

# FINAL TRANSCRIPT

**Thomson StreetEvents<sup>SM</sup>**

## **ICFI - Q4 2010 ICF INTERNATIONAL INC Earnings Conference Call**

**Event Date/Time: Mar. 02. 2011 / 10:00PM GMT**



Mar. 02. 2011 / 10:00PM, ICFI - Q4 2010 ICF INTERNATIONAL INC Earnings Conference Call

## CORPORATE PARTICIPANTS

**Ronald - Ron Vargo**

*ICF International, Inc. - CFO*

**Sudhakar Kesavan**

*ICF International, Inc. - CEO*

**John Wasson**

*ICF International, Inc. - P and COO*

## CONFERENCE CALL PARTICIPANTS

**Joseph Vafi**

*Jefferies & Company - Analyst*

**William Loomis**

*Stifel Nicolaus - Analyst*

**Tobey Sommer**

*SunTrust Robinson Humphrey - Analyst*

**Rick Eskilson**

*Wells Fargo Securities - Analyst*

**Timothy Quillin**

*Stephens Inc. - Analyst*

**Timothy McHugh**

*William Blair & Company - Analyst*

**Erik Olbeter**

*Pacific Crest Securities - Analyst*

**George Price**

*BB&T Capital Markets - Analyst*

## PRESENTATION

**Operator**

Welcome to the ICF International fourth quarter and year end 2010, conference call. During the presentation all participants will in a listen-only mode. Afterwards, you will be invited to participate in a question-and-answer session.

(Operator Instructions)

As a reminder, this conference is being recorded on Wednesday, March 2, 2011, and cannot be reproduced or broadcast without permission from the Company. Now I would like to turn the program over to Ronald Vargo, Chief Financial Officer. Please go ahead.

---

**Ronald - Ron Vargo** - *ICF International, Inc. - CFO*

Thank you, operator. Doug Beck is at a conference today, so I'll be opening up today's call. Good afternoon, everyone, and thank you for joining us to review ICF's fourth quarter and full-year 2010 performance. With us today from ICF International are Sudhakar Kesavan, Chairman and CEO, and John Wasson, President and COO. During this conference call, we will be making forward-looking statements to assist you in understanding ICF management's expectations about our future performance.



Mar. 02. 2011 / 10:00PM, ICFI - Q4 2010 ICF INTERNATIONAL INC Earnings Conference Call

These statements are subject to a number of risks that could cause actual events and results to differ materially, and I refer you to our March 2, 2011 press release and our SEC filings for discussions of these risks.

In addition, our statements during this call are based on our views as of today. We anticipate that future developments will cause our views to change. Please consider the information presented in that light. We may at some point elect to update the forward-looking statements made today, but specifically disclaim any obligation to do so. And now with that I'll turn the over to Sudhakar Kesavan, to discuss fourth quarter and full year 2010 highlights. Sudhakar?

---

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

Thank you, Ron. Good afternoon, everyone and thank you for joining us to discuss fourth quarter and full year 2010 results and review our plans and prospects for 2011. Fourth quarter results were in line with our expectations, coming in at the midpoint of our guidance range. I'm pleased to report that we performed well and on plan across all prime categories and all markets. In terms of market, our fourth quarter revenue performance was again broad-based, with each of our business areas showing solid year-over-year increases.

Core business revenues from health, education, and social programs were up 11.8% for the quarter and an outstanding 47.7% for the year, reflecting our work on key contracts, the priority of the disease prevention, early childhood education, prevention and treatment of childhood obesity and assistance for returning veterans and their families. This growth was representative of the success of our strategy, to leverage our advisory work to win larger implementation contracts.

Revenues from our energy, environment, and transportation market increased 8.4% in the quarter. For the year, this market was up 6.7%, so you can see that momentum here is building. All of the growth was organic. We continue to see strong demand from utility for energy efficiency programs, and from government agencies for energy and environment work. Homeland Security and Defense market revenues increased 15.4% in the quarter, which included the acquisition of Jacob and Sundstrom, which was only part of ICF for three weeks in last year's fourth quarter. For the year, revenues from this market were up 21.4%.

We're also pleased with the operating leverage we achieved in both the fourth quarter and full year, boasting operating income growth of 21.4% and 20%, respectively, on revenue growth of 10.8% and 13.4%. In part, this leverage is due to the success of business development efforts focus on getting larger implementation contracts. Some of our most recently announced wins are good examples of the kinds of contracts I'm talking about, like the CDC Information Management Services contract that would develop CDC's IT infrastructure over the next decade, and the new IT contract we won at EPA.

This is the first time that we have won substantial IT contracts with federal agencies where we have provided advisory work for over 30 years. These and other large capacity contracts that we have recently been awarded have the potential to represent significant growth for ICF, adding to the substantial opportunities we have, in our traditional mission support area. This is the second consecutive quarter that our commercial business benefited from both our growing energy efficiency business as well as our traditional advisory and valuation work around energy projects, environmental management, and transactions in the transportation industry, which are clearly airlines, airports, and transportation authority.

For the past 18 to 24 months, the positive momentum generated by our energy efficiency wins has offset the softness in our traditional commercial business with a slow economy. While it is early to call it a recovery in this market, we are pleased with the [green shields] we are seeing. To summarize, 2010 was another strong year for ICF. It posted significant increases in revenue and earnings, and our dynamic revenue growth came in at 14.6%, the high end of our guidance range.

This takes on even greater importance, when you realize that Macro, our largest acquisition to date, and a company with a very low single digit growth rate when we acquired it, is included in the organic growth calculations. Sales for the year were \$834 million, and our pipeline continues to grow at equal pace, increasing to \$2.7 billion from \$2.2 billion last quarter, representing



Mar. 02. 2011 / 10:00PM, ICFI - Q4 2010 ICF INTERNATIONAL INC Earnings Conference Call

3.1 times the midpoint of our 2011 revenue guidance. Now I will turn the call over to John Wasson, our President and Chief Operating Officer, who will provide additional operating highlights and information on our recent wins. John?

**John Wasson** - *ICF International, Inc. - P and COO*

Thank you, Sudhakar, and good afternoon. As you know, fourth quarter sales are typically lower after coming off a strong third quarter. Nevertheless, we are pleased that the fourth quarter sales are well dispersed across our markets in both the government and commercial arenas.

Among the larger wins, we again continued to bring in large, energy efficiency projects, including a \$14.4 million 3-year project with a major regional utility. We remain optimistic that this market, where we are an acknowledged leader, will again show good growth in 2011. Our pipeline for energy efficiency business remains solid, and we are seeing more medium-sized projects, rather than a few very large projects, which puts us in a strong position to win opportunities in a more dispersed environment.

We believe that the combination of the acknowledged efficacy of these types of programs along with available funding via user fees will continue to reinforce the market strength that we see. One market trend among our federal clients that we have noticed, is that more contacts are being led under the indefinite delivery -- indefinite quantity vehicles, our agency can work with a selected group of vendors for a very long period of time with a substantial amount of funds focused on a particular area.

An important aspect of our growth strategy is to gain placement on our larger strategic vehicles so we can have a regular stream of bid opportunities with agencies in an area in which we are competitive. As Sudhakar mentioned, last quarter we noted our important win at the Centers for Disease Control, known as CDC CIMS, and recently we announced a new win for a large IT ID/IQ, at EPA, called Information Technology Solutions Business Information Strategic Support Two, or ITS-BISS.

Also in the fourth quarter, we solidified our position at the U.S. Army Research Institute, for the behavioral and social sciences, with another prime win for the \$30 million Train II contract for human resources related military personnel training in leadership. ICF is the only firm to hold a prime position on each of ARI's two ID/IQ contracts, thereby reinforcing our leadership in this area. We are very pleased with our progress in winning larger ID/IQs, as they position us for significant future opportunities.

As is typical for a fourth quarter, there were not many large contracts that were decided. However, among the \$150 million in work that we did win, 30 were new contract wins, in a wide variety of strategic areas, where we continue to see strong interest with the domain expertise that we offer. They include energy efficiency programs, as I previously noted, Federal Health IT support, and health research and evaluation studies, environmental management, and impact assessment for large infrastructure projects at the state level, and support for veterans' programs and emergency management training.

Finally, I should note that we are continuing to see better growth in the commercial sector. As Sudhakar said, we cannot say there's been a recovery in the non-energy efficiency part of our commercial business. However, in the fourth quarter, we recorded over 180 commercial sales wins, that included key areas, such as large-scale energy modeling and scenario analysis, utility and environmental management support, and deviation in airport planning, in addition to our energy efficiency work.

These sales showed increasing strength from a year ago and bode well for our commercial performance going forward. Our pipeline now stands at \$2.7 billion and continues to rebuild and expand after the approximately \$1 billion in competitions, and \$393 million in wins we had in Q3. We [stewed] down our the pipeline. We have also expanded our pipeline for larger opportunities. At the current range of targets in our active pipeline, includes 63 opportunities valued at \$10 million, or greater and 21 opportunities valued at \$25 million or greater.

Finally our turnover again was within the low, manageable range that we seek. In the fourth quarter, the rate was 2.7%, and turnover for the year -- full year, was 11.8%. Now I'll turn the call over to our CFO Ron Vargo to review the fourth quarter and full-year financial highlights. Ron?

Mar. 02. 2011 / 10:00PM, ICFI - Q4 2010 ICF INTERNATIONAL INC Earnings Conference Call

**Ronald - Ron Vargo** - *ICF International, Inc. - CFO*

Great, thanks, John. Total revenue for the fourth quarter of 2010 was \$192.9 million, an increase of 10.8% over the 2009 fourth quarter total revenue of \$174.1 million. This quarter's gross profit increased to \$73.5 million compared to \$67.5 million in last year's fourth quarter. Our gross profit margin was 38.1% compared to 38.8% in the fourth quarter of 2009. This decrease in gross profit margin was impacted by an increase in the use of sub-contractors this year.

Indirect and selling expenses were \$56 million in the quarter, up from \$52 million reported in the 2009 fourth quarter, primarily reflecting costs associated with the growth in the value of the contracts we manage and expense associated with the inclusion of Jacob and Sundstrom, or JASI, the acquisition we closed in December of 2009. Indirect and selling expense as a percent of revenue was 29%, compared to 29.9% in the fourth quarter of 2009. Indirect and selling expenses in the fourth quarter of 2010 did reflect higher marketing, business development, and infrastructure-related costs, and we expect these costs to trend down as a percent of revenue in 2011.

Total revenue for the year 2010 was \$764.7 million, an increase of 13.4% over last year's \$674.4 million. Organic growth, which we define as growth excluding any revenue impact from the Road Home contract and from acquisitions closed during the previous four quarters, was 14.6%, as Sudhakar said. The Road Home contract contributed approximately \$60 million of revenue in the first half 2009, and of course, no revenue in 2010. And all JASI revenue was excluded in the calculation of organic growth, for both the fourth quarter and the full year. And revenues for the Macro in the first quarter of 2010, were excluded from the full-year organic growth calculation, because it was acquired in Q1 2009.

This year's gross profit increased to \$288.5 million compared to \$263.1 million in the prior year, and our gross profit margin for the year was 37.7% compared to 39% in the prior year. Indirect and selling expenses were \$218.5 million for the year, up from \$203.4 million reported in 2009, primarily reflecting costs associated with the value of the contracts we manage and, again, expenses associated with the inclusion of the acquisition of JASI and Macro. Indirect and selling expenses as a percent of revenue declined year over year 28.6% from 30.2%.

The amortization of purchase intangibles was \$3.1 million in the fourth quarter, and depreciation and amortization was \$2.7 million compared to \$2.8 million in the fourth quarter of last year, and the \$3.1 million was identical to the fourth quarter of 2009. For the full year amortization of purchased intangibles was \$12.3 million in 2010, and \$11.1 million in 2009, and D&A was \$10.8 million compared to \$9.4 million last year.

Total operating costs and expenses in the fourth quarter of 2010 were \$61.9 million compared to \$57.9 million in the fourth quarter of 2009, an increase of 6.9%, and for the full year increased by 7.9% to \$241.6 million. Operating income in the fourth quarter was \$11.6 million compared to \$9.6 million in the fourth quarter of 2009 -- I'm sorry -- the fourth quarter of 2009 an increase of 21.4%, and for the full year, \$47.1 million compared to \$39.1 million in 2009, an increase of 20%. This increase in operating income reflects our ability to manage the rate of increase of our indirect cost at levels lower than the rate of our revenue growth.

Primarily due to our lower debt balance, interest expense was about \$700,000 this quarter, down from \$1.4 million reported in the fourth quarter of 2009 and for the full year, was \$3.4 million, down from \$5.1 million in 2009. The effective tax rate for the fourth quarter was 34.2% versus 29.5% last year and for the full year was 37.6% for 2010 compared to 36.1% in 2009. Each year had certain favorable adjustments that brought the rates down below our statutory rates.

Net income of \$17.2 million in the quarter, \$0.36 per share based on 19.8 million fully diluted weighted average shares compared to \$6.2 million or \$0.37 per share based on 16.5 million fully diluted weighted average shares in the fourth quarter of 2009. And for the year, net income was \$27.2 million or \$1.38 per share compared to \$22.4 million or \$1.40 per share in 2009. Cash flow was strong in 2010, as cash flow from operating activities was \$68.2 million compared to \$48.6 million in 2009. This resulted from earnings, working capital improvements, and prudent use of capital.



Mar. 02. 2011 / 10:00PM, ICFI - Q4 2010 ICF INTERNATIONAL INC Earnings Conference Call

We ended 2010 with the receivables DSO of 72 days when including the impact of deferred revenue in the calculation, an improvement of 8 days over 2009 levels. And during 2010, our CapEx totaled \$7.3 million, and it was geared primarily toward corporate infrastructure. And with our strong cash flow in the quarter, we were able to reduce our debt to \$85 million at the end of the fourth quarter, down from \$100 million at the end of the third quarter, a decline of \$15 million sequentially. And for the year we reduced our debt by \$60 million and ended the year with a debt to total capital ratio below 20%.

Now I will give details of our 2011 outlook. First for the full year. Revenues in the range of \$830 million to \$865 million, earnings per share of \$1.63 to \$1.73, a year over year increase of approximately 22% at the midpoint, based upon an average fully diluted share count of 20.1 million shares and a full-year tax rate of 40.5%. An EBITDA margin of 9% to 10%, interest expense of approximately \$2.6 million, capital of between \$10 million and \$11 million, and amortization of intangibles based upon our current portfolio of business of \$9.7 million, and other depreciation and amortization of between \$10 million and \$11 million. And finally, receivables DSO between 70 and 75 days, again, including the impact of deferred revenue.

For the first quarter of 2011, we are guiding to revenues of between \$192 million and \$197 million and earnings per share of \$0.34 to \$0.38 on fully diluted shares of 19.9 million and a 40.5% tax rate. So with that, I want to thank you, and I'll turn it back over to Sudhakar.

---

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

Thank you, Ron. Our revenue guidance for 2011 represents year over year organic growth at 11%, and is based upon our current portfolio business, taking into account a number of factors, including funded backlogs, which at the end of the first quarter represented 77% of the midpoint of our 2011 revenue guidance. The size and quality of our pipelines, the diversity of our contract base, where no single contract accounts for more than 3.7% of our annual revenue, a modest pickup in the commercial business, and accounts for some of the uncertainty around federal spending levels in 2011.

We also provided first quarter revenue and fully diluted earnings per share guidance, response to strong year over year comparables. Of course the elephant in the room, is whether or not there will be a government shutdown and how it will impact ICF. It appears at this moment that the immediate shutdown danger has passed with a temporary continue resolution; but of course, we will continue to closely monitor the situation. And with that, why don't I open it up for questions.

---

## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions).

Our first question comes from the line of Joseph Vafi with Jefferies. Please proceed.

---

**Joseph Vafi** - *Jefferies & Company - Analyst*

Hi, guys. Good quarter. I was wondering if we could talk a little bit about some of the assumptions in the 2011 guidance. I know, Ron, you said something about reduced infrastructure costs, but it does look like, at the midpoint of your guidance, you are looking at some nice operating leverage and margin expansion. I was wondering if we could get some more details on what you see going on there?



Mar. 02. 2011 / 10:00PM, ICFI - Q4 2010 ICF INTERNATIONAL INC Earnings Conference Call

**Ronald - Ron Vargo** - *ICF International, Inc. - CFO*

Yes. So, I'll start. I kind of gave you a lot there in the guidance, I think, to work with in your models. I think what I didn't give you, probably, is gross margins, and I think gross margin in 2010 ended around 37.7% on average. I think we see gross margins at least comparable to that in 2011. And, I think you'll see some leverage. We kind of guided to some leverage, which will drive some margin improvement. I think we'll also continue to make investments in the infrastructure of the company to prepare for the growth that we're seeing.

**Joseph Vafi** - *Jefferies & Company - Analyst*

Okay. Would you say that any improvement in that gross margin percentage would be -- would it be a function of maybe a little bit better commercial business and better utilization there, or are there other things going on in the government side of the business that may drive gross margin higher?

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

I think the gross margin increase would be primarily from the commercial side of the business, starting to show improvement. That's what you would see there. But, I would also say that as the government side continues to grow, we will get leverage through increased utilization in our government practices.

I think, as Ron noted, I think as the business grows, the costs should not rise as quickly. In terms of adding people, the utilization should increase. So, I think there will be leverage as the government business grows with the utilization there.

**Ronald - Ron Vargo** - *ICF International, Inc. - CFO*

And you really need to look at the interplay between gross margin and the percentage of costs that go into the indirect and selling expenses and how those kind of move sometimes together and sometimes not together. So, we think about the net margin at the end of the day, EBITDA margin, and then we're going to see -- as you guys all know, we're going to see some improvement in the DNA as a percent of the revenues during year, which will drive a higher operating margin as well.

**Joseph Vafi** - *Jefferies & Company - Analyst*

Okay. That's fair enough. And, then, on visibility into the guidance number. We're sitting at a really high percentage of the funded number for 2011. Would you say that the guidance here and visibility is better than it was last year or the same, as you were providing initial guidance?

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

I think it was better than last year, Joe. I think last year, don't hold me to the number, it was around 69% or 70%. And, this year it's 77%. So, I think the numbers are certainly better this year in terms of backlog as compared the revenue for the year.

**Joseph Vafi** - *Jefferies & Company - Analyst*

Okay. Great. Finally, is there any real -- I guess there's no real material contribution from Marbek, here, that's affecting the guidance versus what organic or inorganic would be here?

Mar. 02. 2011 / 10:00PM, ICFI - Q4 2010 ICF INTERNATIONAL INC Earnings Conference Call

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

Not really. I mean, it's so -- it's a small acquisition. We hope that it will become material in due course; but at the moment, I don't think it's material.

**Joseph Vafi** - *Jefferies & Company - Analyst*

Okay. Great. Thanks, guys.

**Operator**

Our next question comes from Bill Loomis with Stifel Nicolaus. Please proceed.

**William Loomis** - *Stifel Nicolaus - Analyst*

Hi, thanks guys. Good quarter. Can you talk a little about staying local? The growth looked pretty good, and, what the budget situations at the state, how you see that tracking over the next few months? Or quarters, I should say.

**Ronald - Ron Vargo** - *ICF International, Inc. - CFO*

Yes. I'll start with just what you saw in the fourth quarter. When we saw good growth on a year over year basis, particularly in a number of areas, and they really reflect the diversity of the expertise across all of our key markets, West Coast Environmental Management, the increased focus on public health issues at the state level, and regional transportation issues, as well as energy efficiency programs that are conducted by state agencies and increased homeland security support. So, we saw real healthy increases year over year, in those areas, which drove about \$4 million, I think, increase year over year in our state and local revenues.

**William Loomis** - *Stifel Nicolaus - Analyst*

As far as the pipeline, what've you won in the quarter, and what's in the pipeline over the next couple of quarters, how do you see that tracking on the state and local only?

**John Wasson** - *ICF International, Inc. - P and COO*

This is John Wasson. I think the -- I would expect business to continue to perform like it did last year. I think, as Ron pointed out, the growth was from a diversity of contracts across multiple markets. I think we continue to see a pipeline that represents that, with multiple opportunities in many markets, and so I think it's -- I wouldn't expect any change from what we saw last year.

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

I would just add that we're quite focused on making sure that we leverage our regional presence in each of these different markets to the extent we can. And, if there is state local work which we have domain expertise in, we certainly always make sure that we bid it, because the dollars all look green to us. If we can get them in dispersed ways, across different offices, we always bid those projects.



Mar. 02. 2011 / 10:00PM, ICFI - Q4 2010 ICF INTERNATIONAL INC Earnings Conference Call

**William Loomis** - *Stifel Nicolaus - Analyst*

Okay. And, then, just one quick one, now on the commercial side. What is not growing? What still is lagging and not yet showing improvement on the commercial side?

**John Wasson** - *ICF International, Inc. - P and COO*

This is John Wasson again. I think the aviation business is still the laggard. I think it's flat, as we've reported in the past. I don't think it's showing growth, in the last quarter. I think we have seen improvement in the commercial energy transactional side of the business, and so that has improved. Energy efficiency obviously remains a major growth driver. So, I would say that one area that is -- we're still looking for -- the return to growth would be the aviation.

**William Loomis** - *Stifel Nicolaus - Analyst*

Okay. Thank you.

**Operator**

Our next question comes from Toby Sommer with SunTrust. Please proceed.

**Tobey Sommer** - *SunTrust Robinson Humphrey - Analyst*

Sudhakar, I share your appreciation for all the green color dollars. I wanted to ask you a question about the commercial business again. How big is it a percentage of revenue, and, as a whole, where are the margins now versus when all the businesses were really clicking, several years back?

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

I think the commercial business, I think it's in the -- I think really, you will see the percentages. I think the percentage for 2010, for the year, it was 15.5% commercial, if you exclude all the commercial internationally -- the international will be count -- it's sort of half and half of commercial government, sort of groggy. So, it's around 17%, 18% is commercial. And -- so, that's sort of the overall chunk of the business.

It should be included this time for the first time because we always get these questions. And, I think, in terms of the margin, when the gross margins are very high in the commercial business, when it is really clicking. And, that drops a lot of earnings in the bottom line, because you don't see too much of revenue increase for the think to have a substantial impact on your earnings, and when the utilizations are lower in the commercial business, which they are at the moment, especially as John pointed out in the aviation business, we have -- the gross margins are not quite up to where they should be to make a difference to our margins.

So, I think the whole aspect of utilization and, therefore gross margins, comes into play here, and we certainly hope the utilizations can go up, and if it goes up by five or six or eight percentage points, which is easy to do, given they don't need that much of growth to do that, our margins will go up, just directly. You may not see that much change in a revenue line, but you will see a huge difference in the earnings line.



Mar. 02. 2011 / 10:00PM, ICFI - Q4 2010 ICF INTERNATIONAL INC Earnings Conference Call

**Tobey Sommer** - SunTrust Robinson Humphrey - Analyst

Right. So, in terms of operating margin, is -- are we at kind of half of prior peak operating margins on the commercial business all in? That's the margin I'm interested in. I understand the leverage and utilization that comes from better gross margin dollars, et cetera, but I'm focusing on the operating margin line.

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

Operating margin, I can't give you. I look at the -- below the gross margin line, we can control everything. So, I look at the gross margin line, and if the gross margin line basically -- the dollars are more, in an absolute sense. You really can't cut your way to success here. We are at the -- we have done whatever we could to control costs, so that we will be ready to pick up the business as it comes in. So, I think at the moment the gross margins are perhaps, 75% of what they should be, to give you a number. Don't -- since I'm throwing out these numbers here, don't hold me to it. But, 75% of what they should be. If it goes up, it doesn't make a big difference to us.

**Tobey Sommer** - SunTrust Robinson Humphrey - Analyst

Just one other question and I'll get back into queue. About the aviation business, are there -- what signs would you look for to point to an outlook for better orders and better utilization in that area?

**John Wasson** - ICF International, Inc. - P and COO

This is John Wasson. I think it's -- obviously, we look at the pipeline, and we look at sales. As you know the pipeline and sales in the commercial sector, that can turnover in a couple of months. We track that carefully, because leads, proposals submitted, and the state of the pipeline -- so, I think that's where the focus is. It's been pretty constant the last quarter or two, but we really haven't seen a material pickup in the aviation on the pipeline or sales.

**Tobey Sommer** - SunTrust Robinson Humphrey - Analyst

Thanks, John.

**Operator**

Our next question comes from George Price with BB&T Capital Markets. Please proceed.

**George Price** - BB&T Capital Markets - Analyst

Great. Thanks very much. Nice quarter, guys. Wanted to first ask you, you mentioned the CDC and EPA, another large IT implementation contract that you're positive on, representing significant growth potential. How much of these are factors in 2011 guidance? And, I guess the obvious other way to ask it is, what kind of potential upside do they represent to the guidance you've given?

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

We have never won these IT -- this is the first time we have won these large ID/IQs, ITS-BISS, and CDC CIMS. So, we certainly are hoping that we get our fair share of the work. There are a few winners obviously, there are a few winners, but the contracts used

Mar. 02. 2011 / 10:00PM, ICFI - Q4 2010 ICF INTERNATIONAL INC Earnings Conference Call

to be the -- CDC CIMS contract used to be, I think, a single award and then it was split up into many. And the ITS-BISS used to be, I think, two or three incumbents, and now there are four or five incumbents. We hope to get our fair share of the contracts.

We have basically a view that we'll get a little bit of work out of it, but not much; but, since we don't have any history here, none of the work is in the pipeline, because the general rule is the use for pipeline, is that we need to have some history on the ID/IQ contract in order for us to include the amount in the backlog -- sorry not pipeline, but in the backlog. We see a lot of activity in top quarters, which they're going to compete the amounts to a few winners. There's a lot of activity there. We think we're going to bid on a number of those top quarters; and, if we win them, they are substantial sized top quarters-- we think that could give us a nice upside. Given that we don't know that much about the contract, it's kind of hard to include -- we included little in our guidance at the moment.

---

**George Price** - *BB&T Capital Markets - Analyst*

Okay. And, I guess, maybe, since it's following on that, since it does represent new work, can you talk a little bit about how you've managed it, I guess, from a risk and execution perspective in terms of pricing, margin, level of effort, that sort of thing?

---

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

We have -- in Atlanta, we have a large office which has a long history of working with CDC. We have nearly 200 people there in the office, strong relationship. We believe that we are well set up from an infrastructure point of view. We have very good senior managers there, we think we can manage a lot of the work there and here, over on the CDC front. It will be reasonably straightforward, we think. And, so, we are well set up. On the EPA contract, we have a long history with EDPA. We are all about -- a whole bunch of us are here, in the Washington, DC area. Lots of EPA work has gone to headquarters and back. The other part of the agency, and we are well dispersed geographically.

So, we don't have any concerns about managing the work. We think that we'll be able to do a pretty good job. We do understand each of these agencies really quite well and their needs, and, therefore, it won't take much time to understand the mission orientation of the specific task which we have, and therefore, be able to do a pretty good job.

I don't know what the specific part of your question was, but if you can be more specific, I could give you a more specific answer.

---

**George Price** - *BB&T Capital Markets - Analyst*

No, no. That's fine. I appreciate that. Just shifting gears, if I could, on the demand environment. Obviously, you reference this. That there's a lot of uncertainty on the government side from a budgeting and spending perspective. I guess could you maybe give us a little color on what is implied or assumed in your current guidance with respect to a full year, continuing resolution, to the level of cuts that have been thrown around in the press? What are you assuming? What should we monitor to see if it starts to come in maybe a little bit better; maybe a little bit worse than you are expecting?

---

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

We take some from the fact that 77% of our revenue for the next year is in our funded backlog. We have looked at the budget, at the continued resolution, and the [recession] associated with some of the funding - the \$4 billion for the continued resolution. We, at the moment, based on our understanding, don't believe that will have any impact on our revenue numbers going forward.

It's hard to predict what exactly is going to happen in certain parts. The President asks for more money in a certain part of the business, the House asks for less, wants to cut it. We don't know where, exactly, it's going to come out. We think that there is



Mar. 02. 2011 / 10:00PM, ICFI - Q4 2010 ICF INTERNATIONAL INC Earnings Conference Call

some effort being made for a CR for the rest of the year, and, if that happens, then we will be pleased. We obviously look at that very carefully and see exactly how and what is the intent, and look at the programs and how we'd be affected.

We remain quite confident that we'll be able to manage our way through this whole thing. I was here in the 1995, 1996 time frame when the government shut down. It had some impact on ICF, but it didn't really have the impact which we thought it would have before all the shutdown activity occurred. We'll have to wait and watch, not speculate too much, and see exactly where things go and then manage our way through it.

The other thing to keep in mind is that no single contract accounts for more than 3.7% of our overall revenue, and that is a good thing, too. So, we have various ways in which we can basically manage our way through. Some -- and, we certainly hope to do that going forward.

---

**Ronald - Ron Vargo** - *ICF International, Inc. - CFO*

It's Ron, George. I just want to clarify. Last year, going into the year, we had about 70%, if I recall, in our funded backlog. Substantially all of that funded backlog is revenue in the next 12 months; some of it could actually be in the following year, as well. So, in that 77%, it's substantially 2011 revenue, but some of that could also be 2012 revenue, but we -- we're better off than we were last year.

---

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

Yes. That's the whole point. Is that if you look at our numbers and you compare it to the same time last year, we are better off. So, I think that, again, that doesn't make us fat and happy and complacent. We will be following the debates carefully, and we will do what we need to do, to manage our way through.

---

**George Price** - *BB&T Capital Markets - Analyst*

Last thing, Ron, do you have head count in the prime sub-mix? And, thank you.

---

**Ronald - Ron Vargo** - *ICF International, Inc. - CFO*

When you say "head count" --

---

**George Price** - *BB&T Capital Markets - Analyst*

Total employees.

---

**Ronald - Ron Vargo** - *ICF International, Inc. - CFO*

Yes. You'll see. We're going to be filing our Q, and we'll be over 3,700 employees at the end of the year. And, the sub-mix during the quarter was about the same as it was in quarters two and quarters three. Our sub and other direct costs were in that 26.5% to 27% range, which has been a little higher than normal this year, based upon the contract mix and some of the implementation contracts that we had this year.

---

**George Price** - *BB&T Capital Markets - Analyst*

Okay. Great. Thanks.



Mar. 02. 2011 / 10:00PM, ICFI - Q4 2010 ICF INTERNATIONAL INC Earnings Conference Call

**Operator**

Our next question comes from Edward Caso with Wells Fargo. Please proceed.

**Rick Eskilson** - Wells Fargo Securities - Analyst

Yes, Hi. Thanks. This is actually Rick Eskilson on for Ed. Just a quick question on the government shutdown. You're sort of alluding to it in the last question and alluding to it in your earlier comments, but do you have thoughts on exposure to a government shutdown for ICF?

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

I'm sorry. I didn't understand the question. Exposure?

**Rick Eskilson** - Wells Fargo Securities - Analyst

Yes. What your exposure would be or could potentially be, if the government does shut down once the CR that just was extended expires at the -- 18th, I believe, was the date?

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

Right. If the CR, which is extending the extension, goes the same way as the current CR, we have very little exposure. So, unless I can see the specifics on what the CR, for the rest of the year's extension looks like, it would be very hard to tell you what the exposure is. So, I think that it's just speculation on my part, and I don't like to speculate.

**Rick Eskilson** - Wells Fargo Securities - Analyst

Well, I was specifically talking about if the government shuts down, not if we get a full year continuing resolution, but if the government does shut down, and they're not able to reach either a full year CR or a budget deal by the time the 18th comes around. If you had any thoughts on what your exposure could be or how it could play out, based on your experiences the last time?

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

Yes. The last time, basically, the government shut down, for I think, a total of 21 days. We basically think that we know how to manage our way through that kind of shutdown. People -- it's painful, but people -- we do let people do certain things in terms of vacation, et cetera, that we will have to get them to take, and we'll have to muddle our way through.

In the final analysis, the overall impact on ICF, the last time was, even though we didn't get paid for the times we were shut down, it was actually no where close to what the analysts calculated it to be, and so we think that we know how to do it. And, we'll basically do what we did in the 1995, 1996 time frame, again this time. Based on the fact that this new resolution happened actually quite smoothly over the last few days, and given all the commentary from both sides about not wanting a government shutdown, we believe that -- we have some reasonable optimism that maybe they will work themselves into another situation where they'll extend it.



Mar. 02. 2011 / 10:00PM, ICFI - Q4 2010 ICF INTERNATIONAL INC Earnings Conference Call

So, I think that we will do what we did in 1995, 1996. We think we can do it; and, then, if it shuts down for more than 21 days, I think the world will be more worried about not us, but other things, too. So, it's something which is really in the realm of speculation. But, I try to -- we try to plan for the worst case, and then we hope that, that will not happen.

---

**Rick Eskilson** - Wells Fargo Securities - Analyst

Okay. Thanks. And, in your energy efficiency business, I'm wondering if you -- with the increase we've been seeing in oil and other commodity prices, I'm wondering whether -- if you've seen -- I guess clients look at it more as a result, and if you had any thoughts around that?

---

**Ronald - Ron Vargo** - ICF International, Inc. - CFO

I think -- go ahead.

---

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

I think the efficiency basically is a growth business for us. We are currently working in over 30 states on energy efficiency programs. We are about the leader in the country in energy efficiency programs. It's only going to go up, we think, and we haven't even scratched the -- we don't have that much work right now in some of the western states, some of the larger ones, especially in California. So, we certainly hope to grow that. We think that the energy efficiency has a good secular growth path here, which we certainly hope to capitalize on, going forward.

The oil price rise only helps in the overall effort to save energy, and given that it is one of the programs that we have, scale and regional presence across the nation, I think we'll do quite well on energy efficiency as the projects come about, over the next year or two years, and the pipeline looks pretty good, too.

---

**Rick Eskilson** - Wells Fargo Securities - Analyst

Thanks a lot.

---

**Operator**

Our next question comes from Tim Quillin with Stevens. Please proceed.

---

**Timothy Quillin** - Stephens Inc. - Analyst

Hi. With regards to your margins, I think the -- your EBITDA margins, excluding some severance costs in the first quarter, were around 9.4%, and you ended up in the fourth quarter about 9.1%, and you alluded to some marketing and business development, infrastructure costs, in the fourth quarter. How much of that -- is there anything in there that's non-recurring, or you expect to go away, or do you just expect to leverage the current cost levels as you go revenue through 2011?

---

**Ronald - Ron Vargo** - ICF International, Inc. - CFO

Yes, Tim. It's Ron. I'd say a portion of the cost in the fourth quarter are, I'd say, recurring. We made some investments in the infrastructure. We have added good, strong, capable people in some of the back office positions during the second half of the year. They'll stay, and a portion of them, I'd say, were also stepped-up business development and marketing during the quarter, which can be -- fluctuate quarter to quarter based upon business proposals and conferences and travel and so on. So, it's a little

Mar. 02. 2011 / 10:00PM, ICFI - Q4 2010 ICF INTERNATIONAL INC Earnings Conference Call

bit of a mix, and I'd say, as we look at 2011, I would expect to see some of those costs not continue at the levels in the fourth quarter; and certainly as a percent of total revenue, as we're growing our revenue, to see it come down.

**Timothy Quillin** - *Stephens Inc. - Analyst*

Okay. And, while indirect costs were a little bit higher than what we were looking for, tax rate was a little bit lower than what we were looking for. What kind of tax benefits did you have in the quarter?

**Ronald - Ron Vargo** - *ICF International, Inc. - CFO*

Yes, tax rate helped us a little bit. And, it was -- I would say it's primarily related to some state tax credits that we were able to realize in the fourth quarter of 2010 that we didn't see until the fourth quarter.

**Timothy Quillin** - *Stephens Inc. - Analyst*

Okay. And, Ron, did you say that CapEx was going to be \$10 million to \$11 million?

**Ronald - Ron Vargo** - *ICF International, Inc. - CFO*

Yes. That's right. \$10 million to \$11 million for capital in 2011, up from 2010. Again, investments in a larger and growing company, and building out a stronger infrastructure.

**Timothy Quillin** - *Stephens Inc. - Analyst*

Right. And, just lastly, so the pipeline is growing. The visibility is good, with your funded backlog, but what do you -- what does your crystal ball tell you, in terms of the timing of awards and timing of bookings throughout the year? Thanks.

**John Wasson** - *ICF International, Inc. - P and COO*

This is John Wasson. I would expect the same seasonality we see every year. I don't have any reason -- I don't think we've seen anything that would change that. Typically Q2 and Q3 are our strongest sales quarters, and Q1 and Q4 are our weakest. I would expect that trend to continue. I don't think we've seen any shift in the building of the pipeline, timing of sales awards that would cause us to shift our expectations on -- from what we typically see in terms of seasonality on sales.

**Timothy Quillin** - *Stephens Inc. - Analyst*

Great. Thank you.

**Operator**

(Operator Instructions).

And, our next question comes from Tim McHugh with William and Blair. Please proceed.

Mar. 02. 2011 / 10:00PM, ICFI - Q4 2010 ICF INTERNATIONAL INC Earnings Conference Call

**Timothy McHugh** - *William Blair & Company - Analyst*

Yes, first wanted to ask you, you mentioned you're watching closely all of the budget debates. I know you don't want to make any predictions or speculate, but, as everyone else watches it, are there any hot-button issues or areas that you're watching particularly closely, the debate around that could be a net positive or, a meaningful net negative for you depending on how the budget debate comes out ?

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

Tim, this is Sudhakar. Yes, right now, it's the -- we are watching -- we clearly have certain contracts and certain agencies. So, we are clearly watching. For example, if you look at EPA -- the EPA budget gets cut because of the fact it has \$1 billion dollar of Great Lakes, wastewater treatment, capital stuff, which is going go away. We don't really care, because basically that -- we don't do any work on it. It went up two years ago and is coming down now, so it won't effect us.

But, I think one has to look at the granularity or whatever is going on. So, that is what we're looking at, is the granularity. If you look at the list of the House measures, the big number they have there, it's very hard to tell what they are focused on, because they have not given a full explanation of what exactly they're talking about. It's a little hard to figure out. In certain cases you can, in certain cases you cannot.

So, I think we have looked at the \$4 billion levels for the CR, and, as I said, there's no impact on us based on our looking at those numbers; but, we look at the health agency. We will look at the -- we look at HHS, we will look at the EPA, we will look at education. Those are the agencies we are looking at, and we will see where exactly the programs are going.

In education, we just won the large contract of the Obama Administration program, Race to the Top. They consolidated all of the education programs into Race to the Top. We will be the beneficiary. We don't have any other contract in the education department of that size, and we are hoping that this Administration could consolidate their programs. They have consolidated them to Race to the Top. It's just that sort of thing which you have to look at, and it is hard to tell, unless you have some clarity based on the CR and/or the budget.

**Timothy McHugh** - *William Blair & Company - Analyst*

And, you always get asked this, but how are you thinking about acquisitions at this point? What's the pipeline like? Are you looking in particular areas, or particularly sized firms at the moment?

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

Yes, I think that we are looking. Nothing has changed in our pipeline quest -- our acquisition quest. We continue to look at acquisitions, the seed spot would be in the \$50 million to \$100 million dollar range of revenues. But, the pipeline is looking better than it has in the last six months or so. So, we are -- we are pleased about that. We think that as the government -- we're looking in the government area, we are looking in the energy area. We are looking in other geographies.

We think that as the -- in the government area, for example, we think that as the government looks at ways to function in a more cost-constrained environment, there's a whole series of things they will do, which opens up lots of opportunities. There's lots of change and there will be lots of opportunities in those areas. And, there are reporting requirements that the government will have. There are requirements for transparency, there are requirements for all kinds of things that the government is going to have, which are going to require certain kinds of tools and systems, et cetera, which we think that we can build upon further, and, so -- .



Mar. 02. 2011 / 10:00PM, ICFI - Q4 2010 ICF INTERNATIONAL INC Earnings Conference Call

We're looking in areas which are very clearly outlined, based on the scenario of going forward, and we think making certain acquisitions in those areas will get us into growth markets. So, we're looking, in our domain areas, and specifically in certain implementation arenas and the domain areas where we think that the work will increase, as the government is more constrained going

---

**Timothy McHugh** - *William Blair & Company - Analyst*

Would you ever consider thinking about share repurchases, given how much the debt has come down, or is the pipeline robust enough that you still want to maintain all of the dry powder for that?

---

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

I -- we have always said that we would basically use our debt capacity to make acquisitions. We have no intention at the moment of doing any share repurchases. We think that the best use is -- that we see enough opportunity in front of us. We think we can build scale in the air, which we've said. Our strategy has been quite consistent over the last few years, and I think that we've had good strong growth implementing that strategy, and we don't see any reason to diverge from that going forward.

---

**Timothy McHugh** - *William Blair & Company - Analyst*

Okay. Thank you.

---

**Operator**

Our next question comes from Erik Olbeter with Pacific Crest Security. Please proceed.

---

**Erik Olbeter** - *Pacific Crest Securities - Analyst*

Hi guys. Thanks for taking my question. Real quick -- We've seen over the course of 2010, increase in the subcontractor use. Do you have any plans or strategies to reduce that in 2011 or 2012, or is that something we should just assume is part of the model moving forward?

---

**John Wasson** - *ICF International, Inc. - P and COO*

Yes, I think it's -- I think as we win larger and longer term implementation contracts, there's going to be a portion of that work that we are going to want to rely on subcontractors for. And, so, I think you'll continue to see the level we've had last year. I wouldn't expect those to come down significantly. I think as we become -- do larger, longer term implementation work, we're going to want to be subbing portions of it out. A material shift? I --

---

**Ronald - Ron Vargo** - *ICF International, Inc. - CFO*

I agree with that, John, and I'd say that, again -- that's probably a reason why, when we think about gross margins, we're not -- other than big variability in the commercial side and commercial utilization -- we talked about the gross margin being comparable to the \$377 million in 2010, but the implementation contracts, while it might hold the gross margin down a little bit, you get a pickup, I think, on the lower indirect cost and others, so those are still very good profitable contracts for us.



Mar. 02. 2011 / 10:00PM, ICFI - Q4 2010 ICF INTERNATIONAL INC Earnings Conference Call

**Erik Olbeter** - Pacific Crest Securities - Analyst

Sure. And, following up on the M&A discussion, it sounds, Sudhakar, that you want to continue to position the firm for M&A. With the federal government budget coming under considerable stress over the next several years, is it reasonable to expect more activity and focus on the commercial markets lease, and if so, what areas do you think are most promising?

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

Yes, I think that we are in the area that we are in. All the areas we think, especially health -- the health issues, energy issues are quite prominent in the commercial and, in fact, in the government area. I think that we are well positioned and we have a substantial business commercially. We have a substantial business in these areas of our expertise, which we can win internationally. There's a lot of interest on energy efficiencies, for example, worldwide, and we just won a contract in Asia, an energy efficiency contract.

So, I think that the -- as I said, we basically are focused on the fact that we have certain skill sets in certain areas of our expertise, and we look quite broadly for opportunities in those areas. I've been in situations where the government budgets have been squeezed, and I think that there is always a situation where if you have great expertise, domain expertise, and people differentiate what you do from what other of your comparables do, we believe we are very uniquely positioned.

We are well known for our environment work, for our energy work, for our public health work, and if there is less work to go around, some of the peripheral funds, which are not as well known in these areas, will drop off and people get all the work. I think that people tend to go to where the quality and where the scale is, and I think that we are not going to neglect the government market just because of the fact that everybody and their brother thinks that it's going to go away. The governments will spend \$500 billion in our areas of expertise, just 80% civilian and the balance in the Defense Homeland Security arena, at least in our addressable market.

And, I think that, that is a big, big number, and given the fact that we are well known for certain things we do, we think we'll be called upon to do more and more of the work, because you don't want to deal with the guys who don't know enough about those areas.

**Erik Olbeter** - Pacific Crest Securities - Analyst

Okay. I appreciate those comments, and definitely your numbers 2010 suggest you've been a market share taker in the government space, in your fields of expertise. I guess one question following on that would be, how do you feel in that sort of consolidation environment about sort of gross margins?

So far in the consulting phase, we haven't seen a tremendous amount of pricing pressure, but is that something your experience tells you we will see as we go through a consolidation phase? And, maybe some of the weakened competitors just trying to compete on price?

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

Yes. There's always price pressure. I've never been in a situation where there's not enough price pressure. We just won the ITS-BISS contract, the EPIT contract; and if you look at the public information, it was all released by EPA; if you look at the full contractors who won it. We won it with a price that was \$9 million higher than all of the others. All of the others had remarkably similar prices, like the second decimal place -- after the decimal place was different, and we were \$9 million higher than all of the other guys and we still won it.

Mar. 02. 2011 / 10:00PM, ICFI - Q4 2010 ICF INTERNATIONAL INC Earnings Conference Call

So, and, again, that's a demonstration of the fact that given our domain expertise on environmental issues, we basically hand-win some of this work at prices which are 8%, 9%, 10% higher. I'm not guessing that this is going to happen every time, but we've certainly demonstrated that in a very public way, in the latest contract. So, I think there's always price pressure. We have to be cognizant of the price.

We can't be -- we can't always just poo poo the fact that it is a competitive world, but we have to be clever about it and we have to make sure that we stick to our guns when we know the client will value what we provide, and make a judgment call as to what we're going to bid stuff at. So, I think that we will deal with it as it comes along, and we are hoping that the federal government market is perceived to be -- not such a good market by all the analysts at least -- that everybody would go away, and we'll be the sole guys there, and then in which case we can increase our prices. What do you say?

---

**Erik Olbeter** - *Pacific Crest Securities - Analyst*

All right. Thanks for the color there.

---

**Operator**

Our next question comes from George Price with BBC Capital Markets. Please proceed.

---

**George Price** - *BB&T Capital Markets - Analyst*

Hello. Thanks. I just had a couple of follow-ups I wanted to ask about. First of all, any -- you mentioned the energy efficiency contracting in Asia, which got me thinking. Is there any meaningful exposure or opportunity, for that matter, given what's happened these days in the Middle East?

---

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

When I said Asia, I was talking another 5,000 miles the other way. So --

---

**George Price** - *BB&T Capital Markets - Analyst*

Yes. I'm moving along the -- I'm moving around the globe a little bit.

---

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

We don't any work in the Middle East. We certainly do work in the BRIC countries. We do a little bit of work in the Middle East, in the airline business, but it's not that much, and I think that we are quite focused on the BRIC countries in India and China. The energy efficiency win was in China, so we think that's a good market to be in. It's an ascent market, doesn't move the needle as much as we like right now, but in two three years, who knows? So, I think we are quite focused on not opening up any more offices. We have six outside North America at the moment, and I think that we are going to be focused on making sure that those grow in our areas, again, of expertise.

---

**George Price** - *BB&T Capital Markets - Analyst*

Okay. And, I'm wondering if you might comment on spending and budget uncertainty in the federal side impacting obviously not only award flow, but also ramp-up, even contracts that are otherwise permitted under the -- under continuing resolution. Have you been seeing things like that held up?

Mar. 02. 2011 / 10:00PM, ICFI - Q4 2010 ICF INTERNATIONAL INC Earnings Conference Call

**John Wasson** - *ICF International, Inc. - P and COO*

This is John Wasson. I would say not in any material way that we've seen, a change in ramp-up or awards. We haven't seen a material difference yet.

**George Price** - *BB&T Capital Markets - Analyst*

Okay. Great. Thanks very much.

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

Thank you. And, thank you for joining us on the call, and we will see you in the -- on the next earnings call in early May. Thank you again.

**John Wasson** - *ICF International, Inc. - P and COO*

Thanks, guys.

**Operator**

Ladies and gentlemen, that concludes today's conference. Thank you for your participation. You may now disconnect. Have a great day.

#### DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2011, Thomson Reuters. All Rights Reserved.

