

L-1 IDENTITY SOLUTIONS, INC.
Form DEF 14A
March 18, 2009

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

L-1 IDENTITY SOLUTIONS, INC.
(Name of Registrant as Specified in its Charter)
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
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- o Fee paid previously with preliminary materials:
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 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

**177 Broad Street
Stamford, CT 06901**

March 18, 2009

To our stockholders:

It is my sincere pleasure to invite you to L-1 Identity Solutions, Inc.'s 2009 annual meeting of stockholders. This year's meeting will be held on May 6, 2009 at 2:30 p.m. local time at the Hyatt Regency Greenwich, 1800 East Putnam Avenue, Old Greenwich, CT 06870. At this important meeting, we will focus on the business items listed in the notice of meeting, which follows on the next page.

On or before March 27, 2009, you will receive a notice containing instructions on how to access our 2009 proxy statement and annual report over the Internet and vote online (the E-Proxy Notice). The E-Proxy Notice will be distributed to all stockholders and will contain instructions on how you can receive a paper copy of the proxy statement and annual report.

Whether or not you plan to attend the meeting, your vote is important and we encourage you to vote promptly. Instructions for stockholders of record who wish to vote using a toll-free telephone number, the Internet or transmittal of a proxy card by mail are contained on the proxy card. If your shares are held in the name of a bank, broker, fiduciary or custodian, follow the voting instructions on the form you receive from your record holder. The availability of Internet and telephone proxies will depend on their voting procedures.

We look forward to seeing you at the annual meeting.

Sincerely,

ROBERT V. LAPENTA
*Chairman of the Board,
President and Chief Executive Officer*

**177 Broad Street
Stamford, CT 06901**

PROXY STATEMENT

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held May 6, 2009**

The 2009 annual meeting of stockholders of L-1 Identity Solutions, Inc. will be held on May 6, 2009 at 2:30 p.m. local time at the Hyatt Regency Greenwich, 1800 East Putnam Avenue, Old Greenwich, CT 06870, for the following purposes:

1. To elect three Class I Directors;
2. To act upon a proposal to permit our Series A Convertible Preferred Stock, par value \$0.001 per share, which is held by Robert V. LaPenta, our Chairman, President and Chief Executive Officer, to become convertible into shares of our common stock, par value \$0.01 per share at a conversion price of \$13.19 per share, subject to specified adjustments;
3. To act upon a proposal to amend the L-1 Identity Solutions, Inc. 2006 Employee Stock Purchase Plan to increase the number of shares of our common stock available for issuance under such plan from 500,000 to 2,500,000;
4. To ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm to audit the consolidated financial statements of L-1 and its subsidiaries for the year ended December 31, 2009; and
5. To consider any other matters that may properly come before the meeting or any adjournments or postponements of the meeting.

Holders of record of our common stock at the close of business on March 10, 2009 are entitled to notice of, and to vote at, the annual meeting. Stockholders of record may vote their shares via a toll-free telephone number, over the Internet or, if a copy of the proxy card has been received by mail, by signing, dating and mailing the proxy card in the envelope provided. Instructions regarding all three methods of voting are contained on the proxy card. If your shares are held in the name of a bank, broker, fiduciary or custodian, follow the voting instructions on the form you receive from your record holder. The availability of Internet and telephone proxies will depend on their voting procedures.

By Order of the Board of Directors,

Mark S. Molina
*Executive Vice President,
Chief Legal Officer and Secretary*

March 18, 2009

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THE ANNUAL MEETING

Date, Time and Place

The annual meeting of L-1 Identity Solutions, Inc. (the *Company*) will be held on May 6, 2009 at 2:30 p.m. local time at the Hyatt Regency Greenwich, 1800 East Putnam Avenue, Old Greenwich, CT 06870.

Matters to be Considered

At the meeting, stockholders will be asked to vote to elect three Class I Directors; to act upon a proposal to permit our Series A Convertible Preferred Stock, par value \$0.001 per share (*Series A Preferred Stock*), which is held by Robert V. LaPenta, our Chairman, President and Chief Executive Officer, to become convertible into shares of our common stock, par value \$0.01 per share (*common stock*) at a conversion price of \$13.19 per share, subject to specified adjustments; to act upon a proposal to amend the L-1 Identity Solutions, Inc. 2006 Employee Stock Purchase Plan to increase the number of shares of our common stock available for issuance under such plan from 500,000 to 2,500,000; and to ratify the selection of the independent registered public accounting firm. See ELECTION OF DIRECTORS , APPROVAL OF THE CONVERTIBILITY OF OUR SERIES A PREFERRED STOCK , AMENDMENT TO THE L-1 IDENTITY SOLUTIONS, INC. 2006 EMPLOYEE STOCK PURCHASE PLAN and RATIFICATION OF SELECTION OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM . The Company's board of directors (the *Board of Directors*) does not know of any matters to be brought before the meeting other than as set forth in the notice of meeting. If any other matters properly come before the meeting, the persons named in the enclosed form of proxy or their substitutes will vote in accordance with their best judgment on such matters.

Record Date; Stock Outstanding and Entitled to Vote

Holders of common stock as of the record date, i.e., the close of business on March 10, 2009, are entitled to notice of, and to vote at, the annual meeting. As of the record date, there were 87,574,098 shares of common stock outstanding and entitled to vote at the annual meeting, with each share entitled to one vote.

Information About This Proxy Statement

Why you received this proxy statement. You have received these proxy materials because our Board of Directors is soliciting your proxy to vote your shares at the annual meeting. This proxy statement includes information that we are required to provide to you under the rules of the U.S. Securities and Exchange Commission (the *SEC*) and that is designed to assist you in voting your shares. If you own our common stock in more than one account, such as individually and also jointly with your spouse, you may receive more than one notice relating to these proxy materials. To assist us in saving money and to serve you more efficiently, we encourage you to have all your accounts registered in the same name and address by contacting our transfer agent:

Computershare Inc.
250 Royall Street
Canton, MA 02021
Attention: Investor Relations
Telephone: (877) 282-1168

Notice of Internet Availability of Proxy Materials. In accordance with rules and regulations adopted by the SEC, we now furnish proxy materials to all of our stockholders on the Internet. On or before March 27, 2009, we will distribute to all stockholders a notice containing instructions on how to access our 2009 proxy statement and annual report and vote online (the *E-Proxy Notice*). The E-Proxy Notice instructs you as to how you may access and review all of the

important information contained in the proxy materials. The E-Proxy Notice also instructs you as to how you may submit your proxy on the Internet. If you would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the E-Proxy Notice.

Stockholders may sign up to receive future E-Proxy Notices and other stockholder communications electronically instead of by mail. This will reduce our printing and postage costs, eliminate bulky paper documents from your personal files, and mitigate the environmental impact of our annual meeting. In order to receive the communications electronically, you must have an e-mail account, access to the Internet through an Internet service provider and a web browser that supports secure connections. For additional information regarding electronic delivery enrollment visit www.investorvote.com (for holders of record) or www.proxyvote.com (for holders through intermediaries) or contact our transfer agent or your broker.

Householding. The SEC's rules permit us to deliver a single E-Proxy Notice or a set of annual meeting materials to one address shared by two or more of our stockholders. This delivery method is referred to as "householding" and can result in significant cost savings. To take advantage of this opportunity, we have delivered only one proxy statement and annual report to multiple stockholders who share an address, unless we received contrary instructions from the impacted stockholders prior to the mailing date. We agree to deliver promptly, upon written or oral request, a separate copy of the E-Proxy Notice to any stockholder at the shared address to which a single copy of those documents was delivered. If you prefer to receive separate copies of the E-Proxy Notice, contact Broadridge Financial Solutions, Inc. at +1.800.542.1061 or in writing at Broadridge, Householding Department, 51 Mercedes Way, Edgewood, New York 11717.

If you are currently a stockholder sharing an address with another stockholder and wish to receive only one copy of future E-Proxy Notices and other communications for your household, please contact Broadridge at the above phone number or address.

Voting by and Revocation of Proxies

Stockholders of record are requested to vote by proxy in one of three ways:

By telephone Use the toll-free telephone number shown on your proxy card;

By Internet Visit the Internet website indicated on your proxy card and follow the on-screen instructions; or

By Mail if you requested and received your proxy materials by mail, you can date, sign and promptly return your proxy card by mail in the enclosed postage prepaid envelope.

Voting instructions (including instructions for both telephonic and Internet proxies) are provided on the proxy card. The Internet and telephone proxy procedures are designed to authenticate stockholder identities, to allow stockholders to give voting instructions and to confirm that stockholders' instructions have been recorded properly. A control number, located on the proxy card, will identify stockholders and allow them to submit their proxies and confirm that their voting instructions have been properly recorded. Costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, must be borne by the stockholder. If you submit your proxy by Internet or telephone, it will not be necessary to return your proxy card.

If a stockholder does not return a signed proxy card or submit a proxy by the Internet or by telephone, and does not attend the meeting and vote in person, his or her shares will not be voted. Shares of our common stock represented by properly executed proxies received by us or proxies submitted by telephone or via the Internet, which are not revoked will be voted at the meeting in accordance with the instructions contained therein. If instructions are not given, proxies will be voted **for** election of each nominee for director named herein, **for** the approval of the proposal to permit the conversion of our Series A Preferred Stock into shares of our common stock, **for** the approval of the proposal to amend our 2006 Employee Stock Purchase Plan to increase the number of shares of our common stock available for issuance under such plan from 500,000 to 2,500,000, and **for** ratification of the selection of Deloitte & Touche LLP as

our independent registered public accounting firm. In addition, we reserve the right to exercise discretionary authority to vote proxies, in the manner determined by the Company in its sole discretion, on any matters brought before the 2009 annual meeting for which we did not receive adequate notice under the proxy rules promulgated by the SEC.

Any proxy signed and returned by a stockholder or submitted by telephone or via the Internet may be revoked at any time before it is exercised by giving written notice of revocation to the Company's Secretary at our address set forth herein, by executing and delivering a later-dated proxy (either in writing, by telephone or via the Internet) or by voting in person at the meeting. Attendance at the meeting will not, in and of itself, constitute revocation of a proxy.

If your shares are held in the name of a bank, broker, fiduciary or custodian, follow the voting instructions on the form you receive from your record holder. The availability of Internet and telephone proxies will depend on their voting procedures.

Quorum and Required Number of Votes Cast

The presence at the annual meeting, in person or by proxy, of the holders of at least 43,787,050 shares, constituting a majority of the number of shares of common stock issued and outstanding and entitled to vote as of the record date, is required to constitute a quorum to transaction business at the annual meeting. In addition, under the rules of the New York Stock Exchange (the "NYSE"), at least 43,787,050 shares must cast a vote on the proposal to permit the conversion of our Series A Preferred Stock into shares of our common stock and the proposal to amend our 2006 Employee Stock Purchase Plan to increase the number of shares of our common stock available for issuance under such plan from 500,000 to 2,500,000 (whether such votes are affirmative or negative).

For purposes of the election of directors, the approval of the proposal to permit the conversion of our Series A Preferred Stock into shares of our common stock, the approval of the proposal to amend our 2006 Employee Stock Purchase Plan to increase the number of shares of our common stock available for issuance under such plan from 500,000 to 2,500,000, and ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm, abstentions and broker non-votes will each be included in the determination of the number of shares present for purposes of constituting a quorum. However, abstentions and broker non-votes will not be counted as votes cast, including for the purposes of satisfying the NYSE rules applicable to the proposal to permit the conversion of our Series A Preferred Stock into shares of our common stock and the proposal to amend our 2006 Employee Stock Purchase Plan to increase the number of shares of our common stock available for issuance under such plan from 500,000 to 2,500,000.

Required Votes

Election of Directors. Under Delaware law, the affirmative vote of the holders of a plurality of shares of common stock voting on this matter at the annual meeting (i.e. the largest number of votes cast) is required to elect each director. Consequently, only shares that are voted in favor of a particular nominee will be counted toward such nominee's achievement of a plurality.

Approval of the Proposal to Permit the Conversion of our Series A Preferred Stock into Shares of our Common Stock. The affirmative vote of the holders of a majority of the shares of our common stock voting on this matter at the annual meeting is required to approve the proposal to permit the conversion of our Series A Preferred Stock into shares of our common stock. In addition, under the rules of the NYSE, at least 43,787,050 shares must cast a vote on the proposal (whether such votes are affirmative or negative).

Approval of the Proposal to Amend our 2006 Employee Stock Purchase Plan. The affirmative vote of the holders of a majority of the shares of our common stock voting on this matter at the annual meeting is required to approve the proposal to amend our 2006 Employee Stock Purchase Plan to increase the number of shares of our common stock available for issuance thereunder from 500,000 to 2,500,000. In addition, under the rules of the NYSE, at least 43,787,050 shares must cast a vote on the proposal (whether such votes are affirmative or negative).

Ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm. The affirmative vote of the holders of a majority of the shares of common stock voting on this matter at the annual meeting is required to ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm.

Other Matters. If any other matters are properly presented at the annual meeting for action, including a question of adjourning or postponing the meeting from time to time, the persons named in the proxies and acting thereunder will have discretion to vote on such matters in accordance with their best judgment.

Shares Held by Brokers

If you are the beneficial owner of shares held for you by a broker, your broker must vote those shares in accordance with your instructions. If you do not give voting instructions to your broker, your broker may vote your shares for you on any discretionary items of business to be voted upon at the annual meeting, such as the election of directors and the ratification of the appointment of Deloitte & Touche LLP. If you do not provide voting instructions on a non-discretionary item, the shares will be treated as broker non-votes. Broker non-votes will be included in determining the presence of a quorum at the annual meeting but are not counted as votes cast, including for the purposes of our ability to satisfy the NYSE rules requiring that a majority of the outstanding shares entitled to vote at the annual meeting cast a vote (whether affirmative or negative) in order to permit the conversion of our Series A Preferred Stock into shares of our common stock and in order to adopt the proposal to amend our 2006 Employee Stock Purchase Plan to increase the number of shares of our common stock available for issuance thereunder from 500,000 to 2,500,000.

Proxy Solicitation

We will bear the costs of solicitation of proxies for the annual meeting, including preparation, assembly, printing and mailing of this proxy statement, the annual report, the E-Proxy Notice, the proxy card and any additional information furnished to stockholders. Copies of our E-Proxy Notice will be furnished to banks, brokerage houses, fiduciaries and custodians holding shares of common stock beneficially owned by others to forward to such beneficial owners. We may reimburse persons representing beneficial owners of common stock for their costs of forwarding solicitation material to such beneficial owners. We will bear the cost of maintaining a website compliant with regulations promulgated by the SEC to provide internet availability of this proxy statement, our annual report and proxy card. We have retained Broadridge Investor Communication Solutions, Inc. to provide such a web hosting facility at a cost of \$5,000. In addition, we retained The Altman Group, Inc. to act as proxy solicitor in conjunction with the meeting. The Company has agreed to pay that firm a base fee of \$7,500, plus customary call-based fees and reasonable out of pocket expenses, for proxy solicitation services. Solicitation of proxies by mail may be supplemented by telephone, telegram or personal solicitation by directors, officers, or other regular employees of the Company. No additional compensation will be paid to directors, officers or other regular employees for such services.

Independent Registered Public Accounting Firm

We have been advised that a representative of Deloitte & Touche LLP, our independent registered public accounting firm for the year ended December 31, 2008, will attend the annual meeting, will have an opportunity to make a statement if such representative desires to do so, and will be available to respond to appropriate questions.

PROPOSAL NO. 1 ELECTION OF DIRECTORS

Our Amended and Restated Certificate of Incorporation provides that our Board of Directors is divided into three classes, as nearly equal in number as possible, with each class serving a consecutive three-year term. The term of the current Class I Directors will expire on the date of the 2009 annual meeting.

The nominees for election as Class I Directors at the 2009 annual meeting are described below. The Nominating and Corporate Governance Committee of the Board of Directors has nominated each of the candidates for election. If elected, each of the nominees is expected to serve for a three-year term expiring at the annual meeting of stockholders of the Company in 2012 and until successors have been elected and qualified. The Board of Directors expects that each of the nominees will be available for election as a director. However, if by reason of an unexpected occurrence, one or more of the nominees is not available for election, the persons named in the form of proxy have advised that they will vote for such substitute nominees as the Nominating and Corporate Governance Committee may propose.

Denis K. Berube, currently serving as a Class I Director, has decided not to stand for re-election at the 2009 annual meeting; therefore, his term will expire upon the election of Class I directors at the 2009 annual meeting. The Board of Directors expresses its appreciation to Mr. Berube for his dedication and service to the Company and the Board of Directors. In anticipation of Mr. Berube's prospective departure from the Board of Directors, and in order to equalize the size of the classes, the Board of Directors has re-allocated James M. Loy and Peter Nessen, each of whom currently serves as a Class II Director, to Class I. Each of Mr. Loy and Mr. Nessen has consented to stand for re-election as a Class I Director at the 2009 annual meeting.

Nominees for Election

**Name and present position,
if any, with the Company**

Age, period served as a director, other business experience

Class I Directors

B.G. Beck

72, has served as a director of the Company since February 2004. Mr. Beck was the Founder, President and Chief Executive Officer of Trans Digital Technologies Corporation from 1998 until its acquisition by the Company in February 2004. Mr. Beck currently serves as a member of the board of directors of Cardinal Financial Corporation, a provider of comprehensive individual and corporate banking services.

James M. Loy

66, has served as a director of the Company since July 2006. Mr. Loy has been Senior Counselor at The Cohen Group since 2005. From 2003 to 2005, Mr. Loy served as Deputy Secretary of Homeland Security. From 2002 to 2003, he was Administrator, Transportation Security Administration. He served as Commandant of the U.S. Coast Guard from 1998 to 2002 and was Coast Guard Chief of Staff from 1996 to 1998. From 1994 to 1996, Mr. Loy was Commander of the Coast Guard's Atlantic Area. Mr. Loy also serves on the board of directors of Lockheed Martin Corporation.

**Name and present position,
if any, with the Company**

Age, period served as a director, other business experience

Peter Nessen

73, has served as a director of the Company since its incorporation in 1996. Since July 2003, Mr. Nessen has served as the President of Nessen Associates Ltd., a non-profit consulting company. From January 2003 to July 2003, Mr. Nessen served as an adviser to the Governor of the Commonwealth of Massachusetts on education matters. Mr. Nessen has been chairman of the board of directors of NCN Financial, a private banking firm, since January 1995. From June 1993 through December 1994, Mr. Nessen was Dean for Resources and Special Projects at Harvard Medical School. From January 1989 to February 1993, Mr. Nessen was Secretary of Administration and Finance for the Commonwealth of Massachusetts.

The Board of Directors recommends a vote **FOR** the above-named nominees.

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Other Members of the Board of Directors

Including the nominees, the Board of Directors currently consists of 11 directors, each of whom, other than the nominees, is described below. The term of the Class II Directors shall expire at the 2010 Annual Meeting of Stockholders, subject to the election and qualification of their respective successors. The term of the Class III Directors shall expire at the 2011 Annual Meeting of Stockholders, subject to the election and qualification of their respective successors.

**Name and present position,
if any, with the Company**

Age, period served as a director, other business experience

Class I Director

Denis K. Berube

66, has served as a director of the Company since its incorporation in 1996. Mr. Berube is Executive Vice President and Chief Operating Officer of Lau Technologies. Mr. Berube has been employed at Lau since 1990. Mr. Berube's term will expire upon the election of Class I directors at the 2009 annual meeting.

Class II Directors

Robert V. LaPenta
*Chairman, President and
Chief Executive Officer*

62, has served as the Chairman of the Board of Directors of the Company since December 2005 and as President and Chief Executive Officer of the Company since August 2006. Mr. LaPenta is the founder and Chief Executive Officer of L-1 Investment Partners, LLC, a private investment management firm. From April 1997 to April 2005, Mr. LaPenta served as President, Chief Financial Officer and a director of L-3 Communications Holdings, Inc., which he co-founded in April 1997. From April 1996, when Loral Corporation was acquired by Lockheed Martin Corporation, until April 1997, Mr. LaPenta was a Vice President of Lockheed Martin and was Vice President and Chief Financial Officer of Lockheed Martin's Command, Control, Communications and Intelligence and Systems Integration Sector. Prior to the April 1996 acquisition of Loral, he was Loral's Senior Vice President and Controller, a position he held since 1991. He joined Loral in 1972 and was named Vice President and Controller of its largest division in 1974. He became Corporate Controller in 1978 and was named Vice President in 1979. Mr. LaPenta is on the board of trustees of Iona College, the board of directors of Core Software Technologies and the board of directors of Leap Wireless International, Inc.

**Name and present position,
if any, with the Company**

Age, period served as a director, other business experience

Robert S. Gelbard

64, has served as a director of the Company since September 2005. Ambassador Gelbard has been Chairman of Washington Global Partners, LLC, an international business consulting firm, since April 2005. Prior to that, he was a self-employed international business consultant beginning in October 2002. From March 2002 to September 2002, he was Senior Vice President of International Affairs and Government Relations for ICN Pharmaceuticals, Inc., a global pharmaceuticals company. From February 1967 to January 2002, Ambassador Gelbard held various senior level positions in the U.S. Department of State, including serving as Ambassador to Indonesia from 1999-2001, President Clinton's Special Representative for the Balkans from 1997-1999, Assistant Secretary of State from 1993-1997, and Ambassador to Bolivia from 1988-1991. In 1989 Ambassador Gelbard received the Presidential Meritorious Award, and in 2002 he received the State Department Distinguished Service Award, its highest decoration.

Harriet Mouchly-Weiss

66, has served as a director of the Company since its incorporation in 1996. Ms. Mouchly-Weiss founded Strategy XXI Group, an international communications and consulting firm, in January 1993 and has served as its managing partner since that time. Ms. Mouchly-Weiss also serves as Vice Chair of the Kreab Group, an international strategic communications consultancy affiliated with Strategy XXI. Prior to founding Strategy XXI Group, Ms. Mouchly-Weiss was President of GCI International, a division of Grey Advertising. Ms. Mouchly-Weiss is a member of the Committee of 200 and currently serves on the boards of the Friends of the United Nations, the UJA-Federation of New York, the Count-Me-In micro-lending group and the Acumen Fund.

Class III Directors

Milton E. Cooper

70, has served as a director of the Company since August 2006 and previously served on the board of directors of Identix Incorporated (Identix) from 2001 through August 2006. Mr. Cooper is a past Chairperson for the Secretary of the Army's National Science Center Advisory Board. From 1992 until his retirement in June 2001, Mr. Cooper served as President, Federal Sector for Computer Sciences Corporation (CSC), one of the largest systems integrators for federal government agencies and a leading supplier of custom software for aerospace and defense applications. Mr. Cooper joined Systems Group, the predecessor organization to CSC's Federal Sector, in 1984, as Vice President, Program Development. Prior to joining CSC, Mr. Cooper served in various marketing and general management positions at IBM Corporation, Telex Corporation and Raytheon Company.

**Name and present position,
if any, with the Company**

Age, period served as a director, other business experience

Malcolm J. Gudis

67, has served as a director of the Company since August 2006 and formerly served on the board of directors of Identix from 2001 through August 2006. In 1993, he retired as Senior Vice President of Electronic Data Systems Corporation (EDS), where he had worked for 22 years. For six of those years, he served as a member of EDS Board of Directors, and for eight of those years, he served on EDS eight-person Management Board. Mr. Gudis also served as Chief Operating Officer with responsibility for all of EDS international and commercial business interests outside of North America, including operations in over 30 countries as well as worldwide responsibility for the market segments comprising the Communications, Transportation and Energy & Petrochemical industries. In 1998, Mr. Gudis was awarded the first International Alumni Award by The Max M. Fisher School of Business at Ohio State University. He currently serves on The Dean s Advisory Council at The Fisher School of Business at Ohio State University, the board of trustees of The Episcopal School of Dallas where he serves as Chancellor, and numerous charitable and business organizations advisory boards.

John E. Lawler

59, has served as a director of the Company since August 2006 and formerly served on the board of directors of Identix from June 2002 through August 2006. Mr. Lawler also served as a director of Visionics Corporation from December 1999 through June 2002. Mr. Lawler has been President of East/West Financial Services, Inc., a diversified financial management and business consulting firm, since November 1987. He is also a co-founder and current Chief Executive Officer of Sterling Wealth Management, Inc., a registered investment advisor, and has served on its board of directors since October 1999, currently serving as Chairman. From March 1982 to March 1988, Mr. Lawler served in various executive positions in Washington D.C. public relations firms, including Gray and Company, an advertising, public relations and lobbying firm, for which he served as Chief Financial Officer. From January 1975 to March 1982, Mr. Lawler served as Chief of the Office of Finance of the U.S. House of Representatives in Washington, D.C. Mr. Lawler also serves on the board of directors of NCI, Inc., a NASDAQ listed government integrator company and on the Board of Trustees of two non-profit faith based endowment funds.

**Name and present position,
if any, with the Company**

Age, period served as a director, other business experience

B. Boykin Rose

59, has served as a director of the Company since August 2006. Mr. Rose currently serves on the South Carolina Education Lottery Commission, to which he was appointed by Senator Glenn McConnell, President Pro Tempore of the Senate and Chairman of the Senate Judiciary Committee. He is an officer of Fear No Wind, LLC, a company he co-founded in 2004 and serves as Vice President of the Huguenot Society of South Carolina Board of Directors. Mr. Rose served as the Director of the South Carolina Department of Public Safety for nine years. During his tenure as Director, Mr. Rose's responsibilities included establishment and administration of the Department's internal operation, policies and procedures and assumed direction of a number of departmental entities including the State Highway Patrol; the State Transport Police Division including the Size and Weight Enforcement Division; the Criminal Justice Academy and Training Division; the Highway Safety Office; the Division of Motor Vehicles which includes the Driver Licensing Division; Vehicle Registration; Vehicle Titling; Licensing and Vehicle Enforcement; the Bureau of Protective Services; and the Office of Justice Programs.

CORPORATE GOVERNANCE

Board Independence Standards for Directors

Pursuant to our Corporate Governance Policy, a copy of which is available on our website at www.Llid.com, the Board of Directors is required to affirmatively determine that a majority of our directors are independent under the listing standards of the New York Stock Exchange (*NYSE*), the principal exchange on which our common stock is traded.

During its annual review of director independence, the Board of Directors considers all information it deems relevant, including without limitation, any transactions and relationships between each director or any member of his immediate family and the Company and its subsidiaries and affiliates. The Board of Directors also considers the recommendations of the Nominating and Corporate Governance Committee, which conducts a separate independence assessment of all directors as part of its nomination process for the Board of Directors and its respective committees. The purpose of this review is to determine whether any such relationship or transaction is considered a material relationship that would be inconsistent with a determination that a director is independent. The Board of Directors has not adopted any categorical standards for assessing independence, preferring instead to consider all relevant facts and circumstances in making an independence determination including, without limitation, applicable independence standards promulgated by the NYSE.

As a result of this review, the Board of Directors affirmatively determined that, other than Robert V. LaPenta and Denis K. Berube, all of our directors are independent under the listing standards of the NYSE.

Board Committees

Our Board of Directors has three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Our Board of Directors has adopted charters for each of its standing committees. Copies of our committee charters are available without charge upon request directed to Investor Relations, 177 Broad Street, Stamford, CT 06901, and are posted on our website at www.L1id.com.

Audit Committee

Members of the Audit Committee are Mr. Peter Nessen (Chairman), Mr. John E. Lawler (Vice Chairman), Mr. Malcolm J. Gudis, and Mr. James M. Loy.

The Board of Directors has determined that each member of the Audit Committee is independent pursuant to the listing standards of the NYSE and the applicable rules of the SEC, that each member of the Audit Committee is financially literate pursuant to the listing standards of the NYSE and that each of Mr. Peter Nessen and Mr. John E. Lawler meets the additional criteria imposed by the SEC to qualify as an audit committee financial expert.

The Audit Committee, among other things, assists the Board of Directors in fulfilling its responsibility relating to (a) the integrity of our financial statements, (b) our systems of internal controls and disclosure controls and procedures, (c) our compliance with applicable law and ethics programs and (d) the annual independent audit of our financial statements. In discharging its duties, the Audit Committee has the sole authority to select, retain, oversee and terminate, if necessary, the independent registered public accounting firm, review and approve the scope of the annual audit, review and pre-approve the engagement of our independent registered public accounting firm to perform audit and non-audit services, meet independently with our independent registered public accounting firm and senior management, review the integrity of our financial reporting process and review our financial statements and disclosures and certain SEC filings.

The Audit Committee met 10 times in 2008. The Audit Committee regularly holds meetings at which it meets with our independent registered public accounting firm without management present.

Compensation Committee

The members of the Compensation Committee are Mr. James M. Loy (Chairman), Mr. Milton Cooper, Mr. Robert S. Gelbard, Mr. Malcolm J. Gudis, Ms. Harriet Mouchly-Weiss and Mr. B. Boykin Rose.

The Board of Directors has determined that each member of the Compensation Committee is independent pursuant to the listing standards of the NYSE and qualifies as an outside director pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended.

The Compensation Committee plays an integral role in the Company's processes and procedures for the consideration and determination of executive and director compensation. The Compensation Committee recommends to the Board of Directors the compensation policies and individual compensation decisions for our executive officers and directors, and ensures that these policies and decisions are consistent with overall corporate performance. The Compensation Committee has the authority to approve all stock option grants and other equity awards to our employees, except for grants and awards for directors and executive officers, for which a recommendation is made to the Board of Directors. The Compensation Committee also reviews and recommends to the Board of Directors the target annual incentive pool, the annual performance objectives for participants, and actual payouts to participants, including the executive officers.

The Board of Directors has sole decision-making authority with respect to all compensation decisions for our executive officers and directors, including annual incentive plan awards and grants of equity awards. The Board of Directors is responsible for finalizing and approving the performance objectives relevant to the compensation of our Chairman, President and CEO and considers the recommendations of the Compensation Committee in that regard. The Nominating and Corporate Governance Committee is responsible for leading the Board of Directors in evaluating the performance of our Chairman, President and CEO in light of those objectives.

The Compensation Committee's recommendations are developed with input from our Chairman, President and CEO and, where appropriate, other senior executives. The Compensation Committee reviews management recommendations and input from compensation consultants, along with other sources of data when formulating its independent recommendations to the Board of Directors. A discussion and analysis of the Company's compensation policies and decisions regarding the executive officers named in the Summary Compensation

Table appears in this proxy statement under the heading Executive Compensation Compensation Discussion and Analysis .

To assist it in performing its duties, the Compensation Committee has the authority to engage outside consulting firms. Watson Wyatt Worldwide has been engaged by the Compensation Committee to obtain independent information, analysis and recommendations respecting compensation matters. In addition, the Company has from time to time retained Mercer LLC (*Mercer*) to assist in formulating executive compensation recommendations, and the Compensation Committee has reviewed and evaluated materials and recommendations on executive compensation provided by Mercer to the Company.

Outside consulting firms engaged by the Compensation Committee from time to time report directly to the Compensation Committee. For example, on its previous engagements, Watson Wyatt Worldwide reported directly to the Compensation Committee and the Compensation Committee had sole authority to replace Watson Wyatt Worldwide or hire additional Compensation Committee consultants at any time. Representatives from outside consulting firms engaged by the Compensation Committee attend meetings of the Compensation Committee, as requested, and communicate with the Chairman of the Compensation Committee between meetings; however, the Compensation Committee is responsible for making recommendations to the Board of Directors regarding the compensation of our executive officers, and the Board of Directors has sole and ultimate decision-making authority in this regard. None of our management participates in the Compensation Committee s decision to retain the Compensation Committee s independent consultants. The Compensation Committee regularly reviews the services provided by its outside consultants and believes that Watson Wyatt Worldwide, during the course of its engagement by the Compensation Committee, was independent in providing executive compensation consulting services to the Compensation Committee. The scope of Watson Wyatt Worldwide s business is providing executive compensation consulting services and it does not provide the Board of Directors, the Compensation Committee or the Company, directly or indirectly through affiliates, any non-executive compensation services, such as pension consulting or human resource outsourcing. In addition, as part of its engagement by the Compensation Committee, Watson Wyatt Worldwide advised the Chairman of the Compensation Committee of any potential conflicts of interest that could arise and cause Watson Wyatt Worldwide s independence and duty of loyalty to the Compensation Committee to be questioned. In light of these factors, the Compensation Committee does not believe that a formal conflicts policy is necessary at this time.

The Compensation Committee reviews and discusses with management proposed Compensation Discussion and Analysis disclosures and determines whether to recommend the Compensation Discussion and Analysis to the Board of Directors for inclusion in the Company s proxy statement and annual report. The recommendation is described in a Compensation Committee Report included in this proxy statement.

The Compensation Committee met 13 times in 2008.

Nominating and Corporate Governance Committee

The members of the Nominating and Corporate Governance Committee are Mr. Robert S. Gelbard (Chairman), Mr. Milton Cooper, Mr. Malcolm J. Gudis, Mr. John E. Lawler, Ms. Harriet Mouchly-Weiss, Mr. Peter Nessen and Mr. B. Boykin Rose.

The Board of Directors has determined that each member of the Nominating and Corporate Governance Committee is independent, pursuant to the listing standards of the NYSE.

Our Amended and Restated Certificate of Incorporation expressly delegates to the Nominating and Corporate Governance Committee the full and exclusive power and authority otherwise conferred upon the Board of Directors to

evaluate candidates and nominate persons to stand for election to the Board of Directors or fill vacancies on the Board of Directors or newly created directorships. In addition, the Nominating and Corporate Governance Committee (a) identifies candidates to serve as directors and on committees of the Board of Directors, (b) develops, recommends and reviews our corporate governance guidelines on a regular basis, and (c) assists the Board of Directors in its annual review of the Board of Directors performance.

Our Amended and Restated Certificate of Incorporation provides that the Class III Directors have the right to appoint one additional Director, notwithstanding the other exclusive powers and authorities vested in the Nominating and Corporate Governance Committee. The Amended and Restated Certificate of Incorporation also requires that any increase in the maximum size of the Board of Directors (currently 14 with three vacancies) requires the approval of (A) at least two thirds of the entire Board of Directors and (B) at least two thirds of the independent members of the Board of Directors.

The Nominating and Corporate Governance Committee met five times in 2008.

Stockholder Nominations

Our Amended and Restated By-Laws contain provisions which address the process by which a stockholder may nominate an individual to stand for election to the Board of Directors at the Company's annual meeting of stockholders. The Board of Directors has also adopted a formal policy concerning stockholder recommendations of Board of Directors' candidates to the Nominating and Corporate Governance Committee. This policy is set forth in the Company's Nominating and Corporate Governance Committee charter, which is available on the Company's website at www.L1id.com. Under this policy, the Nominating and Corporate Governance Committee considers director candidates recommended by stockholders who satisfy the notice, information and consent requirements set forth in the Company's by-laws. To recommend a nominee for election to the Board of Directors, a stockholder must submit his or her recommendation to the Secretary at the Company's principal executive offices at 177 Broad Street, Stamford, CT 06901. A stockholder's recommendation must be received by the Company (i) no later than the 75th day, nor earlier than the 120th day, prior to the first anniversary of the previous year's annual meeting of stockholders, (ii) or, in the event that the annual meeting of stockholders is called for a date more than seven days prior to the first anniversary of the previous year's annual meeting of stockholders, (A) no later than the close of business on the 20th day following the first date on which the date of such meeting was publicly disclosed or (B) if such date of public disclosure occurs more than 75 days prior to such scheduled date of such meeting, then the later of (x) the 20th day following the first date of public disclosure of the date of such meeting or (y) the 75th day prior to the scheduled date of such meeting.

A stockholder's recommendation must be accompanied by the following information with respect to a stockholder director nominee as specified in the By-Laws (i) the name, age, business address and residence address of the recommended person, (ii) the principal occupation or employment of the recommended person during the past five years, (iii) the class and number of shares of the Company stock beneficially owned by the recommended person on such date, (iv) whether in the past five years the recommended person has (1) filed for bankruptcy, (2) been convicted in a criminal proceeding or named subject of a criminal proceeding, (3) been found by any court of competent jurisdiction to have violated any Federal law or Federal commodities law, and such judgment or finding was not been subsequently reversed, suspended or vacated or (4) been subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any competent jurisdiction or of any Federal or state governmental or quasi-governmental agency, authority or commission enjoining him or her or otherwise limiting him or her from engaging in any type of business practice or in any activity in connection with the purchase or sale of any security or commodity and (v) the consent of the recommended person to serve as a director of the Company in the event that he or she is elected.

The recommending stockholder must also include in the notice (i) his or her name and address, (ii) the number of shares beneficially owned by him or her on the date of notice and the number of shares beneficially owned by any other stockholder supporting such nomination, (iii) a representation that he or she intends to appear in person at the meeting or that he or she nominates the person specified in the notice and (iv) a description of all arrangements or understanding between him or her and the nominee.

We may require any proposed nominee to furnish other information as we may reasonably require to determine the eligibility of the proposed nominee to serve as a director of the Company. See PROPOSALS BY STOCKHOLDERS for the deadline for nominating persons for election as directors at our 2010 annual meeting of stockholders.

Criteria for Director Nominees

In evaluating director nominees, the Nominating and Corporate Governance Committee considers the following factors:

character and integrity;

expertise and experience, including leadership qualities and experience, high-level managerial experience in a relatively complex organization or experience dealing with complex problems;

ability to provide advice and practical guidance based on experience;

independence pursuant to the rules promulgated by the SEC and the NYSE;

sound and independent business judgment and commitment to stockholder value;

sufficient time to dedicate towards Board of Directors activities and towards fulfillment of responsibilities to the Company; and

whether the candidate assists in achieving a mix of Board of Directors members that represents a diversity of background and professional experience.

Other than the foregoing, there are no minimum criteria for director nominees, although the Nominating and Corporate Governance Committee may consider such other factors as it may deem are in the best interests of the Company and its stockholders. The Nominating and Corporate Governance Committee does not assign specific weights to, and a potential or incumbent director will not necessarily satisfy all of, the foregoing criteria and in evaluating a candidate does not distinguish on the basis of whether the candidate was recommended by a stockholder.

Process for Identifying and Evaluating Director Nominees

The Nominating and Corporate Governance Committee identifies nominees by first evaluating the current members of the Board of Directors willing to continue in service. Current members of the Board of Directors with skills and experience that are relevant to the Company's business and who are willing to continue in service are considered for re-nomination, balancing the value of continuity of service by existing members of the Board of Directors with that of obtaining a new perspective. If any member of the Board of Directors does not wish to continue in service or if the Nominating and Corporate Governance Committee decides not to re-nominate a member for re-election, the Nominating and Corporate Governance Committee identifies the desired skills and experience of a new nominee based on the criteria listed above. Current members of the Nominating and Corporate Governance Committee and Board of Directors are polled for suggestions as to individuals meeting the criteria of the Nominating and Corporate Governance Committee. Research may also be performed to identify qualified individuals.

Attendance at Meetings

Board and Committee Meetings

It is our policy that directors are expected to dedicate sufficient time to the performance of his or her duties as a director, including by attending meetings of the stockholders, Board of Directors and committees of which he or she is a member.

In 2008, the Board of Directors held 15 meetings (including regularly scheduled and special meetings) and took action by unanimous written consent on four occasions. All directors attended at least 75% of the total number of meetings of the Board of Directors and committees of the Board of Directors on which such director served.

Stockholder Meeting

All of our directors attended our 2008 annual meeting of stockholders.

Lead Director Presiding at Executive Sessions

Consistent with the Company's Corporate Governance Policy, the Board of Directors schedules executive sessions without any management members present in conjunction with every regularly scheduled Board of Directors meeting. Peter Nessen, Chairman of the Audit Committee of the Board of Directors, acts as Lead Director and presides over regularly scheduled executive sessions of non-management directors.

Stockholders and other parties interested in communicating directly with Mr. Nessen may do so by writing to Mr. Nessen, c/o Secretary, 177 Broad Street, Stamford, CT 06901.

Stockholder Communications with the Board of Directors

Stockholders and other parties interested in communicating directly with the Board of Directors as a group may do so by writing to the Board of Directors, c/o Secretary, 177 Broad Street, Stamford, CT 06901. The Secretary will review all correspondence and regularly forward to the Board of Directors all such correspondence that, in the opinion of the Secretary, deals with the functions of the Board of Directors or committees thereof or that the Secretary otherwise determines requires attention. Concerns relating to accounting, internal controls or auditing matters will immediately be brought to the attention of the Chairman and Vice Chairman of the Audit Committee. We have adopted a Whistleblower Policy, which establishes procedures for submitting these types of concerns, either personally or anonymously through a toll free telephone hotline operated by an independent party. A copy of our Whistleblower Policy is available on our website at www.L1id.com.

Stockholders and other parties interested in communicating directly with Mr. Nessen or Mr. Lawler as Chairman and Vice Chairman of the Audit Committee, respectively, may do so by writing to Mr. Nessen or Mr. Lawler, c/o Secretary, 177 Broad Street, Stamford, CT 06901.

Code of Business Ethics & Standards of Conduct

We have adopted a Code of Business Ethics & Standards of Conduct (the *Code*), that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. Copies of the Code are available without charge upon request directed to Investor Relations, 177 Broad Street, Stamford, CT 06901, and from our website at www.L1id.com. Any amendments to, or waivers under, our Code which are required to be disclosed by the rules promulgated by the SEC will be disclosed on the Company's website at www.L1id.com.

Corporate Governance Policy

We have adopted a Corporate Governance Policy. This policy outlines the role of our Board of Directors, the composition and operating principles of our Board of Directors and its committees and our Board of Directors working process. Copies of our Corporate Governance Policy are available without charge upon request directed to Investor Relations, 177 Broad Street, Stamford, CT 06901, and from our website at www.L1id.com.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors, and persons who beneficially own more than 10 percent of our common stock, to file reports of ownership and changes in ownership with the SEC. Based solely upon a review of the copies of such forms furnished to us and written representations from our executive officers and directors, we believe that during the year ended December 31, 2008, all persons subject to the reporting requirements of Section 16(a) filed the required reports on a timely basis.

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee are present or past employees or officers of the Company or any of its subsidiaries. No member of the Compensation Committee has had any relationship with us requiring disclosure under Item 404 of Regulation S-K of the Securities Exchange Act of 1934. None of our executive officers currently serves, or in the past fiscal year has served, on the Board of Directors or compensation committee (or other committee serving an equivalent function) of any other entity, one of whose executive officers served on our Board of Directors or Compensation Committee.

The information contained in this proxy statement with respect to the charters of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee, the description of the Audit Committee and the independence of the non-management members of the Board of Directors shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates it by reference in such a filing.

BENEFICIAL OWNERSHIP OF OUR COMMON STOCK

Set forth below is certain information as of March 12, 2009, with respe