

Sector: **Information Technology**
Sub-Industry: **Electronic Equipment Manufacturers**
Peer Group: **Monitoring/Control Instruments**

Summary: This company provides advanced technology identity solutions for governments, law enforcement agencies and businesses.

Quantitative Evaluations

S&P Earnings & Dividend Rank : C

D	C	B-	B	B+	A-	A	A+
---	----------	----	---	----	----	---	----

S&P Fair Value Rank: 1-

1	2	3	4	5
Lowest				Highest

Fair Value Calc: \$4.70 (Overvalued)

S&P Investability Quotient Percentile

19%

1 Lowest Highest 100
VISG scored lower than 81% of all companies for which an S&P Report is available.

Volatility: High

Low	Average	High
-----	---------	-------------

Technical Evaluation: BEARISH
Since September, 2004, the technical indicators for VISG have been BEARISH.

Relative Strength Rank: Weak

1 Lowest	25	Highest 99
----------	-----------	------------



Investment Strategy

Key financial variables to consider in assessing the investment merits of an industrial company are the following:

Sales: What is the trend? Is future sales growth expected to be greater than the past 5-year and 9-year growth average? Accelerating sales growth ultimately provides the fuel behind earnings growth.

Net Margin: As a key measure of company profitability, a rising net margin assesses management capability to wring out more net income from incremental sales.

% LT Debt of Capitalization: A rising percentage implies greater financial risk, all else being equal. Rising debt leverage without a concomitant rise in Return on Equity should raise warning signals of potential cash flow problems. Percentages above 40%-50% should also be considered a warning.

% Return on Equity: A key performance measurement of capital efficiency assesses what investment returns management can earn on a company's existing capital base. A sustained percentage above 20% is considered above average.

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Year	5 Year	9 Year
Sales	15.69	11.88	17.55	NA
Net Income	41.98	NM	NM	NA

Ratio Analysis (Average)

Net Margin	NM	NM	NM	NM
% LTD of Capitalization	6.42	14.95	25.25	36.56
% Return on Equity	NM	NM	NM	NM

Revenues/Earnings Data Fiscal year ending Dec. 31

Revenues (Million \$)	2004	2003	2002	2001	2000	1999
1Q	12.26	8.16	6.40	6.37	5.34	4.43
2Q	16.28	8.79	9.04	6.87	6.15	4.71
3Q	--	10.11	8.11	6.12	8.28	5.21
4Q	--	10.32	8.76	6.93	7.77	4.94
Year	--	37.37	32.30	26.28	27.54	19.30

Earnings per Share (\$)	2004	2003	2002	2001	2000	1999
1Q	-0.05	-0.09	-0.04	0.01	0.01	-0.08
2Q	-0.01	-0.07	-0.14	0.01	0.01	-0.05
3Q	--	-0.02	-0.14	0.01	0.01	-0.01
4Q	--	-0.06	-0.16	-0.13	-0.01	-0.07
Year	--	-0.26	-0.48	-0.09	0.03	-0.23

Next earnings report expected: Early November

Historical GAAP earnings are as reported.

Key Stock Statistics

52 Week Range	\$14.30 / 3.34	Beta	0.12
Average Daily Volume	0.804 mil.	Trailing 12 Month EPS	-\$0.14
Market Capitalization	\$0.278 Bil.	12 Month P/E	NM
Institutional Holdings	13%	Current Yield	Nil
Shareholders of Record	250	Dividend Rate/Share	Nil

Value of \$10,000 Invested five yrs Ago : **\$42,933**

Please read the required disclosures and Reg. AC certification on the last page of this report.

This report was prepared by Standard & Poor's Quantitative Services.

Redistribution or reproduction is prohibited without written permission. Copyright ©2004.

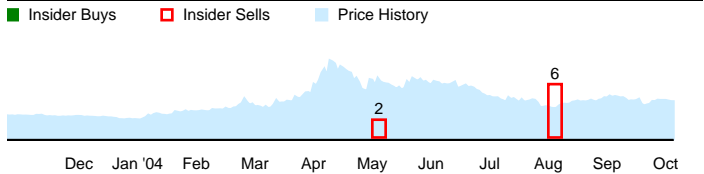
Earnings & Dividend (Quality) Rank: **C**

Standard & Poor's Fair Value Rank : **1-**

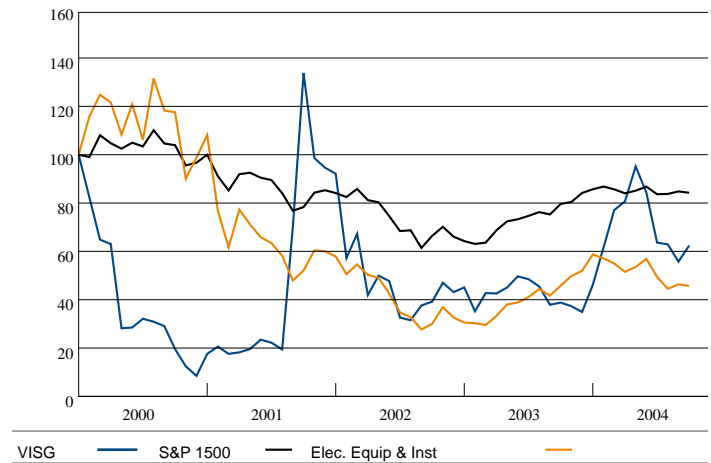
Wall Street Opinions/Average (Mean) Opinion: Buy/Hold

	No. of Ratings	% of Total	1 Mo. Prior	3 Mo. Prior
Buy	3	33	3	3
Buy/Hold	3	33	3	1
Hold	3	33	3	1
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	9	100	9	5

Insider Moves



Stock Performance



Dividend Data

No Dividend Data Available

	Company(%)	Industry(%)	S&P 1500(%)
YTD Return (% Annualized)	108.5%	-15.0%	0.1%
One Year Return	57.1%	-0.2%	6.4%
Three Year Return	-20.5%	-5.9%	1.6%
Five Year Return	33.8%	-10.0%	-1.1%
Value of \$10,000 Invested 5 Years Ago	\$42,933	\$5,906	\$9,439

Company Financials Fiscal year ending Dec. 31

Per Share Data (\$)

Year Ended Dec. 31	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Tangible Book Value	1.31	1.77	2.36	1.76	1.43	1.50	2.32	2.86	NA	NA
Cash Flow	0.06	-0.12	0.18	0.23	0.28	-0.38	-0.30	0.15	NA	NA
Earnings	-0.26	-0.48	-0.09	0.01	-0.23	-0.75	-0.54	0.09	-0.47	NA
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA	NA	NA
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA	NA	NA
Prices:High	5.78	10.14	16.80	15.12	8.50	7.75	20.50	15.50	NA	NA
Prices:Low	3.01	2.50	0.81	0.75	0.62	0.50	5.50	10.50	NA	NA
P/E Ratio:High	NM	NM	NM	NM	NM	NM	NM	172	NA	NA
P/E Ratio:Low	NM	NM	NM	NM	NM	NM	NM	116	NA	NA

Income Statement Analysis (Million \$)

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Revenues	37.4	32.3	26.3	27.5	19.3	16.3	29.4	25.0	11.2	NA
Operating Income	2.29	-0.63	5.83	5.23	5.66	-1.48	-1.96	2.13	-2.34	NA
Depreciation	6.81	7.20	4.51	2.79	4.42	3.02	1.96	0.79	0.09	NA
Interest Expense	1.07	0.88	1.21	1.64	2.23	1.67	0.44	0.71	0.51	NA
Pretax Income	-5.47	-9.53	-1.53	0.80	-1.00	-6.16	-4.36	0.81	-2.95	NA
Effective Tax Rate	NM	NM	NM	NA	NM	NM	NA	25%	NA	NA
Net Income	-5.53	-9.53	-1.53	0.80	-1.00	-6.16	-4.36	0.60	-2.95	NA

Balance Sheet & Other Financial Data (Million \$)

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Cash	6.67	9.62	20.7	NA	0.44	0.17	1.61	11.1	NA	NA
Current Assets	18.2	34.5	49.1	30.2	26.7	26.9	30.7	29.4	9.06	NA
Total Assets	54.5	61.2	67.7	45.3	44.7	46.4	47.5	36.1	11.3	NA
Current Liabilities	12.3	12.3	11.0	15.0	13.2	15.8	15.4	8.68	1.64	NA
Long Term Debt	2.33	9.85	10.4	9.53	15.7	18.1	13.3	4.42	8.32	NA
Common Equity	34.0	39.1	46.3	19.7	13.0	12.6	18.7	23.0	1.32	NA
Total Capital	36.3	48.9	56.7	30.3	31.5	30.7	32.0	27.4	9.64	NA
Capital Expenditures	8.19	5.70	0.05	0.06	0.02	0.14	12.2	4.24	2.32	NA
Cash Flow	1.28	-2.33	2.97	3.27	2.42	-3.14	-2.40	1.21	-2.86	NA
Current Ratio	1.5	2.8	4.5	2.0	2.0	1.7	2.0	3.4	5.5	NA
% Long Term Debt of Capitalization	6.4	20.1	18.3	31.5	49.9	58.9	41.5	16.1	86.3	NA
% Net Income of Revenues	NM	NM	NM	2.9	NM	NM	NM	2.4	NM	NA
% Return on Assets	NM	NM	NM	1.8	NM	NM	NM	2.5	NM	NA
% Return on Equity	NM	NM	NM	2.9	NM	NM	NM	2.6	NM	NA

Data as orig. reptd; bef. results of disc opers/spec. items. Per share data adj. for stk. divs. as of ex-div date. NA-Not Available. NM-Not Meaningful. NR-Not Ranked.

Office: 30 Porter Road, Littleton, MA, 01460
Tel: 978-952-2200
Website: <http://www.viisage.com>
Chrmn: **D. K. Berube**
Pres & CEO: **B. Bailey**

Dirs: **B. C. Bailey, B. G. Beck, D. K. Berube, C. E. Levine, H. Mouchly-Weiss, P. Nessen, P. T. Principato, T. J. Reilly, C. von der Malsburg**
SVP, CFO & Investor Contact: **Bill Aulet(978-952-2200)**

SVP: **I. A. Ahmad**
SVP: **J. Dillon**
Founded: **1996**
Domicile: **Delaware**
Employees: **119**

Sub-Industry Outlook

Our investment outlook for the S&P Electronic Equipment Manufacturers Index remains neutral. Year to date through September 17, the industry index dropped 7.8%, underperforming the S&P 1500, which rose 1.8%. Over the past 13 weeks, the industry index fell 9.1%, versus a 0.5% decline for the S&P 1500. We think this underperformance reflects investor concerns that the industry's fundamentals are not improving as rapidly as had been expected earlier in the year, that there is a risk of an economic slowdown in light of high oil prices and slow jobs growth, and that higher interest rates could further slow the economy. Nevertheless, we believe early signs of a slower economy remain uneven, and think that concerns could prove overblown; we expect the index at least to match the performance of the S&P 1500 for the rest of the year.

We continue to view the industry's longer-term prospects favorably. Industry fundamentals have not yet improved materially, but we think they have stabilized. We believe that inventory is now being managed at lower levels, capacity utilization is stabilizing, and companies continue either to cut operating expenses or to remain disciplined in their spending plans. This suggests to us that, from an operational point of view, once an industry upturn does emerge, revenue growth could flow through to the bottom line faster. However, we also think that spending on the part of electronic equipment manufacturers will need to increase once the business environment improves. We believe it is difficult at this early stage to determine the pace of that improvement, and how well companies will manage the expected upturn.

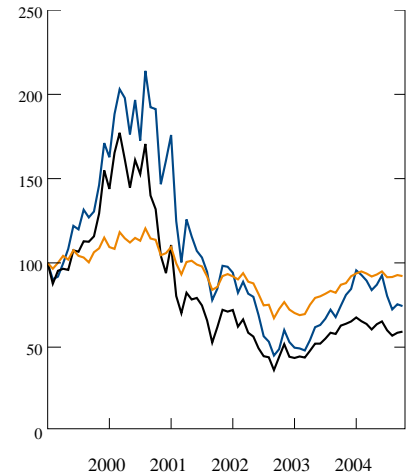
We also view the longer-term growth opportunities of the industry as promising. We expect technological and process innovations to continue to spur demand for more advanced tools, aiding earnings growth in the industry over the next several years. We believe signs of this recovery began to manifest themselves in the latter part of 2003, and anticipate that 2004 will offer better growth prospects for global electronic manufacturing equipment makers, as we expect global economies to continue to recover from the recent downturn, with the U.S. likely to lead the recovery, with other economies following.

--Megan Graham-Hackett

Stock Performance

GICS Sector: Information Technology
Sub-Industry: Electronic Equipment Manufacturers

Based on S&P 1500 Indexes
Month-end Price Performance as of 09/30/04



Sub-Industry Sector S&P 1500

NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Electronic Equipment Manufacturers Peer Group*: Monitoring/Control Instruments

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price	P/E Ratio	12-Mo. Trailing EPS	30-Day Price Chg(%)	1 Year Price Chg(%)	Beta	Yield (%)	Quality Ranking	Ret. on Equity (%)	Pretax Margin (%)	LTD to Cap (%)
Viisage Technology	VISG	278	6.44	NM	-0.14	-12%	58%	0.12	Nil	C	NM	NM	6.4
Fargo Electronics	FRGO	140	11.18	19	0.58	14%	-27%	NA	Nil	NR	18.0	16.2	Nil
Interlink Electronics	LINK	94	8.09	NM	0.08	-7%	-2%	NA	Nil	C	5.8	3.5	4.7
Keithley Instruments	KEI	243	17.27	47	0.37	-2%	10%	NM	0.9	B	NM	NM	Nil
Lexar Media	LEXR	520	6.57	94	0.07	-7%	-69%	NA	Nil	NR	35.0	10.7	Nil
National Instruments	NATI	2,009	25.50	48	0.53	-12%	-9%	1.55	0.8	B+	8.1	10.4	Nil
Newport Corp.	NEWP	498	11.67	NM	-0.04	-1%	-26%	NA	Nil	C	NM	NM	Nil
Spectrum Control	SPEC	91	7.00	25	0.28	-9%	-3%	1.00	Nil	B	1.2	2.2	2.7

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

S&P Analyst Research Notes and other Company News**September 29, 2004**

DOWN 0.66 to 6.20... Seen lower as rival IDNX selected by US Dept of State to supply, integrate its biometric knowledge discovery engines for facial recognition systems.

July 23, 2004

NEW YORK (Standard & Poor's)--Jul 21, 2004, Viisage Technology Inc., announced 2Q loss per share of \$0.01 vs. loss of \$0.07 and 6 mos. loss per share of \$0.06 vs. loss of \$0.18. Results exclude loss of \$0.60 per share for 6 mos. 2003 related to acctg. change.

June 8, 2004

UP 1.16 to 10.38... Releases upgraded versions of 3 of its biometric products which are demonstrating big improvements in accuracy, functionality for criminal ID screening, area security applications, support of customized solutions.

May 7, 2004

UP 0.96 to 10.95... Receives official order to support production of secure, smart credentials as part of Common Access Card smart card program from U.S. Department of Defense... Initial purchase order valued at \$10.2M.

May 4, 2004

Posts \$0.05 Q1 loss vs. \$0.12 loss on 50% rev. rise... Raises '04 rev. guidance from \$57M-\$60M to \$60M-\$63M... Now expects '04 net loss "of no more than" \$500,000 vs. earlier forecast of net loss of "no more than \$3M."

May 4, 2004

10:50 am EDT... VIISAGE TECHNOLOGY (VISG 9.06) UP 0.86, POSTS \$0.05 Q1 LOSS. RAISES GUIDANCE. JANNEY MONTGOMERY REITERATES BUY ... Analyst Joel Fishbein tells MarketScope Q1 loss a bit wider than he anticipated due to partial revenue recognition from recent acquisition of Trans Digital Technologies Corp... However, all other metrics in Q in-line with his expectations... Believes VISG will met or exceed estimates going forward... Anticipates a lot of opportunity within core business, expects key strategic win in near term... Reviewing '04 model, following guidance... Over next 12 month, believes \$12-\$15 is fair value range for shares. /STrombino

May 4, 2004

NEW YORK (Standard & Poor's)--May 4, 2004, Viisage Technology Inc., announced 1Q loss per share of \$0.05 vs. loss of \$0.12. Results for 2003 exclude a charge of \$0.60 from an accounting change.

April 13, 2004

UP 2.38 to 13.08... Announces partnership with Bosch and Oracle Surveillance Systems to expand identity solutions capabilities.

April 13, 2004

11:47 am EDT... VIISAGE TECHNOLOGY (VISG 12.66) UP 1.96, UPDATE. ANNOUNCES SIGNIFICANT PARTNERSHIPS. JANNEY MONTGOMERY RATES BUY... Analyst Joel Fishbein tells MarketScope although partnerships with Bosch, Oracle Surveillance Systems will not have any major immediate revenue impact, they do increase co.'s addressable client base by exposing its facial recognition products to new markets... Says it clear momentum in homeland security has taken over name, shares have been news driven, not fundamentals driven... However, believes current stock price can be supported by future fundamentals, revenue potential... Keeps buy, will look to raise estimates after co. reports Q1 results. /STrombino

April 13, 2004

11:43 am EDT... VIISAGE TECHNOLOGY (VISG 12.5) UP 1.8, TEAMS UP WITH BOSCH, ORACLE SURVEILLANCE. ROTH CAPITAL REITERATES STRONG BUY... Analyst Steven Gish tells MarketScope, while it's too early to accurately assess what fin'l implications these relationships may bear in future, they do validate co.'s position in worldwide identify solution mkt... Notes Bosch Security Systems expects to add VISG's face recognition component to its commercial building surveillance solutions, while Oracle Surveillance Systems will use VISG's

technology for image enrollment, large-scale database mining... Sees \$0.09 '04 GAAP loss, \$0.02 '05 GAAP loss, has \$10 tgt, but expects to up ests when co. posts 1Q results in May. /BEgll

April 5, 2004

02:23 pm EDT... VIISAGE TECHNOLOGY (VISG 8.91) UP 1.23, TO SUPPORT PRODUCTION OF SMART ID CARDS. ROTH CAPITAL REITERATES STRONG BUY... Analyst Steven Gish tells MarketScope believes VISG hit significant milestone with selection on DoD's Common Access Card (CAC) program... Says initial award order could begin to positively impact results for co. as early as 2Q '04... Thinks order could be just the beginning with future orders incl. consumables, IT support services; also raises probability VISG will successfully participate in other federal programs incl. TWIC, US VISIT... Expects mgmt to raise rev. est. at next conf. call expected in early May... Sees \$0.09 '04 loss, \$0.02 '05 loss... Has \$10 target. /MMorrow

April 2, 2004

UP 1.08 to 8.76... Co., parent co. of Trans Digital Technologies selected by US DoD to support production of secure, smart credentials as par of agency's Common Access Card program; estimated total order is about \$6M-\$10M.

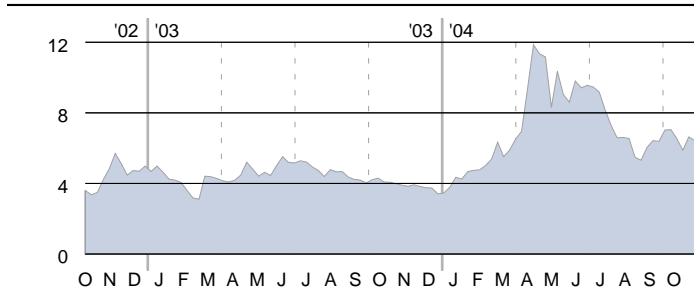
April 2, 2004

02:23 pm EST... VIISAGE TECHNOLOGY (VISG 8.91) UP 1.23, TO SUPPORT PRODUCTION OF SMART ID CARDS. ROTH CAPITAL REITERATES STRONG BUY... Analyst Steven Gish tells MarketScope believes VISG hit significant milestone with selection on DoD's Common Access Card (CAC) program... Says initial award order could begin to positively impact results for co. as early as 2Q '04... Thinks order could be just the beginning with future orders incl. consumables, IT support services; also raises probability VISG will successfully participate in other federal programs incl. TWIC, US VISIT... Expects mgmt to raise rev. est. at next conf. call expected in early May... Sees \$0.09 '04 loss, \$0.02 '05 loss... Has \$10 target. /MMorrow

Wall Street Consensus

Analysts' Recommendations

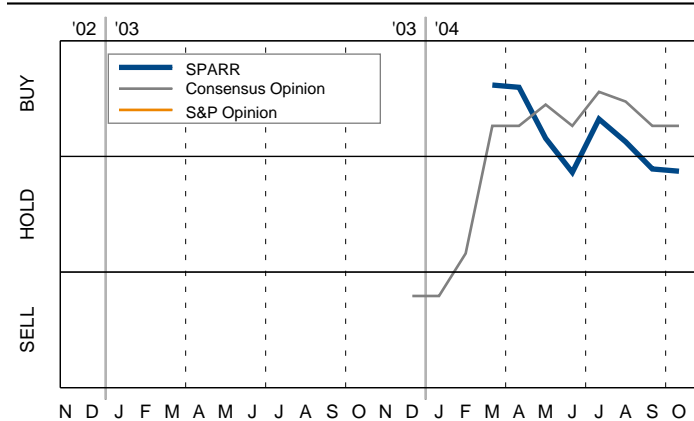
Stock Prices



Analysts' Opinion

	No. of Ratings	% of Total	1 Mo. Prior	3 Mo. Prior
Buy	3	33	3	3
Buy/Hold	3	33	3	1
Hold	3	33	3	1
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	9	100	9	5

Analysts' Opinions



S&P-Adjusted Consensus Opinion: ACCUMULATE

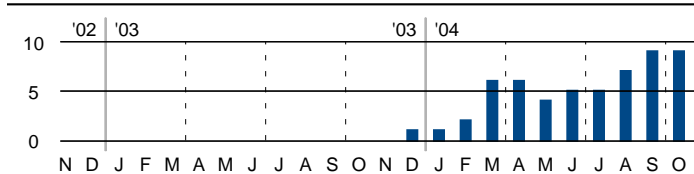
In order to reduce the bullish tendency of analysts, Standard & Poor's Quantitative Services Group created the S&P Average Relative Ranking, or SPARR. This system assigns a ranking based on a stock's consensus score relative to all issues for which consensus estimates are available.

Companies Offering Coverage

JP Morgan Securities
Needham & Company Inc
Stephens, Inc.

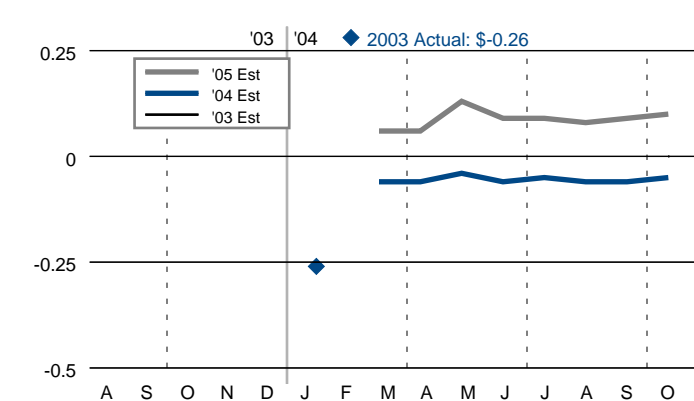
Janney Montgomery Scott Inc
Roth Capital Partners
UBS Warburg

Number of Analysts Following Stock



Analysts' Earnings Estimate

Annual Earnings Per Share



Current Analysts' Consensus Estimates

Fiscal years	Avg.	High	Low	S&P Est.	No. of Est.	Est. P/E Ratio	Est. S&P 500 P/E Ratio
2004	-0.05	-0.03	-0.07	-	10	NM	16.7
2005	0.10	0.16	0.05	-	10	64.4	15.3
3Q'04	0.01		-0.01		10		
3Q'03	-0.05	Actual					

A company's earnings outlook plays a major part in any investment decision. S&P organizes the earnings estimates of over 2,300 Wall Street analysts, and provides you with their consensus earnings over the next two years. The graph to the left shows you how these estimates have trended over the past 15 months.

Glossary

S&P Earnings & Dividend (Quality) Rank – Growth and stability of earnings and dividends are deemed key elements in establishing S&P's earnings and dividend rankings for common stocks, which are designed to capsule the nature of this record in a single symbol. It should be noted that, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Lower
A	High	B-	Below Average
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

S&P Fair Value Rank – Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stock with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

Fair Value Calculation – The current price at which a stock should sell today as calculated by S&P's computers using our quantitative model based on the company's earnings, growth potential, return on equity relative to the S&P 500 and its industry group, price to book ratio history, current yield relative to the S&P 500, and other factors.

Investability Quotient (IQ) – The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long-term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

**Standard & Poor's IQ Rationale:
Viisage Technology**

	Raw Score	Max Value
Proprietary S&P Measures	0	115
Technical Indicators	12	40
Liquidity/Volatility Measures	19	20
Quantitative Measures	23	75
IQ Total	54	250

Volatility – Rates the volatility of the stock's price over the past year.

Technical Evaluation – In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank – Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS) – An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 62 Industries, and 132 Sub-Industries.

Required Disclosures

All of the views expressed in this research report reflect Standard & Poor's Quantitative Services' research models regarding the above issuer and securities. No part of Standard & Poor's Quantitative Services compensation was, is or will be directly or indirectly, related to the specific recommendations or views expressed in this research report.

This report was prepared by Standard & Poor's Quantitative Services ("SPQS"). SPQS is affiliated with various entities that may perform non-investment banking services for this company. Each such affiliate operates independently from each other.

Additional information is available upon request.

Disclaimer

This material is based upon information that we consider to be reliable, but neither SPQS nor its affiliates warrant its completeness or accuracy, and it should not be relied upon as such. Assumptions, opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not indicative of future results.

This material is not intended as an offer or solicitation for the purchase or sale of any security or other financial instrument. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors. This material does not take into account your particular investment objectives, financial situations or needs and is not intended as a recommendation of particular securities, financial instruments or strategies to you. Before acting on any recommendation in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice.