

FINAL TRANSCRIPT

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PRESENTATION

Sudhakar Kesavan - *ICF International, Inc. - Chairman, CEO*

Good afternoon. Welcome to ICF International's first analyst day. We appreciate the fact that you've taken the time to come, and we hope that we can give you a better understanding of the business. I know that most of you have followed us for a long time now, over 3.5 years as a public company. We do appreciate the broad analyst coverage which we have attracted and the strong institutional investor support we have gotten.

So I think that we are pleased about that. We certainly hope that we can return your trust as we move forward. The fact that we have such strong support has been critical to the completion of our secondary offering, which we did in December of last year, and the fact that our private equity holder is pretty much out of the stock, having distributed 7.5 million shares over the last 18 months, which have been absorbed as well by the marketplace. So we are appreciative of the support.

What we would like to do is just give you some sense of the program. I think we will go from 2:30 to about 4:15. We will have a series of presentations about the business and give you some sense of the trends in our markets and how we are trying to exploit those trends in terms of opportunities, how are we going to take advantage of the opportunities as they present themselves in our areas of expertise.

So we have asked a number of our senior executives who are responsible for these businesses to be here today so that you can listen to them talk about the business and understand what we do in a much more in-depth way.

And with that, I just want to introduce these folks to you -- their bios are in the pack you have. John Wasson, our Chief Operating Officer, is sitting up here. Ron Vargo, our CFO, has just joined us. We are pleased to have him on board.

Ellen Glover, who runs our Technology Management Solutions business, is here. Jeanne Townend, who's responsible for the Health and Social Programs part of the business. Phil Mihlmester, who's at the back of the room, he will come up after the break



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to talk about the Energy business. Sergio Ostria, who is sitting right next to him, will talk about the Environment and Transportation business.

And we also have Isabel Reiff here, who directs business development for us. She is sitting back. She will also be up here for the Q&A. And Doug Beck is here, who I'm sure a number of you have spoken to, does our investor relations as well as Lynn Morgen and Betsy Brod are here from MBS Value Partners, who are our investor relations firm.

So we have all these folks here. And we hope that you'll get a better sense of the firm, because most of you I think always hear me. So I am pleased not to say too much today and will let the others talk to you about the business.

I think what we would like to do is, in the interest of time, ask you to hold your questions until the end of presentations, then we'll have some Q&A. And then we will go to the room next door where we have breakout tables, where each of these folks will be at a table and you can always go up and talk to them about their specific business if you would like.

They will be joined by Isabel Reiff, head of business development, who obviously runs the whole pipeline and takes care of the fact that we have enough business to work on. She will be at one of the tables, and Ron Vargo will be there and you can certainly talk to him.

In terms of the financial presentation, your book has the 10-Q. That together with our earnings release and conference call remarks will constitute our financial presentation. So we won't have more to tell you about the financials. We will today focus on the substantive aspects of the business.

And with that I will hand over to John, who will give you an overview of the business and then we'll go to the others one by one. Thank you.

John Wasson - ICF International - EVP and COO

Thank you. It is good to see many of you again. I am just going to give you a very brief overview of our markets and turn it over to the senior executives here from ICF who are running the key parts of our business.

And so first, I think we do obviously believe that we are aligned with the most prominent issues facing our government and commercial clients. I think as you know from our recent quarterly earnings, we did have organic growth of 18% in the first quarter. Over the last 12 quarters, we've grown north of 15% organically. And it's really been driven by the twin pillars, the two largest markets we serve.

42% of our revenues over the past trailing 12 months have been in the Health and Human Services and Social Programs area. That has been our fastest growing segment of our business. It spans a variety of health programs, support we do for CDC and NIH around HIV/AIDS, obesity, international health issues to housing to early childhood education. And so that has been our fastest growing segment.

Similarly, the Energy, Environment and Infrastructure has been strong growth segment for us. That represents 44% of our revenues. They're energy efficiency, renewables, doing environmental work in front of large infrastructure projects, helped drive our growth.

86% of our revenues are in these two pillars and we do think those will continue to drive our growth. We also have 14% in homeland security and defense. Actually, 4% of that 14% is from our recent Jacob & Sundstrom acquisition, which focuses on cyber security. We believe that will be a growth market for us too.



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And so today, we have the executives in the room to discuss the 86% of the two large pillars. And then Ellen Glover will speak to the cyber security, the 4%. We will cover the 90% of our revenues that we think are aligned here for growth.

Before we get into each of the key sectors, I thought it would just give you a brief overview of some of the secular drivers that are growing or driving growth in our business. First, obviously, the growing role of government in the economy; I think this is helping to grow both the federal and our commercial businesses.

I think it is fair to say that the government is playing a much larger role in the economy over the last several years between healthcare reform, a focus on energy issues and energy infrastructure, education, housing, veterans' related issues. Certainly for ICF, when the government is more involved in the economy, it helps drive both our advisory business -- policy, economic analysis, program design, research -- and also drives our implementation business and actually implementing programs for both the government and commercial sectors.

Another secular trend, transparency and accountability, I think that is quite important. That gets in evaluating the effectiveness of programs. With the Macro acquisition, we have quite strong evaluation capabilities. So I think that plays to one of our strengths.

Heightened demand for security solutions -- obviously the cyber area is an area where we think we can apply -- is important to the whole security arena. I think in the energy area, there's also a lot of focus on protecting infrastructure, smart grid related issues, and critical infrastructure protection both in the government and the private sector.

Another broad trend is the complexity of programs both at the federal and commercial levels. When you have to implement these complex programs, you need to do training and technical assistance. You need IT systems. You need to run clearinghouses. That is a strength we have, and I think as we see more of these complex programs being implemented, it plays to a strength for ICF.

Obviously the aging of the federal workforce -- we clearly bring our subject matter expertise in many federal agencies as the experienced federal employees retire. They will have to rely on their contractors. In some sense, at ICF we become the institutional memory for our clients as these senior executives retire. We have been working in those government agencies longer than many of the staff in those agencies. And so I think we do bring that institutional history.

And the last thing I would say that really plays to one of our strengths, we are seeing tremendous demand for implementation of programs that require domain expertise and implementation skills. One of the things that we have great strength in the markets we serve is we have terrific subject matter experts who can help design the programs and make sure that as we implement them, we are doing them according to their designs. So I think that we really do bring a unique capability on the subject matter expertise front and center and combine that with the implementation skills.

So this is just a market assessment and we just tried to break down our three key markets in terms of several key factors. I think as I said, we do see the Energy, Environment and Infrastructure and Health, Human Services, Social Programs as high-growth markets for us. We have enjoyed a significant growth over the last couple of years, and I think that we believe that we will continue to see growth in those markets.

In the Homeland Security and Defense, we see certain pockets of growth with our strong niche expertise. Certainly cyber security and critical infrastructure protection are areas where we think we could continue to grow.

In terms of leadership, we certainly are and view ourselves as market leaders in the Environment and Energy and Infrastructure. We have been in those markets for 40 years. We have quite a strong position.

In Health, Human Services and Social Programs, it is a mix of market leadership and niche expertise. Certainly I think we are very strong in the survey research and evaluation areas. I think on the implementation side, with training and technical assistance, clearinghouses, database analytics, we can bring significant leadership in certain sectors. And then in Homeland Security and



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Defense, we have niche expertise again around cyber, critical infrastructure protection and around emergency management preparation.

Our implementation expertise is critically important to us. I think as many of you know, one of our key growth strategies has been to leverage our advisory work into implementation. As we do the implementation work, we find larger, longer-term contracts. And we certainly have been quite focused on that over the last several years. That has been a major aspect of our growth, driving into implementation. I think we see that continuing.

One of other areas we are best at that is when the government or commercial clients are implementing new programs or how they redesign programs. And we are best under those terms because when it's a new program or a redesigned program, and we have often been involved in the design or redesign, by leveraging our advisory capabilities we can convince the clients to let us continue into implementation with them. So for those types of programs, we can really sell the kind of advise to implement paradigm. And it's also the new programs or the highly redesigned programs that you find the best margins for implementation. So being in that sweet spot I think also helps us on the margin front.

We continue to also be acquisitive. We just noted the key elements of the acquisition markets we see -- obviously, energy and environment is more fragmented. We see a larger number of smaller sized targets; in the latter two markets (health, human services and national security) we see a greater number and larger targets.

These are just the major elements of our growth strategy. I won't read all six points out. I have a slide on each of these to follow.

So first, in terms of leveraging our diversified client base, what I would point out here is first, 68% of our revenues are in the federal space. That is the key driver of our growth at the present time. When you put together the state and local, we have about 79% in the public sector.

And if you add together the US commercial and non-US, much of the non-US is actually commercial, we have roughly 21% in the commercial space. Roughly 80% of public sector, 20% commercial. Federal is the primary area of growth right now, along with the commercial energy efficiency. We talked a lot about how that's really driving growth in our commercial energy markets at the present time.

In terms of building scale by broadening and cross selling our services, obviously we are focused on the boxes two and three; so selling new services to existing clients and selling existing services to new clients. For box number two, examples of that would be selling our cyber with the Jacob & Sundstrom acquisition, selling the cyber capabilities into our civilian clients and into the energy industry. We are seeing a lot of interest on the energy front for cyber security.

And then number three, obviously, existing services to new clients. An example of that would be selling the USDA broadband grants management opportunity we just won. We leveraged our Road Home capability, where we did grants management to homeowners whose homes had been destroyed in the hurricanes. And so we took the grants management capability, the IT capability and have moved that into USDA.

So we are now applying that into a new client. We are quite focused on box two and three. You'll hear more color around that from the various folks running the key parts of our business today.

I've talked about the importance of implementation to our growth strategy. These are the types of horizontal expertise we have been investing in both through new hires and acquisitions. All of these key components of our implementation business are led by Ellen Glover. She will discuss this more, but we certainly have been investing quite a bit in our implementation capabilities and it has been a key aspect of our growth of the last several years.

Expanding on commercial business; I noted that 80% of our business is in the public sector space, about 20% in commercial. We do have a strong presence in two highly regulated industries; the energy industry, which we continue to focus on and look



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for growth opportunities. We are certainly finding those in energy efficiency and renewables. Then we have the aviation industry, which is an area of focus for us, which again is highly regulated.

And then we are looking at trying to apply some of our capabilities particularly around climate change, clean technologies, green business into new verticals. We have found opportunities in technology companies, with media companies to our business on the commercial side.

Regarding the international presence, we have about 5% of our revenues in the past year in the international space. We have six non-US offices, including all the BRIC countries. I think we really focus on energy, environment and infrastructure here.

Our domain expertise is highly relevant to Europe and to all the major developing nations. And so we will continue to focus on this and look to expand it in Europe and in the BRIC countries as we go forward.

And obviously, strategic acquisitions remain a key part of our strategy. I have listed them all here. We have done seven acquisitions since going public. I do think that we obviously are looking for firms that bring strong domain expertise into the company also bring strong implementation capabilities into the company.

We do focus on cultural fit to make sure they are good fit. We work hard on integration. I think the acquisition activities have been quite successful. And we continue to build a pipeline and look at strategic acquisitions as a key element of our growth going forward.

So that is a very quick high-level overview of our markets. Now we'll go into a more detailed presentation of our key markets. First up will be Jeanne Townend, and Jean will discuss our Health, Human Services and Social Programs area.

Jeanne Townend - *ICF International - SVP, Health, Education, & Social Programs*

Great. Thanks, John. As I was talking to a couple of you this afternoon about what you would like to hear most about our Health, Human Services and Social Programs arena, I kept hearing two consistent themes, and that is good because that is what my presentation is about.

The first was a deeper dive into what we actually do. You are hearing about a lot of firms who are very interested in health. Everyone is trying to get into health, and that is clearly one of our core areas. So I'll try to give a little bit of a deeper look at what are our services that we see there.

The second thing that I heard is wanting to know about our opportunities. So I'm going to talk a little bit more about our growth opportunities and what we see as the core trends that really affect our business, as opposed to just the broader health and social programs market.

So when I was thinking about how to characterize our key areas of service, it's quite difficult because we are quite broad and we do have a lot of overlapping areas of service. But I managed to cull them down into six core areas. And I will talk about each of those in turn.

First and key for us is health, research and evaluation and policy. This is the biggest area of our health work currently. A second big area for us is health informatics, the blending between health and IT services. The third, in both the health arena and in the social programs and human services arena, is the administration, technical assistance and information services for programs that our government clients are implementing.

A fourth major area for us is housing policy and foreclosure assistance. The fifth -- education research, training and technical assistance. And the sixth, work and welfare and workforce development.

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When you look at our client base, this is a part of ICF where really 98% of our clients are in the government sector. 88% are the federal sector, and another 10% in state and local markets.

If you look at the pie chart here you'll see almost half of our business comes from the Department of Health and Human Services. Now, that may seem like a big penetration in one agency, but if you think of the Department of HHS, it is actually many sub agencies, all of which are huge in their own right. For example, CDC, NIH, FDA are part of HHS. SAMHSA, the substance abuse and mental health services administration, and the Centers for Medicaid and Medicare Services. So HHS actually comprises many, many sub agencies -- a large number of which we work in.

Our second largest client is the Department of State. We are doing quite a lot of international work doing data collection on health and social statistics internationally, doing a little bit of work in public diplomacy internationally and the perceptions of foreign countries of the US.

You are going to see this kind of slide for each of the domain presentations. John talked about our strategy of providing the advise, implement and improve suite of services across all of our domain areas. And I think in Health, Human Services and Social Programs, it's probably one of the areas where we tend to have the deepest penetration in all three of those service offerings.

You can see item by item where we are serving the markets and where we are serving our clients. In areas where you see gaps, at least in Health, Human Services and Social Programs, we are really trying to fill in those gaps and expand to offer the full suite -- the full spectrum of services for our clients from advise through the implementing of the programs and improving them.

So when we look at some of the core offerings that we have, the first one, health research evaluation and policy, is one of the core areas of expertise that we have in health. We are very involved in public health surveillance and evaluation. So for example, studying the prevalence of various diseases and studying health behaviors.

What we are doing for the government is we are answering questions, such as how many people in America have a certain kind of disease? What kind of risky behaviors are young adults engaging in? And what is the prevalence of those risky behaviors; what influences those risky behaviors? What is the best way to reach diabetics to talk to them about their risks for eye disease and blindness? This gives you a flavor of some of the questions that the government is asking across a wide suite of health and behavior issues that the government is trying to influence.

That is what we do. We study those questions and provide data and advisory support to the government. We also move into the implementation of those programs, and I will talk about those in a minute.

We also are working in public health emergency preparedness and response and in global health surveys and data collection.

The second big area here is health informatics, and I am really not going to touch on that much because Ellen Glover is going to be talking about that in the next presentation.

Third major area is health and social program implementation and information services. Again, here is a case where the types of programs that we work on are very specific programs around, for example, preventing kids from getting involved in drug abuse; thinking about adoption services and helping those that support families in adoption services; giving them the latest technologies and the latest information to provide those kinds of services.

Our other three core areas -- we have worked for more than 30 years in housing policy, especially in homelessness and working around subsidized housing programs. Our largest client there is HUD, obviously. Recently we started to work more in the foreclosure crisis. And we are working around the country on foreclosure stabilization programs, helping communities to stabilize the parts of their towns that are being affected by foreclosures.



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In education, we work in research, training and technical assistance. Many of you are familiar with our early education work, especially in Head Start, where we have large programs doing technical assistance for Head Start grantees around the country. We also work with K-12 education and a little bit in college education. There we are doing more research than training and technical assistance --figuring out what education approaches work the best.

We also have quite a large practice working in welfare and workforce development, looking at temporary assistance to needy families, TANF, and self-sufficiency, what kind of programs help people get back to work, green jobs, and those sorts of things. So that gives you an overarching flavor. I tried to choose four specific case studies to explain more about what we do.

So the first case study I chose is one of our health surveys of which I said we do a large, large number of health surveys, both domestically and internationally. But the one I chose is really a flagship survey for us that we have done for more than 25 years.

This survey is called the MEASURE DHS. DHS does not stand for Department of Homeland Security. Here it stands for Demographic and Health Surveys that we are doing for the State Department.

This is Washington-based work that we are doing to provide surveys all around the world, primarily in developing countries. Since the inception of this program, we have conducted more than 240 surveys for more than 85 countries. And again, the types of questions that we are asking here are what's the prevalence of AIDS in Africa? How is, as the climate is changing, where is malaria starting to show up geographically in different places? The way we do it are through massive scale household surveys in these countries. We have done a survey of 100,000 households in India, for example. We also do surveys of health care providers in these countries. And so we are very experienced in some countries collecting data from every single health care provider in the entire country.

So we have created an enormous capability in surveys and survey research. The MEASURE DHS is very well-known, very well-respected in the evaluation and research community and with our government clients. It serves really as a cornerstone to expand our research for doing very large scale household surveys both here in the US and across the world.

Switching more to the implementation side of Health, this is a project we are doing for the Department of Health and Human Services for SAMHSA. We're working with them on their underage drinking prevention education initiative, really working to prevent underage drinking through a strategic communications media outreach program.

This program is a \$17 million five-year task order. This came under -- many of you know about our SAMSHA IDIQ that we won several years ago that has a ceiling of up to \$900 million. We are one of only two firms that holds the right to bid on all nine domains of that IDIQ. Here is an example of one of the task orders that we bid under that contract.

So this program is implementing a program to provide education to youth, to parents, to schools and to the media to help prevent underage drinking.

In education, we are very experienced in doing education research. One example, a project here is we work with a regional educational laboratory in for the mid-Atlantic region. It is a five-year, \$11.4 million contract. This is interesting in that the Department of Education is obviously expanding its work in research and accountability in education. Already the regional education labs alone account for \$300 million worth of research work that is being done across all 10 regions.

There are other programs coming out of Department of Ed like the comprehensive technical assistance centers that take some of the research done under education laboratories and then apply them to the states. And obviously, there's a tremendous amount of research, evaluation and TA work that is now being started in the states to comply with some of the federal policies to improve education.

And this last case study is the neighborhood stabilization program. This is a program that we are working with the Department of Housing and Urban Development. It's a \$13 million contract where HUD has procured our services to work with communities



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all around the country to help them reduce the impacts of the foreclosure crisis. Communities all around the country have gotten federal grants to spend in their communities to reduce the impact of foreclosures. And we are one of the TA providers that's helping them figure out how to spend that money.

Do you spend it on buying up foreclosed properties? Do you spend it on maintaining neighborhoods where there's a large number of foreclosed properties, or on keeping the lawns mowed and that sort of thing so the values in the neighborhood don't spiral downwards? Do you use that money to refurbish those properties and then resell them again? That's some of the TA that we are doing.

We are also the coordinator for HUD to provide services across all the TA providers for the neighborhood stabilization program. We will have time later for some more questions and to add a little more flavor to that.

Obviously this area is one that is rich in opportunity. And so I decided I would choose four of the most important trends that we see in this marketplace that will directly affect our work and really improve our abilities to grow in this area.

The first major trend obviously is public health. The increasing role of government health, disease prevention and health care is going to be a major stimulus for the growth in our business for many, many years to come.

Second, global health and diplomacy continues to be an important initiative for the government. There is an increasing focus on the impact of global health and perceptions of the US on domestic health and security.

In education, there is increasing government focus on accountability and outcomes. And for veterans, especially veterans recently returned from war, as they make the transition from the military into the civilian sectors, we are really seeing increased attention on the areas of our expertise for those veterans such as housing and homelessness, issues of health and mental health, substance abuse, suicide prevention and jobs training.

So let me do a little bit of deeper dive on each of those four key trends and where I see our strengths and where are some of the target opportunities that will really drive our growth going forward.

First, in public health our strength in health surveillance and disease surveillance is going to serve us very well. The government is going to be looking for more and more support now that it is becoming a player, almost health insurer. It's going to make even more financial sense to make sure that our population is healthy.

In the past, the government had already found it's a good objective to make sure that the country is healthy. Now in the budget, they can make it in essence a budget offset, because they can actuarialize the improvement in health to lower health care spending.

So along with our expertise in health surveillance, measuring disease, specific diseases like HIV/AIDS, obesity is an area of strong expertise for us. It is actually becoming characterized a nationwide epidemic. It is something Michelle Obama is very involved in, especially in childhood obesity. And so we are seeing that this is a disease that the government is going to continue to study and need programs around in brand-new areas for many years to come.

We have a very strong presence in Atlanta at the Centers for Disease Control and Prevention. Our Washington-based competitors are only now starting to think, oh, we need an office in Atlanta. Why aren't we there? And we are ahead of the game there. So we are going to continue to invest and expand our presence there ahead of them.

We have a national reputation for surveys and evaluations. We think the big strength that we have in this area is really our combined expertise, bringing together many aspects of the work -- research, education, implementation, health informatics and program implementation all together in a one-stop shop offering for our clients.



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Our targets continue to be some of our same clients, CDC, NIH. We are also looking to move more into the Center for Medicare and Medicaid Services. We currently have a contract doing a little bit of regulatory analysis and support that we are hoping to expand into further work in that area.

And health care providers -- I don't mean here that we are going to do work in electronic medical records. We think that market is well played out. What we are really going to be working on is the interface of electronic medical records between the private sector and the public sector. And the opportunities that electronic medical records brings to the other types of work we do, especially in health informatics.

The increasing focus on global health and perceptions on US health and security, as I have mentioned already through our DHS Measure project and some of our other projects, is an area where we have very strong skills. We think we are one of the few firms that really brings to bear this kind of expertise internationally.

In this area, when I look at our opportunities we are going to continue to work domestically. We find the largest financial returns are doing work for Washington-based agencies. But we are going to be using our expertise abroad, while it's going to be paid for or done from US Washington-based funding sources.

Under the Bush administration, there was a tremendous amount of money spent on AIDS in Africa through the PEPFAR program. Obama has recently expanded that funding for another \$60 billion in federal funding for global health over the next five years. At the Centers for Disease Control and Prevention, they are opening a new office around global health and we are looking to work with them, and obviously, continuing to do our work with the Department of State.

Moving beyond health, we are finding some additional interest globally on issues of food security. In some cases, the work that we have done in gathering, collecting data around the world combined with some of our other experience in the environment, climate change, etc., will help us be uniquely positioned to do some of that work as it arises.

In education, there is increased focus on accountability and outcomes. Our strengths are in training and technical assistance, especially in early education and Head Start. We have world-class qualifications in research and evaluation with our Macro acquisition. And blending that with ICF's legacy education qualifications, we think we will be able to move much further into research in the Department of Education.

And for our target opportunities, we are going to be moving to sell more work into the Department of Education through the new race to the top program and other programs. HHS continues to be a provider of Head Start services and information clearinghouses. For a variety of our civilian agencies, we are working in health, social programs that happen within schools and obviously, continuing our work into state education agencies.

And the last major trend that I'm going to talk about is the emphasis on returning veterans. We are going into an era that's really unprecedented in terms of returning veterans, given that we don't have a draft. We are seeing continual deployment of the same military personnel over and over again, and obviously a long span of wartime service.

We are seeing that with that kind of unprecedented deployment, we are also seeing unprecedented social issues that are impacting returning veterans and their families. This is highly recognized at the Department of Defense, and we are also seeing some of our civilian clients like Department of Labor, Department of Housing and Urban Development, starting to issue procurements specifically for veteran services for the same kinds of programs that we have always supported. We currently have a small marketshare in veterans' issues, but there is a large market opportunity there. We are doing some work with military families, returning veterans, wounded warriors. And we think the combination being able to blend of our experience in the military, into the civilian agencies, or just civilian issues, is going to be very important in the years to come.

So that is my summary. As I said, we'll have time for questions later. But for now, I'm going to turn it over to Ellen Glover, who is going to cover information technology and cyber security services.



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Ellen Glover - ICF International - EVP, Technology & Management Solutions

Thanks, Jeanne. As the title said, I'm going to cover IT and cyber security. However, the group I run within ICF actually covers a broader set of services. I think John mentioned this in his presentation as well. We also do all the strategic communication and marketing, human capital and management consulting around organizational learning and performance. We set up program management offices for large environmental programs.

So Jeanne introduced this slide. We are going to each talk about this paradigm, the advise to improve paradigm that ICF puts its services in. And in terms of IT and cyber solutions we do what I would always think of as really solid IT -- software development, software integrations of COTS products, software engineering work.

We also do that with the latest and greatest tools, web tools, Web 2.0 and social networking tools. And that really is how we deliver the implementation services to our customers. We also have a couple of unique capabilities that I will talk about a little bit more, later in my presentation around data analytics and geospatial services.

We do IT management or consulting to CIOs, helping them with governance policy, portfolio management, all around advising and improving their programs. We also set up program management offices for CIOs. This is all at the federal level. We help them manage their large portfolio of IT projects.

We also have capability around business process reengineering and optimization. We advise clients on that -- looking at a particular business process and how do you make it more efficient using IT or otherwise. We have a different group within ICF that actually can implement that for customers.

In the area of cyber security, we are able to go in and do the front end -- needs assessment, gap analysis. We have extensive expertise in all the cyber security rules, regulations, legislation, particularly from the federal sector. And then we can design and implement a cyber program.

In the identity management world, we are really very focused on the implementation of credentialing systems, and the integration of those systems with other systems in an organization. And then we do the hard-core cyber work of vulnerability assessment, intrusion detection, forensics, and the ongoing monitoring of systems for clients.

You may not think of us as a highly credentialed IT company, but in fact we are. We have over 800 folks who are IT and IT management professionals, many of them certified in Microsoft and J2EE kinds of technologies. We also have over 50 people who are certified cyber professionals, others who practice cyber, but 50 certified. More than 100 people who have the Project management Institute certification and a lot of other quality professionals who are certified as well.

Over half of our staff has some sort of clearance, and we are a Software Engineering Institute, CMMI level 3 organization for my entire group. That in fact makes us able to go after the larger contracts in the federal space and allows us to compete against large system integrators.

So we can compete against large system integrators. However, I think we have a very differentiated story and I think that is the ICF difference.

And that is that we really try to link the technology with domain expertise. So we have deep technology expertise in the ways that I've described, which is represented in the top bar in this slide. But we also deliver that in concert with the domain folks in our other groups at ICF.



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So I work very closely with Jeanne's group and Sergio and Phil's group to make sure that my technology folks deliver solutions to the customers that are really very informed by what the domains need. This slide gives you a sense of the kind of systems that we build and deploy for customers across all of our markets.

This is really the reason why I came to ICF, in that I believe in this story. I think this is a direction IT is going, is that the linking of IT and domain is going to be the future of IT. I think we have done very well at ICF.

I mentioned I was going to talk about the specialty kinds of things that we do. In the world of IT, you've heard the mantra now, it's all about the data. The newest tools and techniques, software development are less of the focus and it's now about what do we do with these huge stores of data, data marts, data warehouses?

We have a set of people at ICF who have extensive experience in all of the business intelligence tools and techniques. So they can work, again, in concert with the domain folks and help them mine data stores, data marts, in order to bring business intelligence to our customers.

We also have an extensive geospatial capability. As people get these huge stores of data, the very next question they want to ask is, how can I see that data in some kind of geographic overlay? How do I get data visualization of the data and that geographic overlay. We've found that this capability has been pulled into every major contract that we have done -- the rural broadband project you've heard mentioned, and the energy efficiency projects all use our geospatial capability.

There's another important piece, and Jeanne mentioned this briefly, that we have capabilities around health informatics. This is in part building upon the data analytics capability. So we are taking data analytics against stores of health data and delivering information or business intelligence to our clients. A couple examples of this would be our National Library of Medicine contract where we are taking information about various diseases and finding effective ways to deliver that information to the public.

We also are doing all the work for the CDC's cancer registry, again a focus on the data, and figuring out the best way to mine that data and figure out the best treatments by looking at incidents of cancer and the best treatment options.

We also do business systems for health agencies that are informed by our knowledge of health. So for example, we run the largest grants management system for NIH, which gives out about half of the NIH grants, which is billions of dollars. We do all the software engineering, all the software architecture for that program. And that is very much informed by our understanding of what goes on in the health field.

We have been doing some work in cyber security, setting up programs for a group of agencies based in our extensive knowledge of the rules and regulations around that. We did the Jacob & Sundstrom acquisition in December of this year, and that gave us really much more in-depth capability around intrusion detection, test and evaluation, incident response, vulnerability assessment. We also have capability now in credentialing or identity management, the PKI infrastructure technologies (public key infrastructure technologies), and the integration of physical and logical access. We are doing this for a variety of agencies, civilian, defense, and we are doing that for some energy companies as well.

So now I'm going to give you some case studies to give you a little bit deeper flavor of each of these capabilities. So for SSA, they had a challenge. They had to deliver smart cards under the HSPD-12 directive, which is a Homeland Security directive that says all federal agencies must deliver smart cards to their staff. They had the challenge of having 80,000 employees at 1600 sites. And delivery of smart cards requires at least two physical visits by the person so that they can be fingerprinted and credentialed.

And so we architected a lightweight enrollment station, and rolled that out. They were able to get those smartcards out to everybody in their organization and meet their OMB target deadlines. We are continuing that work with them as they look to integrate that card into their physical access and logical access. So allowing, employees only logical access to the data and the systems that they should be able to access.



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For the Army Research Lab, we are doing all of their cyber support. This slide lists all the services -- network intrusion detection, research and development. We do some C&A work and IA work as well. But we do this not only for ARL because ARL is a CNDSP, and I won't bore you with what that means, but it's basically a DoD organization that has been certified to do cyber monitoring for other DoD organizations. So they have about 26 DoD clients, and we do that cyber support for all of those clients.

And it is pretty unique work. It is not looking for known viruses. It is analysts sitting 24 x 7 in front of monitors, monitoring data streams, looking for anomalies and working with intelligence agencies to identify the source of those anomalies and publish information about those anomalies and look for them in other data streams that they're monitoring.

Now I'll turn from Army Research Lab to FDA. For the Food and Drug Administration and the National Center for Toxicological Research, we are again doing all of their IT support. This is everything from their businesses and their helpdesk to the very high end scientific computing and modeling.

We have some highly specialized personnel who are these health informatics people we talk about who can apply IT to the health problems that FDA is trying to research. And they are doing research on the effect of various chemicals on the body. They are trying to do more of that using computer models, rather than animal or human testing as their method of research.

I mentioned the geographic capability. We have done a project for EPA which looks at the potential impact of sea level rise under different scenarios of global warming, taking into account all kinds of data around wetlands, elevations and stream information, and putting that in a format that allows them to visualize what the impact of various scenarios of sea level rise would be on land-use and infrastructure.

This project was so well received by EPA that we were asked by the Department of Transportation to do a similar project for them to visualize the impact of various scenarios of sea level rise on transportation planning.

A couple of us have mentioned the US Department of Agriculture broadband stimulus program. This was one in the fall, and this is a good example of kind of the cross capability or the two ICF groups working together. I work in concert with Jeanne's organization to deliver these \$2.5 billion in grants and loans, where they are all supposed to be dispersed by September of this year. These are grants and loans given to grantees to improve broadband access in rural areas.

We have put together an 80 person team of case managers and engineers and financial analysts to do very extensive review of the grant applications that have been submitted for this program. My group built the whole IT backbone for this program, a workflow system with data warehouse. And again, in order to visualize what the coverage for these various grantees were going to be, we did that in a geospatial visualization program. We stood this up very quickly and it's been a very successful project to date.

So my market trends are going to mirror what you'll hear from Jeanne and Sergio and Phil, because again, our domain expertise is really how we are delivering IT. On every energy efficiency program that we have done at ICF, we have delivered IT as a backbone to these and so we have the whole case management system and other capabilities, and the data analytics as well. We expect that to continue.

And as Smart Grid is implemented, we expect there to be IT systems to link that as well. We have found in this environment where you have a lot of regulation and compliance requirements, there is always a need for a system in order to track and maintain the information. And even the corporate and government push round sustainability is all about reporting and tracking information. We've built some systems for that.

In the world of social programs, we have seen the continuing need to deploy really rapidly a grants or case management solution. And we have a couple of quickly stood up applications that we can use as reusable solutions, not as products, but reusable solutions in that sense.



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Also in this world, Web 2.0, the whole impact of social networking has really changed how those customers think about delivering their services to their clients. So we found that we have been pulled in more and more to do IT work around the delivery of social programs. Specifically the way the government is delivering technical assistance to grantees, they are really looking to transform those new social networking capabilities to make that a better experience.

In terms of health, we think post the implementation of electronic health record, there is going to be this continued emphasis on data analytics. We think with our health informatics expertise we'll be very well positioned on that.

And then if you want a grant to do electronic health records, you have to be able to demonstrate meaningful use of the data. And so that is something again where we will use our health informatics expertise.

In cyber security, I probably could have filled up the entire slide with headlines just in the last three months about the high degree of concern about cyber across our society. And we are seeing that even more in terms of legislation. There's a bill in the Senate, the Rockefeller bill, and one in the House, HR 4900. They all have a really across a broad spectrum of things the government might do.

The one provision that I think is particularly interesting is this notion of encouraging private industry to employ good cyber security practices. With our footprint in the energy and utility industry and with the fact that we already have been out there doing some work in those industries, we think we can take our expertise around cyber security into those places.

We also note that in the face of legislation, there is a growing interest in self policing. The North American electrical liability corporation has come up with cyber security standards for the electric utilities. We have a person who sat on the committee to set up those cyber standards, and they very much mirror the standards that are in the federal government. They are pointing to NIST, the National Institute of Science and Technology, as the baseline for those standards.

Also we are seeing an increasing attention in information assurance and logical access, the implementation of logical access to get access to data and systems within organizations. And then within the Department of Homeland Security, there is a buzz about the concept of resiliency -- not only being able to prevent a cyber attack, but also to recover from a cyber attack and what do you need in order to do that.

In terms of addressing those market opportunities, we'll continue doing what we're doing. Integrating our domain expertise with the IT and delivering solutions like these, taking energy savings calculators and integrating them with billing systems and eventually with the Smart Grid.

We have already taken customer relationship management systems at utilities and integrated them with their rebate and incentive programs, targeting those programs at the right customers. We have been involved in deploying compliance tracking systems and doing tracking around consumption and emissions for sustainability programs. And for social programs, we've already been involved in the Web 2.0 social networking sites.

We have been launching this software as a service case management platform, as a reusable solution with data analytics in the background that can be used on any grants management or case management situation.

And again, we have been doing, as Jeanne mentioned, this program with HUD -- transforming the technical assistance programs by re-architecting the backend of that.

In the health arena, we think we have a very strong position in health informatics already within NIH. And we intend to take that further into CDC and NIH and FDA. We are also interested in expanding into the Department of Veterans Affairs and the DoD Health Affairs, focusing again on the use of health informatics. Both of those organizations have very strong health information records and so that data is available to be mined.



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In the world of cyber, we are focused on taking our cyber security and identity management capabilities to the private sector, as I mentioned. We think we have some really unique abilities that we can take to the industries where ICF already has a footprint.

We also see evidence in the legislation that there will be government programs that will be set up to oversee private industry implementation of cyber security initiatives. And so we will be looking to be the program management contractor for doing those kinds of things. We are continuing the monitoring of that legislation' as well as continued focus on this emerging opportunity around resiliency.

And with that, think I get to introduce the break. Five minutes to 4 is when Sudhakar would like you back.

Phil Mihlmester - *ICF International - SVP, Energy, Environment, & Transportation*

I'm Phil Mihlmester. And I am going to spend a few minutes talking about our energy and climate business. I will try to move pretty quickly so that we can get to the Q&A portion of the afternoon.

So what are our key areas of competency for energy and climate? We have six competency areas that we feel we are very strong in. We do electric power market analysis. We are one of the leaders in power markets. We do fuels market analysis. I'm going to talk more about these in a few minutes.

We do renewable energy and green power analytics and programs. We feel that we are one of the industry leaders in anything having to do with air regulation and emissions markets, specifically as they affect the energy sector, but more generically other industrial sectors. We believe we are industry leaders in climate change and sustainability. And finally on the demand side of the coin, we do a lot of work in energy efficiency, Smart Grid and demand management. I'll talk more about these.

This [slide] breaks down the revenue of the entire Energy, Environment and Infrastructure business as follows. I would like to point out that US commercial is about 35% of our revenue. And the federal government is about 35% of our revenue. That gives us a nice balance.

In addition to being a natural hedge, we feel it is very important to our growth strategy and our market strategy because when we work for the federal government on helping them develop policy and develop regulatory approaches, it gives us latitude to go talk to the private sector about how they can best comply with those regulations and policy approaches. Conversely, the Fed clients want to hear what the private sector has to say about ways that things are being done. It gives us the opportunity to leverage back and forth between both major segments of the market, especially in a highly regulated energy industry.

So let me talk a little bit about our domain expertise. I mentioned electric power markets. We do power market forecasting and analysis. We do asset financing. We do due diligence. We do regulatory and litigation support.

In the fuel space, we cover all of the major fuels. We cover natural gas markets, coal markets, petroleum markets, and alternative fuels, including biofuels and advanced technologies and advanced vehicle technologies. We are a leader in renewable energy and green power. We do REC price forecasting. We do financial due diligence for development of renewable resources. And we do a lot of transmission work around integrating those renewable resources into the grid.

In air regulatory and emissions, we have been working on air regulatory policy with the Environmental Protection Agency for going on 30 years. And we do all of EPA's analytics, modeling, economic analysis. We helped design the initial acid rain programs, which is the essence of cap and trade, back in the early '90s. And we carry that expertise up to current policy issues around reengineering of the Clean Air Act and potential CO2 regulation. And we do a lot of policy work on both the public and private sector in air emissions.



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In climate change and sustainability, we are leaders in carbon policy, value at risk, carbon risk and sustainability strategy for government and Fortune 500 clients. And finally, in energy efficiency, we deliver DSM, demand side management potential analysis. And we operate on a turnkey basis large energy efficiency programs in the residential, commercial and industrial sectors for investor owned utilities, as well as for government agencies.

So I want to talk about four case examples -- to drill deeper into the kind of work that we do. I will move through them pretty quickly. The first one is for a private sector client who owns a fleet of coal power plants in the United States. Coal is used to generate approximately 50% of the electricity in the United States, so it is a major resource and there are many coal-fired power plants.

This is just one client that owns a small fleet of them or a midsize fleet of them. What this client was facing was a \$1 billion plus CapEx investment requirement to retrofit that coal fleet with various forms of environmental control technology. So we were retained by the C-suite of this company to come in and look at what the value of these plants were and what the going forward value would be under alternative regulatory scenarios. And would that justify the \$1 billion CapEx investment?

This is important because the electric utility industry is very highly capital intensive and they make long term investment decisions in assets that have 20, 40, 50, sometimes 60-year lifetimes. So we are very involved in this kind of analysis. We worked through with the executive team a suggested investment pathway for how to think about investing in the future in their coal fleet and what to do with their coal fleet on a strategic basis going forward.

The second project I want to talk about is for Baltimore Gas and Electric, which is a wholly owned subsidiary of Constellation, and they are the investor owned utility that operates gas electric infrastructure in the Baltimore metropolitan area. They are required by the state to launch a series of energy efficiency programs for their residential, commercial and industrial customers.

We were retained by BG&E to help them design those programs and then to provide expert testimony to the Public Service Commission about the cost effectiveness of those programs and about the goals and achievability of those programs. Once the PSC approved the programs, we then entered the implementation phase. We implement these programs for BG&E on a full turnkey basis.

We do program design, outreach, field implementation. We train contractors. We have people dealing with retailers, the Home Depots of the world, on how they market compact fluorescent bulbs and energy efficient air conditioners. We do marketing. We do, Ellen said, all the database management and reporting and quality control, -- full turnkey operation of these programs.

And one year in, we have saved BG&E nearly 150,000 mega watt hours of electricity against the goal that they have with the state regulator. And needless to say, this is an example of many other types of energy efficiency programs that we operate across the country.

We are supporting the Department of Energy's industrial technology program. This is the program that we have supported for over a decade. And DOE is constantly working with the US industrial sector to improve its energy efficiency and look at technologies that can make the industrial operations more efficient, with particular focus on combined heat and power, but also other systems like advanced motor systems and advanced drying techniques and electrification and a whole variety of other technological solutions to make our industrial base more efficient.

And we see this as very important strategically because the Department of Energy is a major target for us going forward. They have received substantial budget increases, both appropriations and stimulus related. And they have major responsibility on a going forward basis for administration of programs around making the US energy infrastructure more efficient and greener, and more renewable and more sustainable and more resilient as Ellen was referring to.

Finally, Delmarva Power Company, which is a subsidiary of Pepco Holdings, we were retained by them to prepare their integrated resource plan (IRP), which is required by the Delaware state regulator. Many states require their investor owned utilities to



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prepare and file integrated plans that stipulate how those utilities are going to meet the forecasted demand through an optimal and least cost combination of resources, whether they are supply-side resources or demand-side resources, such as energy efficiency.

This involves a lot of modeling, a lot of analysis, economic analysis and technology analysis, and we helped Delmarva to prepare their IRP, file it with the regulator, provide expert testimony and support the implementation of the plan, including helping them set up a procurement for renewable power, which they were required to procure under the approved plan. We actually set up and ran the entire solicitation process for acquiring that renewable power on behalf of Delmarva.

So those are some examples. Jeanne and Ellen talked about some market trends in their sectors. We see in energy and climate five key market trends that we think are going to help drive our business. The first is capacity expansion. Energy is fundamental to GDP growth and population growth. If you're going to have growing GDP and population, you need energy.

And more importantly, and separate from that, in the US and North America in particular, and in Europe, we have an aging infrastructure. Many of our transmission lines, power plants are pushing the end of their useful life and new capacity has to be built to replace them as well as to meet growth. So we see a major trend in capacity expansion.

There is a major policy push for energy efficiency and renewables. Governments at all level are attempting to push energy efficiency and renewable technology into the energy mix, and we think that trend will continue. I think several folks mentioned Smart Grid and advanced technology. Our energy infrastructure in the US is 100 years old plus. The Pearl Street Station here in New York came online in 1889. So we need to upgrade the technology that underlines our energy infrastructure and that is going to be a major investment push going forward.

We feel that environmental regulation in general is going through a reengineering phase. EPA is looking at regulating hazardous air pollutants from the power sector. Mercury, redoing the Transport Rule, and possibly regulating carbon. There's issues with ash disposal. There is issue with water and water availability and water quality, drilling, etc. and this is going to be a key driver for our business going forward.

And finally, climate impacts and adaptation. Many of us have been working on mitigation, but a lot of people are starting to recognize that climate change is actually here. And it's all about understanding the impacts and helping organizations adapt to those impacts. And so we see those as key drivers. And I'm going to talk through very quickly what we see our strengths are in each of those drivers and what we see as the opportunities.

In capacity expansion, we have detailed market analytics and proprietary models that allow us to analyze the need for capacity and the financial efficacy of that capacity and to provide regulatory support for the developers to gain approval for adding that capacity. And so we believe that anybody who is going to develop capacity, whether it's generation, transmission, gas pipelines, drilling, whatever, including investor owned utilities, the E&P companies, financial institutions and government agencies, provides a market for us to sell our services as the need for the capacity grows.

Energy efficiency and renewables -- we like to say that we are the 800 pound gorilla in energy efficiency and renewables. We have been doing it for over 20 years. We have deep intellectual property and analytical expertise. We understand the technologies. We understand how these programs are designed. And we see our target opportunities here in a couple of dimensions.

First of all, there are mature markets for energy efficiency. For example, California has recently increased its annual expenditures to \$500 million per year on energy efficiency programs. So we want to increase our market share and market footprint in the mature states.

And then there are new states that are coming online that are passing legislation and regulations to promote energy efficiency through their utilities or through their government agencies. They are starting to launch the design and development and



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implementation of new programs. Examples would be Indiana, Florida, Georgia. And we intend to take full advantage of those evolving states.

And finally, we see the government as continuing to put extensive resources into promoting energy efficiency and renewables going forward.

Smart Grid and advanced technology -- I think in addition to our understanding of the business models and our proprietary analytics, we have a lot of technology experts in our practice. We have experts in advanced battery technology. We have experts in carbon capture and sequestration, which is essential to the future of combusting coal. We have experts in electric vehicles. We have experts in integrated gasification combined cycle technology.

So we believe we can bring the technology experts, combine them with the financial and business model, and again target companies that are deploying advanced technology platforms, such as investor owned utilities, that are deploying automated metering infrastructure as a platform to upgrade the underlying technology of the energy infrastructure.

Environmental regulation -- again, I think I mentioned before, we have as a core competency in ICF the energy environmental interface. That is where we cut our teeth as a company. That is where we were born in the early '70s is helping the then-fledgling EPA understand the interface between energy production and delivery and environmental impacts.

We have extensive expertise in that area. We know the regulatory history and we have leading-edge models there. EPA uses ICF's proprietary IPM model to do all the economic impact analysis of air regulations and air statutes.

So we have a lot of cachet and a lot of strength in that space, and we intend to take that forward to our energy industry clients as they wrestle with the changing environmental regulatory infrastructure and how that is going to affect their business planning and operations going forward. And we feel that we can do this not only for the energy sector, but for other major emitting sectors, major industrial sectors that will also be affected by these very same types of regulations going forward.

And finally, climate impacts and adaptation -- we have over 25 years of experience in climate science and climate policy. We like to tell people we were doing climate before climate was on the radar screen. And it is true.

And over the years, we have developed very deep analytical expertise in all facets of climate issues, climate policy, climate risk. We have developed value at risk methods and vulnerability methods. Ellen showed some of the geospatial analysis that we have done, applying our analytics to impacts from climate change. So again, as the government in particular and the private sector comes to the view that, gee, climate change is here, now it's all about understanding what are the impacts on our organization and how do we adapt and how do we analyze and manage the risk.

We feel we are ideally positioned to do that and we have already started opening doors at other federal agencies. DOT was mentioned by Ellen. DoD, DOC, agencies that have issues here and have to understand how to manage it and private sector organizations that are concerned with the risk and management of those risks associated with climate change going forward.

So with that, I'm going to end, and I will turn it over to my colleague Sergio to talk about the environment and transportation sector. We will look forward to answering your questions later.

Sergio Ostria - ICF International, Inc. - SVP Energy, Environment, & Transportation

Thank you, Phil. Good afternoon everybody. Thank you for coming. As Phil mentioned, I will be covering the environment and transportation portion of ICF's business. The key areas of service that we provide in environment and transportation are as follows. Environmental planning, natural and cultural resources management, environmental science and policy, environmental management.



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In the environmental space the first two really are foundational to the work that we do on the nexus of environment and infrastructure, in essence assessing and evaluating the environmental consequences of energy, water and transportation projects and programs.

The second two are really foundational to a lot of the work that we have done to support the development of policy and related programs, specifically with EPA. We have done a tremendous amount of work, for example, through the initiative to develop the Clean Air Act amendments, and that type of work has been foundational for that.

In transportation we do air transport, industry planning, safety, security and asset management in those services we provide globally. We worked with most of the major airports across the world, for example, and many of the major airlines.

In the road and rail transportation sector we do a tremendous amount of policy development and support, planning and economic analysis. And most of that work is actually done for federal or national, state and local transportation agencies as they shape their programs and policies.

Then finally we do quite a bit of work for motor vehicle manufacturers on assessing fuel economy, technology and forecasting technology trends, as they respond to fuel economy standards, both here in the United States and elsewhere across the world.

Phil covered this slide so I won't go over it again. But I do want to point out and just give you guys a flavor of what we do in the international arena with respect to the environmental work that we offer.

Specifically in Brazil, as you may know, some of the largest offshore oil and gas findings occurred a few years back, and ICF is doing all of the environmental impact assessment around some of these major offshore findings. So given the predominance of the situation in Louisiana offshore in the news I felt it was important for you to get a flavor that we actually do the environmental impact assessment work around these types of offshore findings, which are growing in importance across the world.

With respect to our domain expertise and some of the specific things that we do, I think the environment infrastructure work that we do is characterized by offerings around habitat conservation and planning, conservation planning and restoration, wetland permitting, mitigation monitoring and the like. That is really front and center in the sweet spot of our end-to-end corporate strategy.

In essence the work that we do in assessing the environmental impacts of infrastructure investments is on the critical path of moving forward with many of the key needed investments that are going to address, for example, aging infrastructure issues or the imbalance between capacity and the demand for travel and energy.

So our work in terms of assessing the environmental consequences, as well as helping project sponsors go through the permitting process, is on the critical path of implementing needed infrastructure investments. So the demand for our services has been robust, and we anticipate that it will continue to be robust in the future.

With respect to road and rail transportation, in particular, most of the work that we do there is advisory in nature. In air transportation, again, much of the work that we do is advisory in nature, however most recently we have been looking at ways to leverage our advisory oriented work into more implementation contracts in keeping with our corporate end-to-end strategy.

What we have been doing there is trying to leverage the work that we do for airports as well as for airlines into opportunities with the FAA on programs such as NextGen, which is the next generation of the air traffic control system.

We view that we have a significant amount of opportunity to be able to, in essence again, leverage that advisory heritage into more implementation, larger scale contracts with the federal government.



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So I am going to go through also four case studies. The first is this case study environmental compliance services for an electric utility that is looking to build transmission lines. The importance of this case study is that it really demonstrates how these renewable energy portfolio's standards that Phil mentioned are a major driver for growth for us, and given that other utilities are likely to need this type of support.

So in essence this utility is looking to build transmission lines from renewable energy resources and connect them into the grid of the region in question. That contract is very large. It is \$34 million over three years. And in essence what we are doing is providing environmental compliance and on-site construction monitoring types of services. So this is really hands-on field oriented work around biological surveys, as well as contractor training program implementation and the like.

The second case study is air service development, commercial planning, concessions and industry analysis for Los Angeles World Airports, which is the owner of LAX, as many of you may know. And the importance of this case study is that this really is an example of a large anchor contract in this space that positions us very well for opportunities with other airports across the globe.

The type of work that we have been doing includes air service marketing. For example, we have helped LAX attract six international airlines to new markets in Mexico, the United Arab Emirates, Australia, Turkey, Brazil and Italy.

We have also done shorter-term assignments around concession planning and the like, which are actually very relevant to the types of services that new greenfield airport projects require as they are moving forward with their airport development programs.

The third case study is technical support for human health risk assessment for the National Center for Environmental Assessment, NCEA. That is an EPA contract with a total contract value of about \$21 million. The importance of this is that it demonstrates how we are in essence positioning our core environmental science services to address human health issues that are growing in importance and that could eventually lead to regulation here in the United States -- new regulation.

The type of work that we are doing includes hazard identification, toxicological review, literature research data analysis, implementation oriented type of services around technical and logistical support, but more importantly, human exposure assessment, risk modeling -- very hard scientific environmental science oriented types of skills that we offer in this space.

Finally, the fourth case study is Environmental Services Assistant Team, ESAT, contract for EPA's Region 9, which covers California, Nevada, Arizona, Hawaii and the Pacific Territories. It is a large on-site contract of \$32 million. And the importance of this is that it is an example of a large implementation contract with EPA, which is a major client of ICF's, that highlights our ability to actually deliver high skilled staff in an outsourcing kind of staff augmentation context.

The work that we are doing supports both the Superfund program and RCRA. And we are doing work such as field quality assurance evaluation of approximately 200 air monitoring stations across that region.

So we see three fundamental market trends in environment and transportation that we wanted to talk about today. The first is, as Phil alluded to and I think everybody understands here, there is a tremendous amount of infrastructure investment needs in this country. Not only because of aging infrastructure, but also growing population and growing economy, which has resumed.

According to the American Society of Civil Engineers there is roughly \$2 trillion worth of investment needed to address the energy, transportation and water infrastructure needs over the next five years of this country. That is \$2 trillion worth of pent-up infrastructure investment needs.

The second is rapid economic growth in BRIC countries. As you have heard from John, we are positioned in every BRIC country. We have offices in obviously Brazil, Russia, India and China. China alone is going to need roughly 20 new airports over the next



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five years. So these are greenfield projects that are potentially very well within our reach in terms of trying to go to market and provide the types of services that I was talking about earlier.

The third for fundamental market trend is toxic chemical substances regulations. There is, as I mentioned, increasing concern over the public health and environmental effects of chemical substances, especially with our children. Recently, as many of you may have seen in the press, there is scientific evidence that our children are exposed to chemical substances from a very early stage in their lives that leads to cancer -- increases rates of cancer and other types of detrimental health effects.

And that increasing concern potentially could lead to regulation in this country, much as it has led in Europe through the REACH program. We have actually been doing quite a bit of work on helping companies address the REACH program and the types of reporting requirements that they have to move forward with.

In fact, it is estimated that the impact on the chemical industry operating in Europe, as well as the economy in Europe, is greater than \$10 billion for that type of a regulatory initiative. So this is a big deal if it moves forward into the United States and other parts of the world in a similar fashion.

So with respect to US infrastructure investment needs, what are ICF's strengths? Well, I mentioned that we certainly have a tremendous amount of domain expertise in the energy and transportation sectors. Phil exemplified a lot of the domain expertise that we have in the energy space, but likewise in transportation, not only in aviation, but road and rail transportation as well.

I think we are very much viewed as a national leader in the environmental impact assessment of energy, transportation and water projects, especially in the West, as well as internationally, as I mentioned, especially in Russia and Brazil.

I think we also have a very unique capability or ability to integrate climate change considerations into the environmental planning and review processes of not only infrastructure programs and projects, but also regulations that require environmental review.

For example, we are doing the first environmental assessment of a large regulation that is being pushed through by the Department of Transportation on corporate average fuel economy standards. It is the first regulation that is systematically integrating climate change considerations into the environmental review process. We believe that is a cornerstone project for the future for us.

We also have, I think, the unique ability to provide full lifecycle services from the market assessments and investment planning types of services that Phil was referring to in his presentation on our energy capabilities, to the environmental permitting and construction monitoring needs that are associated with moving forward with these needed infrastructure investments.

So I think that ability to provide the full lifecycle services or approach or understanding of the types of business issues that some of these energy companies, for example, face on a day in, day out basis helps us to be more effective in delivering some of our environmental services.

Some of the target opportunities that we are pursuing there are certainly electric utilities, especially transmission line projects that connect renewable energy sources to the grid. As I mentioned earlier in that case study, we view that as a major opportunity for us where there are large scale contracts that are, again, on the critical path of moving forward with these investment needs.

We are also positioning our transportation services, in as much as they relate to environmental assessment of transportation investments, across regions that are actually experiencing rapid population growth, especially in the West. So we do quite a bit of work, for example, for the Department of Transportation in California. And we view that those high-growth regions will always be stressed to address some of the mobility and congestion constraints that they are facing to improve quality of life and improve economic development opportunities for the regions.



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Then, thirdly, federal agencies in the water space, for example. We are looking at opportunities coming out of U.S. Army Corps of Engineers, as well as the Bureau of Reclamation that oversee large-scale water infrastructure programs.

So with respect to the trend that deals with rapid economic growth in BRIC countries, what are some of our strengths? Well, fundamentally we are recognized as a global leader in the air transport sector, specifically air transport demand, forecasting, airport system planning, air service marketing, route planning and concessions planning.

We have proprietary tools, much like in the energy space that differentiate our services very effectively. As these BRIC Countries move forward with needed investments or their air transport sector grows, we believe we are going to be well-positioned to take advantage of those opportunities.

I think we also have the ability to couple-in energy efficiency and broader sustainability needs early into the design and development of these new airport infrastructure investments. In essence we have done that in the first Keystone project that we have had in China with helping with design and planning around the Kunming Airport.

Again, we have the established offices, and I think the key here is with local staff. So we hire the people from the regions that are fluent in the language, they understand the culture, they have the business relationships that we need in order to successfully position our services in these geographies.

With respect to target opportunities, China in their five year plan actually calls for 100 airport construction projects, 20 new airports and 80 renovation or expansion projects. A huge opportunity, not only with greenfield development projects, but reconstruction projects of existing airports as they look to modernize those facilities.

India -- the five-year investment plan in India earmarks approximately \$6.7 billion for air transportation development in that country. So the rapid growth of these countries are creating a tremendous amount of need to improve and expand their transportation facilities.

The third market trend that we talked about a minute ago is toxic chemical substances regulation. Through the work that we have been doing with REACH we have, I think, fine-tuned our business strategy and planning capabilities. We have coupled those together with information technology services to provide databases of the types of things that these companies need to do or the types of chemicals that they produce, so that they can respond to the regulatory framework effectively.

We also have, again, significant capability in environmental risk assessment and toxicology services. And have through the REACH program managed consortiums of private entities that are looking to comply with with that regulation.

As target opportunities, given the growing concern here in the United States, as well as Asia by the way, we are actively keeping an eye out to see how that regulatory agenda might evolve, for example, through the Toxic Substances Control Act reform.

We also are going to capitalize on the work that we have done with REACH where we have built a lot of credibility. We have an office in Brussels so we are actually localizing the delivery of these services. We also want to support the smaller companies. The first phase addresses the larger companies and the second phase addresses the smaller companies and the new consortia. And they have deadlines that are 3 to 8 years out. So we see the REACH work that we have been doing continuing. And that will also help us to position for effectively new regulatory initiatives potentially here and elsewhere.

Finally, we also want to leverage the relationships that we have built through the REACH program with large US companies that are in essence already being supported by ICF to expand the range of services that we are offering in terms of IT, toxicology and planning. So we see again this is a potentially burgeoning market for us.

I think at this stage I will turn it over to Sudhakar.



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Sudhakar Kesavan - *ICF International, Inc. - Chairman, CEO*

Thank you, Sergio. So I will just quickly wrap up. I just have a few quick slides to give you some sense of the firm. This is just data which I took, which if you exclude the Road Home program, and if you look at the reported growth of the core business quarter-on-quarter for the last twelve quarters, the organic growth is in blue and the acquisition growth is in green. You will see that we have grown organically over the last twelve quarters on average of about 17%, and from an overall point of view, 47%.

So I think that we have a strong growth track record. And I think I am asked this question all the time that maybe the Obama administration is spending a lot of money and therefore you are in the right place.

Well, you have to work hard to be in the right place at the right time, so I will take that. But I would just like to point out that even under the Bush administration our growth rates were pretty strong. So I've got Bush at the bottom here and Obama.

So I don't think we are too worried about which administration is in power. I think we basically think that as long as the overall trends are there and there is a sizable interest in those issues, we will do well. And we believe that we are well-positioned in the areas where there is strong interest and there is likely to be more spending.

I think in terms of our growth plans we would like to be obviously a leader in all the areas we serve. We have acknowledged quite frankly where we are a leader and where we are intending to become one. I think that we certainly are focused on making sure that we do create a leadership position in each of these markets.

We are trying to get scale. Some of you have followed government services businesses for a while know that there is this mid tier squeeze. If you are less than \$1 billion and over \$26 million, \$26 million being the small business definition, you are sort of in the twilight zone. You're not big enough to get invited to the party by the government, because the government thinks you are not big enough to do big projects, and you're not small enough to get small business set-asides.

So I think we would like to avoid the mid tier squeeze. We would like to get to a scale where our business development dollars go further and that the phone rings. We pound the pavement, but we would like the phone to ring too and get invited to the party a few times.

If you look at the TARP program which was set up by the government, there were four firms invited to bid for the top program -- the four big accounting firms. So I think that for us, we would like to be the go to player in areas of our expertise. And no one should think that they have managed to get everyone to bid on the program until such time as they get ICF to be there as part of the bidding process. So I think that it is important to us for us to get to scale, because of the fact that that gets us going further in terms of our business development.

And also there is operating leverage. As we get larger I think we can leverage our infrastructure and we can increase profitability. So I think that is the other aim of us trying to get scale. And we certainly intend to generate EBITDA margins of 9% to 10%, as we have stated many, many times.

I think in summary just to conclude, I think we are a consulting firm, a professional services firm with a large government client base focused on specific domains. We certainly have, as Ellen Glover pointed out to you, strong IT capability, but that is linked with the domain expertise to deliver value and solutions to clients. We believe that we have done a good job of leveraging our domains to grow rapidly.

So if you look at us, we are put in the government services category, and we are, and I am proud to be there. Except we are very different from our government comparables.



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I think we have strong financial momentum. We have grown quite rapidly over the last twelve quarters organically. I think we have excellent revenue visibility with \$1.3 billion in backlog going forward.

So I think that both from an earnings point of view and from a revenue point of view we have good visibility. I talked about the spending priorities -- the federal government spending priorities in the areas of our expertise. We believe we are well-positioned there.

Phil talked about the intellectual property which we have. Not only in the energy arena, but we have intellectual property in the health arena too, as well as certainly in certain aspects of Homeland Security, where we help develop a critical infrastructure protection plan for the federal government.

I think that there are areas where we have strong barriers to entry. It is not like anyone can come along and compete with us. I am asked the question all the time, won't the big defense contractors get into your space as they observe your growth? Well, they will try certainly. But I think they don't have the scale, the visibility and the people to compete with us in our areas of expertise. There are people who compete with us. We will see increased competition, but it will not be from the defense guys.

I think we have a proven consolidation platform. We have done seven acquisitions since we have gone public. Our guidance for the second quarter is 13% to 16% organic growth. You can conclude what you want from that, but it does certainly give you a sense with the second quarter where we will have Macro as part of our organic growth calculation. And if the overall company is growing by 13% to 16%, obviously we have been able to get the whole Company, including Macro to grow, so as to report that kind of growth. So I think we have done well in our acquisitions and made the acquisitions grow with us.

I think we have a pretty diverse set of government and industry clients. We like the areas we work in. We don't really necessarily think that a commercial client is any better than a government client or a government client any better than a commercial client. We have great expertise in these areas; we will work for government and for commercial clients.

It so happens that we have an 80/20 split, as you have seen here. And it has been like that for many, many years. But we don't aim for that specific split, but it is just the volumes of government work are much larger than commercial work. We would like to continue to grow in these areas. There is not much downside risk in that no single contract accounts for more than 3.5% of our revenue. So I think that is the other important element here. We are diversified and stable as we move forward.

I think that is the last slide. Why don't I invite all the folks up here to the front, so we take some questions here for maybe half hour or so and then we go across to the other room, so that then we can talk more informally perhaps for another 45 minutes or so. And we have a microphone, which we would like you to use when you ask a question. So if you could -- Joe.

QUESTIONS AND ANSWERS

Unidentified Audience Member

It is a crowded table up there. I guess at a high level for the larger group, and maybe an interesting question is, ICF has grown a lot, and I think, Sudhakar, you said that, and I agree, that it is very -- it is kind of a different government services firm than maybe we see in a broader comparable group.

But that leads to the question of continued growth. And we've got a big management team up here, but we've got a management team that is comprised of relatively longtime ICFers and people who have a high degree of intellectual capacity, which is clear I think from looking at the areas that you're in and some of your domain expertise.



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But I guess the question is, is managing growth as you get larger, having the right management infrastructure in place to make sure projects continue on time and estimated profitability comes in, what is the Company doing now in terms of the management of growth and ensuring steady financial performances as you get larger?

Sudhakar Kesavan - *ICF International, Inc. - Chairman, CEO*

It must be aimed at me. I think, Joe, what we have tried to do is reinvigorate the management team as we grow. Maybe it is a softball question, but we did hire Ron Vargo recently from a company which is 25 times our size, hoping that he can make sure that as we grow we can manage our growth, at least from a financial perspective and from infrastructure perspective. At least I think that we are certainly trying to do that.

I think over the years we have had people join us who are experts in those areas of expertise. For example, Ellen Glover joined us five years ago. We were not an IT firm, and we certainly didn't have CMMi 3 certification.

I think that we do recognize where we have weaknesses. We do bring in people who understand those areas much better than some of us do. So I think that we've had a track record of bringing in the right people when we need to. And we certainly have to continue to do that going forward.

I think at the moment if you look at our growth, we have hired a lot of people at different levels in the Company, including at the senior management level, and we will continue to do that going forward. I think it is a people oriented business. We need to not let hubris take over, that we will be able to understand everything. I think bringing the right people as we need to in order to make sure that we continue to grow in the right way and in a controlled way.

John Wasson - *ICF International - EVP and COO*

I would just add, I agree with what Sudhakar said, I think we have worked hard to bring new management talent into the firm. I think that we have been quite active in hiring senior management. I think Ellen has been here five years. Ron has been here two months. I think at the next level down we have brought in quite a few new senior managers. I think the people around this table has brought in a lot of new talent.

We have also, with the acquired companies, I think we have quite a strong track record of leveraging the leadership in our acquired companies that are now playing senior management roles within the Company. So I think that over the last four or five years we have worked very hard to bring in new talent, both through individual hires and through the acquisitions, and retain the senior management from our acquired companies.

I think the average ICF -- many folks around this table have been here quite some time. We have many, many executives who have been at the firm five years or less. We have worked hard to build that capability and make sure we have the growth -- the management capabilities to manage the growth.

Unidentified Audience Member

Your business seems like it does well whenever there is some sort of regulatory change. Can you just describe in general your involvement in, let's say for example in the energy bill, how involved you are when a bill or a change is being proposed, and what happens when legislation is enacted in terms of how you implement it and your involvement through that whole process?

So maybe you can just talk about the energy bill, how you're involved in that in the moment, and what you think a likely role for you would be if something is enacted?

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Phil Mihlmeister - *ICF International - SVP, Energy, Environment, & Transportation*

I guess I have been nominated to answer that. Well, that is a great question, and certainly we have a long history of playing in that space around legislation and regulation. So I would answer that in the following way. We do what I would call pre and post. In the pre where legislation is being proposed, when it is being debated, when it is being modified and amended, as we see for example currently energy legislation or climate legislation or some combination, we tend to be extensively involved on both the public sector and the private sector side.

On the public sector side what we are typically doing is we are analyzing for the entity that is proposing the regulation, whether it be EPA or DOT, what are the economic impacts of the legislation? How will the legislation be implemented by industry? What are the constraints? What are metrics on certain key aspects, like will it kill the coal industry, will it kill the diesel truck industry, whatever it is.

So we are doing that work for the government in effect, the regulator. And by the way we do that on the federal and on the state level. So we -- as an example, we were intricately involved in doing all of the economic modeling for California's AB 32, California's greenhouse gas statute.

We also simultaneously are -- with strict due diligence relative to any conflict of interest -- we are simultaneously evaluating for industry what the implications of this legislation will be. Obviously, industry has a key role in this, and they want to understand, using our proprietary analytics and our models, which are the same models that are typically used by the regulator, okay, let's make certain assumptions about certain inputs, so that we can see how this statute or this regulation is going to affect our industry. And then maybe we can have a discussion in the sausage making process of creating the final rule.

I think I can safely say, because I think, as an example, it is in the public domain. Many of you know that the clean air interstate rule was vacated by the court. This is the rule that governs ozone. So it is being reengineered. In addition, hazardous pollutants from power generation plants are being proposed. So we are currently working with the industry, with the knowledge of EPA, to analyze various assumptions under those statutes and how they will affect the reliability of the power sector and the efficacy of the power sector. So that is an example.

Once the rule is finalized and becomes in effect law, typically our business changes a little bit to working with industry and helping them optimize around compliance. What is your optimal compliance strategy, how you economically optimize around complying with that law. What changes to your operations need to be?

I will give you an example of that. There are many examples, but in Europe some of you may know that they have now a mandatory climate law affecting the aviation sector. So if you are flying airplanes into and out of Europe, you have to in effect have offsets for your carbon emissions.

Well, airlines are concerned about that, as they should be. So how do they optimize around compliance with that, and it becomes compliance advisory work. In some cases implementation work, because if you are in a situation where you have to buy a book of credits, then you need advice and implementation to comply. So I think there is a pre and a post strategy that we play around proposed and promulgated rules.

Unidentified Audience Member

The next question I wanted to ask a little bit, as you continue to grow your implementation work, are you seeing any questions or push back on conflicts of interest issues associated with that, and maybe across the different service offerings? How significant is that?

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Jeanne Townend - *ICF International - SVP, Health, Education, & Social Programs*

Sure. As I showed on my slide, in the health social programs and human services arena we are actually doing quite a lot of both advisory, implementation and evaluation services. So far our clients don't see any conflict at all between those things. As a matter of fact, that is one of the things that we really highlight for our clients is taking them first from the policy advisory and then putting our money where our mouth is or their money where our mouth is, to help them really implement their programs and show them that it works.

Then when you get into the evaluation side -- the one place where there is a conflict as we can't obviously evaluate a program that we are implementing. However, we can evaluate changes in the marketplace, just not the specific program. So that is the one thing that we do stay away from. But the advice implement there is really no inherent conflict.

The evaluation, it is -- the things that we are evaluating are changes in the marketplace. And we do stay away from evaluating the specific things that we are implementing.

Sergio Ostria - *ICF International, Inc. - SVP Energy, Environment, & Transportation*

In the environmental space we don't see any inherent conflict, for example, in infrastructure assessment types of work. In essence what we are doing there is again evaluating under the guidelines that are established by law in the National Environmental Policy Act, for example, NEPA, specific programs and projects.

So in fact with the US DOT, for instance, they very much like the fact that we have that hands-on, on the ground type of experience because as they are trying to evaluate guidance around implementing NEPA that has to do with, for example, transportation planning, integrated planning and things along those lines that can how to better screen the environmental consequences, they much prefer to have somebody that actually has that on the ground type of experience and expertise. So we haven't seen that in that specific circumstance.

Phil Mihlmester - *ICF International - SVP, Energy, Environment, & Transportation*

I would just add one quick thing. I mentioned the BG&E project that we had. The commission knew that we were advising BG&E on the design of the programs, and that we were contacted to implement the programs. And actually they liked that because they felt who better to implement than the guys that designed the program.

So generally speaking we have not seen any concerns. We do very aggressively make sure that we don't cross any lines, as Jeanne said. And so we do have a fairly rigorous process for checking that, but generally speaking we haven't seen any major waves of antipathy.

Unidentified Audience Member

In light some of the, at least stock market concerns that periodically arise as legislation and the likelihood of it passing either decreases or increases, I was wondering if you could give us a couple of examples of how perhaps momentum for change at the agency level, at the specific customer level, have developed recently, as whether it is climate change, energy efficiency or other different kinds of legislation have started to be debated in Congress?

Then I was wondering if you could give us an update on how you think the stimulus will play out here over the next year or two?

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Sudhakar Kesavan - *ICF International, Inc. - Chairman, CEO*

I am asked this question a lot -- that was part of the reason why I put up the Bush/Obama slide. We have been in this business for 40 years. We have been doing energy environment work, and health work in fact in the 80s and 90s, which now we reinvigorated, for many, many years. So we are in this for the long term.

So for us obviously if there is more emphasis in these areas there is faster growth. And if there is less emphasis and less spending in the area, there is low growth.

I think the regulatory imperative makes a difference in terms of the kinds of work we do. As Phil pointed out, there is pre-regulation work and post-regulation work. One is compliance and the first one is analytical. So I think that clearly there is much more analytical work -- if there are climate bills, energy bills which are being analyzed. And there are changes to the energy bill continuously. We get lots of work from the federal government, because they have to analyze every change in that bill and so we are working really analytics. Once the bill becomes law then we work on the compliance aspects.

So I think that for us the work continues regardless. Clearly the compliance market in certain cases is very large. So that will give us a further impetus on the growth of the business. So we have not seen any -- in our areas -- a few months ago we didn't know whether health care reform would pass. The health care reform passed. Now we don't know whether the energy bill will pass or immigration is going to pass. But I think for us, we have had the growth we have had with all these uncertainties.

I believe that if one of these bills passes, and 18, 24 months after that our growth rate will accelerate further because of the fact that the compliance market, for example for the energy bill, is much larger than the analytical marketplace.

So I think that is my response. I don't know whether I am answering your question, but I think for me what the important thing is that the civil society has to be interested in those issues. So as long as there is interest in civil society on those issues, we will continue to do lots of analytics, because every congressman is going to introduce all kinds of legislation.

Phil Mihlmester - *ICF International - SVP, Energy, Environment, & Transportation*

I would just add one thing. The electric sector, for example, is regulated predominately at the state level, not at the federal level. So over 26 states have passed legislation requiring the electric utilities in their states to implement energy efficiency programs, independent of a federal statute.

So as Sudhakar said, if there is a political will, it is going to wind its way through. You asked a question about momentum. In the energy space the momentum is around three things. It is energy affordability, people want to know that energy will be available and affordable. It is about environmental constraints. People want to know that we are not going to pollute the planet by making energy. And it is about energy security. We don't as a society want to be dependent on Middle Eastern oil if we can avoid it.

So those momentum pushes are permeating a lot about what federal agencies and state governments are doing, again, independent of a federal statute. For example, the Department of Defense is already spending lots of money on trying to figure out how can we fly fighter planes on biofuels.

Relative to your question about the stimulus bill, I would say very quickly that the initial push of money has gone out from Washington to the states and to the major grantees, and now it is starting to percolate and eventually it will get spent. We are seeing work coming from that, both from supporting the federal agencies and making sure that it is spent right. And secondly from the grantees themselves in terms of helping them implement the money.

So we don't see that that is a one-time flash in the pan and it is going to drive our business and then we are done, but it is further lubricant to our business going forward.

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Jeanne Townend - *ICF International - SVP, Health, Education, & Social Programs*

Also, what you also see independent of regulatory behavior, you see agencies compete for resources. So if there is a big trend coming, green jobs, green workforce, you see the Department of Labor, the Department of Education, the Department of Energy coming together, signing memoranda of agreement very early to show that they are out in front on the program and hopefully capitalize and get more resources.

In the same way you see HUD, DOT, EPA and CDC coming around all of the livable communities initiatives. We are extremely well-positioned around all of those opportunities. And they come out in front before Congress even acts often, just to ride the tidal wave and position themselves for increased authorization.

Unidentified Audience Member

I wanted to ask a question about insourcing and outsourcing. I think it is very clear that you have been able to grow because you have a very different footprint and strategy than the traditional federal service company.

One of those major differences is your higher-end advisory work relative to the peer group. How do you stay away from that slippery slope of insourcing and inherently governmental when you are setting the stage for some of the biggest policy issues that we face this century?

Sudhakar Kesavan - *ICF International, Inc. - Chairman, CEO*

We are not immune to insourcing. We have our share, fortunately for us, on pure play defense business of the kind which you're talking about is very small -- it is small, and therefore -- But we have had what a number of positions insourced. It is just it is not on the scale. So we're quite sympathetic with the concerns associated with the other government services companies, because it is done in a way -- I am totally for -- I adhere closely to the Professional Services Council view of the world that there needs to be better acquisition management by the federal government. And therefore for certain -- they need to expand their acquisition workforce.

But I think the way it has been implemented is totally haphazard. And there are quotas which are being put in place, and you can hire as many people as you can regardless of what they're doing. So we are -- we are also suffering from that insourcing, which is -- and certain parts of our business have been insourced. What we are trying to do is just to make sure that we stay focused in what we do well. And even in the Homeland Security and defense arena, I think it is not just at the top. I think it is up and down the chain is my sense.

Right now there is no method to the madness. They will insource anybody they can if it meets the quota. So I think if you go high-end work, low-end work, middle-end work, it doesn't matter, you're going to get insourced if you're in that marketplace. So I think for us it is a question of making sure that we continue to support the PSC efforts to make this more logical and manageable and hope that the craziness stops.

Unidentified Audience Member

Just looking at the most recent quarter, the energy environment and infrastructure business was up 7.8% or so, which looks like a relatively slow growth rate, given the ramp up of the energy efficiency work. So I am wondering is that PG&E and then the other, the more recent wins on the energy efficiency side, are they ramping up as expected and as hoped, and/or are there other things that are going down?



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Then maybe for Jeanne, she can talk about a lot of the growth is coming on the health, human services and social programs side, so what is driving that organic growth on that -- in that practice? Thanks.

Sudhakar Kesavan - *ICF International, Inc. - Chairman, CEO*

I will start and then I think John (inaudible). On the energy environment infrastructure side we have put in everything, all the commercial work, all the government work, everything is pulling together. So obviously we have said many times that the commercial business right now is not growing -- the energy efficiency business is growing, but all our legacy commercial business is not.

I think that certainly brings down -- I think all the contracts have ramped up quite nicely. And we are doing well as on the BG&E contract, etc., but I think there is a downward pressure on the commercial marketplace. And in fact, even in the state and local arena there has been some weakness.

So I think as that ramps up you will see the numbers go up. But I think we are quite pleased on the energy efficiency side. The work has ramped up. But the legacy energy transactions business is not anywhere as robust as it could be, or has been in the past. So I think when you do the combination that growth rates are not perhaps as robust as you would like.

Jeanne, you want to answer the question on health?

Jeanne Townend - *ICF International - SVP, Health, Education, & Social Programs*

Sure. I think the growth in our areas are -- in a large part it is really leveraging the acquisitions that we have made in this arena. ICF was not a player in health, human services and social programs until some of the recent acquisitions over the last four or five years. I think what we have done really well is as a consolidator is we brought those acquisitions together -- the Z-Tech, the Macro, the Caliber acquisition -- to really create something special in a kind of cross collaborative opportunity for our clients.

For example, the recent Macro acquisition in particular, we have had a lot of collaborative bids that neither company, neither Macro nor legacy ICF, would have been strong enough to bid on its own. Now together we are bidding a lot together.

I think -- Isabel and I were looking yesterday at the numbers and we have bids in or are preparing for bids with just the ICF legacy and Macro organizations in excess of \$400 million that we are getting jointly. We have already won this year, or in the last 12 months, more than \$50 million worth of work that really were joint bids, using both legacy ICF qualifications as well as the legacy Macro qualification. So we are really seeing the synergies that we hoped for there with those acquisitions.

Unidentified Audience Member

Can you speak about your mix a little bit more? You are three-quarters of the way to your \$1 billion revenue strategic, I guess, imperative to be invited to the party. Your Homeland Security and defense is a shrinking piece, 14% of sales now. I am wondering if you look at that as -- well, how you think about that as contributing to the \$1 billion target? Does that help you gain scale in the other businesses, which are clearly growing faster? And do you have the scale there to compete?

Sudhakar Kesavan - *ICF International, Inc. - Chairman, CEO*

Yes, I think that we are in the business because we think it is important to be in the business. I think if you look at the Homeland Security part of the business it is, as John pointed out, critical infrastructure protection, emergency response planning, and now cyber. I think we are not deliberately trying to shrink it, it is just the other portions grow more rapidly and therefore the overall percentage becomes smaller. But we certainly are looking for ways in which we can.

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You heard one of the trends was Veterans Affairs and all the focus on veterans. I think that both in the military, as well at the VA, we are certainly focused on seeing what we can do in those areas where we have skill sets. So we will -- we are quite focused on making sure that if we can find a growth area in those markets we will certainly go after it, and we are going after it.

So we certainly are not -- we are not neglecting it, but we are focused on finding the opportunities where potentially the growth could be more rapid. Which is why we did the Cybersecurity acquisition, which is why we are focused on the veterans coming back into civil society, and all the different things which we think we are well-positioned to do to help in that process.

So I think that we have to find our niche where we don't have to compete with the big guys, who themselves are suffering because of the fact the market is not growing. So I think our focus is on trying to find those areas where we think we have great skills and where there is likely to be spending so that we can grow in those markets.

So I think to answer your question, if tomorrow it was 30%, it wouldn't bother me at all. I just want it to be a growing 30%. And I think right now we are finding opportunities in those other two areas where we think we can get the scale and make sure that we can, as Jeanne pointed out, leverage that to grow even faster.

It is just one of those things where there are issues of trade off. And if we can find the right opportunities we will certainly go after them.

Unidentified Audience Member

One of your growth strategies has been the expansion to the higher-margin commercial market. I guess historically you look at your customer base, a lot of the work is driven by mandatory compliance. So utilities that would comply to the Clean Air Act.

How do you -- how are you going to expand your business outside of companies that have to comply with some sort of regulation into industries that you haven't typically served before? Companies like Google, who are doing things, not necessarily because they have to, but because they want to, and using ICF to help them assess their plans.

I guess just talk about the commercial market in general, the potential to expand that commercial market, and how you get to those companies that aren't necessarily doing things for the sake of compliance?

Phil Mihlmester - ICF International - SVP, Energy, Environment, & Transportation

That is a great question. As you could see from the slide that John put up there, we do work and have worked and continue to work for a lot of nonenergy companies, nonenergy Fortune 500 companies.

In fact, we have a major initiative focused on corporate sustainability, clean tech, and do your part, employee engagement programs that, and a whole variety of skill sets that we have that we feel we can bring to nonenergy companies.

I would say that what we are trying to do with the nonenergy companies is basically divide them into two fundamental groups. One is nonenergy/major emitters. In other words, these are iron and steel companies, cement companies, companies that are industrial companies, but they are not energy companies, but they do have a major -- either a major emissions profile or a major energy consumption profile. Like they use a lot of fuel or they use a lot of electricity. We feel we can sell our expertise into those.

And then there is the non-major emitters, the Googles, the Yahoos, the eBays, some of the companies that you saw on that logo chart. And what our strategy there has been just to leverage the skill sets that we have in energy efficiency, clean tech, green, sustainability strategy, and go in there because these are companies that see this as not so much a compliance play, but they see it as a branding play. They want to be seen as green, sustainable and good corporate citizens. And they're looking for advisory work on have to take them there. And we have a major strategy to push into those sectors with those suite of offerings.



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Unidentified Audience Member

(Inaudible question - microphone inaccessible).

Unidentified Company Representative

Yes, it certainly has slowed down with recession. No question about it, it has slowed down, because it is discretionary. So it has slowed down. Now it hasn't been eliminated, and we still see new clients and we still have new clients in that space. We are hoping that business could come back as the economy comes back. So we are still plugging away, but clearly it has slowed down with the recession.

Douglas Beck - ICF International - SVP Corporate Development

Okay, thank you very much. We would now like you to join us for the final portion of the program. There is a room next door called the library. And in the library we have cocktails and appetizers, but we also have six tables. And our four speakers and Ron Vargo, our new CFO, and Isabel Reiff, our head of Business Development, each will be at one of those tables. And you're welcome to join them to ask individual questions. And we will carry on for approximately the next hour.

So thank you for coming, and we will see you in the library.

Sudhakar Kesavan - ICF International, Inc. - Chairman, CEO

Thank you again.

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