

VIISAGE TECHNOLOGY INC  
Form S-4/A  
May 24, 2006  
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As filed with the Securities and Exchange Commission on May 24, 2006

Registration No. 333-131843

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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Amendment No. 2 to

**Form S-4**

**REGISTRATION STATEMENT**

*UNDER*

*THE SECURITIES ACT OF 1933*

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**VIISAGE TECHNOLOGY, INC.**

(Exact Name of Registrant as Specified in its Charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**7373**  
(Primary Standard Industrial  
Classification Code Number)

**04-3320515**  
(I.R.S. Employer  
Identification Number)

296 Concord Road,

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**Billerica, MA 01821**

**(978)-932-2200**

(Address, Including Zip Code, and Telephone Number, Including Area Code, of

Registrant's Principal Executive Offices)

---

**Bernard C. Bailey**

**Chief Executive Officer**

**Viisage Technology, Inc.**

**296 Concord Road, Third Floor**

**Billerica, MA 01821**

**(978) 932-2200**

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

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*With Copies to:*

<b>Charles J. Johnson, Esq.</b>	<b>Elliot J. Mark, Esq.</b>	<b>Mark S. Molina, Esq.</b>	<b>Richard A. Peers, Esq.</b>
<b>Frederick P. Callori, Esq.</b>	<b>Senior Vice President and General Counsel</b>	<b>Chief Legal Officer and Secretary</b>	<b>Kyle Guse, Esq.</b>
<b>Choate, Hall &amp; Stewart LLP</b>	<b>Viisage Technology, Inc.</b>	<b>Identix Incorporated</b>	<b>Heller Ehrman LLP</b>
<b>Two International Place</b>	<b>296 Concord Road</b>	<b>5600 Rowland Road, Suite 205</b>	<b>275 Middlefield Road</b>
<b>Boston, MA 02210</b>	<b>Third Floor</b>	<b>Minnetonka, MN 55343</b>	<b>Menlo Park, California 94025-3506</b>
<b>(617) 248-5000</b>	<b>Billerica, MA 01821</b>	<b>(952) 932-0888</b>	<b>(650) 324-7000</b>
	<b>(978) 932-2200</b>		

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**Approximate date of commencement of proposed sale of the securities to the public:** Upon the closing of the merger described herein.

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If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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**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 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this joint proxy statement/prospectus is not complete and may be changed. Viisage may not sell the securities offered by this joint proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

[ ], 2006

Dear Viisage and Identix Stockholders:

**A MERGER PROPOSAL YOUR VOTE IS IMPORTANT**

Viisage Technology, Inc. and Identix Incorporated have agreed to a merger whereby Identix will merge with a subsidiary of Viisage, and Identix will become a wholly owned subsidiary of Viisage. At the closing of the merger, Viisage will change its name to L-1 Identity Solutions, Inc. We are proposing this merger to our respective stockholders because we believe the combined strengths of our two companies will enable us to create a global leader in the identity and security industry.

When the merger is completed, stockholders of Identix will be entitled to receive for each share of Identix common stock 0.473 of a share of Viisage common stock. Approximately [ ] shares of Viisage common stock will be issued in connection with the merger. In addition, approximately [ ] shares will be issuable on exercise of Identix options and [ ] shares issuable on exercise of Identix warrants to be assumed by Viisage. Viisage's common stock is listed on the Nasdaq National Market under the trading symbol VISG and Identix common stock is listed on the Nasdaq National Market under the trading symbol IDNX. On [ ], 2006, the closing price of Viisage common stock was \$[ ] and the closing price of Identix common stock was \$[ ] per share, each as reported on the Nasdaq National Market.

**After careful consideration, the Viisage board of directors recommends that Viisage stockholders vote FOR the proposal to approve the issuance of shares of Viisage common stock in connection with the merger, FOR the proposals to amend Viisage's certificate of incorporation as described in this joint proxy statement/prospectus, FOR the proposal to elect four Class I directors for three year terms, FOR the adoption of Viisage's 2006 Employee Stock Purchase Plan and FOR the ratification of Deloitte & Touche as Viisage's independent registered public accounting firm.**

**After careful consideration, the Identix board of directors recommends that Identix stockholders vote FOR the proposal to adopt the merger agreement that has been entered into between the parties.**

This joint proxy statement/prospectus provides detailed information concerning Viisage, Identix, the merger and proposals related to the merger, the election of four Class I directors to the Viisage board of directors to serve until the annual meeting of stockholders in 2009, the adoption of Viisage's 2006 Employee Stock Purchase Plan and the ratification of Deloitte & Touche as Viisage's independent registered public accounting firm. **We encourage you to read this joint proxy/prospectus, including the section entitled Risk Factors that begins on page 9.**

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**Your vote is very important**, regardless of the number of shares you own. Whether or not you plan to attend the special meeting of stockholders of your company, please submit a proxy as soon as possible to make sure your shares are represented at your company's special meeting. Please take the time to submit your proxy by following the instructions presented by your company in this joint proxy/prospectus.

We strongly support this combination of our companies and join with our boards of directors in recommending that you vote in favor of the proposals described in this joint proxy statement/prospectus.

Bernard C. Bailey

*President and Chief Executive Officer*

*of Viisage Technology, Inc.*

Dr. Joseph J. Atick

*President and Chief Executive Officer*

*of Identix Incorporated*

**Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved the issuance of common stock in connection with the merger or determined if this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.**

This joint proxy statement/prospectus is dated \_\_\_\_\_, 2006, and is first being mailed to stockholders of both Identix and Viisage on or about \_\_\_\_\_, 2006.



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- 2D. Consider and vote upon a proposal to approve an amendment to Viisage's certificate of incorporation to require approval of two thirds of the entire board of directors and independent directors to change the size of the board of directors;
- 2E. Consider and vote upon a proposal to approve an amendment to Viisage's certificate of incorporation to provide for the approval of two thirds of the entire board of directors and independent directors to further amend the sections of Viisage's certificate of incorporation relating to Proposals 2C or 2D;
3. Consider and vote upon an adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of the foregoing proposals;
4. Elect four Class I directors for three-year terms;
5. To approve the adoption of Viisage's 2006 Employee Stock Purchase Plan;
6. To ratify the selection of Deloitte & Touche LLP as Viisage's independent registered public accounting firm for the year ending December 31, 2006; and
7. Transact such other business as may properly come before the meeting.

While these proposals are being voted upon separately, each of the first six proposals (Proposals 1 through 2E) must be approved in order for any of these six proposals to be implemented.

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**The board of directors of Viisage recommends that you vote FOR all ten proposals described above.**

Only Viisage stockholders of record at the close of business on June 1, 2006, the record date, are entitled to notice of and to vote at the special meeting or any adjournment or postponement of the special meeting. A list of stockholders eligible to vote at the meeting will be available for your review during our regular business hours at our headquarters in Billerica, Massachusetts for at least ten days prior to the special meeting for any purpose related to the special meeting.

**Whether or not you plan to attend the special meeting in person, to ensure that your shares are represented at the special meeting, we encourage you to submit your proxy by telephone, Internet or mail in the enclosed postage-paid envelope. Any executed but unmarked proxy cards will be voted for approval of each of the nine proposals described above. Returning your proxy does not deprive you of your right to attend the special meeting and to vote your shares in person. You may revoke your proxy in the manner described in this joint proxy statement/prospectus at any time before it has been voted at the special meeting.**

By Order of the Board of Directors of Viisage  
Technology, Inc.

---

Bernard C. Bailey

President and Chief Executive Officer

, 2006

Billerica, Massachusetts



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**IDENTIX INCORPORATED**

**5600 Rowland Road, Suite 205**

**Minnetonka, MN 55343**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**To Be Held On                      , 2006**

To Our Stockholders:

You are cordially invited to attend a special meeting of stockholders of Identix Incorporated, a Delaware corporation, at the Hotel Sofitel, 5601 West 78<sup>th</sup> Street, Bloomington, Minnesota 55439 on [                      ], 2006 at [                      ] a.m., Central Daylight Time.

At the special meeting of stockholders, you will be asked to:

1. Consider and vote upon a proposal to adopt the Agreement and Plan of Reorganization, dated as of January 11, 2006, by and among Viisage, VIDS Acquisition Corp., a wholly owned subsidiary of Viisage, and Identix, as the same may be amended from time to time, providing for the merger of VIDS Acquisition Corp. with and into Identix whereby, among other things, each outstanding share of Identix common stock will be converted into the right to receive 0.473 of a share of Viisage common stock; and
2. Consider and vote upon an adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the foregoing proposal.

Each of the foregoing items of business is more fully described in this joint proxy statement/prospectus, which we encourage you to read carefully. Stockholders of record at the close of business on June 1, 2006, are entitled to notice of and to vote at the special meeting and any adjournment or postponement thereof. Adoption of the Agreement and Plan of Reorganization will require the affirmative vote of a majority of the outstanding shares of Identix common stock entitled to vote.

**The board of directors of Identix recommends that you vote FOR Proposal No. 1 for adoption of the Agreement and Plan of Reorganization and FOR Proposal No. 2 for an adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of the foregoing Proposal No. 1.**

**To ensure that your shares are represented at the special meeting, please complete, date and sign the enclosed proxy card and mail it promptly in the postage-paid envelope provided or follow the telephone or Internet proxy submission instructions on the proxy card,**

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whether or not you plan to attend the special meeting in person. Any executed but unmarked proxy cards will be voted for adoption of the Agreement and Plan of Reorganization and approval of Proposal No. 2. You may revoke your proxy in the manner described in the accompanying joint proxy statement/prospectus at any time before it has been voted at the special meeting. Any stockholder attending the special meeting may vote in person even if such stockholder has returned a proxy card or submitted a proxy by telephone or using the Internet.

By Order of the Board of Directors of Identix  
Incorporated

---

Dr. Joseph J. Atick

President and Chief Executive Officer

Minnetonka, Minnesota

, 2006

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*REFERENCES TO ADDITIONAL INFORMATION*

This joint proxy statement/prospectus incorporates important business and financial information about Identix from documents filed with the Securities and Exchange Commission that are not included in or delivered with this joint proxy statement/prospectus. This joint proxy statement/prospectus does not include some information included in the registration statement on Form S-4 filed with the Securities and Exchange Commission by Viisage, of which this proxy statement/prospectus is a part, or information included in the exhibits to the registration statement.

Viisage and Identix will provide you with copies of this information, without charge, upon written or oral request to:

Viisage Technology, Inc.	Identix Incorporated
296 Concord Road, Third Floor	5600 Rowland Road, Suite 205
Billerica, MA 01821	Minnetonka, Minnesota 55343
Attention: Maureen Todaro	Attention: Damon Wright
Telephone: (978) 932-2438	Telephone: (952) 979-8485

**In order for you to receive timely delivery of the documents in advance of the special meetings, such request should be received no later than , 2006 (which is at least five business days before the date of the special meetings). Upon timely request, the information you requested will be mailed to you by first class mail by the next business day.**

See [Where You Can Find More Information](#) beginning on page 210.

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**QUESTIONS AND ANSWERS ABOUT THE MERGER  
AND SPECIAL MEETINGS OF STOCKHOLDERS**

*The following questions and answers are intended to address briefly some commonly asked questions regarding the Viisage and Identix special meetings and the merger. These questions and answers may not address all of the information that may be important to you. Please refer to the more detailed information contained elsewhere in this joint proxy statement/prospectus, the annexes to this joint proxy statement/prospectus and in the documents referred to or incorporated by reference in this joint proxy statement/prospectus.*

**Q: What is the merger?**

A: Viisage and Identix have entered into an Agreement and Plan of Reorganization, dated as of January 11, 2006 (referred to in this joint proxy statement/prospectus as the merger agreement), that contains the terms and conditions of the proposed business combination of Viisage and Identix. Under the merger agreement, Identix and VIDS Acquisition Corp., a wholly owned subsidiary of Viisage, will merge, with Identix surviving as a wholly owned subsidiary of Viisage (referred to as the merger). The shares of Viisage common stock issued to Identix stockholders in connection with the merger are expected to represent approximately 59% of the outstanding shares of Viisage common stock immediately following the closing of the merger, based on the number of shares of Viisage and Identix common stock outstanding on the Identix record date. Although Viisage will change its name to L-1 Identity Solutions, Inc. at the closing of the merger, L-1 Identity Solutions, Inc. is referred to as Viisage or the combined company in this joint proxy statement/prospectus.

For a more complete description of the merger, see the section entitled The Merger on page 55.

**Q: Why are Viisage and Identix merging?**

A: Both Viisage and Identix believe that combining the two companies will expand and better serve the addressable market and result in greater long-term growth opportunities than either company has operating alone. The combined company will be able to address its customers' needs for end-to-end identity protection solutions and unlock the potential of both organizations' strengths in biometrics, credentialing and imaging solutions. Viisage and Identix expect completion of the merger will enable the combined company to:

blend complementary assets, skills and strengths that will result in a balanced end-to-end product, services and integration provider;

support the growing market for multiple identity programs and meet rigorous government mandates;

better serve the needs of customers by providing a comprehensive portfolio of product and service offerings;

utilize an extensive network and product suite and continue development and deployment of new and improved technologies and equipment;

take advantage of financial synergies;

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have the scale, size and flexibility to better compete in the marketplace; and

be led by an experienced management team.

With its broader product offering and increased scale, the combined company will be strongly positioned to deliver comprehensive solutions for protecting and securing personal identities on a global scale.

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**Q: Why am I receiving this joint proxy statement/prospectus?**

- A. You are receiving this joint proxy statement/prospectus because you have been identified as a stockholder of either Viisage or Identix, and thus you may be entitled to vote at such company's special meeting. This document serves as both a joint proxy statement of Viisage and Identix, used to solicit proxies for the special meetings, and as a prospectus of Viisage, used to offer shares of Viisage common stock in exchange for shares of Identix common stock pursuant to the terms of the merger agreement. This document contains important information about the merger and the special meetings of Viisage and Identix, and you should read it carefully.

**Q: What is required to complete the merger?**

- A. To complete the merger, Viisage stockholders must approve the issuance and reservation for issuance of shares of Viisage common stock in connection with the merger and approve amendments to Viisage's certificate of incorporation to increase the authorized number of shares of common stock; change Viisage's name; grant the full and exclusive power and authority otherwise conferred to the board of directors to the nominating and governance committee to evaluate and nominate candidates for the board, or to fill vacancies on the board or newly created directorships; require approval of two-thirds of the entire board of directors and independent directors to change the size of the board of directors; provide for the approval of two-thirds of the entire board of directors and independent directors to further amend the sections of Viisage's certificate of incorporation relating to the preceding two proposals. The merger agreement provides that the merger (Proposal 1), as well as all of the amendments to Viisage's certificate of incorporation (Proposals 2B through 2E), must be approved as a condition to the merger. Although Viisage and Identix can waive this condition in the event any of Proposals 2B-2E are not approved, Proposals 1 and 2A must be approved in order for the merger to be consummated. Proposals 2B-2E are conditions to the merger because they are designed to reflect board representation between the two companies, subject to the right of stockholders to nominate, elect and remove directors. In addition, Identix stockholders must adopt the merger agreement. In addition to obtaining stockholder approval, Viisage and Identix must satisfy or waive all other closing conditions set forth in the merger agreement. Those conditions include, for example, that Viisage and L-1 Investment Partners, LLC (referred to as L-1) shall have entered into a termination and noncompete agreement in a form satisfactory to Identix. For a more complete discussion of the conditions to the closing, see the section entitled "The Merger Agreement - Conditions to Completion of the Merger" on page 102, and for more information relating to the termination and noncompete agreement, see "Certain Relationships and Related Transactions - Relationship with L-1 Investment Partners, LLC" on page 204.

**Q: What will Identix stockholders be entitled to receive pursuant to the merger?**

- A. If the merger is completed, Identix common stockholders will be entitled to receive 0.473 shares of Viisage common stock for each outstanding share of Identix common stock they hold at the time of the closing of the merger and cash in lieu of any fractional shares of Viisage common stock otherwise issuable in connection with such conversion.

Based on the exchange ratio and the number of shares of Identix common stock outstanding as of the Identix record date, a total of approximately \_\_\_\_\_ shares of Viisage common stock will be issued in connection with the merger to holders of Identix common stock.

For a more complete description of what Identix stockholders will receive in the merger, see the section entitled "The Merger Agreement - Consideration to be Received in Connection with the Merger; Treatment of Stock Options" on page 93.



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**Q. Why does Viisage need to amend its certificate of incorporation?**

- A. The amendment to Viisage's certificate of incorporation authorizing additional shares of common stock is required by the merger agreement and is necessary for Viisage to have enough authorized common stock to close the merger and have the flexibility to meet business needs and take advantage of opportunities as they arise. The additional shares would also be available for other corporate purposes, such as acquisitions of businesses and for Viisage's employee benefit plans. In addition, as required by the merger agreement, Viisage is also proposing to amend its certificate of incorporation to change Viisage's name; to grant the full and exclusive power and authority otherwise conferred to the board of directors to the nominating and governance committee to evaluate and nominate candidates for the board, or to fill vacancies on the board or newly created directorships; require approval of two thirds of the entire board of directors and independent directors to change the size of the board of directors; and provide for the approval of two thirds of the entire board of directors and independent directors to further amend the sections of Viisage's certificate of incorporation relating to the preceding two proposals.

**Q: How does Viisage's board of directors recommend that I vote?**

- A. After careful consideration, Viisage's board of directors recommends that Viisage stockholders vote FOR Proposal No. 1 to approve the issuance and reservation for issuance of shares of Viisage common stock in connection with the merger, FOR Proposals No. 2A-2E to approve amendments to Viisage's certificate of incorporation to increase the authorized number of shares of common stock of Viisage from 75,000,000 shares to 125,000,000 shares, and correspondingly change Viisage's total number of authorized shares of capital stock from 77,000,000 shares to 127,000,000 shares; change Viisage's name; to grant the full and exclusive power and authority otherwise conferred to the board of directors to the nominating and governance committee to evaluate and nominate candidates for the board (including potential candidates proposed by the chairman, other members of the board and stockholders for evaluation and potential nomination by the nominating and governance committee), or to fill vacancies on the board or newly created directorships; require approval of two thirds of the entire board of directors and independent directors to change the size of the board of directors; and provide for the approval of two thirds of the entire board of directors and independent directors to further amend the sections of Viisage's certificate of incorporation relating to the preceding two proposals; FOR Proposal No. 3 to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of the foregoing proposals; FOR Denis K. Berube, B.G. Beck, Charles E. Levine and George J. Tenet, the proposed nominees for election to Class I of the Viisage board of directors; FOR Proposal No. 5 to approve the adoption of Viisage's 2006 Employee Stock Purchase Plan; and FOR Proposal No. 6 to ratify the selection of Deloitte & Touche LLP as Viisage's independent registered public accounting firm for the year ending December 31, 2006. While Proposal No. 1 and Proposals No. 2A-2E are being voted upon separately, each of these six proposals relates to the merger and must be approved in order for any of them to be implemented.

**Q: Do the directors, executive officers, principal stockholders and affiliates of Viisage have interests in the merger that are different from mine?**

In considering the Viisage board of directors' recommendation that you vote to approve Proposals 1, 2A-2E and 3, you should be aware that some Viisage officers, directors, principal stockholders and affiliates may have interests in the merger that are different from, or in addition to, your interests. Among other things, these interests include:

the vesting of options and restricted shares held by directors and officers of Viisage that will be accelerated upon completion of the merger in accordance with the terms of the option agreements, restricted stock agreements and the applicable stock based compensation plan;

Viisage will continue certain indemnification arrangements for persons serving as directors and officers prior to the time of the merger;

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subject to his acceptance, Bernard C. Bailey, current Chief Executive Officer of Viisage, will serve as President of the Secure Documents Division of the combined company;

subject to his acceptance, Mohamed Lazzouni, current Chief Technology Officer and Senior Vice President of Viisage, will serve as Chief Technology Officer of the combined company;

subject to his acceptance, Bradley T. Miller, current Chief Financial Officer of Viisage, will serve as the Chief Financial Officer of the Secure Documents Division of the combined company;

Viisage board members who do not continue as directors of Viisage will retire from the Viisage board at the closing of the merger and will receive (i) two years to exercise vested options and (ii) a one-time cash payment of \$100,000 at the closing of the merger;

Viisage has entered into agreements with certain of its executive officers, which include provisions for severance payments in the event of termination of employment;

the combined company's board of directors will initially consist of twelve directors, seven of whom will be designated by Viisage, which will include Mr. LaPenta; and

each member of the Viisage board of directors, each of the executive officers and certain principal stockholders (Lau, Aston and L-1, which are affiliates of certain board members) of Viisage, who together beneficially hold approximately 45.3% of the Viisage common stock outstanding, have entered into voting agreements with Identix, in which they have agreed, in their capacities as stockholders of Viisage, to vote in favor of Proposals 1 and 2A-2E described in this joint proxy statement/prospectus and have granted Identix an irrevocable proxy with respect to such matters. However, in the event the Viisage board of directors changes its recommendation to the stockholders to approve the issuance of Viisage common stock pursuant to the merger and the charter amendments, such obligation to vote shall relate to 50% of the shares subject to the Viisage voting agreements.

In addition, Aston, which beneficially owns approximately 28.5% of our common stock as of May 1, 2006 (or 29.4% when considered with its affiliate, L-1), and certain affiliates of L-1 and Aston, may have interests in the merger that are different from, or in addition to, your interests. These potential conflicts of interest include:

Robert V. LaPenta, current Chairman of Viisage and an affiliate of L-1 and Aston Capital Partners, L.P., which together beneficially hold as of May 1, 2006 approximately 28.4% of Viisage's outstanding capital stock, will serve as the Chairman of the Board and Chief Executive Officer and Chief Operating Officer of the combined company;

James DePalma and Joseph Paresi, who are affiliates of L-1 and Aston Capital Partners, L.P., will serve as the Executive Vice President and Chief Financial Officer and as the Executive Vice President and Chief Marketing and Sales Officer, respectively, of the combined company;

in accordance with the terms of an investment agreement between Viisage and Aston, Viisage issued warrants to Aston to purchase an aggregate of 1,600,000 shares of Viisage common stock at an exercise price of \$13.75 per share of which 1,280,000 vest on a pro rata basis when and if acquisitions involving the payment of an aggregate consideration of \$125 million are consummated by Viisage or upon a change of control of Viisage. Upon closing of the merger, 358,400 previously unvested acquisition-related warrants will vest; and

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before the closing of the merger, Identix and Viisage will cooperate in good faith to mutually agree on reasonable arms-length terms and conditions pursuant to which the corporate headquarters of the combined company will be moved to the present offices of L-1 in Stamford, Connecticut;

Prior to the completion of the merger, Viisage will offer compensation arrangements to Messrs. LaPenta, DePalma, Paresi, Bailey, Miller, and Lazzouni commensurate with the respective positions with the combined company. The respective parties are currently negotiating the material terms of their compensation arrangements, none of which have been finalized as of the date of this joint proxy statement/prospectus. For information about the compensation arrangements, see Employment and Change in Control Arrangements on page 87 of this joint proxy statement/prospectus.

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**Q: What is the interrelationship among Robert LaPenta, James DePalma, Joseph Paresi, Doni Fordyce, L-1 Investment Partners LLC (L-1), Aston Capital Partners L.P. (Aston), the Integrated Biometric Technology, Inc. (IBT) acquisition and the merger?**

A: L-1 is an entity formed on March 31, 2005 by Robert V. LaPenta, James DePalma, Joseph Paresi and Doni Fordyce for the purpose of evaluating investments in the biometrics and identity solutions sector and to act as investment manager for Aston. Aston is a private investment partnership that was formed on October 12, 2005 and its purpose is to make investments primarily in companies that focus on utilizing biometric enabling technologies to provide identification/authentication security solutions as well as related law enforcement security technologies and related industries. Pursuant to the terms of an investment advisory agreement between Aston and L-1, Aston's investments are managed by L-1. In anticipation of the formation of Aston, L-1 entered into an investment agreement with Viisage on October 5, 2005 which was assigned to Aston following its formation on October 12, 2005. Aston consummated its investment in Viisage in December 2005, and as a result, Aston beneficially owns approximately 28.5% of Viisage's outstanding capital stock (or 29.4% when considered with its affiliate, L-1). See the section entitled "Recent Developments - Aston Investment and IBT Acquisition; Reverse Stock Split" on page 7 for more information relating to the investment transaction.

Aston acquired its interest in Viisage to build it into an industry leader through collaborative development and execution of growth strategies through acquisitions. As part of its investment in Viisage, Aston was granted warrants to purchase up to 1,280,000 shares of Viisage common stock which would vest on a pro rata basis when and if acquisitions involving payment of an aggregate consideration of \$125 million were consummated by Viisage or upon a change in control of Viisage.

In anticipation of his role as Chairman of Viisage and in order to maximize the value of Aston's investment in Viisage, Robert V. LaPenta and the other principals of L-1 began to actively seek strategic investments for Viisage immediately upon signing the investment agreement in October 2005, subject to review by and the approval of the Viisage Board of Directors. For example, during the pendency of Aston's investment in Viisage, on November 4, 2005, L-1, in its capacity as investment manager to Aston, entered into an agreement with IBT pursuant to which Aston purchased 60% of the outstanding capital stock of IBT, with the right to acquire the remaining 40%. At the time Aston's investment in Viisage was consummated, Aston transferred all of its IBT shares and rights to acquire IBT to Viisage. See the section entitled "Recent Developments - Aston Investment and IBT Acquisition; Reverse Stock Split" for more details relating to the IBT transactions. In addition, on November 9, 2005, Mr. LaPenta had preliminary discussions with a representative of Identix to explore the possibility of a strategic relationship between Viisage and Identix. See the section entitled "Viisage Proposal No. 1 and Identix Proposal No. 1 - The Merger - Background of the Merger" on page 55.

**Q: How will the merger benefit Robert LaPenta, James DePalma, Joseph Paresi and Doni Fordyce, all of whom are affiliates of L-1 and Aston?**

A: Robert LaPenta, current Chairman of Viisage, will serve as the Chairman of the Board, Chief Executive Officer and Chief Operating Officer of the combined company. James DePalma and Joseph Paresi will serve as Executive Vice President and Chief Financial Officer and as the Executive Vice President and Chief Marketing and Sales Officer, respectively, of the combined company. In connection with these positions, the combined company will enter into compensation arrangements with each of Mr. LaPenta, Mr. DePalma and Mr. Paresi. The respective parties are currently negotiating the material terms of their compensation arrangements, none of which have been finalized as of the date of this joint proxy statement/prospectus.

Messrs. LaPenta, DePalma and Paresi and Ms. Fordyce directly and indirectly hold all of the beneficial ownership in Aston's general partner and L-1. Accordingly, any benefits to Aston and L-1 will correspondingly benefit Messrs. LaPenta, DePalma and Paresi and Ms. Fordyce. In accordance with the terms of an investment agreement between Viisage and Aston, Viisage issued warrants to Aston to purchase an aggregate of 1,600,000 shares of Viisage common stock at an exercise price of \$13.75 per share of which

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1,280,000 vest on a pro rata basis when and if acquisitions involving the payment of an aggregate of \$125 million are consummated by Viisage or upon a change of control of Viisage. As of the date hereof, 921,600 of the acquisition-related warrants are vested. The remaining 358,400 of the 1,280,000 acquisition-related warrants that have not yet vested will vest at the close of the merger.

In connection with the relocation of the corporate headquarters of Viisage to the present offices of L-1 in Stamford, Connecticut, Viisage will pay for costs associated with the Stamford headquarters, including headquarters staff. Before the closing of the merger, Identix, Viisage and L-1 will cooperate in good faith to mutually agree on reasonable arms-length terms and conditions relating to the relocation.

It is anticipated that Viisage will enter into agreements with L-1 in connection with: (1) advisory fees in connection with the SecuriMetrics acquisition, (2) advisory fees in connection with the merger with Identix, and (3) continuing management services of L-1 after the closing of the merger with Identix which will include services provided to Viisage by Messrs. LaPenta, DePalma and Paresi and Ms. Fordyce. Under the terms of the merger agreement, such agreements will require the consent of Identix. As of the date of this joint proxy statement/prospectus, Viisage, L-1 and Identix have not agreed on the terms of any such agreements.

### **Q: How does Identix board of directors recommend that I vote?**

- A. After careful consideration, Identix board of directors recommends that the Identix stockholders vote FOR Proposal No. 1 to adopt the merger agreement and FOR Proposal No. 2 to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of Proposal No. 1.

For a description of the reasons underlying the recommendation of Identix board, see the sections entitled **The Merger** **Our Reasons for the Merger** and **Other Factors Considered by the Identix Board** on pages 60 and 62 and the section entitled **Identix Proposal No. 2** on page 122.

### **Q: Do the directors, executive officers, principal stockholders and affiliates of Identix have interests in the merger that are different from mine?**

- A. In considering the Identix board of directors recommendation that you vote to approve Proposals 1 and 2, you should be aware that some of the Identix officers, directors, principal stockholders and affiliates may have interests in the merger that are different from, or in addition to, your interests. Among other things, these interests include:

Milton Cooper, Malcolm Gudis and John Lawler, current Identix directors, and Boykin Rose will each be appointed as Class III directors of Viisage for a three year term; another Identix nominee will be appointed as a Class I director.

options to purchase shares of Identix common stock and restricted shares of Identix common stock, including those held by officers and directors of Identix, will be assumed by Viisage and will become options to acquire Viisage common stock as adjusted for the exchange ratio of the merger;

the vesting of the restricted shares held by the non-employee directors of Identix will be accelerated upon completion of the merger in accordance with the terms of the restricted stock agreements and the applicable stock based compensation plan;

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in lieu of transaction-related Identix board meeting and board committee fees until the effective time of the proposed merger, each current independent Identix board member will receive a one-time cash payment of \$25,000 at the closing of the proposed merger;

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the three independent Identix directors who are members of the special sub-committee related to the merger (Messrs. Cooper, Gudis and Lawler) will each receive a one-time cash payment of \$25,000 and 9,000 shares of restricted stock at the closing of the proposed merger and will receive the compensation described below following the merger;

Identix independent board members who do not continue as directors of Viisage (John Haugo and George Latimer) will retire from the Identix board at the closing of the proposed merger and will receive (i) two years to exercise vested options, and (ii) a one-time cash payment of \$100,000 at the closing of the proposed merger;

Viisage will continue certain indemnification arrangements and maintain a directors and officers liability insurance policy for persons serving as directors and officers of Identix at the time of the merger for a period of six years following the effective time of the merger;

Dr. Joseph J. Atick, current Chairman and Chief Executive Officer of Identix, will serve as the Corporate Chief Strategic Officer of the combined company;

Mark S. Molina, current Chief Legal Officer and Secretary of Identix, will serve as Executive Vice President, Chief Legal Officer and Corporate Secretary of the combined company;

James H. Moar, current Chief Operating Officer of Identix, will serve as President of the Biometrics Division of the combined company;

Elissa J. Lindsoe, current Chief Financial Officer of Identix, will serve as the Chief Financial Officer of the Biometrics Division of the combined company;

Identix may, prior to the closing of the proposed merger, pay special one-time performance bonuses in cash to certain employees of Identix, including executive officers of Identix; provided that the aggregate amount of the bonuses will not exceed \$500,000;

certain members of the Identix board and executive officers of Identix, who together beneficially hold approximately 4.8% of the Identix common stock outstanding, have entered into voting agreements with Viisage, in which they agreed, in their capacities as stockholders of Identix, to vote in favor of the adoption of the merger agreement and approval of the merger. However, in the event the Identix board of directors changes its recommendation to the stockholders to adopt the merger agreement, such obligation to vote shall relate to 50% of the shares subject to the Identix voting agreements.

The combined company will enter into employment agreements with Messrs. Atick, Molina and Moar with respect to their respective positions at the combined company. In addition, at the effective time of the proposed merger, the existing employment agreement between Elissa Lindsoe and Identix will continue in full force and effect and Viisage will cause Identix to honor such agreement. For additional information about the compensation arrangements, see [Employment and Change in Control Arrangements](#) on pages 84 and 87 of this joint proxy statement/prospectus.

### **Q: What stockholder approvals are required for Viisage?**

- A. The affirmative vote of holders of a majority of the shares of Viisage common stock, present in person or represented by proxy at the special meeting and voting on the matter, is required to approve Proposal No. 1 regarding the issuance and reservation for issuance of Viisage common stock.

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The affirmative vote of holders of a majority of the outstanding shares of Viisage common stock is required to approve Proposals No. 2A-2B regarding amendments to Viisage's certificate of incorporation.

The affirmative vote of holders of two-thirds of the outstanding shares of Viisage common stock is required to approve Proposals No. 2C-2E regarding amendments to Viisage's certificate of incorporation.

The affirmative vote of holders of a majority of the shares of Viisage common stock present in person or represented by proxy at the special meeting and voting on the matter is required to approve Proposal No. 3

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regarding adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of the foregoing Proposal No. 1 or Proposals No. 2A-2E.

Directors are elected by a plurality vote, which means that the four directors receiving the most votes under Proposal 4 will be elected to fill the seats on the Viisage board of directors.

The affirmative vote of a majority of the shares of Viisage common stock, present or represented by proxy at the special meeting and voting on the matter, is required to approve Proposal No. 5 regarding adoption of the 2006 Employee Stock Purchase Plan.

All other actions considered at the meeting may be taken upon the favorable vote of a majority of the votes present in person or represented by proxy at the meeting.

The representation, in person or by proxy, of at least a majority of the outstanding shares of common stock entitled to vote at the special meeting is necessary to establish a quorum. Shares of common stock represented in person or by proxy (including broker non-votes (as defined below) and shares that abstain or do not vote with respect to one or more of the matters to be voted upon) will be counted for the purpose of determining whether a quorum exists. In order to approve any of the proposals or transact any other action at the meeting, a quorum must be present. If a quorum is not present, the meeting will be adjourned until a quorum is obtained.

### **Q: Why does Viisage want to increase the number of authorized shares?**

A: Viisage's certificate of incorporation currently does not authorize a sufficient number of shares of common stock to complete the merger. Viisage is currently authorized to issue 75 million shares of common stock and 2 million shares of preferred stock. As of June 1, 2006, approximately million shares of Viisage common stock were issued and outstanding. Under the terms of the merger agreement, Viisage must issue approximately 42.4 million shares (representing 0.473 shares of common stock for each share of Identix common stock) of common stock in the merger, which would result in approximately 71.4 million shares of Viisage common stock outstanding, in all cases excluding shares that may be issued prior to the merger upon exercise of stock options. Viisage believes that authorizing additional shares of common stock is required to enable Viisage to have sufficient shares of common stock authorized for issuance in the merger pursuant to the 2006 Employee Stock Purchase Plan and upon the exercise of options, warrants and other exchangeable or convertible securities, whether currently outstanding or issued in the future. Viisage also believes that authorizing additional shares of common stock is essential to provide Viisage with the flexibility it needs to meet business needs and take advantage of opportunities as they arise.

### **Q: How many votes do Viisage stockholders have?**

A: Each holder of record of Viisage common stock as of June 1, 2006 will be entitled to one vote for each share of common stock held on that date. As of May 1, 2006, directors and executive officers of Viisage and their affiliates as a group beneficially owned and were entitled to vote approximately 13,835,763 million shares of Viisage common stock, representing approximately 45.3% of the shares of Viisage common stock outstanding on that date. All of the directors and executive officers of Viisage who are entitled to vote at the special meeting have indicated that they intend to vote their shares of Viisage common stock in favor of adoption of the merger agreement and in favor of all of the merger related proposals. In addition, each member of the Viisage board of directors, each of the executive officers of Viisage and certain principal stockholders (Lau, Aston and L-1, which are affiliates of certain board members), who together beneficially hold approximately 45.3% of the Viisage common stock outstanding, have entered into voting agreements with Identix, in which they have agreed, in their capacities as stockholders of Viisage, to vote in favor of Proposals 1 and 2A-2E described in this joint proxy

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statement/prospectus and have granted Identix an irrevocable proxy with respect to such matters. However, in the event the Viisage board of directors changes its recommendation to the stockholders to approve the issuance of Viisage common stock pursuant to the merger and the charter amendments, such obligation to vote shall relate to 50% of the shares subject to the Viisage voting agreements.

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### **Q: What stockholder approvals are required for Identix?**

- A. The affirmative vote of holders of a majority of the voting power of the outstanding shares of Identix common stock is required to approve Proposal No. 1 regarding the adoption of the merger agreement.

The affirmative vote of holders of a majority of the outstanding shares of Identix common stock, present in person or represented by proxy at the special meeting entitled to vote thereon, is required to approve Proposal No. 2 regarding adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of the foregoing Proposal No. 1.

The representation, in person or by proxy, of at least a majority of the outstanding shares of common stock entitled to vote at the special meeting is necessary to establish a quorum. Shares of common stock represented in person or by proxy (including broker non-votes (as defined below) and shares that abstain or do not vote with respect to one or more of the matters to be voted upon) will be counted for the purpose of determining whether a quorum exists. In order to approve any of the proposals or transact any other action at the meeting, a quorum must be present. If a quorum is not present, the meeting will be adjourned until a quorum is obtained.

### **Q: How many votes do Identix stockholders have?**

- A. Each holder of record of Identix common stock as of June 1, 2006 will be entitled to one vote for each share of common stock held on that date. At the close of business on June 1, directors and executive officers of Identix and their affiliates as a group beneficially owned and were entitled to vote approximately million shares of Identix common stock, representing approximately % of the shares of Identix common stock outstanding on that date. All of the directors and executive officers of Identix who are entitled to vote at the special meeting have indicated that they intend to vote their shares of Identix common stock in favor of adoption of the merger agreement and in favor of all of the merger related proposals. Certain members of the Identix board and executive officers of Identix, who together beneficially hold approximately 4.8% of the Identix common stock outstanding, have entered into voting agreements with Viisage, in which they agreed, in their capacities as stockholders of Identix, to vote in favor of the adoption of the merger agreement and approval of the merger. However, in the event the Identix board of directors changes its recommendation to the stockholders to adopt the merger agreement, such obligation to vote shall relate to 50% of the shares subject to the Identix voting agreements.

### **Q: What do I need to do now?**

- A. We encourage you to read this joint proxy statement/prospectus carefully, including its annexes, and then vote your proxy for the relevant proposals.

If you are a Viisage stockholder, you may vote in person at the Viisage special meeting or submit a proxy using the enclosed proxy card or via the Internet or telephone.

To vote in person, come to the special meeting, and you will be given a ballot when you arrive.

To submit a proxy, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card before the meeting, your shares will be voted as you direct.

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If you are a registered stockholder (that is, if you hold your stock in certificate form), you may submit a proxy by telephone or electronically through the Internet by following the instructions included with your proxy card. If your shares are held in street name, please check your proxy card or contact your broker or nominee to determine whether you will be able to submit voting instructions by telephone or electronically. The deadline for the submission of voting instructions by telephone or electronically is 11:59 p.m., Eastern Daylight Time, on \_\_\_\_\_, 2006.

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If you are an Identix stockholder, you may vote in person at the Identix special meeting or vote by proxy using the enclosed proxy card or via the Internet or telephone.

To vote in person, come to the special meeting, and you will be given a ballot when you arrive.

To vote by proxy, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card before the meeting, your shares will be voted as you direct.

If you are a registered stockholder (that is, if you hold your stock in certificate form), you may submit a proxy by telephone or electronically through the Internet by following the instructions included with your proxy card. If your shares are held in street name, please check your proxy card or contact your broker or nominee to determine whether you will be able to submit voting instructions by telephone or electronically. The deadline for the submission of voting instructions by telephone or electronically is 11:59 p.m., Eastern Daylight Time, on \_\_\_\_\_, 2006.

Please also see the instructions included with the enclosed proxy card. Regardless of whether you return your proxy card, you may attend the applicable special meeting and vote your shares in person.

### **Q: If my Viisage shares are held in street name by my broker, will my broker vote my Viisage shares for me?**

A: Brokers cannot vote your Viisage shares on the merger related Proposals No. 1 through 3, on Proposal No. 5 regarding the adoption of Viisage's 2006 Employee Purchase Plan or on Proposal No. 6 regarding the ratification of the selection of Deloitte & Touche. Therefore, it is important that you follow the directions provided by your broker about how to instruct your broker to vote your shares. If you do not provide instructions to your broker about how to vote your shares on these proposals, your shares will be treated as broker non-votes with respect to these proposals. Even if you do not give your broker instruction as to how to vote on the other proposal to elect directors to the Viisage board, your broker may be entitled to use its discretion in voting your shares in accordance with industry practice.

### **Q: What happens if I do not vote, abstain from voting, or do not instruct my broker to vote my shares of common stock?**

A: The failure of a Viisage stockholder to vote in person or by proxy, abstentions and broker non-votes will not affect the outcome of Viisage Proposal No. 1, Viisage Proposal No. 3, Viisage Proposal No. 5 or Viisage Proposal No. 6, but will have the effect of voting AGAINST Viisage Proposals No. 2A-2E. However, failure to vote, abstentions and broker non-votes on Viisage Proposal No. 1, Viisage Proposal No. 3, Viisage Proposal No. 5 or Viisage Proposal No. 6 will reduce the number of votes required to approve those proposals. While these proposals are being voted upon separately, each of Proposals No. 1 and 2A-2E must be approved in order for any of them to be implemented. With respect to Proposal No. 4, the four nominees receiving the highest number of votes cast at the special meeting will be elected, regardless of whether that number represents a majority of the votes cast. Failure to vote, abstentions and broker non-votes will have no effect on this proposal.

The failure of an Identix stockholder to vote in person or by proxy, abstentions and broker non-votes will have the effect of voting AGAINST Identix Proposal No. 1. The failure of an Identix stockholder to vote in person or by proxy will not affect the outcome of Identix Proposal No. 2. However, failure to vote on Identix Proposal No. 2 will reduce the number of votes required to approve that proposal.

### **Q: May I change my vote after I have submitted my proxy?**

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A. Yes. You may revoke your proxy at any time before your proxy is voted at the special meeting. You can do this in any of three ways:

First, you can send a written, dated notice to the Secretary of Viisage or Identix, as applicable, stating that you would like to revoke your proxy.

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Second, you can complete, date and submit a new later-dated proxy card.

Third, you can attend the meeting and vote in person. Your attendance alone will not revoke your proxy.

If you have instructed a broker to vote your shares, you must follow directions received from your broker to change those instructions.

**Q: What are the material federal income tax consequences of the merger to me?**

- A. The merger has been structured to qualify as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code, as amended, and it is a closing condition to the merger that Viisage and Identix receive opinions of their respective counsel regarding such qualification. As a result of the merger's qualification as a reorganization, Identix stockholders will not recognize income gain or loss for United States federal income tax purposes upon the exchange of shares of Identix common stock for shares of Viisage common stock, except with respect to cash received in lieu of fractional shares of Viisage common stock.

**Tax matters are very complicated, and the tax consequences of the merger to a particular stockholder will depend in part on such stockholder's circumstances. Accordingly, we encourage you to consult your own tax advisor for a full understanding of the tax consequences of the merger to you, including the applicability and effect of federal, state, local and foreign income and other tax laws.**

For more information, see the section entitled "The Merger - Material United States Federal Income Tax Considerations" on page 89.

**Q: Should I send in my Identix stock certificates now?**

- A. No. After the merger is completed, you will receive written instructions from Viisage or the exchange agent explaining how to exchange your shares of Identix common stock for the merger consideration.

**Q: When do you expect the merger to be completed?**

- A. We anticipate that the closing of the merger will occur in the second calendar quarter of 2006, but we cannot predict the exact timing. For more information, see the section entitled "The Merger Agreement - Conditions to Completion of the Merger" on page 102.

**Q: Am I entitled to appraisal rights?**

- A. Holders of Viisage common stock and Identix common stock are not entitled to appraisal rights under the General Corporation Law of the State of Delaware in connection with the merger. For more information, see the section entitled "The Merger - No Appraisal Rights" on page 92.

**Q: How will the merger affect my stock options to acquire Identix common stock and restricted shares?**

- A.

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At the effective time of the merger, each outstanding option to purchase Identix common stock will be assumed by Viisage and converted into an option to purchase Viisage common stock. Each outstanding Identix restricted share will be converted into a right to receive restricted shares of Viisage common stock.

The number of shares of Viisage common stock subject to each assumed option and each restricted share will be equal to the number of shares of Identix common stock subject to the option or restricted share multiplied by the exchange ratio of 0.473, rounded down to the nearest whole number (with no cash being payable for any fractional share eliminated by such rounding). The exercise price per share for shares of Viisage common stock under each assumed option will equal the exercise price for the Identix common stock under the option divided by 0.473, rounded up to the nearest whole cent. After adjusting the assumed options to purchase Identix common stock and the restricted shares to reflect the application of the exchange ratio and the assumptions by Viisage, all other terms of the assumed options and the restricted shares will

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remain unchanged. Some holders of Identix restricted shares will be entitled to acceleration of vesting upon the closing of the merger. For more information as it relates to some of Identix directors and executive officers, see The Merger Interests of Certain Identix Persons in the Merger on page 84.

**Q: Who is paying for this proxy solicitation?**

A. Viisage and Identix are jointly conducting this proxy solicitation and will share the cost of soliciting proxies, including the preparation, assembly, printing and mailing of this joint proxy statement/prospectus, the proxy card and any additional information furnished to stockholders. Viisage estimates that its proxy solicitor fees will be approximately \$6,000 and Identix estimates that its proxy solicitor fees will be approximately \$8,500. We may also reimburse brokerage houses and other custodians, nominees and fiduciaries for their costs of forwarding proxy and solicitation materials to beneficial owners. If you choose to access the proxy materials and/or submit your proxy over the Internet, you are responsible for any related Internet access charges you may incur. If you choose to submit your proxy by telephone, you are responsible for any related telephone charges you may incur.

**Q: How can other members of my household who are also stockholders receive separate copies of the joint proxy statement/prospectus?**

A: Some banks, brokers and other nominee record holders may be participating in the practice of householding proxy statements/prospectuses and annual reports. This means that only one copy of our proxy statement/prospectus and annual report to stockholders may have been sent to multiple stockholders in your household. Viisage or Identix, as appropriate, will promptly deliver a separate copy of either document to you if you contact Viisage or Identix at the Investor Relations addresses and telephone numbers listed below. If you want to receive separate copies of the proxy statement or annual report to stockholders in the future, or if you are receiving multiple copies and would like to receive only one copy per household, you should contact your bank, broker, or other nominee record holder, or you may contact us at the below address or telephone number.

**Q: Who can help answer my questions?**

A. If you would like to receive additional copies of this joint proxy statement/prospectus, without charge, or if you have questions about the merger or the special meeting, including the procedures for voting your shares, you should contact:

If you are a Viisage Stockholder:

Viisage Technology, Inc.

296 Concord Road, Third Floor

Billerica, Massachusetts 01821

Attn: Maureen Todaro

(978) 932-2438

Viisage has retained the following firm to assist in the solicitation of proxies:

The Altman Group

If you are a Identix Stockholder:

Identix Incorporated

5600 Rowland Road

Minnetonka, MN 55343

Attn: Damon Wright

(952) 979-8485

Identix has retained the following firm to assist in the solicitation of proxies:

D.F. King & Co., Inc.

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1200 Wall Street West

48 Wall Street

Third Floor

New York, NY 10005

Lyndhurst, NJ 07071

(800) 829-6551

(210)-806-7300

You may also obtain additional information about Viisage and Identix from the documents they file with the SEC or by following the instructions in the section entitled [Where You Can Find More Information](#) on page 210.

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**SUMMARY**

*The following summary highlights selected information from this joint proxy statement/prospectus and may not contain all of the information that is important to you. You should carefully read this joint proxy statement/prospectus, including the annexes, and the other documents we refer to or incorporate by reference, for a more complete understanding of the merger and other proposals described in this summary. You may obtain the information incorporated by reference into this joint proxy statement/prospectus without charge by following the instructions in the section entitled *Where You Can Find More Information* that begins on page 210 of this joint proxy statement/prospectus.*

**Viisage Technology, Inc.**

**296 Concord Road, Third Floor**

**Billerica, MA 01821**

**Telephone No. (978) 932-2200**

Viisage delivers advanced technology identity solutions for governments, law enforcement agencies and businesses concerned with enhancing security, reducing identity theft, and protecting personal privacy. Viisage solutions include secure credentials such as passports and drivers licenses, biometric technologies for uniquely linking individuals to those credentials, providing fingerprinting products, services and solutions to government, civil, and commercial customers that require criminal background checks and screening and credential authentication technologies to ensure the documents are valid before individuals are allowed to cross borders, gain access to finances, or granted other privileges. With over 3,000 installations worldwide, Viisage's identity solutions stand out as a result of the Company's industry-leading technology and unique understanding of customer needs. Viisage's product suite includes Identity TOOLS(TM) SDK, Viisage PROOF(TM), PIER(TM), FaceEXPLORER(R), iA-thenticate(R), BorderGuard(R), Auto Test(TM), FacePASS(TM) and FaceFINDER(R).

The common stock of Viisage is traded on the Nasdaq National Market (symbol: VISG). Its website can be accessed at [www.viisage.com](http://www.viisage.com). The information on Viisage's website is not a part of this joint proxy statement/prospectus.

**Identix Incorporated**

**5600 Rowland Road**

**Minnetonka, MN 55343**

**Telephone No. (952) 932-0888**

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Identix Incorporated is one of the world's leading multi-biometric technology companies. Identix provides fingerprint, facial and skin biometric technologies, as well as systems, and critical system components that empower the identification of individuals in large-scale ID and ID management programs. Identix offerings include live scan systems and services for biometric data capture, mobile systems for on-the-spot ID, and backend standards-based modules and software components for biometric matching and data mining. Identix products are used to conduct background checks, speed travel and commerce via secure identification documents,

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prevent identity fraud in large-scale government and civil ID programs, and control access to secure areas and networks. With a global network of partners, such as leading system integrators, defense prime contractors and OEMs, Identix serves a broad range of markets including government, law enforcement, gaming, finance, travel, transportation, corporate enterprise and healthcare.

Identix common stock is traded on the Nasdaq National Market (symbol: IDNX). Identix website can be accessed at [www.identix.com](http://www.identix.com). The information on Identix website is not a part of this joint proxy statement/prospectus.

## **The Merger (page 55)**

In the merger, VIDS Acquisition Corp., a wholly owned subsidiary of Viisage, will merge with and into Identix, and Identix will become a wholly owned subsidiary of Viisage. Holders of Identix common stock, options, restricted shares and warrants will become holders of Viisage common stock, options, restricted shares and warrants following the merger. As a result of the negotiated fixed exchange ratio, which represents a premium over Identix's quoted stock price prior to the announcement of the merger, the shares of Viisage common stock issued to Identix stockholders in connection with the merger are expected to represent approximately 59% of the outstanding shares of Viisage common stock immediately following the closing of the merger, based on the number of shares of Viisage and Identix common stock outstanding on May 1, 2006. The combined company's board of directors will initially consist of twelve directors, seven of whom will be designated by Viisage and five of whom will be designated by Identix. The exchange ratio was determined as part of the extensive negotiations between the parties with respect to the terms of the merger agreement, including corporate governance matters such as the initial composition of the combined company's board.

*Merger Consideration.* Upon completion of the merger, each share of Identix common stock will be converted into the right to receive 0.473 shares of Viisage common stock (referred to as the exchange ratio).

Because the exchange ratio is fixed in the merger agreement, the market value of the Viisage common stock that Identix securityholders receive in the merger may vary significantly from that implied by current trading prices.

*Treatment of Stock Options, Restricted Shares and Warrants.* Upon completion of the merger, each outstanding option to purchase Identix common stock will be assumed by Viisage and converted into an option to purchase Viisage common stock. Each outstanding Identix restricted share will be converted into a right to receive restricted shares of Viisage common stock. Each outstanding Identix warrant to purchase common stock will be assumed by Viisage and converted into a warrant to purchase Viisage common stock.

The number of shares of Viisage common stock subject to each assumed option, restricted share and warrant will be equal to the number of shares of Identix common stock subject to the option, share or warrant multiplied by 0.473, rounded down to the nearest whole number (with no cash being payable for any fractional share). The exercise price per share of Viisage common stock under each assumed option and warrant will equal the exercise price for the Identix common stock under the option or warrant divided by 0.473, rounded up to the nearest whole cent. After adjusting the assumed options, restricted shares and warrants to reflect the application of the exchange ratio, all other terms of the assumed options, restricted shares and warrants will remain unchanged. Some holders of Identix restricted shares will be entitled to acceleration of vesting upon the closing of the merger which is projected to result in stock based compensation expense of approximately \$150,000 in such fiscal quarter that the merger closes. For more information as it relates to some of Identix directors and executive officers, see the section entitled "The Merger - Interests of Certain Identix Persons in the Merger" beginning on page 84.

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A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A. We encourage you to read it carefully.

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### **Opinion of Financial Advisor to the Board of Directors of Viisage (page 64 and Annex B)**

USBX Advisory Services, LLC rendered its oral opinion on January 11, 2006, subsequently confirmed in writing on the same day, to the Viisage board of directors that, as of such date, and based upon and subject to certain matters stated in its opinion, from a financial point of view, the exchange ratio to be paid by Viisage in the merger was fair to holders of Viisage common stock. The full text of USBX Advisory Services written opinion, dated January 11, 2006, is attached as Annex B to this joint proxy statement/prospectus. USBX Advisory Services provided its opinion for the use and benefit of the Viisage board of directors in connection with its consideration of the merger. USBX Advisory Services opinion was not intended to be and did not constitute a recommendation to any stockholder of Viisage or Identix as to how such stockholder should vote with respect to the merger.

### **Opinion of Financial Advisor to the Board of Directors of Identix (page 71 and Annex C)**

Janney Montgomery Scott LLC delivered its opinion to Identix board of directors to the effect that, as of January 11, 2006, based upon and subject to the matters set forth in the opinion, the exchange ratio was fair, from a financial point of view, to the holders of Identix common stock. The full text of Janney's written opinion, dated January 11, 2006, is attached as Annex C to this joint proxy statement/prospectus. Janney's provided its opinion to inform and assist Identix board of directors in connection with the board's consideration of the merger. Janney's opinion is not a recommendation as to how any stockholder of Viisage or Identix should vote on the merger.

### **Amendments to Viisage's Certificate of Incorporation; Recommendation of Viisage's Board (page 106 and Annex D)**

The amendment to Viisage's certificate of incorporation authorizing additional shares of common stock is required under the terms of the merger agreement and is necessary to enable Viisage to have enough shares of authorized common stock to close the merger and have the flexibility to meet business needs and opportunities. The amendment would enable Viisage to issue or reserve shares for general corporate purposes that may be identified in the future, such as acquisitions of businesses and Viisage's employee benefit plans, without further stockholder approval. If the Viisage stockholders approve the proposed amendment to the certificate of incorporation, the Viisage board of directors may cause the issuance of additional shares of common stock without further stockholder approval, unless stockholder approval is otherwise required by law or the rules of any securities exchange or inter-dealer quotation system on which the common stock is then listed. The additional shares of common stock would have rights identical to the currently outstanding common stock and no other change in the rights of stockholders is proposed.

In addition, Viisage is also proposing to amend its certificate of incorporation to change Viisage's name; to grant the full and exclusive power and authority otherwise conferred to the board of directors to the nominating and governance committee to evaluate and nominate candidates for the board (including potential candidates proposed by the chairman, other members of the board and stockholders for evaluation and potential nomination by the nominating and governance committee), or to fill vacancies on the board or newly created directorships; require approval of two thirds of the entire board of directors and independent directors to change the size of the board of directors; and provide for the approval of two thirds of the entire board of directors and independent directors to further amend the sections of Viisage's certificate of incorporation relating to the preceding two proposals.

The Viisage board of directors recommends a vote FOR Proposals No. 2A-2E to amend the certificate of incorporation.

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### **Expected Timing of the Merger (page 102)**

The parties anticipate that the closing of the merger will occur in the second calendar quarter of 2006, if Viisage and Identix have received the requisite stockholder approvals.

### **Conditions to Completion of the Merger (page 102)**

The completion of the merger depends on a number of conditions being satisfied, including the following:

the issuance and reservation for issuance of shares of Viisage common stock in connection with the merger and the amendments to Viisage's certificate of incorporation shall have been approved by the stockholders of Viisage;

the merger agreement shall have been adopted by the stockholders of Identix;

the parties' respective representations and warranties contained in the merger agreement must be true and correct, subject in certain cases to exceptions that would not have a material adverse effect and other specified exceptions about the parties' capitalization and authorization to enter into the merger agreement;

the parties must each be in compliance in all material respects with their respective covenants contained in the merger agreement;

L-1 Investment Partners, LLC and Viisage must enter into a termination and noncompete agreement terminating all arrangements (other than those specifically identified in such agreement) whereby L-1 Investment Partners, LLC provides financial, advisory, administrative or other services to Viisage; and prohibiting L-1 Investment Partners, LLC and its affiliates from directly advising, performing services for, investing in or entering into any other agreement with any person that competes directly or indirectly with Viisage or Identix (other than with respect to investments of L-1 Investment Partners, LLC as specifically identified in such agreement) in form and substance satisfactory to Viisage and Identix; and

the antitrust waiting period applicable to the merger shall have expired or been terminated.

Each of the conditions to the merger may be waived by the company entitled to assert the condition except to the extent the condition must be satisfied in order to comply with applicable law or regulatory requirements.

### **Termination of the Merger Agreement; Fees Payable (page 103)**

Viisage and Identix may jointly agree to terminate the merger agreement without completing the merger. In addition, either Viisage or Identix may terminate the merger agreement if any of the following events occur:



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the closing of the merger has not occurred by September 1, 2006, but this termination right is not available to a party whose failure to comply with the merger agreement resulted in the failure to complete the merger by that date;

any permanent injunction or other order of a court or other competent authority preventing the closing of the merger has become final and nonappealable;

the stockholders do not adopt the merger agreement (in the case of Identix), or approve the issuance of common stock in connection with the merger and the amendments to its certificate of incorporation (in the case of Viisage);

the other party has breached any of its representations, warranties or covenants and the breach cannot be or is not cured within the time allowed, and if not cured the breach would result in a failure of certain conditions to the merger;

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the other party breaches its obligation to hold its stockholder meeting to vote on the adoption of the merger agreement (in the case of Identix), or the approval of the issuance of common stock in connection with the merger and the amendments of its certificate of incorporation (in the case of Viisage);

the other party's board of directors has withdrawn or adversely modified its recommendation in favor of the matters to be voted upon by such party's stockholders; or

the other party has approved or recommended an alternative transaction proposal, which is an acquisition by any person of beneficial ownership of more than 20% of the issued and outstanding shares of any class of capital stock in a single or a series of transactions, any sale or lease of all or more than 20% of the assets in a single or a series of transactions, or any liquidation or dissolution of the party.

A termination fee of \$20 million may be payable by either Viisage or Identix to the other party upon the termination of the merger agreement under several circumstances. As of March 31, 2006, Viisage had \$46.4 million of cash on hand and \$8.5 million of available borrowing capacity under its Loan and Security Agreement with Citizens Bank of Massachusetts, and Identix had \$33.9 million of cash, cash equivalents and marketable securities on hand. While both Viisage and Identix have sufficient cash on hand or borrowing capacity available to pay any termination fee, the growth strategy and financing strategy for the company paying the termination fee does not assume the payment of such fee and, as a result, could be adversely affected.

## **Expenses (page 100)**

All fees and expenses incurred in connection with the merger agreement and the merger will be paid by the party incurring such expenses. All fees and expenses associated with the filing and printing of the registration statement and this joint proxy statement/prospectus will be borne equally by Viisage and Identix.

## **No Solicitation (page 97)**

Viisage and Identix have agreed that they will not solicit, encourage or facilitate any alternative transaction proposal. They have also agreed to notify each other of inquiries, proposals or offers that constitute alternative transaction proposals. Viisage and Identix have agreed to cause each of their officers, directors, employees, agents, advisors and other representatives to not solicit, encourage or facilitate any alternative transaction proposal. However, if either party receives an unsolicited alternative transaction proposal that is superior, so long as certain conditions are satisfied, that party may engage in negotiations with respect to the superior alternative transaction proposal.

## **Governmental and Regulatory Matters (page 89)**

To complete the merger, Viisage and Identix must make filings and obtain approvals or clearances from antitrust regulatory authorities in the United States. On March 23, 2006, the parties received early termination of thirty-day waiting period under the Hart Scott Rodino Antitrust Improvements Act of 1976, as amended. Viisage must also comply with applicable federal and state securities laws and the rules and regulations of the Nasdaq National Market in connection with the issuance of the Viisage common stock pursuant to the merger and the filing of this joint proxy statement/prospectus with the Securities and Exchange Commission.



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### **Material United States Federal Income Tax Consequences of the Merger (page 89)**

The merger has been structured to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, and it is a closing condition to the merger that Viisage and Identix receive opinions of their respective counsel regarding such qualification. As a result of the merger's qualification as a reorganization, Identix stockholders will not recognize income gain or loss for United States federal income tax purposes upon the exchange of shares of Identix common stock for shares of Viisage common stock pursuant to the merger, except with respect to cash received in lieu of fractional shares of Viisage common stock. None of Viisage, VIDS Acquisition Corp. nor Identix will recognize gain or loss as a result of the merger.

### **Anticipated Accounting Treatment (page 92)**

In accordance with Statement of Financial Accounting Standard No. 141, the merger will be accounted for as a purchase transaction by Viisage for financial reporting purposes under U.S. generally accepted accounting principles. After the merger, the results of operations of Identix will be included in the consolidated financial statements of Viisage. The cost of the acquisition, which is equal to the aggregate merger consideration, including the fair value of vested stock options and warrants of Identix assumed by Viisage and transaction costs, will be allocated based on the fair values of the Identix assets acquired and the Identix liabilities assumed. These allocations will be made based upon valuations and other studies that have not yet been finalized.

### **Appraisal Rights (page 92)**

Holders of Identix common stock and Viisage common stock are not entitled to appraisal rights under the General Corporation Law of the State of Delaware in connection with the merger.

### **Comparison of Rights of Holders of Viisage Common Stock and Identix Common Stock (page 133)**

After the merger, holders of Identix common stock will become stockholders of Viisage. Although Viisage and Identix are both Delaware corporations, and the General Corporation Law of the State of Delaware, or the DGCL, governs the rights of their respective stockholders, each of the companies' certificate of incorporation and bylaws provide their stockholders with different rights. The certificate of incorporation and bylaws of each of the companies provide different stockholder rights with respect to:

who is allowed to call a special meeting of the stockholders;

whether stockholders have the ability to take action by written consent;

determining a record date if the board of directors does not fix a date;

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notice provisions for annual and special stockholder meetings;

director election and removal provisions;

notice provisions for special board meetings;

director and officer indemnification provisions;

dividend provisions;

liquidation provisions;

certain activities that specifically need stockholder approval; and

bylaws amendment provisions.

For a more comprehensive discussion and comparison of the rights of holders of Viisage common stock and Identix common stock, please see Comparison of Rights of Holders of Viisage Common Stock and Identix Common Stock and Corporate Governance Matters on page 133.

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**RECENT DEVELOPMENTS**

**Aston Investment and IBT Acquisition; Reverse Stock Split**

On October 5, 2005, Viisage entered into an investment agreement (referred to as the investment agreement) with L-1 Investment Partners, LLC (referred to as L-1) providing for the issuance and sale of Viisage common stock and warrants to L-1 in the amounts described below, subject to Viisage stockholder approval. L-1 subsequently assigned its rights and obligations under the Investment Agreement to Aston Capital Partners L.P. (referred to as Aston), an affiliate of L-1. Aston is a private investment fund organized as a limited partnership and managed by its general partner, Aston Capital Partners GP LLC and L-1. Robert LaPenta, James DePalma, Joseph Paresi and Doni Fordyce directly and indirectly hold all the beneficial ownership in the general partner and L-1. Prior to Aston's investment in Viisage and Viisage's acquisition of Integrated Biometric Technology, Inc., as described below, Viisage had no other relationships with L-1 and its affiliates, except that Messrs. LaPenta and DePalma were individual investors in Viisage.

On November 4, 2005, L-1 entered into a membership interest purchase agreement (referred to as the membership interest purchase agreement) with Integrated Biometric Technology, Inc. (referred to as IBT Parent), its wholly-owned subsidiary, Integrated Biometric Technology LLC (referred to as IBT), and the stockholders of IBT Parent to acquire 60% of the outstanding membership interests of IBT for \$35 million in cash and to acquire the remaining 40% on or before January 30, 2006 for an additional \$25 million. L-1 subsequently assigned its rights and obligations under the membership interest purchase agreement to Aston.

Aston began operations on October 12, 2005. In anticipation of its formation, L-1 negotiated and executed agreements for an investment in Viisage and for the acquisition of IBT. After Aston's formation, these agreements were assigned to Aston. At the time of its investment in Viisage, Aston also transferred its previously acquired 60% interest in IBT to Viisage for \$35 million in cash and assigned its right to acquire the remaining interest in IBT for 2 million shares of Viisage common stock.

On November 15, 2005, Viisage entered into an assignment and assumption agreement (referred to as the assignment agreement) with Aston under which Viisage agreed to pay \$35 million to Aston for its previously acquired 60% interest in IBT, subject to the consummation of the Aston investment in Viisage and customary closing conditions. Also on November 15, 2005, Viisage entered into an agreement and plan of merger (referred to as the IBT merger agreement) with IBT Parent, IBT and the stockholders of IBT Parent under which Viisage agreed to issue to the stockholders of IBT Parent shares of common stock of Viisage, in the amounts and on the terms described below, for all of the outstanding capital stock of IBT Parent. The only asset of IBT Parent at the time of the merger was the 40% interest in IBT not previously acquired by Aston.

On December 16, 2005, the Viisage stockholders approved the transactions contemplated by the investment agreement and a one-for-two and a half reverse stock split of the issued and outstanding common stock of Viisage. The reverse stock split had the effect of combining the issued and outstanding shares of Viisage common stock so that each issued and outstanding two and one-half (2.5) shares of common stock prior to the reverse stock split represented one (1) share of common stock immediately after the reverse stock split. The reverse stock split took effect on December 16, 2005 and all share related disclosures in this joint proxy/prospectus are reported on a post-reverse split basis. Viisage's common stock began trading on the Nasdaq National Market on a post-split basis on December 19, 2005.

On December 16, 2005, in accordance with the terms of the investment agreement between Viisage and Aston, Viisage (i) issued and sold to Aston 7,619,047 shares of Viisage common stock at \$13.125 per share and (ii) issued to Aston warrants to purchase an aggregate of 1,600,000 shares of Viisage common stock at an exercise price of \$13.75 per shares. The sale of the shares and warrants resulted in aggregate gross

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proceeds to Viisage of \$100 million, \$98.7 million after transaction costs, and net cash to Viisage of \$63.7 million after the \$35 million payment to Aston for Aston's ownership interest in IBT as described below. The warrants issued to

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Aston are exercisable until December 16, 2008, subject to the following vesting provisions: warrants to purchase (i) 1,280,000 shares of Viisage common stock vest on a pro rata basis when and if acquisitions involving the payment of aggregate consideration of \$125 million are consummated (referred to as the acquisition warrants) or upon a change in control of Viisage; (ii) 213,333 shares of Viisage common stock vest when and if Viisage's gross revenues for any four consecutive quarters are equal to or greater than \$200 million or upon a change in control of Viisage; and (iii) 106,667 shares of Viisage common stock vest when and if Viisage's gross revenues for any four consecutive quarters are equal to or greater than \$300 million or upon a change in control of Viisage. As a result of the consummation of the IBT acquisition described above, 614,400 of the shares related to the acquisition warrants vested. As a result of the SecuriMetrics acquisition described below, an additional 307,200 shares related to the acquisition warrants vested. Viisage has agreed with Aston that the merger with Identix does not constitute a change of control as defined in the warrants so that the warrants are not required to be exercised prior to completion of the merger with Identix.

On December 16, 2005, in accordance with the terms of the assignment agreement, Viisage completed the purchase of 60% of the outstanding membership interests of IBT from Aston for \$35 million in cash. Also on December 16, 2005, in accordance with the terms of the IBT merger agreement, all of the outstanding capital stock of IBT Parent was exchanged for 2,000,000 shares of common stock of Viisage, and IBT Parent was merged with and into a subsidiary of Viisage, which resulted in IBT Parent becoming a wholly-owned subsidiary of Viisage. The merger agreement provides that the stockholders of IBT Parent are eligible to receive from Viisage additional consideration for each share of Viisage common stock issued in the merger, equal to the amount, if any, by which \$12.50 (or \$17.50 in the event that defined revenues of IBT for the year ended December 31, 2006 exceed \$75 million) exceeds the average of the closing bid prices of Viisage common stock during the month of February 2007, as reported on the NASDAQ Stock Market, in each case as adjusted for any stock splits. Any difference will be paid in additional shares of Viisage common stock, provided that if the average of the closing bid prices for Viisage common stock during the month of February 2007 is less than \$6.25, the difference to be paid will be determined as if the average price were \$6.25. As a result of the two transactions, Viisage acquired 100% of the outstanding membership interests of IBT.

On December 16, 2005, upon the completion of the acquisition of IBT and IBT Parent as described above, Viisage issued warrants to purchase 440,000 shares of Viisage common stock with an exercise price of \$13.75 per share to L-1 for strategic advice, due diligence and other services relating to the acquisition. Warrants to purchase 280,000 of the shares were fully vested and are exercisable for three years. If during any of 2006, 2007 or 2008, the IBT business generates earnings before interest, taxes, depreciation and amortization of \$6 million or more, the remaining warrants to purchase 160,000 shares of Viisage common stock will vest. These warrants have a term of three years from the date of such vesting, if any.

On December 18, 2005, Mr. Robert V. LaPenta, the founder and chief executive officer of L-1, and Mr. George Tenet, the former director of the Central Intelligence Agency, were elected to the Viisage board of directors. Mr. LaPenta was also elected as chairman of the Viisage board and chairman of the strategic committee of the Viisage board.

## **Other Recent Acquisitions**

On December 13, 2005, Viisage acquired the AutoTest division of Openshaw Media Group, a leading provider of automated web-based applicant testing technologies for state departments of motor vehicles and other credential issuing agencies for \$4 million in cash.

On February 5, 2006, Viisage entered into an agreement and plan of merger to acquire SecuriMetrics, Inc. for \$30 million in cash, including \$2 million that will be placed in escrow. In addition, the SecuriMetrics stockholders will have an opportunity to earn up to an additional \$13 million in consideration if key performance thresholds are reached and contingencies resolved, of which \$11.5 million would be paid in shares of Viisage common stock at a fixed price of \$17.69 per share and the remainder (\$1.5 million) would be paid in cash. The acquisition of SecuriMetrics was completed on February 17, 2006.





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**RISK FACTORS**

*The merger involves a high degree of risk for both Viisage and Identix stockholders. Identix stockholders will be choosing to invest in Viisage common stock by voting in favor of adoption of the merger agreement. An investment in Viisage common stock involves a high degree of risk. Both Viisage and Identix stockholders will decide to combine the businesses of Viisage and Identix, which will change the business of each of Viisage and Identix. This change involves significant risk. In addition to the other information contained or incorporated by reference in this joint proxy statement/prospectus, both Viisage and Identix stockholders should carefully consider the following risk factors in deciding whether to vote for the issuance of shares of Viisage common stock in connection with the merger and the amendments to the certificate of incorporation, in the case of Viisage stockholders, or for adoption of the merger agreement, in the case of Identix stockholders.*

**Risks Related to the Merger**

*The exchange ratio is fixed, so the market value of the consideration received by Identix stockholders will change as the market price of Viisage common stock goes up or down.*

The exchange ratio is fixed at 0.473 of a share of Viisage common stock for each share of Identix common stock and will not be adjusted in the event of changes in the market prices of either the Identix common stock or the Viisage common stock. If the market price of Viisage common stock changes, the value of the consideration to be received by the Identix stockholders will also change. For instance, if the market price of Viisage common stock decreases, the value of the consideration to be received by the Identix stockholders will also decrease. On the other hand, if the market price of Viisage common stock increases, the value of the consideration to be received by the Identix stockholders will increase correspondingly. Neither company may terminate the merger agreement or elect not to complete the merger because of changes in their stock prices, unless such change is a result of a material adverse effect, as defined in the merger agreement. During the 12-month period ended on May 31, 2006, the most recent practicable date prior to the mailing of this joint proxy statement/prospectus, the high and low sale prices for Viisage common stock ranged from \$ 1.00 to \$ 1.50, and the high and low sale prices for Identix common stock ranged from \$ 1.00 to \$ 1.50.

The market prices of Identix common stock and Viisage common stock on the date of the merger may be different from their prices on the date of the merger agreement, the date of this joint proxy statement/prospectus or the dates of the special meetings. Because the merger may occur on a date later than the dates of the special meetings, the market prices of Identix common stock and Viisage common stock on the dates of the special meetings may not be indicative of their market prices on the date of the merger. You are encouraged to obtain current market quotations for Viisage and Identix common stock.

*Integration of the two businesses may be difficult to achieve, which may adversely affect operations.*

The merger involves risks related to the integration and management of technology, operations and personnel of two companies. The integration of the businesses of Viisage and Identix will be a complex, time-consuming and expensive process and may disrupt their business if not completed in a timely and efficient manner. Following the merger, Viisage and Identix must operate as a combined organization utilizing common information and communications systems, operating procedures, financial controls and human resources practices.

Viisage and Identix may encounter substantial difficulties, costs and delays involved in integrating their operations, including:

potential conflicts between business cultures;

adverse changes in business focus perceived by third-party constituencies;

potential conflicts in distribution, marketing or other important relationships;

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potential resource constraints for accounting personnel;

inability to implement uniform standards, controls, procedures and policies;

integration of the research and development and product development efforts; and

loss of key employees and/or the diversion of management's attention from other ongoing business concerns.

In addition, Viisage has offices in three locations and plans to move its corporate headquarters from Billerica, Massachusetts, to Stamford, Connecticut. Identix is headquartered in Minnesota and has employees in seven locations. The geographic distances between the companies and their respective offices and operations increases the risk that the integration will not be completed successfully or in a timely and cost-effective manner. Viisage and Identix may not be successful in overcoming these risks or any other problems encountered in connection with the integration of the companies. The combined company will also need to manage the integration of Integrated Biometric Technology LLC and SecuriMetrics, Inc. The simultaneous integration of these acquisitions with the integration of Viisage and Identix may place additional strain on the combined company's resources and increase the risk that the combined company's business may be adversely affected by the disruption caused by the acquisitions.

***The costs associated with the merger are difficult to estimate, may be higher than expected and may harm the financial results of the combined company.***

Viisage and Identix estimate that they will incur aggregate direct transaction costs of approximately \$6 million associated with the merger, plus fees paid to L-1 in consideration of services in connection with the SecuriMetrics acquisition and the merger. The combined company also will incur costs associated with consolidation and integration of operations, which cannot be estimated accurately at this time. Additional costs may include:

costs of employee redeployment, relocation and retention, including salary increases or bonuses,

accelerated amortization of deferred equity compensation and severance payments,

reorganization or closure of facilities,

relocation and disposition of excess equipment, and

termination of contracts that provide redundant or conflicting services.

Some of these costs may have to be accounted for as expenses by Viisage that would decrease the combined company's net income and earnings per share for the periods in which those adjustments are made. If the total costs of the merger exceed estimates or the benefits of the merger do not exceed the total costs of the merger, the financial results of the combined company could be adversely affected. In addition, the closing of the merger could be delayed beyond the expected timeline of Viisage and Identix, adding cost and diverting management resources, which could

adversely affect the combined company's business, operations and financial results.

*Completion of the merger may result in dilution of future earnings per share to the stockholders of Viisage.*

The completion of the merger may not result in improved earnings per share of Viisage or a financial condition superior to that which would have been achieved by either Viisage or Identix on a stand-alone basis. The merger could fail to produce the benefits that the companies anticipate, or could have other adverse effects that the companies currently do not foresee. In addition, some of the assumptions that either company has made, such as the achievement of operating synergies, may not be realized. In this event, the merger could result in a reduction of earnings per share of Viisage as compared to the earnings per share that would have been achieved by Viisage or Identix if the merger had not occurred.

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*The combined company's net operating loss carryforwards may be limited as a result of the merger.*

Viisage and Identix have net operating loss carryforwards for federal income tax purposes of \$50.4 million and \$213.0 million at December 31, 2005 and June 30, 2005, respectively, and it is estimated that these loss carryforwards have increased through March 31, 2006. Both entities have provided full valuation allowances for the tax benefit of such losses as well as certain tax credit carryforwards. Utilization of these net operating loss and credit carryforwards are dependent upon the combined company achieving profitable results following the merger. As a consequence of the merger, as well as earlier business combinations and issuances of common stock consummated by both companies, utilization of the tax benefits of these carryforwards are subject to limitations imposed by Section 382 of the Internal Revenue Code. The determination of the limitations is complex and requires significant judgment and analysis of past transactions. Neither entity has completed the analyses required to determine what portion, if any, of these carryforwards will have their availability restricted or eliminated by that provision. Accordingly, some portion of these carryforwards may not be available to offset future taxable income, if any.

*The market price of Viisage common stock could decline.*

The market price of Viisage common stock could decline if:

the integration of Viisage and Identix is unsuccessful;

the combined company is unable to successfully market Viisage's products and services to Identix's customers or Identix's products and services to Viisage's customers;

the combined company does not achieve the perceived benefits of the merger as rapidly as, or to the extent, anticipated by financial or industry analysts, or such analysts do not perceive the same benefits to the merger as do Viisage and Identix; or

the effect of the merger on Viisage's financial results is not consistent with the expectations of financial or industry analysts.

*Failure to complete the merger could negatively affect Viisage's and/or Identix's stock prices, future business and operations.*

If the merger is not completed for any reason, Viisage and Identix may be subject to a number of material risks, including the following:

either Viisage or Identix could be required to pay the other a termination fee of \$20 million if the merger agreement is terminated under certain circumstances; and

the parties' costs and expenses related to the merger, which are substantial, must be paid even if the merger is not completed.

*Failure to approve any of the proposals relating to the amendments to the Viisage certificate of incorporation could result in the merger agreement being terminated.*

Pursuant to the terms of the merger agreement, both Viisage and Identix will have the right to terminate the merger agreement if any of Proposals 2A-2E are not approved by Viisage stockholders. Although this condition could be waived in the event any of Proposals 2B-2E are not approved, Proposal 2A to increase the number of authorized shares of common stock of Viisage must be approved in order for the merger to be consummated because Viisage currently does not have enough authorized shares of common stock to effect the exchange of Identix shares for Viisage shares.

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*Identix executive officers and directors may have interests that are different from, or in addition to, those of Identix stockholders generally.*

The executive officers and directors of Identix may have interests in the merger that are different from, or are in addition to, those of Identix stockholders generally. The receipt of compensation or other benefits in the merger following the completion of the merger may influence those directors in making their recommendations that you vote in favor of the adoption of the merger agreement. You should be aware of these interests when you consider the Identix board's recommendation that you vote in favor of adoption of the merger agreement. See the section titled "The Merger - Interests of certain Identix persons in the merger" below starting on page 84.

*Viisage executive officers and directors may have interests that are different from, or in addition to, those of Viisage stockholders generally.*

The executive officers and directors of Viisage may have interests in the merger that are different from, or are in addition to, those of Viisage stockholders generally. The receipt of compensation or other benefits in the merger following the completion of the merger may influence those directors in making their recommendations that you vote in favor of the proposals relating to the merger. You should be aware of these interests when you consider the Viisage board's recommendation that you vote in favor of the proposals relating to the merger. See the section titled "The Merger - Interests of certain Viisage persons in the merger" below starting on page 82.

## **Risks Related to Viisage and the Combined Company After the Merger**

*Viisage and Identix have each had a history of operating losses.*

Viisage and Identix have each had a history of operating losses. Viisage's business operations began in 1993 and, except for fiscal years 1996 and 2000, have resulted in net losses in each fiscal year, including a net loss of \$7.4 million in 2005 and \$2.2 million in the first three months of 2006. Identix has recorded a net loss for each fiscal year since 1998, including a net loss of \$13.9 million for its 2005 fiscal year and \$6.1 million in the first nine months of its 2006 fiscal year. At March 31, 2006, Viisage had an accumulated deficit of approximately \$58.6 million. At March 31, 2006, Identix had an accumulated deficit of \$367.2 million. As a combined company, Viisage and Identix expect to continue to invest in the development of their secure credential and biometric technologies. Accordingly, Viisage and Identix cannot predict when or if the combined company will ever achieve sustained profitability on an annual basis.

*Viisage and Identix derive a significant portion of their revenue from government contracts, which are often non-standard, involve competitive bidding, may be subject to cancellation with or without penalty and may produce volatility in earnings and revenue.*

More than 90% of each company's business involves providing products and services under contracts with U.S. federal, state, local and foreign government agencies. Obtaining contracts from government agencies is challenging and government contracts often include provisions that are not standard in private commercial transactions. For example, government contracts may:

include provisions that allow the government agency to terminate the contract without penalty under some circumstances;



be subject to purchasing decisions of agencies that are subject to political influence;

include bonding requirements;

contain onerous procurement procedures; and

be subject to cancellation if government funding becomes unavailable.

Securing government contracts can be a protracted process involving competitive bidding. In many cases, unsuccessful bidders may challenge contract awards, which can lead to increased costs, delays and possible loss

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of the contract for the winning bidder. For example, in October 2003, Identix announced that it had been awarded a Blanket Purchase Order, or BPO, from the Department of Homeland Security, or DHS, with an estimated value of approximately \$27 million. The award was subsequently protested by one of Identix' competitors who had been an unsuccessful participant in the bidding process for the BPO. Though the protest was ultimately resolved in Identix' favor, the protest resulted in substantial delays in DHS' procurement of Identix' technology under the BPO. Similar protests, and similar delays, regarding any future government contracts of a material nature that may be awarded to the combined company could result in materially adverse revenue volatility, making management of inventory levels, cash flow and profitability or loss inherently difficult. Outright loss of any material government contract, such as the BPO award to Identix, through the protest process or otherwise, could have a material adverse effect on the combined company's financial results and stock price.

Similar to federal government contracts, state and local government agency contracts may be contingent upon availability of matching funds from federal, state or local entities. State and local law enforcement and other government agencies are subject to political, budgetary, purchasing and delivery constraints which may continue to result in quarterly and annual revenues and operating results that may be irregular and difficult to predict. Such revenue volatility makes management of inventory levels, cash flow and profitability inherently difficult. In addition, if the combined company is successful in winning such procurements, there may be unevenness in shipping schedules, as well as potential delays and changes in the timing of deliveries and recognition of revenue, or cancellation of such procurements.

*Viisage and Identix derive a significant portion of their revenue from a few customers, the loss of which could have an adverse effect on the combined company's revenues.*

For the three-month period ended March 31, 2006, two customers, the Transportation Security Administration and the U.S. Department of State each accounted for over 10% of Viisage's revenue and together an aggregate of 37% of Viisage's revenue. For the year ended December 31, 2005, one customer, U.S. Department of State, accounted for 27.5% of Viisage's revenue. For the year ended December 31, 2004, two customers, Telos Corporation (U.S. Department of Defense) and U.S. Department of State, each accounted for over 10% of Viisage's revenue and together an aggregate of 31.0% of Viisage's revenue. For the nine-month period ended March 31, 2006, Identix derived 21% of total revenue from contracts relating to the U.S. Federal Government with no one government agency making up greater than 10% of total revenues. For the fiscal year ended June 30, 2005, Identix derived approximately 23% of its total revenue from contracts relating to the U.S. Federal Government with one government agency, the Department of Homeland Security, making up 13% of total revenues. For the fiscal year ended June 30, 2004, Identix derived 14% of its revenue from the U.S. Federal Government with no one agency producing more than 10% of total revenue. The loss of any of Viisage's or Identix' significant customers would cause revenue to decline and could have a material adverse effect on the combined company's business.

*The combined company could face adverse consequences as a result of Viisage's late SEC filings.*

Viisage failed to timely file its Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 due to the change in its independent registered public accounting firm on May 1, 2006. Viisage failed to timely file its Annual Report on Form 10-K for the year ended December 31, 2004 and its Quarterly Report on Form 10-Q for the quarter ended April 3, 2005 in order to provide additional time for Viisage, Viisage's prior independent auditors and Viisage's outside counsel to complete a review of litigation involving Viisage and to assess its effect, if any, on Viisage's financial statements for the year ended December 31, 2004. As a result, the combined company will not be eligible to use a short form registration statement on Form S-3 until May 17, 2007, and may not be eligible to use a short form registration statement if it fails to satisfy the conditions required to use such registration statement on or after such date. The combined company's inability to use a short form registration statement until May 17, 2007 or thereafter may impair its ability or increase the costs and complexity

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of its efforts, to raise funds in the public markets or use its stock as consideration in acquisitions should it desire to do so during the period it is not eligible to use the short form. In addition, if the combined company is unable to remain current in its future filings, it may face additional adverse consequences, including (1) an inability to have a registration statement under the Securities Act of 1933 covering a public offering of securities declared effective by the SEC, (2) an inability to make offerings pursuant to existing registration statements (including registration statements on Form S-8 covering employee stock plans) or pursuant to certain private placement rules of the SEC under Regulation D to any purchasers not qualifying as accredited investors, (3) the possible delisting of its common stock from the Nasdaq National Market, and (4) limitations on the ability of its affiliates to sell its securities pursuant to Rule 144 under the Securities Act. These restrictions may adversely affect the combined company's ability to attract and retain key employees and may further impair its ability to raise funds in the public markets should it desire to do so or use its stock as consideration in acquisitions.

In addition, the combined company's future success depends largely upon the support of its customers, suppliers and investors. The late SEC filings have resulted in negative publicity and a Nasdaq delisting proceeding, and may have a negative impact on the market price of the combined company's common stock. The effects of the late SEC filings could cause some of the combined company's customers or potential customers to refrain from purchasing or defer decisions to purchase its products and services. Additionally, current or potential suppliers may re-examine their willingness to do business with the combined company, to develop critical interfaces to its products or to supply products and services if they lose confidence in its ability to fulfill its commitments. Any of these losses could have a material adverse effect on the combined company's financial and business prospects.

***Viisage has been named as a defendant in eight putative class action lawsuits, an adverse outcome in which could have a material adverse effect on the combined company's business, financial condition and results of operations by adversely affecting its cash position.***

In March and April 2005, eight putative class action lawsuits were filed against Viisage in the United States District Court for the District of Massachusetts. These lawsuits have been consolidated into one action under one case name: In re: Viisage Technology Securities Litigation, Civil Action No. 05-10438-MLW. The amended consolidated complaint which was filed in February 2006 alleges violations of the federal securities laws by Viisage and certain of its officers and directors arising out of purported misstatements and omissions in Viisage's SEC filings related to the litigation involving the Georgia drivers' license contract and related to Viisage's reported material weaknesses in internal controls over financial reporting, which allegedly artificially inflated the price of Viisage's stock during the period May 12, 2004 through March 2, 2005. Viisage is not able to estimate the amount of the loss allegedly suffered by members of the putative class or the amount of legal costs and internal efforts associated with defending the combined company and its officers and directors. If the combined company is unsuccessful in defending itself in this litigation, these lawsuits could adversely affect the combined company's business, financial condition, results of operations and cash flows as a result of the damages that it would be required to pay. It is possible that the combined company's insurance policies either may not cover potential claims of this type or may not be adequate to indemnify it for all liability that may be imposed. While Viisage believes that the allegations and claims made in these lawsuits are wholly without merit and intends to defend the actions vigorously, it cannot be certain that the combined company will be successful in this litigation.

***Viisage has already taken an impairment charge to assets of \$2.0 million due to the Georgia litigation; if Viisage and Identix are unable to use the remaining assets from that contract, they may be required to take further impairment charges which could negatively affect the combined company's earnings.***

In December 2004, the superior court for Fulton County, Georgia granted summary judgment in favor of Georgia's Department of Motor Vehicle Safety, or DMVS, in connection with litigation brought by Digimarc ID Systems, LLC in March 2003 alleging that DMVS did not comply with its own bid process when it selected

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Viisage as the vendor for its new digital drivers license program. In July 2003, the court had issued a preliminary injunction prohibiting DMVS from continuing to work with Viisage to install Georgia's new drivers license system. In July 2004, Viisage reached a settlement agreement with the state pursuant to which DMVS terminated the contract for convenience and agreed to pay Viisage \$2.0 million in cash and the state agreed to purchase certain equipment from Viisage for \$500,000. In its December 2004 ruling, the Georgia court authorized DMVS to issue a new request for proposals for a digital drivers license system, but disallowed the \$2.0 million cash payment described above. Without this payment, Viisage believes that either the settlement agreement with DMVS is not effective and that Viisage's contract with DMVS remains in place, or that Viisage's initial claim for an \$8.2 million settlement payment is revived. The state has paid Viisage the \$500,000 for the equipment and Viisage appealed the disallowance of the \$2.0 million settlement payment. In May 2005, the Georgia Supreme Court voted not to hear Viisage's appeal of the summary judgment ruling on procedural grounds. Due to the uncertainty of the cash settlement as a result of the judge's ruling and the uncertainty of future cash flows from this contract to support the book value of certain system assets installed, Viisage has identified \$2.2 million of assets deployed within the state that it has deemed to have no alternative use. Viisage reduced the recorded value of these assets from approximately \$2.2 million to their estimated fair value of approximately \$200,000 based on its estimate of realizable value from liquidation of these assets, which resulted in a \$2.0 million charge in the fourth quarter of 2004. In addition, Viisage has removed the contract from its backlog, and will lose up to \$19.7 million in revenue that Viisage expected to recognize over the next five and one-half years, unless the contract remains in place or the combined company is able to win the new contract for the digital drivers license system and the revenues from such new contract are substantially similar to the prior contract. Viisage also has evaluated for impairment the remaining \$2.9 million in assets being retained by Viisage from the Georgia contract. These consist of approximately \$1.1 million of assets that Viisage anticipates using in Georgia if it wins the contract based on the new request for proposals, approximately \$150,000 of assets that it anticipates could either be used in Georgia under a new contract or used in other projects, and approximately \$1.6 million of assets constituting Viisage's central production facility in Georgia. Based upon its current probability-weighted estimate of cash flows, Viisage has determined that these assets are not currently impaired. While Viisage believes the combined company can utilize these assets either in Georgia, if it wins the new contract, or on alternative projects, to the extent that it is unable to utilize these assets or realize value through a sale of these assets or reach a new settlement with DMVS regarding these assets, it would be required to take a further charge to earnings.

***If Viisage and Identix are unable to successfully remediate the material weaknesses in their control processes and procedures, their ability to report their financial results on a timely and accurate basis may be adversely affected. As a result, current and potential stockholders could lose confidence in their financial reporting which could have a material adverse effect on the combined business, operating results and stock price.***

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, Viisage, beginning with its Annual Report on Form 10-K for the year ended December 31, 2004, and Identix, beginning with its Annual Report on Form 10-K for the year ended June 30, 2005, were required to furnish a report by their management on their internal controls over financial reporting. As a combined company, Viisage and Identix will be required to file a report by the combined company's management on its internal controls over financial reporting in each of its future Annual Reports on Form 10-K. Such report is required to contain, among other matters, an assessment of the effectiveness of its internal control over financial reporting as of the end of its fiscal year, including a statement as to whether or not its internal control over financial reporting is effective. This assessment must include disclosure of any material weaknesses in its internal control over financial reporting identified by management. Such report must also contain a statement that its auditors have issued an attestation report on management's assessment of such internal controls.

For the year ended December 31, 2005 and the quarter ended March 31, 2006, Viisage's management concluded that its internal control with regard to effecting a timely and accurate financial statement close process had significant deficiencies that constituted a material weakness due to insufficient personnel within the accounting function to effect a timely and accurate financial statement close process with the necessary level of review and supervision. This material weakness could result in a material misstatement to the annual or interim

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financial statements that would not be prevented or detected. Because of this material weakness, Viisage's management has concluded that Viisage did not maintain effective internal control over financial reporting as of December 31, 2005 and as of March 31, 2006. BDO Seidman, LLP, Viisage's independent registered public accounting firm for the year ended December 31, 2005, agreed with management's conclusion as to the ineffectiveness of Viisage's internal controls in BDO's report on internal control over financial reporting for such year. Viisage's management identified certain steps designed to address the material weakness described above, and began to execute remediation plans, as discussed elsewhere in this joint proxy statement/prospectus.

As a result of the material weakness in Viisage's internal controls over financial reporting described above, Viisage's management also concluded that its disclosure controls and procedures were not effective for the year ended December 31, 2005 and the quarter ended March 31, 2006. If Viisage is unable to remedy this material weakness promptly and effectively, it could have a material adverse effect on Viisage's business, as well as impair its ability to meet its quarterly and annual reporting requirements in a timely manner. While Viisage is remediating this material weakness, the controls and procedures on which it currently relies may fail to be sufficiently effective, and such controls and procedures may not be adequate to prevent or detect irregularities or ensure the accuracy of Viisage's financial statements or reports filed with the SEC.

Identix's management's report was included in its annual report for the year ended June 30, 2005 on Form 10-K (as supplemented by Identix Form 8-K filed with the SEC on February 13, 2006) under Item 9A. As of June 30, 2005, management concluded that a material weakness existed as Identix did not maintain effective controls to ensure the proper allocation of its income tax provision (benefit) between loss from continuing operations and income from discontinued operations. Because of this material weakness, management concluded that Identix did not maintain effective internal control over financial reporting as of June 30, 2005, September 30, 2005, December 31, 2005 and March 31, 2006. Management identified the steps necessary to address the material weaknesses described above, and began to execute remediation plans, as discussed in Item 9A of its annual report on Form 10-K (as supplemented by Identix Form 8-K filed with the SEC on February 13, 2006) and Part I, Item 4 of its Quarterly Reports on Form 10-Q for the quarters ended September 30, 2005, December 31, 2005 and March 31, 2006.

As a combined company, any failure to implement in a timely manner and maintain the improvements in the controls over the combined company's financial reporting that Viisage and Identix are currently putting in place, or difficulties encountered in the implementation of these improvements in the combined company's controls, could cause it to fail to meet its reporting obligations, to fail to produce reliable financial reports or to prevent fraud. The merger and the recent acquisitions by Viisage and Identix could adversely affect the combined company's ability to timely remediate and avoid further material weaknesses. Any failure to improve the combined company's internal controls to address these identified weaknesses could also cause investors to lose confidence in its reported financial information, which could have a negative impact on the combined company's business, operating results and stock price.

***Compliance with changing regulation of corporate governance and public disclosure may result in additional expenses.***

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, new SEC regulations and NASDAQ National Market rules, are creating uncertainty for companies such as Viisage and Identix. These new or changed laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity, and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Viisage and Identix are committed to maintaining high standards of corporate governance and public disclosure. As a result, they intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. If

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Viisage s and Identix efforts to comply with new or changed laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, Viisage s and Identix reputation may be harmed.

*Viisage s and Identix strategy of expanding their biometric products business could adversely affect the combined company s business operations and financial condition.*

Part of Viisage s and Identix strategy is to enhance their leadership in biometric technologies. Pursuing this strategy involves risks. For instance, to date, biometric technologies have not gained widespread commercial acceptance. Some of the obstacles to widespread acceptance of biometric products include a perceived loss of privacy and public perceptions as to the usefulness of biometric products. Whether the market for biometric technologies will expand will be dependent upon factors such as:

national or international events which may affect the need for or interest in biometric products or services;

the cost, performance and reliability of the combined company s products and services and those of its competitors;

customers perception of the perceived benefit of biometric products and services and their satisfaction with the combined company s products and services;

public perceptions of the intrusiveness of these products and services and the manner in which firms are using the information collected;

public perceptions regarding the confidentiality of private information;

proposed or enacted legislation related to privacy of information; and

marketing efforts and publicity regarding these products and services.

Viisage and Identix do not know when, if ever, biometric products will gain widespread commercial acceptance. Certain groups have publicly objected to the use of biometric products for some applications on civil liberties grounds and legislation has been proposed to regulate the use of biometric security products. From time to time, biometrics technologies have been the focus of organizations and individuals seeking to curtail or eliminate such technologies on the grounds that they may be used to diminish personal privacy rights. If such initiatives result in restrictive legislation, the market for biometric solutions may be adversely affected. Even if biometric technologies gain wide market acceptance, the combined company s products and services may not adequately address the requirements of the market and may not gain wide market acceptance.

*Viisage and Identix face intense competition, which could result in lower revenues and higher research and development expenditures and could adversely affect the combined company s results of operations.*

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The events of September 11, 2001 and subsequent regulatory and policy changes in the U.S. and abroad have heightened interest in the use of biometric security solutions, and Viisage and Identix expect competition in this field, which is already substantial, to intensify. Competitors are developing and marketing semiconductor or optically based direct contact fingerprint image capture devices, or retinal blood vessel, iris pattern, hand geometry, voice or various types of facial structure solutions. Among these companies are Cognitec Systems Corporation, Imageware Systems, Inc., SAGEM Morpho Inc., NEC Corporation and Cogent Inc. Viisage's and Identix' products also will compete with non-biometric technologies such as certificate authorities and traditional keys, cards, surveillance systems and passwords. Widespread adoption of one or more of these technologies or approaches in the markets Viisage and Identix intend to target could significantly reduce the potential market for their systems and products. Many of Viisage's and Identix' competitors have significantly more cash and resources than Viisage and Identix have. Viisage's and Identix' competitors may introduce products that are competitively priced, have increased performance or functionality or incorporate technological advances that Viisage and Identix have not yet developed or implemented. To remain competitive, Viisage and Identix must

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continue to develop, market and sell new and enhanced systems and products at competitive prices, which will require significant research and development expenditures. If Viisage and Identix do not develop new and enhanced products or if they are not able to invest adequately in their research and development activities, the combined company's business, financial condition and results of operations could be negatively impacted.

*Unless Viisage and Identix keep pace with changing technologies, they could lose existing customers and fail to win new customers.*

In order to compete effectively in the biometrics market, Viisage and Identix must continually design, develop and market new and enhanced products at competitive prices and they must have the resources available to invest in significant research and development activities. The combined company's future success will depend upon its ability to address the changing and sophisticated needs of the marketplace. Frequently, technical development programs in the biometric industry require assessments to be made of the future directions of technology and technology markets generally, which are inherently risky and difficult to predict. Viisage and Identix may not be able to accurately predict which technologies customers will support. If the combined company does not introduce new products, services and enhancements in a timely manner, if it fails to choose correctly among technical alternatives or if it fails to offer innovative products and services at competitive prices, customers may forego purchases of its products and services and purchase those of its competitors.

In addition, continued participation by Viisage and Identix in the market for Live Scan systems that are linked to forensic quality databases under the jurisdiction of governmental agencies may require the investment of the combined company's resources in upgrading the combined company's products and technology for Viisage and Identix to compete and to meet regulatory and statutory standards. Viisage and Identix may not have adequate resources available to them or may not adequately keep pace with appropriate requirements in order to effectively compete in the marketplace.

*Security breaches in systems that Viisage and Identix sell or maintain could result in the disclosure of sensitive government information or private personal information that could result in the loss of clients and negative publicity.*

Many of the systems Viisage and Identix sell manage private personal information and protect information involved in sensitive government functions. The protective measures that Viisage and Identix use in these systems may not prevent security breaches, and failure to prevent security breaches may disrupt the combined company's business, damage its reputation, and expose it to litigation and liability. A party who is able to circumvent security measures used in these systems could misappropriate sensitive or proprietary information or materials or cause interruptions or otherwise damage the combined company's products, services and reputation, and the property of its customers. If unintended parties obtain sensitive data and information, or create bugs or viruses or otherwise sabotage the functionality of the combined company's systems, the combined company may receive negative publicity, incur liability to its customers or lose the confidence of its customers, any of which may cause the termination or modification of its contracts. Further, the combined company's insurance coverage may be insufficient to cover losses and liabilities that may result from such events.

In addition, Viisage and Identix may be required to expend significant capital and other resources to protect themselves against the threat of security breaches or to alleviate problems caused by these breaches. However, protective or remedial measures may not be available at a reasonable price or at all, or may not be entirely effective if commenced.

*SecuriMetrics' intellectual property rights and revenues may be adversely affected if it does not prevail in the litigation between SecuriMetrics and Iridian Technologies, Inc.*



SecuriMetrics is engaged in litigation with Iridian Technologies, Inc. (Iridian) regarding certain license and related agreements for iris technology that SecuriMetrics has entered into with Iridian. SecuriMetrics and Viisage may not prevail in the litigation between SecuriMetrics and Iridian. Viisage's acquisition of SecuriMetrics may

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have an unforeseen and adverse impact on SecuriMetrics' prosecution of the litigation between SecuriMetrics and Iridian. In the event SecuriMetrics does not prevail in this litigation or does not settle this litigation, SecuriMetrics' intellectual property rights and revenues may be adversely affected.

*The substantial lead-time required for ordering parts and materials may lead to inventory problems.*

The lead-time for ordering parts and materials and building many of Viisage's and Identix' products can be many months. As a result, Viisage and Identix must order parts and materials and build their products based on forecasted demand. If demand for their products lags significantly behind their forecasts, Viisage and Identix may produce more products than they can sell, which can result in cash flow problems and write-offs or write-downs of obsolete inventory.

*Loss of limited source suppliers may result in delays or additional expenses.*

Viisage and Identix obtain certain hardware components and complete products, as well as software applications, from a limited group of suppliers. Viisage's and Identix' reliance on these suppliers involves significant risks, including reduced control over quality and delivery schedules. In particular, Viisage is dependent on Toppan Printing Co. Ltd. for all of the printers and consumables for the U.S. Department of State passport contract and the Department of Defense common access card contract. Pursuant to agreements with one of Toppan's distributors, Viisage has the exclusive right to sell the Toppan printers and consumables for the U.S. Department of State passport contract and the Department of Defense common access card contract, and the distributor is required to sell these printers and consumables to Viisage for the duration of such contracts. Any financial instability of Viisage's manufacturers or distributors or breach of supply agreements by these manufacturers or distributors could result in its having to find new suppliers. Further, although Viisage has long-term agreements with some of its suppliers, Identix does not. Viisage and Identix may experience significant delays in manufacturing and shipping their products to customers if they lose their sources or if supplies from these sources are delayed. As a result, they may be required to incur additional development, manufacturing and other costs to establish alternative sources of supply. It may take several months to locate alternative suppliers, if required, or to re-tool the combined company's products to accommodate components from different suppliers. Viisage and Identix cannot predict if they will be able to obtain replacement components within the time frames they require at an affordable cost, or at all. Any delays resulting from suppliers failing to deliver components or products on a timely basis, in sufficient quantities and of sufficient quality or any significant increase in the price of components from existing or alternative suppliers could have a severe negative impact on the combined company's business, financial condition and results of operations.

*The market for Viisage's and Identix' solutions is still developing and if the industry adopts standards or a platform different from their platform, then their competitive position would be negatively affected.*

The market for identity solutions is still emerging. The evolution of this market is in a constant state of flux that may result in the development of different technologies and industry standards that are not compatible with Viisage's and Identix' current products or technologies. In particular, the face recognition market lacks industry-wide standards. Several organizations, such as the International Civil Aviation Organization, which sets standards for travel documents that its member states then put into effect, and the National Institute for Standards and Testing, which is part of the U.S. Department of Commerce, have recently selected face recognition as the biometric to be used in identification documentation. It is possible, however, that these standards may change and that any standards eventually adopted could prove disadvantageous to or incompatible with the combined company's business model and product lines.

*Legal claims regarding infringement by Viisage or Identix or their suppliers of third party intellectual property rights could result in substantial costs, diversion of managerial resources and harm to the combined company's reputation.*

Although Viisage and Identix believe that their products and services do not infringe the intellectual property rights of others, Viisage or Identix might not be able to defend successfully against a third-party

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infringement claim. A successful infringement claim against Viisage or Identix or their suppliers could subject them to:

liability for damages and litigation costs, including attorneys' fees;

lawsuits that prevent them from further use of the intellectual property;

having to license the intellectual property from a third party, which could include significant licensing fees;

having to develop a non-infringing alternative, which could be costly and delay projects;

having to indemnify clients with respect to losses they incurred as a result of the alleged infringement; and

having to establish alternative sources for products supplied to them by third parties, as discussed above in the risk factor regarding their dependence on limited source suppliers.

Even if Viisage and Identix are not found liable in a claim for intellectual property infringement, such a claim could result in substantial costs, diversion of resources and management attention, termination of customer contracts and harm to the combined company's reputation.

***Uncertainties in global economic markets and the continuing threat of global terrorism could cause delays in customer purchases.***

Many customers and potential customers have delayed purchase intentions as a result of uncertainties in global economic markets. Government budgets, particularly at state and regional levels, have been or are expected to be reduced notably. Government contracts result from purchasing decisions made by public sector agencies that are particularly sensitive to budget changes and cutbacks during economic downturns, and variations in appropriations cycles. Many U.S. state customers are facing budget cuts, and some international customers are facing debt crises, introducing added uncertainty. Any shift in the government procurement process, which is outside of Viisage's and Identix's control and may not be predictable, could impact the predictability of their quarterly results and may potentially have a material negative effect on the combined company's financial position, results of operation or cash flows.

The September 11, 2001 terrorist attacks, and continuing concerns about global terrorism, may have created an increase in awareness for biometric security solutions generally. However, government funding for efforts in the war against terrorism, the war in Iraq, and the post-war reconstruction efforts in Iraq, may result in delays in funding for the implementation of biometric solutions generally.

***Viisage's and Identix's plan to pursue sales in international markets may be limited by risks related to conditions in such markets.***

In the quarter ended March 31, 2006, Viisage derived approximately 9%, and in the nine months ended March 31, 2006, Identix derived approximately 12%, of their total revenues from international sales. Identix has a local presence in the United Kingdom, and Viisage has a local presence in Germany. There is a risk that Viisage and Identix may not be able to successfully market, sell and deliver their products in foreign

countries.

Risks inherent in marketing, selling and delivering products in foreign and international markets, each of which could have a severe negative impact on the combined company's financial results and stock price, include those associated with:

regional economic or political conditions;

delays in or absolute prohibitions on exporting products resulting from export restrictions for certain products and technologies, including crime control products and encryption technology;

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loss of, or delays in importing products, services and intellectual property developed abroad, resulting from unstable or fluctuating social, political or governmental conditions;

fluctuations in foreign currencies and the U.S. dollar;

loss of revenue, property (including intellectual property) and equipment from expropriation, nationalization, war, insurrection, terrorism, criminal acts and other political and social risks;

the overlap of different tax structures;

seasonal reductions in business activity;

risks of increases in taxes and other government fees; and

involuntary renegotiations of contracts with foreign governments.

Viisage and Identix expect that they will have increased exposure to foreign currency fluctuations. Net revenue and related expenses generated from Viisage's operations in Germany are denominated in euros. The results of operations and balance sheet associated with this location are exposed to foreign exchange rate fluctuations. As of March 31, 2006, the accumulated other comprehensive loss for Viisage and Identix includes foreign currency translation adjustments of \$1.8 million and \$0.2 million respectively. In addition to Viisage's German operation, Viisage has significant Japanese Yen-denominated transactions with Japanese vendors supplying hardware and consumables for the delivery of certain large contracts. Fluctuations in foreign currencies, including Viisage's Japanese Yen-denominated transactions could result in unexpected fluctuations to its results of operations, which could be material and adverse.

*The combined company's results of operations may be harmed by governmental credit and other policies.*

Viisage and Identix extend substantial credit to federal, state and local governments in connection with sales of their products and services. Sales to sizeable customers requiring large and sophisticated networks of fingerprint recognition and Live Scan systems and peripheral equipment often include technical requirements which may not be fully known at the time requirements are specified by the customer. In addition, contracts may specify performance criteria that must be satisfied before the customer accepts the products and services. Collection of accounts receivable may be dependent on completion of customer requirements, which may be unpredictable, subject to change by the customer, and not fully understood by Viisage and Identix at the time of acceptance of the order, and may involve investment of additional resources. These investments of additional resources are accrued when amounts can be estimated but may be uncompensated and negatively affect profit margins and the combined company's liquidity.

Additionally, without regard to termination of funding, government agencies both domestically and internationally may successfully assert the right to terminate business or funding relationships with Viisage and Identix at their sole discretion without adequate or any compensation or recourse for Viisage and Identix.

*If Viisage and Identix do not successfully expand their direct sales and services organizations and partnering arrangements, they may not be able to increase their sales or support their customers.*

Viisage sells substantially all of its services and licenses substantially all of its products through its direct sales organization. The combined company's future success depends on substantially increasing the size and scope of its direct sales force and partnering arrangements, both domestically and internationally. Viisage and Identix will face intense competition for personnel, and they cannot guarantee that they will be able to attract, assimilate or retain additional qualified sales personnel on a timely basis. Moreover, given the large-scale deployment required by some of their customers, they will need to hire and retain a number of highly trained customer service and support personnel. They cannot guarantee that they will be able to increase the size of their customer service and support organization on a timely basis to provide the high quality of support required by their customers. Failure to add additional sales and customer service representatives could result in their inability to increase sales and support their customers.

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***Viisage and Identix rely in part upon original equipment manufacturers, or OEM, and distribution partners to distribute their products, and they may be adversely affected if those parties do not actively promote their products or pursue installations that use their equipment.***

A significant portion of Viisage's and Identix's revenue comes from sales to partners including OEMs, systems integrators, distributors and resellers. Some of these relationships have not been formalized in a detailed contract, and may be subject to termination at any time. Even where these relationships are formalized in a detailed contract, the agreements are often terminable with little or no notice and subject to periodic amendment. Viisage and Identix cannot control the amount and timing of resources that their partners devote to activities on their behalf.

Viisage and Identix intend to continue to seek strategic relationships to distribute, license and sell certain of their products. Viisage and Identix, however, may not be able to negotiate acceptable relationships in the future and cannot predict whether current or future relationships will be successful.

***Integration of acquired businesses may be difficult and will consume significant financial and managerial resources, which could have an adverse effect on the combined company's results of operations.***

In addition to the risks related to the merger contemplated by this registration statement as described in "Risk Factors - Risks Related to the Merger" above, the combined company faces risks related to acquisitions made by Viisage and Identix prior to the merger. On February 17, 2006, Viisage completed the acquisition of all of the stock of SecuriMetrics, Inc., a company which provides handheld iris recognition and multi-modal biometric devices, software applications and services. On December 16, 2005, Viisage completed the acquisition of Integrated Biometric Technology LLC and its parent, Integrated Biometric Technology, Inc., companies providing fingerprinting products, services and solutions to government, civil and commercial customers that require criminal background checks and screening. On January 23, 2004, Viisage completed the acquisition of ZN Vision Technologies AG, or ZN, a leading German provider of face recognition and computer vision products and services. On February 14, 2004, Viisage completed the acquisition of TDT. On October 5, 2004, Viisage completed the acquisition of Imaging Automation, Inc., a market leader in identity document authentication. In March 2004, Identix acquired certain technology and intellectual property rights of Delean Vision Worldwide, Inc. In February 2004, Identix acquired the 50% percent interest in Sylvan Identix Fingerprint Centers, LLC (referred to as SIFC) that it did not own. Identix subsequently re-named SIFC to Identix Identification Services, LLC. In February 2004, Identix sold its wholly owned subsidiary, Identix Public Sector, Inc., whose business principally consisted of providing project management and facilities engineering services to government agencies. Identix acquired certain proprietary software and source code assets from a third party in October 2002. Identix merged with Visionics in June 2002 and acquired Identicator Technology, Inc. in fiscal year 1999. The continued integration of the products and services of these acquired companies with the combined company will be challenging and will consume significant financial and managerial resources. The challenges involved with integration include, among others:

exposure to unknown liabilities of acquired companies or assets;

higher than anticipated acquisition costs and expenses;

effects of costs and expenses of acquiring and integrating new businesses on the combined company's operating results and financial condition;

effects of consolidated revenue loss associated with dispositions of material subsidiaries or assets;



effects of costs and expenses of integrating and introducing new technologies;

the difficulty and expense of assimilating the operations and personnel of the companies;

disruption of the combined company's ongoing business;

diversion of management time and attention;

failure to maximize the combined company's financial and strategic position by the successful incorporation of acquired technology;

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failure to realize the potential of acquired technologies, complete product development, or properly obtain or secure appropriate protection of intellectual property rights;

the maintenance of uniform standards, controls, procedures and policies;

loss of key employees and customers as a result of changes in management;

incurring amortization expenses;

incurring impairment charges arising out of the combined company's assessments of goodwill and intangibles; and

possible dilution to the combined company's stockholders.

In addition, the differences between business cultures and the geographic distances between the companies could present significant obstacles to the combined company's integration of Viisage's and Identix's acquired companies. Viisage's and Identix's strategy contemplates acquiring additional businesses, the integration of which may consume significant financial and managerial resources, and could have a severe negative impact on our business, financial condition and results of operations.

***The acquisitions by Viisage and Identix could result in future impairment charges and other charges which could adversely affect the combined company's results of operations.***

As a result of the acquisitions of SecuriMetrics, Integrated Biometric Technology, LLC, ZN Vision Technologies AG, Trans Digital Technologies Corporation and Imaging Automation, Viisage has recorded goodwill and other intangible assets of approximately \$207 million at March 31, 2006. Goodwill and other intangibles expected to be recorded in connection with the merger amount to approximately \$670.7 million and \$103.9 million, respectively. Because goodwill represents a residual after the purchase price is allocated to acquired assets and liabilities, it is difficult to quantify the factors that contribute to the recorded amount. Nevertheless, management of Viisage and Identix believe that the following factors contribute to the estimated amount to be recorded in the merger:

Identix's technological development capabilities and intellectual capital;

Identix's expected significant growth in revenues and profits from the expanding market in identity solutions;

expected synergies resulting from providing multi modal product offerings to Viisage's existing customer base and to new customers of the combined company;

the premium paid by Viisage over the weighted average closing price of Identix's common stock for 10 days prior to the announcement of the merger agreement, which increased the purchase price by approximately \$288 million;

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the increase in purchase price of approximately \$50 million resulting from the valuation of the outstanding in-the-money stock options and warrants; and

the fact that Identix is not a capital intensive business and has few physical assets.

The recorded amounts at the purchase date for goodwill and other intangible assets are estimates at a point in time and are based on valuations and other analyses of fair value that require significant estimates and assumptions about future events, including but not limited to projections of revenues, market growth, demand, technological developments, political developments, government policies, among other factors, which are derived from information obtained from independent sources, as well as the management of the acquired businesses and the combined company's business plans for the acquired businesses or intellectual property. If estimates and assumptions used to initially record goodwill and intangible assets do not materialize, or unanticipated adverse developments or events occur, ongoing reviews of the carrying amounts of such goodwill and intangible assets may result in impairments which will require the combined company to record a charge in the period in which such an impairment is identified, and could have a severe negative impact on its business, financial condition and results of operations.

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The following factors also could result in material charges that would adversely affect the combined company's results:

charges for in-process research and development;

charges for stock-based compensation;

accrual of newly identified pre-merger contingent liabilities, in which case the related charge could be required to be included in earnings in the period in which the accrual is determined to the extent it is identified subsequent to the finalization of the purchase price allocation; and

charges to income to eliminate certain Viisage pre-merger activities that duplicate those of the combined company or charges to reduce its cost structure.

***If the combined company does not achieve the expected benefits of the acquisitions made by Viisage and Identix, the price of the combined company's common stock could decline.***

Viisage and Identix expect that the merger of Viisage and Identix, as well as the acquisitions that Viisage and Identix have made previously will enhance their leadership in the identity solutions industry through the combination of their technologies. However, the combination of such technologies might not meet the demands of the marketplace. If Viisage's and Identix's technologies fail to meet such demand, customer acceptance of their biometric products could decline, which would have an adverse effect on their results of operations and financial condition. Further, they expect that the additions to their product portfolio will extend their reach into their current markets and provide a critical component to their comprehensive offering for new markets in need of identity solutions. However, there can be no assurance that their current customers or customers in new markets will be receptive to these additional offerings. Further, Viisage and Identix might not be able to market successfully their products and services to the customers of the companies they acquired. If their product offerings and services fail to meet the demands of this marketplace, their results of operations and financial condition could be adversely affected. There is also a risk that they will not achieve the anticipated benefits of the acquisitions as rapidly as, or to the extent, anticipated by financial or industry analysts, or that such analysts will not perceive the same benefits to the acquisitions as they do. If these risks materialize, the combined company's stock price could be adversely affected.

***The success of Viisage's and Identix's strategic plan to grow sales and develop relationships in Europe may be limited by risks related to conducting business in European markets.***

Part of Viisage's and Identix's strategy will be to increase sales and build additional relationships in European markets. Risks inherent in marketing, selling and developing relationships in European markets include those associated with:

economic conditions in European markets, including fluctuations in the relative values of the U.S. dollar and the Euro;

taxes and fees imposed by European governments that may increase the cost of products and services; and

laws and regulations imposed by individual countries and by the European Union.

In addition, European intellectual property laws are different than U.S. intellectual property laws and Viisage and Identix will have to ensure that their intellectual property is adequately protected in foreign jurisdictions and that ZN's intellectual property is adequately protected in the United States. If Viisage and Identix do not adequately protect their intellectual property rights, competitors could use their proprietary technologies in non-protected jurisdictions and put them at a competitive disadvantage.

***If Viisage's and Identix's systems and products are not timely delivered or do not perform as promised, the combined company could experience increased costs, lower margins, liquidated damage payment obligations and harm to its reputation.***

Viisage and Identix will be required to provide complex systems, such as their fingerprint readers, that will be required to operate on an as needed basis. This may in turn lead to delays or shortages in the availability of

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certain products, or, in some cases, the unavailability of certain products. The negative effects of any delay or failure could be exacerbated if the delay or failure occurs in products that provide personal security, secure sensitive computer data, authorize significant financial transactions or perform other functions where a security breach could have significant consequences. If a product launch is delayed or is the subject of an availability shortage because of problems with Viisage's and Identix's ability to manufacture or assemble the product successfully on a timely basis, or if a product or service otherwise fails to meet performance criteria, Viisage and Identix may lose revenue opportunities entirely and/or experience delays in revenue recognition associated with a product or service in addition to incurring higher operating expenses during the period required to correct the defects.

There is a risk that for unforeseen reasons Viisage and Identix may be required to repair or replace a substantial number of products in use or to reimburse customers for products that fail to work or meet strict performance criteria. Viisage and Identix attempt to limit remedies for product failure to the repair or replacement of malfunctioning or noncompliant products or services, and also attempt to exclude or minimize exposure to product and related liabilities by including in their standard agreements warranty disclaimers and disclaimers for consequential and related damages as well as limitations on their aggregate liability. From time to time, in certain complex sale or licensing transactions, Viisage and Identix may negotiate liability provisions that vary from such standard forms. There is a risk that their contractual provisions may not adequately minimize their product and related liabilities or that such provisions may be unenforceable. Viisage and Identix carry product liability insurance, but existing coverage may not be adequate to cover potential claims. Although they will deploy back-up systems, the failure of their products to perform as promised could result in increased costs, lower margins, liquidated damage payment obligations and harm to their reputation. This could result in contract terminations and have a material adverse effect on the combined company's business and financial results.

***Failure by Viisage and Identix to maintain the proprietary nature of their technology, intellectual property and manufacturing processes could have a material adverse effect on their business, operating results, financial condition, stock price, and their ability to compete effectively.***

Viisage and Identix principally rely upon patent, trademark, copyright, trade secret and contract law to establish and protect their proprietary rights. There is a risk that claims allowed on any patents or trademarks they hold may not be broad enough to protect their technology. In addition, their patents or trademarks may be challenged, invalidated or circumvented and Viisage and Identix cannot be certain that the rights granted thereunder will provide competitive advantages to them. Moreover, any current or future issued or licensed patents, or trademarks, or currently existing or future developed trade secrets or know-how may not afford sufficient protection against competitors with similar technologies or processes, and the possibility exists that certain of Viisage's and Identix's already issued patents or trademarks may infringe upon third party patents or trademarks or be designed around by others. In addition, there is a risk that others may independently develop proprietary technologies and processes, which are the same as, substantially equivalent or superior to Viisage's and Identix's, or become available in the market at a lower price.

The combined company may have to litigate to enforce its patents or trademarks or to determine the scope and validity of other parties' proprietary rights. Litigation could be very costly and divert management's attention. An adverse outcome in any litigation may have a severe negative effect on the combined company's financial results and stock price. To determine the priority of inventions, the combined company may have to participate in interference proceedings declared by the United States Patent and Trademark Office or oppositions in foreign patent and trademark offices, which could result in substantial cost and limitations on the scope or validity of the combined company's patents or trademarks.

In addition, foreign laws treat the protection of proprietary rights differently from laws in the United States and may not protect Viisage's and Identix's proprietary rights to the same extent as U.S. laws. The failure of foreign laws or judicial systems to adequately protect their proprietary rights or intellectual property, including intellectual property developed on their behalf by foreign contractors or subcontractors may have a material adverse effect on their business, operations, financial results and stock price.



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*If Viisage and Identix fail to adequately manage their resources, it could have a severe negative impact on the combined company's financial results or stock price.*

Viisage and Identix could be subject to fluctuations in technology spending by existing and potential customers. Accordingly, they will have to actively manage expenses in a rapidly changing economic environment. This could require reducing costs during economic downturns and selectively growing in periods of economic expansion. In addition, the combined company will be required to implement operational, financial and management information procedures and controls that are efficient and appropriate for the size and scope of its operations. The management skills and systems currently in place may not be adequate, and Viisage and Identix may not be able to manage any significant cost reductions or effectively provide for their growth.

*Future acquisitions of companies or technologies may result in disruptions to the combined company's business.*

Beyond the recent acquisitions made by Viisage and Identix, Viisage's and Identix's growth strategy as a combined company includes additional acquisitions of companies or technologies that are complementary to their existing businesses. Future acquisitions could involve risks inherent in acquisitions, such as:

challenges associated with integrating acquired technologies and the business and operations of acquired companies;

exposure to unknown liabilities;

diversion of managerial resources from day-to-day operations;

possible loss of key employees, customers and suppliers;

higher than expected transaction costs; and

additional dilution to the combined company's existing stockholders if the combined company uses its common stock as consideration.

If Viisage and Identix fail to manage these challenges adequately, their results of operations and stock price could be adversely affected.

*Viisage and Identix may be unable to raise additional capital required to fund their operations and finance their growth and, even if they are successful in obtaining financing, they may be unable to do so on acceptable terms.*

The installation of the combined company's secure credentials systems and its research and development requires significant capital in advance of anticipated revenues. Moreover, the combined company's strategy includes growth of its business through acquisitions. At March 31, 2006, Viisage had cash of \$46.4 million, and Identix had combined cash and marketable securities of \$33.9 million. While Viisage and Identix believe



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the combined company will have adequate capital to meet the requirements of its business and as independent companies Viisage and Identix have been successful in obtaining financing for working capital, capital expenditures and acquisitions, Viisage and Identix expect to have ongoing capital needs as a combined company as they continue to expand the business of the combined company. Even if Viisage and Identix are successful in raising additional financing, they may not be able to do so on terms that are not excessively dilutive to existing stockholders or less costly than existing sources of financing. Failure to secure additional financing in a timely manner and on satisfactory commercial terms could have a material adverse effect on the combined company's financial performance and stock price and could require Viisage and Identix to delay or abandon the combined company's development and expansion plans or to implement certain cost reduction initiatives resulting in the curtailment of the combined company's operations.

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*If Viisage and Identix fail to attract and retain qualified senior executive and key technical personnel, their ability to remain competitive could be adversely affected.*

Viisage and Identix believe that the continued service of their executive officers will be important to their future growth and competitiveness. They expect to enter into new employment and/or service agreements with current Viisage, Identix and L-1 executives in connection with the merger. These agreements are intended to provide the executives with incentives to remain employed by the combined company. However, Viisage and Identix cannot assure you that they will reach agreement with these executives. In addition, Viisage and Identix believe that the continued employment of key members of Viisage's and Identix's technical and sales staffs is important to the combined company. Most of Viisage's and Identix's employees are entitled to voluntarily terminate their relationship with Viisage or Identix, typically without any, or with only minimal, advance notice. The process of finding additional trained personnel to carry out Viisage's and Identix's strategy could be lengthy, costly and disruptive. Viisage and Identix may be unable to retain the services of all of their key employees or a sufficient number of them to execute Viisage's and Identix's plans. In addition, Viisage and Identix may be unable to attract new employees as required.

*Viisage's and Identix's quarterly results could be volatile and may cause their stock price to fluctuate.*

Viisage and Identix have experienced fluctuations in quarterly operating results and they expect those fluctuations to continue. They expect that their quarterly results will continue to be affected by, among other things, factors such as:

unavailability or delays in authorization of government funding or cancellations, delays or contract amendments by government agency customers;

reduced demand for products and services caused, for example, by product offerings from new competitors;

the inability to timely and successfully (i) complete development of complex designs, components and products, (ii) complete new product introductions that may result in improved gross margins, (iii) manufacture in volume or install certain of the combined company's complex products or (iv) obtain relevant government agency certifications for newly introduced products on a timely basis;

changes in the mix of products and services Viisage or Identix or their distributors sell;

the readiness of customers to accept delivery of new products on a timely basis;

protests of federal, state or local government contract awards by competitors;

unforeseen legal expenses, including litigation and/or administrative protest costs;

expenses related to acquisitions or mergers;

impairment charges arising out of their assessments of goodwill and intangibles;

other one-time financial charges;

the lack of availability or increase in cost of key components and subassemblies;

competitive pricing pressures; and

unpredictable product installation schedules.

Particularly important is the need to invest in planned technical development programs to maintain and enhance the combined company's competitiveness, and to successfully develop and launch new products and services on a timely basis. Managing and improving the likelihood of success of such programs requires the development of budgets, plans and schedules for the execution of these programs and the adherence to such budgets, plans and schedules. The majority of such program costs are payroll and related staff expenses, and secondarily materials, subcontractors and promotional expenses. These costs are very difficult to adjust in response to short-term fluctuations in the combined company's revenues, compounding the difficulty of achieving profitability in the event of a revenue downturn.

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*The combined company's lengthy and variable sales cycle will make it difficult to predict operating results.*

Certain of the combined company's products often have a lengthy sales cycle while the customer evaluates and receives approvals for purchase. If, after expending significant funds and effort, the combined company fails to receive an order, a negative impact on its financial results and stock price could result. It is difficult to predict accurately the sales cycle of any large order for any of its products. If the combined company does not ship and/or install one or more large orders as forecast for a fiscal quarter, its total revenues and operating results for that quarter could be materially and adversely affected.

*Certain of Viisage's stockholders have significant relationships with Viisage, which could result in it taking actions that are not supported by unaffiliated stockholders.*

In connection with the Aston investment, Aston became the largest stockholder of Viisage. As of May 1, 2006, Aston beneficially owned approximately 28.5% of Viisage's outstanding common stock, including vested options and warrants (or 29.4% when considered with its affiliate, L-1). Based on the number of shares of Identix outstanding as of May 1, 2006, upon consummation of the merger, Aston will own approximately 11.4% of the combined company. In addition, Lau Technologies, or Lau, and Mr. Buddy Beck, beneficially own approximately 7.7% and 7.9%, respectively, of Viisage's outstanding common stock and will beneficially own approximately 3.2% and 3.3% upon completion of the merger. As a result, Aston (together with its affiliate, L-1), Lau and Mr. Beck have a strong influence on matters requiring approval by Viisage's stockholders, including the election of directors and most corporate actions, such as mergers and acquisitions. In addition, Viisage has significant relationships with each of L-1, Aston, Lau and Mr. Beck, including:

Mr. Robert LaPenta, the founder and Chief Executive Officer of L-1, an affiliate of Aston, is Chairman of the board of directors of Viisage and will become Chairman of the board of directors, Chief Executive Officer and Chief Operating Officer of the combined company;

James DePalma and Joseph Paresi, who are affiliates of L-1 and Aston, will serve as the Executive Vice President and Chief Financial Officer and as the Executive Vice President and Chief Marketing and Sales Officer, respectively, of the combined company;

in connection with the relocation of the corporate headquarters of Viisage to the present offices of L-1 in Stamford, Connecticut, Viisage will pay for costs associated with the Stamford headquarters, including headquarters staff;

L-1 will receive fees in consideration of services provided by L-1 in connection with the SecuriMetrics acquisition and the merger;

Viisage acquired significant intellectual property, contracts and distribution channels through a transaction with Lau in January 2002 under which Viisage agreed to pay Lau a 3.1% royalty on certain of its face recognition revenues through June 30, 2014, up to a maximum of \$27.5 million;

in connection with the above transaction with Lau, Viisage entered into consulting agreements with Joanna Lau, the President of Lau, and her spouse Denis K. Berube, the Chief Operating Officer of Lau who also serves as a director on Viisage's board of directors under which Viisage will pay each of Ms. Lau and Mr. Berube \$125,000 per year through the earlier of January 10, 2012 or the commencement of the consultant's full-time employment elsewhere;

Mr. Berube and Ms. Lau own a majority of Lau's voting stock;

in connection with the acquisition of TDT in February 2004, Mr. Beck was elected a member of Viisage's board of directors; and

in connection with the acquisition of TDT, Viisage entered into a consulting agreement with Mr. Beck under which Viisage agreed to pay Mr. Beck \$300,000 per year for two years, provided that Mr. Beck devotes his full business time to developing business opportunities for Viisage; that consulting agreement terminated on April 16, 2006.

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As of March 31, 2006, Kern Capital Management LLC owned approximately 8.5% of Identix outstanding common stock and, upon consummation of the merger, based on the number of shares of Identix outstanding on May 1, 2006, will own approximately 5% of the outstanding common stock of the combined company.

The concentration of large percentages of ownership in any single stockholder, or in any series of single stockholders, may delay or prevent change in control of the combined company. Additionally, the sale of a significant number of the combined company's shares in the open market by single stockholders or otherwise could adversely affect its stock price.

*Provisions in Viisage's organizational documents and under Delaware law could delay or prevent a change in control of Viisage, which could adversely affect the price of Viisage common stock.*

The existence of some provisions in Viisage's organizational documents and under Delaware law could delay or prevent a change in control of Viisage, which could adversely affect the price of Viisage common stock. The provisions in Viisage's certificate of incorporation and bylaws that could delay or prevent an unsolicited change in control of Viisage include a staggered board of directors, board authority to issue preferred stock, and advance notice provisions for director nominations or business to be considered at a stockholder meeting. The adoption of Proposal No. 2A relating to the increase in the number of authorized shares of Viisage common stock, which is necessary to effect and a condition to the exchange of shares in the merger, could have an anti-takeover effect because it may allow the board of directors to delay or impede a takeover or transfer of control of Viisage by causing additional authorized shares to be issued to holders who might side with the board in opposing a takeover bid. The adoption of Proposals No. 2D and 2E could have the effect of delaying or preventing an unsolicited change in control of Viisage because it would require approval of two thirds of the entire board of directors and independent directors to increase or decrease the size of the board of directors or to amend the provisions of Viisage's certificate of incorporation relating to increasing or decreasing the size of the board of directors and granting the full and exclusive power and authority otherwise conferred to the board of directors to the nominating and governance committee to evaluate and nominate candidates for the board. Delaware law also imposes restrictions on mergers and other business combinations between Viisage and any holder of 15% or more of Viisage outstanding common stock. See Description of Viisage's Capital Stock on page 131 and Viisage Proposals No. 2A-2E Amendments to the Viisage Certificate of Incorporation on page 106.

## **Additional Risks Related To The Business Of Identix**

*Identix faces intense competition from other biometric solution providers as well as identification and security systems providers.*

A significant number of established and startup companies are marketing or developing software and hardware for facial, skin and fingerprint biometric products and applications that currently compete or will compete directly with Identix current offerings. Some of these companies are marketing or developing semiconductor or optically based direct contact fingerprint image capture devices, or retinal blood vessel, iris pattern, hand geometry, voice or various types of facial structure solutions. If one or more of these competing technologies or approaches were widely adopted, it would significantly reduce the potential market for Identix products. Identix security and identity related line of products and applications also compete with non-biometric technologies such as certificate authorities, smart card security solutions, and traditional key, card, surveillance systems and passwords. Many competitors offering products that compete with Identix security and identity related line of products and applications have significantly more financial and other resources than Identix.

Identix facial biometric products face intense competition from a number of competitors who are actively engaged in developing and marketing facial-based recognition or security products. Among these competitors are Cognitec Systems GmbH and Imagis Technologies, Inc. Identix live scan line of products also faces intense competition from a number of competitors, including without limitation CrossMatch Technologies, Inc.,

which recently merged with Smiths Heimann Biometrics GmbH.

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The biometric security market is rapidly evolving and intensely competitive, and Identix believes that additional significant long-term competitors will continue to enter the market. Identix expects competition in the biometrics markets to increase and intensify in the near term. Companies competing with Identix may introduce products that are competitively priced, have increased performance or functionality or incorporate technological advances Identix has not yet developed or implemented. Some present and potential competitors have financial, marketing, research, and manufacturing resources substantially greater than those of Identix. Other players in the biometric industry who offer complementary products or private label products manufactured by Identix – direct competitors do have the potential to directly compete with Identix. Among these companies are Sagem Morpho, Inc., Cogent, NEC, Printrak International, Inc., (a Motorola company), and Saflink.

*The biometrics industry is characterized by rapid technological change and requires introduction of new and enhanced products at competitive prices.*

In order to compete effectively in the biometrics market, Identix must continually design, develop or acquire and market new and enhanced products at competitive prices and Identix must have the resources available to invest in significant research and development activities. Identix future success will depend upon Identix – ability to address the changing and sophisticated needs of the marketplace. Frequently, technical development programs in the biometric industry require assessments to be made of the future directions of technology and technology markets generally, which are inherently risky and difficult to predict. Delays in introducing new products, services and enhancements, the failure to choose correctly among technical alternatives or the failure to offer innovative products and services at competitive prices may cause customers to forego purchases of Identix – products and services and purchase those of Identix – competitors, and could adversely affect Identix – business operations, financial results and stock price.

Continued participation by Identix in the market for Live Scan systems that are linked to forensic quality databases under the jurisdiction of governmental agencies may require the investment of Identix – resources in upgrading Identix – products and technology for Identix to compete and to meet regulatory and statutory standards. Identix may not have adequate resources available to it or may not adequately keep pace with appropriate requirements in order to effectively compete in the marketplace.

*Identix – business will not grow unless the market for biometric products and services expands both domestically and internationally.*

Identix – revenues are derived from the sale of biometric products and services. Biometric products have not gained widespread commercial acceptance. Identix cannot accurately predict the future growth rate, if any, or the ultimate size of the biometric technology market. The expansion of the market for Identix – products depends on a number of factors including without limitation:

national or international events which may affect the need for or interest in biometric products or services;

the cost, performance and reliability of Identix – products and services and those of Identix – competitors;

customers – perception of the perceived benefit of biometric products and services and their satisfaction with Identix – products and services;

public perceptions of the intrusiveness of these products and services and the manner in which firms are using the information collected;



public perceptions regarding the confidentiality of private information;

proposed or enacted legislation related to privacy of information; and

marketing efforts and publicity regarding these products and services.

Certain groups have publicly objected to the use of biometric products for some applications on civil liberties grounds and legislation has been proposed to regulate the use of biometric security products. From time to time, biometrics technologies have been the focus of organizations and individuals seeking to curtail or

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eliminate such technologies on the grounds that they may be used to diminish personal privacy rights. If such initiatives result in restrictive legislation, the market for biometric solutions may be adversely affected. Even if biometric solutions gain wide market acceptance, Identix products and services may not adequately address the requirements of the market and may not gain wide market acceptance.

*Identix derives a significant amount of its revenue from government contracts, which are often non-standard, involve competitive bidding, may be subject to cancellation without penalty and may produce volatility in earnings and revenue.*

Identix performance in any reporting period may be adversely affected because of its reliance on a small number of large customers, the majority of which are government agencies. Government contracts frequently include provisions that are not standard in private commercial transactions. For example, government contracts often include bonding requirements and provisions permitting the purchasing agency to cancel the contract for convenience at any time without penalty in certain circumstances. As public agencies, these prospective customers are also subject to public agency contract requirements that vary from jurisdiction to jurisdiction. Some of these requirements may be onerous or impossible to satisfy.

In many instances, the procurements of Identix federal, state and local customers are dependent on the availability or continued availability of federal, state or local government funds or grants and general tax funding. Such funding may not be approved or, if approved, it may not be available for the purchase of Identix products or solutions, and even if such funding is approved and available, such funds may be subject to termination at any time at the sole discretion of the government body providing or receiving such funds.

Additionally, public agency contracts are frequently awarded only after formal competitive bidding processes, which are often protracted. In some cases, unsuccessful bidders for public agency contracts are provided the opportunity to formally protest certain contract awards through various agency, administrative and judicial channels. The protest process may delay a successful bidder's contract performance for a number of weeks, months or more, or result in the cancellation of the contract award entirely. There is a risk that Identix may not be awarded contracts for which it bids or, if awarded, that substantial delays or cancellation of purchases may follow as a result of third party protests. For example, in October 2003, Identix announced that it had been awarded a Blanket Purchase Order (referred to as BPO) from the Department of Homeland Security (referred to as DHS) with an estimated value of approximately \$27 million. The award was subsequently protested by one of Identix competitors who had been an unsuccessful participant in the bidding process for the BPO. Though the protest was ultimately resolved in Identix favor, the protest resulted in substantial delays in DHS procurement of Identix technology under the BPO. Similar protests, and similar delays, regarding any future government contracts of a material nature that may be awarded to Identix could result in materially adverse revenue volatility, making management of inventory levels, cash flow and profitability or loss inherently difficult. Outright loss of any material government contract, through the protest process or through termination for convenience by the customer or otherwise, could have a material adverse effect on Identix financial results and stock price.

Similar to federal government contracts, state and local government agency contracts may be contingent upon availability of matching funds from federal, state or local entities. State and local law enforcement and other government agencies are subject to political, budgetary, purchasing and delivery constraints which may continue to result in quarterly and annual revenues and operating results that may be irregular and difficult to predict. Such revenue volatility makes management of inventory levels, cash flow and profitability inherently difficult. In addition, if Identix is successful in winning such procurements, there may be unevenness in shipping schedules, as well as potential delays and changes in the timing of deliveries and recognition of revenue, or cancellation of such procurements.

For the nine months ended March 31, 2006 and 2005, Identix derived approximately 21% and 26%, respectively, of its revenue directly from contracts relating to the U.S. Federal Government with no one agency producing more than 10% of the total revenues in the nine months ended March 31, 2006 and one agency



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producing 10% of total revenues for the nine months ended March 31, 2005. The loss of a material government contract due to budget cuts or otherwise could have a material adverse impact on Identix financial results and stock price.

*Identix financial and operating results often vary significantly from quarter to quarter and may be negatively affected by a number of factors.*

Identix financial and operating results may fluctuate from quarter to quarter because of the following reasons:

unavailability or delays in authorization of government funding or cancellations, delays or contract amendments by government agency customers;

reduced demand for products and services caused, for example, by product offerings from new competitors;

the inability to timely and successfully (i) complete development of complex designs, components and products, (ii) complete new product introductions that may result in improved gross margins, (iii) manufacture in volume or install certain of Identix complex products or (iv) obtain relevant government agency certifications for newly introduced products on a timely basis;

changes in the mix of products and services Identix or its distributors sell;

the readiness of customers to accept delivery of new products on a timely basis;

protests of federal, state or local government contract awards by competitors;

unforeseen legal expenses, including litigation and/or administrative protest costs;

expenses related to acquisitions or mergers;

impairment charges arising out of Identix assessments of goodwill and intangibles;

other one-time financial charges;

the lack of availability or increase in cost of key components and subassemblies;

competitive pricing pressures; and

unpredictable product installation schedules.

Particularly important is the need to invest in planned technical development programs to maintain and enhance Identix competitiveness, and to successfully develop or acquire and launch new technology, products and services on a timely basis. Managing and improving the likelihood of success of such programs requires the development of budgets, plans and schedules for the execution of these programs and the adherence to such budgets, plans and schedules. The majority of such program costs are payroll and related staff expenses, and secondarily materials, subcontractors and promotional expenses. These costs are very difficult to adjust in response to short-term fluctuations in Identix revenues, compounding the difficulty of achieving profitability in the event of a revenue downturn.

*Identix results of operations may be harmed by governmental credit and other policies.*

Identix extends substantial credit to federal, state and local governments in connection with sales of its products and services. Sales to sizeable customers requiring large and sophisticated networks of fingerprint recognition and Live Scan systems and peripheral equipment often include technical requirements which may not be fully known at the time requirements are specified by the customer. In addition, contracts may specify performance criteria that must be satisfied before the customer accepts the products and services. Collection of accounts receivable may be dependent on completion of customer requirements, which may be unpredictable, subject to change by the customer, and not fully understood by us at the time of acceptance of the order, and may involve investment of additional resources. These investments of additional resources are accrued when amounts can be estimated but may be uncompensated and negatively affect profit margins and Identix liquidity.

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Additionally, without regard to termination of funding, government agencies both domestically and internationally may successfully assert the right to terminate business or funding relationships with Identix at their sole discretion without adequate or any compensation or recourse for Identix.

*A security breach or failure in systems that Identix sells could result in the disclosure of private personal information that could harm Identix business by adversely affecting the market's perception of Identix products and services.*

Many of the systems Identix sells are designed to secure or manage private personal information or information maintained by governmental agencies. In addition to being costly to repair and causing delays and other difficulties, a security breach or failure in one of these systems could cause serious harm to Identix business as a result of negative publicity or decisions by governmental clients to limit Identix access or involvement with this information.

*The terrorist attacks of September 11, 2001, and the continuing threat of global terrorism, have increased financial expectations that may not materialize.*

The September 11, 2001 terrorist attacks, and continuing concerns about global terrorism, may have created an increase in awareness for biometric security solutions generally. However, it is uncertain whether the actual level of demand for Identix biometric products and services will grow as a result of such increased awareness. Increased demand may not result in an actual increase in Identix revenues. In addition, it is uncertain which security solutions, if any, will be adopted as a result of terrorism and whether Identix products will be a part of those solutions. Efforts in the war against terrorism, the war in Iraq, and the post-war reconstruction efforts in Iraq, may actually delay funding for the implementation of biometric solutions generally. Even if Identix products are considered or adopted as solutions to the terrorism, the level and timeliness of available funding are unclear. These factors may adversely impact Identix and create unpredictability in revenues and operating results.

*Identix lengthy and variable sales cycle will make it difficult to predict operating results.*

Certain of Identix products often have a lengthy sales cycle while the customer evaluates and receives approvals for purchase. If, after expending significant funds and effort, Identix fails to receive an order, a negative impact on Identix financial results and stock price could result.

It is difficult to predict accurately the sales cycle of any large order for any of Identix products. If Identix does not ship and or install one or more large orders as forecast for a fiscal quarter, its total revenues and operating results for that quarter could be materially and adversely affected.

*The substantial lead-time required for ordering parts and materials may lead to inventory problems.*

The lead-time for ordering parts and materials and building many of Identix products can be many months. As a result, Identix must order certain parts and materials and build its products based on forecasted demand. If demand for Identix products lags significantly behind its

forecasts, Identix may produce more products than it can sell, which can result in cash flow problems and write-offs or write-downs of obsolete inventory.

***Identix relies in part upon original equipment manufacturers (referred to as OEM) and distribution partners to distribute its products, and it may be adversely affected if those parties do not actively promote its products or pursue installations that use its equipment.***

A significant portion of Identix revenue comes from sales to partners including OEMs, systems integrators, distributors and resellers. Some of these relationships have not been formalized in a detailed contract, and may be subject to termination at any time. Even where these relationships are formalized in a detailed contract, the agreements are often terminable with little or no notice and subject to periodic amendment. Identix cannot control the amount and timing of resources that its partners devote to activities on Identix behalf.

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Identix intends to continue to seek strategic relationships to distribute, license and sell certain of its products. Identix, however, may not be able to negotiate acceptable relationships in the future and cannot predict whether current or future relationships will be successful.

### ***Loss of sole or limited source suppliers may result in delays or additional expenses.***

Identix obtains certain hardware components and complete products, as well as software applications, from a single source or a limited group of suppliers. Identix does not have long-term agreements with any of its suppliers. Identix will experience significant delays in manufacturing and shipping of products to customers if it loses these sources or if supplies from these sources are delayed.

As a result, Identix may be required to incur additional development, manufacturing and other costs to establish alternative sources of supply. It may take several months to locate alternative suppliers, if required, or to re-tool Identix products to accommodate components from different suppliers. Identix cannot predict if it will be able to obtain replacement components within the time frames it requires at an affordable cost, or at all. Any delays resulting from suppliers failing to deliver components or products on a timely basis in sufficient quantities and of sufficient quality or any significant increase in the price of components from existing or alternative suppliers could have a severe negative impact on Identix financial results and stock price.

### ***Identix plan to pursue sales in international markets may be limited by risks related to conditions in such markets.***

For the nine months ended March 31, 2006, Identix derived approximately 12% of its total revenues from international sales. Identix currently has a local presence in the United Kingdom.

There is a risk that Identix may not be able to successfully market, sell and deliver its products in foreign countries.

Risks inherent in marketing, selling and delivering products in foreign and international markets, each of which could have a severe negative impact on Identix financial results and stock price, include those associated with:

regional economic instabilities or political conditions;

delays in or absolute prohibitions on exporting products resulting from export restrictions for certain products and technologies, including crime control products and encryption technology;

loss of, or delays in importing products, services and intellectual property developed abroad, resulting from unstable or fluctuating social, political or governmental conditions;

fluctuations in foreign currencies and the U.S. dollar;



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loss of revenue, property (including intellectual property) and equipment from expropriation, nationalization, war, insurrection, terrorism, criminal acts and other political and social risks;

the overlap of different tax structures;

seasonal reductions in business activity;

risks of increases in taxes and other government fees; and

involuntary renegotiations of contracts with foreign governments, or outright termination of contracts by such governments.

***Individual stockholders owning a significant portion of Identix stock may have the ability to delay or prevent a change in control or adversely affect the stock price through sales in the open market.***

As of March 31, 2006, Kern Capital Management LLC owned approximately 8.5% of Identix outstanding common stock. The concentration of large percentages of ownership in any single stockholder, or in any series of single stockholders, may delay or prevent change in control of Identix. Additionally, the sale of a significant number of Identix shares in the open market by single stockholders or otherwise could adversely affect Identix stock price.

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***Identix may be subject to loss in market share and market acceptance as a result of performance failures, manufacturing errors, delays or shortages.***

Performance failure in Identix products may cause loss of market share, delay in or loss of market acceptance, additional warranty expense or product recall, or other contractual liabilities. The complexity of certain of Identix fingerprint readers makes the manufacturing and assembly process of such products, especially in volume, complex. This may in turn lead to delays or shortages in the availability of certain products, or, in some cases, the unavailability of certain products. The negative effects of any delay or failure could be exacerbated if the delay or failure occurs in products that provide personal security, secure sensitive computer data, authorize significant financial transactions or perform other functions where a security breach could have significant consequences. If a product launch is delayed or is the subject of an availability shortage because of problems with Identix ability to manufacture or assemble the product successfully on a timely basis, or if a product or service otherwise fails to meet performance criteria, Identix may lose revenue opportunities entirely and/or experience delays in revenue recognition associated with a product or service in addition to incurring higher operating expenses during the period required to correct the defects. There is a risk that for unforeseen reasons Identix may be required to repair or replace a substantial number of products in use or to reimburse customers for products that fail to work or meet strict performance criteria. Identix carries product liability insurance, but existing coverage may not be adequate to cover potential claims.

***Identix may be subject to repair, replacement, reimbursement and liability claims as a result of products that fail to work or to meet applicable performance criteria.***

There is a risk that for unforeseen reasons Identix may be required to repair or replace a substantial number of products in use or to reimburse customers for products that fail to work or meet strict performance criteria. Identix attempts to limit remedies for product failure to the repair or replacement of malfunctioning or noncompliant products or services, and also attempts to exclude or minimize exposure to product and related liabilities by including in Identix standard agreements warranty disclaimers and disclaimers for consequential and related damages as well as limitations on Identix aggregate liability. From time to time, in certain complex sale or licensing transactions, Identix may negotiate liability provisions that vary from such standard forms. There is a risk that Identix contractual provisions may not adequately minimize its product and related liabilities or that such provisions may be unenforceable. Identix carries product liability insurance, but existing coverage may not be adequate to cover potential claims. Identix maintains warranty reserves as deemed adequate by management.

***Failure by Identix to maintain the proprietary nature of its technology, intellectual property and manufacturing processes could have a material adverse effect on its business, operating results, financial condition, stock price, and on its ability to compete effectively.***

Identix principally relies upon patent, trademark, copyright, trade secret and contract law to establish and protect its proprietary rights. There is a risk that claims allowed on any patents or trademarks Identix holds may not be broad enough to protect its technology. In addition, Identix patents or trademarks may be challenged, invalidated or circumvented and Identix cannot be certain that the rights granted thereunder will provide competitive advantages to Identix. Moreover, any current or future issued or licensed patents, or trademarks, or currently existing or future developed trade secrets or know-how may not afford sufficient protection against competitors with similar technologies or processes, and the possibility exists that certain of Identix already issued patents or trademarks may infringe upon third party patents or trademarks or be designed around by others. In addition, there is a risk that others may independently develop proprietary technologies and processes, which are the same as, substantially equivalent or superior to those of Identix, or become available in the market at a lower price.

In addition, foreign laws treat the protection of proprietary rights differently from laws in the United States and may not protect Identix proprietary rights to the same extent as U.S. laws. The failure of foreign laws or judicial systems to adequately protect Identix proprietary rights or intellectual property, including intellectual



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property developed on Identix behalf by foreign contractors or subcontractors may have a material adverse effect on Identix business, operations, financial results and stock price.

There is a risk that Identix has infringed or in the future will infringe patents or trademarks owned by others, that it will need to acquire licenses under patents or trademarks belonging to others for technology potentially useful or necessary to it, and that licenses will not be available to Identix on acceptable terms, if at all.

Identix may have to litigate to enforce Identix patents or trademarks or to determine the scope and validity of other parties proprietary rights. Litigation could be very costly and divert management s attention. An adverse outcome in any litigation may have a severe negative effect on Identix financial results and stock price. To determine the priority of inventions, Identix may have to participate in interference proceedings declared by the United States Patent and Trademark Office or oppositions in foreign patent and trademark offices, which could result in substantial cost and limitations on the scope or validity of Identix patents or trademarks.

Identix also relies on trade secrets and proprietary know-how, which it seeks to protect by confidentiality agreements with its employees, consultants, service providers and third parties. There is a risk that these agreements may be breached, and that the remedies available to Identix may not be adequate. In addition, Identix trade secrets and proprietary know-how may otherwise become known to or be independently discovered by others.

***If Identix is unable to successfully address the material weakness in its internal controls as described in Item 9A of Identix Form 10-K for the fiscal year ended June 30, 2005 (as supplemented by Identix Form 8-K filed with the SEC on February 13, 2006) and updated for the nine months ended March 31, 2006 on Identix Form 10-Q, Item 4, Identix ability to report its financial results on a timely and accurate basis may be adversely affected. As a result, current and potential stockholders could lose confidence in Identix financial reporting which could have a material adverse effect on its business, operating results and stock price.***

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, beginning with Identix annual report on Form 10-K for the fiscal year ended June 30, 2005 (as supplemented by Identix Form 8-K filed with the SEC on February 13, 2006), Identix is required to furnish a report by its management on its internal control over financial reporting. Such report must contain, among other matters, an assessment of the effectiveness of Identix internal control over financial reporting as of the end of its fiscal year, including a statement as to whether or not Identix internal control over financial reporting is effective. This assessment must include disclosure of any material weaknesses in Identix internal control over financial reporting identified by management. Such report must also contain a statement that Identix auditors have issued an attestation report on management s assessment of such internal controls. Management s report for fiscal year 2005 is discussed in Item 9A of Identix Form 10-K for the fiscal year ended June 30, 2005 (as supplemented by Identix Form 8-K filed with the SEC on February 13, 2006) and an update is reported under Item 4 of Identix Form 10-Q for the nine months ended March 31, 2006.

Identix management s report was included in its annual report for the year ended June 30, 2005 on Form 10-K (as supplemented by Identix Form 8-K filed with the SEC on February 13, 2006) under Item 9A. As of June 30, 2005, management concluded that a material weakness existed as Identix did not maintain effective controls to ensure the proper allocation of its income tax provision (benefit) between loss from continuing operations and income from discontinued operations. Because of this material weakness, management concluded that Identix did not maintain effective internal control over financial reporting as of June 30, 2005, September 30, 2005, December 31, 2005 and March 31, 2006. Management identified the steps necessary to address the material weaknesses described above, and began to execute remediation plans, as discussed in Item 9A of its annual report on Form 10-K (as supplemented by Identix Form 8-K filed with the SEC on February 13, 2006) and Part I, Item 4 of its Quarterly Reports on Form 10-Q for the quarters ended September 30, 2005, December 31, 2005 and March 31, 2006.



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### ***Compliance with changing regulation of corporate governance and public disclosure may result in additional expenses.***

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, new SEC regulations and NASDAQ National Market rules, are creating uncertainty for companies such as Identix. These new or changed laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity, and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Identix is committed to maintaining high standards of corporate governance and public disclosure. As a result, Identix intends to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. If Identix efforts to comply with new or changed laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, its reputation may be harmed.

### ***If Identix fails to adequately manage the size of its business, it could have a severe negative effect on its financial results or stock price.***

Identix management believes that in order to be successful Identix must appropriately manage the size of its business. This may mean reducing costs and overhead in certain economic periods, and selectively growing in periods of economic expansion. In addition, Identix will be required to implement operational, financial and management information procedures and controls that are efficient and appropriate for the size and scope of its operations. The management skills and systems currently in place may not be adequate and Identix may not be able to manage any significant cost reductions or effectively provide for its growth.

### ***If Identix fails to attract and retain qualified senior executive and key technical personnel, its business will not be able to expand.***

Identix is dependent on the continued availability of the services of its employees, many of whom are individually key to Identix future success, and the availability of new employees to implement Identix business plans. The market for skilled employees is highly competitive, especially for employees in technical fields. Although Identix compensation programs are intended to attract and retain the employees required for us to be successful, there can be no assurance that Identix will be able to retain the services of all its key employees or a sufficient number to execute its plans, nor can there be any assurance Identix will be able to continue to attract new employees as required.

Identix personnel may voluntarily terminate their relationship with Identix at any time, and competition for qualified personnel, especially engineers, is intense. The process of locating additional personnel with the combination of skills and attributes required to carry out Identix strategy could be lengthy, costly and disruptive.

If Identix loses the services of key personnel, or fails to replace the services of key personnel who depart, it could experience a severe negative effect on its financial results and stock price. In addition, there is intense competition for highly qualified engineering and marketing personnel in the locations where Identix principally operates. The loss of the services of any key engineering, marketing or other personnel or Identix failure to attract, integrate, motivate and retain additional key employees could have a material adverse effect on its business, operating and financial results and stock price.

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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

The Securities and Exchange Commission encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This joint proxy statement/prospectus contains such forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

Words such as anticipate, believe, estimate, expect, intend, may, plan, project, seek, will and words and terms of similar substance in connection with any discussion of future operating or financial performance, or expected strategic benefits, advantages and other effects of the merger or any statements about Identix's business or operating results identify forward-looking statements. These statements are based on Viisage's and Identix's current expectations and beliefs and are subject to a number of risks and assumptions that could cause actual results to differ materially from those described in the forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements.

In particular, statements that involve risks and uncertainties regarding the expected strategic benefits, objectives, advantages, expectations and intentions and other effects of the merger described in sections such as The Merger, Our Reasons for the Merger, Other Factors Considered by the Viisage Board and Other Factors Considered by the Identix Board and elsewhere in this document are forward-looking statements. In addition, some statements about Identix's business, revenues, revenue mix, gross margin, operating expense levels, financial outlook, commitments under existing leases, research and development initiatives, sales and marketing initiatives and competition in sections such as Information Regarding Viisage's Business, Management's Discussion and Analysis of Financial Conditions and Results of Operations of Viisage, and Quantitative and Qualitative Disclosures About Market Risk of Viisage and elsewhere in this document are forward-looking statements. These forward-looking statements include:

statements of strategies and objectives for future operations, including that the merger will:

strengthen the combined company's activities;

add a base of new customers and expand the scope of the combined company's products;

be better positioned to take advantage of market opportunities than either company would be on a stand-alone basis;

expectations regarding the completion of the merger and statements regarding future acquisitions;

statements regarding integration plans;

statements concerning proposed services or developments, including that the combined company:

have significant opportunities for product synergies;

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be able to offer customers a comprehensive portfolio of identity protection and security solutions;

statements regarding future economic conditions, performance or business prospects;

statements of belief, including that:

the merger will enhance long-term growth opportunities;

the merger will expand the total addressable market available to the combined company; and

the combined company will have the scale to better compete in this environment;

statements regarding competitors or competitive actions; and

statements of assumptions underlying any of the foregoing.



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These statements are subject to uncertainties that could cause actual results to differ materially from those set forth in or implied by forward-looking statements. All forward-looking statements are present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in or implied by the forward-looking statements. The risks related to the merger and to Viisage's business after the merger discussed under "Risk Factors" of this joint proxy statement/prospectus, among others, could cause actual results to differ materially from those described in or implied by the forward-looking statements. Such risks include, among others: that the merger will not close; that the closing will be delayed; that customers and partners will not react favorably to the merger; whether certain market segments will grow as anticipated; the competitive environment in the identity security industry and competitive responses to the merger; whether the combined company can successfully develop new products and the degree to which these products will gain market acceptance; whether anticipated cost and product synergies can be achieved; whether the integration of Viisage and Identix will be more difficult and costly than expected; approval of the proposals described herein by the respective stockholders of Viisage and Identix; and the satisfaction of closing conditions to the merger, including the receipt of regulatory approvals. Neither Viisage nor Identix makes any representation as to whether any projected or estimated information or results contained in any forward-looking statements will be obtained or achieved. Stockholders are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this joint proxy statement/prospectus or the date of the documents incorporated by reference in this joint proxy statement/prospectus. Neither Viisage nor Identix is under any obligation, and each expressly disclaims any obligation, to update or alter any forward-looking statements after the date of this joint proxy statement/prospectus, whether as a result of new information, future events or otherwise.

For additional information about factors that could cause actual results to differ materially from those described in the forward-looking statements, please see the annual reports on Form 10-K and the quarterly reports on Form 10-Q that Viisage and Identix have filed with the Securities and Exchange Commission (in the case of Identix, as such form is supplemented by Identix Form 8-K filed with the SEC on February 13, 2006) and the section entitled "Risk Factors" beginning on page 9 of this joint proxy statement/prospectus.

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**SPECIAL MEETING IN LIEU OF ANNUAL MEETING OF VIISAGE STOCKHOLDERS**

Viisage is furnishing this joint proxy statement/prospectus to you in order to provide you with important information regarding the matters to be considered at the special meeting in lieu of an annual meeting of the Viisage stockholders and at any adjournment or postponement of the special meeting. Viisage first mailed this joint proxy statement/prospectus and the accompanying form of proxy to its stockholders on or about \_\_\_\_\_, 2006.

**Date, Time and Place of the Special Meeting**

Viisage will hold a special meeting of its stockholders on \_\_\_\_\_, 2006 at **[8:00 a.m.]**, Eastern Daylight Time, at the principal executive offices of Viisage located at 296 Concord Road, Third Floor, Billerica, MA 01821.

**Matters to be Considered at the Special Meeting**

At the special meeting, stockholders of Viisage will be asked to consider and vote upon the following nine proposals:

*Proposal No. 1:* To approve the issuance and reservation for issuance of shares of Viisage common stock to holders of Identix securities pursuant to the merger agreement.

*Proposal No. 2A:* To approve an amendment to Viisage's certificate of incorporation to increase the authorized number of shares of common stock of Viisage from 75,000,000 shares, \$0.001 par value per share, to 125,000,000 shares, \$0.001 par value per share, and correspondingly change Viisage's total number of authorized shares of capital stock from 77,000,000 shares to 127,000,000 shares.

*Proposal No. 2B:* To approve an amendment to Viisage's certificate of incorporation to change Viisage's name to L-1 Identity Solutions, Inc.

*Proposal No. 2C:* To approve an amendment to Viisage's certificate of incorporation to grant the full and exclusive power and authority otherwise conferred to the board of directors to the nominating and governance committee to evaluate and nominate candidates for the board (including potential candidates proposed by the chairman, other members of the board and stockholders for evaluation and potential nomination by the nominating and governance committee), or to fill vacancies on the board or newly created directorships.

*Proposal No. 2D:* To approve an amendment to Viisage's certificate of incorporation to require approval of two thirds of the entire board of directors and independent directors to change the size of the board of directors.

*Proposal No. 2E:* To approve an amendment to Viisage's certificate of incorporation to provide for the approval of two thirds of the entire board of directors and independent directors to further amend the sections of Viisage's certificate of incorporation relating to Proposals 2C or 2D.

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*Proposal No. 3:* To adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of the foregoing proposals.

*Proposal No. 4:* To elect four Class I directors for three-year terms.

*Proposal No. 5:* To approve the adoption of Viisage's 2006 Employee Stock Purchase Plan.

*Proposal No. 6:* To ratify the selection of Deloitte & Touche LLP as Viisage's independent registered public accounting firm for the year ending December 31, 2006.

While these proposals are being voted upon separately, each of Proposal No. 1 and Proposals No. 2A-2E must be approved in order for any of these six proposals to be implemented and their approval is a condition to completion of the merger.

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### **Record Date; Stockholders Entitled to Vote**

The record date for determining the Viisage stockholders entitled to vote at the special meeting is June 1, 2006. Only holders of record of Viisage common stock at the close of business on that date are entitled to vote at the special meeting. On the record date, there were issued and outstanding \_\_\_\_\_ shares of Viisage common stock.

As of the record date, the directors and executive officers of Viisage and their affiliates held \_\_\_\_\_ shares of Viisage common stock representing, approximately \_\_\_\_\_ % of the outstanding shares of Viisage common stock.

### **Voting and Revocation of Proxies**

The proxy accompanying this joint proxy statement/prospectus is solicited on behalf of the board of directors of Viisage for use at the special meeting.

*General.* Assuming a quorum is present, shares represented by a properly signed and dated proxy will be voted at the special meeting in accordance with the instructions indicated on the proxy. Proxies that are properly signed and dated but that do not contain voting instructions will be voted FOR Proposal No. 1 to approve the issuance and reservation for issuance of shares of Viisage common stock in connection with the merger, FOR Proposals No. 2A-2E to approve amendments to Viisage's certificate of incorporation to increase the authorized number of shares of common stock; change Viisage's name; grant the full and exclusive power and authority otherwise conferred to the board of directors to the nominating and governance committee to evaluate and nominate candidates for the board (including potential candidates proposed by the chairman, other members of the board and stockholders for evaluation and potential nomination by the nominating and governance committee), or to fill vacancies on the board or newly created directorships; require approval of two thirds of the entire board of directors and independent directors to change the size of the board of directors; and provide for the approval of two thirds of the entire board of directors and independent directors to further amend the sections of Viisage's certificate of incorporation relating to the preceding two proposals; FOR Proposal No. 3 to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of the foregoing proposals; FOR Denis K. Berube, B.G. Beck, Charles E. Levine and George J. Tenet, the proposed nominees for election to Class I of the Viisage board of directors; FOR Proposal No. 5 to approve the adoption of Viisage's 2006 Employee Stock Purchase Plan; and FOR Proposal No. 6 to ratify the selection of Deloitte & Touche as Viisage's independent registered public accounting firm.

Four Class I directors are to be elected at the special meeting to serve three-year terms expiring at the 2009 annual meeting of stockholders and until their successors have been elected and duly qualified. Unless instructed otherwise, the proxy holders will vote the proxies received by them for Viisage's nominees: Denis K. Berube, B.G. Beck, Charles E. Levine and George J. Tenet. In the event that the nominees of Viisage are unable or decline to serve as directors at the time of the special meeting, the proxies will be voted for any nominee who shall be designated by the present board of directors to fill the vacancy (unless another nominee is indicated in any particular proxy), or Viisage may choose to leave the seat vacant. Messrs. Berube, Beck, Levine and Tenet have consented to serve as directors of Viisage, and the board of directors has no reason to believe that they will be unavailable for service.

Following the special meeting and the closing of the merger, pursuant to the merger agreement, the Viisage board composition will change as described in Viisage Proposal No. 1 and Identix Proposal No. 1 *The Merger Viisage Board Seats* on page 84 and Viisage Proposal No. 4 *Election of Directors Composition of the Board Post-Merger* on page 112.

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*Abstentions.* Viisage will count a properly executed proxy marked ABSTAIN with respect to a particular proposal as present for purposes of determining whether a quorum is present, but the shares represented by that proxy will not be voted at the special meeting with respect to such proposal. Because approval of Proposal No. 1,

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Proposal No. 3, Proposal No. 5 and Proposal No. 6 require the affirmative vote of a percentage of the shares present and voting on the matter at the meeting or outstanding, abstentions on any of these proposals will not have any effect on the outcome of any such proposals. Because approval of Proposals No. 2A-2E require the affirmative vote of a percentage of the outstanding shares of Viisage, abstentions on any of these proposals will have the same effect as a vote AGAINST the proposals. With respect to Proposal No. 4, the four nominees receiving the highest number of votes cast at the special meeting will be elected, regardless of whether that number represents a majority of the votes cast. Abstentions will have no effect on this Proposal.

*Broker Non-Votes.* If your shares are held by your broker, your broker will vote your shares for you only if you provide instructions to your broker on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Brokers cannot vote your shares of Viisage on the merger related Proposals No. 1 through 3, Proposal No. 5 related to the adoption of Viisage's 2006 Employee Stock Purchase Plan or Proposal No. 6 related to the ratification of Deloitte & Touche. Therefore, it is important that you follow the directions provided by your broker about how to instruct your broker to vote your shares. If you do not provide instructions to your broker about how to vote your shares on these Proposals, your shares will be treated as broker non-votes with respect to these Proposals. Failure to instruct your broker on how to vote your shares on Proposal No. 1, Proposal No. 3, Proposal No. 5 or Proposal No. 6 will have no effect on the outcome of such proposals but will reduce the number of votes required to approve those proposals. Failure to instruct your broker on how to vote your shares on Proposals No. 2A-2E will have the same effect of a vote AGAINST the proposals. Even if you do not give your broker instructions as to how to vote on the proposal to elect directors to the Viisage board, your broker may be entitled to use its discretion in voting your shares in accordance with industry practice.

*Voting Shares in Person that are Held Through Brokers.* If your shares are held of record by your broker, bank or another nominee and you wish to vote those shares in person at the special meeting, you must obtain from the nominee holding your shares a properly executed legal proxy identifying you as a Viisage stockholder, authorizing you to act on behalf of the nominee at the Viisage special meeting and identifying the number of shares with respect to which the authorization is granted.

*Submitting a Proxy Electronically or by Telephone.* Delaware law permits electronic submission of proxies through the Internet or by telephone, instead of submitting proxies by mail on the enclosed proxy card. Thus, stockholders of record and many stockholders who hold their shares through a broker or bank will have the option to submit their proxies or voting instructions electronically through the Internet or by telephone. Please note that there are separate arrangements for using the Internet and telephone depending on whether your shares are registered in Viisage's stock records in your name or in the name of a broker, bank or other holder of record. If you hold your shares through a broker, bank or other holder of record, you should check your proxy card or voting instruction card forwarded by your broker, bank or other holder of record to see which options are available.

*Revocation of Proxies.* If you submit a proxy, you may revoke it at any time before it is voted by:

delivering to the Secretary of Viisage a written notice, dated later than the proxy you wish to revoke, stating that the proxy is revoked;

submitting to the Secretary of Viisage a new, signed proxy with a later date than the proxy you wish to revoke; or

attending the special meeting and voting in person.

Notices to the Secretary of Viisage should be addressed to Secretary, Viisage Technology, Inc., 296 Concord Road, Third Floor, Billerica, MA 01821.

If you have instructed your broker to vote your shares, you must follow directions received from your broker to change those instructions.

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### **Required Stockholder Vote**

In order to conduct business at the Viisage special meeting, a quorum must be present. The holders of a majority of the votes entitled to be cast by holders of common stock at the special meeting, present in person or represented by proxy, constitutes a quorum under Viisage's bylaws. Viisage will treat shares of Viisage's common stock represented by a properly signed and returned proxy, including abstentions and broker non-votes, as present at the Viisage special meeting for the purposes of determining the existence of a quorum.

With respect to any matter submitted to a vote of the Viisage stockholders, each holder of Viisage common stock will be entitled to one vote, in person or by proxy, for each share of Viisage common stock held in his, her or its name on the books of Viisage on the record date.

Approval of Proposal No. 1 requires the affirmative vote of holders of a majority of the shares of Viisage common stock present in person or represented by proxy at the special meeting and voting on the matter.

Approval of Proposals No. 2A-2B require the affirmative vote of holders of a majority of the outstanding shares of Viisage common stock.

Approval of Proposals No. 2C-2E require the affirmative vote of holders of two thirds of the outstanding shares of Viisage common stock.

Approval of Proposal No. 3 requires the affirmative vote of holders of a majority of the shares of Viisage common stock present in person or represented by proxy at the special meeting and voting on the matter.

Directors are elected by a plurality vote, which means that the four nominees receiving the most votes of shares of Viisage common stock present in person or represented by proxy at the special meeting and voting on the matter under Proposal 4 will be elected to fill the seats on the Viisage board of directors.

Approval of Proposal No. 5 requires the affirmative vote of the holders of a majority of the shares of Viisage common stock present in person or represented by proxy at the special meeting and voting on the matter.

Approval of Proposal No. 6 requires the affirmative vote of the holders of a majority of the shares of Viisage common stock present in person or represented by proxy at the special meeting and voting on the matter.

Each member of the Viisage board of directors, each of the executive officers of Viisage and certain principal stockholders (Lau, Aston and L-1, which are affiliates of certain board members) who together beneficially hold approximately 45.2% of the Viisage common stock outstanding, have entered into voting agreements with Identix, in which they have agreed, in their capacities as stockholders of Viisage, to vote in favor of Proposals No. 1 and 2A-2E described in this joint proxy statement/prospectus and have granted Identix an irrevocable proxy with respect to such matters. However, in the event the Viisage board of directors changes its recommendation to the stockholders to approve the issuance of Viisage



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common stock pursuant to the merger and the charter amendments, such obligation to vote shall relate to 50% of the shares subject to the Viisage voting agreements. Viisage and Identix added the provision relating to releasing 50% of the shares subject to the voting agreement in the event that the Viisage board changed its recommendation in order to address the concern that the combination of a 45% voting commitment and the inability of Viisage to terminate the merger agreement per its terms could increase the possibility of a claim that such measures were coercive or preclusive and that the board breached its fiduciary duties under Delaware law.

The inspector of elections for the Viisage special meeting will tabulate the votes.

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### Recommendations by the Board of Directors

After careful consideration, the board of directors of Viisage has determined that the merger is advisable and in the best interests of Viisage and its stockholders. **The Viisage board of directors recommends that Viisage stockholders vote FOR Proposal No. 1 to approve the issuance and reservation for issuance of shares of Viisage common stock to holders of Identix securities pursuant to the merger agreement.**

The Viisage board of directors has also determined that amendments to Viisage's certificate of incorporation are in the best interests of Viisage and its stockholders. **The Viisage board of directors recommends that Viisage stockholders vote FOR Proposals No. 2A-2E to amend Viisage's certificate of incorporation to increase the authorized number of shares of common stock from 75,000,000 to 125,000,000 shares, and correspondingly change Viisage's total number of authorized shares of capital stock from 77,000,000 shares to 127,000,000 shares; change Viisage's name; grant the full and exclusive power and authority otherwise conferred to the board of directors to the nominating and governance committee to evaluate and nominate candidates for the board (including potential candidates proposed by the chairman, other members of the board and stockholders for evaluation and potential nomination by the nominating and governance committee), or to fill vacancies on the board or newly created directorships; require approval of two thirds of the entire board of directors and independent directors to change the size of the board of directors; and provide for the approval of two thirds of the entire board of directors and independent directors to further amend the sections of Viisage's certificate of incorporation relating to the preceding two proposals.**

The Viisage board of directors has further determined that approving a proposal to adjourn the special meeting, if necessary, to solicit additional proxies is in the best interests of Viisage and its stockholders. **The Viisage board of directors recommends that Viisage's stockholders vote FOR Proposal No. 3 to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of the foregoing proposals.** Viisage does not currently intend to seek an adjournment of its meeting unless such an adjournment is necessary to solicit additional votes.

The Viisage board of directors has also determined that approving a proposal to elect four Class I directors for three-year terms is in the best interests of Viisage and its stockholders. **The Viisage board of directors recommends that Viisage's stockholders vote FOR Denis K. Berube, B.G. Beck, Charles E. Levine and George J. Tenet, the proposed nominees for election to Class I of the Viisage board of directors.**

The Viisage board of directors has also determined that approving the adoption of Viisage's 2006 Employee Stock Purchase Plan is in the best interests of Viisage and its stockholders. **The Viisage board of directors recommends that Viisage stockholders vote FOR Proposal No. 5 to approve the adoption of Viisage's 2006 Employee Stock Purchase Plan.**

The Viisage board of directors has also determined that ratification of the selection of Deloitte & Touche LLP as Viisage's independent registered public accounting firm for the year ending December 31, 2006 is in the best interests of Viisage and its stockholders. **The Viisage board of directors recommends that Viisage stockholders vote FOR Proposal No. 6 to ratify the selection of Deloitte & Touche.**

The matters to be considered at the special meeting are of great importance to the stockholders of Viisage. Accordingly, you are encouraged to read and carefully consider the information presented in this joint proxy statement/prospectus, and to submit your proxy by telephone, Internet or mail in the enclosed postage-paid envelope.



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### **Proxy solicitation**

Viisage will pay its own costs of soliciting proxies. Viisage has retained The Altman Group to aid in the solicitation of proxies and to verify records relating to the solicitations. The Altman Group will receive customary fees and expense reimbursement for these services. Viisage estimates that its proxy solicitor fees will be approximately \$6,000. The extent to which these proxy soliciting efforts will be necessary depends entirely upon how promptly proxies are received. You should send in your proxy by mail without delay or vote by telephone or using the Internet. Viisage also reimburses brokers and other custodians, nominees and fiduciaries for their expenses in sending these materials to you and getting your voting instructions. A more complete description of how to send your proxy is included on the proxy accompanying this joint proxy statement/prospectus.

Do not send in any stock certificates with your proxy. The exchange agent will mail transmittal forms with instructions for the surrender of stock certificates for Viisage common shares to former Viisage stockholders as soon as practicable after the completion of the merger.

### **Other business**

Viisage is not currently aware of any business other than the named proposals to be acted upon at the Viisage special meeting. If, however, any other matters are properly brought before the meeting, or any adjournment or postponement thereof, the persons named in the enclosed form of proxy, and acting under that proxy, will have discretion to vote or act on those matters in accordance with their best judgment.

### **No appraisal rights**

Under Delaware law, holders of Viisage common stock are not entitled to appraisal rights with respect to the matters to be considered at the Viisage special meeting.

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**SPECIAL MEETING OF IDENTIX STOCKHOLDERS**

**Date, time, place and purpose of the Identix special meeting**

The special meeting of stockholders of Identix will be held at \_\_\_\_\_ a.m., local time, on \_\_\_\_\_, 2006 at the Hotel Sofitel, 5601 West 78<sup>th</sup> Street, Bloomington, MN 55431. At the special meeting, stockholders at the close of business on June 1, 2006 will be asked:

To consider and vote upon a proposal to adopt the Agreement and Plan of Reorganization pursuant to which Identix will become a wholly owned subsidiary of Viisage. The merger agreement relating to the proposed merger is included as Annex A to this joint proxy statement/prospectus. In the merger, Viisage is obligated to issue 0.473 of a share of its common stock for each outstanding share of Identix common stock; and

To adjourn the special meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the foregoing proposal.

**Record date and outstanding shares**

Identix stockholders of record of common stock at the close of business on the record date are entitled to notice of and to vote at the special meeting. As of the close of business on June 1, 2006, there were \_\_\_\_\_ shares of Identix common stock, par value \$0.01 per share outstanding and entitled to vote, held of record by approximately \_\_\_\_\_ stockholders, although Identix has been informed that there are in excess of \_\_\_\_\_ beneficial owners.

On the record date, directors and executive officers of Identix and their affiliates beneficially owned, and were entitled to vote, \_\_\_\_\_ shares of Identix common stock, or approximately \_\_\_\_\_ % of the shares outstanding as of the record date.

**Vote required**

Holders of Identix common stock are entitled to one vote for each share held as of the record date.

Adoption of the merger agreement requires the affirmative vote of a majority of the total outstanding shares of Identix common stock on the record date./TD> Over \$100,000 N/A N/A Over \$100,000 BlackRock MuniHoldings New York Quality Fund, Inc. 1,400 \$10,001 - \$50,000 Over \$100,000 N/A N/A Over \$100,000 BlackRock MuniHoldings Quality Fund II, Inc. 100 \$1 - \$10,000 Over \$100,000 N/A N/A Over \$100,000 BlackRock MuniHoldings Quality Fund, Inc. 100 \$1 - \$10,000 Over \$100,000 N/A N/A Over \$100,000 BlackRock MuniVest Fund II, Inc. 800 \$10,001 - \$50,000 Over \$100,000 N/A N/A Over \$100,000 BlackRock MuniVest Fund, Inc. 100 \$1 - \$10,000 Over \$100,000 N/A N/A Over \$100,000 BlackRock MuniYield Fund, Inc. 100 \$1 - \$10,000 Over \$100,000 N/A N/A Over \$100,000 BlackRock MuniYield Investment Fund 100 \$1 - \$10,000 Over \$100,000 N/A N/A Over \$100,000 BlackRock MuniYield Investment Quality Fund 100 \$1 - \$10,000 Over \$100,000 N/A N/A Over \$100,000 BlackRock MuniYield New York Quality Fund, Inc. 1,500 \$10,001 -

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\$50,000 Over \$100,000 N/A N/A Over \$100,000 BlackRock MuniYield Quality Fund II, Inc. 100 \$1 - \$10,000 Over \$100,000 N/A N/A Over \$100,000 BlackRock MuniYield Quality Fund III, Inc. 100 \$1 - \$10,000 Over \$100,000 N/A N/A Over \$100,000 BlackRock MuniYield Quality Fund, Inc. 100 \$1 - \$10,000 Over \$100,000 N/A N/A Over \$100,000

### **Independent Board Members and/or Nominees:**

**Richard E.**

**Cavanagh**

BlackRock Corporate High Yield Fund, Inc. 456 \$1 - \$10,000 Over \$100,000 10,720 Over \$100,000 Over \$100,000 BlackRock Debt Strategies Fund, Inc. 1,176 \$1 - \$10,000 Over \$100,000 N/A N/A Over \$100,000 BlackRock Enhanced Capital and Income Fund, Inc. 261 \$1 - \$10,000 Over \$100,000 N/A N/A Over \$100,000

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Name of Board Member and Board Nominee	Fund Name	Number of Common Shares	Aggregate Dollar Range of Common Shares in Each Fund	Aggregate Dollar Range of Common Shares in All Funds Overseen or To Be Overseen by the Board Member/Nominee in Closed-End Complex	Number of Share Equivalents <sup>(1)</sup>	Aggregate Dollar Range of Share Equivalents in Each Fund	Aggregate Dollar Range of Common Shares and Share Equivalents in Closed-End Complex
	BlackRock Enhanced Government Fund, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock Floating Rate Income Strategies Fund, Inc.	263	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock Massachusetts Tax-Exempt Trust	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock Muni Intermediate Duration Fund, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock Muni New York Intermediate Duration Fund, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniEnhanced Fund, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniHoldings California Quality Fund, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniHoldings Fund II, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniHoldings Fund, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniHoldings Investment Quality Fund	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniHoldings New Jersey Quality Fund, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniHoldings New York Quality Fund, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniHoldings Quality Fund II, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniHoldings Quality Fund, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000

Name of Board Member and Board Nominee	Fund Name	Number of Common Shares	Aggregate Dollar Range of Common Shares in Each Fund	Aggregate Dollar Range of Common Shares in All Funds Overseen or To Be Overseen by the Board Member/ Nominee in Closed-End Complex	Number of Share Equivalents <sup>(1)</sup>	Aggregate Dollar Range of Share Equivalents in Each Fund	Aggregate Dollar Range of Common Shares and Share Equivalents in Closed-End Complex
	BlackRock MuniVest Fund II, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniVest Fund, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Arizona Fund, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield California Fund, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield California Quality Fund, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Fund, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Investment Fund	300	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Investment Quality Fund	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Michigan Quality Fund II, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Michigan Quality Fund, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield New Jersey Fund, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield New Jersey Quality Fund, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield New York Quality Fund, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Pennsylvania Quality Fund	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Quality Fund II, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Quality Fund III, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Quality Fund, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000



Name of Board Member and Board Nominee	Fund Name	Number of Common Shares	Aggregate Dollar Range of Common Shares in Each Fund	Aggregate Dollar Range of Common Shares in All Funds Overseen or To Be Overseen by the Board Member/ Nominee in Closed-End Complex	Number of Share Equivalents <sup>(1)</sup>	Aggregate Dollar Range of Share Equivalents in Each Fund	Aggregate Dollar Range of Common Shares and Share Equivalents in Closed-End Complex
Michael J. Castellano	BlackRock Corporate High Yield Fund, Inc.	1,634	\$10,001 - \$50,000	Over \$100,000	3,278	\$10,001 - \$50,000	Over \$100,000
	BlackRock Debt Strategies Fund, Inc.	7,546	\$10,001 - \$50,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock Enhanced Capital and Income Fund, Inc.	800	\$10,001 - \$50,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock Muni Intermediate Duration Fund, Inc.	800	\$10,001 - \$50,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniEnhanced Fund, Inc.	1,000	\$10,001 - \$50,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniHoldings Fund, Inc.	700	\$10,001 - \$50,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniHoldings Investment Quality Fund	700	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniHoldings New Jersey Quality Fund, Inc.	700	\$10,001 - \$50,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniHoldings New York Quality Fund, Inc.	600	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Arizona Fund, Inc.	600	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Fund, Inc.	700	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield New Jersey Fund, Inc.	1,500	\$10,001 - \$50,000	Over \$100,000	N/A	N/A	Over \$100,000

Name of Board Member and Board Nominee	Fund Name	Number of Common Shares	Aggregate Dollar Range of Common Shares in Each Fund	Aggregate Dollar Range of Common Shares in All Funds Overseen or To Be Overseen by the Board Member/Nominee in Closed-End Complex	Number of Share Equivalents <sup>(1)</sup>	Aggregate Dollar Range of Share Equivalents in Each Fund	Aggregate Dollar Range of Common Shares and Share Equivalents in Closed-End Complex
	BlackRock MuniYield New Jersey Quality Fund, Inc.	1,500	\$10,001 - \$50,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield New York Quality Fund, Inc.	700	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Quality Fund III, Inc.	700	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Quality Fund, Inc.	700	\$10,001 - \$50,000	Over \$100,000	N/A	N/A	Over \$100,000
<b>Frank J. Fabozzi</b>	BlackRock Corporate High Yield Fund, Inc.	43	\$1 - \$10,000	\$50,001 - \$100,000	9,366	Over \$100,000	Over \$100,000
	BlackRock Debt Strategies Fund, Inc.	345	\$1 - \$10,000	\$50,001 - \$100,000	N/A	N/A	Over \$100,000
	BlackRock Enhanced Government Fund, Inc.	10	\$1 - \$10,000	\$50,001 - \$100,000	N/A	N/A	Over \$100,000
	BlackRock Floating Rate Income Strategies Fund, Inc.	26	\$1 - \$10,000	\$50,001 - \$100,000	N/A	N/A	Over \$100,000
	BlackRock Muni Intermediate Duration Fund, Inc.	10	\$1 - \$10,000	\$50,001 - \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniEnhanced Fund, Inc.	10	\$1 - \$10,000	\$50,001 - \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniHoldings Fund II, Inc.	10	\$1 - \$10,000	\$50,001 - \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniHoldings Fund, Inc.	10	\$1 - \$10,000	\$50,001 - \$100,000	N/A	N/A	Over \$100,000

Name of Board Member and Board Nominee	Fund Name	Number of Common Shares	Aggregate Dollar Range of Common Shares in Each Fund	Aggregate Dollar Range of Common Shares in All Funds Overseen or To Be Overseen by the Board Member/ Nominee in Closed-End Complex	Number of Share Equivalents <sup>(1)</sup>	Aggregate Dollar Range of Share Equivalents in Each Fund	Aggregate Dollar Range of Common Shares and Share Equivalents in Closed-End Complex
	BlackRock MuniHoldings Quality Fund II, Inc.	10	\$1 - \$10,000	\$50,001 - \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniHoldings Quality Fund, Inc.	10	\$1 - \$10,000	\$50,001 - \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniVest Fund II, Inc.	10	\$1 - \$10,000	\$50,001 - \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniVest Fund, Inc.	10	\$1 - \$10,000	\$50,001 - \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Fund, Inc.	10	\$1 - \$10,000	\$50,001 - \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Pennsylvania Quality Fund	10	\$1 - \$10,000	\$50,001 - \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Quality Fund II, Inc.	10	\$1 - \$10,000	\$50,001 - \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Quality Fund III, Inc.	10	\$1 - \$10,000	\$50,001 - \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Quality Fund, Inc.	10	\$1 - \$10,000	\$50,001 - \$100,000	N/A	N/A	Over \$100,000
<b>Kathleen F. Feldstein</b>	BlackRock Corporate High Yield Fund, Inc.	106	\$1 - \$10,000	\$50,001 - \$100,000	11,296	Over \$100,000	Over \$100,000
	BlackRock Debt Strategies Fund, Inc.	342	\$1 - \$10,000	\$50,001 - \$100,000	N/A	N/A	Over \$100,000
<b>James T. Flynn</b>	BlackRock Corporate High Yield Fund, Inc.	N/A	N/A	Over \$100,000	16,649	Over \$100,000	Over \$100,000
<b>Jerrold B. Harris</b>	BlackRock Corporate High Yield Fund, Inc.	704	\$1 - \$10,000	Over \$100,000	15,613	Over \$100,000	Over \$100,000
	BlackRock Debt Strategies Fund, Inc.	848	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000

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BlackRock Enhanced Capital and Income Fund, Inc.	525	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
BlackRock Enhanced Government Fund, Inc.	144	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
BlackRock Floating Rate Income Strategies Fund, Inc.	428	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
BlackRock Muni Intermediate Duration Fund, Inc.	100	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000

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<b>Name of Board Member and Board Nominee</b>	<b>Fund Name</b>	<b>Number of Common Shares</b>	<b>Aggregate Dollar Range of Common Shares in Each Fund</b>	<b>Aggregate Dollar Range of Common Shares in All Funds Overseen or To Be Overseen by the Board Member/Nominee in Closed-End Complex</b>	<b>Number of Share Equivalents<sup>(1)</sup></b>	<b>Aggregate Dollar Range of Share Equivalents in Each Fund</b>	<b>Aggregate Dollar Range of Common Shares and Share Equivalents in Closed-End Complex</b>
	BlackRock MuniEnhanced Fund, Inc.	146	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniHoldings Fund II, Inc.	153	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniHoldings Fund, Inc.	154	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniHoldings Quality Fund II, Inc.	147	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniHoldings Quality Fund, Inc.	146	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniVest Fund II, Inc.	154	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniVest Fund, Inc.	152	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Fund, Inc.	151	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Quality Fund II, Inc.	146	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Quality Fund III, Inc.	146	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Quality Fund, Inc.	146	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
<b>R. Glenn Hubbard</b>	BlackRock Corporate High Yield Fund, Inc.	170	\$1 - \$10,000	Over \$100,000	17,805	Over \$100,000	Over \$100,000
	BlackRock Debt Strategies Fund, Inc.	684	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
<b>W. Carl Kester</b>	BlackRock Corporate High Yield Fund, Inc.	367	\$1 - \$10,000	Over \$100,000	9,108	Over \$100,000	Over \$100,000
	BlackRock Debt Strategies Fund, Inc.	1,400	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000

Name of Board Member and Board Nominee	Fund Name	Number of Common Shares	Aggregate Dollar Range of Common Shares in Each Fund	Aggregate Dollar Range of Common Shares in All Funds Overseen or To Be Overseen by the Board Member/ Nominee in Closed-End Complex	Number of Share Equivalents <sup>(1)</sup>	Aggregate Dollar Range of Share Equivalents in Each Fund	Aggregate Dollar Range of Common Shares and Share Equivalents in Closed-End Complex
	BlackRock Enhanced Capital and Income Fund, Inc.	1,808	\$10,001 - \$50,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock Enhanced Government Fund, Inc.	1,000	\$10,001 - \$50,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock Floating Rate Income Strategies Fund, Inc.	263	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock Massachusetts Tax-Exempt Trust	1,000	\$10,001 - \$50,000	Over \$100,000	N/A	N/A	Over \$100,000
<b>Karen P. Robards</b>	BlackRock Corporate High Yield Fund, Inc.	N/A	N/A	Over \$100,000	8,039	\$50,001 - \$100,000	Over \$100,000
	BlackRock Enhanced Capital and Income Fund, Inc.	1,794	\$10,001 - \$50,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock Muni Intermediate Duration Fund, Inc.	1,000	\$10,001 - \$50,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniEnhanced Fund, Inc.	500	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Investment Fund	400	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000
	BlackRock MuniYield Quality Fund III, Inc.	400	\$1 - \$10,000	Over \$100,000	N/A	N/A	Over \$100,000

<sup>(1)</sup> Represents, as of April 30, 2014, the approximate number of share equivalents owned under the deferred compensation plan in the funds in the Closed-End Complex by certain Independent Board Members who have participated in the deferred compensation plan. Under the deferred compensation plan, BlackRock International Growth and Income Trust (BGY), BlackRock Enhanced Equity Dividend Trust (BDJ), BlackRock Energy and Resources Trust (BGR), BlackRock Floating Rate Income Trust (BGT), BlackRock Limited Duration Income Trust (BLW), BlackRock Credit Allocation Income Trust (BTZ), BlackRock Corporate High Yield Fund, Inc. (HYT) and BlackRock Health Sciences Trust (BME) are eligible investments.

As of April 30, 2014, all Board Members, Board Nominees and executive officers as a group owned less than 1% of the outstanding shares of each Fund which they oversee (or are nominated to oversee).

As of April 30, 2014, none of the Independent Board Members nor their family members had any interest in BlackRock or any person directly or indirectly controlling, controlled by, or under common control with BlackRock.

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**Appendix D Meetings of the Boards**

During the most recent full fiscal year for each Fund listed in the table below, the Board met the following number of times:

<b>Fund Name</b>	<b>Ticker</b>	<b>Fiscal Year End</b>	<b>Number of Board Meetings</b>
BlackRock Enhanced Capital and Income Fund, Inc.	CII	31-Oct	8
BlackRock Debt Strategies Fund, Inc.	DSU	28-Feb	9
BlackRock Enhanced Government Fund, Inc.	EGF	31-Dec	9
BlackRock Floating Rate Income Strategies Fund, Inc.	FRA	31-Aug	8
BlackRock Corporate High Yield Fund, Inc.	HYT	31-Aug	8
BlackRock MuniYield California Quality Fund, Inc.	MCA	31-Jul	8
BlackRock MuniEnhanced Fund, Inc.	MEN	30-Apr	7
BlackRock MuniHoldings Investment Quality Fund	MFL	31-Aug	8
BlackRock MuniYield Investment Quality Fund	MFT	31-Jul	8
BlackRock MuniHoldings Fund, Inc.	MHD	30-Apr	7
BlackRock Massachusetts Tax-Exempt Trust	MHE	31-Aug	8
BlackRock MuniHoldings New York Quality Fund, Inc.	MHN	31-Aug	8
BlackRock MuniYield Michigan Quality Fund, Inc.	MIY	31-Jul	8
BlackRock MuniYield New Jersey Quality Fund, Inc.	MJI	31-Jul	8
BlackRock Muni New York Intermediate Duration Fund, Inc.	MNE	31-Jul	8
BlackRock MuniYield Pennsylvania Quality Fund	MPA	31-Jul	8
BlackRock MuniYield Quality Fund II, Inc.	MQT	30-Apr	7
BlackRock MuniYield Quality Fund, Inc.	MQY	30-Apr	7
BlackRock MuniHoldings California Quality Fund, Inc.	MUC	31-Jul	8
BlackRock MuniHoldings Quality Fund II, Inc.	MUE	31-Jul	8
BlackRock MuniHoldings Fund II, Inc.	MUH	30-Apr	7
BlackRock Muni Intermediate Duration Fund, Inc.	MUI	30-Apr	7
BlackRock MuniHoldings New Jersey Quality Fund, Inc.	MUJ	31-Jul	8
BlackRock MuniHoldings Quality Fund, Inc.	MUS	30-Apr	7
BlackRock MuniVest Fund, Inc.	MVF	31-Aug	8
BlackRock MuniVest Fund II, Inc.	MVT	30-Apr	7
BlackRock MuniYield California Fund, Inc.	MYC	31-Jul	8
BlackRock MuniYield Fund, Inc.	MYD	30-Apr	7
BlackRock MuniYield Investment Fund	MYF	31-Jul	8
BlackRock MuniYield Quality Fund III, Inc.	MYI	31-Jul	8
BlackRock MuniYield New Jersey Fund, Inc.	MYJ	31-Jul	8
BlackRock MuniYield Michigan Quality Fund II, Inc.	MYM	31-Jul	8
BlackRock MuniYield New York Quality Fund, Inc.	MYN	31-Jul	8
BlackRock MuniYield Arizona Fund, Inc.	MZA	31-Jul	8

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**Appendix E Standing Committees of the Boards**

The business and affairs of each Fund are managed by or under the direction of its Board.

**Standing Committees.** The Board of each Fund has established the following standing committees:

***Audit Committee.*** Each Board has a standing Audit Committee composed of Karen P. Robards (Chair), Michael J. Castellano, Frank J. Fabozzi, James T. Flynn and W. Carl Kester, all of whom are Independent Board Members. The principal responsibilities of the Audit Committee are to assist the Board in fulfilling its oversight responsibilities relating to the accounting and financial reporting policies and practices of the Fund. The Audit Committee's responsibilities include, without limitation: (i) approving and recommending to the full Board for approval the selection, retention, termination and compensation of the Fund's independent registered public accounting firm (the Independent Registered Public Accounting Firm) and evaluating the independence and objectivity of the Independent Registered Public Accounting Firm; (ii) approving all audit engagement terms and fees for the Fund; (iii) reviewing the conduct and results of each audit; (iv) reviewing any issues raised by the Fund's Independent Registered Public Accounting Firm or management regarding the accounting or financial reporting policies and practices of the Fund, its internal controls, and, as appropriate, the internal controls of certain service providers and management's response to any such issues; (v) reviewing and discussing the Fund's audited and unaudited financial statements and disclosure in the Fund's shareholder reports relating to the Fund's performance; (vi) assisting the Board's responsibilities with respect to the internal controls of the Fund and its service providers with respect to accounting and financial matters; and (vii) resolving any disagreements between the Fund's management and the Fund's Independent Registered Public Accounting Firm regarding financial reporting.

A copy of the Audit Committee Charter for each Fund can be found in the Corporate Governance section of the BlackRock Closed-End Fund website at [www.blackrock.com](http://www.blackrock.com).

***Governance and Nominating Committee.*** Each Board has a standing Governance and Nominating Committee (the Governance Committee) composed of R. Glenn Hubbard (Chair), Richard E. Cavanagh, Michael J. Castellano, Frank J. Fabozzi, Kathleen F. Feldstein, James T. Flynn, Jerrold B. Harris, W. Carl Kester and Karen P. Robards, all of whom are Independent Board Members.

The principal responsibilities of the Governance Committee are: (i) identifying individuals qualified to serve as Independent Board Members and recommending Board Nominees that are not interested persons of the Funds (as defined in the 1940 Act) for election by shareholders or appointment by the Board; (ii) advising the Board with respect to Board composition, procedures and committees of the Board (other than the Audit Committee); (iii) overseeing periodic self-assessments of the Board and committees of the Board (other than the Audit Committee); (iv) reviewing and making recommendations in respect to Independent Board Member compensation; (v) monitoring corporate governance matters and making recommendations in respect thereof to the Board; (vi) acting as the administrative committee with respect to Board policies and procedures, committee policies and procedures (other than the Audit Committee) and codes of ethics as they relate to the Independent Board Members; and (vii) review and make recommendations to the Board in respect of Fund share ownership by the Independent Board Members.

The Governance Committee of each Board seeks to identify individuals to serve on the Board who have a diverse range of viewpoints, qualifications, experiences, backgrounds and skill sets so that the Board will be better suited to fulfill its responsibility of overseeing the Fund's activities. In so doing, the Governance Committee reviews the size of the Board, the ages of the current Board Members and their tenure on the Board, and the skills, background and experiences of the Board



Members in light of the issues facing the Fund in determining whether one or more new Board Members should be added to the Board. The Board as a group strives to achieve diversity in terms of gender, race and geographic location. The Governance Committee believes that the Board Members as a group possess the array of skills, experiences and backgrounds necessary to guide the Fund. The Board Members biographies included in the Proxy Statement highlight the diversity and breadth of skills, qualifications and expertise that the Board Members bring to the Fund.

Each Governance Committee may consider nominations for Board Members made by the Fund's shareholders as it deems appropriate. Under each Fund's By-laws, shareholders must follow certain procedures to nominate a person for election as a Board Member at an annual or special meeting, or to introduce an item of business at an annual meeting. Under these advance notice procedures, shareholders must submit the proposed nominee or item of business by delivering a notice to the Secretary of the Funds at their principal executive offices. Each Fund must receive notice of a shareholder's intention to introduce a nomination or proposed item of business for an annual shareholder meeting not less than 120 days nor more than 150 days before the anniversary of the prior year's annual shareholder meeting. Assuming that the 2015 annual shareholder meeting of a Fund is held within 25 days of July 30, 2015, the Fund must receive notice pertaining to the 2015 annual meeting of shareholders no earlier than Monday, March 2, 2015 and no later than Wednesday, April 1, 2015. However, if a Fund holds its 2015 annual shareholder meeting on a date that is not within 25 days before or after July 30, 2015, such Fund must receive the notice of a shareholder's intention to introduce a nomination or proposed item of business not later than the close of business on the tenth day following the day on which the notice of the date of the shareholder meeting was mailed or the public disclosure of the date of the shareholder meeting was made, whichever comes first.

Each Fund's By-laws provide that notice of a proposed nomination must include certain information about the shareholder and the nominee, as well as a written consent of the proposed nominee to serve if elected. A notice of a proposed item of business must include a description of and the reasons for bringing the proposed business to the meeting, any material interest of the shareholder in the business, and certain other information about the shareholder.

Further, each Fund has adopted Board Member qualification requirements which can be found in each Fund's By-laws and are applicable to all Board Members that may be nominated, elected, appointed, qualified or seated to serve as Board Members. The qualification requirements include: (i) age limits; (ii) limits on service on other boards; (iii) restrictions on relationships with investment advisers other than BlackRock; and (iv) character and fitness requirements. In addition to not being an interested person of the Fund as defined under Section 2(a)(19) of the 1940 Act, each Independent Board Member may not be or have certain relationships with a shareholder owning five percent or more of the Fund's voting securities or owning other percentage ownership interests in investment companies registered under the 1940 Act. Reference is made to each Fund's By-laws for more details.

A copy of the Governance and Nominating Committee Charter for each Fund can be found in the Corporate Governance section of the BlackRock Closed-End Fund website at [www.blackrock.com](http://www.blackrock.com).

**Compliance Committee.** Each Fund has a Compliance Committee composed of Jerrold B. Harris (Chair), Richard E. Cavanagh, Kathleen F. Feldstein and R. Glenn Hubbard, all of whom are Independent Board Members. The Compliance Committee's purpose is to assist the Board in fulfilling its responsibility with respect to the oversight of regulatory and fiduciary compliance matters involving the Fund, the fund-related activities of BlackRock, and any subadvisor and the Fund's other third party service providers. The Compliance Committee's responsibilities include, without limitation: (i) overseeing the compliance policies and procedures of the Fund and its

service providers and recommending changes or additions to such policies and procedures; (ii) reviewing information on and, where appropriate, recommending policies concerning the Fund's compliance with applicable law; (iii) reviewing information on any significant correspondence with or other actions by regulators or governmental agencies with respect to the Fund and any employee complaints or published reports that raise concerns regarding compliance matters; and (iv) reviewing reports from, overseeing the annual performance review of, and making certain recommendations in respect of the CCO, including, without limitation, determining the amount and structure of the CCO's compensation. Each Board has adopted a written charter for the Board's Compliance Committee.

**Performance Oversight Committee.** Each Fund has a Performance Oversight Committee composed of Frank J. Fabozzi (Chair), Michael J. Castellano, Richard E. Cavanagh, Kathleen F. Feldstein, James T. Flynn, Jerrold B. Harris, R. Glenn Hubbard, W. Carl Kester and Karen P. Robards, all of whom are Independent Board Members. The Performance Oversight Committee's purpose is to assist the Board in fulfilling its responsibility to oversee the Fund's investment performance relative to the Fund's investment objective(s), policies and practices. The Performance Oversight Committee's responsibilities include, without limitation: (i) reviewing the Fund's investment objective(s), policies and practices; (ii) recommending to the Board any required action in respect of changes in fundamental and non-fundamental investment restrictions; (iii) reviewing information on appropriate benchmarks and competitive universes; (iv) reviewing the Fund's investment performance relative to such benchmarks; (v) reviewing information on unusual or exceptional investment matters; (vi) reviewing whether the Fund has complied with its investment policies and restrictions; and (vii) overseeing policies, procedures and controls regarding valuation of the Fund's investments. Each Board has adopted a written charter for the Board's Performance Oversight Committee.

**Executive Committee.** Each Fund has an Executive Committee composed of Richard E. Cavanagh (Chair) and Karen P. Robards, both of whom are Independent Board Members, and Paul L. Audet, who serves as an interested Board Member. The principal responsibilities of the Executive Committee include, without limitation: (i) acting on routine matters between meetings of the Board; (ii) acting on such matters as may require urgent action between meetings of the Board; and (iii) exercising such other authority as may from time to time be delegated to the Executive Committee by the Board. Each Board has adopted a written charter for the Board's Executive Committee.

**Leverage Committee.** Each Board has a Leverage Committee composed of Richard E. Cavanagh (Chair), Karen P. Robards, Frank J. Fabozzi, Henry Gabbay and W. Carl Kester, all of whom are Independent Board Members, except for Henry Gabbay. The Leverage Committee was originally formed in March 2008 as an ad hoc committee for the purpose of monitoring issues arising from credit market turmoil and overseeing efforts to address the effects of reduced AMPS liquidity on each fund in the Closed-End Complex using AMPS for leverage at the time, to evaluate the liquidity considerations of the AMPS holders and to oversee other financial leverage-related issues as delegated by the Board, each in a manner consistent with the Fund's and its shareholders' best interests and the Fund's investment strategies. This committee was converted to a standing committee in 2011, and was renamed the Leverage Committee and expanded to include all funds in the Closed-End Complex in April 2012. The Leverage Committee's responsibilities include, without limitation: (i) to support the Independent Directors in pursuing the best interests of each Fund and its shareholders; (ii) to oversee each Fund's usage of leverage, including the Fund's incurrence, refinancing and maintenance of leverage and, to the extent necessary or appropriate, authorize or approve the execution of documentation in respect thereto, (iii) to oversee and authorize actions in respect of refinancing and redeeming forms of leverage; and (iv) to receive reports with respect to the foregoing matters. Each Board has adopted a written Charter for the Board's Leverage Committee.

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As of April 30, 2014, the Leverage Committee has met 7 times in the last calendar year and 74 times since its formation. As of April 30, 2014, the total amount of announced redemptions of auction market preferred shares across the Closed-End Complex equaled \$9.68 billion, which represents approximately 98.5% of all auction market preferred shares outstanding for the Closed-End Complex as of February 2008. Thus far, 48 BlackRock Closed-End Funds have issued VRDP Shares and/or VMTP Shares and redeemed their AMPS.

Each Audit Committee, Governance Committee, Compliance Committee, Performance Oversight Committee, Executive Committee and Leverage Committee met the following number of times for each Fund's most recent fiscal year:

Ticker	Fiscal Year End	Number of Audit Committee Meetings	Number of Governance and Nominating Committee Meetings	Number of Compliance Committee Meetings	Number of Performance Oversight Committee Meetings	Number of Executive Committee Meetings	Number of Leverage Committee Meetings
CII	31-Oct	14	4	4	4	2	9
DSU	28-Feb	14	4	4	4	3	5
EGF	31-Dec	14	4	4	4	3	7
FRA	31-Aug	14	4	4	4	2	10
HYT	31-Aug	14	4	4	4	2	10
MCA	31-Jul	14	4	4	4	2	10
MEN	30-Apr	14	4	4	4	3	4
MFL	31-Aug	14	4	4	4	2	10
MFT	31-Jul	14	4	4	4	2	10
MHD	30-Apr	14	4	4	4	3	4
MHE	31-Aug	14	4	4	4	2	10
MHN	31-Aug	14	4	4	4	2	10
MIY	31-Jul	14	4	4	4	2	10
MJI	31-Jul	14	4	4	4	2	10
MNE	31-Jul	14	4	4	4	2	10
MPA	31-Jul	14	4	4	4	2	10
MQT	30-Apr	14	4	4	4	3	4
MQY	30-Apr	14	4	4	4	3	4
MUC	31-Jul	14	4	4	4	2	10
MUE	31-Jul	14	4	4	4	2	10
MUH	30-Apr	14	4	4	4	3	4
MUI	30-Apr	14	4	4	4	3	4
MUJ	31-Jul	14	4	4	4	2	10
MUS	30-Apr	14	4	4	4	3	4
MVF	31-Aug	14	4	4	4	2	10
MVT	30-Apr	14	4	4	4	3	4
MYC	31-Jul	14	4	4	4	2	10
MYD	30-Apr	14	4	4	4	3	4
MYF	31-Jul	14	4	4	4	2	10
MYI	31-Jul	14	4	4	4	2	10
MYJ	31-Jul	14	4	4	4	2	10
MYM	31-Jul	14	4	4	4	2	10
MYN	31-Jul	14	4	4	4	2	10
MZA	31-Jul	14	4	4	4	2	10

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**Appendix F Executive Officers of the Funds**

The executive officers of each Fund, their address, their year of birth and their principal occupations during the past five years (their titles may have varied during that period) are shown in the table below.

Each executive officer is an interested person of the Funds (as defined in the 1940 Act) by virtue of that individual's position with BlackRock or its affiliates described in the table below.

**Information Pertaining to the Executive Officers**

<b>Name, Address and Year of Birth</b>	<b>Position(s) Held with Fund</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupations(s) During Past 5 Years</b>
<b>John Perlowski</b> 55 East 52 <sup>nd</sup> Street New York, NY 10055  1964	President and Chief Executive Officer *	Annual; Since 2011	Managing Director of BlackRock, Inc. since 2009; Global Head of BlackRock Fund Administration since 2009; Managing Director and Chief Operating Officer of the Global Product Group at Goldman Sachs Asset Management, L.P. from 2003 to 2009; Treasurer of Goldman Sachs Mutual Funds from 2003 to 2009 and Senior Vice President thereof from 2007 to 2009; Director of Goldman Sachs Offshore Funds from 2002 to 2009; Director of Family Resource Network (charitable foundation) since 2009.
<b>Robert W. Crothers</b> 55 East 52 <sup>nd</sup> Street New York, NY 10055  1981	Vice President	Annual; Since 2012	Director of BlackRock, Inc. since 2011; Vice President of BlackRock, Inc. from 2008 to 2010.
<b>Brendan Kyne</b> 55 East 52 <sup>nd</sup> Street New York, NY 10055  1977	Vice President	Annual; Since 2009	Managing Director of BlackRock, Inc. since 2010; Director of BlackRock, Inc. from 2008 to 2009; Head of Americas Product Development for BlackRock since 2013, Head of Product Development and Management for BlackRock's U.S. Retail Group 2009 to 2013 and Co-head thereof from 2007 to 2009; Vice President of BlackRock, Inc. from 2005 to 2008.



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Name, Address and Year of Birth	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupations(s) During Past 5 Years
<p><b>Neal J. Andrews</b></p> <p>55 East 52<sup>nd</sup> Street</p> <p>New York, NY</p> <p>10055</p> <p>1966</p>	<p>Chief Financial</p> <p>Officer</p>	<p>Annual; Since 2007</p>	<p>Managing Director of BlackRock, Inc. since 2006; Senior Vice President and Line of Business Head of Fund Accounting and Administration at PNC Global Investment Servicing (US) Inc. from 1992 to 2006.</p>
<p><b>Jay M. Fife</b></p> <p>55 East 52<sup>nd</sup> Street</p> <p>New York, NY</p> <p>10055</p> <p>1970</p>	<p>Treasurer</p>	<p>Annual; Since 2007</p>	<p>Managing Director of BlackRock, Inc. since 2007; Director of BlackRock, Inc. in 2006; Assistant Treasurer of the MLIM and Fund Asset Management L.P. advised funds from 2005 to 2006; Director of MLIM Fund Services Group from 2001 to 2006.</p>
<p><b>Charles Park</b></p> <p>55 East 52<sup>nd</sup> Street</p> <p>New York, NY</p> <p>10055</p> <p>1967</p>	<p>Chief Compliance Officer ( CCO ) and Anti-Money Laundering Officer</p>	<p>Annual; Since 2014</p>	<p>CCO of BlackRock Advisors, LLC and the BlackRock-advised funds in the Equity-Bond Complex, the Equity-Liquidity Complex and the Closed-End Complex since 2014; Principal of and CCO for iShares<sup>®</sup> Delaware Trust Sponsor LLC since 2012 and BlackRock Fund Advisors ( BFA ) since 2006; CCO for the BFA-advised iShares exchange traded funds since 2006; CCO for BlackRock Asset Management International Inc. since 2012.</p>
<p><b>Janey Ahn</b></p> <p>55 East 52<sup>nd</sup> Street</p> <p>New York, NY</p> <p>10055</p> <p>1975</p>	<p>Secretary</p>	<p>Annual; Since 2012</p>	<p>Director of BlackRock, Inc. since 2009; Vice President of BlackRock, Inc. from 2008 to 2009; Assistant Secretary of the Funds from 2008 to 2012.</p>
<p><b>Paul L. Audet</b></p> <p>55 East 52<sup>nd</sup> Street</p> <p>New York, NY</p> <p>10055</p>	<p>President of</p> <p>MFL, MYF,</p> <p>MFT and MPA *</p>	<p>Annual; Since 2011</p>	<p>Senior Managing Director of BlackRock and Head of U.S. Mutual Funds since 2011; Head of BlackRock's Real Estate business from 2008 to 2011; Member of BlackRock's Global Operating and Corporate Risk Management Committees since 2008; Head of BlackRock's Global Cash Management business from 2005 to 2010; Acting Chief Financial Officer of BlackRock from 2007 to 2008; Chief Financial Officer of BlackRock from 1998 to 2005.</p>

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\* Paul L. Audet is the President, and John Perlowski is the Chief Executive Officer, of BlackRock MuniHoldings Investment Quality Fund (MFL), BlackRock MuniYield Investment Fund (MYF), BlackRock MuniYield Investment Quality Fund (MFT) and BlackRock MuniYield Pennsylvania Quality Fund (MPA). Mr. Audet's information is included at pages 9 and 15 of the Proxy Statement.

With the exception of the CCO, executive officers receive no compensation from the Funds. The Funds compensate the CCO for his services as their CCO.

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## Appendix G Audit Fees, Audit-Related Fees, Tax Fees and All Other Fees to Independent Registered Public Accountants

## Audit Fees and Audit-Related Fees

Fund	Fiscal Year End	Audit Fees		Audit-Related Fees	
		Most Recent	Prior to Most	Most Recent	Prior to Most
		Fiscal Year End (\$)	Fiscal Year End (\$)	Fiscal Year End (\$)	Fiscal Year End (\$)
CII	31-Oct	41,213	39,200	0	2,500
DSU*	28-Feb	83,438	67,338	0	0
EGF	31-Dec	37,063	36,800	0	0
FRA	31-Aug	66,638	58,500	0	31,900
HYT	31-Aug	50,238	45,600	0	0
MCA	31-Jul	37,363	37,100	0	0
MEN	30-Apr	35,863	35,163	0	0
MFL	31-Aug	38,963	38,700	0	0
MFT	31-Jul	30,663	30,400	0	5,500
MHD	30-Apr	36,863	36,163	0	0
MHE	31-Aug	25,563	25,300	0	6,000
MHN	31-Aug	36,563	36,300	0	0
MIY	31-Jul	33,863	33,600	0	0
MJI	31-Jul	30,963	30,700	0	0
MNE	31-Jul	29,763	29,500	0	5,800
MPA	31-Jul	29,863	29,600	0	0
MQT	30-Apr	37,363	36,663	0	0
MQY	30-Apr	39,363	38,663	0	0
MUC	31-Jul	37,963	37,700	0	6,000
MUE	31-Jul	36,163	35,900	0	5,500
MUH	30-Apr	32,963	32,263	0	0
MUI	30-Apr	38,263	38,263	0	3,000
MUJ	31-Jul	32,563	32,300	0	0
MUS	30-Apr	35,863	35,163	0	0
MVF	31-Aug	36,463	36,200	0	5,500
MVT	30-Apr	35,963	35,263	0	0
MYC	31-Jul	35,263	35,000	0	0
MYD	30-Apr	39,063	38,363	0	0
MYF	31-Jul	33,363	33,100	0	0
MYI	31-Jul	37,963	37,700	0	0
MYJ	31-Jul	31,263	31,000	0	0
MYM	31-Jul	31,763	31,500	0	0
MYN	31-Jul	36,363	36,100	0	0
MZA	31-Jul	27,463	27,200	0	0

\* Most recent fiscal year fees include fees paid by BlackRock Senior High Income Fund, Inc. (ARK) and BlackRock Strategic Bond Trust (BHD) which merged into BlackRock Debt Strategies Fund, Inc. (DSU) on December 9, 2013.



## Tax Fees and All Other Fees

Fund	Fiscal Year End	Tax Fees		All Other Fees	
		Most Recent	Prior to Most	Most Recent	Prior to Most
		Fiscal Year End (\$)	Fiscal Year End (\$)	Fiscal Year End (\$)	Fiscal Year End (\$)
CII	31-Oct	14,850	14,350	0	0
DSU*	28-Feb	27,100	25,100	0	0
EGF	31-Dec	10,800	10,300	0	0
FRA	31-Aug	21,800	20,550	0	0
HYT	31-Aug	92,240	24,300	0	0
MCA	31-Jul	15,100	14,600	0	0
MEN	30-Apr	15,100	15,100	0	0
MFL	31-Aug	20,100	19,600	0	0
MFT	31-Jul	10,600	10,100	0	0
MHD	30-Apr	13,100	13,100	0	0
MHE	31-Aug	7,800	7,300	0	0
MHN	31-Aug	18,100	17,600	0	0
MIY	31-Jul	13,100	12,600	0	0
MJI	31-Jul	10,800	10,300	0	0
MNE	31-Jul	8,700	8,200	0	0
MPA	31-Jul	12,100	11,600	0	0
MQT	30-Apr	13,100	13,100	0	0
MQY	30-Apr	17,100	17,100	0	0
MUC	31-Jul	21,100	20,600	0	0
MUE	31-Jul	14,100	13,600	0	0
MUH	30-Apr	11,700	11,700	0	0
MUI	30-Apr	20,100	20,100	0	0
MUJ	31-Jul	14,100	13,600	0	0
MUS	30-Apr	12,600	12,600	0	0
MVF	31-Aug	21,600	21,100	0	0
MVT	30-Apr	14,100	14,100	0	0
MYC	31-Jul	14,100	13,600	0	0
MYD	30-Apr	22,100	22,100	0	0
MYF	31-Jul	12,800	12,300	0	0
MYI	31-Jul	29,100	28,600	0	0
MYJ	31-Jul	13,100	12,600	0	0
MYM	31-Jul	11,800	11,300	0	0
MYN	31-Jul	20,100	19,600	0	0
MZA	31-Jul	8,800	8,300	0	0

\* Most recent fiscal year fees include fees paid by BlackRock Senior High Income Fund, Inc. (ARK) and BlackRock Strategic Bond Trust (BHD) which merged into BlackRock Debt Strategies Fund, Inc. (DSU) on December 9, 2013.

**Fees for non-audit services provided to each Fund's Affiliated Service Providers for which pre-approval by the Audit Committee was required:**

Fund	Fiscal Year End	Audit-Related Fees		Tax Fees		All Other Fees	
		Most Recent	Fiscal Year	Most Recent	Fiscal Year	Most Recent	Fiscal Year
		Fiscal Year	Prior to Most	Fiscal Year	Prior to Most	Fiscal Year	Prior to Most
		(\$)	End (\$)	(\$)	End (\$)	(\$)	End (\$)
CII	31-Oct	0	0	0	0	0	0
DSU*	28-Feb	0	0	0	0	0	0
EGF	31-Dec	0	0	0	0	0	0
FRA	31-Aug	0	0	0	0	0	0
HYT	31-Aug	0	0	0	0	0	0
MCA	31-Jul	0	0	0	0	0	0
MEN	30-Apr	0	0	0	0	0	0
MFL	31-Aug	0	0	0	0	0	0
MFT	31-Jul	0	0	0	0	0	0
MHD	30-Apr	0	0	0	0	0	0
MHE	31-Aug	0	0	0	0	0	0
MHN	31-Aug	0	0	0	0	0	0
MIY	31-Jul	0	0	0	0	0	0
MJI	31-Jul	0	0	0	0	0	0
MNE	31-Jul	0	0	0	0	0	0
MPA	31-Jul	0	0	0	0	0	0
MQT	30-Apr	0	0	0	0	0	0
MQY	30-Apr	0	0	0	0	0	0
MUC	31-Jul	0	0	0	0	0	0
MUE	31-Jul	0	0	0	0	0	0
MUH	30-Apr	0	0	0	0	0	0
MUI	30-Apr	0	0	0	0	0	0
MUJ	31-Jul	0	0	0	0	0	0
MUS	30-Apr	0	0	0	0	0	0
MVF	31-Aug	0	0	0	0	0	0
MVT	30-Apr	0	0	0	0	0	0
MYC	31-Jul	0	0	0	0	0	0
MYD	30-Apr	0	0	0	0	0	0
MYF	31-Jul	0	0	0	0	0	0
MYI	31-Jul	0	0	0	0	0	0
MYJ	31-Jul	0	0	0	0	0	0
MYM	31-Jul	0	0	0	0	0	0
MYN	31-Jul	0	0	0	0	0	0
MZA	31-Jul	0	0	0	0	0	0

\* Most recent fiscal year fees include fees paid by BlackRock Senior High Income Fund, Inc. (ARK) and BlackRock Strategic Bond Trust (BHD) which merged into BlackRock Debt Strategies Fund, Inc. (DSU) on December 9, 2013.

**Aggregate non-audit fees for services provided to each Fund and its Affiliated Service Providers, regardless of whether pre-approval was required:**

Fund	Fiscal Year End	Aggregate Non-Audit Fees	
		Most Recent Fiscal Year (\$)	Fiscal Year Prior to Most Recent Fiscal Year End (\$)
CII	31-Oct	14,850	16,850
DSU*	28-Feb	27,100	25,100
EGF	31-Dec	10,800	10,300
FRA	31-Aug	12,800	52,450
HYT	31-Aug	92,240	24,300
MCA	31-Jul	15,100	14,600
MEN	30-Apr	15,100	15,100
MFL	31-Aug	20,100	19,600
MFT	31-Jul	10,600	15,600
MHD	30-Apr	13,100	13,100
MHE	31-Aug	7,800	13,300
MHN	31-Aug	18,100	17,600
MIY	31-Jul	13,100	12,600
MJI	31-Jul	10,800	10,300
MNE	31-Jul	8,700	14,000
MPA	31-Jul	12,100	11,600
MQT	30-Apr	13,100	13,100
MQY	30-Apr	17,100	17,100
MUC	31-Jul	21,100	26,600
MUE	31-Jul	14,100	19,100
MUH	30-Apr	11,700	11,700
MUI	30-Apr	20,100	20,100
MUJ	31-Jul	14,100	13,600
MUS	30-Apr	12,600	12,600
MVF	31-Aug	21,600	26,600
MVT	30-Apr	14,100	14,100
MYC	31-Jul	14,100	13,600
MYD	30-Apr	22,100	22,100
MYF	31-Jul	12,800	12,300
MYI	31-Jul	29,100	28,600
MYJ	31-Jul	13,100	12,600
MYM	31-Jul	11,800	11,300
MYN	31-Jul	20,100	19,600
MZA	31-Jul	8,800	8,300

\* Most recent fiscal year fees include fees paid by BlackRock Senior High Income Fund, Inc. (ARK) and BlackRock Strategic Bond Trust (BHD) which merged into BlackRock Debt Strategies Fund, Inc. (DSU) on December 9, 2013.

## Appendix H 5% Beneficial Share Ownership

As of April 30, 2014, to the best knowledge of each Fund, the following persons beneficially owned more than 5% of the outstanding shares of the class of the Funds indicated:

Fund	Investor	Address	Common Shares Held	Common Shares % Held	Preferred Shares Held	Preferred Shares % Held
DSU	First Trust Portfolios L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	20,460,977	10.95%		
	First Trust Advisors L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	The Charger Corporation <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	Morgan Stanley <sup>(2)</sup>	1585 Broadway New York, NY 10036	14,919,155	8.00%		
	Morgan Stanley Smith Barney LLC <sup>(2)</sup>	1585 Broadway New York, NY 10036				
	Saba Capital Management, L.P. <sup>(3)</sup>	405 Lexington Avenue, 58th Floor New York, New York 10174	9,838,809	5.26%		
	Saba Capital Master Fund, Ltd. <sup>(3)</sup>	Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands	5,456,606	2.92%		
	Saba Capital Master Fund II, Ltd. <sup>(3)</sup>	Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands	2,354,099	1.26%		
	Saba Capital Leveraged Master Fund, Ltd. <sup>(3)</sup>	Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands	1,588,247	0.85%		
	Saba Capital Partners (Cayman), L.P. <sup>(3)</sup>	Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands	439,857	0.24%		
	Boaz R. Weinstein <sup>(3)</sup>	405 Lexington Avenue,				

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58th Floor

New York, New York 10174

EGF 1607 Capital Partners, LLC

4991 Lake Brook Drive,

634,013

7.12%

Suite 125

Glen Allen, VA 23060

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<b>Fund</b>	<b>Investor</b>	<b>Address</b>	<b>Common Shares Held</b>	<b>Common Shares % Held</b>	<b>Preferred Shares Held</b>	<b>Preferred Shares % Held</b>
	First Trust Portfolios L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	1,407,558	14.22%		
	First Trust Advisors L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	The Charger Corporation <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	Sit Investment Associates, Inc.	3300 IDS Center 80 South 8th Street Minneapolis, Minnesota 55402	1,799,453	18.18%		
FRA	First Trust Portfolios L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	7,642,365	20.57%		
	First Trust Advisors L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	The Charger Corporation <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
HYT	First Trust Portfolios L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	18,346,536	14.49%		
	First Trust Advisors L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	The Charger Corporation <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	Saba Capital Management, L.P. <sup>(4)</sup>	405 Lexington Avenue,	6,525,732	5.16%		

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58th Floor			
New York, New York 10174			
Saba Capital Master Fund, Ltd. <sup>(4)</sup>	Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands	3,785,342	2.99%
Saba Capital Master Fund II, Ltd. <sup>(4)</sup>	Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands	1,571,748	1.24%
Saba Capital Leveraged Master Fund, Ltd. <sup>(4)</sup>	Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands	761,819	0.60%

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Fund	Investor	Address	Common Shares Held	Common Shares % Held	Preferred Shares Held	Preferred Shares % Held
	Saba Capital Partners (Cayman), L.P. <sup>(4)</sup>	Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands	406,823	0.32%		
	Boaz R. Weinstein <sup>(4)</sup>	405 Lexington Avenue, 58th Floor New York, New York 10174				
MCA	First Trust Portfolios L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	2,682,634	7.81%		
	First Trust Advisors L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	The Charger Corporation <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	Citibank, N.A. <sup>(5)</sup>	399 Park Avenue New York, New York 10022			VRDP: 1,665	VRDP: 100.00%
	Citicorp <sup>(5)</sup>	399 Park Avenue New York, New York 10022				
	Citigroup, Inc. <sup>(5)</sup>	399 Park Avenue New York, New York 10022				
MEN	Citibank, N.A. <sup>(5)</sup>	399 Park Avenue New York, New York 10022			VRDP: 1,425	VRDP: 100.00%
	Citicorp <sup>(5)</sup>	399 Park Avenue New York, New York 10022				
	Citigroup, Inc. <sup>(5)</sup>	399 Park Avenue New York, New York 10022				
MFL	Banc of America Preferred Funding Corporation <sup>(6)</sup>	214 North Tryon Street Charlotte, North Carolina 28255			VRDP: 2,746	VRDP: 100.00%
	Bank of America Corporation <sup>(6)</sup>	100 North Tryon Street Charlotte, North Carolina 28255				
	First Trust Portfolios L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400	2,081,878	5.51%		



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		Wheaton, Illinois 60187		
First Trust Advisors L.P. <sup>(1)</sup>		120 East Liberty Drive, Suite 400		
		Wheaton, Illinois 60187		
The Charger Corporation <sup>(1)</sup>		120 East Liberty Drive, Suite 400		
		Wheaton, Illinois 60187		
Morgan Stanley <sup>(2)</sup>		1585 Broadway New York, NY 10036	2,689,471	7.10%
		1585 Broadway New York, NY 10036		
Morgan Stanley Smith Barney LLC <sup>(2)</sup>		1585 Broadway New York, NY 10036		
MFT	JP Morgan Chase	270 Park Avenue New York, New York 10017		VMTP: 565 VMTP: 100.00%

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<b>Fund</b>	<b>Investor</b>	<b>Address</b>	<b>Common Shares Held</b>	<b>Common Shares % Held</b>	<b>Preferred Shares Held</b>	<b>Preferred Shares % Held</b>
MHD	First Trust Portfolios L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	922,694	6.55%		
	First Trust Advisors L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	The Charger Corporation <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	JP Morgan Chase	270 Park Avenue New York, New York 10017			VMTP: 837	VMTP: 100.00%
MHE	Citibank, N.A. <sup>(5)</sup>	399 Park Avenue New York, New York 10022			VRDP: 185	VRDP: 100.00%
	Citicorp <sup>(5)</sup>	399 Park Avenue New York, New York 10022				
	Citigroup, Inc. <sup>(5)</sup>	399 Park Avenue New York, New York 10022				
MHN	Banc of America Preferred Funding Corporation <sup>(6)</sup>	214 North Tryon Street Charlotte, North Carolina 28255			VRDP: 2,436	VRDP: 100.00%
	Bank of America Corporation <sup>(6)</sup>	100 North Tryon Street Charlotte, North Carolina 28255				
	First Trust Portfolios L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	2,475,562	7.98%		
	First Trust Advisors L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	The Charger Corporation <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
MIY	First Trust Portfolios L.P. <sup>(1)</sup>	120 East Liberty Drive,	2,913,547	15.99%		

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		Suite 400		
		Wheaton, Illinois 60187		
First Trust Advisors L.P. <sup>(1)</sup>		120 East Liberty Drive,		
		Suite 400		
		Wheaton, Illinois 60187		
The Charger Corporation <sup>(1)</sup>		120 East Liberty Drive,		
		Suite 400		
		Wheaton, Illinois 60187		
Citibank, N.A. <sup>(5)</sup>		399 Park Avenue	VRDP:	VRDP:
		New York, New York 10022	1,446	100.00%
Citicorp <sup>(5)</sup>		399 Park Avenue		
		New York, New York 10022		
Citigroup, Inc. <sup>(5)</sup>		399 Park Avenue		
		New York, New York 10022		
MJI	Banc of America Preferred Funding Corporation <sup>(6)</sup>	214 North Tryon Street	VRDP:	VRDP:
		Charlotte, North Carolina 28255	644	100.00%

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Fund	Investor	Address	Common Shares Held	Common Shares % Held	Preferred Shares Held	Preferred Shares % Held
	Bank of America Corporation <sup>(6)</sup>	100 North Tryon Street Charlotte, North Carolina 28255				
	First Trust Portfolios L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	922,298	10.40%		
	First Trust Advisors L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	The Charger Corporation <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
MNE	First Trust Portfolios L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	327,251	7.78%		
	First Trust Advisors L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	The Charger Corporation <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
MPA	Citibank, N.A. <sup>(5)</sup>	399 Park Avenue New York, New York 10022			VRDP: 663	VRDP: 100.00%
	Citicorp <sup>(5)</sup>	399 Park Avenue New York, New York 10022				
	Citigroup, Inc. <sup>(5)</sup>	399 Park Avenue New York, New York 10022				
MQT	First Trust Portfolios L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	1,650,863	7.33%		
	First Trust Advisors L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400				

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		Wheaton, Illinois 60187		
	The Charger Corporation <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187		
	JP Morgan Chase	270 Park Avenue New York, New York 10017		VMTP: VMTP: 1,165 100.00%
MUC	First Trust Portfolios L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	3,926,274	9.60%
	First Trust Advisors L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187		
	The Charger Corporation <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187		
	Wells Fargo & Company <sup>(7)</sup>	420 Montgomery Street, San Francisco, CA 94104		VMTP: VMTP: 2,540 100.00%

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<b>Fund</b>	<b>Investor</b>	<b>Address</b>	<b>Common Shares Held</b>	<b>Common Shares % Held</b>	<b>Preferred Shares Held</b>	<b>Preferred Shares % Held</b>
	Wells Fargo Bank, National Association <sup>(7)</sup>	101 North Phillips Avenue Sioux Falls, SD 57104				
MUE	First Trust Portfolios L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	1,301,020	5.79%		
	First Trust Advisors L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	The Charger Corporation <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	JP Morgan Chase	270 Park Avenue New York, New York 10017			VMTP: 1,310	VMTP: 100.00%
MUH	First Trust Portfolios L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	881,855	7.82%		
	First Trust Advisors L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	The Charger Corporation <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	JP Morgan Chase	270 Park Avenue New York, New York 10017			VMTP: 550	VMTP: 100.00%
MUI	JP Morgan Chase	270 Park Avenue New York, New York 10017			VMTP: 2,871	VMTP: 100.00%
MUJ	First Trust Portfolios L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	1,216,128	5.72%		
	First Trust Advisors L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400				

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		Wheaton, Illinois 60187		
	The Charger Corporation <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187		
	Banc of America Preferred Funding Corporation <sup>(6)</sup>	214 North Tryon Street Charlotte, North Carolina 28255	VRDP: 1,727	VRDP: 100.00%
	Bank of America Corporation <sup>(6)</sup>	100 North Tryon Street Charlotte, North Carolina 28255		
MUS	First Trust Portfolios L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	1,205,891	9.28%
	First Trust Advisors L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187		
	The Charger Corporation <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187		
	JP Morgan Chase	270 Park Avenue New York, New York 10017	VMTP: 870	VMTP: 100.00%

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Fund	Investor	Address	Common Shares Held	Common Shares % Held	Preferred Shares Held	Preferred Shares % Held
MVF	JP Morgan Chase	270 Park Avenue New York, New York 10017			VMTP: 2,438	VMTP: 100.00%
MVT	JP Morgan Chase	270 Park Avenue New York, New York 10017			VMTP: 1,400	VMTP: 100.00%
MYC	First Trust Portfolios L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	1,881,327	8.83%		
	First Trust Advisors L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	The Charger Corporation <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	Citibank, N.A. <sup>(5)</sup>	399 Park Avenue New York, New York 10022			VRDP: 1,059	VRDP: 100.00%
	Citicorp <sup>(5)</sup>	399 Park Avenue New York, New York 10022				
	Citigroup, Inc. <sup>(5)</sup>	399 Park Avenue New York, New York 10022				
MYD	Banc of America Preferred Funding Corporation <sup>(6)</sup>	214 North Tryon Street Charlotte, North Carolina 28255			VRDP: 2,514	VRDP: 100.00%
	Bank of America Corporation <sup>(6)</sup>	100 North Tryon Street Charlotte, North Carolina 28255				
MYF	Morgan Stanley <sup>(2)</sup>	1585 Broadway New York, NY 10036	792,553	5.80%		
	Morgan Stanley Smith Barney LLC <sup>(2)</sup>	1585 Broadway New York, NY 10036				
	Citibank, N.A. <sup>(5)</sup>	399 Park Avenue New York, New York 10022			VRDP: 594	VRDP: 100.00%
	Citicorp <sup>(5)</sup>	399 Park Avenue New York, New York 10022				



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	Citigroup, Inc. <sup>(5)</sup>	399 Park Avenue		
		New York, New York 10022		
MYI	Citibank, N.A. <sup>(5)</sup>	399 Park Avenue		VRDP: VRDP:
		New York, New York 10022		3,564 100.00%
	Citicorp <sup>(5)</sup>	399 Park Avenue		
		New York, New York 10022		
	Citigroup, Inc. <sup>(5)</sup>	399 Park Avenue		
		New York, New York 10022		
MYJ	First Trust Portfolios L.P. <sup>(1)</sup>	120 East Liberty Drive,	762,562	5.36%
		Suite 400		
		Wheaton, Illinois 60187		
	First Trust Advisors L.P. <sup>(1)</sup>	120 East Liberty Drive,		
		Suite 400		
		Wheaton, Illinois 60187		

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Fund	Investor	Address	Common Shares Held	Common Shares % Held	Preferred Shares Held	Preferred Shares % Held
	The Charger Corporation <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	Citibank, N.A. <sup>(5)</sup>	399 Park Avenue New York, New York 10022			VRDP: 1,022	VRDP: 100.00%
	Citicorp <sup>(5)</sup>	399 Park Avenue New York, New York 10022				
	Citigroup, Inc. <sup>(5)</sup>	399 Park Avenue New York, New York 10022				
MYM	First Trust Portfolios L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	1,046,826	8.66%		
	First Trust Advisors L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	The Charger Corporation <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	Citibank, N.A. <sup>(5)</sup>	399 Park Avenue New York, New York 10022			VRDP: 873	VRDP: 100.00%
	Citicorp <sup>(5)</sup>	399 Park Avenue New York, New York 10022				
	Citigroup, Inc. <sup>(5)</sup>	399 Park Avenue New York, New York 10022				
MYN	First Trust Portfolios L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	2,341,002	5.93%		
	First Trust Advisors L.P. <sup>(1)</sup>	120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187				
	The Charger Corporation <sup>(1)</sup>	120 East Liberty Drive, Suite 400				

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		Wheaton, Illinois 60187		
	Citibank, N.A. <sup>(5)</sup>	399 Park Avenue	VRDP:	VRDP:
		New York, New York 10022	2,477	100.00%
	Citicorp <sup>(5)</sup>	399 Park Avenue		
		New York, New York 10022		
	Citigroup, Inc. <sup>(5)</sup>	399 Park Avenue		
		New York, New York 10022		
MZA	Citibank, N.A. <sup>(5)</sup>	399 Park Avenue	VRDP:	VRDP:
		New York, New York 10022	373	100.00%
	Citicorp <sup>(5)</sup>	399 Park Avenue		
		New York, New York 10022		
	Citigroup, Inc. <sup>(5)</sup>	399 Park Avenue		
		New York, New York 10022		

The information contained in this table is based on schedule 13D/13G filings made on or before April 30, 2014.

- (1) First Trust Portfolios L.P., First Trust Advisors L.P. and The Charger Corporation filed their Schedule 13G jointly and did not differentiate holdings as to each entity.

- (2) Morgan Stanley and Morgan Stanley Smith Barney LLC filed their Schedule 13G jointly and did not differentiate holdings as to each entity.
- (3) Saba Capital Management, L.P., Saba Capital Master Fund, Ltd., Saba Capital Master Fund II, Ltd., Saba Capital Leveraged Master Fund, Ltd., Saba Capital Partners (Cayman), L.P. and Boaz R. Weinstein filed their Schedule 13G jointly. The holdings reported by Saba Capital Management, L.P. consist of the holdings of Saba Capital Master Fund, Ltd., Saba Capital Master Fund II, Ltd., Saba Capital Leveraged Master Fund, Ltd. and Saba Capital Partners (Cayman), L.P. On its Schedule 13G filing Saba Capital Management, L.P. reported that its interest in the Fund is 5.26%, 2.92% held by Saba Capital Master Fund, Ltd., 1.26% held by Saba Capital Master Fund II, Ltd., 0.85% held by Saba Capital Leveraged Master Fund, Ltd., and 0.24% held by Saba Capital Partners (Cayman), L.P.
- (4) Saba Capital Management, L.P., Saba Capital Master Fund, Ltd., Saba Capital Master Fund II, Ltd., Saba Capital Leveraged Master Fund, Ltd., Saba Capital Partners (Cayman), L.P. and Boaz R. Weinstein filed their Schedule 13G jointly. The holdings reported by Saba Capital Management, L.P. consist of the holdings of Saba Capital Master Fund, Ltd., Saba Capital Master Fund II, Ltd., Saba Capital Leveraged Master Fund, Ltd. and Saba Capital Partners (Cayman), L.P. On its Schedule 13G filing Saba Capital Management, L.P. reported that its interest in the Fund is 5.16%, 2.99% held by Saba Capital Master Fund, Ltd., 1.24% held by Saba Capital Master Fund II, Ltd., 0.60% held by Saba Capital Leveraged Master Fund, Ltd., and 0.32% held by Saba Capital Partners (Cayman), L.P.
- (5) Citibank, N.A., Citicorp and Citigroup, Inc. filed their Schedule 13G jointly and did not differentiate holdings as to each entity.
- (6) Bank of America Corporation and Banc of America Preferred Funding Corporation filed their Schedule 13D jointly. Banc of America Preferred Funding Corporation holds 100% of the VRDP shares.
- (7) Wells Fargo & Company has filed a Schedule 13G on behalf of itself and the following subsidiary: Wells Fargo Bank, National Association and did not differentiate holdings as to each entity.

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**CENC4-0614**

**[FORM OF PROXY CARD FOR COMMON SHAREHOLDERS OF PREFERRED FUNDS]**

**EVERY SHAREHOLDER S VOTE IS IMPORTANT!**

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Please detach at perforation before mailing.

**PROXY**

**BLACKROCK CLOSED-END FUNDS**

**PROXY**

**ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JULY 30, 2014**

**PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS/TRUSTEES**

**COMMON SHARES**

The undersigned hereby appoints John Perlowski and Jay Fife, and each of them, as proxies, each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side hereof, all of the shares of the above named fund held of record by the undersigned on June 3, 2014 at the Annual Meeting of Shareholders of the Fund to be held on July 30, 2014 or at any adjournments, postponements or delays thereof. The validity of this proxy is governed by Maryland or Massachusetts law, as applicable. This proxy does not revoke any prior powers of attorney except for prior proxies given in connection with the Annual Meeting of Shareholders.

**THIS PROXY, IF PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF EACH OF THE BOARD NOMINEES.**

**IN THEIR DISCRETION, THE PROXIES ARE AUTHORIZED TO VOTE UPON SUCH OTHER BUSINESS AS MAY PROPERLY BE PRESENTED AT THE ANNUAL MEETING OR ANY ADJOURNMENTS, POSTPONEMENTS OR DELAYS THEREOF.**

**VOTE VIA THE INTERNET: [www.proxy-direct.com](http://www.proxy-direct.com)**  
**VOTE VIA THE TELEPHONE: 1-800-337-3503**

**Note:** Please sign exactly as your name(s) appear(s) on this Proxy Card. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee, or guardian, please give full title as such. If a corporation, please sign in full corporate name by an authorized officer. If a partnership, please sign in partnership name by an authorized person

Signature

Signature of joint owner, if any

Date



**EVERY SHAREHOLDER S VOTE IS IMPORTANT!**

**Important Notice Regarding the Availability of Proxy Materials for the BlackRock Closed-End Funds**

**Annual Meeting of Shareholders to Be Held on July 30, 2014.**

The Proxy Statement for this meeting is available at: [www.proxy-direct.com/blk-25670](http://www.proxy-direct.com/blk-25670)

[Name(s) of Fund(s)]

Please detach at perforation before mailing.

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD. THE BOARD RECOMMENDS VOTING FOR EACH BOARD MEMBER NOMINEE.**

**TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK. Example:**

1. **To Elect Board Member Nominees:** To withhold authority to vote for any individual nominee(s) mark the  For All Except  and write the nominee number(s) on the line provided.

				FOR ALL	WITHHOLD ALL	FOR ALL EXCEPT
01. Paul L.	02. Michael J.	03. Richard E.	04. Kathleen F.	..	..	..
Audet	Castellano	Cavanagh	Feldstein			
05. James T.	06. Henry	07. Jerrold B.	08. R. Glenn			
Flynn	Gabbay	Harris	Hubbard			
09. Karen P.						
Robards						

[Name(s) of Fund(s)] \_\_\_\_\_

**THE PROXIES ARE AUTHORIZED TO VOTE, IN THEIR DISCRETION, UPON ANY OTHER**

**MATTER THAT MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT,**

**POSTPONEMENT OR DELAY THEREOF.**

**[FORM OF PROXY CARD FOR COMMON SHAREHOLDERS OF OTHER FUNDS]**

**EVERY SHAREHOLDER S VOTE IS IMPORTANT!**

**EASY VOTING OPTIONS:**

**VOTE ON THE INTERNET**

Log on to:

**[www.proxy-direct.com](http://www.proxy-direct.com)**

Follow the on-screen instructions

available 24 hours

**VOTE BY TELEPHONE**

Call 1-800-337-3503

Follow the recorded instructions

available 24 hours

**VOTE BY MAIL**

Vote, sign and date your

Proxy Card and return it in the

postage-paid envelope

**THANK YOU FOR VOTING**

Please detach at perforation before mailing.

**PROXY**

**[Name(s) of Fund(s)]**

**PROXY**

**ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JULY 30, 2014  
PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS/TRUSTEES**

**COMMON SHARES**

The undersigned hereby appoints John Perlowski and Jay Fife, and each of them, as proxies, each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side hereof, all of the shares of the above named fund held of record by the undersigned on June 3, 2014 at the Annual Meeting of Shareholders of the Fund to be held on July 30, 2014 or at any adjournments, postponements or delays thereof. The validity of this proxy is governed by Maryland. This proxy does not revoke any prior powers of attorney except for prior proxies given in connection with the Annual Meeting of Shareholders.

**THIS PROXY, IF PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF EACH OF THE**

**BOARD NOMINEES.**

**IN THEIR DISCRETION, THE PROXIES ARE AUTHORIZED TO VOTE UPON SUCH OTHER BUSINESS AS MAY PROPERLY BE PRESENTED AT THE ANNUAL MEETING OR ANY ADJOURNMENTS, POSTPONEMENTS OR DELAYS THEREOF.**

**VOTE VIA THE INTERNET: [www.proxy-direct.com](http://www.proxy-direct.com)**  
**VOTE VIA THE TELEPHONE: 1-800-337-3503**

**Note:** Please sign exactly as your name(s) appear(s) on this Proxy Card. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee, or guardian, please give full title as such. If a corporation, please sign in full corporate name by an authorized officer. If a partnership, please sign in partnership name by an authorized person

Signature

Signature of joint owner, if any

Date

**EVERY SHAREHOLDER S VOTE IS IMPORTANT!**

**Important Notice Regarding the Availability of Proxy Materials for [Name of Fund(s)]**

**Annual Meeting of Shareholders to Be Held on July 30, 2014.**

**The Proxy Statement for this meeting is available at: [www.proxy-direct.com/blk-25670](http://www.proxy-direct.com/blk-25670)**

[Name(s) of Fund(s)]

Please detach at perforation before mailing.

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD. THE BOARD RECOMMENDS VOTING FOR EACH BOARD MEMBER NOMINEE.**

**TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK. Example:**

**1. To Elect Board Member Nominees:**

			FOR ALL <input type="checkbox"/>	WITHHOLD ALL <input type="checkbox"/>	FOR ALL EXCEPT <input type="checkbox"/>
01. Paul L.	02. Michael J.	03. Richard E.			
Audet	Castellano	Cavanagh			
04. Frank J.	05. Kathleen F.	06. James T.			
Fabozzi	Feldstein	Flynn			
07. Henry	08. Jerrold B.	09. R. Glenn			
Gabbay	Harris	Hubbard			
10. W. Carl	11. Karen P.				
Kester	Robards				

**INSTRUCTIONS:** To withhold authority to vote for any individual nominee(s), mark the box FOR ALL EXCEPT and write the nominee s number on the line provided below.

**THE PROXIES ARE AUTHORIZED TO VOTE, IN THEIR DISCRETION, UPON ANY OTHER MATTER THAT MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT, POSTPONEMENT OR DELAY THEREOF.**

**[FORM OF PROXY CARD FOR PREFERRED SHAREHOLDERS OF PREFERRED FUNDS]**

**EVERY SHAREHOLDER S VOTE IS IMPORTANT!**

**EASY VOTING OPTIONS:**

**VOTE ON THE INTERNET**

Log on to:

**[www.proxy-direct.com](http://www.proxy-direct.com)**

Follow the on-screen instructions

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**VOTE BY TELEPHONE**

Call 1-800-337-3503

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**VOTE BY MAIL**

Vote, sign and date your

Proxy Card and return it in the

postage-paid envelope

**THANK YOU FOR VOTING**

Please detach at perforation before mailing.

**PROXY**

**[Name(s) of Fund(s)]**

**PROXY**

**ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JULY 30, 2014  
PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS/TRUSTEES**

**PREFERRED SHARES**

The undersigned hereby appoints John Perlowski and Jay Fife, and each of them, as proxies, each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side hereof, all of the shares of the above named fund held of record by the undersigned on June 3, 2014 at the Annual Meeting of Shareholders of the Fund to be held on July 30, 2014 or at any adjournments, postponements or delays thereof. The validity of this proxy is governed by Maryland or Massachusetts law, as applicable. This proxy does not revoke any prior powers of attorney except for prior proxies given in connection with the Annual Meeting of Shareholders.

**THIS PROXY, IF PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF EACH OF THE BOARD NOMINEES.**

**IN THEIR DISCRETION, THE PROXIES ARE AUTHORIZED TO VOTE UPON SUCH OTHER BUSINESS AS MAY PROPERLY BE PRESENTED AT THE ANNUAL MEETING OR ANY ADJOURNMENTS, POSTPONEMENTS OR DELAYS THEREOF.**

**VOTE VIA THE INTERNET: [www.proxy-direct.com](http://www.proxy-direct.com)**  
**VOTE VIA THE TELEPHONE: 1-800-337-3503**

**Note:** Please sign exactly as your name(s) appear(s) on this Proxy Card. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee, or guardian, please give full title as such. If a corporation, please sign in full corporate name by an authorized officer. If a partnership, please sign in partnership name by an authorized person

Signature

Signature of joint owner, if any

Date



**EVERY SHAREHOLDER S VOTE IS IMPORTANT!**

**Important Notice Regarding the Availability of Proxy Materials for [Name of Fund(s)]**

**Annual Meeting of Shareholders to Be Held on July 30, 2014.**

**The Proxy Statement for this meeting is available at: [www.proxy-direct.com/blk-25670](http://www.proxy-direct.com/blk-25670)**

[Name(s) of Fund(s)]

Please detach at perforation before mailing.

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD. THE BOARD RECOMMENDS VOTING FOR EACH BOARD MEMBER NOMINEE.**

**TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK. Example:**

**1. To Elect Board Member Nominees:**

	FOR ALL	WITHHOLD ALL	FOR ALL EXCEPT
01. Paul L. Audet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
02. Michael J. Castellano	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
03. Richard E. Cavanagh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
04. Frank J. Fabozzi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
05. Kathleen F. Feldstein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
06. James T. Flynn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
07. Henry R. Glenn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
08. Jerrold B. Harris	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
09. R. Glenn Hubbard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. W. Carl Gabbay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Karen P. Kester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Robards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**INSTRUCTIONS:** To withhold authority to vote for any individual nominee(s), mark the box FOR ALL EXCEPT and write the nominee s number on the line provided below.

**THE PROXIES ARE AUTHORIZED TO VOTE, IN THEIR DISCRETION, UPON ANY OTHER MATTER THAT MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT, POSTPONEMENT OR DELAY THEREOF.**