

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 8-K/A**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): March 31, 2009**

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**ICF International, Inc.**

(Exact name of registrant as specified in its charter)

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

**001-33045**  
(Commission File Number)

**22-3661438**  
(I.R.S. Employer  
Identification Number)

**9300 Lee Highway, Fairfax, Virginia**  
(Address of principal executive offices)

**22031**  
(Zip Code)

**Registrant's telephone number, including area code: (703) 934-3000**

**Not Applicable**  
(Former name or former address, if changed since last report.)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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**Item 9.01 Financial Statements and Exhibits****Explanatory Note**

As previously reported, ICF International, Inc., a Delaware corporation (the “Company” or “ICF”), and ICF’s wholly owned subsidiary, ICF Consulting Group, Inc. (“ICF Consulting”), completed their acquisition of Macro International Inc., a Delaware corporation (“Macro”), that was previously wholly owned by Opinion Research Corporation (“Opinion Research”), an entity wholly owned by *info*GROUP Inc. (“*info*GROUP”), pursuant to a Stock Purchase Agreement dated as of March 27, 2009, by and among ICF, ICF Consulting, *info*GROUP and Opinion Research. This Form 8-K/A is filed as an amendment to the Form 8-K filed by the Company on April 6, 2009. The information previously reported in the Form 8-K is hereby incorporated by reference into this Form 8-K/A. The purpose of this Form 8-K/A is to file the financial statements and pro forma information required by Item 9.01.

**(a) Financial statements of businesses acquired**

The following audited year-end financial statements are attached hereto as Exhibit 99.1 and incorporated herein by reference:

- i. Independent Auditors’ Report
- ii. Consolidated Balance Sheets as of December 31, 2008 and December 31, 2007
- iii. Consolidated Statements of Operations for the Years Ended December 31, 2008 and December 31, 2007
- iv. Consolidated Statements of Changes in Net Parent Investment in Macro International, Inc. for the Years Ended December 31, 2008 and December 31, 2007
- v. Consolidated Statements of Cash Flows for the Years Ended December 31, 2008 and December 31, 2007
- vi. Notes to Consolidated Financial Statements

The following unaudited interim financial statements are attached hereto as Exhibit 99.2 and incorporated herein by reference:

- i. Unaudited Consolidated Balance Sheets as of March 31, 2009 and March 31, 2008
- ii. Unaudited Consolidated Statements of Operations for the Three Months Ended March 31, 2009 and March 31, 2008
- iii. Unaudited Consolidated Statements of Changes in Net Parent Investment in Macro International, Inc. for the Three Months Ended March 31, 2009 and March 31, 2008
- iv. Unaudited Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2009 and March 31, 2008
- v. Notes to Unaudited Consolidated Interim Financial Statements

**(b) Pro forma financial information**

The following pro forma financial statements are attached hereto as Exhibit 99.3 and incorporated herein by reference:

- i. Unaudited Pro Forma Combined Balance Sheet as of March 31, 2009
- ii. Unaudited Pro Forma Combined Statement of Earnings for the Three Months Ended March 31, 2009
- iii. Unaudited Pro Forma Combined Statement of Earnings for the Year Ended December 31, 2008
- iv. Notes to Unaudited Pro Forma Financial Statements

**(c) Shell company transactions**

Not applicable.

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(d) Exhibits

- 23.1 Consent of Independent Registered Public Accounting Firm
- 99.1 Audited Financial Statements of Business Acquired
- 99.2 Interim Unaudited Financial Statements of Business Acquired
- 99.3 Pro Forma Financial Information

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ICF International, Inc.

Date: June 12, 2009

By: /s/ Alan Stewart  
Alan Stewart  
*Corporate Secretary*

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**Exhibit Index**

| <b><u>Exhibit No.</u></b> | <b><u>Document</u></b>                                      |
|---------------------------|---|
| 23.1                      | Consent of Independent Registered Public Accounting Firm    |
| 99.1                      | Audited Financial Statements of Business Acquired           |
| 99.2                      | Interim Unaudited Financial Statements of Business Acquired |
| 99.3                      | Pro Forma Financial Information                             |

**Consent of Independent Registered Public Accounting Firm**

We consent to the use of our report dated May 15, 2009, with respect to the consolidated balance sheets of Macro International, Inc. and subsidiary as of December 31, 2008 and 2007, and the consolidated statements of operations, changes in net parent investment in Macro International, Inc., and cash flows for the years then ended, which report appears in this Form 8-K/A of ICF International, Inc.

/s/ KPMG LLP

Omaha, Nebraska  
June 10, 2009

**Independent Auditors' Report**

The Board of Directors  
*info*GROUP Inc.:

We have audited the accompanying consolidated balance sheets of Macro International, Inc. and subsidiary (the Company) as of December 31, 2008 and 2007, and the related consolidated statements of operations, changes in net parent investment in Macro International, Inc., and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Macro International, Inc. and subsidiary as of December 31, 2008 and 2007, and the results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Omaha, Nebraska  
May 15, 2009

**MACRO INTERNATIONAL, INC.**

## Consolidated Balance Sheets

December 31, 2008 and 2007

(In thousands)

|   | <u>2008</u>       | <u>2007</u>    |
|---|-------------------|----------------|
| <b>Assets</b>   |                   |                |
| Current assets:   |                   |                |
| Cash and cash equivalents   | \$ 127            | 134            |
| Trade accounts receivable, net of allowance for doubtful accounts of \$153 and \$38, respectively | 18,538            | 14,792         |
| Unbilled services   | 16,929            | 16,731         |
| Prepaid expenses  | 773               | 684            |
| Deferred income taxes   | 1,075             | 896            |
| Total current assets  | <u>37,442</u>     | <u>33,237</u>  |
| Property and equipment, net   | 5,873             | 6,777          |
| Goodwill  | 40,768            | 40,800         |
| Intangible assets, net  | 38,202            | 42,863         |
|   | <u>\$ 122,285</u> | <u>123,677</u> |
| <b>Liabilities and Net Parent Investment in Macro International, Inc.</b>                         |                   |                |
| Current liabilities:  |                   |                |
| Accounts payable  | 3,856             | 4,166          |
| Accrued payroll expenses  | 8,570             | 7,538          |
| Accrued expenses  | 2,167             | 2,108          |
| Deferred revenue  | 3,210             | 2,754          |
| Total current liabilities   | <u>17,803</u>     | <u>16,566</u>  |
| Long-term debt due to Parent  | 56,775            | 53,289         |
| Deferred income taxes   | 14,045            | 15,603         |
| Other liabilities   | 1,189             | 1,175          |
| Net Parent investment in Macro International, Inc.:   |                   |                |
| Net transactions with Parent  | 25,342            | 33,986         |
| Retained earnings   | 7,131             | 3,058          |
| Net Parent investment in Macro International, Inc.  | <u>32,473</u>     | <u>37,044</u>  |
|   | <u>\$ 122,285</u> | <u>123,677</u> |

See accompanying notes to consolidated financial statements.

**MACRO INTERNATIONAL, INC.**  
Consolidated Statements of Operations  
Years ended December 31, 2008 and 2007  
(In thousands)

|   | <u>2008</u>     | <u>2007</u>    |
|---|-----------------|----------------|
| Net sales   | \$149,584       | 144,647        |
| Costs and expenses:                               |                 |                |
| Cost of goods and services                        | 108,902         | 107,116        |
| Selling, general, and administrative              | 22,860          | 21,647         |
| Depreciation and amortization of operating assets | 3,036           | 2,602          |
| Amortization of intangible assets                 | 4,660           | 4,724          |
| Total operating costs and expenses                | <u>139,458</u>  | <u>136,089</u> |
| Operating income                                  | <u>10,126</u>   | <u>8,558</u>   |
| Other expenses, net:                              |                 |                |
| Interest expense                                  | (3,488)         | (3,505)        |
| Other charges                                     | 63              | 62             |
| Other expense, net                                | <u>(3,425)</u>  | <u>(3,443)</u> |
| Income before income taxes                        | 6,701           | 5,115          |
| Income taxes                                      | 2,628           | 2,073          |
| Net income  | <u>\$ 4,073</u> | <u>3,042</u>   |

See accompanying notes to consolidated financial statements.

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**MACRO INTERNATIONAL, INC.**

Consolidated Statements of Changes in Net Parent Investment in Macro International, Inc.

Years ended December 31, 2008 and 2007

(In thousands)

|                              | <u>Retained<br/>earnings</u> | <u>Net<br/>transactions<br/>with Parent</u> | <u>Net<br/>Parent<br/>investment</u> |
|------------------------------|------------------------------|---|--------------------------------------|
| Balances, December 31, 2006  | \$ 16                        | 38,694                                      | 38,710                               |
| Net income                   | 3,042                        | —   | 3,042                                |
| Net transactions with Parent | —                            | (4,708)                                     | (4,708)                              |
| Balances, December 31, 2007  | 3,058                        | 33,986                                      | 37,044                               |
| Net income                   | 4,073                        | —   | 4,073                                |
| Net transactions with Parent | —                            | (8,644)                                     | (8,644)                              |
| Balances, December 31, 2008  | <u>\$7,131</u>               | <u>25,342</u>                               | <u>32,473</u>                        |

See accompanying notes to consolidated financial statements.

**MACRO INTERNATIONAL, INC.**  
Consolidated Statements of Cash Flows  
Years ended December 31, 2008 and 2007  
(In thousands)

|   | <u>2008</u>   | <u>2007</u>  |
|---|---------------|--------------|
| Cash flows from operating activities:   |               |              |
| Net income  | \$ 4,073      | 3,042        |
| Adjustments to reconcile net income to net cash provided by operating activities: |               |              |
| Depreciation of operating assets  | 3,036         | 2,602        |
| Amortization of intangible assets   | 4,660         | 4,724        |
| Deferred income taxes   | (1,738)       | (6,520)      |
| Interest expense  | 3,486         | 3,487        |
| Adjustments to cash flows due to changes in assets and liabilities:               |               |              |
| Trade accounts receivable   | (3,943)       | 726          |
| Prepaid expenses and other assets   | (89)          | (15)         |
| Accounts payable  | (310)         | 1,442        |
| Accrued expenses and other liabilities  | 1,105         | (2,528)      |
| Deferred revenue  | 456           | 498          |
| Net cash provided by operating activities   | <u>10,736</u> | <u>7,458</u> |
| Cash flows used in investing activity – purchases of property and equipment       | (2,099)       | (2,877)      |
| Cash flows used in financing activity – net transactions with Parent              | (8,644)       | (4,708)      |
| Net change in cash and cash equivalents   | (7)           | (127)        |
| Cash and cash equivalents, beginning of year                                      | 134           | 261          |
| Cash and cash equivalents, ending of year   | <u>\$ 127</u> | <u>134</u>   |

See accompanying notes to consolidated financial statements.

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**MACRO INTERNATIONAL, INC.**

Notes to Consolidated Financial Statements

December 31, 2008 and 2007

**(1) Description of Business**

Macro International, Inc. (the Company) is a wholly owned subsidiary of Opinion Research Corporation (Opinion Research). Opinion Research is a wholly owned subsidiary of *info*GROUP Inc. (the Parent). The Company is a provider of research and evaluation, management consulting, marketing and communications, and information technology services. These services are provided primarily to U.S. government departments and agencies, nonprofits and state governments.

**(2) Basis of Presentation**

On March 27, 2009, the Company and Opinion Research entered into a Stock Purchase Agreement with ICF International, Inc. and ICF Consulting Group, Inc., a wholly owned subsidiary of ICF International, Inc. (collectively, ICF International), related to the sale of all the outstanding capital stock of the Company to ICF International. As of December 31, 2008 and 2007, the Company's common stock consisted of 355 shares (\$0.01 par) authorized, issued and outstanding. The sale was completed on March 31, 2009.

The accompanying consolidated financial statements include the accounts of Macro International, Inc. and its wholly owned subsidiary, Social & Health Services, Ltd. (collectively, the Company) and are presented as if it was a stand-alone entity for the years ended December 31, 2008 and 2007. The balance sheets, statements of operations, and statements of changes in net Parent's investment in Macro International, Inc. consist of account balances specifically related to the business of the Company, as identified by the Parent management. The net Parent investment in Macro International, Inc. within the equity section reflects the purchase price adjustments and intercompany transactions between the Company and Parent.

These financial statements include allocations of certain operating costs incurred by the Parent related to the business. The allocation methods are described below and the Company's management believes such allocation methods are reasonable. The Company depends on the Parent for certain general and administrative services including treasury and cash management, and certain finance, accounting, and management services. Certain Parent employees' salaries and associated fringe benefit costs were allocated based upon the ratio of the estimated hours worked on behalf of the Company compared to each respective employee's total hours worked. Salaries and fringe benefit costs for the Parent's human resources, internal audit, and tax departments were also allocated to the Company based upon the ratio of the estimated hours worked on behalf of the Company compared to total hours worked. Additionally, certain Parent public company expenses and corporate insurance premiums were allocated to the Company using an average of the ratios of the Company's payroll, operating revenue, and net book value of capital assets to the same items in total for the Parent and all of its divisions and subsidiaries.

Subsequent to separation from the Parent, the Company will perform these functions using its own resources or other services and will be responsible for the costs and expenses associated with the management of the Company.

**(3) Summary of Significant Accounting Policies**

**(a) Trade Accounts Receivable**

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based

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MACRO INTERNATIONAL, INC.

Notes to Consolidated Financial Statements

December 31, 2008 and 2007

on specific identification. The Company reviews its allowance for doubtful accounts monthly. Past-due balances over 90 days and over a specified amount are reviewed individually for collectibility. Account balances are written off after all means of collection have been exhausted and the potential for recovery is considered remote. Write-offs for 2008 and 2007 approximated \$12 thousand and \$76 thousand, respectively. The Company does not have any off-balance-sheet credit exposure related to its customers.

**(b) Property and Equipment**

Property and equipment are stated at cost and are depreciated or amortized primarily using straight-line methods over the estimated useful lives of the assets.

|                                |  |
|--------------------------------|--|
| Leasehold improvements         | Lesser of useful life or term of the lease |
| Office furniture and equipment | 5 to 7 years                               |
| Computer equipment             | 3 years                                    |

The Company assessed the impairment of property and equipment costs as of December 31, 2008 and 2007 as required pursuant to Statement of Financial Accounting Standard (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (SFAS 144). The Company did not record any impairment in either year.

**(c) Goodwill**

Goodwill represents the excess of the purchase price and related costs over the value assigned to net tangible and intangible assets of the Company, which was acquired by the Parent in 2006 (the 2006 Acquisition). Goodwill has an indefinite useful life and is not subject to amortization, but instead tested for impairment annually or more often if an event or circumstance indicates that an impairment loss has been incurred, in accordance with the requirements of SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS 142). The Company completed its annual goodwill impairment test as of October 31, 2008 and 2007, respectively. Additionally, in accordance with SFAS 142, the Company concluded that events had occurred and circumstances had changed during the fourth quarter of 2008, which required the Company to perform an interim period goodwill impairment test as of December 31, 2008. The Company did not have a goodwill impairment in either year.

**(d) Long-Lived Assets**

In accordance with SFAS 144, property and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary.

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MACRO INTERNATIONAL, INC.

Notes to Consolidated Financial Statements

December 31, 2008 and 2007

Intangible assets with estimable useful lives are stated at fair value at the time of purchase and are amortized using the straight-line method over the estimated useful lives of the assets, as follows:

|                        |          |
|------------------------|----------|
| Customer relationships | 10 years |
| Trade name             | 12 years |

The Company assessed the impairment of long-lived assets as of December 31, 2008 and 2007 as required pursuant to SFAS 144. The Company did not have an impairment in either year.

**(e) Revenue Recognition**

Services performed for the Company's customers vary from contract to contract and are not uniformly performed over the term of the arrangement. Revenues under fixed-price contracts are recognized on a proportional performance basis. Performance is based on the ratio of costs incurred to total estimated costs where the costs incurred represent a reasonable surrogate for output measures of contract performance, including survey design, data collection, survey analysis, and presentation of deliverables to the client. Progress on a contract is matched against project costs and costs to complete on a periodic basis. Provision for estimated contract losses, if any, is made in the period such losses are determined. Customers are obligated to pay as services are performed, and in the event that a client cancels the contract, the client is responsible for payment for services performed through the date of cancellation.

Revenues under cost-reimbursement contracts are recognized as costs are incurred. Applicable estimated profits are included in earnings in the proportion that incurred costs bear to total estimated costs. Incentives, award fees, or penalties related to performance are also considered in estimating revenues and profit rates based on actual and anticipated awards.

Revenues under time-and-materials contracts are recognized as costs are incurred.

Unbilled receivables are invoiced based upon the achievement of specific events as defined by each contract including deliverables, timetables, and incurrence of certain costs. Unbilled receivables are classified as a current asset. Reimbursements of out-of-pocket expenses are included in net sales with corresponding costs incurred by the Company included in cost of goods and services.

**(f) Income Taxes**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amount that is more likely than not to be realized. Beginning with the adoption of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109* (FIN 48), as of January 1, 2007, the Company recognizes the effect of income tax positions only if

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MACRO INTERNATIONAL, INC.

Notes to Consolidated Financial Statements

December 31, 2008 and 2007

those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. Prior to the adoption of FIN 48, the Company recognized the effect of income tax positions only if such positions were probable of being sustained.

**(g) Accounts Payable**

The Company classifies negative cash balances as a result of recently issued and outstanding checks within accounts payable in the consolidated balance sheet, and within accounts payable in operating activities in the consolidated statement of cash flows. The amount of the negative cash balance included in accounts payable for the years ended December 31, 2008, and 2007 was \$0.9 million and \$2.0 million, respectively.

**(h) Contingencies**

The Company is involved in various legal proceedings. The Company's management assesses the probability of loss for such contingencies and recognizes a liability when a loss is probable and estimable.

**(i) Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of fixed assets, deferred income taxes, certain accrued expenses, and proportional performance revenue recognition. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

**(j) New Accounting Standards**

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value, and requires enhanced disclosures about fair value measurements. SFAS 157 requires companies to disclose the fair value of their financial instruments according to a fair value hierarchy as defined in the standard. Additionally, companies are required to provide enhanced disclosure regarding financial instruments in one of the categories (level 3), including a reconciliation of the beginning and ending balances separately for each major category of assets and liabilities. SFAS 157 was effective for the Company on January 1, 2008. However, in February 2008, the FASB released FASB Staff Position (FSP) FAS 157-2 – *Effective Date of FASB Statement No. 157*, which delayed the effective date of SFAS 157 for all nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The adoption of SFAS 157 for financial assets and liabilities did not have a material impact on the Company's consolidated financial statements. The Company does not believe the adoption of SFAS 157 for our nonfinancial assets and liabilities, effective January 1, 2009, will have a material impact on the Company's consolidated financial statements.

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**MACRO INTERNATIONAL, INC.**

Notes to Consolidated Financial Statements

December 31, 2008 and 2007

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115* (SFAS 159). SFAS 159 permits entities to elect to measure many financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be recognized in earnings at each subsequent reporting date. SFAS 159 was effective for the Company on January 1, 2008. The adoption of SFAS 159 did not have a material impact on the Company's consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141R, *Business Combinations* (SFAS 141R), a revision to SFAS No. 141, *Business Combinations*. SFAS 141R provides revised guidance for recognition and measurement of identifiable assets and goodwill acquired, liabilities assumed, and any noncontrolling interest in the acquire at fair value. SFAS 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of a business combination. SFAS 141R is required to be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008 (January 1, 2009 for the Company).

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statement—an amendment of ARB No. 51* (SFAS 160). SFAS 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent. Specifically, SFAS 160 requires the presentation of noncontrolling interests as equity in the consolidated statement of financial position, and separate identification and presentation in the consolidated statement of operations of net income attributable to the entity and the noncontrolling interest. It also establishes accounting and reporting standards regarding deconsolidation and changes in a parent's ownership interest. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 (January 1, 2009 for the Company). The provisions of SFAS 160 are generally required to be applied prospectively, except for the presentation and disclosure requirements, which must be applied retrospectively. The Company does not believe the adoption of SFAS 160 will have a material impact on the consolidated financial statements.

MACRO INTERNATIONAL, INC.

Notes to Consolidated Financial Statements

December 31, 2008 and 2007

(4) Property and Equipment

|  | December 31     |              |
|--|-----------------|--------------|
|  | 2008            | 2007         |
|  | (In thousands)  |              |
| Buildings and improvements                     | \$ 2,305        | 1,646        |
| Computer hardware and software                 | 6,203           | 4,841        |
| Furniture and equipment                        | 1,897           | 1,994        |
|  | 10,405          | 8,481        |
| Less accumulated depreciation and amortization | (4,532)         | (1,704)      |
| Property and equipment, net                    | <u>\$ 5,873</u> | <u>6,777</u> |

(5) Goodwill and Intangible Assets

Goodwill and intangible assets consist of the following:

|                        | December 31     |                             |               |               |                             |               |
|------------------------|-----------------|-----------------------------|---------------|---------------|-----------------------------|---------------|
|                        | 2008            |                             |               | 2007          |                             |               |
|                        | Cost            | Accumulated<br>amortization | Net           | Cost          | Accumulated<br>amortization | Net           |
|                        | (In thousands)  |                             |               |               |                             |               |
| Goodwill               | \$40,768        | —                           | 40,768        | 40,800        | —                           | 40,800        |
| Customer relationships | 40,043          | 8,343                       | 31,700        | 40,043        | 4,338                       | 35,705        |
| Trade names            | 7,868           | 1,366                       | 6,502         | 7,868         | 710                         | 7,158         |
| Total intangibles      | <u>\$88,679</u> | <u>9,709</u>                | <u>78,970</u> | <u>88,711</u> | <u>5,048</u>                | <u>83,663</u> |

The weighted average remaining amortization periods for the intangible assets other than goodwill as of December 31, 2008 are: customer relationships, 7.9 years, and trade names, 9.9 years.

Future amounts by calendar year for amortization of intangibles as of December 31, 2008 are as follows (in thousands):

|                     |          |
|---------------------|----------|
| 2009                | \$ 4,660 |
| 2010                | 4,660    |
| 2011                | 4,660    |
| 2012                | 4,660    |
| 2013 and thereafter | 19,562   |

**MACRO INTERNATIONAL, INC.**

Notes to Consolidated Financial Statements

December 31, 2008 and 2007

The following table summarizes activity related to goodwill recorded by the Company:

| Fiscal year: | <u>Beginning<br/>balance</u> | <u>Acquisition</u> | <u>Acquisition<br/>adjustments</u> | <u>Ending<br/>balance</u> |
|--------------|------------------------------|--------------------|------------------------------------|---------------------------|
| 2007         | \$35,334                     | —                  | 5,466                              | 40,800                    |
| 2008         | 40,800                       | —                  | (32)                               | 40,768                    |

The Company adjusted the purchase price allocation related to the 2006 Acquisition during 2007 and 2008. During 2007, the Company adjusted the purchase price allocation for \$5.5 million, primarily related to deferred tax adjustments. During 2008, the Company adjusted the purchase price allocation for \$32 thousand.

**(6) Long-Term Debt**

Long-term debt of the Company was \$56.8 million and \$53.2 million at December 31, 2008 and 2007, respectively. The long-term debt consists of an intercompany debt agreement between the Company and the Parent. The long-term debt bears interest at 7% per annum, resulting in annual interest expense of approximately \$3.5 million. The original value of the note was \$49.8 million. The note was forgiven by the Parent upon the sale of the Company to ICF International (see note 12).

**(7) Income Taxes**

The components of the provision for income taxes were as follows for the years ended December 31, 2008 and 2007:

|                  | <u>2008</u>     | <u>2007</u>    |
|------------------|-----------------|----------------|
|                  | (In thousands)  |                |
| <b>Current:</b>  |                 |                |
| Federal          | \$ 3,722        | 3,331          |
| State            | 644             | 475            |
|                  | <u>4,366</u>    | <u>3,806</u>   |
| <b>Deferred:</b> |                 |                |
| Federal          | (1,572)         | (1,687)        |
| State            | (166)           | (46)           |
|                  | <u>(1,738)</u>  | <u>(1,733)</u> |
|                  | <u>\$ 2,628</u> | <u>2,073</u>   |

For 2008 and 2007, the Company had current income taxes payable of \$4.4 million and \$3.8 million, respectively. The Company's income tax returns were filed by the Parent. All amounts payable from the Company have been recorded as amounts within the net transactions with Parent on the consolidated balance sheets.

**MACRO INTERNATIONAL, INC.**

Notes to Consolidated Financial Statements

December 31, 2008 and 2007

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes for the years ended December 31, 2008 and 2007 were as follows:

|  | <u>2008</u>    | <u>2007</u>  |
|--|----------------|--------------|
|  | (In thousands) |              |
| Expected federal income taxes at statutory rate of 34% | \$2,345        | 1,790        |
| State taxes, net of federal effects                    | 249            | 262          |
| Other  | 34             | 21           |
|  | <u>\$2,628</u> | <u>2,073</u> |

The components of the deferred tax assets (liabilities) were as follows for the years ended December 31, 2008 and 2007:

|                                      | <u>2008</u>              | <u>2007</u>            |
|--------------------------------------|--------------------------|------------------------|
|                                      | (In thousands)           |                        |
| <b>Deferred tax assets:</b>          |                          |                        |
| Allowance for doubtful accounts      | \$ 14                    | 59                     |
| Self-insurance reserve               | 96                       | 100                    |
| Accrued rent                         | 513                      | 461                    |
| Accrued compensation                 | 742                      | 665                    |
| Professional fees                    | 90                       | 63                     |
| Depreciation                         | 736                      | 907                    |
|                                      | <u>2,191</u>             | <u>2,255</u>           |
| <b>Deferred tax liabilities:</b>     |                          |                        |
| Accounts receivable retainage        | (181)                    | (244)                  |
| Intangibles assets                   | (14,517)                 | (16,246)               |
| Low income housing credit            | (199)                    | (208)                  |
| State                                | (264)                    | (264)                  |
|                                      | <u>(15,161)</u>          | <u>(16,962)</u>        |
| <b>Deferred tax liabilities, net</b> | <u><u>\$(12,970)</u></u> | <u><u>(14,707)</u></u> |

The Company has recognized deferred tax assets of approximately \$2.2 million, with no valuation allowance for 2008 and 2007. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, carryback opportunities, and tax planning strategies in making this assessment.

The Company adopted the provisions of FIN 48 on January 1, 2007. There was no effect on the net Parent investment in Macro International, Inc. upon the Company's adoption of FIN 48.

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**MACRO INTERNATIONAL, INC.**

Notes to Consolidated Financial Statements

December 31, 2008 and 2007

The statute of limitations related to the consolidated federal income tax return is closed for all tax years up to and including 2004. The expiration of the statute of limitations, related to the various state income tax returns that the Company and subsidiaries file, varies by state.

The Company's policy is to recognize potential interest and penalties related to unrecognized tax benefits in income tax expense. For the years ended December 31, 2008 and 2007, there were no penalties and interest recognized as income tax expense.

**(8) Savings Plan**

Employees who meet certain eligibility requirements can participate in the Macro International, Inc. 401(k)/Profit Sharing Plan, a defined contribution plan. The Company contributed \$3.0 million and \$2.8 million to the plan in 2008 and 2007, respectively.

**(9) Fair Value of Financial Instruments**

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 2008 and 2007. The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties.

The carrying amounts shown in the following table are included in the consolidated balance sheets under the indicated captions.

|                           | December 31            |            |                 |            |
|---------------------------|------------------------|------------|-----------------|------------|
|                           | 2008                   |            | 2007            |            |
|                           | Carrying amount        | Fair value | Carrying amount | Fair value |
|                           | (Amounts in thousands) |            |                 |            |
| Financial assets:         |                        |            |                 |            |
| Cash and cash equivalents | \$ 127                 | 127        | 134             | 134        |

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents – The carrying amounts approximate fair value because of the short maturity of those instruments.

**(10) Commitments and Contingencies**

The Company leases office space under operating leases expiring at various dates through 2015 with some of these leases containing renewal options. The related lease payments are recognized as expense on a straight-line basis of the life of the lease. Rent expense on operating lease agreements was \$6.5 million in each of the years ended December 31, 2008 and 2007.

**MACRO INTERNATIONAL, INC.**

Notes to Consolidated Financial Statements

December 31, 2008 and 2007

Following is a schedule of future minimum noncancelable lease payments as of December 31, 2008:

|                                     |                 |
|-------------------------------------|-----------------|
| 2009                                | \$ 6,411        |
| 2010                                | 6,073           |
| 2011                                | 5,771           |
| 2012                                | 5,540           |
| 2013                                | 4,739           |
| Thereafter                          | 779             |
| Total future minimum lease payments | <u>\$29,313</u> |

**(11) Restructuring Charges**

The Company recorded restructuring charges during 2008 and 2007 of \$52 thousand and \$177 thousand, respectively, which are included within selling, general, and administrative expenses on the consolidated statement of operations.

The following table summarizes activity related to the restructuring charges recorded by the Company for the years ended December 31, 2008 and 2007, including both the restructuring accrual balances and those costs expensed and paid within the same period (in thousands):

|                           | December 31,<br>2006<br>beginning<br>accrual | Amounts<br>expensed | Amounts from<br>acquisitions | Amounts<br>paid | December 31,<br>2007<br>ending<br>accrual |
|---------------------------|--|---------------------|------------------------------|-----------------|---|
| Employee separation costs | \$ —   | 177                 | —                            | 177             | —   |

  

|                           | December 31,<br>2007<br>beginning<br>accrual | Amounts<br>expensed | Amounts from<br>acquisitions | Amounts<br>paid | December 31,<br>2008<br>ending<br>accrual |
|---------------------------|--|---------------------|------------------------------|-----------------|---|
| Employee separation costs | \$ —   | 52                  | —                            | 52              | —   |

**(12) Subsequent Event**

On March 31, 2009, the Parent completed the sale of the Company to ICF International for \$155 million.

**MACRO INTERNATIONAL, INC.**

Consolidated Interim Financial Statements

(Unaudited)

Three Months Ended March 31, 2009 and 2008

**MACRO INTERNATIONAL, INC.**

Consolidated Balance Sheets

(Unaudited)

|  | <b>March 31,</b>      | <b>March 31,</b> |
|--|-----------------------|------------------|
|  | <b>2009</b>           | <b>2008</b>      |
|  | <b>(In thousands)</b> |                  |
| <b>Assets</b>  |                       |                  |
| Current assets:  |                       |                  |
| Cash and cash equivalents  | \$ 75                 | 121              |
| Trade accounts receivable, net of allowance for doubtful accounts of \$0 and \$127, respectively | 17,497                | 13,705           |
| Unbilled services  | 19,063                | 20,183           |
| Prepaid expenses   | 791                   | 998              |
| Deferred income taxes  | 1,168                 | 965              |
| Total current assets   | 38,594                | 35,972           |
| Property and equipment, net  | 5,641                 | 6,355            |
| Goodwill   | 40,768                | 40,800           |
| Intangible assets, net   | 37,037                | 41,698           |
|  | <b>\$ 122,040</b>     | <b>124,825</b>   |
| <b>Liabilities and Net Parent Investment in Macro International, Inc.</b>                        |                       |                  |
| Current liabilities:   |                       |                  |
| Accounts payable   | 3,337                 | 5,367            |
| Accrued payroll expenses   | 8,267                 | 6,969            |
| Accrued expenses   | 1,507                 | 2,549            |
| Deferred revenue   | 2,574                 | 1,743            |
| Total current liabilities  | 15,685                | 16,628           |
| Long-term debt due to Parent   | 57,646                | 54,160           |
| Deferred income taxes  | 13,623                | 15,222           |
| Other liabilities  | 1,138                 | 987              |
| Net Parent investment in Macro International, Inc.   |                       |                  |
| Net transactions with Parent   | 26,218                | 33,697           |
| Retained earnings  | 7,730                 | 4,131            |
| Total  | 33,948                | 37,828           |
|  | <b>\$ 122,040</b>     | <b>124,825</b>   |

See accompanying notes to consolidated financial statements.

**MACRO INTERNATIONAL, INC.**  
Consolidated Statements of Operations  
Three months ended March 31, 2009 and 2008  
(Unaudited)

|   | <u>2009</u>           | <u>2008</u>   |
|---|-----------------------|---------------|
|   | <u>(In thousands)</u> |               |
| Net sales   | \$35,440              | 37,944        |
| Costs and expenses:                               |                       |               |
| Cost of goods and services                        | 25,735                | 27,763        |
| Selling, general and administrative               | 5,963                 | 5,685         |
| Depreciation and amortization of operating assets | 738                   | 738           |
| Amortization of intangible assets                 | 1,165                 | 1,165         |
| Total operating costs and expenses                | <u>33,601</u>         | <u>35,351</u> |
| Operating income                                  | <u>1,839</u>          | <u>2,593</u>  |
| Other expenses, net:                              |                       |               |
| Interest expense                                  | (872)                 | (873)         |
| Other income                                      | <u>2</u>              | <u>17</u>     |
| Other expense, net                                | <u>(870)</u>          | <u>(856)</u>  |
| Income before income taxes                        | 969                   | 1,737         |
| Income tax expense                                | <u>370</u>            | <u>664</u>    |
| Net income  | <u>\$ 599</u>         | <u>1,073</u>  |

See accompanying notes to consolidated financial statements.

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**MACRO INTERNATIONAL, INC.**

## Consolidated Statements of Changes in Net Parent Investment in Macro International, Inc.

Three months ended March 31, 2009 and 2008

(Unaudited)

(In thousands)

|                              | <b>Retained<br/>earnings</b> | <b>Net transactions<br/>with Parent</b> | <b>Net<br/>Parent<br/>investment</b> |
|------------------------------|------------------------------|---|--------------------------------------|
| Balances, December 31, 2007  | \$3,058                      | 33,986                                  | 37,044                               |
| Net income                   | 1,073                        | —                                       | 1,073                                |
| Net transactions with Parent | —                            | (289)                                   | (289)                                |
| Balances, March 31, 2008     | <u>4,131</u>                 | <u>33,697</u>                           | <u>37,828</u>                        |
| Balances, December 31, 2008  | \$7,131                      | 25,342                                  | 32,473                               |
| Net income                   | 599                          | —                                       | 599                                  |
| Net transactions with Parent | —                            | 876                                     | 876                                  |
| Balances, March 31, 2009     | <u>7,730</u>                 | <u>26,218</u>                           | <u>33,948</u>                        |

See accompanying notes to consolidated financial statements.

**MACRO INTERNATIONAL, INC.**  
Consolidated Statements of Cash Flows  
Three months ended March 31, 2009 and 2008  
(Unaudited)

|   | <u>2009</u>    | <u>2008</u> |
|---|----------------|-------------|
|   | (In thousands) |             |
| Cash flows from operating activities:   |                |             |
| Net income  | \$ 599         | 1,073       |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |                |             |
| Depreciation of operating assets  | 738            | 738         |
| Amortization of intangible assets   | 1,165          | 1,165       |
| Deferred income taxes   | (519)          | (454)       |
| Interest expense  | 872            | 873         |
| Adjustments to cash flows due to changes in assets and liabilities:                         |                |             |
| Trade accounts receivable   | (1,092)        | (2,364)     |
| Prepaid expenses and other assets   | (18)           | (314)       |
| Accounts payable  | (517)          | 1,202       |
| Accrued expenses and other liabilities  | (1,014)        | (316)       |
| Deferred revenue  | (636)          | (1,011)     |
| Net cash (used in) provided by operating activities   | (422)          | 592         |
| Cash flows used in investing activities—purchases of property and equipment                 | (506)          | (316)       |
| Cash flows provided by (used in) financing activities—net transactions with Parent          | 876            | (289)       |
| Net change in cash and cash equivalents   | (52)           | (13)        |
| Cash and cash equivalents, beginning of period  | 127            | 134         |
| Cash and cash equivalents, ending of period   | \$ 75          | 121         |

See accompanying notes to consolidated financial statements.

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**MACRO INTERNATIONAL, INC.**

Notes to Consolidated Interim Financial Statements

(Unaudited)

March 31, 2009 and 2008

**(1) Description of Business**

Macro International, Inc. (the Company) is a wholly owned subsidiary of Opinion Research Corporation (Opinion Research). Opinion Research is a wholly owned subsidiary of *info*GROUP Inc. (the Parent). The Company is a provider of research and evaluation, management consulting, marketing and communications, and information technology services. These services are provided primarily to United States Government departments and agencies, nonprofits and state governments.

**(2) Basis of Presentation**

The accompanying unaudited consolidated financial statements of the Company have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, contain all adjustments, consisting of normal recurring adjustments, necessary to fairly present the financial information included therein. This financial data should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the years ended December 31, 2008 and 2007.

On March 27, 2009, the Company and Opinion Research entered into a Stock Purchase Agreement with ICF International, Inc. and ICF Consulting Group, Inc., a wholly owned subsidiary of ICF International, Inc. (collectively, ICF International), related to the sale of all the outstanding capital stock of the Company to ICF International. As of March 31, 2009 and 2008, the Company's common stock consisted of 355 shares (\$0.01 par) authorized, issued and outstanding. The sale was completed on March 31, 2009, and the accompanying consolidated interim financial statements do not contain any adjustments related to such transaction, except for certain operating expenses of approximately \$500,000 directly associated with the sale.

The accompanying consolidated financial statements include the accounts of Macro International, Inc. and its wholly owned subsidiary, Social & Health Services, Ltd. (collectively, the Company) and are presented as if it was a stand-alone entity for the quarters ended March 31, 2009 and 2008. The balance sheets, statements of operations, and statements of changes in net Parent's investment in Macro International, Inc. consist of account balances specifically related to the business of the Company, as identified by the Parent management. The net Parent investment in Macro International, Inc. within the equity section reflects the purchase price adjustments and intercompany transactions between the Company and Parent.

These financial statements include allocations of certain operating costs incurred by the Parent related to the business. The allocation methods are described below and the Company's management believes such allocation methods are reasonable. The Company depends on the Parent for certain general and administrative services including treasury and cash management, and certain finance, accounting and management services. Certain Parent employees' salaries and associated fringe benefit costs were allocated based upon the ratio of hours worked on behalf of the Company compared to each respective employee's total hours worked. Salaries and fringe benefit costs for the Parent's human resources, internal audit, and tax departments were also allocated to the Company based upon the ratio of the estimated hours worked on behalf of the Company compared to total hours worked. Additionally, certain Parent public company expenses and corporate insurance premiums were allocated to the Company using an average of the ratios of the Company's payroll, operating revenue, and net book value of capital assets to the same items in total for the Parent and all of its divisions and subsidiaries.

Subsequent to separation from the Parent, the Company will perform these functions using its own resources or other services and will be responsible for the costs and expenses associated with the management of the Company.

**(3) Summary of Significant Accounting Policies**

**(a) Trade Accounts Receivable**

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on specific identification. The Company reviews its allowance for doubtful accounts monthly. Past due balances over 90 days and over a specified amount are reviewed individually for collectability. Account balances are written off after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers.

(Continued)

MACRO INTERNATIONAL, INC.

Notes to Consolidated Interim Financial Statements

(Unaudited)

March 31, 2009 and 2008

**(b) Property and Equipment**

Property and equipment are stated at cost and are depreciated primarily using straight-line methods over the estimated useful lives of the assets.

|                                |  |
|--------------------------------|--|
| Leasehold improvements         | Lesser of useful life or term of the lease |
| Office furniture and equipment | 5 to 7 years                               |
| Computer equipment             | 3 years                                    |

**(c) Goodwill**

Goodwill represents the excess of the purchase price and related costs over the value assigned to net tangible and intangible assets of the Company, which was pushed down to the Company from the Parent's acquisition of Opinion Research in December 2006. Goodwill has an indefinite useful life and is not subject to amortization, but instead tested for impairment annually, or more often if an event or circumstance indicates that an impairment loss has been incurred, in accordance with the requirements of Statement of Financial Accounting Standard (SFAS) No. 142, *Goodwill and Other Intangible Assets* (SFAS 142).

**(d) Long-Lived Assets**

In accordance with FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, long-lived assets, such as property, plant, and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

Intangible assets with estimable useful lives are stated at fair value at the time of purchase and are amortized using the straight-line method over the estimated useful lives of the assets, as follows:

|                        |          |
|------------------------|----------|
| Customer relationships | 10 years |
| Trade name             | 12 years |

**(e) Revenue Recognition**

Services performed for the Company's customers vary from contract to contract and are not uniformly performed over the term of the arrangement. Revenues under fixed-price contracts are recognized on a proportional performance basis. Performance is based on the ratio of costs incurred to total estimated costs where the costs incurred represent a reasonable surrogate for output measures of contract performance, including survey design, data collection, survey analysis and presentation of deliverables to the client. Progress on a contract is matched against project costs and costs to complete on a periodic basis. Provision for estimated contract losses, if any, is made in the period such losses are determined. Customers are obligated to pay as services are performed, and in the event that a client cancels the contract, the client is responsible for payment for services performed through the date of cancellation.

Revenues under cost-reimbursement contracts are recognized as costs are incurred. Applicable estimated profits are included in earnings in the proportion that incurred costs bear to total estimated

(Continued)

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MACRO INTERNATIONAL, INC.

Notes to Consolidated Interim Financial Statements

(Unaudited)

March 31, 2009 and 2008

costs. Incentives, award fees or penalties related to performance are also considered in estimating revenues and profit rates based on actual and anticipated awards.

Revenues under time-and-materials contracts are recognized as costs are incurred.

Unbilled receivables are invoiced based upon the achievement of specific events as defined by each contract including deliverables, timetables and incurrence of certain costs. Unbilled receivables are classified as a current asset. Reimbursements of out-of-pocket expenses are included in net sales with corresponding costs incurred by the Company included in cost of goods and services.

**(f) Income Taxes**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amount that is more likely than not to be realized. Beginning with the adoption of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* as of January 1, 2007, the Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. Prior to the adoption of FIN 48, the Company recognized the effect of income tax positions only if such positions were probable of being sustained.

**(g) Accounts Payable**

The Company classifies negative cash balances as a result of recently issued and outstanding checks within accounts payable in the consolidated balance sheet, and within accounts payable in operating activities in the consolidated statement of cash flows. The amount of the negative cash balance included in accounts payable as of March 31, 2009, and 2008 was \$0.9 million and \$2.0 million, respectively.

**(h) Contingencies**

The Company's Parent is involved in various legal proceedings. Management assesses the probability of loss for such contingencies and recognizes a liability when a loss is probable and estimable.

**(i) Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of fixed assets, deferred income taxes, certain accrued expenses, and proportional performance revenue recognition. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

(Continued)

**MACRO INTERNATIONAL, INC.**

Notes to Consolidated Interim Financial Statements

(Unaudited)

March 31, 2009 and 2008

**(4) Property and Equipment**

|   | <u>March 31</u> | <u>March 31</u> |
|---|-----------------|-----------------|
|   | <u>2009</u>     | <u>2008</u>     |
|   | (In thousands)  |                 |
| Buildings and improvements                      | \$ 2,333        | 1,599           |
| Computer Hardware and Software                  | 6,619           | 5,491           |
| Furniture and equipment                         | 1,959           | 1,569           |
|   | 10,911          | 8,659           |
| Less accumulated depreciation and amortization: | 5,270           | 2,304           |
| Property and equipment, net                     | \$ 5,641        | 6,355           |

**(5) Goodwill and Intangible Assets**

Goodwill and intangible assets consist of the following:

|                         | March 31       |                             |        |        |                             |        |
|-------------------------|----------------|-----------------------------|--------|--------|-----------------------------|--------|
|                         | 2009           |                             |        | 2008   |                             |        |
|                         | Cost           | Accumulated<br>amortization | Net    | Cost   | Accumulated<br>amortization | Net    |
|                         | (In thousands) |                             |        |        |                             |        |
| Goodwill                | \$40,768       | —                           | 40,768 | 40,800 | —                           | 40,800 |
| Other intangible assets | —              | —                           | —      | —      | —                           | —      |
| Customer relationships  | 40,043         | 9,344                       | 30,699 | 40,043 | 5,339                       | 34,704 |
| Trade names             | 7,868          | 1,530                       | 6,338  | 7,868  | 874                         | 6,994  |
| Total intangibles       | \$88,679       | 10,874                      | 77,805 | 88,711 | 6,213                       | 82,498 |

The weighted average remaining amortization periods for intangible assets other than goodwill as of March 31, 2009 and 2008, respectively, are: customer relationships (7.7 and 8.7 years) and trade names (9.7 and 10.7 years).

Future amounts by calendar year for amortization of intangibles as of March 31, 2009 are as follows (in thousands):

|                     |          |
|---------------------|----------|
| 2009                | \$ 3,493 |
| 2010                | 4,660    |
| 2011                | 4,660    |
| 2012                | 4,660    |
| 2013 and thereafter | 19,562   |

**(6) Long-Term Debt**

Long-term debt of the Company was \$57.6 million and \$54.2 million at March 31, 2009 and 2008, respectively. The long-term debt consists of an intercompany debt agreement between the Company and the Parent. The long-term debt bears interest at 7% per annum, resulting in annual interest expense of approximately \$3.5 million. The original value of the note was \$49.8 million. The note was forgiven by the Parent upon the final sale of the Company to ICF International (see Note 2).

(Continued)

**MACRO INTERNATIONAL, INC.**

Notes to Consolidated Interim Financial Statements

(Unaudited)

March 31, 2009 and 2008

**(7) Income Taxes**

The components of the provision for income taxes were as follows for the three-month periods ended March 31, 2009 and 2008:

|                  | <u>2009</u>           | <u>2008</u>  |
|------------------|-----------------------|--------------|
|                  | <u>(In thousands)</u> |              |
| <b>Current:</b>  |                       |              |
| Federal          | \$ 752                | 946          |
| State            | <u>133</u>            | <u>168</u>   |
|                  | 885                   | 1,114        |
| <b>Deferred:</b> |                       |              |
| Federal          | (464)                 | (405)        |
| State            | <u>(51)</u>           | <u>(45)</u>  |
|                  | <u>(515)</u>          | <u>(450)</u> |
|                  | <u>\$ 370</u>         | <u>664</u>   |

For the quarters ended March 31, 2009 and 2008, the Company had current income taxes payable of \$885 thousand and \$1.1 million, respectively. The Company's income tax returns were filed by the Parent. All amounts payable from the Company have been recorded as amounts within the net transactions with Parent on the consolidated balance sheets.

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes for the three-month periods ended March 31, 2009 and 2008 were as follows:

|  | <u>2009</u>           | <u>2008</u> |
|--|-----------------------|-------------|
|  | <u>(In thousands)</u> |             |
| Expected Federal income taxes at statutory rate of 34% | \$329                 | 591         |
| State taxes, net of Federal effects                    | 44                    | 81          |
| Other  | <u>(3)</u>            | <u>(8)</u>  |
|  | <u>\$370</u>          | <u>664</u>  |

(Continued)

**MACRO INTERNATIONAL, INC.**

Notes to Consolidated Interim Financial Statements

(Unaudited)

March 31, 2009 and 2008

The components of the deferred tax assets (liabilities) were as follows for the three-month periods ended March 31, 2009 and 2008:

|                               | <u>2009</u>              | <u>2008</u>            |
|-------------------------------|--------------------------|------------------------|
|                               | (In thousands)           |                        |
| Deferred tax assets:          |                          |                        |
| Self-insurance reserve        | \$ 237                   | 177                    |
| Accrued rent                  | 481                      | 437                    |
| Accounts receivable           | —                        | 49                     |
| Accrued compensation          | 800                      | 725                    |
| Professional fees             | 51                       | 62                     |
| Depreciation                  | <u>736</u>               | <u>866</u>             |
|                               | 2,305                    | 2,316                  |
| Deferred tax liabilities      |                          |                        |
| Accounts receivable retainage | (202)                    | (250)                  |
| Intangibles assets            | (14,095)                 | (15,824)               |
| Prepaid expense               | (198)                    | (235)                  |
| Low income housing credit     | <u>(264)</u>             | <u>(264)</u>           |
|                               | <u>(14,759)</u>          | <u>(16,573)</u>        |
| Deferred tax liabilities, net | <u><u>\$(12,454)</u></u> | <u><u>(14,257)</u></u> |

The Company has recognized deferred tax assets of approximately \$2.3 million, with no valuation allowance as of March 31, 2009 and 2008. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, carryback opportunities, and tax planning strategies in making this assessment.

The Company adopted the provisions of FIN 48 on January 1, 2007. There was no effect on the net Parent investment in Macro International, Inc. upon the Company's adoption of FIN 48.

The statute of limitations related to the consolidated Federal income tax return is closed for all tax years up to and including 2004. The expiration of the statute of limitations related to the various state income tax returns that the Company and subsidiaries file, varies by state.

The Company's policy is to recognize potential interest and penalties related to unrecognized tax benefits in income tax expense. For the quarters ended March 31, 2009 and 2008, there were no penalties and interest recognized as income tax expense.

(Continued)

**MACRO INTERNATIONAL, INC.**

Notes to Consolidated Interim Financial Statements

(Unaudited)

March 31, 2009 and 2008

**(8) Savings Plan**

Employees who meet certain eligibility requirements can participate in the Macro International, Inc. 401(k)/Profit Sharing Plan. \$0.8 million and \$0.5 million were contributed to the plan for the quarters ending March 31, 2009 and 2008, respectively.

**(9) Fair Value of Financial Instruments**

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments at March 31, 2009 and 2008. The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties.

The carrying amounts shown in the following table are included in the consolidated balance sheets under the indicated captions.

|                           | March 31               |               |                    |               |
|---------------------------|------------------------|---------------|--------------------|---------------|
|                           | 2009                   |               | 2008               |               |
|                           | Carrying<br>Amount     | Fair<br>value | Carrying<br>Amount | Fair<br>value |
|                           | (Amounts in thousands) |               |                    |               |
| <b>Financial assets:</b>  |                        |               |                    |               |
| Cash and cash equivalents | \$ 75                  | 75            | 121                | 121           |

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents – The carrying amounts approximate fair value because of the short maturity of those instruments.

**(10) Commitments and Contingencies**

The Company leases office space under operating leases expiring at various dates through 2015. Certain of these leases contain renewal options. Rent expense on operating lease agreements was \$1.5 million and \$1.6 million for the quarters ended March 31, 2009 and 2008, respectively.

Following is a schedule of the future minimum non-cancellable lease payments as of March 31, 2009:

|  |                        |
|--|------------------------|
| 2009                                       | \$ 4,783               |
| 2010                                       | 6,073                  |
| 2011                                       | 5,771                  |
| 2012                                       | 5,540                  |
| 2013                                       | 4,739                  |
| Thereafter                                 | 779                    |
| <b>Total future minimum lease payments</b> | <b><u>\$27,685</u></b> |

**(11) Restructuring Charges**

The Company recorded restructuring charges during for the first quarters ending March 31, 2009 and 2008 of \$33 thousand and \$41 thousand, respectively, which are included within selling, general and administrative expenses on the consolidated statements of operations.

(Continued)

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**MACRO INTERNATIONAL, INC.**

Notes to Consolidated Interim Financial Statements

(Unaudited)

March 31, 2009 and 2008

The following table summarizes activity related to the restructuring charges recorded by the Company for the quarters ended March 31, 2009 and 2008, including both the restructuring accrual balances and those costs expensed and paid within the same period:

|                           | <u>December 31,<br/>2007<br/>beginning<br/>accrual</u> | <u>Amounts<br/>expensed</u> | <u>Amounts<br/>from<br/>acquisitions</u> | <u>Amounts<br/>paid</u> | <u>March 31,<br/>2008<br/>ending<br/>accrual</u> |
|---------------------------|--|-----------------------------|--|-------------------------|--|
| Employee separation costs | \$ —   | 41                          | —  | 41                      | —  |

  

|                           | <u>December 31,<br/>2008<br/>beginning<br/>accrual</u> | <u>Amounts<br/>expensed</u> | <u>Amounts<br/>from<br/>acquisitions</u> | <u>Amounts<br/>paid</u> | <u>March 31,<br/>2009<br/>ending<br/>accrual</u> |
|---------------------------|--|-----------------------------|--|-------------------------|--|
| Employee separation costs | \$ —   | 33                          | —  | 33                      | —  |

Pro Forma Financial Information

**Unaudited Pro Forma Combined Balance Sheet**  
(in thousands)

|   | As of March 31, 2009 |                 |                           |
|---|----------------------|-----------------|---------------------------|
|   | Historical<br>ICF    | Adjustments     | Pro Forma<br>Consolidated |
| <b>Current Assets:</b>                            |                      |                 |                           |
| Cash and cash equivalents                         | \$ 2,049             | \$ (61)(a)      | \$ 1,988                  |
| Contract receivables, net                         | 184,337              |                 | 184,337                   |
| Prepaid expenses and other                        | 5,270                |                 | 5,270                     |
| Restricted cash                                   | 2,180                |                 | 2,180                     |
| Deferred income taxes                             | 8,134                |                 | 8,134                     |
| <b>Total Current Assets</b>                       | <u>201,970</u>       | <u>(61)</u>     | <u>201,909</u>            |
| Total Property and Equipment, net                 | 23,457               |                 | 23,457                    |
| <b>Other Assets:</b>                              |                      |                 |                           |
| Goodwill  | 299,650              | 4,133 (b,c)     | 303,783                   |
| Other intangible assets                           | 42,101               | (3,052)(c)      | 39,049                    |
| Restricted cash                                   | 1,534                |                 | 1,534                     |
| Other assets                                      | 4,257                |                 | 4,257                     |
| <b>Total Assets</b>                               | <u>\$572,969</u>     | <u>\$ 1,020</u> | <u>\$ 573,989</u>         |
| <b>Current Liabilities:</b>                       |                      |                 |                           |
| Accounts payable                                  | \$ 34,937            | \$ (61)(a)      | \$ 34,876                 |
| Accrued expenses                                  | 30,970               | 1,423 (b,d)     | 32,393                    |
| Accrued salaries and benefits                     | 33,344               | (348)(e)        | 32,996                    |
| Deferred revenue                                  | 14,671               |                 | 14,671                    |
| Income taxes payable                              | 1,642                |                 | 1,642                     |
| <b>Total Current Liabilities</b>                  | <u>115,564</u>       | <u>1,014</u>    | <u>116,578</u>            |
| <b>Long-Term Liabilities:</b>                     |                      |                 |                           |
| Long-term debt                                    | 226,008              | —               | 226,008                   |
| Deferred rent                                     | 2,055                |                 | 2,055                     |
| Deferred income taxes                             | 12,571               |                 | 12,571                    |
| Other liabilities                                 | 5,532                |                 | 5,532                     |
| <b>Total Liabilities</b>                          | <u>361,730</u>       | <u>1,014</u>    | <u>362,744</u>            |
| Stockholders' Equity                              | 211,239              | 6 (f)           | 211,245                   |
| <b>Total Liabilities and Stockholders' Equity</b> | <u>\$572,969</u>     | <u>\$ 1,020</u> | <u>\$ 573,989</u>         |

The accompanying notes are an integral part of these combined financial statements.

Note that the preliminary balance sheet for Macro International, Inc. as of March 31, 2009 was reflected in the consolidated balance sheet of ICF International, Inc. as of the date of acquisition on March 31, 2009, as reported in ICF's quarterly report on Form 10-Q filed May 8, 2009.

**Unaudited Pro Forma Combined Statements of Earnings**  
(in thousands, except per share amounts)

|   | For the three months ended March 31, 2009 |               |                |                 |
|---|---|---------------|----------------|-----------------|
|   | Historical                                |               | Pro Forma      |                 |
|   | ICF                                       | Macro         | Adjustments    | Consolidated    |
| Revenue                                     | \$157,862                                 | \$35,440      | \$             | \$ 193,302      |
| Direct Costs                                | 99,237                                    | 25,735        |                | 124,972         |
| Operating costs and expenses:               |   |               |                |                 |
| Operating expenses                          | 45,289                                    | 5,963         | (1,378)(g)     | 49,874          |
| Depreciation and amortization               | 1,559                                     | 738           |                | 2,297           |
| Amortization of intangible assets           | 1,747                                     | 1,165         | 254 (h)        | 3,166           |
| Total operating costs and expenses          | <u>48,595</u>                             | <u>7,866</u>  | <u>(1,124)</u> | <u>55,337</u>   |
| Operating income (loss)                     | 10,030                                    | 1,839         | 1,124          | 12,993          |
| Interest (expense)/ income                  | (703)                                     | (872)         | 368 (i)        | (1,207)         |
| Other income                                | 134                                       | 2             |                | 136             |
| Income (loss) before taxes                  | 9,461                                     | 969           | 1,492          | 11,922          |
| Income tax expense (benefits)               | 3,579                                     | 370           | 597 (j)        | 4,546           |
| Net income (loss)                           | <u>\$ 5,882</u>                           | <u>\$ 599</u> | <u>\$ 895</u>  | <u>\$ 7,376</u> |
| Earnings per Share:                         |   |               |                |                 |
| Basic                                       | <u>\$ 0.39</u>                            |               |                | <u>\$ 0.49</u>  |
| Diluted                                     | <u>\$ 0.38</u>                            |               |                | <u>\$ 0.47</u>  |
| Weighted-average Common Shares Outstanding: |   |               |                |                 |
| Basic                                       | <u>15,079</u>                             |               |                | <u>15,079</u>   |
| Diluted                                     | <u>15,572</u>                             |               |                | <u>15,572</u>   |

The accompanying notes are an integral part of these combined financial statements.

**Unaudited Pro Forma Combined Statements of Earnings**  
(in thousands, except per share amounts)

|   | For the year ended December 31, 2008 |                 |                   |                  |
|---|--------------------------------------|-----------------|-------------------|------------------|
|   | Historical                           | Pro Forma       |                   | Consolidated     |
|   | ICF                                  | Macro           | Adjustments       |                  |
| Revenue                                     | \$697,426                            | \$149,584       | \$                | \$ 847,010       |
| Direct Costs                                | 460,002                              | 108,902         |                   | 568,904          |
| Operating costs and expenses:               |                                      |                 |                   |                  |
| Operating expenses                          | 170,360                              | 22,860          | (1,088)(k)        | 192,132          |
| Depreciation and amortization               | 5,407                                | 3,036           |                   | 8,443            |
| Amortization of intangible assets           | 8,683                                | 4,660           | 1,064 (l)         | 14,407           |
| Total operating costs and expenses          | 184,450                              | 30,556          | (24)              | 214,982          |
| Operating income (loss)                     | 52,974                               | 10,126          | 24                | 63,124           |
| Interest (expense)/ income                  | (4,082)                              | (3,488)         | (2,412)(m)        | (9,982)          |
| Other income                                | 581                                  | 63              |                   | 644              |
| Income (loss) before taxes                  | 49,473                               | 6,701           | (2,388)           | 53,786           |
| Income tax expense (benefits)               | 20,750                               | 2,628           | (955)(j)          | 22,423           |
| Net income (loss)                           | <u>\$ 28,723</u>                     | <u>\$ 4,073</u> | <u>\$ (1,433)</u> | <u>\$ 31,363</u> |
| Earnings per Share:                         |                                      |                 |                   |                  |
| Basic                                       | <u>\$ 1.96</u>                       |                 |                   | <u>\$ 2.14</u>   |
| Diluted                                     | <u>\$ 1.88</u>                       |                 |                   | <u>\$ 2.05</u>   |
| Weighted-average Common Shares Outstanding: |                                      |                 |                   |                  |
| Basic                                       | <u>14,641</u>                        |                 |                   | <u>14,641</u>    |
| Diluted                                     | <u>15,270</u>                        |                 |                   | <u>15,270</u>    |

The accompanying notes are an integral part of these combined financial statements.

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## NOTES TO UNAUDITED PRO FORMA FINANCIAL STATEMENTS

On March 31, 2009, ICF International (“ICF” or the “Company”) acquired 100 percent of the outstanding shares of Macro International Inc. (“Macro”) and reflected the preliminary balance sheet for Macro in the ICF financial statements reported in ICF’s quarterly report on Form 10-Q filed May 8, 2009 for the quarter ending March 31, 2009. The unaudited pro forma condensed combined financial statements have been prepared to give effect to the completed acquisition, which was accounted for as a purchase business combination in accordance with the provisions of SFAS No. 141(R), Business Combinations, as if the acquisition had taken place at the beginning of the fiscal periods presented, January 1, 2008 and 2009.

The pro forma amounts have been developed from the unaudited consolidated financial statements for the three months ended March 31, 2009, for ICF and Macro as well as the audited consolidated financial statements of ICF contained in its Annual Report on Form 10-K for the year ended December 31, 2008, and audited consolidated financial statements for Macro for the year ended December 31, 2008. The assumptions, estimates and adjustments here have been made solely for the purposes of developing these combined consolidated financial statements.

In accordance with the purchase method of accounting, the assets and liabilities of Macro were recorded at their respective estimated fair values as of the date of acquisition. Management’s estimates of the fair value of assets acquired and liabilities assumed are based, in part, on third-party evaluations. The preliminary allocation of the purchase price was based upon a preliminary valuation, and our estimates and assumptions are subject to change.

The unaudited pro forma combined consolidated financial statements are provided for illustrative purposes only and are not intended to represent the actual consolidated results of operations or the consolidated financial position of ICF had the acquisition occurred on the dates assumed, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position. The unaudited pro forma combined consolidated financial statements should be read in conjunction with the separate historical consolidated financial statements of ICF and Macro.

### **Note A. Basis of Presentation**

Effective March 31, 2009, the Company acquired 100 percent of the outstanding common shares of Macro International Inc. (“Macro”). Macro provides research and evaluation, management consulting, marketing communications, and information services to key agencies of the federal government. Macro is recognized for its expertise in research, evaluation, consulting and implementation services, particularly in federal health programs, covering a wide range of health issues in the U.S. and internationally. In addition to its health-related expertise, Macro has strong credentials in housing, labor, and veterans affairs issues. The Company undertook the acquisition to expand its health-related and large project implementation capabilities across key federal markets, to add service offerings and clients in one of its largest markets, and to provide significant growth potential and cross-selling opportunities.

The acquisition was accounted for as a purchase in accordance with the provisions of SFAS No. 141(R), Business Combinations (“SFAS No. 141(R)”). The aggregate purchase price was approximately \$155.0 million in cash, which was funded by our revolving credit facility. The stock purchase agreement contains a working capital adjustment provision that will affect the final purchase price. The effect of the working capital adjustment has not been finalized, but is estimated to be approximately \$2.5 million in favor of the seller. The Company has engaged an independent valuation firm to assist management in the allocation of the purchase price to goodwill and to other acquired intangible assets. The excess of the purchase price over the estimated fair value of the net tangible assets acquired was approximately \$130.4 million. The Company has preliminarily allocated approximately \$105.0 million to goodwill and \$25.4 million to other intangible assets. The intangible assets consist of approximately \$25.4 million of intangibles that are being amortized over eight years. Macro was purchased under the election provisions of Internal Revenue Code 338(h)(10), and therefore, goodwill and the amortization of intangibles are deductible for tax purposes. The results of operations for Macro will be included in the Company’s statement of earnings after March 31, 2009. The effect of the acquisition is reflected in the Company’s March 31, 2009 consolidated balance sheet and related notes.

The Company incurred approximately \$1.0 million of transaction expenses related to the acquisition in the quarter prior to the assumed date of acquisition. The expenses are recorded on the statement of earnings as operating expenses. In addition, the Company incurred \$0.6 million in debt issuance costs related to the acquisition. The debt issuance costs were recorded as other assets and will be amortized over the remaining life of the credit agreement.

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**NOTES TO UNAUDITED PRO FORMA FINANCIAL STATEMENTS**

Because the assets and liabilities of Macro were included in the Company's consolidated balance sheet as of March 31, 2009, the balance sheet of ICF as of March 31, 2009 used in these pro forma financial statements includes such assets and liabilities. The following table provides the preliminary allocation of assets acquired and liabilities assumed as of March 31, 2009 (in thousands of dollars):

|                               |                  |
|-------------------------------|------------------|
| Cash                          | \$ 75            |
| Contract receivables          | 36,585           |
| Other current assets          | 633              |
| Customer-related intangibles  | 24,574           |
| Marketing-related intangibles | 797              |
| Goodwill                      | 105,068          |
| Other assets                  | 134              |
| Property and equipment        | 5,274            |
| Total assets                  | <u>173,140</u>   |
| Accounts payable              | 3,209            |
| Accrued salaries and benefits | 8,419            |
| Accrued expenses              | 1,446            |
| Billings in excess of costs   | <u>2,574</u>     |
| Total liabilities             | <u>15,648</u>    |
| Net assets                    | <u>\$157,492</u> |

(Continued)

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## NOTES TO UNAUDITED PRO FORMA FINANCIAL STATEMENTS

### Note B. Pro Forma Adjustments

The pro forma information included herein differs from the previously reported preliminary March 31, 2009 balance sheet of Macro that was consolidated with the ICF balance sheet as reported in the ICF quarterly report on Form 10-Q filed May 8, 2009, because it reflects adjustments resulting from a subsequent review of Macro's preliminary March 31, 2009 balance sheet. These adjustments affect the estimated purchase price, including adjustments to goodwill, intangibles, taxes, intangible expense, interest expense, and other expenses. The pro forma unaudited combined consolidated financial statements do not include anticipated incremental business development and information technology expenses. The pro forma adjustments included in the unaudited combined consolidated financial statements are as follows:

- (a) Adjust opening cash balance to the corrected balance.
- (b) Adjust goodwill and accrued expenses for estimated working capital adjustment of \$2.5 million.
- (c) Reduce the fair value of acquired identified intangibles by \$1.6 million and record accumulated amortization of intangibles of \$1.4 million in accordance with subsequent purchase price allocation.
- (d) Adjust accrued ICF acquisition expenses of \$1.0 million and a reduction of \$0.1 million in the accrued expense opening balance.
- (e) Adjust accrued salaries and benefits for acquisition-related liabilities.
- (f) Record impact of pro forma adjustments to stockholders' equity.
- (g) Eliminate ICF acquisition-related expenses of \$1.0 million, Macro acquisition-related expenses of \$0.5 million, and Macro profit sharing expense of \$0.8 million, partially offset by an increase of \$0.3 million 401(k) plan expense, \$0.5 million increase in incremental integration, and \$0.1 in miscellaneous expenses.
- (h) Eliminate Macro historical intangible amortization expense of \$1.2 million and record amortization expense of \$1.4 million related to the Macro acquisition.
- (i) Eliminate Macro historical interest expense and record interest expense related to an average acquisition balance of \$155 million at an estimated interest rate of 1.3% for the three-month period.
- (j) Record income tax provision for pro forma adjustments at a combined federal and state statutory tax rate of 40%.
- (k) Elimination of Macro profit sharing expense of \$3.0 million partially offset by an increase of \$1.4 million 401(k) plan expense and \$0.5 million increase in incremental integration expenses.
- (l) Eliminate Macro historical intangible amortization expense of \$4.7 million and record amortization expense of \$5.7 million related to the Macro acquisition.
- (m) Eliminate Macro historical interest expense and record interest expense related to an average acquisition balance of \$147.5 million at an estimated interest rate of 4.0% for the twelve month period.