MITEK SYSTEMS INC
Form S-4
November 08, 2006
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As filed with the Securities and Exchange Commission on November 8, 2006

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

MITEK SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**6770**	**87-0418827**
(State or Other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number**	**(I.R.S. Employer Identification Number)**

Mr. James B. DeBello

Chief Executive Officer and President

8911 Balboa Ave., Suite B

San Diego, California 92123

(858) 503-7810

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

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

With Copies To:

Robert G. Copeland, Esq.	**Kristin L. Lentz, Esq.**
P. Blake Allen, Esq.	**Michelle H. Shepston, Esq.**
Duane Morris LLP	**Davis Graham & Stubbs LLP**
101 West Broadway, Suite 900	**1550 Seventeenth Street, Suite 500**
San Diego, California 92101	**Denver, Colorado 80202**
(619) 744-2200	**(303) 892-9400**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

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 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. ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Amount to be Registered(1)**	**Proposed Maximum Offering Price per Unit**	**Proposed Maximum Aggregate Offering Price(2)**	**Amount of Registration Fee**
Common Stock, par value $0.01 per share	51,869,458	$ 1.50	$ 77,804,187	$ 8,325.05

(1) The shares of Common Stock to be registered consist of shares to be issued to the members of Parascript, LLC in consideration of the proposed merger of a wholly-owned subsidiary of the Registrant and Parascript, LLC.

(2) Estimated solely for the purpose of computing the amount of the registration fee in accordance with Rule 457(c) of the Securities Act, based on the average of the high and low prices of Mitek s Common Stock on the Over the Counter Bulletin Board on November 2, 2006, which was $1.50.

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 that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This joint proxy statement/prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under securities laws of such state.

PRELIMINARY COPY

SUBJECT TO COMPLETION, DATED NOVEMBER 8, 2006

SPECIAL MEETINGS OF STOCKHOLDERS AND UNITHOLDERS

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

The board of directors of Mitek and the manager of Parascript have unanimously approved a transaction under the terms of a merger agreement whereby a wholly-owned subsidiary of Mitek will merge with and into Parascript, with Parascript being the surviving company in the merger. After the merger, Mitek will own all of the securities of Parascript and Parascript will be a wholly-owned subsidiary of Mitek.

In the merger, the members of Parascript will collectively receive approximately $80 million in cash, subject to certain adjustments, and 51,869,458 shares of Mitek common stock, less a certain number of shares to be held in escrow. Funding for the merger is to be provided by a combination of $35 million in senior subordinated convertible notes, $55 million in senior secured debt and a $5 million revolving line of credit from Plainfield Offshore Holdings VIII Inc. and/or its affiliates (collectively, Plainfield). The senior subordinated notes will initially be convertible into approximately 21.9 million shares of Mitek common stock at a conversion price of $1.60 per share, subject to adjustment. Upon completion of the merger and on a fully-diluted and as-converted basis, current Mitek stockholders will own approximately 22% of the company, Parascript unitholders will own approximately 55% and Plainfield will own approximately 23% and does not include certain shares of the combined company to be issued to certain officers thereof upon completion of the merger. (Please see Agreements with Executive Officers Following the Merger on page 125). Mitek s stock is listed on the OTC Bulletin Board, which we refer to as the OTC. On November 6, 2006, the closing sales price of Mitek s common stock, which trades on the OTC under the symbol MITK.OB, was $1.45 per share.

For a discussion of the risks relating to the merger, see Risk Factors beginning on page 28 of the joint proxy statement/prospectus.

Mitek and Parascript are each holding special meetings to obtain the approvals necessary to complete the merger. A special meeting of Mitek stockholders is being held to approve (i) the issuance of Mitek s common stock pursuant to the merger and the merger agreement, dated as of September 18, 2006 by and among Mitek, a wholly-owned subsidiary of Mitek, and Parascript, (ii) the change of Mitek s name to Parascript, Inc. , (iii) the increase in the number of authorized shares of Mitek to a number sufficient to complete the merger and to reserve for issuance upon conversion of the senior subordinated convertible notes, (iv) the issuance of debt convertible into shares of Mitek common stock, (v) an increase in the number of shares issuable under the Mitek Systems, Inc. 2006 Stock Option Plan, and an increase in the maximum number of shares which can be granted to one person in any one year to 3,500,000 and (vi) a reverse stock split of Mitek s common stock. Upon the effectiveness of the amendment of the Mitek certificate of incorporation effecting the reverse stock split, referred to as the split effective time, the issued shares of Mitek common stock immediately prior to the split effective time will be reclassified into a smaller number of shares such that each stockholder of the combined company will own one new share of common stock for each 4 to 8 shares of issued common stock, depending on the split ratio, held by that stockholder immediately prior to the split effective time. The exact split ratio within the 1:4 to 1:8 range will be determined by the board of directors prior to the split effective time and will be publicly announced by the combined company. A special meeting of Parascript unitholders is being held to approve the merger and the merger agreement. Information about these meetings and the proposals is contained in this joint proxy statement/prospectus. We encourage you to read this entire joint proxy statement/prospectus carefully, as well as the annexes and information incorporated by reference herein.

After careful consideration, the Mitek board of directors and the Parascript manager have approved the merger agreement and the respective proposals described in the accompanying joint proxy statement/prospectus, and each of the Mitek board of directors and Parascript manager has determined that it is advisable to enter into the merger agreement and to consummate the merger. The Mitek board of directors unanimously recommends that the Mitek stockholders vote FOR the issuance of stock in connection with the merger agreement and the related proposals described in the accompanying joint proxy statement/prospectus. The Parascript manager recommends that the Parascript unitholders vote FOR the merger agreement described in the accompanying joint proxy statement/prospectus.

More information about Mitek, Parascript and the proposed transaction is contained in this joint proxy statement/prospectus. **Mitek and Parascript urge you to read this joint proxy statement/prospectus carefully and in its entirety. IN PARTICULAR, YOU SHOULD CAREFULLY CONSIDER THE MATTERS DISCUSSED UNDER RISK FACTORS BEGINNING ON PAGE 28.**

Mitek and Parascript are very excited about the opportunities the merger brings to both Mitek stockholders and Parascript unitholders, and we thank you for your consideration and continued support.

Sincerely,	Sincerely,
/s/ James B. DeBello	/s/ Jeffrey Gilb
Chief Executive Officer	**Chief Executive Officer**
Mitek Systems, Inc.	**Parascript, LLC**

This document is a prospectus relating to the shares of Mitek common stock to be issued in the merger and a joint proxy statement for Mitek and Parascript to solicit proxies of their meetings of stockholders and unitholders, respectively. It contains answers to frequently asked questions and a summary of the important terms of the merger, the merger agreement and related transactions, followed by a more detailed discussion.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated [ ], 2006 and, together with the accompanying proxy card, is being first mailed to Mitek stockholders and Parascript unitholders on or about [ ], 2006.

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ADDITIONAL INFORMATION

IMPORTANT

Except where indicated otherwise, as used in this joint proxy statement/prospectus, Mitek refers to Mitek Systems, Inc. and Parascript refers to Parascript, LLC.

In the QUESTIONS AND ANSWERS ABOUT THE MERGER AND RELATED TRANSACTIONS and in the SUMMARY below, we highlight selected information from this joint proxy statement/prospectus but we have not included all of the information that may be important to you. To better understand the merger agreement and the proposed merger, and for a complete description of their legal terms, you should carefully read this entire joint proxy statement/prospectus, including the appendices, as well as the documents that we have incorporated into this document. See WHERE YOU CAN FIND MORE INFORMATION.

The information contained in this joint proxy statement/prospectus speaks only as of the dates indicated on the cover of this joint proxy statement/prospectus unless the information specifically indicates that another date applies.

Mitek has supplied all information contained in or incorporated by reference in this proxy statement/prospectus relating to Mitek, and Parascript has supplied all information contained in this joint proxy statement/prospectus relating to Parascript. Mitek and Parascript have both contributed to the information contained in this joint proxy statement/prospectus relating to the merger.

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MITEK SYSTEMS INC.

8911 Balboa Ave., Suite B

San Diego, California 92123

Telephone: (858) 503-7810

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD [ ], 2006

Dear Mitek Stockholder:

On behalf of the board of directors of Mitek Systems, Inc., a Delaware corporation, we are pleased to deliver this joint proxy statement/prospectus for the proposed merger between a wholly-owned subsidiary of Mitek and Parascript LLC, a Wyoming limited liability company. A special meeting of stockholders of Mitek will be held on [ ], [ ], 2006, at [ ] a.m., Pacific Time, at [ ] for the following purposes:

1. To consider and vote upon the issuance of Mitek common stock pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of September 18, 2006, by and among Mitek, Mitek Acquisition Sub, LLC, Parascript, LLC, and Parascript Management, Inc., as member representative, which is attached as Annex A to the accompanying joint proxy statement/prospectus;

2. To consider and vote upon an amendment to Mitek s certificate of incorporation to change the corporate name of Mitek from Mitek Systems, Inc. to Parascript, Inc. ;

3. To consider and vote upon an amendment to Mitek s certificate of incorporation to increase the number of authorized shares of Mitek common stock by 160,000,000 shares, from 40,000,000 to 200,000,000, which is necessary to provide Mitek with a sufficient number of authorized shares of common stock to issue in connection with the merger and to reserve for issuance upon conversion of the senior subordinated convertible notes;

4. To consider and vote upon the issuance of debt which is convertible into shares of common stock of Mitek, the proceeds of which will be used to effect the merger;

5. To consider and vote upon an amendment to the Mitek Systems, Inc. 2006 Stock Option Plan to increase the number of shares of Mitek common stock available for issuance under the plan by 22,000,000 shares to 23,000,000 shares, and to increase the maximum number of shares which can be granted to one person in any one year to 3,500,000;

6. To authorize the Mitek board of directors to amend in its discretion Mitek s certificate of incorporation to effect a reverse stock split of Mitek s issued and outstanding shares of common stock, at such ratio between 1:4 to 1:8 to be determined by the Mitek board of directors, which may be desirable for Mitek to list its common stock on NASDAQ upon completion of the merger with Parascript, as described in this joint proxy statement/prospectus; and

7. To consider and vote upon a proposal to approve one or more adjournments of 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 proposals.

Consummation of the merger is conditioned on the adoption of proposals 1 through 5.

The board of directors has set the close of business on [ ], 2006, as the record date for determining stockholders entitled to receive notice of the special meeting and to vote at the special meeting and any adjournments or postponements thereof. At the close of business on the record date, Mitek had [ ] shares of common stock outstanding and entitled to vote. Mitek will admit to the special meeting (1) all stockholders of record at the close of business on [ ], 2006, (2) persons holding proof of beneficial ownership as of that date, such as a letter or account statement from the person s broker, (3) persons who have been granted valid proxies and (4) the other persons that Mitek, in its sole discretion, may elect to admit. All persons wishing to be admitted must present photo identification.

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Your vote is important. The affirmative vote of holders of a majority of the Mitek common stock having voting power present in person or represented by proxy at the Mitek special meeting is required for approval of Mitek proposals 1, 4, 5 and 7 above. The affirmative vote of the holders of a majority of the Mitek common stock having voting power outstanding on the record date is required for approval of Mitek proposals 2, 3 and 6 above.

Even if you plan to attend the annual meeting in person, Mitek requests that you sign and return the enclosed proxy and thus ensure that your shares will be represented at the annual meeting if you are unable to attend. If you sign, date and mail your proxy card without indicating how you wish to vote, your proxy will be counted as a vote in favor of Proposal Nos. 1 through 7. If you fail to return your proxy card or vote in person at the special meeting, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the Mitek special meeting and will count as a vote against Mitek proposals 2, 3 and 6. If you do attend the Mitek annual meeting and wish to vote in person, you may withdraw your proxy and vote in person.

By order of the board of directors,

Tesfaye Hailemichael

Secretary

[   ], 2006

YOUR VOTE IS IMPORTANT

Please return your proxy as soon as possible, whether or not you expect to attend the special meeting in person. You may submit your proxy by completing, dating and signing the enclosed proxy card and returning it in the enclosed postage prepaid envelope. You may revoke your proxy at any time before the special meeting. If you attend the special meeting and vote in person, your proxy vote will not be used.

The Mitek board of directors has determined and believes that each of the proposals outlined above is advisable to, and in the best interests of, Mitek and its stockholders and has approved each such proposal. The Mitek board of directors recommends that Mitek stockholders vote FOR each such proposal.

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Parascript LLC

6899 Winchester Circle, Suite 200

Boulder, CO 80301-3696

(303) 547-4053

NOTICE OF SPECIAL MEETING OF UNITHOLDERS

TO BE HELD [ ], 2006

Dear Parascript Unitholder:

A special meeting of unitholders of Parascript, LLC, a Wyoming limited liability company, will be held on [ ], [ ], 2006, at [ ] a.m., Central Time, at [ ].

At the special meeting, you will be asked to:

1. Approve and adopt the Amended and Restated Agreement and Plan of Merger, dated as of September 18, 2006, by and among Mitek Systems, Inc., Mitek Acquisition Sub, LLC, Parascript and Parascript Management, Inc., as member representative, and the transactions contemplated by the merger agreement.

2. Consider and vote upon a proposal to approve one or more adjournments of 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 above proposals.

The accompanying joint proxy statement/prospectus describes the merger agreement and the proposed merger in detail. We urge you to review the joint proxy statement/prospectus carefully.

Parascript s manager has set the close of business on [ ], 2006, as the record date for determining unitholders entitled to receive notice of the special meeting and to vote at the special meeting and any adjournments or postponements thereof. At the close of business on the record date, Parascript had [ ] units outstanding and entitled to vote, including [ ] common units and [ ] preferred units. Parascript will admit to the special meeting (1) all unitholders of record at the close of business on [ ], 2006, (2) persons who have been granted valid proxies and (3) the other persons that Parascript, in its sole discretion, may elect to admit.

The affirmative vote of the holders of at least 70% of the outstanding units voting as a single class is required for approval of proposal 1 above. Even if you plan to attend the special meeting in person, we request that you sign and return the enclosed proxy and thus ensure that your shares will be represented at the special meeting if you are unable to attend. If you sign, date and mail your proxy card without indicating how you wish to vote, your proxy will be counted as a vote in favor of the approval and adoption of the merger agreement and the approval of the merger and an adjournment of the Parascript special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of proposal 1.

I look forward to seeing you at the meeting.

Sincerely,

Jeffrey Gilb

President & CEO

YOUR VOTE IS IMPORTANT

Please return your proxy as soon as possible, whether or not you expect to attend the special meeting in person. You may submit your proxy by completing, dating and signing the enclosed proxy card and returning it in the enclosed postage prepaid envelope. You may

revoke your proxy at any time before the special meeting. If you attend the special meeting and vote in person, your proxy vote will not be used.

The Parascript manager has determined and believes that each of the proposals outlined above is advisable to, and in the best interests of, Parascript and its unitholders and has approved each such proposal. The Parascript manager recommends that Parascript unitholders vote FOR each such proposal.

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THIS JOINT PROXY STATEMENT/PROSPECTUS INCORPORATES

ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates business and financial information about Mitek from other documents filed with the Securities and Exchange Commission, which we refer to as the SEC, which are not included in or delivered with this joint proxy statement/prospectus. For a listing of the documents incorporated by reference into this joint proxy statement/prospectus, see Where You Can Find More Information beginning on page 152.

You may obtain documents incorporated by reference into this joint proxy statement/prospectus, without charge, by requesting them in writing or by telephone from Mitek at the following address and telephone number:

MITEK SYSTEMS INC.

8911 Balboa Ave., Suite B

San Diego, California 92123

Telephone: (858) 503-7810, ext. 327

Attn: Tesfaye Hailemichael, Chief Financial Officer

Telephone: (858) 503-7810

e-mail: thailemichael@miteksystems.com

To receive timely delivery of the documents before your special meeting, you must request them no later than [ ], 2006.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this joint proxy statement/prospectus and in the documents that are incorporated by reference into this joint proxy statement/prospectus. These forward-looking statements relate to Mitek s or Parascript s outlook or expectations for earnings, revenues, expenses, asset quality or other future financial or business performance, strategies or expectations, or the impact of legal, regulatory or supervisory matters on Mitek s or Parascript s business, results of operations or financial condition. Specifically, forward looking statements used in this joint proxy statement/prospectus may include:

- statements relating to the benefits of the merger, including anticipated synergies and cost savings estimated to result from the merger;
- statements relating to the anticipated timing of consummation of the merger;
- statements related to constitution of the combined company s board of directors and management;
- statements relating to future business prospects, revenue, income and financial condition of Mitek, Parascript and the combined company;
- statements relating to revenues, number of customers and points of distribution of the combined company after the merger; and

Forward-looking statements can be identified by the use of words such as estimate, may, plan, project, forecast, intend, expect, antici believe, seek, target or similar expressions.

These statements reflect Mitek s and Parascript s management s judgment based on currently available information and involve a number of risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements.

In addition to those factors discussed under the heading Risk Factors in this joint proxy statement/prospectus, and in Mitek s other public filings with the SEC, important factors could cause actual results to differ materially from our expectations. These factors include, but are not limited to:

- adverse economic conditions;
- general decreases in demand for Mitek or Parascript s products and services;
- intense competition (including entry of new competitors), including among competitors with substantially greater resources than Mitek or Parascript;
- loss of key customers or contracts;
- increased or adverse federal, state and local government regulation;

inadequate capital;

unexpected costs;

lower revenues and net income than forecast, price increases for supplies;

inability to raise prices;

the risk of litigation and administrative proceedings;

higher than anticipated labor costs;

the possible fluctuation and volatility of operating results and financial condition;

adverse publicity and news coverage;

inability to carry out marketing and sales plans;

loss of key employees and executives;

- changes in interest rates;
- inflationary factors;
- general economic conditions in the American, European and Asian markets;
- expected cost savings from the merger that may not be fully realized within the expected time frames or at all.

You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this joint proxy statement/prospectus, or in the case of a document incorporated by reference, as of the date of that document. Except as required by law, neither Mitek nor Parascript undertakes any obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date of this joint proxy statement/prospectus or to reflect the occurrence of unanticipated events.

The above list is not intended to be exhaustive and there may be other factors that would preclude Mitek and Parascript from realizing the predictions made in the forward-looking statements. Mitek and Parascript operate in a continually changing business environment and new factors emerge from time to time. Mitek and Parascript cannot predict such factors or assess the impact, if any, of such factors on their respective financial positions or results of operations. Accordingly, Mitek stockholders are cautioned not to place undue reliance on such statements, which speak only as of the date of this joint proxy statement/prospectus.

ALL SUBSEQUENT WRITTEN AND ORAL FORWARD-LOOKING STATEMENTS CONCERNING THE MERGER OR OTHER MATTERS ADDRESSED IN THIS JOINT PROXY STATEMENT/PROSPECTUS AND ATTRIBUTABLE TO MITEK, PARASCRIPT, OR ANY PERSON ACTING ON THEIR BEHALF ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS CONTAINED OR REFERRED TO IN THIS SECTION. EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW OR REGULATION, NEITHER MITEK NOR PARASCRIPT UNDERTAKES ANY OBLIGATION TO RELEASE PUBLICLY ANY REVISIONS OR UPDATES TO SUCH FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES AFTER THE DATE OF THIS JOINT PROXY STATEMENT/PROSPECTUS OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

AND RELATED TRANSACTIONS

The following questions and answers briefly address some commonly asked questions about the merger, the special meetings of the stockholders of Mitek and the unitholders of Parascript and the effect of the merger on the holders of common stock of Mitek and the holders of units of Parascript. These questions and answers may not include all of the information that is important to you. We urge you to read carefully this entire document, including the annexes and the other documents to which we have referred you and those that are incorporated herein by reference.

Q. Why are Mitek and Parascript proposing the merger?

A. Mitek and Parascript entered into the merger agreement with the expectation that the resulting combined company will be a stronger, more diverse company with more growth potential than either company may have had separately. Mitek and Parascript believe that the merger will result in a number of benefits, including: a broader portfolio of products, operational cost synergies, ability to enter new markets with existing technologies, the opportunity for the stockholders of Mitek and the unitholders of Parascript to participate in the potential growth of the combined company after the merger, and a seasoned management team.

Q. What is the merger?

A. Mitek and Parascript have entered into an Amended and Restated Agreement and Plan of Merger, dated as of September 18, 2006, which is referred to in this joint proxy statement/prospectus as the merger agreement, that contains the terms and conditions of the proposed business combination of Mitek and Parascript. Under the merger agreement, Parascript and Mitek Acquisition Sub LLC, a wholly-owned subsidiary of Mitek, which is referred to in this joint proxy statement/prospectus as the merger sub, will merge, with Parascript surviving as a wholly-owned subsidiary of Mitek, which transaction is referred to as the merger. Upon completion of the merger, Mitek will change its name to Parascript, Inc. The merger agreement is attached to this joint proxy statement/prospectus as **Annex A**. You are encouraged to read it carefully.

Q. Who will own Mitek after the merger?

A. Upon completion of the merger and on a fully-diluted and as-if converted basis, Mitek s current shareholders will own approximately 22% of the company, Parascript unitholders will own approximately 55% of the company and Plainfield Offshore Holdings VIII Inc. and/or its affiliates (collectively, Plainfield), which is providing financing for the merger transaction, will own approximately 23% of the company (does not include certain shares of the combined company to be issued to certain officers thereof upon completion of the merger; please see Agreements with Executive Officers Following the Merger on page 125).

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 or

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unitholder, as applicable, of either Mitek or Parascript as of the applicable record date, and thus you are entitled to vote at such company s special meeting. This document serves as both a joint proxy statement of Mitek and Parascript, and as a prospectus of Mitek, used to offer shares of Mitek common stock in exchange for units of Parascript pursuant to the terms of the merger agreement. This document contains important information about the merger and the special meetings of Mitek and Parascript, and you should read it carefully.

Q. What is required to consummate the merger?

A. To consummate the merger, Mitek stockholders must approve (1) the issuance of shares of Mitek common stock pursuant to the merger, (2) the change of Mitek s name to Parascript, Inc. , (3) the increase in the number of authorized shares of Mitek, (4) the issuance of debt convertible into shares of Mitek common stock, and (5) an increase in the number of shares issuable under the Mitek Systems, Inc. 2006 Stock Option Plan and an increase in the maximum number of shares which can be granted to one person in any one year to 3,500,000. In addition, the Mitek stockholders are being asked to approve (6) a reverse stock-split of Mitek s common stock. The affirmative vote of the holders of a majority of the shares of Mitek common stock present in person or by proxy at the Mitek special meeting is required for approval of Mitek proposals 1, 4, 5 and 7. The affirmative vote of the holders of a majority of the outstanding Mitek common stock on the record date is required for approval of Mitek proposals 2, 3 and 6. If Mitek stockholders abstain or fail to vote, the effect will be the same as voting against proposals 2, 3 and 6, which must be approved for the merger to be completed. In addition, Parascript unitholders must approve the merger agreement, which requires the affirmative vote of the holders of at least 70% of the outstanding units of Parascript on the record date. If Parascript unitholders abstain or fail to vote, the effect will be the same as voting against Parascript proposal 1. In addition to obtaining Mitek stockholder approval and Parascript unitholder approval, each of the other closing conditions set forth in the merger agreement must be satisfied or waived. As part of the execution of the merger agreement, three Parascript unitholders, who collectively owned 6,642,611 preferred units of Parascript, representing approximately 64.9% of the outstanding units of Parascript as of September 18, 2006, entered into voting agreements and irrevocable proxies pursuant to which, among other things, each of these unitholders agreed, solely in the unitholder s capacity as a unitholder, to vote all of its Parascript units in favor of adoption of the merger agreement. For a more complete discussion of the closing conditions under the merger agreement, Mitek and Parascript urge you to read the section entitled The Merger Agreement-Conditions to the Merger Agreement on page 80 of this joint proxy statement/prospectus.

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You are entitled to vote on the applicable proposals if you held Mitek common stock at the close of business on the Mitek record date, which is [ ], 2006, or Parascript units at the close of business on the Parascript record date, which is [ ], 2006. On those dates, [ ] shares of Mitek common stock and [ ] Parascript units, respectively, were outstanding and entitled to vote. The adjournment proposal for each of the Mitek stockholders and the Parascript unitholders must be approved by the affirmative vote of a majority of the shares of Mitek common stock or Parascript units, as applicable, present in person or by proxy at the applicable special meeting, without regard to abstentions, even if there is no quorum at that meeting.

Q. What will Parascript unitholders be entitled to receive pursuant to the merger agreement?

A. Under the terms of the merger agreement, Parascript unitholders will receive in the aggregate approximately $80 million in cash, subject to adjustment as described below, plus 51,869,458 shares of common stock of Mitek, of which common stock valued at $4 million will be placed into escrow to secure Parascript s indemnification obligations to Mitek. For purposes of determining the amount of Mitek common stock that will be placed into escrow, the Mitek common stock will be valued at the average closing price for the 10 days prior to closing of the merger, as reported on the OTC Bulletin Board.

AIS Adjustment: The total cash consideration payable to Parascript unitholders is expected to be reduced by approximately $3,000,000 which will be contributed to a newly formed Parascript subsidiary, AIS Holdings, LLC at the closing. At the closing, the ownership interests in AIS Holdings will be distributed to the Parascript unitholders on a pro rata basis, based on relative ownership percentage of Parascript on the record date for such distribution. Concurrently with the distribution of AIS Holdings to the Parascript unitholders, the unit interests of Applied Intelligence Solutions, LLC, or AIS, currently held by Parascript (amounting to 96% of the units of Applied Intelligence Solutions) will be contributed to AIS Holdings. After giving effect to these transactions, the unitholders will own 100% of AIS Holdings, which will in turn hold 96% of the units of AIS. For a more complete discussion of the proposed spin-off of AIS, Mitek and Parascript urge you to read the section entitled The Merger Spin-off of AIS.

Parascript Payments Adjustments: The total cash consideration payable to Parascript unitholders will be reduced by (i) the payoff, in full, of all outstanding principal and interest owed by Parascript to Silicon Valley Bank under certain loan agreements ($1,150,000 as of November 4, 2006); (ii) the payment of $50,000 to Parascript Management, Inc. to be used in its capacity as member representative under the terms of the Merger Agreement; and (iii) the payment of applicable withholding taxes required to be paid by Merger Sub or Parascript in connection with the merger.

Preferred Distribution to Preferred Unitholders and Preferred Optionholders: From the cash consideration remaining after the above-described adjustments, $44,415,000 will be distributed to the preferred unitholders and preferred optionholders of Parascript on a fully-diluted, as converted basis pursuant to the terms of the preferred units and preferred options.

Remaining Distribution to Parascript Unitholders and Preferred Optionholders: The remainder of the cash consideration and the shares of Mitek common stock not placed in escrow will be distributed to the preferred unitholders, preferred optionholders and common unitholders on a fully-diluted, as converted basis, adjusted as described below.

Any unitholder who received an advance distribution of net income from Parascript since January 1, 2006, will have such unitholder s cash consideration reduced by the amount of such advances. The total amount of such advance distributions is approximately $3,600,000 as of October 31, 2006. This amount is expected to be increased approximately $360,000 per month until the closing of the merger. The aggregate amount of consideration held back due to the advance distributions will be distributed to all unitholders pro rata on a fully-diluted, as converted basis.

Q. Are Mitek stockholders entitled to appraisal rights?

A. No. Mitek stockholders are not entitled to appraisal rights.

Q. Are Parascript unitholders entitled to appraisal rights?

A. No. Parascript unitholders are not entitled to appraisal rights.

Q. How will Mitek fund the cash portion of the merger consideration?

A. Funding for the merger is to be provided by a combination of $35 million in senior subordinated convertible notes and $55 million in senior secured debt from Plainfield Offshore Holdings VIII Inc. and/or its affiliates. The senior subordinated notes will initially be convertible into approximately 21.9 million shares of Mitek common stock at a conversion price of $1.60 per share, subject to adjustment. From the remaining funds obtained from Plainfield, it is anticipated that approximately $9 million will be used for costs and expenses related to the merger and financing transactions. In addition, Plainfield will provide a revolving line of credit for up to $5 million to be used for working capital and other general corporate purposes. Upon completion of the merger and on a fully-diluted basis, Plainfield will own approximately 23% of the combined company on an as-if converted basis (does not include certain shares of the combined company to be issued to certain officers thereof upon completion of the merger; please see Agreements with Executive Officers Following the Merger on page 125).

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Q Will Mitek stockholders receive any shares in the merger?

A. No. Mitek stockholders will continue to hold the Mitek common stock they held prior to the effective time of the merger.

Q. Is the merger taxable to Parascript unitholders for U.S. federal income tax purposes?

A. The merger will be fully taxable to the Parascript unitholders for U.S. federal income tax purposes. The amount of taxable gain that a Parascript unitholder recognizes will depend in part on the fair market value of the Mitek common stock received by such Parascript unitholder.

Please review carefully the information under the caption Certain United States Federal Income Tax Consequences beginning on page 65 for a description of the material U.S. federal income tax consequences of the merger. The tax consequences to you will depend on your own situation. Please consult your tax advisors for a full understanding of the tax consequences of the merger to you.

Q. Are there risks to the merger that I should consider?

A. Yes. There are risks associated with all business combinations, including the proposed merger. We have described these risks and other risks in more detail under Risk Factors beginning on page 28.

Q. Who will manage the combined company?

A. After the closing of the merger, the combined company s board of directors will be composed of seven (7) members. It will consist of two (2) individuals designated by Mitek s board of directors, who shall initially be John M. Thornton and James B. DeBello, two (2) individuals designated by Parascript, who shall initially be Aron Katz and Jeffrey Gilb. The board will also include three (3) independent directors who meet the independence requirements of NASDAQ, with one (1) nominated by Mitek subject to the approval of Parascript, one (1) nominated by Parascript subject to the approval of Mitek and one (1) nominated by Plainfield subject to the approval of Mitek and Parascript.

Q. Is the merger contingent on stockholder approval of all of the Mitek proposals?

A. The merger is contingent on adoption of Mitek proposals 1 through 5.

Q. Why is Mitek proposing the amendment to the 2006 stock option plan?

A. The amendment of the 2006 stock option plan will enable the combined company to offer non-employee directors, officers, other key employees and consultants a greater number of equity-based incentives, thereby helping to attract, retain and reward these participants in an effort to create value for the combined company s stockholders. In addition, amendment of the stock option plan will permit the combined company to fulfill its obligations to grant options to certain officers upon completion of the merger.

Q. What do I need to do now?

A. After carefully reading and considering the information contained in this joint proxy statement/prospectus, please vote

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your shares or units, as applicable, as soon as possible so that your shares or units, as applicable, will be represented at your company s special meeting. Please follow the instructions set forth on the proxy card or on the voting instruction form provided by the record holder if your shares or units, as applicable, are held in the name of your broker or other nominee.

Q. How do I vote?

A. If you are a Mitek stockholder, you may vote before your special meeting by completing, signing, dating and returning the enclosed proxy card in the enclosed postage prepaid envelope.

If you are a Parascript unitholder, you may only vote before your special meeting by completing, signing, dating and returning the enclosed proxy card in the enclosed postage prepaid envelope.

Q. If my Mitek shares are held in street name by my broker or other nominee, will my broker or nominee vote my shares for me?

A. No. Your broker will vote your shares only if you provide instructions to your broker on how to vote. You should instruct your broker to vote your shares by following the directions provided to you by your broker. Without instructions, your broker will not vote any of your shares held in street name and the effect will be the same as a vote against the merger. See The Special Meetings beginning on page 45.

Q. May I change my vote after I have delivered my proxy card?

A. Yes. You can change your vote at any time before we vote your proxy at your special meeting. You can do so in one of the following ways:

- by sending a notice of revocation to the corporate secretary of Mitek or the president of Parascript, as applicable;
- by sending a completed proxy card bearing a later date than your original proxy card; or
- by attending your special meeting and voting in person.

Your attendance alone will not revoke any proxy. If you choose to change your vote using any of the methods above, other than by attending your special meeting and voting in person, you must take the described action no later than the beginning of your special meeting or no later than the time indicated on your proxy card. If your shares are held in an account at a broker or other nominee, you should contact your broker or other nominee to change your vote.

Q. If I hold Parascript units, should I send them in order to receive the merger consideration?

A. No. The merger consideration due to you will be sent to you upon the receipt of your instructions on a letter of transmittal that will be sent to you at a later time.

Q. How will I receive my cash and shares of Mitek common stock?

A. After receiving the proper documentation from you and determining the proper allocations of cash and Mitek common stock to be paid to the Parascript unitholders, the exchange agent will forward to you the cash and Mitek common stock to which you are entitled.

Parascript unitholders will not receive any fractional shares of Mitek common stock. Instead, they will receive cash, without interest, for any fractional share of Mitek common stock that they might otherwise have been entitled to receive.

Q. Have any Parascript unitholders agreed to vote to adopt the merger agreement?

A. In connection with the execution of the merger agreement, several Parascript unitholders entered into voting agreements and irrevocable proxies pursuant to which, among other things, each of these unitholders agreed, solely in its capacity as a unitholder, to vote all of its Parascript units in favor of adoption of the merger agreement, against any matter that would result in a breach of the merger agreement by Parascript, and against any action which is intended, or could reasonably be expected to, impede, interfere with, delay, postpone, discourage or adversely delay or affect the merger or any of the other transactions contemplated by the merger agreement.

As of September 18, 2006, the three Parascript unitholders that entered into voting agreements collectively owned 6,642,611 preferred units, representing approximately 64.9% of the outstanding units of Parascript.

Q. Who should I call if I have additional questions or need additional copies of the joint proxy documents?

A. If you are a Mitek stockholder and you would like additional copies of this joint proxy statement/prospectus or a new proxy card or if you have questions about the merger, you should contact Tesfaye Hailemichael at (858) 503-7810, ext. 327.

If you are a Parascript unitholder and you would like additional copies of this joint proxy statement/prospectus or a new proxy card or if you have questions about the merger, you should contact Jeff Gilb at (303) 381-3100.

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SUMMARY

This summary highlights 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 entire document, including the Annexes. You should read the merger agreement, which is attached as Annex A, carefully. It is the legal document that governs the business combination and the other transactions contemplated by the business agreement. It is also described in detail elsewhere in this joint proxy statement/prospectus. When we refer to the merger agreement in this joint proxy statement/prospectus we are referring to the merger agreement as it may be amended to the date of the joint proxy statement/prospectus.

The Companies

Mitek Systems, Inc.

8911 Balboa Avenue

Suite B

San Diego, CA 92123

Telephone No. (858) 503-7810

www.miteksystems.com

Mitek was incorporated under the laws of the State of Delaware in 1986. Mitek is primarily engaged in the development and sale of software products, with particular focus on intelligent character recognition and forms processing technology, and other products and services for the document imaging markets.

Mitek develops, markets and supports what it believes to be one of the most accurate automated document recognition (ADR) products commercially available for the recognition of hand printed characters. Mitek s proprietary technology recognizes hand printed and machine generated characters with a level of accuracy that renders our ADR products a viable alternative to manual data entry in certain applications. The Mitek solution allows customers that process large volumes of hand printed and machine generated documents to do so more quickly, with greater accuracy and at reduced costs.

Mitek s intelligent recognition toolkits include a suite of products that leverage its proprietary intelligent character recognition (ICR), image processing, and dynamic data extraction software engines. The suite of recognition toolkits includes QuickStrokes®, QuickFX Pro, ImageScore, and Dynafind. These products are sold to original equipment manufacturers (OEMs) such as Advanced Financial Solutions, a subsidiary of Metavante, Harland Financial Solutions, a subsidiary of John Harland Company, Sungard, BancTec, and J&B Software, and to systems integrators such as Computer Sciences Corporation.

Mitek s core technical competency in intelligent character recognition allows the company to address different technical issues in various markets, Mitek has addressed the forms processing market with its Doctus® product. Doctus® incorporates Mitek s core intelligent character recognition technologies in an application designed for end users in a broad variety of industries that require high volume automated data entry. The Doctus® software handles both structured and unstructured forms. As a result, it significantly increases the number and types of forms that can be automatically processed. Doctus® is able to process unstructured forms through the integration of our DynaFind® dynamic data extraction technology. With DynaFind®, Doctus® automatically classifies unstructured forms and extracts relevant data from the form contents. Major Doctus® customers and reseller partners include AIG, IKON Office Solutions, Sungard, and J&B Software.

Mitek s technological capabilities also include image analysis of signatures, image repair and optimization, optical character recognition (OCR), dynamic data finding on various documents, including courtesy amount recognition (CAR) and legal amount recognition (LAR) on checks.

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Mitek Acquisition Sub LLC

Mitek Acquisition Sub LLC is a wholly-owned subsidiary of Mitek that was recently incorporated in Wyoming for the purpose of the merger. It does not conduct any business and has no material assets. Its principal executive office has the same address and telephone number as Mitek shown above.

Parascript, LLC

6899 Winchester Circle, Suite 200

Boulder, CO 80301

Telephone No. (888) 772-7478

or (303) 381-3100

http://www.parascript.com

Parascript is a limited liability company that was founded in 1996 to commercialize its intelligent pattern recognition software. Parascript s intelligent pattern recognition software interprets human thinking and behavioral patterns based on cognitive science, pattern recognition, neural networks and artificial intelligence. For over a decade, Parascript has continually improved and adapted its intelligent pattern recognition software to make it usable in a variety of applications. Parascript s software is versatile in that it is trainable to recognize patterns in many different types of data, and is not limited to handwriting recognition. Potential current and future applications of Parascript s intelligent pattern recognition technology are in the fields of pharmaceutical research, medical diagnosis, and genetic research.

One of the primary applications of Parascript s intelligent pattern recognition software is to handwriting recognition, where data captured from scanned forms, checks, envelopes, and other documents containing handwritten text is interpreted and converted to alphanumeric electronic data. Parascript s software achieves a high level of accuracy in interpreting handwriting, and significantly decreases the time required to process documents and complete transactions. In broader applications, Parascript s software assists in increasing security, accuracy, and productivity in tasks that require speedy and objective review, analysis and decision making based on available information.

Parascript s software and recognition engines are most commonly distributed to end users by independent resellers and integrators that combine Parascript s software with the integrator s own software products and services. Parascript has designed its software to be flexible and continues to make adjustments to allow compatibility with a number of devices and operating systems such as Windows 2000, Windows XP, Unix, Linux and Open VMS.

The original and most successful implementation of Parascript s software has been for mail sorting, handling, routing and shipping functions. This application of Parascript s software is used extensively by the United States Postal Service, several foreign postal services, and numerous large corporations. The second most successful implementation of Parascript s software is for check and remittance authentication and processing functions. End users that apply Parascript s software to these functions are typically banks and retail stores. Governmental and commercial end users of Parascript s software also benefit from the software s ability to automate the entry and processing of a large variety of forms, such as applications, and forms used in human services and benefits administration departments.

Parascript s revenue is derived primarily from software license fees, ongoing maintenance services fees, and professional services fees for customizing software to an end user s specific needs. Parascript s revenues have been growing since 2001 and exceeded $24 million in 2005.

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Mitek s Business Rationale for Merging with Parascript

Mitek believes the proposed merger is in the best interests of Mitek and its stockholders for the following strategic reasons:

- The expectation that the strategic fit between Mitek and Parascript would provide the opportunity to create a leader in image analytics;
- The expectation that the complementary nature of the technologies and products of Mitek and Parascript will enhance the combined company s ability to be better positioned to serve its customers;
- The belief that an improved platform for future growth provides the ability to acquire customers in a more comprehensive solution, which is made possible by the merger and the expanded product portfolio;
- The belief that the complementary nature of the respective customer bases and distribution channels of Mitek and Parascript could result in opportunities to attain synergies as products are cross-marketed and distributed over broader customer bases;
- The expectation that the combined company would have the opportunity to realize significant cost savings from the reduction of operating expenses derived from the elimination of redundant infrastructures and the ability to take advantage of economies of scale; and
- The increased financial strength resulting from a combination of the two companies.

In addition, Mitek believes the proposed merger provides attractive financial terms based on:

- An analysis of Mitek s and Parascript s respective business, financial condition, results of operations, earnings and prospects on a stand-alone basis and forecasted combined basis, indicated that the combined company would be positioned to be successful over the long term;
- Current financial market conditions, including the relative valuations of banking software companies and the continuing consolidation in the banking software industry;
- The price negotiated with Parascript and the relative valuation of Parascript considering recent and historical markets prices of Mitek common stock, as well as how this compares to prices in recent comparable transactions involving software companies;
- An assessment of alternatives to the merger, including other possible acquisition candidates and the prospects of Mitek as a stand-alone company;
- The belief that the terms of the merger agreement, including the parties representations, warranties and covenants, as qualified by the confidential disclosure memoranda, and the conditions to their respective obligations, are reasonable in a transaction of this nature; and

The opinion of Stephens Inc. that the exchange ratio pursuant to the merger agreement is fair to Mitek from a financial point of view.

Mitek s board of directors also considered various potentially negative factors in its deliberations concerning the merger, including the following:

The dilution that would result from the issuance of shares of Mitek common stock as a merger consideration;

The debt load on the balance sheet incurred in financing a portion of the consideration paid to Parascript;

The risk that potential benefits sought in the merger, including synergies and cost-saving opportunities, may not be fully realized;

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The risk that integration of the business, operations and workforce of the two companies may not be successfully implemented in a timely and efficient manner, or at all;

The possibility that the merger might not be consummated or that consummation might be unduly delayed;

The possibility that the market price of Mitek common stock could decrease sharply if the merger is not viewed favorably by stockholders, financial analysts and the press;

The significant expenses incurred in connection with the merger, including costs of integrating the businesses of Mitek and Parascript, and the transaction expenses arising from the merger;

The risk of the potential loss of key personnel; and

The other risks described under the caption Risk Factors beginning on page 28.

After due consideration, the Mitek board of directors concluded that, on balance, the overall potential benefits of the merger to Mitek and its stockholders outweighed the potential negative factors associated with the merger.

Additionally, Parascript has recently experienced attractive growth in its markets, reaching $24 million in revenues for the year ended December 31, 2005 and $8 million for the six months ended June 30, 2006 (unaudited), as compared to $23 million in revenues for the year ended December 31, 2004 and $5 million for the six months ended June 30, 2005 (unaudited). Parascript has a seasoned management team with specialized knowledge of its markets and, Mitek believes the combination of its management and Parascript s will have the ability to lead the combined company in a changing environment.

Parascript s Business Rationale for Merging with Mitek

Parascript s manager believes that the proposed merger is in the best interests of Parascript and its unitholders for the following primary reasons:

Parascript s manager believes the financial terms of the merger to be favorable, including the total value of the consideration as well as the allocation of the total consideration to be delivered to Parascript unitholders between cash and stock.

Mitek is actively involved in the signature verification and fraud prevention industry and is currently offering automated document processing software and toolkits, which are similar to certain of Parascript s products. Mitek also has an existing customer base representing an ongoing revenue flow from maintenance and support fees which can be maintained using combined resources with additional efficiency because of the conformity with many of Parascript s products.

Mitek also provides Parascript a methodology and migration path to move from a privately held corporation to a public corporation, facilitating the possibility of raising additional funding for additional acquisitions or entering in new markets in the future if the board of directors of the combined company elects to pursue such a strategy.

Parascript believes that the skills and expertise of the officers and directors of the combined company, their collective access to acquisition opportunities and ideas, and their contacts will provide the combined company with increased opportunities for future acquisitions and growth.

The Merger (see page 50)

In the proposed merger, Mitek Acquisition Sub, LLC, a wholly-owned subsidiary of Mitek, will merge with and into Parascript with Parascript surviving the merger as a wholly-owned subsidiary of Mitek. As a result of the merger and on a fully diluted and as-converted basis, the unitholders of Parascript will own approximately 55% of the then outstanding common stock of Mitek and receive approximately $80 million in cash, subject to certain adjustments. Upon completion of the merger, Mitek will change its name to Parascript, Inc.

A copy of the merger agreement, dated as of September 18, 2006, by and among Mitek, Mitek Acquisition Sub, LLC, Parascript and Parascript Management, Inc., as member representative, is attached to this joint proxy statement/prospectus as **Annex A**. Please read the merger agreement in its entirety as it is the principal document governing the acquisition.

Consideration to be Paid to Parascript Unitholders in the Merger (see page 72)

The merger agreement provides that the aggregate consideration to be paid to Parascript s unitholders in the merger will be (i) approximately $80 million in cash subject to adjustment as described below, plus (ii) 51,869,458 shares of Mitek s common stock, of which common stock valued at $4 million will be placed into escrow to secure Parascript s indemnification obligations to Mitek. For purposes of determining the amount of Mitek common stock that will be placed into escrow, the Mitek common stock will be valued at the average closing price for the 10 days prior to closing of the merger, as reported on the OTC Bulletin Board. Shares remaining in escrow after one year will be released, unless a claim for indemnification is made by Mitek prior to one year, in which case the shares remaining in escrow, if any, will be released upon satisfaction of the claim from the escrow.

AIS Adjustment: The total cash consideration payable to Parascript unitholders is expected to be reduced by approximately $3,000,000 which will be contributed to a newly-formed Parascript subsidiary, AIS Holdings, LLC (AIS Holdings) at the closing. At the closing, the interests of AIS Holdings will be distributed to the Parascript unitholders on a pro rata basis, based on their relative ownership percentage of Parascript on the record date for such distribution. Concurrently with the distribution of AIS Holdings to the Parascript unitholders, the unit interests of Applied Intelligence Solutions, LLC, or AIS, currently held by Parascript (amounting to 96% of the units of AIS) will be contributed to AIS Holdings.

Parascript Payments Adjustments: The total cash consideration payable to Parascript unitholders will be reduced by (i) the payoff, in full, of all outstanding principal and interest owed by Parascript to Silicon Valley Bank under certain loan agreements ($1,150,000 as of November 4, 2006); (ii) the payment of $50,000 to Parascript Management, Inc. to be used in its capacity as member representative under the terms of the merger agreement; and (iii) the payment of applicable withholding taxes required to be paid by Merger Sub or Parascript in connection with the merger.

Preferred Distribution to Preferred Unitholders and Preferred Optionholders: From the cash consideration remaining after the above-described adjustments, $44,415,000 will be distributed to the preferred unitholders and preferred optionholders of Parascript on a fully-diluted, as converted basis pursuant to the terms of the preferred units and preferred options.

Remaining Distribution to Preferred Unitholders, Preferred Optionholders and Common Unitholders: The remainder of the cash and stock consideration will be distributed pro rata to the preferred unitholders, preferred optionholders and common unitholders on a fully-diluted as converted basis, adjusted as described below.

Any unitholder who received an advance distribution of net income from Parascript since January 1, 2006, will have such unitholder s cash consideration reduced by the amount of such advances. The total amount of such advance distributions is approximately $3,600,000 as of October 31, 2006. This amount is expected to be increased approximately $360,000 per month until the closing of the merger. The aggregate amount of consideration held back due to the advance distributions will be distributed to all unitholders pro rata on a fully-diluted, as converted basis.

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Mitek s Dividend Policy Differs from Parascript s (see page 27)

Mitek has never declared or paid cash dividends on its common stock. The payment of any dividends by Mitek on its common stock in the future will be at the discretion of Mitek s board of directors and will depend upon, among other things, future earnings, operations, capital requirements, Mitek s general financial condition, limitations in its senior secured credit facilities and senior subordinated convertible notes, and general business conditions. Mitek does not intend to pay dividends in the foreseeable future.

Distributions to Parascript unitholders are determined by its manager, Parascript Management Inc. Parascript is not required to distribute cash to its unitholders to cover income tax liabilities, but endeavors to do so on an annual basis in an amount equal to the federal and state income tax liability of the unitholders as a consequence of the allocation of the income by Parascript to the unitholders for the immediately preceding calendar year. Once Parascript s tax returns are completed, Parascript estimates (assuming maximum federal and state tax rates) the amount of tax liability for unitholders and historically has made distributions to cover these tax liabilities. Additional distributions are sometimes made after taking into account the outlook for the current fiscal year, tax distributions already made, capital spending plans, the potential for acquisitions, the capital structure, and other business needs. There is no guarantee that additional distributions will be made in any given year. Additional distributions, if paid, vary in amount from year to year.

Market Price and Share Information of Mitek Common Stock (see page 27)

Shares of Mitek common stock are listed on the Over the Counter Bulletin Board, referred to as the OTC Bulletin Board, under the trading symbol MITK.OB. Parascript s units are not publicly traded. On July 12, 2006, the last trading day before the public announcement of the acquisition, the last sales price of Mitek s common stock was $1.14 per share.

On [ ], 2006, the most recent practicable date before the printing of this joint proxy statement/prospectus, the last sales price as reported on the OTC Bulletin Board for Mitek common stock was $[ ] per share. We urge you to obtain current market quotations.

Risks of the Merger (see page 28)

All Mitek stockholders and Parascript unitholders should consider carefully all of the information in this joint proxy statement/prospectus and evaluate the specific factors set forth under Risk Factors before considering whether to approve the merger agreement or the issuance of shares in accordance with the merger agreement, as applicable.

The risk factors regarding Mitek should be carefully considered by all Parascript unitholders who are to receive Mitek common stock in connection with the merger.

Conversion (see page 72)

Each outstanding preferred unit and preferred option of Parascript immediately prior to the merger shall be converted into the right to receive a preference amount in cash of approximately $4.46 plus a pro rata amount based on the total number of outstanding Parascript preferred units, preferred options and common units of the cash and shares of Mitek common stock remaining after the payment of the preference amount. The preferred units and preferred options will cease to be outstanding, be canceled and retired and cease to exist upon closing.

Each outstanding common unit shall be converted into the right to receive a pro rata amount based on the total number of outstanding Parascript preferred and common units and preferred options of the cash and shares of Mitek common stock in an amount determined after payment of the preference amount on the Parascript preferred units and preferred options payable to the holder thereof. The common units will cease to be outstanding, be canceled, retired and cease to exist upon closing.

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Each limited liability company interest of Mitek Acquisition Sub, LLC issued and outstanding immediately prior to the effective time of the merger shall be converted into one limited liability company interest of Parascript, so that, after the merger, Mitek will own all of the issued and outstanding ownership interests of Parascript.

Recommendation of the Board of Directors of Mitek (see page 54)

The Mitek board of directors unanimously recommends that (i) the issuance of Mitek common stock pursuant to the merger agreement, dated as of September 18, 2006, by and among Mitek, Mitek Acquisition Sub, LLC, Parascript, LLC, and Parascript Management, Inc and the transactions contemplated by the merger agreement; (ii) an amendment to Mitek s certificate of incorporation to change the corporate name of Mitek to Parascript, Inc. ; (iii) an amendment to Mitek s certificate of incorporation to increase the number of authorized shares of Mitek common stock by 160,000,000 shares, from 40,000,000 to 200,000,000, which is necessary to provide Mitek with sufficient authorized shares of common stock to issue in connection with the merger; (iv) the issuance of debt which is convertible into shares of common stock of Mitek, the proceeds of which will primarily be used to effect the merger and to reserve for issuance upon conversion of the senior subordinated convertible notes; (v) an amendment to the Mitek 2006 Stock Option Plan to increase the number of shares of Mitek common stock available for issuance under the plan by 22,000,000 shares to 23,000,000 shares and to increase the maximum number of shares which can be granted to one person in any one year to 3,500,000; (vi) the authorization of the Mitek board of directors to amend in its discretion Mitek s certificate of incorporation to effect a reverse stock split of Mitek s issued and outstanding shares of common stock, at such ratio between 1:4 to 1:8 to be determined by the Mitek board of directors, which may be desirable for Mitek to list its common stock on NASDAQ upon completion of the merger with Parascript, as described in this joint proxy statement/prospectus; and (vii) a proposal to approve one or more adjournments of 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 proposals be approved by the Mitek stockholders and that the Mitek stockholders vote FOR the approval of such proposals.

Recommendation of the Manager of Parascript (see page 62)

The Parascript manager recommends the adoption of the merger agreement, dated as of September 18, 2006, by and among Mitek, Mitek Acquisition Sub, LLC, Parascript and Parascript Management, Inc., and the transactions contemplated by the merger agreement, and the proposal to approve one or more adjournments of 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 above proposals be approved by the Parascript unitholders, as described in this joint proxy statement/ prospectus, and that the Parascript unitholders vote FOR the approval of such proposals.

Stephens Inc. Fairness Opinion Provided to the Board of Directors of Mitek (see page 56)

In deciding to approve the merger, the Mitek board of directors received an opinion from Stephens Inc. that, as of September 12, 2006, and subject to the limitations and assumptions set forth in its written opinion, the acquisition consideration pursuant to the merger agreement is fair from a financial point of view to Mitek. In its analysis, Stephens Inc. made numerous assumptions with respect to Mitek, Parascript and the merger. The assumptions and estimates contained in Stephens analyses, and the valuation ranges resulting from the particular analyses, are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. The opinion of Stephens is dated as of September 12, 2006 and opines as to the fairness as of that date only. Stephens Inc. is not obligated to update its September 12, 2006 opinion. Mitek intends to request an updated fairness opinion prior to distribution of this Joint Proxy Statement/Prospectus. In the aggregate, Stephens Inc. will receive fees of approximately $3.3 million if the acquisition is completed. A copy of the fairness opinion is attached as Annex B to this joint proxy statement/prospectus. Mitek stockholders should read the opinion carefully and in its entirety.

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Differences Exist between Rights of Mitek Stockholders and Parascript Unitholders (see page 141)

After the merger, Parascript unitholders will become Mitek stockholders and their rights as stockholders will be governed by the certificate of incorporation and bylaws of Mitek and the Delaware General Corporation Law, or the DGCL. There are a number of differences between Mitek s certificate of incorporation and bylaws and Parascript s articles of organization and operating agreement, respectively, and there are a number of differences between the DGCL and the Wyoming Limited Liability Company Act. The material differences are summarized in this joint proxy statement/prospectus under Comparative Rights of Mitek Stockholders and Parascript Unitholders beginning on page 141.

Interests of Certain Persons in the Merger (see page 64)

In considering the recommendation of Mitek s Board of Directors with respect to the Mitek proposals, Mitek stockholders should be aware that executive officers and directors of Mitek may have interests in the merger that are or may be different from, or in addition to, other Mitek stockholders interests. These interests include:

- employment agreements between certain Mitek officers and Mitek which become effective on the closing date;
- the grant to Mr. DeBello upon completion of the merger, of options to purchase shares of approximately 3% of the combined company s then outstanding and fully diluted shares of common stock; and
- the grant to Mr. Hailemichael upon completion of the merger, of options to purchase shares of approximately 1% of the combined company s then outstanding and fully diluted shares of common stock.

In considering the recommendation of Parascript s manager with respect to the merger and the merger agreement, Parascript unitholders should be aware that executive officers of Parascript and directors of Parascript s manager may have interests in the merger that are or may be different from, or in addition to, other Parascript unitholders interests. These interests include:

- the designation of certain officers of Parascript as officers of Mitek upon completion of the merger and employment agreements between such officers with Mitek which become effective on the closing date;
- the grant to Mr. Gilb upon completion of the merger, of options to purchase shares of approximately 3% of the combined company s then outstanding and fully diluted shares of common stock;
- the grant to Mr. Filatov upon completion of the merger, of options to purchase shares of approximately 2% of the combined company s then outstanding and fully diluted shares of common stock;
- the acquisition by Plainfield of 6,670,000 shares for an aggregate of $5 million from the Katz Family Limited Partnership as part of the merger and related transactions which will be registered by Mitek with other shares issuable to Plainfield; and
- the appointment of Aron B. Katz, chairman of the board of directors of the manager of Parascript, and Jeffrey Gilb, president and chief executive officer of Parascript, to the board of directors of Mitek upon completion of the merger.

Conditions to Completion of the Merger (see page 80)

The obligations of Mitek and Parascript to complete the merger are conditioned upon the following:

no order by a governmental body of competent jurisdiction, statute, rule or regulation which makes the consummation of the transactions contemplated by the merger agreement unlawful or prohibited will have been entered or enacted;

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Mitek will have obtained long-term financing in an amount not less than $85 million and not to exceed $90 million (not including a revolving credit facility);

Mitek will have obtained stockholder approval of the amendment to its certificate of incorporation to increase the number of authorized shares to 200,000,000;

Mitek and Parascript will have obtained all required governmental authorizations;

Mitek will have appointed an audit committee; and

Parascript unitholders and Mitek stockholders will have approved the merger.

Parascript will not be obligated to complete the merger unless a number of conditions have been satisfied, including, without limitation:

the representations and warranties of Mitek set forth in the merger agreement will be true and correct in all material respects, as of the date of the merger agreement and as of the closing of the acquisition as though made at and as of the closing of the acquisition;

Mitek will have performed and complied in all material respects with all obligations and agreements required by the merger agreement;

no change, occurrence or circumstance will have occurred that has or is reasonably likely to have, individually or in the aggregate, a material adverse effect on Mitek;

Mitek will have obtained the requisite approvals to effect the change in Mitek s name to Parascript, Inc. ;

the SEC will have declared the Form S-4 effective; and

the board will be reconstituted to include three (3) independent directors.

Mitek will not be obligated to complete the merger unless a number of conditions have been satisfied, including, without limitation:

the representations and warranties of Parascript set forth in the merger agreement will be true and correct in all material respects, as of the date of the merger agreement and as of the closing of the acquisition as though made at and as of the closing of the acquisition;

Parascript will have performed and complied in all material respects with all obligations and agreements required by the merger agreement;

no change, occurrence or circumstance will have occurred that has or is reasonably likely to have, individually or in the aggregate, a material adverse effect on Parascript;

Parascript will have caused certain assets, liabilities and contracts related to Parascript s business, which are currently held by Parascript Management, Inc. and other affiliates of Parascript to be transferred and assigned to Parascript; and

Mitek will have received appropriate payoff letters regarding certain indebtedness of Parascript.

Timing of the Merger (see page 83)

The merger is expected to be completed in early 2007, subject to the receipt of necessary regulatory approvals and the satisfaction or waiver of other closing conditions.

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Termination of the Merger Agreement (see page 81)

The merger agreement may be terminated by Mitek or Parascript before completion of the merger in certain circumstances. In addition, the merger agreement provides that each of Mitek and Parascript may be required to pay a termination fee to the other in an amount of $1 million plus fees and expenses up to $500,000 if the merger agreement is terminated in the circumstances described generally below:

- if Mitek terminates the merger agreement because Parascript s manager has approved or recommended any proposal or offer of acquisition, business combination, or other similar business transaction from a party other than Mitek, then Parascript will be required to pay Mitek; or

- if Parascript terminates the merger agreement because Mitek s board of directors withdraws or modifies its recommendation to the stockholders of Mitek to vote in favor of the merger agreement and the issuance of shares in accordance with the merger agreement due to any reason other than a reason or reasons arising from a material adverse effect on Parascript, then Mitek will be required to pay Parascript.

Parascript s obligations to pay the termination fee may discourage a third party from pursuing a competing acquisition proposal that could result in greater value to Parascript unitholders. Although the payment of the termination fee could have an adverse effect on the financial condition of the company making the payment, neither Mitek nor Parascript believes that the effect would be material. The board of directors of Mitek and the manager of Parascript determined, based in part on advice from their legal advisors, that the amount of the termination fee and the circumstances in which it would become payable were generally typical for a transaction of the magnitude of this merger.

Matters to Be Considered at the Special Meetings

Mitek (see page 45)

Mitek stockholders will be asked to vote on the following proposals:

1. To consider and vote upon the issuance of Mitek common stock pursuant to the merger agreement, dated as of September 18, 2006, by and among Mitek, Mitek Acquisition Sub, LLC, Parascript, and Parascript Management, Inc., as member representative, and the transactions contemplated by the merger agreement.

2. To consider and vote upon an amendment to Mitek s certificate of incorporation to change the corporate name of Mitek to Parascript, Inc. .

3. To consider and vote upon an amendment to Mitek s certificate of incorporation to increase the number of authorized shares of Mitek common stock by 160,000,000 shares, from 40,000,000 to 200,000,000, which is necessary to provide Mitek with sufficient authorized shares of common stock to issue in connection with the merger and to reserve for issuance upon conversion of the senior subordinated convertible notes.

4. To consider and vote upon the issuance of debt which is convertible into shares of common stock of Mitek, the proceeds of which will be used to effect the merger agreement.

5. To consider and vote upon an amendment to the Mitek Systems, Inc. 2006 Stock Option Plan to increase the number of shares of Mitek common stock available for issuance under the plan by 22,000,000 shares to 23,000,000 shares, and to increase the maximum number of shares which can be granted to one person in any one year to 3,500,000.

6. To authorize the Mitek board of directors to amend in its discretion Mitek s certificate of incorporation to effect a reverse stock split of Mitek s issued and outstanding shares of common stock, at such ratio between 1:4 to 1:8 to be determined by the Mitek board of directors, which may be desirable for Mitek to list its common stock on NASDAQ upon completion of the merger with Parascript.

7. To consider and vote upon a proposal to approve one or more adjournments of 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 proposals.

Parascript (see page 47)

Parascript unitholders will be asked to vote on the following proposals:

1. Approve and adopt the merger agreement, dated as of September 18, 2006, by and among Mitek Systems, Inc., Mitek Acquisition Sub, LLC, Parascript and Parascript Management, Inc., as member representative, and the transactions contemplated by the merger agreement.

2. Consider and vote upon a proposal to approve one or more adjournments of 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 above proposals.

Voting by Mitek and Parascript Directors/ Managers and Executive Officers

On the Mitek record date, directors and executive officers of Mitek owned and were entitled to vote [ ] shares of Mitek common stock, or approximately [ ]% and [ ]%, respectively, of the total voting power of the shares of Mitek common stock on that date. On the Parascript record date, directors of Parascript s manager and executive officers of Parascript owned and were entitled to vote [ ] Parascript units, or approximately [ ]% and [ ]%, respectively, of the total voting power of the Parascript units on that date.

Material U.S. Federal Income Tax Consequences of the Transaction to Parascript Unitholders (see page 65).

The unitholders will recognize taxable gain or loss with respect to their units in Parascript as a result of the merger. The tax consequences of the acquisition to unitholders will vary depending upon each unitholder s individual circumstances and the U.S. federal tax principles applicable thereto. No advance rulings have been or will be sought from the Internal Revenue Service regarding any matter discussed in this joint proxy statement/prospectus.

Officers and Directors After the Business Combination

The combined company will be managed by the current management of Mitek and Parascript. Jim DeBello who is currently the chief executive officer of Mitek will continue to be the chief executive officer and a director of the combined company. Jeffrey Gilb, who is currently the president and chief executive officer of Parascript, will become the president and chief operating officer and a director of the combined company. Tesfaye Hailemichael, who is currently the chief financial officer of Mitek, will continue as the chief financial officer of the combined company. Aron B. Katz, who is currently a member of the board of directors of the manager of Parascript, will be the chairman of the board of the combined company. John Thornton, who is currently the chairman of the board of Mitek, will continue as a director of the combined company. The board of directors of the combined company will include three (3) independent directors, with one (1) nominated by Mitek subject to the approval of Parascript, one (1) nominated by Parascript subject to the approval of Mitek and one (1) nominated by Plainfield subject to the approval of Parascript and Mitek.

Accounting Treatment

The merger will be accounted for as a reverse acquisition using the purchase method of accounting under generally accepted accounting principles. Although Mitek is the acquirer, Parascript will be treated as the acquiring company for accounting purposes in accordance with Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations .

Regulatory Matters

The merger and the transactions contemplated by the merger agreement are not subject to any federal or state regulatory requirement or approval, including the Hart-Scott-Rodino Antitrust Improvements Act of 1976, except for filings necessary to effectuate the merger with the Secretary of State of the State of Wyoming.

SELECTED HISTORICAL AND UNAUDITED

PRO FORMA COMBINED FINANCIAL INFORMATION

We are providing the following financial information to assist you in your analysis of the financial aspects of the merger. We derived the Mitek historical information from Mitek s audited financial statements as of September 30, 2005 and for the years ended September 30, 2005 and 2004 and from the unaudited financial statements as of June 30, 2006 and for the nine months ended June 30, 2006 and 2005 which are included in this joint proxy statement/prospectus. The information as of September 30, 2003 and as of and for the years ended September 30, 2003, 2002 and 2001 was derived from Mitek s audited financial statements which are not contained in this joint proxy statement/prospectus. We derived the Parascript historical information from Parascript s audited consolidated financial statements as of December 31, 2005 and for the years ended December 31, 2005 and 2004 and from the unaudited financial statements as of June 30, 2006 and for the six months ended June 30, 2006 and 2005 which are included in this joint proxy statement/prospectus. The information as of December 31, 2004 and as of and for the years ended December 31, 2003, 2002 and 2001 was derived from Parascript s audited consolidated financial statements which are not contained in this joint proxy statement/prospectus. The information is only a summary and should be read in conjunction with each company s historical consolidated financial statements and related notes contained elsewhere herein. The historical results included below and elsewhere in this document are not indicative of the future performance of Parascript, Mitek or the combined company.

Selected Historical Financial Data of Mitek

The following selected historical financial information was derived from the audited financial statements of Mitek for the years ended September 30, 2005 and 2004, which have been included elsewhere in this joint proxy statement/prospectus and from the audited financial statements for the years ended September 30, 2003, 2002 and 2001, which can be found in Mitek s Annual Reports on Form 10-K, which can be found at the Securities and Exchange Commission s web site at *http://www.sec.gov*. The information as of June 30, 2006, and for the nine-month periods ended June 30, 2006 and 2005 have been derived from Mitek s unaudited financial statements, which have been included elsewhere in this joint proxy statement/prospectus and which have been prepared on the same basis as the audited financial statements and, in the opinion of management of Mitek, include all adjustments, consisting only of normal recurring adjustments and accruals, necessary for a fair presentation of the financial condition at such date and the results of operations for such periods. Historical results are not necessarily indicative of the results to be obtained in the future.

The selected historical financial data should be read in conjunction with the respective audited and unaudited financial statements of Mitek, including the notes thereto, incorporated herein by reference. See Where You Can Find More Information on page 152.

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	Nine months ended June 30 2006 (unaudited)	2005	Year ended September 30, 2005 (audited)	2004 (audited)	2003 (audited)	2002 (audited)	2001 (audited)
	(in thousands, except per share data)						
Statement of Operations Data:							
Net revenue	$ 4,675	$ 4,554	$ 6,594	$ 5,240	$ 11,594	$ 13,083	$ 9,387
Costs and expenses							
Cost of revenue	980	743	1,130	1,980	4,541	3,751	2,650
Operations	63	112	145	1,136	1,695	1,872	1,279
Selling and marketing	1,106	1,717	2,074	1,942	3,768	3,014	2,292
Research and development	1,033	1,194	1,507	2,204	2,242	2,049	1,830
General and administrative	1,650	2,634	3,050	2,720	1,848	2,010	1,634
Gain on sale of assets		(1,000)	(1,106)	(1,270)			
Total costs and expenses	4,832	5,400	6,800	8,712	14,094	12,696	9,685
Operating income (loss)	(157)	(846)	(206)	(3,472)	(2,500)	387	(298)
Other income (expense):							
Interest expense	(465)	(745)	(929)	(355)	(7)	(2)	(48)
Change in fair value of warrant liability		82	82	(48)			
Interest and other income	50	23	25	31	25	11	5
Total other income (expense)	(415)	(640)	(822)	(372)	18	9	(43)
Income/(Loss) before income taxes	(572)	(1,486)	(1,028)	(3,844)	(2,482)	396	(341)
Income tax expense (benefit)	1	(1)	(1)	2	10		
Net income (loss)	$ (573)	$ (1,485)	$ (1,027)	$ (3,846)	$ (2,492)	$ 396	$ (341)
Net income (loss) per share basic	$ (0.04)	$ (0.12)	$ (0.08)	$ (0.34)	$ (0.22)	$ 0.04	$ (0.03)
Net income (loss) per share diluted	$ (0.04)	$ (0.12)	$ (0.08)	$ (0.34)	$ (0.22)	$ 0.04	$ (0.03)
Weighted average number of common shares outstanding basic	15,630	12,123	12,570	11,353	11,154	11,133	11,120
Weighted average number of common shares outstanding diluted	15,630	12,123	12,570	11,353	11,154	11,327	11,120

	As of June 30, 2006 (unaudited)	2005	2004	As of September 30, 2003	2002	2001
Balance Sheet Data (in thousands):						
Cash and Cash Equivalents	$ 1,876	$ 2,387	$ 2,607	$ 1,819	$ 760	$ 865
Total assets	$ 3,510	$ 3,554	$ 3,622	$ 5,644	$ 8,231	$ 6,616
Deferred Revenue	$ 530	$ 428	$ 398	$ 1,204	$ 868	$ 449
Current portion of long-term debt	$	$ 714	$ 571	$	$	$
Total long-term debt less current portion	$	$ 507	$ 1,497	$ 369	$ 466	$ 175
Stockholders equity (deficit)	$ 2,134	$ 1,047	$ (532)	$ 2,572	$ 5,028	$ 4,564

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Selected Historical Financial Data of Parascript

We are providing the following financial information to assist you in your analysis of the financial aspects of the merger. We derived the Parascript historical information from Parascript s audited consolidated financial statements as of December 31, 2005 and for the years ended December 31, 2005 and 2004 and from the unaudited financial statements as of June 30, 2006 and for the six months ended June 30, 2006 and 2005 which are included in this joint proxy statement/prospectus. The information as of December 31, 2004 and as of and for fiscal years ended December 31, 2003, 2002 and 2001 was derived from Parascript s audited consolidated financial statements which are not contained in this joint proxy statement/prospectus. The information is only a summary and should be read in conjunction with Parascript s historical consolidated financial statements and related notes contained elsewhere herein. The historical results included below and elsewhere in this document are not indicative of the future performance of Parascript.

	Six months ended June 30,		Year ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
	(unaudited)		(audited)	(audited)	(audited)	(audited)	(audited)
	In thousands, except ratios and per-share data						
Consolidated Statement of Operations Data							
Net revenue	$ 8,026	$ 5,114	$ 24,068	$ 23,019	$ 15,817	$ 23,789	$ 10,135
Cost of revenue	$ 647	$ 666	$ 1,362	$ 1,766	$ 1,567	$ 1,632	$ 1,341
Research and development expenses	$ 3,632	$ 3,198	$ 6,860	$ 6,485	$ 5,601	$ 5,803	$ 5,764
Selling, general and administrative expenses	$ 2,944	$ 2,040	$ 6,297	$ 4,501	$ 4,807	$ 4,880	$ 6,690
Depreciation and amortization included in R&D, selling, general and administrative expenses	$ 129	$ 124	$ 297	$ 622	$ 371	$ 394	$ 354
Operating income (loss)	$ 803	$ (790)	$ 9,549	$ 10,267	$ 3,842	$ 11,474	$ (3,660)
Interest expense	$ (1)	$ (3)	$ (58)	$ (112)	$ (5)	$ (58)	$ (43)
Other (income) expense, net	$ 49	$ 8	$ (45)	$ 190	$ 61	$	$ 44
Income (loss) from continuing operations before income taxes	$ 851	$ (785)	$ 9,446	$ 10,345	$ 3,898	$ 11,416	$ (3,659)
Income tax expense (benefit)	$ 18	$ 17	$ 18	$ 36	$ 25	$	$
Income (loss) from continuing operations	$ 833	$ (802)	$ 9,428	$ 10,309	$ 3,873	$ 11,416	$ (3,659)
Per Unit/Share data							
Basic income from continuing operations per unit/share	$ 0.08	$ (0.09)	$ 1.08	$ 1.22	$ 0.46	$ 1.33	$ (0.43)
Basic book value per unit/share	$ (0.10)	$ (0.06)	$ 0.60	$ 0.29	$ 0.16	$ 0.99	$ 0.35
Basic units/shares outstanding	9,875	8,666	8,762	8,446	8,481	8,592	8,450
Total cash distributions per basic unit	$ 0.72	$ 0.10	$ 0.72	$ 0.82	$ 1.06	$ 0.54	$
Diluted income from continuing operations per unit/share	$ 0.08	$ (0.09)	$ 1.06	$ 1.03	$ 0.39	$ 1.12	$ (0.36)
Diluted book value per unit/share	$ (0.10)	$ (0.06)	$ 0.59	$ 0.24	$ 0.13	$ 0.84	$ 0.29
Diluted units/shares outstanding	9,967	8,666	8,854	10,001	10,045	10,165	10,039
Distribution data							
Cash tax distribution	$ 7,093	$ 855	$ 6,292	$ 6,884	$ 4,334	$ 4,658	$
Cash special distribution/ dividend	$	$	$	$	$ 4,685	$	$
Total cash distributions/ dividends	$ 7,093	$ 855	$ 6,292	$ 6,884	$ 9,019	$ 4,658	$

	As of June 30, 2006	As of December 31,				
	(unaudited)	2005	2004	2003	2002	2001
Balance Sheet Data (in 000 s)						
Cash and cash equivalents	$ 836	$ 3,072	$ 2,084	$ 738	$ 5,772	$ 136
Working capital (deficiency)	$ (1,287)	$ 5,128	$ 2,124	$ 75	$ 7,205	$ 1,630
Total assets	$ 3,643	$ 11,557	$ 4,847	$ 3,519	$ 10,065	$ 6,849
Deferred revenue, including non-current	$ 3,403	$ 4,238	$ 914	$ 379	$ 335	$ 991
Long term liabilities less current portion	$ 617	$ 594	$ 445	$ 143	$	$ 65

Members equity (deficit)	$ (956)	$ 5,245	$ 2,429	$ 1,341	$ 8,517	$ 2,916

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Selected Unaudited Pro Forma Condensed Combined Financial Data

The following selected unaudited pro forma condensed combined financial data were prepared using the purchase method of accounting under generally accepted accounting principles and accounted for as a reverse acquisition. Although Mitek is the acquirer, Parascript will be treated as the acquiring company for accounting purposes in accordance with SFAS No. 141, Business Combinations. The table below presents summary financial data from the Mitek and Parascript unaudited pro forma combined statements of operations for the year ended December 31, 2005 and the six months ended June 30, 2006 and the unaudited pro forma combined balance sheet as of June 30, 2006 included in this joint proxy statement/prospectus. The unaudited pro forma combined statements of operations are presented as if the combination had occurred on January 1, 2005. The unaudited pro forma combined balance sheet presents the combined financial position of Mitek and Parascript as of June 30, 2006 assuming that the merger had occurred as of that date. On or before the merger, AIS, a division of Parascript, will be spun off and will not be part of the combined company. The revenues or expenses of AIS are not included in the unaudited pro forma combined balance sheet or statements of operations. The merger agreement provides that AIS will be spun off before the merger has been consummated.

The audited financial statements of Mitek for the year ended September 30, 2005 and unaudited financial statements of Mitek for the periods ended June 30, 2006, December 31, 2005 and December 31, 2004 were used in the preparation of this data. The Mitek statements have been modified to reflect a December fiscal year end to be consistent with the Parascript financial statements. The financial statements of Mitek for the year ended December 31, 2005 were obtained from audited and unaudited financial statements. We derived the financial statements by adding September 30, 2005 Mitek operating results to the three months ended December 31, 2005 and subtracting the operating results for the three months ended December 31, 2004. Neither Parascript nor Mitek assumes any responsibility for the accuracy or completeness of the information provided by the other.

Parascript is the acquirer for accounting purposes and the unaudited pro forma combined financial information that reflects the reverse acquisition using the purchase method of accounting is intended to provide you with a better picture of what the businesses might have looked like had they actually been combined. The combined financial information may have been different had the companies actually been merged. The selected unaudited pro forma combined financial information does not reflect the effect of asset dispositions, if any, or cost savings, if any, that may result from the acquisition. You should not rely on the summary unaudited pro forma combined financial information as being indicative of the historical results that would have occurred had the companies been combined or the future results that may be achieved after the acquisition.

This unaudited pro forma condensed combined financial data has been prepared based on preliminary estimates of fair values of Mitek assets acquired and liabilities assumed. The actual amounts recorded as of the completion of the merger may differ materially from the information presented in this unaudited pro forma condensed combined financial data. In addition, the impact of ongoing integration activities, the timing of completion of the merger and other changes in Parascript s net tangible and intangible assets that occur prior to completion of the acquisition could cause material differences in the information presented.

The following summary of unaudited pro forma combined financial information (i) has been derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial statements and related notes included in this joint proxy statement/prospectus beginning on page 127 (ii) should be read in conjunction with the combined financial statements of Mitek and Parascript and other information included in this joint proxy statement/prospectus or previously filed by Mitek with the SEC. See Where You Can Find More Information on page 152.

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Pro Forma Condensed Combined Statement of Operations Data: *Dollars and shares in thousands*	Six months ended June 30, 2006 (unaudited)	Year ended December 31, 2005 (unaudited)
Net revenue	$ 11,032	$ 30,409
Cost of revenue	1,236	2,690
Sales and marketing	1,802	3,862
Research and development	4,733	9,011
General and administrative	5,445	10,337
Gain on sale of fixed assets		(1,106)
Total operating expenses	13,226	24,794
Operating income (loss)	(2,194)	5,615
Interest expense	(5,830)	(11,578)
Net loss	$ (7,951)	$ (5,928)
Net loss from operations per share basic and diluted	$ (0.12)	$ (0.09)
Shares outstanding basic and diluted	68,609	68,609

Pro Forma Condensed Combined Balance Sheet Data: *Dollars in thousands*	June 30, 2006 (unaudited)
Cash and cash equivalents	$ 3,703
Working capital	$ 2,056
Total assets	$ 31,391
Deferred revenue	$ 3,672
Long-term liabilities less current portion	$ 90,634
Stockholders deficit	$ (64,179)

Comparative Per Share Data

The following table sets forth selected historical per share information of Parascript and Mitek and unaudited pro forma combined per share information after giving effect to the merger, under the reverse acquisition purchase method of accounting, assuming a maximum level and a minimum level of approval of the merger by Mitek stockholders. You should read this information in conjunction with the selected historical financial information, included elsewhere in this document, and the historical financial statements of Parascript and Mitek and related notes that are included elsewhere in this document. The unaudited proforma combined per share information is derived from, and should be read in conjunction with the unaudited proforma condensed combined financial statements and related notes included elsewhere in this proxy statement. The historical per share information is derived from financial statements as of and for the six months ended June 30, 2006.

The unaudited pro forma combined per share information does not purport to represent what the actual results of operations of Parascript and Mitek would have been had the companies been combined or to project Parascript and Mitek s results of operations that may be achieved after the merger.

Number of shares of common stock outstanding upon consummation of the merger:	**Parascript**	**Mitek**		**Combined Company**
Common and Preferred Stock as of 09/01/06	51,869,458	16,739,498	a	68,608,956
Ownership of issued and outstanding common stock	75.6%	24.4%		100.0%
Net income (loss) per share basic and diluted historical: 6 month period ended June 30, 2006:	$ 0.02	$ (0.01)	b	$ (0.12)
Book value per share basic and diluted Historical June 30, 2006	$ (0.02)	$ 0.13	b	$ (0.94)
Dilution from stock options and warrants as of 09/01/06	51,869,458	19,366,355	a	71,235,813
Ownership of issued and outstanding common stock diluted	72.8%	27.2%		100.0%

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Notes:

(a) The pro forma net income (loss) and net book value (deficit) per equivalent Parascript share is calculated by multiplying Mitek s fully diluted shares outstanding by the exchange ratio of 2.5.

(b) The historical net book value per share of Mitek and Parascript common stock is computed by dividing common stockholders equity at a period end by the number of shares of common stock outstanding at the period end. The pro forma net book value (deficit) per share of the combined company s common stock is computed by dividing the pro forma common stockholders deficit by the pro forma number of shares of common stock outstanding at the period end, assuming the merger had been completed on September 1, 2006.

TABLE D

Parascript conversion of units to shares

Parascript conversion of units to shares:	
Common units outstanding at 9/01/06	205,000
Preferred units outstanding at 9/01/06	9,804,653
Options outstanding at 9/01/06	42,071
Total units estimated outstanding at time of sale	10,051,724
Shares received in sale transaction	51,869,458
Shares to be received per unit	5.1603
Shares to be issued to Parascript per above	51,869,458
Mitek shares outstanding as of September 1, 2006	16,739,498
Shares outstanding for pro forma calculations	68,608,956

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MARKET PRICE AND DIVIDEND INFORMATION

Mitek s common stock is traded on the OTC Bulletin Board under the symbol MITK.OB. The table below sets forth, for each of the calendar quarters indicated, the high and low sales prices per share of Mitek common stock. Parascript is a private company and its common units and preferred units are not publicly traded.

	Fiscal Quarter			
	1st	2nd	3rd	4th
Stock Prices:				
2006 High	1.88	1.85	1.75	
Low	0.70	1.25	1.05	
2005 High	0.56	1.03	0.88	0.94
Low	0.33	0.36	0.55	0.55
2004 High	3.32	2.72	1.15	0.77
Low	0.98	1.02	0.40	0.46

On July 12, 2006, the last trading day prior to announcement of the acquisition, the closing price of Mitek common stock was $1.14 per share, for an aggregate value of Mitek of approximately $19,048,000. Accordingly, if the merger had been consummated on that day, the value attributable to shares of Mitek common stock issuable to holders of Parascript s units, would have equaled $59,131,182. Because the market price of Mitek common stock is subject to fluctuation, the market value of the shares of Mitek common stock that holders of Parascript units will be entitled to receive in the merger may increase or decrease.

Following consummation of the merger, the Mitek common stock issued to Parascript unitholders will be traded on the OTC Bulletin Board, and, assuming approval of Mitek proposal 2, will trade under the combined company s new name, Parascript, Inc. and the new trading symbol, . Assuming approval of Mitek proposal 6 and successful application for initial listing with the NASDAQ Capital Market following the consummation of the merger, Mitek common stock, including the common stock issued to the Parascript unitholders in the merger, will be listed on the NASDAQ Capital Market. Following the consummation of the merger, there will be no market for the former Parascript common units and preferred units.

As of September 1, 2006, Mitek had approximately 434 holders of record of its common stock. As of November 1, 2006, Parascript had approximately 12 holders of record of its common units and approximately 48 holders of record of its preferred units. For detailed information regarding the beneficial ownership of certain stockholders of the combined company upon consummation of the merger, see Beneficial Ownership of Securities on page 123 of this joint proxy statement/prospectus.

Dividends

Mitek has never declared or paid any cash dividends on its capital stock nor does it intend to do so in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of Mitek s board of directors and will depend upon, among other things, its financial condition, operating results, capital requirements, limitations under its credit facilities and senior subordinated convertible notes documents, deployment of resources and ability to engage in strategic transactions or sell or otherwise dispose of its various operating assets, whether or not the merger is consummated, and such other factors as Mitek s board of directors deems relevant. Mitek does not intend to pay dividends in the foreseeable future.

Distributions to Parascript unitholders are determined by its manager, Parascript Management Inc. Parascript is not required to distribute cash to its unitholders to cover income tax liabilities, but endeavors to do so on an annual basis in an amount approximately equal to the federal and state income tax liability of the unitholders as a consequence of the allocation of the income by Parascript to the unitholders for the immediately preceding calendar year. Once Parascript s tax returns are completed, Parascript estimates (assuming maximum federal and state tax rates) the amount of tax liability for unitholders and historically has made distributions to cover these tax liabilities. Additional distributions are sometimes made after taking into account the outlook for the current fiscal year, tax distributions already made, capital spending plans, the potential for acquisitions, the capital structure, and other business needs. There is no guarantee that additional distributions will be made in any given year. Additional distributions, if paid, vary in amount from year to year.

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RISK FACTORS

In addition to the other information contained in this joint proxy statement/prospectus, Parascript unitholders who will receive Mitek common stock in connection with the merger and Mitek stockholders should carefully consider the following risks in evaluating the proposals to be voted on at your special meeting. If any of the events described below occurs, Mitek s and/or Parascript s business, financial condition or results of operations could be materially adversely affected. The risks below should be considered along with the other risks described in the Mitek annual reports incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 148 of this joint proxy statement/prospectus for the location of information incorporated by reference into this joint proxy statement/prospectus.

Risks Related to the Merger

Failure to complete the merger could negatively impact the stock price of Mitek common stock and the future business and financial results of Mitek and Parascript because of, among other things, the market disruption that would occur as a result of uncertainties relating to a failure to complete the merger.

Although Mitek and Parascript have agreed to make an effort to obtain stockholder and unitholder approval, respectively, of the proposals relating to the merger, there is no assurance that these proposals will be approved, and there is no assurance that Mitek and Parascript will receive the necessary regulatory approvals or satisfy the other conditions to the completion of the merger. If the merger is not completed for any reason, Mitek and Parascript will be subject to several risks, including the following:

- being required to pay the other company a termination fee of $1 million, which each company is required to do in certain circumstances relating to termination of the merger agreement. See The Merger Agreement Termination beginning on page 85; and

- having had the focus of management of each of the companies directed toward the acquisition and integration planning instead of on each company s core business and other opportunities that could have been beneficial to the companies.

In addition, each company would not realize any of the expected benefits of having completed the merger.

If the merger is not completed, the price of Mitek common stock and/or the overall value of Parascript may decline to the extent that the current market price of Mitek common stock or the current value of Parascript reflects a market assumption that the acquisition will be completed and that the related benefits and synergies will be realized, or as a result of the market s perceptions that the merger was not consummated due to an adverse change in Mitek s or Parascript s business. In addition, Mitek s business and Parascript s business may be harmed, and the price of Mitek s stock and the overall value of Parascript may decline as a result, to the extent that customers, suppliers and others believe that the companies cannot compete in the marketplace as effectively without the merger or otherwise remain uncertain about the companies future prospects in the absence of the merger. Customers may delay, redirect or defer purchasing decisions, which could negatively affect the business and results of operations of Mitek and Parascript, regardless of whether the merger is ultimately completed. Similarly, current and prospective employees of Mitek and Parascript may experience uncertainty about their future roles with the resulting company and choose to pursue other opportunities that could adversely affect Mitek or Parascript, as applicable, if the merger is not completed. This may adversely affect the ability of Mitek and Parascript to attract and retain key management and marketing and technical personnel, which could harm the companies businesses and results.

In addition, if the merger is not completed and the Mitek board of directors or Parascript s manager determines to seek another acquisition or business combination, there can be no assurance that a transaction creating stockholder or unitholder value comparable to the value perceived to be created by this merger will be available to either Mitek or Parascript.

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If the merger is not completed, Mitek and Parascript cannot assure their stockholders and unitholders, respectively, that these risks will not materialize or materially adversely affect the business, financial results, financial condition and stock price of Mitek or overall value of Parascript.

The merger agreement limits Parascript s ability to pursue an alternative proposal to the merger and requires Parascript to pay a termination fee of $1 million if it does.

The merger agreement prohibits Parascript from soliciting, initiating, encouraging or facilitating certain alternative acquisition proposals with any third party, subject to exceptions set forth in the merger agreement. See The Merger Agreement Covenants beginning on page 75. The merger agreement also provides for the payment by Parascript of a termination fee of $1 million if the merger agreement is terminated in certain additional circumstances. See The Merger Agreement Termination beginning on page 81.

These provisions limit Parascript s ability to pursue offers from third parties that could result in greater value to Parascript s unitholders. The obligation to make the termination fee payment also may discourage a third party from pursuing an alternative acquisition proposal.

Mitek may be required to pay a termination fee of $1 million if its board of directors withdraws or modifies its recommendation to the Mitek stockholders.

The merger agreement requires Mitek to pay a termination fee of $1 million if its board of directors withdraws or modifies its recommendation to the stockholders of Mitek to vote in favor of the merger agreement due to any reason other than a reason or reasons arising from a material adverse effect on Parascript. The payment of this termination fee could have an adverse effect on the financial condition of Mitek.

We expect substantial transaction, consolidation and integration costs related to the merger.

If the merger is consummated, Mitek and Parascript will have incurred substantial expenses, including investment banking, legal, accounting and printing fees. It is expected that Mitek will also incur significant consolidation and integration expenses that cannot be accurately estimated at this time. These expenses could have an adverse effect on the business, financial condition and operating results of the combined company.

Certain individuals related to Parascript have unique interests in the consummation of the merger.

When considering the recommendation of Parascript s manager with respect to the merger, Parascript unitholders should be aware that some directors of Parascript s manager and executive officers of Parascript have interests in the merger that are different from, or are in addition to, the interests of the unitholders of Parascript. These interests include (i) the designation of certain officers of Parascript as officers of Mitek upon completion of the merger and the entry of certain Parascript officers into employment agreements with Mitek on the closing date; (ii) the grant to Mr. Gilb upon completion of the merger, of options to purchase shares of approximately 3% of the combined company s then outstanding and fully diluted shares of common stock, and; (iii) the grant to Mr. Filatov upon completion of the merger, of options to purchase shares of approximately 2% of the combined company s then outstanding and fully diluted shares of common stock. Parascript unitholders should consider these interests in conjunction with the recommendation of approval of the merger agreement and the merger.

Certain individuals related to Mitek have unique interests in the consummation of the merger.

When considering the recommendation of Mitek s Board of Directors with respect to the merger, Mitek stockholders should be aware that some executive officers and directors of Mitek have interests in the merger that are different from, or are in addition to, the interests of the stockholders of Mitek. These interests include (i) the entry of certain Mitek officers into employment agreements with Mitek on the closing date; (ii) the grant to Mr. DeBello upon completion of the merger, of options to purchase shares of approximately 3% of the

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combined company s then outstanding and fully diluted shares of common stock; and (iii) the grant to Mr. Hailemichael upon completion of the merger, of options to purchase shares of approximately 1% of the combined company s then outstanding and fully diluted shares of common stock.

Shares of Mitek common stock issued in connection with the merger will be subject to all of the risks associated with Mitek as combined with Parascript.

Parascript unitholders receiving shares of Mitek common stock in connection with the merger will be making an investment in Mitek and will be subject to all of the risks associated with an investment in shares of Mitek common stock.

Many of the Mitek shares issued to Parascript unitholders will be eligible for sale within a short period of time after closing, which could result in a high volume of sales by new Mitek shareholders. Holders of Parascript units will receive approximately 52 million shares of Mitek common stock in exchange for their units of Parascript upon the close of the transaction.

Risks Related to Parascript s Business

The following are risks related to Parascript business as currently conducted. Parascript and Mitek anticipate that immediately following the merger, a substantial part of the business of the combined company will be the business conducted by Parascript immediately prior to the merger. As a result, the following risks, and the risk factors set forth under the heading Risks Related to the Combined Company, are among the most significant you will face if the merger is completed.

Because Parascript derives a majority of its license revenue from sales of a single product line any decline in demand for that product line could severely harm its ability to generate revenue and its results of operations.

Parascript derives a majority of its revenue from licensing of a single product, AddressScript®, and related support, click fees and professional services revenue. In particular, Parascript s future success depends in part on continuing to license this product in new locations in addition to the increasing amount of click fees (royalties) and support fees. Much of this revenue is derived from the sale of bundled packages by integrators and strategic partners in which the Parascript product is an integral part of the processing system. Parascript s strategic partners have contractual arrangements with Parascript, but may have no obligation to renew these contracts in the future. In addition, there is no guarantee that the manufacturers will continue to sell the products containing the Parascript technology at the same rate or the same price as they currently are. If Parascript s products fail to meet the needs of its existing and target customers and partners, or if they do not compare favorably in price and performance to competing products, Parascript s growth will be limited. Parascript is particularly vulnerable to fluctuations in demand for these products, whether as a result of competition, product obsolescence, technological change, budget constraints of its potential customers or other factors. If revenue Parascript derives from these software products were to decline significantly, including as a result of customers not renewing subscriptions, its business and operating results would be adversely affected.

If Parascript fails to manage its direct and indirect sales channels, including sales to system integrators effectively, its sales could decline.

Parascript markets its products and related services both directly to end-users and through a variety of indirect sales channels, which primarily include system integrators and resellers.

Direct Sales. A portion of Parascript s revenue is derived from sales by its direct sales force to end-users. This sales channel involves a number of special risks, including:

- longer sales cycles associated with direct sales efforts;

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a limited market in terms of companies that have the capability of integrating Parascript s software directly into their operations;

difficulty in hiring, training, retaining and motivating a direct sales force; and

the requirement of a substantial amount of training for sales representatives to become productive and training that must be updated to cover new and updated products.

Integrator and Strategic Partners. A significant portion of Parascript s revenue is derived from sales through its integrator and strategic partners that incorporate Parascript s products into their products or bundle them with other software to create a processing solution for an end user. Parascript s reliance on this sales channel involves a number of special risks, including:

its lack of control over the shipping dates or volume of systems shipped;

its integrators are not subject to minimum sales requirements or any obligation to market Parascript s products to their customers;

its integrators may terminate or renegotiate their arrangements with Parascript and new terms may be less favorable in recognition of Parascript s increasingly competitive relationship with certain partners;

the development work that Parascript must generally undertake under agreements with strategic partners may require Parascript to invest significant resources and incur significant costs with little or no associated revenue;

the time and expense required for the sales and marketing organizations of Parascript s integrators to become familiar with its products may make it more difficult to introduce those products to the market;

Parascript s integrators and strategic partners may develop, market and distribute their own products and market and distribute products of Parascript s competitors, which could reduce Parascript s sales; and

if Parascript fails to manage its distribution channels successfully, its distribution channels may conflict with one another or otherwise fail to perform as Parascript anticipates, which could reduce Parascript s sales and increase its expenses, as well as weaken its competitive position.

Parascript s international sales and operations involve special risks that could increase its expenses, adversely affect its operating results and require increased time and attention of its management.

Less than 10% of Parascript s revenue is derived from customers located outside of the U.S. and Parascript has operations outside of the U.S., including sales, research and development and customer support. Parascript s international operations are subject to special risks in addition to those faced by its domestic operations, including:

potential loss of proprietary information due to piracy, misappropriation or laws that may be less protective of Parascript s intellectual property rights than those in the U.S.;

imposition of foreign laws and other governmental controls, including trade and employment restrictions;

fluctuations in currency exchange rates and economic instability such as higher interest rates and inflation, which could reduce its customers ability to obtain financing for software products or which could make its products more expensive in those countries;

difficulties in hedging foreign currency transaction exposures;

longer payment cycles for sales in foreign countries and potential difficulties in collecting accounts receivable;

difficulties in staffing, managing and operating international operations, including difficulties related to administering stock plans in some foreign countries;

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- difficulties in coordinating the activities of its geographically dispersed and culturally diverse operations;

- seasonal reductions in business activity in the summer months in Europe and in other periods in other countries;

- costs and delays associated with developing software in multiple languages; and

- war or terrorism, particularly in Russia, in which Parascript has facilities.

The market for some of Parascript s products appears to be reaching maturity which could result in Parascript retaining its market share, but finding that the market itself is shrinking.

There may be a time-limited opportunity to achieve and maintain a significant share of the check and remittance processing market as financial institutions have been promoting electronic payments which could significantly reduce the amount of check processing traffic. The reduction in the size of the check and remittance processing market could result in declining revenues which could have a negative effect on Parascript s operating results.

Similarly, if the volume of mail currently being handled in the United States decreases due to changes in technology, cultural changes or economic uncertainties, the effect on Parascript s ability to license new products as well as decrease royalty revenues from existing licenses could be significant. This decrease could have a negative effect on Parascript s operating results.

Parascript incurs considerable expenses to develop products for operating systems that are either owned by others or that are part of the open source community. If it does not receive cooperation in its development efforts from others and access to operating system technologies, Parascript may face higher expenses or fail to expand its product lines and revenues

Many of Parascript s products operate primarily on the Linux, UNIX and Windows computer operating systems. As part of Parascript s efforts to develop products for operating systems that are part of the open source community, Parascript may have to license portions of its products on a royalty free basis or may have to expose its source code. Open source describes general practices in production and development which promote access to the end product s sources. The open source community emphasizes collaborative development and requires licensing that allows modifications and enhancements of registered open source code be made available to whoever would like to use it. Developers who use open source code in proprietary products risk exposing the intellectual property developed in conjunction with the open source code to the public. Parascript continues to develop new products for these operating systems. It may not accomplish its development efforts quickly or cost-effectively, and it is not clear what the relative growth rates of these operating systems will be. Parascript s development efforts require substantial capital investment, the devotion of substantial employee resources and the cooperation of the owners of the operating systems to or for which the products are being ported or developed. If the market for a particular operating system does not develop as anticipated, or demand for Parascript s products and services in such market does not materialize or occurs more slowly than it expects, Parascript may have expended substantial resources and capital without realizing sufficient revenue, and its business and operating results could be adversely affected.

In addition, for some operating systems, Parascript must obtain from the owner of the operating system a source code license to portions of the operating system software to port some of its products to or develop products for the operating system. Operating system owners have no obligation to assist in these porting or development efforts. If they do not grant Parascript a license or if they do not renew its license, Parascript may not be able to expand its product lines into other areas.

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Parascript faces increasing competition, which places pressure on its pricing and which could prevent Parascript from increasing revenue or maintaining profitability. In addition, Parascript may face competition from better-established companies that have significantly greater resources.

The market for Parascript s products is intensely competitive and is likely to become even more so in the future. Parascript s current principal competitors may offer their products at a significantly lower price than Parascript s products, which has resulted in pricing pressures on sales of Parascript s products. Parascript also faces the possibilities of competitors achieving technological success rates that are comparable with Parascript s. In addition, pricing pressures and increased competition generally could result in reduced sales, reduced margins or the failure of Parascript s products to achieve or maintain more widespread market acceptance, any of which could have a material adverse effect on its business, results of operations and financial condition.

Parascript also faces current and potential competition from current strategic partners and integrators who may develop or acquire comparable pattern recognition software in an attempt to differentiate their systems. If device manufacturers can develop their own software that is as reliable as the Parascript products, the demand for Parascript s products will decrease. Furthermore, even if Parascript s products provide greater functionality and are more effective than certain other competitive products, potential customers might accept limited functionality as part of a bundled solution in lieu of purchasing separate products which require more administration. Many of Parascript s potential competitors have substantial competitive advantages, such as:

- greater name recognition and larger marketing budgets and resources;
- established marketing relationships and access to larger customer bases; and
- substantially greater financial, technical and other resources.

As a result, they may be able to respond more quickly and effectively than Parascript can to new or changing opportunities, technologies, standards or customer requirements. For the foregoing reasons, the combined company may not be able to compete successfully against Parascript s current and future competitors, and its results of operations could be adversely affected.

Parascript s growth could strain its personnel and infrastructure resources, and if it is unable to implement appropriate controls and procedures to manage its growth, Parascript may not be able to successfully implement its business plan.

Parascript continues to experience rapid growth in its operations, which has placed, and will continue to place, a significant strain on its management, administrative, operational and financial infrastructure. Parascript s future success will depend in part upon the ability of its senior management to manage growth effectively. This will require the combined company to hire and train additional personnel to manage its expanding operations. In addition, the combined company will be required to continue to improve its operational, financial and management controls and its reporting systems and procedures. If the combined company fails to successfully manage its growth, it will be unable to execute its business plan.

Parascript products may contain significant errors and failures, which may subject it to liability for damages suffered by end-users.

Software products frequently contain errors or failures, especially when first introduced or when new versions are released. Parascript s end-user customers use its products in applications that are critical to their businesses, including for signature verification and fraud protection, and may have a greater sensitivity to defects in Parascript s products than to defects in other, less critical software products. Particularly in the area of payment and remittance processing, through an error in or failure of Parascript s software products or as a result of the customer s misuse of Parascript s software products, the customer could suffer significant damages and seek to recover those damages from Parascript. Although Parascript s software licenses generally contain protective provisions limiting its liability, a court could rule that these provisions are unenforceable. If a

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customer is successful in proving its damages and a court does not enforce the protective provisions in Parascript s software licenses, Parascript could be liable for the damages suffered by its customers and other related expenses, which could adversely affect its operating results.

Product errors or failures could cause delays in new product releases or product upgrades, or Parascript s products might not work in combination with other hardware or software, which could adversely affect market acceptance of Parascript s products or a strategic partner s ability to integrate the Parascript software into its equipment. If Parascript s customers were dissatisfied with product functionality or performance, or if Parascript were to experience significant delays in the release of new products or new versions of products, it could lose competitive position and revenue and its business and operating results could be adversely affected.

Parascript s customer base is heavily concentrated.

Parascript relies heavily upon and derives the majority of its revenues from sales to two companies that provide products and service to the United States Postal Service under multiple licensing agreements. During 2005, 2004, and 2003, Parascript generated approximately 65%, 76% and 64%, respectively, of its revenue from these two companies. Parascript will continue to have a relatively highly concentrated customer base for the foreseeable future. If existing contracts with these customers are terminated or if either of these customers were to use other suppliers for the software products that Parascript currently provides, Parascript may not be able to replace the business. This could have a material adverse effect on Parascript s business.

A significant portion of Parascript s postal revenues are based upon performance-improvement contracts, under which payment amounts are contingent and uncertain.

A significant portion of Parascript s postal revenues are based upon performance-improvement contracts. Parascript is paid based on pre-negotiated process improvement metrics such as read rate, error reduction and depth of sort. Payments on performance improvement contracts are fully contingent and based on actual improvements versus a test sample deck. If Parascript is unable to provide actual improvements, Parascript s financial condition and results of operations would be adversely affected.

Failure to protect its intellectual property rights could impair Parascript s ability to protect its proprietary technology and establish the Parascript brand.

Intellectual property is critical to Parascript s success, and it relies upon trademark, copyright and trade secret laws in the United States and other jurisdictions as well as confidentiality procedures and contractual provisions to protect its proprietary technology and the Parascript brand. Any of its trademarks may be challenged by others or invalidated through administrative process or litigation. Parascript currently has four issued patents in the United States with three additional patents pending and six corresponding patents applied for internationally, and it may be unable to obtain further patent protection in the future. In addition, any issued patents may not provide Parascript with any competitive advantages, or may be challenged by third parties. Furthermore, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective patent, trademark, copyright and trade secret protection may not be available to Parascript in every country in which its products are available. The laws of some foreign countries may not be as protective of intellectual property rights as United States laws, and mechanisms for enforcement of intellectual property rights may be inadequate. As a result Parascript s means of protecting its proprietary technology and brands may not be adequate. Furthermore, despite its efforts, Parascript may be unable to prevent third parties from infringing upon or misappropriating its intellectual property, including the misappropriation or misuse of the content of its proprietary databases. Any such infringement or misappropriation could have a material adverse effect on Parascript s business, results of operations and financial condition.

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Parascript s operating results may be volatile and difficult to predict.

The susceptibility of Parascript s operating results to significant fluctuations makes any prediction, including Parascript s estimates of future operating results, unreliable. In addition, Parascript believes that period-to-period comparisons of its operating results are not necessarily meaningful and you should not rely on them as indications of Parascript s future performance. Parascript s operating results have in the past varied, and may in the future vary significantly due to factors such as the following:

- demand for its products;
- size and timing of significant orders for its products;
- slowdown or a decrease in spending on information technology by its current and/or prospective customers;
- marketing by its competitors of products that are directly competitive with its products;
- management, performance and expansion of its international operations;
- foreign currency exchange rate fluctuations;
- customers desire to consolidate their purchases of enterprise reporting and business intelligence software to one or a very small number of vendors from which a customer has already purchased software;
- general domestic and international economic and political conditions, including war, terrorism, and the threat of war or terrorism;
- sales cycles and sales performance of its indirect channel partners;
- changes in the way it and its competitors price their respective products and services, including maintenance and transfer fees;
- continued successful relationships and the establishment of new relationships with integrators;
- changes in its level of operating expenses and its ability to control costs;
- outcome or publicity surrounding any pending or threatened lawsuits;
- ability to make new products and product enhancements commercially available in a timely manner;

- budgeting cycles of its customers;
- failure to successfully manage its acquisitions;
- defects in its products and other product quality problems;
- failure to successfully meet hiring needs and unexpected personnel changes;
- changes in perpetual licensing models to term or subscription-based models with respect to which license revenue is not fully recognizable at the time of initial sale; and
- changes in service models with respect to which consulting services are performed on a fixed-fee, rather than variable fee, basis.

Because the Parascript software products are typically shipped shortly after orders are received, total revenues in any quarter are substantially dependent on orders booked and shipped throughout that quarter. Furthermore, several factors may require Parascript, in accordance with accounting principles generally accepted in the United States, to defer recognition of license fee revenue for a significant period of time after entering into a license agreement, including:

- Whether the license agreement includes both software products that are then currently available and software products or other enhancements that are still under development;
- Whether the license agreement relates entirely or partly to software products that are currently not available;

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Whether the license agreement requires the performance of services that may preclude revenue recognition until successful completion of such services;

Whether the license agreement includes acceptance criteria that may preclude revenue recognition prior to customer acceptance; and

Whether the license agreement includes undelivered elements (including limited terms or durations) that may preclude revenue recognition prior to customer acceptance.

Parascript s business historically has been seasonal.

Parascript s business historically has been seasonal. Results for any quarter are not necessarily indicative of the results that may be achieved for a full fiscal year. Parascript s quarterly revenues have historically been highest in the fourth calendar quarter, corresponding to the typical installation and completion cycles of its largest integrators. Based on the historically higher revenues in the fourth quarter and the relatively consistent nature of Parascript s fixed costs throughout the year, Parascript has typically generated a very significant percentage of its full year profits during the calendar fourth quarter. Since Parascript typically earns a disproportionate part of its annual profits in the calendar fourth quarter as a result of the seasonal buying patterns, it is difficult to forecast future results with certainty. If for any reason Parascript s revenues fall below those normally expected during its fourth quarter, Parascript s business, financial condition, and results of operations could be adversely affected.

If Parascript is sued by third parties for alleged infringement of their proprietary rights, its results of operations could suffer.

The software and pattern recognition software industry is characterized by the existence of a large number of patents, trademarks and copyrights and by frequent litigation based on allegations of patent infringement or other violations of intellectual property rights. As the number of entrants into Parascript s market increases, the possibility of an intellectual property claim against it grows. Parascript s technologies and products may not be able to withstand any third-party claims or rights against their use. Any intellectual property claims, with or without merit, could be time-consuming and expensive to litigate or settle, and could divert management attention from executing its business plan. There can be no assurance that Parascript would be successful in any such suit.

Changing regulations in the check and remittance processing industry may affect Parascript adversely.

As electronic payment processing continues to evolve, increasing regulation by federal, state or foreign agencies becomes more likely. Such regulation is likely in the areas of electronic transmission, non-signature check verification, and digital processing. Any of these could potentially have a material adverse effect on Parascript s business, results of operations and financial condition.

Risks Related to Mitek

The following are risk related to Mitek s business as currently conducted. Parascript and Mitek anticipate that immediately following the merger, a substantial part of the business of the combined company will be the business conducted by Mitek immediately prior to the merger. As a result, the following risks, and the risk factors set forth under the heading Risks Related to the Combined Company, are among the most significant you will face if the merger is completed.

Mitek currently derives substantially all of its product revenues from a single product line.

Mitek currently derives substantially all of its product revenues from licenses and sales of software products incorporating its intelligent recognition technology. Because most of Mitek s revenues are from a single type of

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technology, product concentration may make it especially vulnerable to market demand and competition from other technologies, which could reduce Mitek s revenues and cause it to be unable to continue its business. As a result, any decline in the demand for automated entry of hand printed characters, negative publicity or obsolescence of the software environments in which its products operate could result in lower revenues or gross margins and would have a material adverse effect on Mitek s business, operating results and financial condition.

The market price of Mitek s securities prior to the merger has been and likely will continue to be highly volatile and could be subject to wide fluctuations in response to a number of factors that are beyond its control, including:

- announcements of technological innovations or new products or services by its competitors;
- demand for its products, including fluctuations in subscription renewals;
- changes in the pricing policies of its competitors; and
- changes in government regulations.

In addition, the market price of the combined company s securities could be subject to wide fluctuations in response to a number of factors, including:

- announcements of technological innovations or new products or services by Parascript;
- changes in its pricing policies;
- quarterly variations in its revenues and operating expenses; and
- its technological capabilities to accommodate the future growth in its operations or its customers.

Further, the stock market has experienced significant price and volume fluctuations that have particularly affected the market price of the stock of many Internet-related companies, and that often have been unrelated or disproportionate to the operating performance of these companies. Market fluctuations such as these may seriously harm the market price of Mitek s securities. In the past, securities class action suits have been filed following periods of market volatility in the price of a company s securities. If such an action were instituted, Mitek would incur substantial costs and a diversion of management attention and resources, which would seriously harm its business, results of operations and financial condition.

The market for Mitek s products is intensely competitive.

The market for Mitek s ADR products is intensely competitive, subject to rapid change and significantly affected by new product introductions and other market activities of industry participants. Mitek faces direct and indirect competition from a broad range of competitors who offer a variety of products and solutions to its current and potential customers. Mitek s principal competition comes from (i) customer-developed solutions; (ii) direct competition from companies offering automated document processing systems; (iii) companies offering competing technologies capable of recognizing hand-printed and cursive characters; and (iv) direct competition from companies offering check imaging systems to banks.

Mitek may also face competition from new competitors. Moreover, as the market for automated document processing, ICR, check imaging and fraud detection software develops, a number of companies with significantly greater resources than Mitek could attempt to enter or increase their presence in its market either independently or by acquiring or forming strategic alliances with Mitek s competitors or to otherwise increase their focus on the industry. In addition, current and potential competitors have established or may establish cooperative relationships among themselves or with third parties to increase the ability of their products to address the needs of Mitek s current and prospective customers. Many of Mitek s competitors have existed longer and have far greater financial resources and industry connections than Mitek has. Increased competition may result in price reductions, reduced gross margins, and loss of market share, any of which could have a material adverse effect on the Mitek s business, operating results and financial condition.

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Mitek s quarterly operating results are subject to significant fluctuation.

Mitek s quarterly operating results have in the past and may in the future vary significantly depending on factors including the timing of customer projects and purchase orders, new product announcements and releases by Mitek and other companies, gain or loss of significant customers, price discounting of its products, the timing of expenditures, customer product delivery requirements, availability and cost of components or labor and economic conditions generally and in the information technology market specifically. Any unfavorable change in these or other factors could have a material adverse effect on Mitek s operating results for a particular quarter, which may cause downward pressure on Mitek s common stock price. Mitek expects quarterly fluctuations to continue for the foreseeable future.

The protection of Mitek s proprietary rights may be inadequate.

Mitek s success and ability to compete is dependent in part upon its proprietary technology. Mitek relies on a combination of patent, copyright and trade secret laws and non-disclosure agreements to protect its proprietary technology. Mitek may seek to file additional patents to expand the scope of patent coverage or to cover technologies under development. There can be no assurance that patents will be issued with respect to future patent applications or that Mitek s patents will be upheld as valid or will prevent the development of competitive products.

Mitek also seeks to protect its intellectual property rights by limiting access to the distribution of its software, documentation and other proprietary information. In addition, it enters into confidentiality agreements with its employees and certain customers, vendors and strategic partners. There can be no assurance that the steps Mitek takes in this regard will be adequate to prevent misappropriation of its technology or that Mitek s competitors will not independently develop technologies that are substantially equivalent or superior to its technologies.

Mitek is also subject to the risk of adverse claims and litigation alleging infringement on the intellectual property rights of others. In this regard, third parties may assert infringement claims in the future with respect to Mitek s current or future products and any such claims may require Mitek to enter into license arrangements or result in protracted and costly litigation, regardless of the merits of such claims. No assurance can be given that any necessary licenses will be available or that, if available, such licenses can be obtained on commercially reasonable terms.

Section 404 and other regulatory requirements may cause Mitek to incur increased costs and operating expenses and may make it more difficult for Mitek to attract and retain qualified officers and directors.

Mitek is not yet subject to Section 404 of the Sarbanes-Oxley Act of 2002; however when applicable, Section 404 will cause Mitek to incur significant increased costs as it implements and responds to its requirements. The standards that must be met for management to assess its internal controls over financial reporting under Section 404 are complex and require significant documentation, testing and possible remediation. This ongoing process of reviewing, documenting and testing Mitek s internal controls over financial reporting will likely result in, a significant strain on Mitek s management, information systems and resources. Furthermore, achieving and maintaining compliance with Section 404, other requirements of Sarbanes-Oxley and other constantly evolving rules and regulations will require Mitek to either hire additional personnel on contract with external sources and will continue to require it to use additional outside legal, accounting and advisory services.

Mitek s success is dependent on its key technical and management personnel.

Mitek s success depends in large part on the continued service of its key technical and management personnel. Mitek does not currently have employment contracts with, or key person life insurance policies on,

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any of its employees. Loss of services of key employees could have a material adverse effect on Mitek s operations and financial condition. Mitek is also dependent on its ability to identify, hire, train, retain and motivate high quality personnel, especially highly skilled engineers involved in the ongoing developments required to refine its technologies and to introduce future applications. The high technology industry is characterized by a high level of employee mobility and aggressive recruiting of skilled personnel. Mitek can make no assurances that it will be successful in attracting, assimilating and retaining additional qualified personnel in the future. If Mitek were to lose the services of one or more of its key personnel, or if it failed to attract and retain additional qualified personnel, it could materially and adversely affect its customer relationships, competitive position and revenues.

Mitek s stockholders will no longer control Mitek as a result of the merger and the merger financing.

The merger will result in a change of control of Mitek. Upon completion of the merger and on a fully-diluted and as-if converted basis, current Mitek stockholders will own approximately 22% of the company, Parascript unitholders will own approximately 55% and Plainfield will own approximately 23%. (Does not include certain shares of the combined company to be issued to certain officers thereof upon completion of the merger. Please see Agreements with Executive Officers Following the Merger on page 125.) Because Mitek stockholders will not control Mitek, they will not have the ability to control the election of directors or the adoption of proposals which require stockholder approval.

Risks Related to the Combined Company

Mitek and Parascript may be unable to successfully integrate their businesses and achieve the benefits expected to result from the merger.

Mitek and Parascript entered into the merger agreement with the expectation that the merger will result in mutual benefits including, among other things, shared administrative costs resulting in lower total expenses, improved research and development through a larger combined research group and the sharing of previously proprietary development, more complete products creating the possibility of better market share and better employee benefits due to a larger employee base after the combination. Achieving the benefits of the merger will depend in part on the integration of Mitek s and Parascript s operations and personnel in a timely and efficient manner so as to minimize the risk that the merger will result in the loss of market opportunity or key employees or the diversion of the attention of management. Factors that could affect Mitek s ability to achieve these benefits include:

- Difficulties in integrating and managing personnel, financial reporting and other systems used by Parascript into Mitek;
- The failure of Parascript s operations to perform in accordance with Mitek s expectations;
- Any future goodwill impairment charges that Mitek may incur with respect to the assets of Parascript;
- Failure to achieve anticipated synergies between Mitek s business units and the business units of Parascript;
- The loss of Parascript s customers; and
- The loss of any of the key employees of Parascript.

If the combination of the Parascript and Mitek businesses do not occur as planned, the businesses of each of Parascript and Mitek could be materially harmed.

Mitek and Parascript may be unable to realize the expected cost savings from the merger.

Even if Parascript and Mitek are able to successfully integrate the operations of the two companies, we cannot assure you that this integration will result in the realization of the full benefits of the cost savings or revenue enhancements that the companies expect or that these benefits will be achieved within the timeframe

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anticipated. The cost savings from the merger may be offset by costs incurred in integrating Parascript s and Mitek s operations, as well as by increases in other expenses, by operating losses or by problems with Mitek s or Parascript s businesses unrelated to the acquisition.

If the combined company is unable to maintain and expand, or enter into new, indirect sales channels relationships its operating results would decline.

Parascript s indirect sales channels accounted for approximately 28.9% and 33.4% of its revenues in 2005 and 2004, respectively. The combined company intends to continue to rely on Parascript s indirect sales channels for a significant portion of its revenue. Parascript depends on its indirect sales channels, including system integrators and resellers to offer its products to a larger customer base than can be reached through a direct sales effort. None of these parties is obligated to continue selling Parascript s products or to make any purchases from Parascript. If they are unsuccessful in their efforts or are unwilling or unable to market and sell Parascript s new product offerings, Parascript s operating results will suffer. Parascript cannot control the level of effort these parties expend or the extent to which any of them will be successful in marketing and selling its products. Some of Parascript s indirect sales channels also market and sell products that compete with Parascript s products or may decide to do so in the future. Parascript may not be able to prevent these parties from devoting greater resources to support its competitors products and/or eliminating their efforts to sell its products.

If the combined company is not able to develop new and enhanced products that achieve widespread market acceptance, it may be unable to recover product development costs, and its earnings and revenue may decline.

Recent changes in banking laws arising from the Check Clearing for the 21st Century Act (Check 21) have created an additional immediate need for banks to be able to process, verify and handle digital copies of checks. While Parascript has developed a product to address these new regulations, there is no certainty that the product will be accepted into the market, will reach the technological superiority of many of the other Parascript products or will be accepted and purchased by financial institutions as a solution to the challenges presented by Check 21. If companies do not address these emerging trends and laws, then the market for Parascript s products may develop more slowly than it expects, which could adversely affect its operating results. Developing and maintaining awareness of the Parascript brand is critical to achieving widespread acceptance of Parascript s existing and future products. Furthermore, Parascript believes that the importance of brand recognition will increase as competition in its market develops. Successful promotion of the Parascript brand will depend largely on the effectiveness of the combined company s marketing efforts and on its ability to develop reliable and useful products at competitive prices. If the combined company fails to successfully promote the Parascript brand, or if its expenses to promote and maintain the Parascript brand are greater than anticipated, its results of operations and financial condition could suffer.

Mitek intends to finance the business combination with Parascript with $95.0 million in debt financing. The combined company s ability to make required payments of principal and interest on the debt depends primarily on cash flow from operations, which may not be sufficient to service the debt.

In order to finance the merger Mitek intends to secure financing from Plainfield Offshore Holdings VIII Inc. Such financing will be provided in the form of a $55 million senior secured term facility at LIBOR plus 7.5% interest in the first year (interest rate as of September 30, 2006 was 12.87%), up to $5 million revolving line of credit at either LIBOR plus 7.5% interest in the first year or a rate based on the prime rate or federal funds rate plus 6.5% in the first year and the sale and issuance of $35 million senior subordinated convertible notes at 9.75% interest. The $55 million Senior Secured Term Facility will require quarterly payments of interest only commencing . X, 200X, and quarterly principal payments of $2,500,000 commencing in the fourth year after the financing, with any remaining principal balance due and payable at the end of the fifth year. The $35 million senior subordinated convertible notes will require quarterly payments of interest in cash or, prior to the fourth anniversary of the issuance of the notes, by adding to the principal of the senior subordinated convertible notes commencing on X, 2006 and the principal balance due and payable on the sixth anniversary of the date of issuance. See Financing the Merger below. Based on current interest rates, the quarterly cash interest payment associated with the Plainfield senior secured term facility and the senior subordinated convertible notes, beginning in the first calendar quarter of 2007, would be approximately , but interest rates could increase, resulting in a correspondingly higher rate of interest on the facilities. The actual required cash payments on the senior subordinated convertible notes will vary depending on whether and to what extent Mitek chooses to pay interest on the senior subordinated convertible notes by adding to the principal amount of the notes and the amount, if any, of the senior subordinated convertible notes which are converted into Mitek common stock.

The combined company s ability to make scheduled quarterly interest payments after year three of the senior subordinated convertible notes primarily will depend on its future performance and working capital, including its ability to increase revenues and cash flows. To a certain extent its ability to increase revenues and control costs are subject to a number of economic, financial, competitive, regulatory and other factors beyond its control. Mitek and Parascript believe that the combined company should have adequate available cash, available funds under the credit facility and cash flows from operations to meet its anticipated future requirements for working capital, capital expenditures, and scheduled payments of principal and interest on its debt through December 31, 2007.

However, if the combined company s cash flow is insufficient to enable us to service our debt, we may be forced to find alternative sources of financing, or to take further drastic measures, including significantly reducing operations, seeking to sell the company or significant assets, or pursuing liquidation. Any future alternative sources of debt or equity financing may not be available to us when needed or in amounts required and may not be permitted under the credit facilities or the senior subordinated convertible notes, and we currently do not have available to us a bank line of credit or other general borrowing facility. Alternatively, we may be forced to attempt to negotiate with our debt holders on our payment terms, which may not be successful or may be on terms onerous to us.

Upon completion of the merger Plainfield could exert considerable influence on Mitek by converting all or a substantial portion of the $35 million in subordinated convertible notes it is being issued in the merger.

Funding for the merger is to be provided by a combination of $35 million in subordinated convertible notes, $55 million in senior secured debt and a $5 million revolving line of credit from Plainfield. The senior subordinated notes will initially be convertible into approximately 21.9 million shares of Mitek common stock at a conversion price of $1.60 per share, subject to adjustment. Upon completion of the merger and on a fully-diluted basis, Plainfield will own approximately 23% of the common stock of Mitek on an as-if converted basis (not including certain shares of the combined company to be issued to certain officers thereof upon completion of the merger please see Agreements with Executive Officers Following the Merger on page 125). This high percentage of ownership could allow Plainfield to exert considerable influence over stockholder voting, such as regarding the election of directors or the adoption of other proposals presented to stockholders. To the extent Plainfield continues to hold a substantial portion of the secured debt after the closing of the financing, it will have interests which are different from those of other Mitek stockholders, and Plainfield may vote in a manner that is in alignment with its position as a Mitek creditor, rather than as a Mitek stockholder.

We are granting a blanket security interest in substantially all of our assets to the holders of our secured debt. If we are unable to make our required payments on the debt, or any other event of default under the credit facilities documents occurs, it could have a material adverse effect on our business and operations, and the debt holders may foreclose on our assets.

As part of our secured debt financing with Plainfield, we are granting to Plainfield a blanket security interest in substantially all of our assets. See Financing the Merger below. In the event we default in payment on the debt, or any other event of default occurs under the credit facilities documents, 100% of the outstanding principal amount under the credit facilities documents and accrued interest thereon may be accelerated and be due and payable in full. Events of default include, among others, the following:

- a failure to pay interest within three business days of when due or a failure to pay any principal payments on the loans;

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- a breach by us of any covenant or term or condition in the credit facilities documents (subject to a 30-day cure right for certain covenants, conditions or agreements);

- a breach by us of any representation or warranty in any material respect made in connection with any credit facilities documents;

- if we make an assignment for the benefit of our creditors, or a receiver or trustee is appointed for us, or any form of bankruptcy or insolvency proceeding is instituted by us, or any involuntary proceeding is instituted against us (and, in the case of such involuntary proceedings, continue undismissed or unstayed for 60 days); and

- the filing of any money judgment or similar final process against us for more than $1,000,000, which remains undischarged or unstayed for a period of 30 days.

The cash required to pay such accelerated amounts under the credit facilities documents following an event of default would most likely come out of our working capital. As we rely on our working capital for our day to day operations, such a default could have a material adverse effect on our business, operating results, or financial condition to such extent that we are forced to restructure, file for bankruptcy, sell assets or cease operations. In addition, upon an event of default, the holders of the secured debt could foreclose on our assets or exercise any other remedies available to them. If our assets were foreclosed upon, we were forced to file for bankruptcy or cease operations, stockholders may not receive any proceeds from disposition of our assets and may lose their entire investment in our stock.

The proposed credit facility may not be sufficient for our capital requirements.

While we believe that the proposed credit facility is sufficient, together with cash on hand and cash generated from operations, to finance our operations for the next twelve months, we can make no assurance that we will not need additional financing during the next twelve months or beyond. Actual sales, expenses, market conditions or other factors which could have a material effect upon us could require us to obtain additional financing. If such financing is not available, is not permitted under the terms of the credit facilities documents or senior subordinated convertible notes, or if available and permitted, is not available on reasonable terms, it could have a material adverse effect upon our results of operations and financial condition.

The combined company s business strategy includes possible growth through acquisitions, which involve special risks that could increase the combined company s expenses, and divert the time and attention of management.

As part of its business strategy subsequent to the business combination, the combined company will contemplate the future acquisition of other businesses, business units and technologies. Acquisitions involve a number of special risks and challenges, including:

- diversion of management s attention from Parascript s business;

- integration of acquired business operations and employees into its existing business, including coordination of geographically dispersed operations, which can take longer and be more complex than initially expected;

- incorporation of acquired products and business technologies into existing product lines, including consolidating technology with duplicative functionality or designed on different technological architecture, and the ability to sell the acquired products through existing or acquired sales channels;

- loss or termination of employees, including costs associated with the termination of those employees;

- dilution of then-current stockholders percentage ownership;

dilution of earnings if synergies with the acquired businesses are not achieved;

inability to generate sufficient revenue to offset acquisition or investment costs;

assumption of liabilities of the acquired businesses, including litigation related to alleged liabilities of the acquired businesses;

presentation of a unified corporate image to customers and employees;

increased costs and efforts in connection with compliance with Section 404 of the Sarbanes-Oxley Act; and

risk of impairment charges related to potential write-down of acquired assets in future acquisitions.

The combined company cannot provide any assurance that any future acquisitions will achieve the desired objectives. If the combined company fails to properly evaluate and execute acquisitions or investments, its business and prospects may be seriously harmed.

We must continue extensive research and development in order to remain competitive. If our products fail to gain market acceptance, our business, operating results and financial condition could be materially adversely affected by lower sales.

Our ability to compete effectively with our character recognition product line will depend upon our ability to meet changing market conditions and develop enhancements to our products on a timely basis in order to maintain our competitive advantage. Rapidly advancing technology and rapidly changing user preferences characterize the markets for products incorporating character recognition technology. Our continued growth will ultimately depend upon our ability to develop additional technologies and attract strategic alliances for related or separate product lines. There can be no assurance that we will be successful in developing and marketing product enhancements and additional technologies, that we will not experience difficulties that could delay or prevent the successful development, introduction and marketing of these products, or that our new products and product enhancements will adequately meet the requirements of the marketplace, will be of acceptable quality, or will achieve market acceptance.

If our new products fail to gain market acceptance, our business, operating results and financial condition would be materially adversely affected by the lower sales. If we are unable, for technological or other reasons, to develop and introduce products in a timely manner in response to changing market conditions or customer requirements, our business, operating results and financial condition may be materially and adversely affected by lower sales.

We do not intend to pay dividends in the foreseeable future.

Once the merger has been completed, we intend to retain earnings, if any, for use in the operation and expansion of our business and, therefore, do not anticipate paying any dividends in the foreseeable future.

Product defects could cause substantial damage to the combined company s reputation and operating results.

If the combined company s products have product defects, it could damage the combined company s reputation, revenues, profitability and result in other costs, any of which could adversely affect the combined company s operating results which could cause its common stock price to go down.

The parties products are extremely complex and are constantly being modified and improved, and as such they may contain undetected defects or errors when first introduced or as new versions are released. As a result, the parties could in the future face loss or delay in recognition of revenues as a result of software errors or defects. In addition, the parties products are typically intended for use in applications that are critical to a customer s business. As a result, the parties believe that its customers and potential customers have a greater sensitivity to product defects than the market for software products generally.

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There can be no assurance that, despite its testing, errors will not be found in new products or releases after commencement of commercial shipments, resulting in loss of revenues or delay in market acceptance, diversion of development resources, damage to the combined company s reputation, adverse litigation, or increased service and warranty costs, any of which would have a material adverse effect upon its business, operating results and financial condition.

The planned reverse stock split may have an adverse effect on our market capitalization and stock price.

The intention of Mitek and Parascript is that Mitek will engage in a reverse split of its common stock after the close of the merger in order to satisfy the minimum market price requirement for listing securities on the NASDAQ Capital Market. See, Risk Factors, Intended NASDAQ Listing. A reverse split may have the effect of causing a reduction in the total market capitalization of Mitek, in which case securities held by investors may experience a corresponding drop in market value.

The ability of the combined company to list its common stock on the NASDAQ Capital Market is subject to various factors and uncertainties.

The listing of the common stock of Mitek on the NASDAQ Capital Market will be subject to numerous factors, including compliance with the NASDAQ listing requirements. Mitek and Parascript anticipate that Mitek will be required to undertake a reverse stock split after the close of the merger in order to satisfy the minimum market price requirement for listing securities on the NASDAQ Capital Market. See, Risk Factors, Planned Reverse Split. No assurance can be made that the intended reverse stock split will occur, that it will result in the common stock of Mitek meeting the minimum market price requirement for listing securities, or that it will be able to list, or maintain any listing of, its common stock on the NASDAQ Capital Market.

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THE SPECIAL MEETINGS

Mitek Special Meeting

General; Date; Time and Place

This joint proxy statement/prospectus is being provided by, and the enclosed proxy is solicited by and on behalf of, Mitek s board of directors for use at a special meeting of Mitek stockholders. This joint proxy statement/prospectus is first being furnished to stockholders of Mitek on or about [ ], 2006.

A special meeting of stockholders of Mitek Systems, Inc., a Delaware corporation, will be held on [ ], [ ], 2006, at [ ] a.m., Central Time, at [ ].

Purpose of the Special Meeting

The purpose of the special meeting is:

1. To consider and vote upon the issuance of Mitek stock pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of September 18, 2006, by and among Mitek, Mitek Acquisition Sub, LLC, Parascript, and Parascript Management, Inc., as member representative.

2. To consider and vote upon an amendment to Mitek s certificate of incorporation to change the corporate name of Mitek to Parascript, Inc.

3. To consider and vote upon an amendment to Mitek s certificate of incorporation to increase the number of authorized shares of Mitek common stock by 160,000,000 shares, from 40,000,000 to 200,000,000 which is necessary to provide Mitek with a sufficient number of authorized shares of common stock to issue in connection with the merger and to reserve for issuance upon conversion of the senior subordinated convertible notes.

4. To consider and vote upon the issuance of debt which is convertible into shares of common stock of Mitek, the proceeds of which will be used to effect the merger.

5. To consider and vote upon an amendment to the Mitek Systems, Inc. 2006 Stock Option Plan to increase the number of shares of Mitek common stock available for issuance under the plan by 22,000,000 shares to 23,000,000 shares, and to increase the maximum number of shares which can be granted to one person in any one year to 3,500,000.

6. To authorize the Mitek board of directors to amend in its discretion Mitek s certificate of incorporation to effect a reverse stock split of Mitek s issued and outstanding shares of common stock, at such ratio between 1:4 to 1:8 to be determined by the Mitek board of directors, which may be desirable for Mitek to list its common stock on NASDAQ upon completion of the merger with Parascript, as described in this joint proxy statement/prospectus.

7. To consider and vote upon a proposal to approve one or more adjournments of 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 proposals.

Consummation of the merger is conditioned on the adoption of Mitek proposals 1 through 5.

Board Recommendation

The Mitek board of directors unanimously recommends that proposals 1 through 7 above be approved by the Mitek stockholders and that the Mitek stockholders vote FOR the approval of proposals 1 through 7 above.

Record Date; Voting Power

Only holders of shares of Mitek common stock as of the close of business on [ ], 2006, which is the record date for the Mitek special meeting, will be entitled to receive notice of and to vote at the Mitek special

meeting and any adjournments or postponements thereof. Because many of such shares are held by brokers and other institutions on behalf of stockholders, Mitek is unable to estimate the total number of stockholders represented by these record holders. At the close of business on the record date, [ ] shares of Mitek common stock were issued and outstanding. Each share of Mitek common stock entitles the holder thereof to one vote on each matter submitted for stockholder approval. See Security Ownership of Certain Beneficial Owners and Officers and Directors of Mitek on page 123 of this joint proxy statement/prospectus for information regarding persons known to the management of Mitek to be the beneficial owners of more than 5% of the outstanding shares of Mitek common stock.

Required Vote; Quorum

The holders of a majority of the shares of the Mitek common stock outstanding on the record date must be present, either in person or by proxy, at the Mitek special meeting to constitute a quorum. Abstentions and broker non-votes are counted as present or represented at the special meeting for the purpose of determining a quorum for the Mitek special meeting.

The affirmative vote of the holders of a majority of the shares present at the Mitek special meeting, in person or by proxy, is required for approval of Mitek proposals 1, 4, 5 and 7. Approval of Mitek proposals 2, 3 and 6 requires the affirmative vote of holders of a majority of the Mitek common stock having voting power outstanding on the record date for the Mitek special meeting. Votes will be counted by the inspector of election appointed for the meeting, who will separately count For and Against votes, abstentions and broker non-votes. Abstentions will be counted towards the vote total for each proposal and will have the same effect as Against votes. Brokers holding shares of Mitek common stock as nominees will not have discretionary authority to vote shares in the absence of instructions from the beneficial owners thereof, so the failure to provide voting instructions to your broker will have no effect and will not be counted towards the vote total for Mitek proposals 1, 4, 5 and 7. Broker non-votes will have the same effect as Against votes for Mitek proposals 2, 3 and 6.

The obligation of Mitek and Parascript to consummate the merger is subject to, among other things, the condition that the Mitek stockholders approve the issuance of Mitek stock pursuant to the merger agreement. If Mitek s stockholders fail to approve the issuance of Mitek stock or the merger is not consummated by March 31, 2007, both Mitek and Parascript have the right to terminate the merger agreement. See The Merger Agreement Termination beginning on page 81.

How to Vote

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

If you are a stockholder of record of Mitek as of the applicable record date referred to above, you may vote in person at the Mitek special meeting or vote by proxy using the enclosed proxy card. Whether or not you plan to attend the Mitek special meeting, Mitek urges you to vote by proxy to ensure your vote is counted. You may still attend the Mitek special meeting and vote in person if you have already voted by proxy.

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

To vote using the proxy card, simply mark, sign and date your proxy card and return it promptly in the postage-paid envelope provided. If you return your signed proxy card to Mitek before the Mitek special meeting, Mitek will vote your shares as you direct.

All properly executed proxies that are not revoked will be voted at the Mitek special meeting and at any adjournments or postponements of the Mitek special meeting in accordance with the instructions contained in the proxy. If a holder of Mitek common stock executes and returns a proxy and does not specify otherwise, the

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shares represented by that proxy will be voted FOR each of the Mitek proposals. If you have questions or requests for assistance in completing and submitting proxy cards, please contact Ms. Martha Mijango, our Stock Transfer Agent, Mellon Shareholder Services at 213-553-9718 or e-mail at Mijango.m@mellon.

Revocation of Proxy

All properly executed proxies that are not revoked will be voted at the Mitek special meeting as instructed on those proxies. Proxies containing no instructions will be voted in favor of each of the Mitek proposals. A Mitek stockholder who executes and returns a proxy may revoke it at any time before it is voted. A proxy may be revoked by either:

- giving written notice of revocation; or
- executing and returning a new proxy bearing a later date; or
- attending the Mitek special meeting and voting in person.

Revocation of a proxy by written notice or execution of a new proxy bearing a later date should be submitted to Tesfaye Hailemichael, Secretary, Mitek Systems, Inc., 8911 Balboa Ave, Ste B, San Diego, California 92123.

Expenses of Solicitation

Mitek will bear the costs of soliciting proxies from its stockholders. Also, each of Mitek and Parascript has agreed to bear its own expenses incurred in connection with filing, printing and mailing this joint proxy statements/prospectus. In addition to soliciting proxies by mail, directors, officers and employees of Mitek, without receiving additional compensation therefore, may solicit proxies by telephone, by facsimile or in person. Arrangements may also be made with brokerage firms and other custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of shares held of record by such persons, and Mitek will reimburse the brokerage firms, custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred by them in connection therewith. In addition, Mellon Investor Services Corporation has been retained by Mitek to assist in the solicitation of proxies. Mellon Investor Services Corporation may contact holders of shares of Mitek common stock by mail, telephone, facsimile, telegraph and personal interviews and may request brokers, dealers and other nominee stockholders to forward materials to beneficial owners of shares of Mitek common stock. Mitek will pay to Mellon Investor Services Corporation reasonable and customary compensation for its services (estimated at $ and reimburse Mellon Investor Services Corporation for certain reasonable out-of-pocket expenses.

Parascript Special Meeting

General; Date; Time and Place

This joint proxy statement/prospectus is being provided by, and the enclosed proxy is solicited by and on behalf of, Parascript s manager for use at a special meeting of Parascript unitholders.

A special meeting of unitholders of Parascript, LLC, a Wyoming limited liability company, will be held on [ ], [ ], 2006, at [ ] a.m., Mountain Time, at [ ].

Purpose of the Special Meeting

The purpose of the special meeting is to:

1. Approve and adopt the merger agreement, dated as of September 18, 2006, by and among Mitek Systems, Inc., Mitek Acquisition Sub, LLC, Parascript and Parascript Management, Inc., as member representative, and the transactions contemplated by the merger agreement.

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2. Consider and vote upon a proposal to approve one or more adjournments of 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 above proposals.

Manager Recommendation

Parascript s manager unanimously recommends that proposals 1 and 2 above be approved by the Parascript unitholders and that the Parascript unitholders vote FOR the approval of proposals 1 and 2 above.

Record Date; Voting Power

Only holders of Parascript units as of the close of business on [ ], 2006, which is the record date for the special meeting, will be entitled to receive notice of and to vote at the Parascript special meeting and any adjournments or postponements thereof. At the close of business on the record date, there were [ ] common units and [ ] preferred units outstanding. Each Parascript unit entitles the holder thereof to one vote on each matter submitted for member approval. See Security Ownership of Certain Beneficial Owners and Officers and Directors of Parascript on page 124 of this joint proxy statement/prospectus for information regarding persons known to the manager of Parascript to be the beneficial owners of more than 5% of the outstanding Parascript units.

Required Vote; Quorum

The holders of a majority of the outstanding Parascript units on the record date must be present, either in person or by proxy, at the Parascript special meeting to constitute a quorum. In general, abstentions are counted as present or represented at the Parascript special meeting for the purpose of determining a quorum for the Parascript special meeting.

The affirmative vote of the holders of at least 70% of the units voting as a single class is required for approval of proposal 1 above. Even if you plan to attend the special meeting in person, we request that you sign and return the enclosed proxy and thus ensure that your shares will be represented at the special meeting if you are unable to attend. If you sign, date and mail your proxy card without indicating how you wish to vote, your proxy will be counted as a vote in favor of the approval and adoption of the merger agreement and the approval of the merger and an adjournment of the Parascript special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of proposal 1.

Because the required vote of the Parascript unitholders with respect to the merger agreement is based upon the total number of outstanding units of Parascript, the failure to submit a proxy card (or to vote in person at the Parascript special meeting) or the abstention from voting by a Parascript unitholder will have the same effect as a vote against approval of the merger agreement.

The obligation of Mitek and Parascript to consummate the merger is subject to, among other things, the condition that the Parascript unitholders approve the merger agreement. If Parascript s unitholders fail to approve the merger agreement or if the merger is not consummated by March 31, 2007, both Parascript and Mitek have the right to terminate the merger agreement. See The Merger Agreement Termination beginning on page 81.

How to Vote

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

If you are a unitholder of record of Parascript as of the applicable record date referred to above, you may vote in person at the Parascript special meeting or vote by proxy using the enclosed proxy card. Whether or not

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you plan to attend the Parascript special meeting, Parascript urges you to vote by proxy to ensure your vote is counted. You may still attend the Parascript special meeting and vote in person if you have already voted by proxy.

- To vote in person, come to the Parascript special meeting and Parascript will give you a ballot when you arrive.

- To vote using the proxy card, simply mark, sign and date your proxy card and return it promptly in the postage-paid envelope provided. If you return your signed proxy card to Parascript before the Parascript special meeting, Parascript will vote your units as you direct.

All properly executed proxies that are not revoked will be voted at the Parascript special meeting and at any adjournments or postponements of the Parascript special meeting in accordance with the instructions contained in the proxy. If a holder of Parascript units executes and returns a proxy and does not specify otherwise, the shares represented by that proxy will be voted FOR each of the Parascript proposals. If you have questions or requests for assistance in completing and submitting proxy cards, please contact. Ms. Martha Mijango, our Stock Transfer Agent, Mellon Shareholder Services at 213-553-9718 or e-mail at Mijango.m@mellon.

Revocation of Proxy

All properly executed proxies that are not revoked will be voted at the Parascript special meeting as instructed on those proxies. Proxies containing no instructions will be voted in favor of each of the Parascript proposals. A Parascript unitholder who executes and returns a proxy may revoke it at any time before it is voted. A proxy may be revoked by either:

- giving written notice of revocation; or

- executing and returning a new proxy bearing a later date; or

- attending the Parascript special meeting and voting in person.

Revocation of a proxy by written notice or execution of a new proxy bearing a later date should be submitted to Jeff Gilb, President and Chief Executive Officer of Parascript.

THE MERGER

General

The merger agreement contemplates the merger of Mitek Acquisition Sub LLC, a newly formed and wholly-owned subsidiary of Mitek, with and into Parascript, with Parascript as the surviving company in the merger. The merger agreement provides that the aggregate consideration to be paid to the Parascript unitholders will be (i) $80 million in cash, plus (ii) 51,869,458 shares of Mitek common stock. Certain adjustments will be made to the aggregate consideration for the outstanding units including (i) payments to third parties including Parascript s primary lender, (ii) the advances on distributions made by Parascript to certain unitholders since January 1, 2006, and (iii) a cash contribution to AIS Holdings, LLC. Further, from the shares of Mitek common stock received as consideration, shares having a value of $4 million will be placed in escrow to meet potential indemnification obligations.

For a more complete discussion on the cash and stock consideration, please see The Merger Agreement Consideration on page 72.

Spin-off of AIS

Prior to consummation of the merger, Parascript will spin off its 96% owned subsidiary, Applied Intelligence Solutions, LLC, or AIS, to Parascript s unitholders. To effect this transaction, Parascript will form a new wholly owned subsidiary, AIS Holdings, LLC, a Colorado limited liability company. Parascript will contribute approximately $3,000,000 of the total cash consideration payable to Parascript unitholders to AIS Holdings at the closing. In addition to cash, Parascript will contribute certain liabilities to AIS Holdings, including liabilities resulting from the business and operations of both AIS and Evernote Corporation, a subsidiary of Parascript spun-off to the Parascript preferred unitholders in December 2005. Additional liabilities to be contributed to AIS Holdings will include any liabilities of Parascript related to its loan agreement with Silicon Valley Bank, which is required to be paid in full at closing, as well as certain pre-closing obligations of Parascript to its members and pre-closing obligations under its option plan.

After Parascript has contributed such cash and liabilities, Parascript will distribute the ownership interests in AIS Holdings to the Parascript unitholders on a pro rata basis, based on relative ownership percentage of Parascript on the record date for such distribution. Concurrently with the distribution of AIS Holdings to the Parascript unitholders, the membership interests of AIS, currently held by Parascript (amounting to 96% of the units of AIS) will be contributed to AIS Holdings. After giving effect to these transactions, Parascript s unitholders will own 100% of AIS Holdings, which will in turn hold 96% of the units of AIS. Mitek and the combined company will have no ownership in AIS Holdings, AIS or the assets of AIS.

It is anticipated that the Parascript unitholders who execute the operating agreement for AIS Holdings following the merger will become members of AIS Holdings. It is also anticipated that any Parascript unitholder who does not execute the AIS Holdings operating agreement would only own an economic interest in distributions from, and profits and losses of, AIS Holdings, and would not be a member of AIS Holdings.

Background of the Merger

In May of 2005, James DeBello, Mitek s chief executive officer and Tesfaye Hailemichael, Mitek s chief financial officer, discussed business strategy including possible mergers and acquisitions. They identified companies they believed to be synergistic with Mitek. They identified seven companies including Parascript and agreed to get more information about those companies. Subsequently, they collected publicly available data about those companies and determined Parascript would be the ideal candidate for merger or acquisition. The CEO and CFO also discussed financing alternatives and potential investment bankers.

On May 26, 2005, Mr. Hailemichael made a telephone call to Alan Williamson, chief financial officer of Parascript, and introduced himself.

On July 25, 2005, Mr. Hailemichael had a meeting with Mr. Williamson at Parascript s headquarters in Boulder, Colorado and discussed strategic relationships between Mitek and Parascript.

On September 29, 2005, Mitek contacted Jerry Anderson of Stephens Inc. about engaging Stephens as Mitek s financial advisor in connection with a potential merger involving Parascript, and signed an advisory agreement with Stephens in connection with a potential business combination with Parascript.

On October 18, 2005, Mr. DeBello, and Jeffrey Gilb, president and chief executive officer of Parascript met in Sunnyvale, California to discuss a possible acquisition of Parascript by Mitek. They discussed the financial services industry environment and Parascript s business in other industries such as postal delivery. They also discussed the trends towards consolidation in the industry. They agreed to discuss the idea of a potential merger with their management and meet again.

On October 19, 2005, the Mitek board of directors held a meeting to discuss a potential merger or acquisition involving Parascript. At this meeting, Mr. DeBello reported his meeting with Mr. Gilb to the board.

On October 25, 2005, Mr. Gilb discussed his meeting with Mr. DeBello with Aron (Ron) Katz, the controlling unitholder of Parascript and a member of the board of directors of Parascript Management, Inc., the manager of Parascript. Mr. Katz and Mr. Gilb agreed to continue the exploratory discussions with Mitek regarding a potential transaction.

Mitek and Parascript executed a mutual non-disclosure agreement on October 27, 2005 and both companies began to exchange financial, business and other information with the other. At such time, Mr. Gilb notified the other members of the board of directors of Parascript Management, Inc. of the initial discussions with Mitek.

On November 16, 2005 a meeting between Mr. DeBello, Mr. Gilb, Mr. Hailemichael and Mr. Anderson was held in Orlando, Florida to discuss a potential business combination between Mitek and Parascript. Mr. Anderson made a presentation to Mr. Gilb discussing alternative transaction structures and the synergies expected to be achieved through the proposed business combination. At the end of the meeting, Mr. Gilb agreed to discuss Mitek s proposal with his management and update Mr. DeBello regarding the outcome of his meeting.

On December 2, 2005, Mitek s board of directors held a telephonic meeting at which Mr. DeBello informed the Mitek board of directors of the November 16th meeting with Mr. Gilb. The Mitek board of directors authorized Mitek s management to continue discussions with Parascript and authorized management to retain Stephens Inc. as its financial advisor for a potential transaction with Parascript. Stephens Inc. was formally engaged on December 7, 2005 to act as exclusive financial advisor to Mitek in connection with the proposed acquisition by Mitek of Parascript.

On December 6, 2005, Mr. DeBello, Mr. Hailemichael and Mr. Anderson met with the board of directors of Parascript Management, Inc., in San Jose, California and discussed a potential transaction between Mitek and Parascript. They discussed the financial services industry, synergies and possible financing for the transaction. No definitive terms were discussed.

The board of Parascript Management, Inc. met on December 13, 2005 to discuss the terms under which a possible transaction with Mitek would be acceptable. The board agreed that continued consideration and discussion of a strategic transaction with Mitek was warranted.

On December 20, 2005, the board of Parascript Management, Inc. met for its year end meeting in Denver, Colorado. The board had open discussions of the proposed transaction with Mitek at this meeting. After the board meeting concluded, Mr. DeBello, Mr. Hailemichael and Mr. Anderson met with the board of directors of Parascript Management, Inc. and discussed terms of a potential business combination between Mitek and Parascript including financing alternatives for the transaction, the structure of the transaction and post-transaction management structure.

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On January 10, 2006, Mr. Katz, Mr. Gilb, Mr. Williamson and Stepan Pachikov, a director of Parascript Management, Inc., met in Manzanillo, Mexico to discuss the ramifications of a transaction with Mitek. The effects on Parascript of becoming a public company, changes in Parascript s management structure and the amount of company debt that may exist upon consummation of a transaction were discussed.

Throughout January 2006, Parascript and Mitek negotiated a non-binding letter of intent, and during such time, both Parascript and Mitek communicated with their respective legal and financial advisors concerning the proposed transaction. On January 26, 2006, Mitek and Parascript formalized their discussions regarding a possible business combination transaction by signing a letter of intent The letter of intent contemplated a purchase by Mitek of substantially all of Parascript s assets in exchange for cash and stock. After giving effect to the proposed transaction, the letter of intent provided that Mitek stockholders would own approximately 25%, Parascript unitholders would own approximately 45%, and Mitek s primary financing source would own up to approximately 30% of the combined company. The letter of intent outlined the structure, tax treatment, consideration, source of funds, ownership, board of directors, management, interim covenants and other customary requirements for the definitive agreement.

Between January 26, 2006 and July 13, 2006, Mitek, Parascript and their respective legal and financial advisors engaged in extensive negotiations regarding the terms of the definitive agreement and the ancillary agreements, and exchanged numerous drafts of these agreements. These discussions included a series of conversations between Mitek, Mitek s legal counsel, Mitek s financial advisors, Parascript senior executives and Parascript s legal counsel regarding financing, employment agreements for senior executives, product integration, employee stock options and planning of the future business relationships with customers and vendors. Mitek and Parascript and their respective advisors reviewed documents maintained in a secure online data room established by Stephens for the purpose of conducting preliminary due diligence. All the necessary disclosure for the definitive agreement was prepared or reviewed by management and outside legal counsel for both Mitek and Parascript.

Stephens, with the assistance of Parascript and Mitek, prepared a confidential offering memorandum to be used in obtaining financing for the proposed transaction. In March 2006, senior management of Mitek and Parascript participated in presentations to approximately 10 potential financing sources, including Plainfield Asset Management.

In May 2006, discussions continued on the definitive agreement, and a number of material issues continued to be outstanding. On May 23, 2006, the board of Parascript Management, Inc. held a telephonic meeting to review the status of the negotiations. The board instructed Mr. Gilb to continue the negotiations only if he could be convinced that the outstanding items could be reconciled. Mr. Gilb agreed to meet with Mitek s management to discuss the open items.

On May 26, 2006, Mitek s board of directors held a telephonic meeting to review the status of the negotiations with Parascript, including updates from Mitek s outside legal counsel, Duane Morris, regarding the material terms of the proposed definitive agreements and material open issues. The board advised Mitek s chief executive officer and chief financial officer to proceed with the negotiation of the definitive agreement.

On May 31, 2006, senior management of Mitek and its legal counsel, Duane Morris, met with Mr. Gilb and Parascript s legal counsel, Davis Graham & Stubbs LLP, in San Diego, California to negotiate terms of the definitive agreement. The parties made significant progress on several of the open items at this meeting.

Mitek s board of directors held a telephonic meeting on June 6, 2006 attended by Mitek s senior management and outside legal and financial advisors. Prior to the meeting the board received an information package which included a fairness opinion from Stephens Inc. and related documents. Senior management and outside legal counsel made presentations on the outcome of final negotiations of the terms of the proposed definitive agreements. Stephens Inc. reviewed with Mitek s board of directors financial analyses prepared in connection with the proposed transaction. A representative of Stephens Inc. also delivered to Mitek s board the fairness opinion which was distributed to the board prior to the meeting. Based upon and subject to the various considerations and assumptions described in the opinion Stephens opined that, the purchase price and the exchange ratio was fair, from a financial point of view, to Mitek s stockholders. Following extensive discussions, Mitek s board of directors, by unanimous vote (1) determined that the terms of the purchase agreement and the transaction contemplated by the purchase agreement were advisable, fair to and in the best interests of Mitek and its stockholders, (2) adopted resolutions approving the purchase agreement and the transactions contemplated by the purchase agreement and recommending that Mitek s stockholders adopt the purchase agreement and (3) approved the transactions contemplated by the purchase agreement.

In the next several weeks, Mitek, Parascript and their respective outside legal counsel negotiated the terms of the definitive agreement and related transaction documents.

On June 27, 2006 the board of Parascript Management, Inc. held a telephonic board meeting with legal counsel in attendance to review and discuss the status of the negotiations, the draft transaction documents and to identify remaining issues to be resolved prior to approval of the transaction.

Again on July 7, 2006 the board of Parascript Management, Inc. held a telephonic board meeting with Parascript s legal counsel to review the status of the negotiations, the draft transaction documents and to discuss the progress that had been made since the June 27th meeting. The board also discussed the final issues to be resolved prior to approval of the transaction.

On July 10, 2006 the board of Parascript Management, Inc. held a telephonic board meeting with Parascript s legal counsel in attendance to approve the transaction. Following extensive discussions, including regarding the aggregate purchase price amount, the amount of cash and the number of Mitek shares to be received, the indemnification holdback amount and the indemnification obligations, the board of directors, by unanimous vote (1) determined that the purchase agreement and the transactions contemplated by the purchase agreement were fair to and in the best interests of Parascript and its unitholders, (2) adopted resolutions approving the purchase agreement and recommending that Parascript s unitholders approve the purchase agreement and (3) approved the execution of the purchase agreement.

Mitek and Parascript executed the definitive asset purchase agreement on July 13, 2006. In connection with the execution of the purchase agreement, the Katz Family Limited Partnership, the Pearlman Family Limited Partnership, and the Pachikov Family Limited Partnership entered into a voting agreement and irrevocable proxy with Mitek obligating such entities to, among other things, vote all of their units to approve, authorize and adopt the purchase agreement.

On July 14, 2006, prior to the opening of trading markets in the United States, Mitek and Parascript issued a joint press release announcing the execution of the definitive asset purchase agreement.

On or about July 25, 2006, Parascript s legal counsel contacted Mitek s legal counsel to discuss potential adverse tax consequences to Parascript and its members based on the structure of the transaction. After discussions between Parascript and Mitek and their respective legal advisors, the parties decided to draft and enter into an amended and restated merger agreement, between Mitek, Parascript, a newly formed subsidiary of Mitek, and Parascript Management, Inc., as Parascript s member s representative. Between August 2, 2006 and September 18, 2006, Mitek, Parascript and their respective legal and financial advisors engaged in extensive negotiations regarding the terms of the merger agreement and the ancillary agreements and exchanged numerous drafts of these agreements. The discussions focused on maintaining the transactions on substantially similar terms as those of the asset purchase agreement, but adding to those terms the ability of Parascript to make distributions to its unitholders in the amount of thirty percent of Parascript s taxable income prior to closing.

On August 7, 2006, Mitek formed Mitek Acquisition Sub, LLC, a Wyoming limited liability company, which will merge with and into Parascript in the proposed transaction.

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On September 12, 2006, Stephens Inc., at the request of Mitek, updated its fairness opinion to provide that, as of that date, the potential transaction was fair to Mitek s stockholders from a financial point of view.

On September 18, 2006 the board of Parascript Management, Inc. held a telephonic board meeting with Parascript s legal counsel in attendance. The board reviewed the differences between the structure of the transaction as an asset purchase and a merger, as well as the anticipated tax effects on Parascript and its unitholders. The board, by unanimous vote, (1) determined that the merger and the merger agreement and the transactions contemplated in the merger agreement were fair to and in the best interests of Parascript, Parascript Management, Inc. and their respective unitholders, (2) adopted resolutions approving, adopting, ratifying and consenting to, among other things, the merger, the merger agreement and the change in form of the transaction from an asset purchase to a merger and recommending the approval of the merger and the merger agreement by the Parascript unitholders and (3) the execution of the merger agreement. In connection with the execution of the purchase agreement, the Katz Family Limited Partnership, the Pearlman Family Limited Partnership, and the Pachikov Family Limited Partnership entered into a voting agreement and irrevocable proxy with Mitek obligating such entities to, amount other things, vote all of their units to approve, authorize and adopt the purchase agreement.

On September 18, 2006, Parascript and Mitek executed the merger agreement.

On September 22, 2006, Mitek and Parascript issued a joint press release announcing the execution of the merger agreement.

Recommendation of the Board of Directors of Mitek; Reasons for the Merger

The Mitek board of directors has approved the merger agreement, dated as of September 18, 2006, by and among Mitek, Mitek Acquisition Sub, LLC, Parascript and Parascript Management, Inc., as the member representative, and has determined that the merger agreement, the issuance of consideration for the merger, consisting of cash and shares of Mitek common stock, in accordance with the merger agreement, are advisable to the holders of Mitek common stock, and recommends that Mitek stockholders vote FOR approval of the merger agreement and the issuance of shares in accordance with the merger agreement.

In connection with the foregoing actions, the Mitek board of directors consulted with Mitek s management team, as well as Stephens Inc., Mitek s financial advisor, and Duane Morris LLP, Mitek s outside legal counsel, and considered various material factors, which are listed below. In view of the wide variety of factors considered in connection with the acquisition, the board of directors did not consider it practicable to, nor did it attempt to, quantify or otherwise assign relative weights to the specific material factors it considered in reaching its decision.

(a) *Consideration to Be Paid by Mitek*. The Mitek board of directors considered the amount of consideration to be paid by Mitek pursuant to the merger agreement.

(b) *Mitek s Business, Condition and Prospects*. The Mitek board of directors considered information with respect to the financial condition, results of operations and business of Mitek, on both a historical and prospective basis, and current industry, economic and market conditions. In particular, the board of directors considered Mitek s growth opportunities if Mitek continued in its current state of operations compared with the growth opportunities available resulting from the merger.

(c) *Parascript s Business, Condition and Prospects*. The Mitek board of directors considered information with respect to the financial condition, results of operations and business of Parascript, including the due diligence review of Mitek s management and financial and legal advisors regarding Parascript s financial condition and prospects. In particular, Mitek considered Parascript s sound business reputation and strong operating results over recent years.

(d) *Advice of Mitek Senior Management*. The Mitek board of directors considered the judgment, advice and analyses of Mitek s senior management, including their favorable recommendation of the merger based, in part, on their consideration of current conditions and trends in the industry and their evaluation of the alternative strategic options available to Mitek.

(e) *Potential Price Appreciation of Mitek Common Stock*. The Mitek board of directors considered the recent and historical trading prices of Mitek common stock and the potential for appreciation in the value of Mitek common stock following the merger.

(f) *Opinion of Stephens Inc*. The Mitek board of directors considered the opinion delivered in writing on June 6, 2006 and updated on September 12, 2006, of Stephens Inc., Mitek s financial advisor, to the effect that, as of the date of the opinion and subject to the limitations and assumptions set forth in its opinion, the merger consideration was fair from a financial point of view to Mitek. The board of directors also considered the financial analyses performed by Stephens Inc. in connection with its opinion. See Opinion of Stephens Inc. beginning on page 58.

(g) *Terms of the Merger*. The Mitek board of directors considered the terms and provisions of the merger agreement and related agreements, including the form and amount of consideration and the representations, warranties, covenants, conditions to closing and termination rights contained in those agreements.

(h) *Termination Fee*. The Mitek board of directors considered the termination fee payable in specified circumstances, including the effect the termination fee may have on the ability of other parties to make competing acquisition proposals with respect to Parascript.

(i) *The Likelihood of Completion of the Merger*. The Mitek board of directors considered the likelihood of completion of the merger, such as the terms and conditions of the merger agreement and the conditions to the completion of the merger, including the likelihood of obtaining regulatory approvals.

(j) *Certain Long-Term Interests*. The Mitek board of directors considered the long-term interests of Mitek and its stockholders, as well as the interests of Mitek employees, customers, creditors, suppliers and the communities in which Mitek operates.

(k) *Ownership Interests*. The Mitek board of directors considered the relative ownership interests of Mitek stockholders and Parascript unitholders in Mitek following the merger, based on the shares of Mitek common stock outstanding at approximately the time the merger agreement was executed and based on the potential number of shares of Mitek common stock that may be issued as a result of the merger.

The Mitek board of directors also considered potentially negative factors in its deliberations concerning the acquisition, including, without limitation, the following:

(a) the possibility that the merger would not be completed following the execution of the merger agreement and the risks to the business of Mitek if that were to occur, including the potential loss of customers and/or employees;

(b) the assumption by Mitek of substantially all of Parascript s liabilities, including certain unknown and contingent liabilities;

(c) the possible disruption of Mitek s business pending completion of the merger, including the risk of losing customers and key employees; and

(d) the risk of whether the potential benefits sought in the merger will be fully realized and the risks associated with the integration of the assets of Parascript by Mitek.

The Mitek board of directors concluded that the benefit of the merger to Mitek and its stockholders outweighed the risks associated with the foregoing factors.

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Opinion of Stephens Inc.

Mitek retained Stephens Inc., or Stephens to act as its financial advisor in connection with its proposed merger with Parascript. In its role as financial advisor, Stephens was requested to furnish an opinion as to the fairness, from a financial point of view, of a business combination with Parascript to the Mitek shareholders. The board of directors of Mitek held a meeting to evaluate the proposed transaction with Parascript on June 6, 2006 during which Stephens delivered its opinion that, based upon the facts and circumstances as they existed at that time, and subject to the assumptions made, matters considered and limits of review set forth in the opinion, the proposed transaction was fair from a financial point of view to Mitek shareholders.

Mitek entered into an agreement to acquire substantially all of the assets and related liabilities of Parascript on July 13, 2006. The companies subsequently modified the structure of the transaction from an acquisition of assets to a merger. Stephens was requested by the board of directors of Mitek to furnish an updated opinion as to the fairness, from a financial point of view, of the transaction to Mitek shareholders. Stephens delivered its opinion that, based upon the facts and circumstances as they existed at that time, and subject to the assumptions made, matters considered and limits of review set forth in the opinion, the proposed merger was fair from a financial point of view to Mitek shareholders.

The full text of Stephens written opinion, dated September 12, 2006, which sets forth the assumptions made, general procedures followed, matters considered and limits on the review undertaken, is included as Annex B to this document. The summary of Stephens opinion set forth below is qualified in its entirety by reference to the full text of the opinion. **Mitek shareholders are urged to read Stephens opinion carefully and in its entirety.**

In connection with rendering its opinion, Stephens, among other things:

- analyzed certain publicly available financial statements, reports and other information regarding Mitek and Parascript;
- analyzed certain internal financial statements and other financial and operating data (including financial projections) concerning Mitek and Parascript as well as the amount and timing of the cost savings and related expenses expected to result from the merger prepared by managements of Mitek and Parascript;
- analyzed, on a pro forma basis, the effect of the merger on the combined financial statements of Mitek and Parascript;
- reviewed the reported prices and trading activity for Mitek shares;
- compared the financial performance of Mitek and Parascript and the prices and trading activity of Mitek stock with that of certain other comparable publicly-traded companies and their securities;
- reviewed the financial terms, to the extent publicly available, of certain precedent comparable acquisition transactions;
- reviewed the material terms of the merger and the draft Amended and Restated Agreement and Plan of Merger for the merger between Mitek and Parascript;
- discussed with management of Mitek and Parascript the operations of, risks associated with and future business prospects for Mitek and Parascript each separately on a stand-alone basis and both together on a combined basis as well as the anticipated financial consequences of the merger; and

performed such other analyses and provided such other services as Stephens has deemed appropriate.

Stephens relied on the accuracy and completeness of the information and financial data provided by Mitek and Parascript, and its opinion is based upon such information. Stephens did not independently verify such information or financial data, and Stephens inquired into the reliability of such information and financial data only to the limited extent necessary to provide a reasonable basis for its opinion, with the recognition that

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Stephens is rendering only an informed opinion and not an appraisal or certification of value. With respect to the financial projections prepared by management of Mitek and Parascript, Stephens assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of management of Mitek and Parascript as to the future financial performance of Mitek and Parascript. Stephens opinion is necessarily based upon market, economic and other conditions as they existed and can be evaluated, and on the information made available to them, as of the date of its opinion.

Stephens opinion does not address the merits of the underlying decision by Mitek to engage in the transaction and does not constitute a recommendation to any shareholder as to whether such shareholder should vote in favor of the proposed transaction or any other matter related thereto.

Summary of Analysis

The following is intended as a summary of the sources of information and valuation methodologies employed by Stephens in rendering its opinion. These analyses were presented to the board of directors at its meeting on June 6, 2006 and subsequently updated as of September 12, 2006.

This summary includes the financial analyses used by Stephens and deemed to be material, but does not purport to be a complete description of analyses performed by Stephens in arriving at its opinion. Furthermore, factors such as historical performance of Mitek and Parascript, background of the merger and initiatives contemplated by management to improve operating and financial performance previously discussed with management of Mitek and its board of directors are integral to the opinion rendered by Stephens.

This summary includes information presented in tabular format. In order to understand fully the financial analyses used by Stephens, these tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses.

Because the structure of the merger calls for an exchange of Mitek shares, Stephens analyzed the values of Mitek and Parascript both on a stand-alone basis and on a combined basis. The methodologies for calculating these value ranges are further explained in the sections below. Based on the results of these analyses, Stephens calculated that the expected value to current Mitek shareholders of their value per share of the combined entity would likely be greater than the pre-merger value per share of Mitek.

(In Thousands, Except per Share)	**Mitek Stand-Alone**		**Combined Company**	
	Low	**High**	**Low**	**High**
Total Equity Value	$ 25,248	$ 32,563	$ 151,618	$ 202,989
Fully-Diluted Shares Outstanding		20,748		94,492
Value per Share	**$ 1.22**	**$ 1.57**	**$ 1.61**	**$ 2.15**
Premium to Intrinsic Value			*32.0%*	*36.9%*

Comparable Company Analysis

Stephens compared certain publicly available financial and operating data of selected publicly traded companies engaged in similar or related lines of business to Mitek and Parascript. The selected comparable companies considered by Stephens were:

Business Automation Software

Fair Isaac Corp.

Nuance Communications, Inc.

Cogent Inc.

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Verint Systems Inc.

FileNet Corporation

Orbotech Ltd.

SPSS Inc.

Open Text Corp.

Hummingbird Ltd.

Dicom Group plc

Stellent Inc.

Interwoven Inc.

ReadSoft AB

Captaris Inc.

Docucorp International Inc.

Financial Services Technology

Fidelity National Information Services

Fiserv, Inc.

Jack Henry & Associates, Inc.

Digital Insight Corp.

Open Solutions Inc.

- Online Resources Corp.
- S1 Corporation
- Corillian Corporation
- Carreker Corporation

Stephens calculated various valuation multiples for these comparable companies based on the most recent publicly available information and estimates from selected research reports. With respect to the selected companies, Stephens calculated:

- Enterprise Value, which is the market value of common equity on a fully diluted basis plus net indebtedness (the book value of indebtedness less cash and marketable securities), as a multiple of estimated calendar year 2006 and 2007 revenue and EBITDA; and
- Price per share as a multiple of the estimated calendar year 2006 and 2007 cash earnings per diluted share (earnings per diluted share excluding the impact of purchase amortization and stock-based compensation).

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The results of these analyses are summarized as follows:

	Comparable Companies							
Ratio of Enterprise Value to:	Business Automation Mean	Financial Services Mean	Parascript Range		Mitek Range		New Parascript Range	
CYE 2006E Revenue	2.4x	2.4x	2.3x	3.3x	2.0x	3.0x	2.5x	3.5x
CYE 2007E Revenue	2.1x	2.1x	2.0x	3.0x	1.8x	2.8x	2.3x	3.3x
CY 2006E EBITDA	12.3x	13.0x	7.5x	9.5x	NM		8.0x	10.0x
CY 2007E EBITDA	10.1x	8.9x	6.5x	8.5x	7.0x	9.0x	7.0x	9.0x
Ratio of Price per Share to:								
CY 2006E Cash Earnings per Diluted Share	21.3x	18.4x					19.0x	22.0x
CY 2007E Cash Earnings per Diluted Share	17.8x	16.3x					17.0x	20.0x

No company utilized in the comparable company analysis is identical to Mitek or Parascript. Accordingly, Stephens analysis of comparable companies involved complex considerations and judgments concerning differences in financial and operational characteristics. Mathematical analysis, such as determining the median, average or range, is not by itself a meaningful method of using comparable transaction data.

Based on this data and our understanding of the relative operating and financial performance of the comparable companies and of Mitek, Parascript and the potential performance for the combined company, Stephens derived an implied value of Mitek s common stock, Parascript s enterprise value and the potential value per share of the combined company.

Stephens analyzed the value per share of Mitek s common stock by using Mitek s expected calendar year 2006 and 2007 revenue and calendar year 2007 EBITDA, applying a range of applicable multiples derived from the comparable company data, subtracting projected net debt at December 31, 2006 and dividing by Mitek s fully-diluted number of shares. Based on the analysis, the average implied value of Mitek s common stock was between $1.04 and $1.42 per share.

Stephens analyzed the implied enterprise value of Parascript by using Parascript s expected calendar year 2006 and 2007 revenue and calendar year 2006 and 2007 EBITDA, applying a range of applicable multiples derived from the comparable company data. Based on the analysis, the average implied enterprise value of Parascript was between $127.0 million and $171.4 million.

Stephens analyzed the potential value per share of the combined company s common stock by using the combined company s expected pro forma calendar year 2006 and 2007 revenue and EBITDA, applying a range of applicable multiples derived from the comparable company data, subtracting projected pro forma net debt at December 31, 2006 and dividing by the combined company s fully-diluted number of shares on an as converted basis. Stephens also analyzed the potential value per share of the combined company s common stock by using the combined company s expected pro forma calendar year 2006 and 2007 cash earnings per share, excluding any potential synergies or cost savings and applying a range of applicable multiples from the comparable company data. Based on the analysis, the implied value of the combined company s common stock was between $1.44 and $1.91 per share.

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Comparable Acquisition Analysis

Stephens reviewed the financial terms, to the extent publicly available, of twenty-nine transactions involving targets in the business automation software and financial service technology industries. The transactions analyzed by Stephens were:

Closing Date	Acquirer	Target
Business Automation Software		
Pending	Open Text Corp.	Hummingbird Ltd.
August 29, 2006	Viisage Technology Inc.	Identix Inc.
April 3, 2006	Business Objects SA	Firstlogic, Inc.
December 30, 2005	EMC Corporation	Captiva Software Corporation
December 27, 2005	Autonomy Corp. Plc.	Verity Inc
April 29, 2005	IBM	Ascential Software Corp
May 28, 2004	Stellent Inc.	Optika Inc.
March 15, 2004	Verity Inc	Cardiff Software Inc.
February 24, 2004	Open Text Corp.	IXOS Software AG
December 18, 2003	EMC Corporation	Documentum Inc.
Financial Services Technology		
May 10, 2006	Management (CEO & Chairman)	iPayment, Inc.
February 6, 2006	Sage Group	Verus Financial Management Inc.
August 13, 2006	Fiserv Inc.	BillMatrix Corporation
July 1, 2005	eFunds Corp.	Wildcard Systems Inc.
April 4, 2005	Harland Financial	Intrieve, Incorporated
March 15, 2005	Equifax	APPRO Systems, Inc.
November 22, 2004	Metavante Corporation	VECTORsgi
November 12, 2004	S1	Mosaic
November 8, 2004	Fidelity National Financial	InterCept, Inc.
October 29, 2004	Open Solutions, Inc.	Datawest Solutions Inc.
July 30, 2004	Metavante Corporation	NYCE
July 9, 2004	Open Solutions	re:Member Data Services
July 1, 2004	Metavante Corporation	Advanced Financial Solutions
May 28, 2004	Fair Isaac	London Bridge
May 28, 2004	Metavante Corporation	Kirchman Corporation
April 20, 2004	Siebel	Eontec
April 14, 2004	Fidelity National Financial	Sanchez Computer Associates

April 7, 2004	Fidelity National Financial	Bankware
March 11, 2004	Fidelity National Financial	Aurum Technology Inc.

No transaction utilized in the comparable acquisition analysis is identical to the transaction contemplated by Mitek. Accordingly, Stephens analysis of comparable transactions involved complex considerations and judgments concerning differences in financial and operational characteristics. Mathematical analysis, such as determining the median, average or range, is not by itself a meaningful method of using comparable transaction data.

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For each of the target companies in the selected transactions, Stephens calculated a multiple of enterprise value to LTM and projected revenue and EBITDA of the target company as of the date that the transaction was announced. The following table sets forth the results of this analysis:

	Comparable Acquisition					
Ratio of Enterprise Value of Target Company to:	**Business Automation Mean**	**Financial Services Mean**	**Parascript Range**		**Mitek Range**	
LTM Revenue	3.1x	2.7x	2.0x	3.0x	2.5x	3.5x
NTM Revenue	2.9x	2.4x	1.8x	2.8x	2.3x	3.3x
LTM EBITDA	21.3x	15.1x			NM	
NTM EBITDA	14.1x	10.3x	7.0x	9.0x	NM	

Based on this data and our understanding of the relative operating and financial performance of the companies and of Mitek and Parascript, Stephens derived an implied value of Mitek s common stock and Parascript s enterprise value.

Stephens analyzed the value per share of Mitek s common stock by using Mitek s LTM and expected calendar year 2006 revenue, applying a range of applicable multiples derived from the comparable acquisition data, subtracting projected net debt at December 31, 2006 and dividing by Mitek s fully-diluted number of shares. Based on the analysis, the average implied value of Mitek s common stock was between $1.03 and $1.37 per share.

Stephens analyzed the implied enterprise value of Parascript by using Parascript s expected calendar year 2006 revenue and EBITDA, applying a range of applicable multiples derived from the comparable acquisition data. Based on the analysis, the average implied enterprise value of Parascript was between $134.5 million and $169.3 million.

Discounted Cash Flow Analysis

Stephens performed a discounted cash flow analysis on Mitek using projections developed by management of Mitek for calendar years 2007 and 2008. Utilizing these projections, Stephens calculated a range of implied prices per share based upon the discounted net present value of the sum of the projected stream of un-levered free cash flows for the years ending December 31, 2007 and December 31, 2008 and a projected terminal value at December 31, 2008. Stephens considered discount rates ranging from 20.0% to 25.0% (based on a weighted average cost of capital analysis). Stephens derived an implied value range of Mitek s common stock of $1.53 to $2.00 per share.

Stephens performed a discounted cash flow analysis on Parascript using projections developed by management of Parascript for calendar years 2007 and 2008. Utilizing these projections, Stephens calculated a range of implied enterprise values based upon the discounted net present value of the sum of the projected stream of un-levered free cash flows for the years ending December 31, 2007 and December 31, 2008 and a projected terminal value at December 31, 2008. Stephens considered discount rates ranging from 15.0% to 20.0% (based on a weighted average cost of capital analysis). Stephens derived an implied enterprise value range for Parascript of $238.6 million to $316.6 million.

Stephens performed a discounted cash flow analysis on the combined company using projections developed by management of Mitek and Parascript for calendar years 2007 and 2008. Utilizing these projections, Stephens calculated a range of implied prices per share based upon the discounted net present value of the sum of the projected stream of un-levered free cash flows for the years ending December 31, 2007 and December 31, 2008 and a projected terminal value at December 31, 2008. Stephens considered discount rates ranging from 12.5% to 17.5% (based on a weighted average cost of capital analysis). Stephens derived an implied value range of the potential combined company s common stock of $2.63 to $3.60 per share.

Premiums Paid Analysis

Stephens reviewed comparable transactions since September 11, 2003 involving publicly traded companies with Enterprise Values between $15 and $50 million. Stephens calculated the premium paid over the target s share price one day, one week and four weeks prior to announcement of the transaction. The following table presents the mean and median premiums paid for these transactions:

Premiums paid to Target Stock Price:	Mean:	Median:
1 Day Prior to Announcement	34.8%	21.6%
1 Week Prior to Announcement	35.8%	23.0%
4 Weeks Prior to Announcement	42.0%	26.9%

Based on this data and our understanding of the relative operating and financial performance of the companies involved in these comparable transactions and of Mitek, Stephens derived an implied value range of Mitek s common stock of $1.84 to $2.00 per share based upon the closing price per share of Mitek s common stock on September 11, 2006.

Fairness Opinion Methodology

In arriving at its opinion, Stephens did not ascribe a specific range of values to the common stock, but rather made its determination as to the fairness, from a financial point of view, to unaffiliated Mitek shareholders of the Transaction on the basis of financial and comparative analyses. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial and comparative analysis and the application of those methods to the particular circumstances, and therefore, such an opinion is not readily susceptible to summary description. It should be noted, however, that in arriving at its opinion, Stephens did not attribute any particular weight to any analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, Stephens believes that its analysis must be considered as a whole and that considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying its opinion. In its analyses, Stephens made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Mitek. Neither Mitek, Stephens nor any other person assumes responsibility if future results are materially different from those discussed.

Fees Payable to Stephens

Pursuant to letter agreements between Stephens and Mitek, Mitek agreed to pay Stephens a fee for rendering its opinion. In addition, Mitek has agreed to pay Stephens a financial advisory fee of approximately $3.3 million upon completion of the transaction. Mitek has also agreed to reimburse Stephens for out-of-pocket expenses, including reasonable fees and expenses for its legal counsel. In addition, Mitek has agreed to indemnify Stephens for liabilities or expenses related to, or arising out, of Stephens engagement by Mitek.

As part of Stephens investment banking business, it regularly issues fairness opinions and is continually engaged in the valuation of companies and their securities in connection with business reorganizations, private placements, negotiated underwritings, mergers and acquisitions and valuations for estate, corporate and other purposes. Stephens is familiar with Mitek and regularly provides investment banking services to companies in the business automation software and financial service technology industries and issues periodic research reports regarding the prospects of Mitek s industry as a whole. In the ordinary course of business, Stephens and its affiliates at any time may hold long or short positions, and may trade or otherwise effect transactions as principal or for the accounts of customers, in debt or equity securities or options on securities of Mitek.

Recommendation of the Manager of Parascript; Reasons for the Merger

The board of directors of Parascript Management, Inc., Parascript s manager, has approved the merger agreement, dated as of September 18, 2006 by and among Mitek, Mitek Acquisition Sub, LLC,

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Parascript, and Parascript Management, Inc., and has determined that the merger agreement and the merger in the manner contemplated by the merger agreement is advisable to the holders of Parascript units, and recommends that Parascript unitholders vote FOR approval of the merger agreement and the merger.

In connection with the foregoing actions, the manager of Parascript consulted with Parascript s executive officers, as well as Davis Graham & Stubbs LLP, Parascript s outside legal counsel, and Anton Collins Mitchell LLP, Parascript s independent accountants, and considered various material factors, which are listed below. In view of the wide variety of factors considered in connection with the merger, Parascript s manager did not consider it practicable to, nor did it attempt to, quantify or otherwise assign relative weights to the specific material factors it considered in reaching its decision.

(a) *Consideration to Be Paid by Mitek*. Parascript s manager considered the financial terms of the merger, including the total value of the consideration as well as the allocation of the total consideration to be delivered to the unitholders between cash and Mitek stock. Parascript s manager considered the value to be received by the unitholders of Parascript in the merger in relation to the historical valuations of Parascript and its equity interests.

(b) *Liquidity of Mitek Common Stock*. Parascript s manager considered the opportunity of unitholders of Parascript to become stockholders of a larger combined software company with liquidity in its common stock.

(c) *Mitek s and Parascript s, Business, Condition and Prospects*. Parascript s manager considered information concerning the business, financial condition, results of operations and prospects of Parascript and Mitek as a combined company. The manager evaluated the anticipated technological and operational synergies as a result of the proposed transaction as well as the growth opportunities and financing alternatives that may be available to the combined company.

(d) *Terms of the Merger*. Parascript s manager considered all of the terms and conditions of the merger agreement and the related exhibits as reviewed with Parascript s legal advisors and senior executive officers.

(e) *Potential Price Appreciation of Mitek Common Stock*. Parascript s manager considered the recent and historical trading prices of Mitek common stock and the potential for appreciation in the value of Mitek common stock following the merger.

(f) *Anticipated Benefits*. Parascript s manager considered the anticipated benefits to the employees, suppliers, customers, and creditors of Parascript and the communities in which Parascript operates as a result of the merger due to based on the financial condition, operating history and prospects of Mitek and Parascript as a combined company following the merger.

(g) *The Likelihood of Completion of the Merger*. Parascript s manager considered the absence of any apparent regulatory or other impediments to the proposed acquisition and an assessment of the likelihood that the proposed acquisition would be consummated.

(h) *Strategic Alternatives*. Parascript s manager considered strategic alternatives for Parascript, including remaining independent with internal growth or growth through acquisitions and possible alternative partners.

(i) *Ownership Interests*. Parascript s manager considered the relative ownership interests of Mitek stockholders and Parascript unitholders in Mitek following the merger. Parascript s manager evaluated the shares of Mitek common stock outstanding at approximately the time the merger agreement was executed and the number of shares of Mitek common stock that are anticipated to be issued to Parascript unitholders in the merger.

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Interests of Certain Persons in the Merger

In considering the recommendation of Mitek s Board of Directors with respect to the Mitek proposals, Mitek stockholders should be aware that executive officers and directors of Mitek may have interests in the merger that are or may be different from, or in addition to, other Mitek stockholders interests. These interests include:

- employment agreements between certain Mitek officers and Mitek which become effective on the closing date;
- the grant to Mr. DeBello upon completion of the merger, of options to purchase shares of approximately 3% of the combined company s then outstanding and fully diluted shares of common stock; and
- the grant to Mr. Hailemichael upon completion of the merger, of options to purchase shares of approximately 1% of the combined company s then outstanding and fully diluted shares of common stock.

In considering the recommendation of Parascript s manager with respect to the merger and the merger agreement, Parascript unitholders should be aware that executive officers of Parascript and director s of Parascript s manager have interests in the merger that are or may be different from, or in addition to, other Parascript unitholders interests. These interests include:

- the designation of certain officers of Parascript as officers of Mitek upon completion of the merger and employment agreements between such officers and Mitek which become effective on the closing date;
- the grant to Mr. Gilb upon completion of the merger, of options to purchase shares of approximately 3% of the combined company s then outstanding and fully diluted shares of common stock;
- the grant to Mr. Filatov upon completion of the merger, of options to purchase shares of approximately 2% of the combined company s then outstanding and fully diluted shares of common stock;
- the acquisition by Plainfield of 6,670,000 shares for an aggregate of $5 million from the Katz Family Limited Partnership as part of the merger and related transactions which will be registered by Mitek with other shares issuable to Plainfield; and
- the appointment of Aron B. Katz, chairman of the board of directors of the manager of Parascript, and Jeffrey Gilb, president and chief executive officer of Parascript, to the board of directors of Mitek upon completion of the merger.

Resale of Mitek Common Stock

The shares of Mitek common stock issued to Parascript unitholders in connection with the merger will have been registered under the Securities Act. These shares may be freely traded without restriction by those Parascript unitholders who are not deemed to be affiliates, as that term is defined under the Securities Act, of Parascript prior to the merger. The shares of Mitek common stock received by Parascript unitholders who are deemed to be affiliates of Parascript may be resold as permitted by Rule 144 under the Securities Act or as otherwise permitted under the Securities Act. Persons who are affiliates of Parascript generally include individuals or entities that control, are controlled by, or are under common control with, Parascript and may include certain officers and directors of the manager of Parascript as well as principal unitholders of Parascript. Pursuant to the terms of the merger agreement, Parascript is required to use its commercially reasonable efforts to cause each person who it believes to be an affiliate of Parascript to deliver to Mitek, at or prior to the closing date of the merger, a written agreement to the effect that these affiliates will not offer or sell or otherwise dispose of any of the shares of Mitek common stock issued to him, her or it in connection with the merger in violation of the Securities Act or the rules and regulations promulgated by the SEC under the Securities Act.

Accounting Treatment

The merger will be accounted for as a reverse acquisition using the purchase method of accounting under generally accepted accounting principles. Although Mitek is the acquirer, Parascript will be treated as the acquiring company for accounting purposes in accordance with Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations. The factors influencing this accounting treatment include:

Holders of Parascript s units will control a majority of the voting rights and receive approximately 55% of the common stock of the company on a fully-diluted basis, and assuming full conversion of the Plainfield debt;

Parascript s business represents the larger market capitalization and revenues of the combined company;

A current director of Parascript will be the Chairman of the combined company ;

A director, and the President and Chief Operating Officer of the combined company will be the current CEO of Parascript;

The Board of Directors of the combined company will be comprised of seven members, two from the current Mitek board, two from the current board of directors of Parascript s manager, Parascript Management, Inc., and three independent directors; and

The CEO and CFO of Mitek will become CEO and CFO of the combined company.

Under the purchase method of accounting, the estimated purchase price of Mitek will be the fair value of all its assets acquired and liabilities assumed and the amount of direct incremental transaction costs incurred by Parascript and associated with the business combination. The fair value was determined based on Mitek common stock on the OTC for one business day prior to the signing of the definitive agreement or announcement of the business combination, July 12, 2006 and subsequently revised to the execution of the merger agreement on September 18, 2006.

The purchase price will then be allocated to the tangible and identifiable intangible assets acquired and liabilities assumed on the basis of their fair values at the date of the completion of the combination. To the extent that the estimated fair value of net assets acquired exceeds the estimated purchase price, the estimated fair values of long-lived assets and identifiable intangible assets would be proportionately reduced for purchase accounting purposes. After such reduction in values and in accordance with SFAS 141, Business Combinations any remaining excess would be recorded as extraordinary gain in Parascript s statement of operations upon consummation of the business combination.

The allocation of the purchase price is preliminary, and given Mitek s historical consumption of its working capital and the ultimate resolution of certain matters mentioned in the introduction to the unaudited pro forma condensed combined financial statements, the purchase price allocation will remain preliminary until Mitek completes a final third party valuation of identifiable intangible assets acquired, evaluates integration plans to be implemented in conjunction with the business combination, and determines the fair values of other assets acquired and liabilities assumed at the closing date. The final determination of the purchase price allocation is expected to be completed as soon as practicable after consummation of the business combination. The final amounts allocated to assets and liabilities acquired could be materially different from the amounts presented in the unaudited pro forma condensed combined financial statements.

Certain United States Federal Income Tax Consequences

The following is a summary of material U.S. federal income tax considerations of the merger and related transactions that are applicable to unitholders in Parascript. This discussion is based upon current provisions of the Internal Revenue Code of 1986, as amended, or the Code, existing and proposed regulations and current administrative rulings and court decisions, all of which are subject to change, possibly with retroactive effect. Changes in these authorities may cause the tax consequences to vary substantially from the consequences described below. This discussion does not address the tax consequences under any state, local or foreign tax laws.

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This summary does not purport to deal with all of the U.S. federal income tax consequences applicable to Parascript s unitholders, some of whom may be subject to special rules, including, without limitation, unitholders who are dealers in securities or currencies, financial institutions or financial services entities, life insurance companies, tax-exempt organizations, unitholders of interests held as part of a straddle, hedge, constructive sale or conversion transaction with other investments, U.S. persons whose functional currency is not the U.S. dollar, persons who have elected mark to market accounting, persons who have not acquired their membership interests upon original issuance, persons who hold their interest through a partnership or other entity which is a pass-through entity for U.S. federal income tax purposes, nonresident aliens present in the United States for 183 days or more during the taxable year, persons who have received their units in connection with the performance of services, or persons for whom an interest is not a capital asset.

The tax consequences of the acquisition to unitholders will vary depending upon each unitholder s individual circumstances and the U.S. federal tax principles applicable thereto. No advance rulings have been or will be sought from the Internal Revenue Service (the IRS) regarding any matter discussed in this joint proxy statement/prospectus.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER (INCLUDING FOR FOREIGN UNITHOLDERS) ARE COMPLEX AND UNITHOLDERS ARE URGED TO CONSULT WITH, AND DEPEND UPON, THEIR OWN TAX ADVISOR IN ANALYZING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES PARTICULAR TO IT OF THE MERGER.

This discussion addresses material federal income tax aspects of the merger and related transactions both for U.S. unitholders and foreign unitholders. As used herein, the term U.S. unitholder means any person who holds Parascript units, acquires Mitek shares in the merger or receives common units in AIS Holdings prior to the merger, as applicable, and who is a U.S. person. The term U.S. person means a person that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any state thereof (including the District of Columbia);
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons control all of the substantial decisions of the trust.

As used herein, the term foreign unitholder means any person who is not a U.S. unitholder, as defined above, and who holds Parascript units, acquires Mitek shares in the merger or receives common units in AIS Holdings prior to the merger.

Consequences of Merger

Consequences for U.S. Unitholders. For United States federal income tax purposes, we anticipate that the merger will be treated for U.S. unitholders as a taxable disposition of membership units. Gain or loss will be recognized on a sale of units equal to the difference between the amount realized and the U.S. unitholder s tax basis for the units sold. The amount realized will equal the merger consideration payable to such U.S. unitholder (including both the amount of cash and the fair market value of Mitek shares payable to the U.S. unitholder, and, as discussed below, an amount of cash contributed to AIS Holdings on behalf of the U.S unitholder) plus the U.S. unitholder s share of Parascript s liabilities. The fair market value of Mitek shares payable to a U.S. unitholder may or may not differ from the trading value of those shares at the time of the merger, depending upon each U.S. unitholder s own circumstances, taking into account restrictions, if any, on the U.S. unitholder s ability to sell the shares, and the U.S. unitholder s degree of control of Mitek, if any. **U.S. UNITHOLDERS SHOULD CONSULT**

THEIR OWN ADVISORS CONCERNING THE FAIR MARKET VALUE OF THE MITEK SHARES PAYABLE TO THEM IN THE MERGER. A U.S. unitholder s tax basis for its units generally will be the amount paid or contributed to Parascript in exchange for the units (i) increased by the U.S. unitholder s share of the Parascript s liabilities and income of Parascript allocated to the U.S. unitholder and (ii) decreased by distributions made to the U.S. unitholder and losses of Parascript allocated to the U.S. unitholder. A U.S. unitholder s tax basis for its units will be reduced as a result of the distribution by Parascript immediately prior to the merger of its interest in AIS Holdings. See Pre-Merger Distribution by Parascript to its Unitholders of AIS Holdings Common Units, below.

Mitek will contribute approximately $3 million of the merger consideration, or such lesser portion of the merger consideration as determined by Parascript, to AIS Holdings as a capital contribution on behalf of the Parascript unitholders. See Consideration to be Paid to Parascript Unitholders in the Merger AIS Adjustment. Each U.S. unitholder s amount realized on the merger will include the U.S. unitholder s allocable share, based on the percentage of outstanding Parascript units that are owned by the U.S. unitholder, of this contribution. Accordingly, each U.S. unitholder will be taxable on the U.S. unitholder s share of this contribution even though the U.S. unitholder will not receive this amount in cash.

Except as noted below, gain or loss recognized on the merger will generally be taxable to a U.S. unitholder as capital gain or loss. However, a portion of this gain or loss will be separately computed and taxed as ordinary income or loss under Section 751 of the Code to the extent attributable to assets giving rise to depreciation recapture or other unrealized receivables or to inventory items owned by Parascript immediately prior to the merger. The term unrealized receivables includes potential recapture items, including depreciation. Mitek and Parascript anticipate that the bulk of any gain realized by the U.S. unitholders will consist of capital gain. Any such capital gain will be short-term capital gain for a U.S. unitholder whose units have been held for one year or less at the time of the merger, and will be long-term capital gain to a U.S. unitholder whose units have been held for more than one year at the time of the merger. See Taxation of Capital Gain and Ordinary Income.

The IRS might attempt to recharacterize the merger as, in substance, a sale of assets by Parascript to Mitek. Such a recharacterization, if successful, could cause U.S. unitholders to recognize ordinary income rather than capital gain with respect to the merger. Under relevant existing authority, including administrative guidance issued by the IRS, the IRS would be unlikely to prevail in such a challenge. However, in the absence of authority that is directly on point, the matter is not free from doubt. The remainder of this discussion assumes that the merger will not be recharacterized in this manner.

A U.S. unitholder may defer recognition of a portion of any gain on the merger attributable to the escrowed Mitek shares pursuant to the installment method until the time the escrow is released and consideration is issued, unless the unitholder elects out of the installment method. The availability of the installment method to account for gain on the Merger is not free from doubt. The installment method is not applicable with respect to certain categories of income or gain or to losses. If a U.S. unitholder reports under the installment method, recovery of a portion of the U.S. unitholder s adjusted basis in the units of Parascript will be deferred. While not free from doubt, the portion of a U.S. unitholder s adjusted basis the recovery of which would be deferred under the installment method may be determined by the fair market value of the U.S. unitholder s allocable share of the escrowed shares as compared with the total amount of consideration payable to the U.S. unitholder in the merger. A U.S. unitholder who reports under the installment method would be subject to the special interest charge rules imposed by Section 453A of the Code to the extent the U.S. unitholder holds at the close of the year of the acquisition installment obligations that have face amounts in excess of $5 million in the aggregate.

If a U.S. unitholder elects out of the installment method for the escrowed Mitek shares and does not report under the open transaction method (discussed below), the U.S. unitholder would include the fair market value of the U.S. unitholder s allocable share of the escrowed shares as part of the merger consideration in calculating taxable gain or loss on the merger. Such a U.S. unitholder would recognize additional gain or loss when shares are payable from the escrow, based on the difference between the fair market value of the shares then payable and the fair market value of the escrowed shares at the time of the merger. Such additional gain or loss will either be short-term capital gain or loss or ordinary income. A U.S. unitholder who elects out of the installment method and reports under the open transaction method would recover the U.S. unitholder s entire adjusted basis in the units in the year of the merger, and would report gain with respect to the escrowed shares only when and as they are payable. However, the open transaction method of reporting will be available only if the fair market value of the escrowed shares is not reasonably ascertainable at the time of the merger. The IRS takes the position that open transaction treatment is available only in rare and extraordinary circumstances. It is uncertain whether open transaction treatment would be available for the escrowed shares. **UNITHOLDERS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF REPORTING UNDER THE INSTALLMENT METHOD AND THE CONSEQUENCES OF ELECTING OUT OF THE INSTALLMENT METHOD OF REPORTING WITH RESPECT TO THE ESCROWED SHARES.**

A U.S. unitholder s basis in the Mitek shares received in the merger will be equal to their fair market value on the day that they are payable. A U.S. unitholder s holding period in Mitek shares received in the merger will begin on the date of the merger.

Consequences for Foreign Unitholders. Under the position of the IRS in Revenue Ruling 1991-32, 1991-1 C.B. 107, income and gain recognized on the merger by a foreign unitholder will generally be treated as effectively connected with a U.S. trade or business and will be subject to U.S. income tax, to the extent such income and gain is attributable to Parascript s U.S. trade or business. Gain recognized on the merger by foreign unitholders will generally be determined in the same manner as for U.S. unitholders, and will consist of short-term or long-term capital gain and ordinary income, as discussed under *Consequences for U.S. Unitholders* . Any such taxable gain will be taxed at rates that apply to the effectively connected income nonresident individuals, foreign corporations, foreign estates or foreign trusts, as applicable. See ***Taxation of Capital Gain and Ordinary Income.*** A foreign unitholder that is taxable as a corporation for U.S. federal income tax purposes also may be liable for a U.S. branch tax on gain recognized on the merger at a rate of 30% or other lower treaty rate.

A foreign unitholder who recognizes taxable gain on the merger may report the escrowed Mitek shares under the installment method, or may elect out of the installment method, as discussed under Consequences for U.S. Unitholders.

Ownership of Mitek Shares by a Foreign Holder

A holder of Mitek shares who is not a U.S. person will not be subject to U.S. federal income tax with respect to gain or loss recognized in a subsequent sale or other disposition of the Mitek shares, unless such holder is engaged in the conduct of a trade or business in the United States and the gain or loss is effectively connected with that trade or business.

Pre-Merger Distribution by Parascript to its Unitholders of AIS Holdings Common Units

Prior to the Merger, Parascript will distribute all of its common units in AIS Holdings to its unitholders. See *The Merger Spin-off of AIS.* Prior to that distribution, AIS Holdings is a Colorado limited liability company and a wholly-owned subsidiary of Parascript. AIS Holdings will own 96% of the outstanding units in Applied Intelligence Solutions, LLC. For federal income tax purposes, AIS Holdings currently is considered a disregarded entity for so long as it is wholly owned by Parascript and (during that period) all of its assets and liabilities are treated as held directly by Parascript.

This discussion of U.S. income tax aspects of the distribution of AIS Holdings common units generally applies to both U.S. Unitholders and Foreign Unitholders.

The distribution by Parascript of AIS Holdings common units should not result in the recognition of taxable gain or loss to the Parascript unitholders, Parascript or AIS Holdings. Rather, the distribution should be treated for U.S. income tax purposes as a tax-free contribution by Parascript of its interests in Applied Intelligence Solutions, LLC, to a partnership, followed by a tax-free distribution of interests in that partnership to Parascript unitholders.

Each Parascript unitholder s holding period in AIS Holdings common units received in the distribution will be bifurcated into the following two portions: (1) a fraction of the unit where the numerator equals $3 million and the denominator equals the total value of the AIS common units (New Holding Period Portion); and (2) the remainder of the unit (Old Holding Period Portion). Each Parascript unitholder s holding period related to the New Holding Period Portion will begin on the date that Mitek makes the $3 million capital contribution on behalf of the Parascript unitholders. Each Parascript unitholder s holding period in the Old Holding Period Portion will include Parascipt s holding period with respect to the AIS Holdings units (which, in turn, included Parascript s holding period with respect to the AIS interests). Each Parascript unitholder s basis in the AIS Holdings common units received by such unitholder in the distribution will be equal to the lesser of: (1) Parascript s adjusted basis immediately before the distribution in the distributed AIS Holdings common units; or (2) the Parascript unitholder s adjusted basis immediately before the distribution in its Parascript units. A Parascript unitholder s basis in AIS Holdings common units will also be increased by the unitholder s share of the merger consideration that is contributed by Mitek on behalf of the Parascript unitholders to AIS Holdings as a contribution to capital. See Consideration to be Paid to Parascript Unitholders in the Merger AIS Adjustment.

As a result of the distribution, the basis of each Parascript unitholder in units of Parascript will be reduced by the amount of the unitholder s basis in the AIS Holdings common units received in the distribution. This reduction in basis will likely result in an increased amount of gain recognized with respect to the Merger.

Ownership of AIS Holdings Common Units

Considerations Applicable to both U.S. Unitholders and Foreign Unitholders. AIS Holdings will be treated as a partnership for federal income tax purposes following the distribution by Parascript of AIS Holdings common units.

It is anticipated that the Parascript unitholders who execute the operating agreement for AIS Holdings following the merger will become members of AIS Holdings. Any unitholder who does not execute the AIS Holdings operating agreement will only own an economic interest in distributions from, and profits and losses of, AIS Holdings, and will not be a member of AIS Holdings. See The Merger Spin-off of AIS This discussion applies generally to holders of AIS Holdings common units whether or not they elect to become members of AIS Holdings.

Holders of AIS Holdings common units will be treated as partners in AIS Holdings for federal income tax purposes. As a partnership for federal income tax purposes, AIS Holdings will not be taxable on its items of income, gain, loss and deduction. Instead, those items will pass-through to, and must be separately reported by, holders of the units of AIS Holdings. Each holder of AIS Holdings common units will receive a Form K-1 from AIS Holdings after the end of each taxable year that sets forth the holder s allocable share of income, gain, loss, deduction and credit from AIS Holdings for the year, as determined by the Operating Agreement for AIS Holdings, LLC. Each holder of AIS Holdings common units must report tax items of AIS Holdings on its separate income tax return in a manner consistent with the treatment of those items on AIS Holdings return or else file a statement identifying the inconsistency with their return.

A holder of AIS Holdings common units will not generally be taxable on cash distributions received from AIS Holdings except to the extent that those distributions exceed the holder s adjusted basis in the common units. Any excess of the holder s cash distributions over the holder s adjusted basis will be treated as gain on the sale of common units. A reduction in a holder s share of indebtedness of AIS Holdings will be treated as a cash distribution for tax purposes. A holder s share of taxable income of AIS Holdings may exceed distributions received from AIS Holdings and may be insufficient to fund income taxes due on income allocated to the holder.

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A holder of AIS Holdings common units may be unable to deduct all or a portion of the holder s allocable share of any losses incurred by AIS Holdings under certain loss limitation provisions of the Code, including the passive activity loss limitation and the at risk limitation. In addition, a holder of AIS Holdings common units may not claim losses from AIS Holding to the extent that the losses exceed the holder s adjusted basis in the common units. In general, losses that a holder may not deduct currently under any one of these limitations will carry forward to future taxable years subject to the same limitation.

If AIS Holdings were to sell its assets in a taxable sale, a holder of common units in AIS holdings would recognize the holder s allocable share of gains and losses from the sale. Any such gains or losses may be long-term and/or short-term capital gains or losses in part and ordinary in part.

A holder who sells AIS Holdings common units in a taxable sale will recognize gain or loss on the sale, which also may be capital in part and ordinary in part. Any such capital gains or losses will be long-term capital gains or losses if the holder s holding period in the common units sold exceeds one year at the time of the sale.

The IRS could audit AIS Holdings, and any such audit could result in an adjustment to a holder s allocable share of AIS Holdings tax items. AIS Holdings will have a tax matters member who will represent AIS Holdings in any IRS audit. Holders will have certain rights to participate in such an audit or to appeal determinations of the IRS reached in the audit. Any adjustments to a partnership item made in the audit of AIS Holdings would result in corresponding adjustments to the separate income tax returns of holders of common units. An audit of AIS Holdings could result in a holder being audited.

Special Considerations for Foreign Unitholders. A foreign unitholder s allocable share of AIS Holdings taxable income (net of allocable deductions) generally will be treated as income that is effectively connected with a U.S. trade or business (effectively connected income), and will be subject to U.S. income tax, to the extent that income has a U.S. source,. Any such income will be taxed at rates that apply to nonresident individuals, foreign corporations, foreign estates or foreign trusts, as applicable. See Taxation of Capital Gain and Ordinary Income. A foreign unitholder generally will be required to file an annual U.S. income tax return and report the foreign unitholder s allocable share of effectively connected income of AIS Holdings. A foreign unitholder that is taxable as a corporation for U.S. federal income tax purposes also may be liable for a U.S. branch tax on the foreign unitholders share of effectively connected at a rate of 30% or lower treaty rate.

Under the Code, AIS Holdings will be required to withhold and pay over to the U.S. Treasury Department a tax, based on maximum marginal tax rates on each foreign unitholder s allocable share of effectively connected income of AIS Holdings. The amount that must be withheld and paid over to the IRS is determined without regard to whether a foreign unitholder has other effectively connected losses or a net operating loss carryforward. Any amount withheld and paid over to the IRS with respect to a foreign unitholder will be credited against the foreign unitholder s U.S. tax liability. A foreign unitholder will be entitled to apply for and receive a refund of any amount withheld and paid over to the IRS in excess of the foreign unitholder s actual U.S. tax liability.

If AIS Holdings recognizes U.S. source interest income that is not treated as effectively connected with a U.S. trade or business, a foreign unitholder generally will be taxable at a flat 30% tax rate on the foreign unitholder s allocable share of that income (determined without deductions). This rate may be reduced or eliminated if the foreign unitholder qualifies for benefits under an applicable U.S. income tax treaty.

If a foreign unitholder were to sell AIS Holdings common units, any gains and income resulting from that sale generally would be subject to U.S. income tax to the extent attributable to the sale of a U.S. trade or business, under the position of the IRS in Revenue Ruling 1991-32, 1991-1 C.B. 107. Any such taxable gain would generally consist of capital gain and/or ordinary income, and any such capital gain will be long term capital gain if the foreign unitholder s holding period in the common units sold exceeded one year. Any such taxable gain will be taxed at rates that apply to the effectively connected income of nonresident individuals, foreign corporations, foreign estates or foreign trusts, as applicable. See Taxation of Capital Gain and Ordinary Income.

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Taxation of Capital Gain and Ordinary Income

The maximum federal income tax rate applicable to long-term capital gains of individual taxpayers, trusts and estates is currently 15%. Short-term capital gains and ordinary income are subject to maximum federal income tax rates of 35%. Corporations are subject to a maximum federal income tax rate of 35% for both capital gains and ordinary income. These rates generally apply both to U.S. unitholders and to the effectively connected income of foreign unitholders.

Information Reporting and Backup Withholding

U.S. unitholders may be subject to information reporting and may be subject to backup withholding (currently at a rate of 28%) on the proceeds from the merger paid within the United States. Backup withholding will generally not apply, however, to a U.S. unitholder who:

- furnishes a correct taxpayer identification number and certifies that the U.S. unitholder is not subject to backup withholding on IRS Form W-9 (or substitute form); or

- is otherwise exempt from backup withholding.

In general, a foreign unitholder may be subject to information reporting and backup withholding unless the foreign unitholder establishes an exemption from information reporting and backup withholding by certifying the foreign unitholders s non-U.S. status on Form W 8BEN.

Backup withholding is not an additional tax. Any amounts withheld from a payment to a holder under the backup withholding rules may be credited against the holder s U.S. federal income tax liability, and a holder may obtain a refund of any excess amounts withheld by filing the appropriate claim for refund with the IRS in a timely manner.

THE MERGER AGREEMENT

The following is a summary of the material provisions of the merger agreement. This summary is qualified in its entirety by reference to the merger agreement, which is incorporated by reference in its entirety and attached to this joint proxy statement/prospectus as Annex A. We urge you to read the merger agreement in its entirety.

General

On September 18, 2006, Mitek and Mitek Acquisition Sub, LLC, a wholly-owned subsidiary of Mitek formed for the specific purpose of this transaction, entered into an amended and restated merger agreement with Parascript and Parascript Management, Inc., as the member representative. Pursuant to this merger agreement, Mitek Acquisition Sub, LLC will merge with and into Parascript, with Parascript surviving as a wholly-owned subsidiary of Mitek.

Consideration

Merger Consideration Payable to Holders of Parascript Preferred and Common Units and Options.

The merger agreement provides that the aggregate consideration to be paid to Parascript s unitholders in the merger will be (i) approximately $80 million in cash subject to adjustment as described below, plus (ii) 51,869,458 shares of Mitek s common stock initially valued at $4 million will be placed into escrow to secure Parascript s indemnification obligations to Mitek under the merger agreement. For purposes of determining the amount of Mitek common stock that will be placed into escrow, the Mitek common stock will be valued at the average closing price for the 10 days prior to closing of the merger, as reported on the OTC Bulletin Board. Shares remaining in escrow after one year will be released, unless a claim for indemnification is made by Mitek prior to one year, in which case the shares remaining in escrow, if any, will be released upon satisfaction of the claim from the escrow.

The merger consideration is subject to various adjustments set forth below.

AIS Adjustment: The total cash consideration payable to Parascript unitholders will be reduced by approximately $3,000,000 which will be contributed to a Parascript subsidiary, AIS Holdings, LLC at the closing. At the closing, the interests of AIS Holdings will be distributed to the Parascript unitholders on a pro rata basis, based on their relative ownership percentage of Parascript on the record date for such distribution. Concurrently with the distribution of AIS Holdings to the Parascript unitholders, the unit interests of Applied Intelligence Solutions, LLC currently held by Parascript (approximately 96% of the units of Applied Intelligence Solutions) will be contributed to AIS Holdings.

Parascript Payments Adjustment: The total cash consideration payable to Parascript unitholders will be reduced by (i) the payoff, in full, of all outstanding principal and interest owed by Parascript to Silicon Valley Bank under certain loan agreements ($1,150,000 as of November 4, 2006); (ii) the payment of $50,000 to Parascript Management, Inc. to be used in its capacity as member representative under the terms of the merger agreement; and (iii) the payment of applicable withholding taxes required to be paid by Merger Sub or Parascript in connection with the merger.

Preferred Distribution to Preferred Unitholders and Preferred Optionholders: From the cash consideration remaining after the above-described adjustments, $44,415,000 will be distributed to the preferred unitholders and preferred optionholders of Parascript on a fully-diluted, as converted basis pursuant to the terms of the preferred units and preferred options.

Remaining Distribution to Preferred Unitholders, Preferred Optionholders and Common Unitholders: The remainder of the cash consideration will be distributed to the preferred unitholders, preferred optionholders and common unitholders on a fully-diluted as converted basis, adjusted as described below.

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Any unitholder who received an advance distribution of net income from Parascript since January 1, 2006, will have such unitholder s cash consideration reduced by the amount of such advances. The total amount of such advance distributions is approximately $3,600,000 as of October 31, 2006. This amount is expected to be increased approximately $360,000 per month until the closing of the merger. The aggregate amount of consideration held back due to the advance distributions will be distributed to all unitholders pro rata on a fully-diluted, as converted basis.

Representations and Warranties

The merger agreement contains various customary representations and warranties by Parascript relating to, among other things:

- organization, valid existence, good standing and similar matters;
- authorization, execution, delivery, performance and enforceability of the merger agreement;
- Parascript s capital structure;
- the absence of any breach or conflict with Parascript s governing documents or member and manager resolutions, with any material contract to which Parascript is a party, with any order applicable to Parascript or with any applicable law;
- the absence of any conflict or violation of any requirements of any governmental body or the terms of any governmental authorization or the imposition of any material encumbrance on Parascript s assets;
- the absence of any notice, consent, waiver, approval, permit or authorization required to be given or obtained under any material Parascript contract;
- the delivery of certain of Parascript s financial statements and the accuracy, in all material respects, of Parascript s financial statements in addition to their fair presentation of financial results and condition and conformity with generally accepted accounting principles;
- the accuracy of the books and records of Parascript;
- the absence of undisclosed liabilities;
- good title and condition of the assets of Parascript and the sufficiency of these assets to conduct its business;
- no material adverse change;
- tax matters;

real property interests;

employee matters;

absence of certain changes and events;

ownership and validity of intellectual property rights;

material contracts;

labor matters and employee benefit plans;

the absence of pending or threatened litigation;

compliance with all applicable legal requirements and governmental authorizations;

possession of all material permits required for the operation of the business;

insurance;

accounts receivable;

- related party transactions;
- finder s and broker s fees related to the transaction;
- the accuracy of information supplied by Parascript and included in this joint proxy statement/prospectus; and
- absence of misleading or untrue statements of a material fact.

The merger agreement also contains various representations and warranties of Mitek relating to, among other things:

- organization, valid existence, good standing and similar corporate matters;
- authorization, execution, delivery, performance and enforceability of the merger agreement;
- employee matters;
- absence of certain changes and events;
- Mitek s capital structure;
- the absence of any breach or conflict with Mitek s certificate of incorporation, bylaws or corporate resolutions, with any material contract to which Mitek is a party, with any order applicable to Mitek or with any applicable law;
- the absence of any conflict or violation of any requirement of any governmental body or the terms of any governmental authorization or the imposition of any material encumbrance on Mitek s assets;
- the absence of any notice, consent, waiver, approval, permit or authorization required to be obtained under any material Mitek contract;
- accuracy, in all material respects, of Mitek s financial statements, in addition to their fair presentation of financial results and condition and conforming with generally accepted accounting principles;
- the accuracy of the books and records of Mitek;
- the absence of undisclosed liabilities;

good title and condition of the assets of Mitek and the sufficiency of these assets to conduct its business;

no material adverse change;

tax matters;

real property interests;

ownership and validity of intellectual property rights;

material contracts;

labor matters and employee benefit plans;

the absence of pending or threatened litigation;

compliance with all legal requirements and governmental authorizations;

possession of all material permits required for the operation of the business;

insurance;

accounts receivable;

related party transactions;

finder s and broker s fees related to the transaction;

Mitek s SEC filings;

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- delisting from NASDAQ and ability to relist on NASDAQ;
- the accuracy of information supplied by Mitek and included in this joint proxy statement/prospectus; and
- absence of misleading or untrue statements of a material fact.

Covenants

Mutual Covenants

Mitek and Parascript mutually agree to do the following:

- notify the other of any circumstance or events likely to cause any of its representations or warranties in the merger agreement to be untrue or inaccurate;
- notify the other of material failures to comply with or satisfy a covenant, condition or agreement;
- notify the other of the institution or threat of institution of legal proceedings;
- prepare and file with the SEC this joint proxy statement/prospectus;
- cooperate in all respects with each other in connection with any filing or submission with a governmental entity;
- use commercially reasonable efforts to resolve any objections that may be asserted by a governmental entity or other person with respect to the merger agreement;
- use commercially reasonable efforts to take or cause to be taken all actions necessary or appropriate to fulfill their respective obligations under the merger agreement; and
- cooperate on publicity matters.

No Solicitation: Parascript, Mitek and their representatives are required to cease discussions or negotiations immediately with respect to a takeover proposal. Parascript and its representatives are also prohibited from soliciting proposals likely to lead to a takeover proposal, or participating in discussions or negotiations with any third party regarding any takeover proposal. However, if the board of managers of Parascript receives an unsolicited, bona fide written takeover proposal after the date of signing the merger agreement, then Parascript may furnish information to the person or entity submitting the takeover proposal in order for its board of managers to comply with its fiduciary duties. Furthermore, Parascript and Mitek must notify the other within 24 hours or receipt of awareness of a takeover proposal.

Parascript Covenants

Between the date of the merger agreement and the closing of the acquisition, Parascript has generally agreed not to, without the consent of Mitek or except as otherwise expressly permitted by the terms of the merger agreement:

enter into any compromise or settlement of any litigation, proceeding or governmental investigation relating to Parascript s assets or liabilities or its business;

increase the compensation payable to or to become payable to any executive officer;

acquire or agree to acquire, by merging or consolidating with, by purchasing an equity interest in or a portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof, or otherwise acquire or agree to acquire any assets of any other person (other than the purchase of assets from suppliers or vendors in its ordinary course of business);

sell, lease, exchange, mortgage, pledge, transfer or otherwise dispose of, or agree to sell, lease, exchange, mortgage, pledge, transfer or otherwise dispose of, any of its material assets or any material assets of any of its subsidiaries;

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release any third party from its obligations, or grant any consent, under any existing standstill provision relating to a competing transaction or otherwise under any confidentiality or other agreement, or fail to fully enforce any such agreement;

change any of its methods of accounting in effect at December 31, 2005, or make or rescind any express or deemed election relating to taxes, settle or compromise any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to taxes (except where the amount of such settlements or controversies, individually or in the aggregate, does not exceed Twenty Five Thousand Dollars ($25,000)), or change any of its methods of reporting income or deductions for federal income tax purposes from those employed in the preparation of the federal income tax returns for the taxable year ended December 31, 2005, except, in each case, as may be required by law or GAAP;

incur any obligation for borrowed money or purchase money indebtedness or guarantee, whether or not evidenced by a note, bond, debenture or similar instrument, except in the ordinary course of business consistent with past practice;

enter into any material arrangement, agreement or contract with any third party which provides for an exclusive arrangement with that third party or is substantially more restrictive on Parascript or substantially less advantageous to Parascript than arrangements, agreements or contracts existing on September 18, 2006;

adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other material reorganization;

pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction of any such claims, liabilities or obligations: (i) incurred in its ordinary course of business, or (ii) which are legally required to be paid, discharged or satisfied;

knowingly take, or agree to commit to take, any action that would make any representation or warranty contained in the merger agreement inaccurate in any respect at, or as of any time prior to, the closing date of the acquisition;

agree to or approve any commitment, including any authorization for expenditure or agreement to acquire property, obligating Parascript for an amount in excess of Five Hundred Thousand Dollars ($500,000); or

do anything that would make the representations and warranties of Parascript untrue or incorrect in any material respect or that could result in any condition of closing not being satisfied or that could reasonably be expected to have a material adverse effect on Parascript.

Between the date of the merger agreement and the closing of the transaction, Parascript has generally agreed to:

afford to Mitek and its representatives, during normal business hours throughout the period prior to the closing of the merger, reasonable access to Parascript s financial information, books, contracts, commitments and records and will furnish to Mitek information concerning its businesses, properties and personnel;

conduct its business in the ordinary course of business;

use commercially reasonable efforts to preserve its present business operations and relationships;

maintain its assets in a state of repair and condition that complies with legal requirements and is consistent with Parascript s ordinary course of business;

keep in full force and effect, without amendment, all material rights relating to Parascript s business;

maintain the books, accounts and records of Parascript in the ordinary course of business, continue to collect accounts receivable and pay accounts payable, and comply with all contractual obligations;

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- comply in all material respects with all applicable laws and contractual obligations;
- continue in full force and effect its current insurance coverage;
- except as required by applicable law, not to amend, modify or terminate any material Parascript employee plan, nor make any contribution to or with respect to any such plan;
- make no distributions of cash in excess of $1,694,472, other than distributions in the aggregate amount of $360,000 per month in the ordinary course of business and other than tax distributions equal to 30 percent of Parascript s taxable income earned prior to the closing;
- make no material changes in its management personnel without the prior written consent of Mitek; and
- cooperate with Mitek in identifying required governmental authorizations and transferring or obtaining such permits for Mitek.
- obtain required consents, waivers, approval and notices from certain third parties;
- deliver monthly unaudited financial statements to Mitek;
- notify Mitek prior to tax distributions to Parascript members;
- not to disclose any confidential information from and after the date of the merger agreement;
- provide assistance and cooperate with Mitek in connection with obtaining the necessary financing to consummate the acquisition;
- hold a special meeting of its unitholders for the purpose of obtaining their approval of the merger agreement and the transactions contemplated by the merger agreement;
- provide Mitek with additional financial, operating and other relevant information requested by Mitek; and
- update and amend Parascript s disclosure schedules to reflect any events or circumstances occurring before closing that would have required listing on the schedules if the event or condition had existed prior to the signing of the merger agreement.

Mitek Covenants

Between the date of the merger agreement and the closing of the acquisition, Mitek has generally agreed not to, without the consent of Parascript or except as otherwise expressly permitted by the terms of the merger agreement:

make any material modification to any material Mitek contract or governmental authorization;

enter into any compromise or settlement of any litigation, proceeding or governmental investigation relating to Mitek s assets or liabilities or its business;

increase the compensation payable to or to become payable to any director or executive officer;

unless obligated pursuant to contract, policy or practice as of the date of the merger agreement, grant any severance or termination pay to, or enter into or amend any employment or severance agreement with, any director, officer or employee;

establish, adopt or enter into any employee benefit plan or arrangement;

except as required by applicable law, amend or take any other action with respect to any of the Mitek employee plans;

declare or pay any dividend on, or make any other distribution in respect of, outstanding shares of capital stock;

issue, deliver, award, grant or sell, or authorize any of the foregoing with respect to shares of any class of capital stock or securities convertible into or exercisable or exchangeable for any such shares, or any rights, warrants, or options to acquire any such shares (except for the issuance of shares upon exercise of outstanding stock options or the vesting of restricted stock in accordance with the terms of outstanding stock awards);

amend or otherwise modify the terms of any such rights, warrants or options;

take any action to accelerate the exercisability of stock options;

acquire or agree to acquire, by merging or consolidating with, by purchasing an equity interest in or a portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof, or otherwise acquire or agree to acquire any assets of any other person (other than the purchase of assets from suppliers or vendors in its ordinary course of business and consistent with past practice);

sell, lease, exchange, mortgage, pledge, transfer or otherwise dispose of, or agree to sell, lease, exchange, mortgage, pledge, transfer or otherwise dispose of, any of its material assets or any material assets of any of its subsidiaries;

release any third party from its obligations, or grant any consent, under any existing standstill provision relating to a competing transaction or otherwise under any confidentiality or other agreement, or fail to fully enforce any such agreement;

adopt or propose to adopt any amendments to its charter or bylaws;

change any of its methods of accounting in effect at December 31, 2005, or make or rescind any express or deemed election relating to taxes, settle or compromise any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to taxes (except where the amount of such settlements or controversies, individually or in the aggregate, does not exceed Twenty Five Thousand Dollars ($25,000)), or change any of its methods of reporting income or deductions for federal income tax purposes from those employed in the preparation of the federal income tax returns for the taxable year ended December 31, 2005, except, in each case, as may be required by law or GAAP;

incur any obligation for borrowed money or purchase money indebtedness or guarantee, whether or not evidenced by a note, bond, debenture or similar instrument, except in the ordinary course of business consistent with past practice and in no event in excess of $100,000 in the aggregate;

enter into any material arrangement, agreement or contract with any third party which provides for an exclusive arrangement with that third party or is substantially more restrictive on it or substantially less advantageous to it than arrangements, agreements or contracts existing on September 18, 2006;

adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other material reorganization;

pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction of any such claims, liabilities or obligations: (i) incurred in its ordinary course of business, or (ii) which are legally required to be paid, discharged or satisfied;

knowingly take, or agree to commit to take, any action that would make any representation or warranty contained in the merger agreement inaccurate in any respect at, or as of any time prior to, the closing date of the merger;

agree to or approve any commitment, including any authorization for expenditure or agreement to acquire property, obligating Mitek for an amount in excess of Five Hundred Thousand Dollars ($500,000); or

do anything that would make the representations and warranties of Mitek untrue or incorrect in any material respect or that could result in any condition of closing not being satisfied or that could reasonably be expected to have a material adverse effect on Mitek.

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Between the date of the merger agreement and the closing of the transaction, Mitek has generally agreed to:

- afford to Parascript and its representatives, during normal business hours throughout the period prior to the closing of the merger, reasonable access to Mitek s financial information, books, contracts, commitments and records and will furnish to Parascript information concerning its businesses, properties and personnel;
- conduct its business in the ordinary course of business;
- use commercially reasonable efforts to preserve its present business operations and relationships;
- maintain its assets in a state of repair and condition that complies with legal requirements and is consistent with Mitek s ordinary course of business;
- keep in full force and effect, without amendment, all material rights relating to Mitek s business;
- maintain the books, accounts and records of Mitek in the ordinary course of business, continue to collect accounts receivable and pay accounts payable, and comply with all contractual obligations;
- comply in all material respects with all applicable laws and contractual obligations;
- continue in full force and effect its current insurance coverage;
- except as required by applicable law, not to amend, modify or terminate any material Mitek employee plan, nor make any contribution to or with respect to any such plan;
- make no material changes in its management personnel;
- maintain the quotation of Mitek s common stock on the OTC and timely file all SEC reports and other documents required by state regulatory authorities;
- promptly make all filings required to consummate the merger and related transactions and cooperate with Parascript in identifying and obtaining all permits in a timely manner; and
- hold a special meeting of its stockholders for the purpose of obtaining their approval of the issuance of shares of Mitek common stock in accordance with the merger agreement.

Employees and Employee Benefits

It is contemplated that all employees currently providing services to Parascript will be employees of the combined company. Prior to the closing, Parascript and Mitek will formally document this agreement regarding such employees, including salaries, benefits, retirement and savings plans and general employee provisions. Mitek will assume sponsorship of the Parascript employee benefit plans at closing, and Mitek will continue to provide COBRA coverage after closing to former Parascript employees. Subject to applicable laws and the employment contracts, Mitek will have the right to dismiss any or all employees at any time, with or without cause, and to change the terms and conditions of their employment.

Member Representative

Parascript Management, Inc. will serve as the member representative and is authorized to act as the representative for the Parascript unitholders related to the consummation of the merger. The member representative may enter into agreements, enforce and protect the rights of the unitholders and take other actions on behalf of the unitholders related to the merger. At the closing of the merger, the member representative will receive $50,000 of the cash consideration to pay expenses related to its duties as the member representative but will not receive any fee, commission or other compensation for its services, and will be indemnified by all unitholders for its actions as the member representative. The member representative will distribute the balance of the $50,000, if any, when it determines that it will incur no additional expenses in its capacity as member representative. Mitek may rely on all actions of the member representative, and any actions or omissions of the member representative related to the merger will be legally binding on the unitholders

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Conditions to the Merger Agreement

Mutual Conditions

The obligations of Mitek and Parascript to consummate the transactions contemplated by the merger agreement are subject to the fulfillment, on or prior to the closing date, of each the following conditions (any or all of which may be waived by Mitek, Mitek Acquisition Sub or Parascript to the extent permitted under applicable law):

- no order by a governmental body of competent jurisdiction, statute, rule or regulation which has the effect of making the consummation of the transactions contemplated by the merger agreement unlawful or prohibited will have been entered or enacted;
- Mitek will have obtained financing proceeds sufficient to consummate the merger in an amount not less than $85,000,000 and not more than $90,000,000 (exclusive of revolving line of credit, working capital loan or similar arrangement);
- Mitek will have obtained stockholder approval of the amendment to its certificate of incorporation to increase the number of authorized shares to 200,000,000;
- the consummation of the merger and related transactions will not cause a material adverse consequence under applicable law to the other party;
- Mitek and Parascript will have obtained any required governmental authorizations; and
- Mitek will have appointed three independent directors to serve on its audit committee.

Parascript Conditions

The obligations of Parascript to consummate the transactions contemplated by the merger agreement is subject to the fulfillment, on or prior to the closing date, of each of the following conditions (any or all of which may be waived by Parascript to the extent permitted under applicable law):

- the representations and warranties of Mitek set forth in the merger agreement will be true and correct in all material respects as of the date of the merger agreement and as of the closing of the transaction as though made at and as of the closing of the merger;
- Mitek will have performed and complied in all material respects with all obligations and agreements required by the merger agreement;
- no change, occurrence or circumstance in the business, assets, liabilities, financial condition or results of operations of Mitek will have occurred that has or is reasonably likely to have, individually or in the aggregate, a material adverse effect on Mitek;
- Parascript will have obtained certain consents, and Mitek will have obtained any required consents;

the SEC will have declared the Form S-4 effective;

Mitek will have obtained the requisite approvals to effect the change in Mitek s name to Parascript, Inc. ;

Mitek will have increased the size of Mitek s board of directors to seven (7) members and caused the nomination and election to the board of two (2) individuals designated by Mitek s Board of Directors, who will be John M. Thornton and James De Bello, two (2) individuals designated by Parascript, who will be Aron Katz and Jeffrey Gilb, and three (3) additional individuals, with each of Mitek, Parascript and Plainfield to nominate one individual, subject in each case to the approval of Mitek and Parascript;

Jeffrey Gilb will have been appointed Mitek s President and Chief Operating Officer and Mitek will have amended Mitek s bylaws regarding the duties of its chairman of the board, chief operating officer, president and chief executive officer;

- Certain employment agreements will not have been breached by Mitek, and Mitek or Parascript will have made written offers of employment acceptable to Parascript to all persons providing services to Parascript; and

- Mitek will have delivered to Parascript other documents that Parascript reasonably requests.

Mitek Conditions

The obligations of Mitek to consummate the transactions contemplated by the merger agreement are subject to the fulfillment, on or prior to the closing date, of the following conditions (any or all of which may be waived by Mitek to the extent permitted under applicable law):

- the representations and warranties of Parascript set forth in the merger agreement will be true and correct in all material respects as of the date of the merger agreement and as of the closing of the merger as though made at and as of the closing of the merger;

- Parascript will have performed and complied in all material respects with all obligations and agreements required by the merger agreement;

- Parascript will have obtained certain consents;

- Parascript will have caused certain assets, liabilities and contracts related to Parascript s business which are currently held by Parascript Management, Inc. and other subsidiaries of Parascript to be transferred and assigned to Parascript;

- Mitek will have received appropriate payoff letters relating to certain of Parascript s indebtedness;

- No change, occurrence or circumstance in the business, assets, liabilities, financial condition or results of operations of Parascript will have occurred that has or is reasonably likely to have, individually or in the aggregate, a material adverse effect on Parascript;

- Parascript will have delivered to Mitek a letter listing all Parascript unitholders expected to be affiliates of Mitek under Rule 145 of the Securities Act and Parascript will have used its best efforts to cause certain Parascript unitholders to sign an affiliate letter;

- Parascript will have delivered a license agreement satisfactory to Mitek between Parascript and Applied Intelligence Solutions, LLC regarding certain intellectual property; and

- Parascript will have delivered to Mitek other documents that Mitek reasonably request.

Termination

Reasons for Termination

Mitek and Parascript have the right to terminate the merger agreement prior to the completion of the merger for the following reasons:

by either Parascript or Mitek on or after March 31, 2007, if the closing has not occurred by the close of business on that date, unless the other party is in material breach of its obligations under the merger agreement;

by mutual consent of Parascript and Mitek;

by Parascript or Mitek if any closing condition of such party becomes impossible (other than as a result of such party s failure to comply with its obligations under the merger agreement) and such party has not waived such conditions;

by either Mitek or Parascript if an event has occurred that has had or could reasonably be expected to have a material adverse effect on the non-terminating party;

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by either Mitek or Parascript if the other materially breaches any provision of the merger agreement and the breach is not cured within thirty days following delivery of a written notice of the breach by the non-breaching party;

by Mitek if Parascript s manager recommends a competing transaction to the Parascript unitholders;

by Parascript if (i) Mitek s board of directors withdraws, modifies or changes its recommendation of the contemplated transactions in a manner adverse to Parascript or shall have resolved to do any of the foregoing; (ii) the board of directors of Mitek shall have recommended to the stockholders of Mitek any competing transaction or shall have resolved to do so; (iii) a tender offer or exchange offer for 20% or more of the outstanding shares of capital stock of Mitek is commenced, and the board of directors of Mitek does not recommend that stockholders not tender their shares into such tender or exchange offer or; (iv) any person (other than Parascript or an affiliate thereof) shall have acquired beneficial ownership or the right to acquire beneficial ownership of, or any group (as such term is defined under Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder), shall have been formed which beneficially owns, or has the right to acquire beneficial ownership of, 20% or more of the then outstanding shares of capital stock of Mitek;

by Mitek or Parascript if the Parascript unitholder approval of the matters required to be approved by them is not obtained; or

by Parascript or Mitek if the Mitek stockholder approval of the matters required to be approved by them is not obtained.

Effect of Termination

If Mitek terminates the merger agreement due to Parascript s material breach of any provision of the merger agreement, which breach is not cured within thirty days following delivery of written notice to Parascript, then Parascript will pay to Mitek all fees and expenses incurred in connection with the transactions contemplated by the merger agreement, up to $500,000 in the aggregate.

If Parascript terminates the merger agreement due to Mitek s material breach of any provision of the merger agreement, which breach is not cured within thirty days following delivery of written notice to Mitek, then Mitek will pay to Parascript all fees and expenses incurred in connection with the transactions contemplated by the merger agreement, up to $500,000 in the aggregate.

If Mitek terminates the merger agreement because Parascript s manager recommends a competing transaction to the Parascript unitholders, Parascript will pay to Mitek a termination fee of $1 million in cash.

If Parascript terminates the merger agreement because (i) Mitek s board of directors withdraws, modifies or changes its recommendation of the contemplated transactions in a manner adverse to Parascript or shall have resolved to do any of the foregoing; (ii) the board of directors of Mitek has recommended to the stockholders of Mitek any competing transaction or has resolved to do so; (iii) a tender offer or exchange offer for 20% or more of the outstanding shares of capital stock of Mitek was commenced, and the board of directors of Mitek did not recommend that stockholders not tender their shares into such tender or exchange offer or; (iv) any person (other than Parascript or an affiliate thereof) has acquired beneficial ownership or the right to acquire beneficial ownership of, or any group (as such term is defined under Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder), has been formed which beneficially owns, or has the right to acquire beneficial ownership of, 20% or more of the then outstanding shares of capital stock of Mitek, Mitek will pay to Parascript a termination fee of $1 million in cash.

Indemnification and Escrow Fund

Mitek will be indemnified from the escrow fund for breaches of Parascript s representations, warranties, covenants and obligations contained in the merger agreement. All representations and warranties survive the

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closing for a period of one year. After closing, Parascript will indemnify and hold harmless Mitek and its affiliates for losses exclusively from the indemnity escrow, which will initially consist of $4 million dollars worth of shares of Mitek common stock.

To the extent it is not used for indemnification claims or reserved for unresolved indemnification claims, the escrow agent will release to the member representative the escrow shares one year following the closing of the merger.

Promptly following receipt of the escrowed Mitek common stock, if any, the Member Representative will distribute this stock to its unitholders in proportion to their respective membership interests as of the closing date; provided, however, that no fractional shares of Mitek common stock will be issued; and, provided further that the total number of shares of Mitek common stock distributed to each Parascript unitholder will be rounded to the nearest whole number.

Amendment and Waiver

Mitek and Parascript may amend, supplement, or change the merger agreement and waive any provision, only by written instrument making specific reference to the merger agreement signed by the party against whom enforcement of the amendment, supplement, modification or waiver is sought.

Expected Timing

The acquisition is expected to be completed in early 2007, subject to the receipt of necessary regulatory approvals and the satisfaction or waiver of other closing conditions.

The consummation of the merger will take place at 10:00 a.m. (Pacific standard time) on a date to be specified by the parties, which date shall be no later than the third business day after satisfaction or waiver of the conditions set forth in the merger agreement (other than conditions that by their nature are to be satisfied at closing, but subject to the satisfaction or waiver of those conditions at such time), unless another time, date or place is agreed to in writing by the parties.

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VOTING AGREEMENTS RELATED TO THE MERGER

In order to induce Mitek to enter into the merger agreement, several Parascript unitholders entered into voting agreements and irrevocable proxies with Mitek pursuant to which, among other things, each of these unitholders agreed, solely in his capacity as a unitholder, to vote all of his, her or its Parascript units in favor of the merger and the adoption of the merger agreement, against any action or agreement that would result in a breach of the merger agreement by Parascript, and against any other action which is intended, or could reasonably be expected to, impede, interfere with, delay, postpone, discourage or adversely delay or affect the merger or any of the other transactions contemplated by the merger agreement. These Parascript unitholders also granted Mitek an irrevocable proxy to their respective units in accordance with the voting agreement. These Parascript unitholders may vote their Parascript units on all other matters not referred to in such proxy.

As of September 18, 2006, the three unitholders of Parascript that entered into voting agreements collectively owned 6,642,611 preferred units of Parascript, representing approximately 64.9% of the outstanding units of Parascript.

Under these voting agreements executed by Parascript unitholders, subject to certain exceptions, such unitholders also have agreed not to sell or transfer Parascript units held by them until the earlier of the termination of the merger agreement or the completion of the merger. To the extent that any such sale or transfer is permitted pursuant to the exceptions included in the voting agreement, each person to whom any units are so sold or transferred must agree in writing to be bound by the terms and provisions of the voting agreement.

FINANCING THE MERGER

Financing Transaction

Mitek lacks sufficient funds to consummate the merger. To finance the merger, Mitek will, subject to the satisfaction of certain conditions in the credit facilities and notes documents, obtain up to $95 million in financing from Plainfield Offshore Holdings VIII Inc. and/or its affiliates. Mitek has obtained financing commitments from Plainfield in which up to $95 million (including a $5 million revolving credit facility) will, subject to satisfaction of certain conditions in the credit facilities and notes documents, be available to Mitek to consummate the transaction with Parascript. Because the transaction cannot be consummated without this outside financing from Plainfield, the receipt of not less than $85 million nor more than $90 million (exclusive of revolving line of credit, working capital loan or similar arrangement) in private financing is a condition to the closing of the merger. The financing proceeds will be used as partial merger consideration and to pay the fees and expenses incurred in connection with the merger and related financing. These fees and expenses, which include legal, accounting and advisory costs, are estimated to be approximately $9 million.

The financing commitments contemplate two distinct sources of financing, namely, (i) Senior Secured Credit Facilities, secured by substantially all of the assets of the combined company, in the aggregate amount of $60 million (including a $5 million revolving line of credit to be used for working capital and other general corporate purposes) with an initial interest rate on the term facility of LIBOR plus 7.5% (such combined rate not to be less than 11%), and (ii) $35 million from the issuance and sale of 9.75% senior subordinated convertible notes (the Notes). The LIBOR rate as of September 30, 2006 was 5.37%.

The Senior Secured Credit Facilities will consist of a senior secured term loan facility in an aggregate principal amount of $55 million and a senior secured revolving credit facility in an aggregate principal amount of $5 million. The interest rate on the senior secured term loan facility is LIBOR plus 7.5% for the first year and thereafter subject to margin changes based on the senior leverage ratio. The revolving facility may also be based on LIBOR (with an interest rate of LIBOR plus 7.5% in the first year and thereafter subject to margin changes based on the senior leverage ratio), but may also be based on the prime rate or federal funds rate plus 6.5% in the first year and subject to changes thereafter based on the senior leverage ratio. The term facility will mature on the fifth anniversary of the closing date and will amortize in equal quarterly installments during each of the fourth and fifth years following the closing date in an aggregate amount equal to $2.5 million per quarter, with the unpaid balance payable on the final maturity date. The revolving facility will mature, and lending commitments thereunder will terminate, on the fifth anniversary of the closing date. Mandatory prepayments of the revolving facility are required if Revolving Exposures (as defined in the credit facilities documents) exceed Revolving Commitments (as defined in the credit facilities documents). Mandatory prepayments of the term facility are required (i) upon a Change of Control (as defined in the credit facilities documents), (ii) upon certain dispositions of assets (subject to a reinvestment right), (iii) upon receipt of insurance or condemnation payments (subject to a reinvestment right) and (iv) upon the issuance of equity or receipt of capital contributions, in the case of each of clauses (ii)-(iv), with baskets and exceptions as provided in the credit facilities documents. If Mitek voluntarily prepays or is required to prepay pursuant to clause (i) above any loans under the term facility within the first year, it must pay 103% of the outstanding principal. If Mitek makes such prepayment in the second or third year, it must pay 101% of the outstanding principal. Thereafter, it may prepay without penalty.

The Notes will bear interest at a rate of 9.75% per annum. The Closing Date will be the issue date of the Notes (the Issue Date). Interest payments will be due each quarter. Up to and including the fourth anniversary of the Issue Date, Mitek may, at its option, pay interest either in cash or by adding to the principal of the Notes. The Notes are convertible into Mitek common stock, in whole or in part, at the option of the holders, at any time. The conversion price is $1.60 per share of Mitek common stock, subject to adjustments. The Notes will mature on the sixth anniversary of the Issue Date. Mitek will be required to offer to purchase the Notes at the option of the holder (i) at a purchase price of 101% of the outstanding principal amount plus accrued interest upon a Change of Control (as defined in the indenture governing the Notes) and (ii) at a purchase price of 100% of the outstanding principal amount plus accrued interest upon certain asset sales.

Dilution Due to the Financing Transaction

As of September 1, 2006, Mitek had 20,747,783 shares of common stock outstanding or reserved for issuance upon exercise of outstanding options or warrants. Mitek s stockholders will be substantially diluted by the merger and financing transaction undertaken in connection with the merger. Specifically, assuming full conversion of the Notes by Plainfield, on a fully diluted and as-if converted basis, Mitek s current stockholders will own 22%, Parascript s current members will own 55% and Plainfield will own 23% of the combined company after the merger and the financing (does not include certain shares of the combined company to be issued to certain officers thereof upon completion of the merger, please see Agreements with Executive Officers Following the Merger on page 125). If and to the extent Mitek elects to pay interest on the Notes by issuing additional Notes, Plainfield s as-converted ownership of Mitek will increase. Assuming Mitek pays all interest by issuing additional Notes, no Notes are converted, and no other shares of Mitek common stock are issued, after the fourth anniversary of the Issue Date, assuming full conversion at that time of the Notes by Plainfield, Mitek s current stockholders would own %, Parascript s current members would own % and Plainfield would own %.

Registration Rights; Future Stock Sales

The Notes will be issued to Plainfield pursuant to the exemption from the registration requirements of Section 5 of the Securities Act provided by Section 4(2) of the Securities Act. Under the terms of documentation governing the Notes, Mitek is required to register the Notes and the common stock underlying the Notes and certain other shares of Mitek common stock acquired by Plainfield on a shelf registration statement. Other shares acquired by Plainfield and included within the shares required to be registered by Mitek are 6,670,000 shares Plainfield will acquire for an aggregate of $5 million from the Katz Family Limited Partnership as part of the merger and related transactions. The Katz Family Limited Partnership is an affiliate of Aron Katz, the Chairman of the manager of Parascript. The documentation governing the Notes provides that Mitek shall (i) file a shelf registration statement with the SEC as within a reasonable time period after the Issue Date, (ii) use all commercially reasonable efforts to cause such shelf registration statement to be declared effective by the SEC within one hundred twenty (120) days after the Issue Date and (iii) maintain the effectiveness and availability of such shelf registration statement until the Notes and shares of common stock registered thereunder may be sold without registration, with certain exceptions. Mitek must pay additional interest of fifty (50) basis points for the first ninety (90) day period following failure to file and/or register with the SEC within the specified time period or to maintain such registration as required. The amount of additional interest will increase by fifty (50) basis points for each subsequent ninety (90) day period until such filing or registration is completed or such registration statement is again effective and available, up to a maximum of two hundred (200) basis points of additional interest. After the registration statement becomes effective, and upon conversion of the Notes by Plainfield, Plainfield s shares will be freely tradable in the public market. Unless demand significantly increases, the market price of a security will generally decline due to market forces if a substantial number of shares are sold at or around the same time. Therefore, if Plainfield seeks to sell a substantial number of its shares in the public market within a relatively short time period, the market price of Mitek s stock could decline as a result.

Changes to Company s Board Due to the Financing Transaction

Under the terms negotiated for the merger and the related financing, the size of the combined company s board of directors will be seven (7) members. It will consist of two (2) individuals designated by Mitek s board of directors, who shall initially be John M. Thornton and James B. DeBello, two (2) individuals designated by Parascript, who shall initially be Aron Katz and Jeffrey Gilb and three (3) individuals who qualify as independent directors under applicable NASDAQ rules, with one (1) nominated by Mitek subject to the approval of Parascript one (1) nominated by Parascript subject to the approval of Mitek and one (1) nominated by Plainfield subject to the approval of Mitek and Parascript.

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MATTERS BEING SUBMITTED TO A VOTE OF MITEK S STOCKHOLDERS

Mitek Proposal 1: Approval of the Issuance of Common Stock in the Merger

At the Mitek special meeting, Mitek stockholders will be asked to approve the issuance of shares of Mitek common stock in accordance with the merger agreement, dated as of September 18, 2006, by and among Mitek, Mitek Acquisition Sub, LLC, Parascript, LLC, and Parascript Management, Inc., as member representative. The number of shares of Mitek common stock Parascript unitholders will be entitled to receive pursuant to the merger are expected to represent approximately 55% of the fully diluted shares of the combined company immediately following the consummation of the merger.

The terms of, reasons for and other aspects of the merger agreement, the merger and the issuance of Mitek common stock pursuant to the merger agreement are described in detail in the other sections of this joint proxy statement/prospectus.

Required Vote

The affirmative vote of the holders of a majority of Mitek common stock having voting power present in person or represented by proxy at the Mitek special meeting is required for approval of Mitek proposal 1.

The Mitek board of directors recommends that Mitek stockholders vote FOR Mitek proposal 1 to approve the issuance of Mitek common stock pursuant to the merger agreement.

Mitek Proposal 2: Approval of Name Change

At the Mitek special meeting, holders of Mitek stock will be asked to approve the amendment to Mitek s certificate of incorporation to change the name of the corporation from Mitek Systems, Inc. to Parascript, Inc. upon consummation of the merger. The primary reason for the corporate name change is that management believes this will allow for greater visibility in the marketplace following the consummation of the merger. Mitek s management believes that the current name will no longer accurately reflect the business of the combined company and the mission of the combined company subsequent to the consummation of the merger.

Insofar as the proposed new corporate name will only reflect Parascript s business following the merger, the proposed name change and the amendment of Mitek s certificate of incorporation, even if approved by the stockholders at the special meeting, will only be filed with the office of the Secretary of State of the State of Delaware and, therefore, become effective if the merger is consummated.

Required Vote

The affirmative vote of holders of a majority of the Mitek common stock having voting power outstanding on the record date for the Mitek special meeting is required to approve the amendment to Mitek s certificate of incorporation to change the name of Mitek Systems, Inc. to Parascript, Inc.

The Mitek board of directors recommends that Mitek stockholders vote FOR Mitek proposal 2 to approve the name change.

Mitek Proposal 3: Approval of Amendment to Certificate of Incorporation to Increase Number of Authorized Shares

Mitek is currently authorized under its certificate of incorporation to issue 40,000,000 shares of common stock and 1,000,000 shares of preferred stock. Mitek currently has enough authorized shares to satisfy its obligations to option and warrant holders. The Mitek board of directors proposes to increase the number of authorized shares of common stock to 200,000,000 shares. The proposed certificate of amendment will amend

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Mitek s certificate of incorporation to increase the number of authorized shares of common stock, from 40,000,000 shares to 200,000,000 shares. The certificate of amendment will not affect the authorized number of shares of preferred stock, which will remain at 1,000,000.

Purpose and Effect of the Proposed Amendment

The authorized number of shares of common stock must be increased to issue the 51,869,458 shares of common stock comprising part of the merger consideration to Parascript unitholders and for future issuances of common stock if and when the senior subordinated convertible notes are converted. On the Closing Date, Mitek will need shares of common stock reserved for issuance upon conversion of the senior subordinated convertible notes. Assuming Mitek pays all interest on the senior subordinated convertible notes for the first four years after the Closing Date by issuing additional senior subordinated convertible notes and none of the senior subordinated convertible notes are converted during that period, Mitek would need shares of common stock reserved for issuance upon conversion of the senior subordinated convertible notes. Mitek s board of directors believes that such number should be further increased to provide the board of directors with the ability to issue additional shares of common stock for the other potential corporate purposes described above, without having to incur the delay and expense incident to holding a special meeting of the stockholders to approve an increase in the authorized shares of common stock at that time.

Furthermore, Mitek is contemplating the advisability of acquiring other companies or rights to properties or strategic alliances with third parties. The additional shares of common stock that Mitek is seeking authorization for may be used for such corporate purposes as the board of directors may determine from time to time to be necessary or desirable. These purposes may include, without limitation: raising capital through the sale of common stock; acquiring other businesses in exchange for shares of common stock; and attracting and retaining employees by the issuance of additional securities under the Mitek 2006 Stock Option Plan, including the options to be granted to certain officers upon consummation of the merger, and other employee equity compensation arrangements.

If the amendment is approved, the board of directors will have the authority to issue additional shares of common stock up to the 200,000,000 authorized shares without further stockholder approval, except as may be required for a particular transaction by applicable law, regulatory agencies or any other rules to which Mitek may be subject.

The authorization of the additional shares of common stock by this proposal could have a dilutive effect on the proportionate voting power or other rights of existing stockholders. To the extent that the additional authorized shares are issued in the future, it will decrease existing stockholders percentage equity ownership and, depending on the price at which they are issued, could be dilutive to existing stockholders and have a negative effect on the trading price of our common stock. Under the certificate of incorporation, stockholders do not have preemptive rights with respect to the issuance of shares of common stock, which means that current stockholders do not have a prior right to purchase any new issue of common stock in order to maintain their proportionate ownership of common stock.

Other Considerations

The increase in the number of authorized shares of common stock could have unintended effects. For example, if Mitek s board of directors issues additional shares in the future, such issuance could dilute the stock ownership and voting power of, or increase the cost to, a person seeking to obtain control of the Company, thereby deterring or rendering more difficult a merger, tender offer, proxy contest or other extraordinary transaction. To the extent that it impedes any such attempts, the amendment may serve to perpetuate our management. The amendment is not being proposed in response to any known effort or threat to acquire control of the Company and is not part of a plan by management to adopt a series of amendments to the certificate of incorporation and our bylaws that would thwart such efforts.

Required Vote

The affirmative vote of holders of a majority of the Mitek common stock having voting power outstanding on the record date for the Mitek special meeting is required to approve the amendment to Mitek s certificate of incorporation to increase the number of authorized shares of common stock from 40,000,000 to 200,000,000.

The Mitek board of directors recommends that Mitek stockholders vote FOR Mitek proposal 3 to approve the increase in the number of authorized shares of Mitek common stock.

Mitek Proposal 4: Approval of Issuance of Debt Convertible into Shares of Mitek Common Stock

Financing Transaction

Mitek lacks sufficient funds to consummate the merger. To finance the merger, Mitek will, subject to the satisfaction of certain conditions in the credit facilities and notes documents, obtain up to $95 million in financing from Plainfield Offshore Holdings VIII Inc. and/or its affiliates. Mitek has obtained financing commitments from Plainfield in which up to $95 million (including a $5 million revolving credit facility) will, subject to satisfaction of certain conditions in the credit facilities and notes documents, be available to Mitek to consummate the transaction with Parascript. Because the transaction cannot be consummated without this outside financing from Plainfield, the receipt of not less than $85 million nor more than $90 million (exclusive of revolving line of credit, working capital loan or similar arrangement) in private financing is a condition to the closing of the merger. The financing proceeds will be used as partial merger consideration and to pay the fees and expenses incurred in connection with the merger and related financing. These fees and expenses, which include legal, accounting and advisory costs, are estimated to be approximately $9 million.

The financing commitments contemplate two distinct sources of financing, namely, (i) Senior Secured Credit Facilities, secured by substantially all of the assets of the combined company, in the aggregate amount of $60 million (including a $5 million revolving line of credit to be used for working capital and other general corporate purposes) with an initial interest rate on the term facility of LIBOR plus 7.5% (such combined rate not to be less than 11%), and (ii) $35 million from the issuance and sale of 9.75% senior subordinated convertible notes (the Notes). The LIBOR rate as of September 30, 2006 was 5.37%.

The Notes will bear interest at a rate of 9.75% per annum. The Closing Date will be the issue date of the Notes (the Issue Date). Interest payments will be due each quarter. Up to and including the fourth anniversary of the Issue Date, Mitek may, at its option, pay interest either in cash or by adding to the principal of the Notes. The Notes are convertible into Mitek common stock, in whole or in part, at the option of the holders, at any time. The conversion price is $1.60 per share of Mitek common stock, subject to adjustments. The Notes will mature on the sixth anniversary of the Issue Date. Mitek will be required to offer to purchase the Notes at the option of the holder (i) at a purchase price of 101% of the outstanding principal amount plus accrued interest upon a Change of Control (as defined in the indenture governing the Notes) and (ii) at a purchase price of 100% of the outstanding principal amount plus accrued interest upon certain asset sales.

Dilution Due to the Financing Transaction

As of September 1, 2006, Mitek had 20,747,783 shares of common stock outstanding or reserved for issuance upon exercise of outstanding options or warrants. Mitek s stockholders will be substantially diluted by the merger and financing transaction undertaken in connection with the merger. Specifically, assuming full conversion of the Notes by Plainfield, on a fully diluted and as-if converted basis, Mitek s stockholders will own 22%, Parascript s current members will own 55% and Plainfield will own 23% of the combined company after the merger and the financing (does not include certain shares of the combined company to be issued to certain officers thereof upon completion of the merger, please see Agreements with Executive Officers Following the Merger on page 125). If and to the extent Mitek elects to pay interest on the Notes by issuing additional Notes, Plainfield s as-if-converted ownership of Mitek will increase. Assuming Mitek pays all interest by issuing additional Notes, no Notes are converted, and no other shares of Mitek common stock are issued, after the fourth anniversary of the Issue Date, assuming full conversion at that time of the Notes by Plainfield, Mitek stockholders would own approximately 20%, Parascript s current members would own approximately 51% and Plainfield would own approximately 30%.

Registration Rights; Future Stock Sales

The Notes will be issued to Plainfield pursuant to the exemption from the registration requirements of Section 5 of the Securities Act provided by Section 4(2) of the Securities Act. Under the terms of documentation governing the Notes, Mitek is required to register the Notes and the common stock underlying the Notes and certain other shares of Mitek common stock acquired by Plainfield on a shelf registration statement. Other shares acquired by Plainfield and included within the shares required to be registered by Mitek are 6,670,000 shares Plainfield will acquire for an aggregate of $5 million from the Katz Family Limited Partnership as part of the Merger and related transactions. The Katz Family Limited Partnership is an affiliate of Aron Katz, the Chairman of the manager of Parascript. The documentation governing the Notes provides that Mitek shall (i) file a shelf registration statement with the SEC as within a reasonable time period after the Issue Date, (ii) use all commercially reasonable efforts to cause such shelf registration statement to be declared effective by the SEC within one hundred twenty (120) days after the Issue Date and (iii) maintain the effectiveness and availability of such shelf registration statement until the Notes and shares of common stock registered thereunder may be sold without registration, with certain exceptions. Mitek must pay additional interest of fifty (50) basis points for the first ninety (90) day period following failure to file and/or register with the SEC within the specified time period or to maintain such registration as required. The amount of additional interest will increase by fifty (50) basis points for each subsequent ninety (90) day period until such filing or registration is completed or such registration statement is again effective and available, up to a maximum of two hundred (200) basis points of additional interest. After the registration statement becomes effective, and upon conversion of the Notes by Plainfield, Plainfield s shares will be freely tradable in the public market. Unless demand significantly increases, the market price of a security will generally decline due to market forces if a substantial number of shares are sold at or around the same time. Therefore, if Plainfield seeks to sell a substantial number of its shares in the public market within a relatively short time period, the market price of Mitek s stock could decline as a result.

Required Vote

Mitek s common stock is traded on the OTC Bulletin Board, however, Mitek intends to apply to have its common stock listed on the NASDAQ Capital Market following closing of the merger. NASDAQ Marketplace Rule 4350(i), generally requires shareholder approval for the issuance or potential issuance of securities representing 20% or more of an issuer s outstanding listed securities or 20% or more of the voting power outstanding before the transaction. The senior subordinated notes to be issued to Plainfield will initially be convertible into greater than 20% or more of Mitek s outstanding securities and 20% or more of the voting power outstanding before the Merger. In order to be in compliance with NASDAQ rules, Mitek is soliciting stockholder approval for the issuance of the senior subordinated convertible notes, and the underlying shares of common stock, to Plainfield.

The affirmative vote of the holders of a majority of Mitek common stock having voting power present in person or represented by proxy at the Mitek special meeting is required for approval of Mitek proposal 4.

The Mitek board of directors recommends that Mitek stockholders vote FOR Mitek proposal 4 to approve the issuance of debt convertible into shares of Mitek common stock.

Mitek Proposal 5: Amendment to the 2006 Stock Option Plan to Increase the Number of Authorized Shares Issuable Under the Plan and Increase the Maximum Number of Shares Permitted to be Granted to an Individual on an Annual Basis

At the Mitek special meeting, Mitek s stockholders will be asked to approve an amendment, effective immediately following the consummation of the merger, to the Mitek Systems, Inc. 2006 Stock Option Plan, or the 2006 Plan , to increase the total number of shares reserved for issuance thereunder by 22,000,000, from 1,000,000 shares to 23,000,000 shares, and to increase the maximum number of shares which can be granted to

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one person in any one year from 500,000 to 3,500,000. The 22,000,000 share increase would be added to the 1,000,000 shares that remained available for stock option grants as of September 30, 2006, under the 2006 Plan and the 492,472 shares that remained available for stock option grants under other Mitek stock plans. The 22,000,000 share increase represents approximately [ ]% of Mitek s [ ] outstanding shares as of the record date of [ ].

The Board of Directors believes it is in the best interests of Mitek to be able to continue to create equity incentives to attract and retain top quality employees and consultants, including officers and directors, and to provide these persons with an incentive to enhance stockholder returns. In addition, amendment of the 2006 Plan will permit the combined company to fulfill its obligations to grant options to certain officers upon consummation of the merger.

Summary of the 2006 Stock Option Plan

The following summary of the material features of the 2006 Plan is qualified by reference to the text of the 2006 Plan attached as an exhibit to Mitek s definitive proxy statement filed with the SEC on January 13, 2006.

Stock Options. The compensation committee of Mitek s board of directors, or the committee, is authorized to grant stock options, including both incentive stock options, or ISOs, which can result in potentially favorable tax treatment to the participant, and nonqualified stock options. Except as provided in the 2006 Plan, generally the exercise price per share of common stock subject to an option is determined by the committee, provided that the exercise price of an ISO may not be less than the fair market value of the common stock on the date of grant. The term of each such option and the times at which each such option shall be exercisable generally will be fixed by the committee, except no option will have a term exceeding ten years. Upon the termination of an optionholder s employment with Mitek other than for cause, all the unvested options will immediately expire and the vested options will expire three months after the occurrence giving rise to termination. Upon the termination of an optionholder s employment for cause, all of his/her options will expire on the date of the occurrence giving rise to the termination. Options may be exercised by payment of the exercise price in cash, stock or promissory note, or as the committee may determine from time to time in accordance with applicable law.

Shares Subject to the Plan. Under the 2006 Plan, 1,000,000 shares of common stock are currently authorized of which 1,000,000 shares remain available for issuance. The maximum number of shares of common stock which may be granted to any individual under the 2006 Plan in any one-year period shall not exceed 500,000 shares, subject to the adjustments described in the next paragraph. The proposed amendment to the 2006 Plan will increase the total number of shares reserved for issuance thereunder to 23,000,000 shares, and increase the maximum number of shares which can be granted to one person in any one year to 3,500,000.

Adjustments Upon Changes in Capitalization. The 2006 Plan provides that, in the event of any change in Mitek s capital structure that effects an increase or decrease in the number of outstanding shares of Mitek common stock without receipt of consideration, the number of shares of common stock covered by each outstanding option, and the exercise price thereof, shall be proportionately adjusted by the committee. The 2006 Plan provides that, in the event of certain capital transactions, all ou