject, however, to the limitations set forth in Section 8.5.

8.2 PROCEEDINGS -- THE SELLING STOCKHOLDERS. Sensormatic shall give to the Selling Stockholder Representative prompt notice of any claim, action, suit or proceeding which Sensormatic believes might give rise to indemnification under Sections 8.1. The Selling Stockholder Representative, on behalf of himself or herself and the other Selling Stockholders, shall have the right to participate in, and, with the consent of Sensormatic, which consent shall not be unreasonably withheld, to control, the defense against any such claim, action, suit or proceeding, at their expense, and with counsel of their own choosing reasonably acceptable to Sensormatic; provided, however, that the Selling Stockholders shall not have the right to control such defense in the case of any claim, action, suit or proceeding respecting any patents, patent rights, copyrights or other proprietary rights or with respect to which an adverse outcome could have a material adverse effect on the business, results of operations or financial condition of Sensormatic, in which case Sensormatic shall have the right to direct any such defense with counsel of its own choosing. No settlement or compromise of any such claim, action, suit or proceeding shall be made without the prior consent of Sensormatic and the Selling Stockholder Representative (on behalf of himself or herself and the other Selling Stockholders), which consent shall not be unreasonably withheld by either of them.

8.3 PURCHASER AND SENSORMATIC'S INDEMNIFICATION. Sensormatic shall indemnify, defend and hold harmless the Selling Stockholders from and against any Damages arising out or connected with any breach or inaccuracy of any representation, warranty or covenant of Sensormatic contained in this

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Agreement or in any certificate or other instrument or document delivered pursuant to or in connection with this Agreement; subject, however, to the limitations set forth in Section 8.5. The Stockholder Representative shall give Sensormatic prompt notice of any claim, action, suit or proceeding which they believe might give rise to indemnification under this Section 8.5. Sensormatic shall have the right to participate in, and, with the consent of Stockholder, which consent shall not be unreasonably withheld, to control, the defense against any such claim, action, suit or proceeding, at its expense, and with counsel of its own choosing reasonably acceptable to Stockholder. No settlement or compromise of any such claim, action, suit or proceeding shall be made without the prior consent of Sensormatic and the Stockholder Representative (on behalf of himself or herself and the Selling Stockholder), which consent shall not be unreasonably withheld by either of them.

8.4 RELATED COSTS AND EXPENSES. Each indemnifying party hereto shall, in addition to such indemnifying party's obligations under Section 8.1 or 8.3, as applicable, indemnify and hold harmless the indemnified party hereto from, against and in respect of any and all actions, suits, proceedings, demands, assessments, judgments, settlements, costs (including reasonable attorneys' fees and disbursements) and legal and other expenses of the indemnified party incident to any matter as to which the indemnified party is entitled to indemnification under such Sections, or incident to any allegations or claims which, if true, would give rise to Damages subject to indemnification thereunder, or incident to the enforcement by the indemnified party of this

8.5 LIMITATIONS ON INDEMNIFICATION. No payment shall be required to be made by the Selling Stockholders pursuant to Section 8.1 or by Sensormatic pursuant to Section 8.3 unless the amount of damages suffered by the party claiming indemnification in connection with such claim, together with all claims asserted therewith or previously asserted under this Section 8 by any of them, in the aggregate exceeds \$30,000 in the aggregate; provided, however, that the foregoing limitation shall not apply to the obligations of the parties under Sections 1 or 9.7 or under the Non-Competition and Assignment Agreement, or to the representations of the Selling Stockholders (or any related indemnification) under Sections 2.6(g) (net worth) or 2.11(b) (accrued taxes). No right to indemnification may be asserted under this Section 8 after the second anniversary of the Closing Date, except any such rights to indemnification (i) arising under or in connection with any matter referred to in Sections 2.11, 2.12, or 2.16, none of which shall be subject to any time limitation other than any statutes of limitation applicable to such

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matters, (ii) arising pursuant to Section 9.7, or (iii) arising out of or in connection with any claim as to which the notice required by Section 8.2 or 8.3, as applicable, has been given on or prior to the second anniversary of the Closing Date. In no event shall the amount payable by the Selling Stockholders collectively pursuant to this Section 8 exceed the total amount received by the Selling Stockholders collectively pursuant to this Agreement and/or the Ancillary Agreements.

8.6 RIGHT OF OFFSET. Without limiting any other rights or remedies of Sensormatic with respect to any amount owed to it by any Selling Stockholder pursuant to this Section 8, Sensormatic shall have the right to set off such amount against any amount owed by Sensormatic or AES to such Selling Stockholder, however arising, including without limitation any wages or other amounts that may be owed to the applicable Selling Stockholders by Sensormatic or AES in connection with such individuals' employment.

9. MISCELLANEOUS.

9.1 TERMINATION. This Agreement may be terminated at any time prior to the Closing Date (a) by mutual written consent of the Selling Stockholder Representative and Sensormatic; (b) by either the Selling Stockholder Representative or Sensormatic, by written notice to the other, if the Closing shall not have occurred on or before February 15, 1994 (other than by mutual agreement of the parties or by reason of the default of the party seeking to terminate), provided, however, that such right to terminate shall be postponed by up to an additional 60 days at the option of either Sensormatic or the Selling Stockholder Representative if required to obtain any of the consents listed on Item 2.5 of the Disclosure Schedule; (c) by Sensormatic by written notice to the Selling Stockholders Representative given on or before January 17, 1994, if Sensormatic determines prior to such date that the conditions specified in Section 5.8 will not be met, or (d) by Sensormatic if Sensormatic determines that any portion of the Disclosure Schedule (or the lack thereof) following the date hereof is unacceptable.

9.2 ENTIRE AGREEMENT. This Agreement, together with the schedules hereto, the Disclosure Schedule and the exhibits thereto and the Ancillary Agreements, sets forth the entire understanding of the parties with respect to its subject matter, merges and supersedes all prior and contemporaneous understandings of the parties hereto with respect to its subject matter, except any confidentiality agreements executed by AES and Sensormatic. Failure of any party to

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enforce any provision of this Agreement shall not be construed as a waiver of its rights under such or any other provision.

9.3 COMMUNICATIONS. All notices, consents and other communications given under this Agreement shall be in writing and shall be deemed to have been duly given (a) when delivered by hand or by Federal Express or a similar overnight courier to, (b) five days after being deposited in any United States post office enclosed in a postage prepaid registered or certified envelope addressed to, or (c) when successfully transmitted by telecopier (with a confirming copy of such communication to be sent as provided in (a) or (b) above) to, the party for whom intended, at the address or telecopier number for such party set forth below, or to such other address or telecopier number as may be furnished by such party by notice in the manner provided herein; provided, however, that any notice of change of address or telecopier number shall be effective only upon receipt.

If to Sensormatic:

Sensormatic Electronics Corporation
500 N.W. 12th Avenue
Deerfield Beach, Florida 33442
Attention: Terry Price
Telecopier number: 305-420-2829

With a copy to:

Christy & Viener
620 Fifth Avenue
New York, New York 10020
Attention: Anthony J. Carroll
Telecopier number: 212-632-5555

If to AES or the Selling Stockholders:

Pat and Steve McWethy (Marked "Confidential")
(Ms. McWethy being sometimes referred to herein as the "Selling
Stockholder Representative")
c/o Advanced Entry Systems, Inc.
1555 Valwood Parkway
Suite 150
Carrollton, Texas 75006

Telecopier number:

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With a copy to:

Spafford, Gay, Ferro & Ivy
1412 Main Street, Suite 210
Dallas, Texas 75202
Attention: Jimmy D. Ivy, Esq.

Telecopier number: 214-748-2506

The Selling Stockholder Representative may be changed by a notice given in accordance with this Section 9.3 and signed by both Principal Stockholders.

9.4 SUCCESSORS AND ASSIGNS. This Agreement shall be binding on, enforceable against and inure to the benefit of the parties hereto and their respective successors and permitted assigns, and nothing herein is intended to confer any right, remedy or benefit upon any other person. No party hereto may assign its rights or delegate its obligations under this Agreement without the express written consent of Sensormatic or AES, as applicable; provided, however, that Sensormatic may assign its rights and obligations under this Agreement to any wholly-owned subsidiary of Sensormatic, provided that Sensormatic remains a party to this Agreement.

9.5 PUBLIC ANNOUNCEMENTS. No public announcement or disclosure with respect to this Agreement and the transactions contemplated hereby prior to the Closing shall be made for or on behalf of any party without the prior approval of the other parties, except to the extent required by applicable securities laws or the rules and regulations of any stock exchange or otherwise required by law.

9.6 SURVIVAL OF REPRESENTATIONS, WARRANTIES AND AGREEMENTS. All representations and warranties made by any party hereto in this Agreement or in any document or certificate delivered pursuant hereto shall survive the Closing and shall be unaffected by any investigation made by or on behalf of any party hereto or by any notice of breach of, or failure to perform under, this Agreement which is not effectively waived pursuant to Section 7, subject, however, to the limitations on indemnification set forth in Section 8.5.

9.7 EXPENSES. Each of the parties hereto shall bear and pay, without any right of reimbursement from any other party, all costs, expenses and fees incurred by it or on its or his behalf incident to the preparation, execution and delivery of this Agreement and the performance of such party's obligations hereunder, whether or not the transactions contemplated by this Agreement are consummated, including, without limitation, the fees and disbursements of attorneys, account-

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ants and consultants employed by such party, and all brokers, investment bankers, finders and financial advisors retained or utilized by it, or otherwise acting on its behalf, in connection with the transactions contemplated by this Agreement, and shall indemnify and hold harmless the other parties from and against all such fees, costs and expenses. For purposes of the foregoing sentence, the fees, costs and expenses incurred by AES prior to the Closing Date in connection with the transactions contemplated by this Agreement shall be deemed to have been incurred for the benefit of, and shall be borne by, the Selling Stockholders.

9.8 RECORDS. The Selling Stockholders shall have the right to examine, use and make excerpts from any corporate minute books, books of account and other records and documents retained by AES in the ordinary course of its business following the Closing, during regular business hours following reasonable prior notice to AES in connection with preparation of tax returns and similar matters.

9.9 GOVERNING LAW. This Agreement shall in all respects be governed by and construed in accordance with the laws of the State of New York.

9.10 SAVINGS CLAUSE. If any provision of this Agreement is held to be invalid or unenforceable by any court or tribunal of competent jurisdiction, the remainder of this Agreement shall not be affected thereby, and such provision shall be carried out as nearly as possible according to its original terms and intent to eliminate such invalidity or unenforceability.

9.11 COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

9.12 CONSTRUCTION. Headings contained in this Agreement are for convenience only and shall not be used in the interpretation of this Agreement. References herein to the Agreement shall be deemed to include all Schedules (including the Disclosure Schedule) and Exhibits hereto, and references herein to Sections, Schedules and Exhibits are to the sections, schedules and exhibits of this Agreement. As used herein, the singular includes the plural, and the masculine, feminine and neuter gender each includes the others where the context so indicates.

9.13 CONSENT TO JURISDICTION. Each party hereto hereby irrevocably submits himself, herself or itself to the jurisdiction of any federal or state court sitting in New

York, New York, and hereby waives any and all objections it may have with respect to the jurisdiction of such forum or the inconvenience of such forum or venue, in connection with any action to enforce any provision of this Agreement or any of the Ancillary Agreements or any dispute or controversy arising hereunder or thereunder, and agrees that service may be served on him, her or it by mail, personal service or such other manner as may be permissible under the rules of the applicable jurisdiction.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

SENSORMATIC ELECTRONICS CORPORATION

By: /s/ Terry Price

Terry Price
Group Vice President

ADVANCED ENTRY SYSTEMS, INC.

By: /s/ Patricia M. McWethy

Patricia M. McWethy
President

/s/ Steven J. McWethy

Steven J. McWethy

/s/ Patricia M. McWethy

Patricia M. McWethy

/s/ Steven P. Fisher

Steven P. Fisher

/s/ David J. Dyehouse

David J. Dyehouse

/s/ Donald D. Prouse

Donald D. Prouse

CHRISTY & VIENER
620 FIFTH AVENUE
NEW YORK, NEW YORK 10020-2457
(212) 632-5500

DIRECT DIAL NUMBER
(212) 632-

FACSIMILE
(212) 632-5555

January 18, 1994

Sensormatic Electronics Corporation
500 N.W. 12th Avenue
Deerfield Beach, Florida 33442-1795

Re: Registration Statement on Form S-3

Gentlemen:

We have acted as general counsel to Sensormatic Electronics Corporation, a Delaware corporation (the "Corporation"), in connection with the preparation of a Registration Statement on Form S-3 (the "Registration Statement") being filed under the Securities Act of 1933 for the registration by the Corporation of up to 90,000 shares of the Corporation's Common Stock issued or to be issued to certain of the stockholders of Advanced Entry Systems, Inc. ("AES") pursuant to the Stock Purchase Agreement (the "Agreement") dated as of December 31, 1993 among the Corporation, AES and its stockholders (the "Shares").

As general counsel of the Corporation, we have examined and are familiar with the Registration Statement, the Agreement, the Corporation's Restated Certificate of Incorporation and By-Laws, the proceedings of its stockholders, Board of Directors and committees thereof, and such certificates of public officials and such other corporate records and other documents as we have deemed necessary in rendering this opinion.

Based on the foregoing, we are of the opinion that:

1. The Corporation is duly incorporated, validly existing and in good standing under the laws of the State of Delaware.

CHRISTY & VIENER

Sensormatic Electronics Corporation
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January 18, 1994

2. The Shares have been duly authorized, and, as and when issued pursuant to the Agreement, are or will be validly issued, fully paid and nonassessable.

We consent to being named in the Registration Statement as attorneys who have passed on legal matters in connection with the Shares and we consent to the filing of this opinion as Exhibit 5 to the Registration Statement.

Very truly yours,

CHRISTY & VIENER

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We consent to the references to our firm under the captions "Sensormatic Selected Historical Financial Information" and "Experts" in the Registration Statement (Form S-3) and related Prospectus of Sensormatic Electronics Corporation (the "Company") for the registration of 90,000 shares of the Company's Common Stock, par value \$.01 per share, and to the incorporation by reference therein of our report dated August 13, 1993, with respect to the consolidated financial statements and schedules of the Company included in its Annual Report (Form 10-K) for the year ended June 30, 1993, filed with the Securities and Exchange Commission.

ERNST & YOUNG

Miami, Florida
January 18, 1994

CONSENT OF INDEPENDENT CHARTERED ACCOUNTANTS

We consent to the references to our firm under the captions "ALPS Selected Historical Financial Information" and "Experts" and to the use of our report dated March 23, 1992, except as to Note 19, which is as of May 20, 1992, with respect to the combined financial statements of ALPS incorporated by reference in the Registration Statement (Form S-3) and related Prospectus of Sensormatic Electronics Corporation (the "Company") for the registration of 90,000 shares of the Company's Common Stock, par value \$.01 per share.

BDO BINDER HAMLIN
Chartered Accountants
(Internationally BDO Binder)

London, England
January 18, 1994