

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

**Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

ICF INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

8742
(Primary Standard Industrial Classification Code Number)

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

**9300 Lee Highway
Fairfax, VA 22031
(703) 934-3000**
(Address, including zip code, and telephone number including area code, of registrant's principal executive offices)

**Sudhakar Kesavan
Chairman & Chief Executive Officer
ICF INTERNATIONAL, INC.
9300 Lee Highway
Fairfax, VA 22031
(703) 934-3000**
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

**James J. Maiwurm, Esq.
SQUIRE, SANDERS & DEMPSEY L.L.P.
8000 Towers Crescent Drive, Suite 1400
Tysons Corner, Virginia 22182-2700
Telephone: (703) 720-7800
Telecopy: (703) 720-7801**

**Richard J. Sandler, Esq.
DAVIS POLK & WARDWELL
450 Lexington Avenue
New York, New York 10017
Telephone: (212) 450-4000
Telecopy: (212) 450-3800**

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

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price ⁽¹⁾	Amount of Registration Fee
Common Stock, par value \$0.001	\$ 75,000,000	\$ 8,025.00

(1) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended. **The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Shares



ICF INTERNATIONAL, INC.

Common Stock

This is the initial public offering of our common stock. No public market currently exists for our common stock. We are offering _____ shares of our common stock and the selling stockholders identified in this prospectus are offering _____ shares of our common stock. We will not receive any proceeds from the sale of common stock by the selling stockholders. We expect the public offering price to be between \$ _____ and \$ _____ per share.

We intend to apply to have our common stock approved for listing on The Nasdaq National Market under the symbol "ICFI."

Investing in our common stock involves a high degree of risk. Before buying any shares, you should read the discussion of material risks of investing in our common stock in "[Risk factors](#)" beginning on page 10 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per share	Total
Public offering price	\$ _____	\$ _____
Underwriting discounts and commissions	\$ _____	\$ _____
Proceeds, before expenses, to us	\$ _____	\$ _____
Proceeds, before expenses, to the selling stockholders	\$ _____	\$ _____

The underwriters may also purchase up to an additional _____ shares of our common stock within 30 days of the date of this prospectus, solely to cover over-allotments. Of these additional shares, up to _____ may be purchased from us and up to _____ may be purchased from the selling stockholders. If the underwriters exercise this option in full, the total underwriting discounts and commissions will be \$ _____, our total proceeds, before expenses, will be \$ _____, and the total proceeds, before expenses, to the selling stockholders will be \$ _____.

The underwriters are offering the common stock as set forth under "Underwriting." Delivery of the shares will be made on or about _____, 2006.

Sole book-running manager

UBS Investment Bank

Stifel Nicolaus

William Blair & Company



Defense & Homeland Security

Energy



Environment & Infrastructure

Health, Human Services & Social Programs



Passion. **Expertise.** Results.

[Table of Contents](#)

Until _____, 2006 (25 days after the date of this prospectus), federal securities laws may require all dealers that effect transactions in our common stock, whether or not participating in this offering, to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

TABLE OF CONTENTS

Prospectus summary	1
Risk factors	10
Special note regarding forward-looking statements	30
Use of proceeds	31
Dividend policy	32
Capitalization	33
Dilution	34
Selected consolidated financial and other data	36
Management's discussion and analysis of financial condition and results of operations	41
Business	58
Management	77
Certain relationships and related party transactions	91
Principal and selling stockholders	92
U.S. federal tax considerations for non-U.S. holders of common stock	94
Description of capital stock	97
Shares eligible for future sale	102
Underwriting	104
Legal matters	109
Experts	109
Where you can find more information	110
Index to financial statements	F-1

Unless the context requires otherwise, the words "ICF," "we," "company," "us" and "our" refer to ICF International, Inc. and, where appropriate, its subsidiaries.

Unless the context requires otherwise, the term "CMEP" refers to our principal stockholder, CM Equity Partners, L.P. and its affiliated partnerships that hold shares of our common stock, who are also the selling stockholders identified under "Principal and selling stockholders."

Our fiscal year ends on December 31. We currently derive more than 70% of our revenue from departments and agencies of the U.S. federal government, which has a fiscal year ending on September 30. Unless the context requires otherwise, references in this prospectus to "fiscal year" mean the applicable fiscal year of the U.S. federal government.

Unless the context requires otherwise, all share numbers in this prospectus give effect to the _____-for-_____ stock split of our common stock to be effected immediately prior to the closing of this offering.

The names "ICF International," "CommentWorks," "Integrated Planning Model," "International Carbon Pricing Tool," "IPM," "K-PRISM," "UAM" and "Urban Airshed Model" are our trademarks. This prospectus also contains trademarks and service marks of other companies.

Prospectus summary

This summary highlights selected information appearing elsewhere in this prospectus and may not contain all of the information that is important to you. This prospectus includes information about the shares offered as well as information regarding our business and detailed financial data. You should read this prospectus in its entirety.

ICF INTERNATIONAL, INC.

We provide management, technology and policy consulting and implementation services primarily to the U.S. federal government, as well as to other government, commercial and international clients. We help our clients conceive, develop, implement and improve solutions that address complex economic, social and national security issues. Our services primarily address four key markets: defense and homeland security; energy; environment and infrastructure; and health, human services and social programs. Increased government involvement in virtually all aspects of our lives has created opportunities for us to resolve issues at the intersection of the public and private sectors. We believe that demand for our services will continue to grow as government, industry and other stakeholders seek to understand and respond to geopolitical and demographic changes, budgetary constraints, heightened environmental and social concerns, rapid technological changes and increasing globalization.

Our federal government, state and local government, commercial and international clients utilize our services because we combine diverse institutional knowledge and experience in their activities with the deep subject matter expertise of our highly educated staff, which we deploy in multi-disciplinary teams. Our federal government clients include every cabinet-level department, including the Department of Defense, the Environmental Protection Agency, the Department of Homeland Security, the Department of Transportation, the Department of Health and Human Services, the Department of Housing and Urban Development, the Department of Justice and the Department of Energy. U.S. federal government clients generated 72% of our revenue in 2005. Our state and local government clients include the states of California, Massachusetts, New York and Pennsylvania. State and local government clients generated 9% of our revenue in 2005. We also serve commercial and international clients, primarily in the energy sector, including electric and gas utilities, oil companies and law firms. Our commercial and international clients generated 19% of our revenue in 2005. We have successfully worked with many of these clients for decades, providing us a unique and knowledgeable perspective on their needs.

We partner with our clients to solve complex problems and produce mission-critical results. Across our markets, we provide end-to-end services that deliver value throughout the entire life of a policy, program, project or initiative:

- ∅ **Advisory Services.** We help our clients analyze the policy, regulatory, technology and other challenges facing them and develop strategies and plans for responding. Our advisory and management consulting services include needs and markets assessment, policy analysis, strategy and concept development, change management strategy, enterprise architecture and program design.
- ∅ **Implementation Services.** We implement and manage technological, organizational and management solutions for our clients, often based on the results of our advisory services. Our implementation services include information technology solutions, project and program management, project delivery, strategic communications and training.
- ∅ **Evaluation and Improvement Services.** In support of advisory and implementation services, we provide evaluation and improvement services to help our clients increase the future efficiency and effectiveness of their programs. These services include program evaluation, continuous improvement initiatives, performance management, benchmarking and return-on-investment analyses.

[Table of Contents](#)

We have more than 1,600 employees and serve clients globally from our headquarters in the metropolitan Washington, D.C. area, our 15 domestic regional offices throughout the United States and our five international offices in London, Moscow, New Delhi, Rio de Janeiro and Toronto.

We generated revenue of \$177.2 million in 2005. As of December 31, 2005, our total backlog was \$226.8 million, of which funded backlog was \$133.0 million. See “Business—Contract Backlog” for a discussion of how we calculate backlog.

MARKET OPPORTUNITY

An increasing number of complex, long-term factors are changing the way we live and the way in which government and industry must operate and interact. These factors include terrorism and changing national security priorities, increasing federal budget deficits, the need for emergency preparedness in response to natural disasters and threats to national security, rising energy demands, global climate change, aging infrastructure, environmental degradation and an aging population and federal civilian workforce. The federal government and other governments react to these factors by evaluating, adopting and implementing new policies, which drive governmental spending and the regulatory environment affecting industry. Industry, in turn, must adapt to this government involvement by realigning strategic direction, formulating plans for responding and modifying business processes. Both the reaction by governments to these factors and the resulting impact on industry create opportunities for professional services firms that are expert in addressing issues at the intersection of the public and private sectors. Our services address these opportunities primarily in the following four key markets:

Defense and Homeland Security. The U.S. Department of Defense (DoD) is undergoing major transformations in its approach to strategies, processes, organizational structures and business practices due to several factors, including the changing nature of global security threats and enemies, the implications of the information age, the need for logistics modernization, the community and family issues associated with globally deployed armed forces, and the continued loss of professional capabilities in the military and senior civilian work force through retirement. In addition, over the last few years, homeland security concerns have broadened to include areas such as emergency preparedness and health, food, energy, water and transportation safety.

Energy. According to the International Energy Agency, world energy demand is expected to grow by 50% from 2004 to 2030, and oil and gas supplies have become increasingly constrained. These factors have prompted the search for alternative fuels, deregulation of the electric and gas utility industry, regulations for curbing emissions and energy efficiency initiatives. In addition, the energy industry must consider these factors when evaluating power and transmission markets, capacity expansions, and corporate restructurings, acquisitions and divestitures.

Environment and Infrastructure. There is a growing awareness of, and concern about, the effects of global warming, continued environmental degradation, increasing occurrence of natural disasters and depletion of key natural resources. In addition, the U.S. Department of Transportation estimates that our highway, bridge and transit infrastructure will require approximately \$90 billion of annual investment through 2020 to maintain current operating conditions. Both the public and private sectors must analyze and understand the economic, social and environmental implications of the available options to upgrade the transportation infrastructure.

Health, Human Services and Social Programs. Several long-term factors such as an aging U.S. population, continued immigration, increased population growth at the lowest income levels and rising costs of health care are expected to drive increased public spending in the areas of health, human services and social programs. In addition, there is an increasing need to plan for and respond to the health and social consequences of threats from terrorism, natural disasters and epidemics.

COMPETITIVE STRENGTHS

We possess the following key business strengths:

We have a highly educated professional staff with deep subject matter knowledge. Our clients are able to draw on the thought leadership and in-depth knowledge of our subject matter experts and our corporate experience developed over decades of providing advisory services at the intersection of the public and private sectors. As of December 31, 2005, almost 50% of our professional staff held post-graduate degrees in diverse fields such as economics, engineering, business administration, information technology, law, life sciences and public policy.

We have long-standing relationships with our clients. We have advised the U.S. Environmental Protection Agency and DoD for more than 30 years, the U.S. Department of Energy for over 25 years and have multi-year relationships with many of our other clients. Such extensive experience, together with increasing on-site presence and prime contractor position on a substantial majority of our contracts, gives us clearer visibility into future opportunities and emerging requirements. In addition, over 300 of our employees hold a U.S. federal government security clearance, which affords us client access at appropriate levels and further strengthens our relationships.

Our advisory services position us to capture a full range of engagements. We believe our advisory approach and involvement during the formulation phases of a policy, program, project or initiative position us favorably to capture the implementation services that often result from our recommendations. In addition, we use this understanding to provide evaluation and improvement services and offer end-to-end services across the entire life cycle of a particular policy, program, project or initiative.

Our technology solutions are driven by our deep subject matter expertise. We possess strong knowledge in information technology and a deep understanding of human and organizational processes. This combination of skills allows us to deliver technology-enabled solutions that are seamlessly integrated with people and processes.

Our proprietary analytics and methods allow us to deliver superior solutions to clients. We have developed energy-planning, air-quality analysis and carbon emissions models that are used by governments and commercial entities around the world. In addition, we have developed a suite of proprietary tools, databases and project management methodologies that are available to be utilized on client engagements.

We are led by an experienced management team. Our senior management team possesses extensive industry experience and has an average tenure of 14 years with our company. Our management team also has experience in acquiring other businesses and integrating their operations with our own.

STRATEGY

Our strategy to increase our revenue, grow our company and increase stockholder value involves the following key elements:

- Ø **Strengthen our end-to-end service offerings.** We plan to leverage our advisory services and strong client relationships to increase our revenue from implementation services, which include information technology solutions, project and program management, project delivery, strategic communications and training.
- Ø **Grow our client base and increase scope of services provided to existing clients.** We intend to grow our client base by expanding our geographic presence domestically in the United States and internationally, while maintaining strong relationships with our current clients by increasing the scope of services provided to them.

[Table of Contents](#)

- Ø **Expand into additional markets at the intersection of the public and private sectors.** We believe there are additional opportunities for us to expand into other markets that are at the intersection of the public and private sectors, including education, social and criminal justice and veterans' affairs.
- Ø **Focus on high margin projects.** We plan to pursue higher margin commercial energy projects and continue to shift our contract mix from cost-based contracts toward fixed-price contracts and time-and-materials contracts, both of which, in our experience, typically offer higher margins.
- Ø **Capitalize on operating leverage.** As our revenue base grows, we expect to realize operating leverage by spreading the costs associated with our corporate infrastructure and internal systems over a larger revenue base, which would increase our operating margins.
- Ø **Pursue strategic acquisitions.** We plan to continue a disciplined acquisition strategy to obtain new customers, increase our size and market presence and obtain capabilities that complement our existing portfolio of services, while focusing on cultural compatibility and financial impact.

RISK FACTORS

Our business is subject to risks. Many of these risks result from our dependence on contracts with U.S. federal government agencies and departments for the majority of our revenue and profit. As a result, we are exposed to a number of considerations, such as:

- Ø Federal government spending priorities may change in a manner adverse to our business.
- Ø Congress may not approve budgets in a timely manner for the federal agencies and departments we support, which could delay and reduce spending, and therefore cause us to lose revenue and profit.
- Ø Our failure to comply with complex laws, rules and regulations relating to federal government contracts could cause us to lose business and subject us to a variety of penalties.
- Ø Unfavorable government audit results could force us to adjust previously reported operating results, affect future operating results and subject us to a variety of penalties and sanctions.
- Ø Our federal government contracts contain provisions that are unfavorable to us and permit our government clients to terminate our contracts partially or completely at any time prior to completion.
- Ø The adoption of new procurement laws, rules and regulations, and changes in existing laws, rules and regulations, could impair our ability to obtain new contracts and could cause us to lose revenue and profit.

Our business with commercial clients depends primarily on the energy sector of the global economy, which is highly cyclical.

For a discussion of these and other risks we face, see "Risk factors."

OUR CORPORATE INFORMATION

Our principal operating subsidiary was founded in 1969. ICF International, Inc. was formed as a Delaware limited liability company in 1999 under the name ICF Consulting Group Holdings, LLC in connection with the purchase of our business from a larger services organization. Several of our current senior managers participated in this buyout transaction along with private equity investors. We converted to a Delaware corporation in 2003 and changed our name to ICF International, Inc. in 2006.

Our principal executive office is located at 9300 Lee Highway, Fairfax, Virginia 22031, and our telephone number is (703) 934-3000. We maintain an Internet website at www.icfi.com. We have not incorporated by reference into this prospectus the information on our website and you should not consider it to be a part of this prospectus.

The offering

Common stock we are offering	shares
Common stock being offered by the selling stockholders	shares
Total shares of common stock being offered	shares
Common stock to be outstanding immediately after this offering	shares
Over-allotment option	shares. Of the shares covered by this option, shares are provided by us and shares are provided by the selling stockholders. If the over-allotment option is exercised in full, there will be shares of common stock outstanding immediately after this offering
Use of proceeds	<p>We estimate that the net proceeds to us from this offering will be approximately \$, or approximately \$ if the underwriters exercise their over-allotment option in full, assuming an initial public offering price of \$ per share (the midpoint of the range set forth on the cover page of this prospectus), after deducting estimated underwriting discounts and commissions and estimated offering expenses. Each \$1 increase (decrease) in the public offering price per share would increase (decrease) our net proceeds, after deducting estimated underwriting discounts and commissions, by \$ (assuming no exercise of the underwriters' over-allotment option).</p> <p>We intend to use \$ of the net proceeds for repayment of a portion of our existing indebtedness under our revolving credit facility and term loan facility, \$2.7 million for payments due to employees as a one-time bonus under our amended and restated employee annual incentive compensation pool plan and the balance for general corporate purposes. See "Use of proceeds."</p> <p>We will not receive the proceeds from any sale of common stock by the selling stockholders.</p>
Proposed Nasdaq National Market symbol	ICFI
Risk Factors	Investing in our common stock involves a high degree of risk, including risks associated with the fact that we earn most of our revenue under contracts with departments and agencies of the federal government. For a discussion of these and other risks that affect our business and operations, see "Risk factors."

[Table of Contents](#)

Unless otherwise specified, all share and net proceeds amounts in this prospectus assume that the underwriters do not exercise their over-allotment option to purchase up to an additional _____ shares of common stock from us and _____ shares of common stock from the selling stockholders.

Unless otherwise specified, the number of shares of our common stock outstanding is based on _____ shares outstanding as of December 31, 2005 after giving effect to the _____-for-_____ stock split of our common stock to be effected immediately prior to the closing of this offering, and excludes:

Ø _____ shares issuable upon exercise of options outstanding as of December 31, 2005, at a weighted average exercise price of _____ per share, of which options to purchase _____ shares were exercisable _____ as of that date;

Ø _____ shares issuable upon exercise of warrants outstanding as of December 31, 2005, at an exercise price of _____ per share, all of which were exercisable as of that date; and

Ø _____ shares available for future grant under our stock plans as of December 31, 2005.

Summary consolidated financial and other data

The following summarizes our historical consolidated financial and other information. We derived the historical financial information for each of the three years in the period ended December 31, 2005 from our audited consolidated financial statements.

We have presented the balance sheet data as of December 31, 2005:

- Ø on an actual basis; and
- Ø on an adjusted basis to reflect our sale of common stock in this offering at an assumed public offering price of \$ _____ per share (the midpoint of the range set forth on the cover page of this prospectus), and receipt of the net proceeds, after deducting estimated underwriting discounts and commissions and estimated offering expenses. Each \$1 increase (decrease) in the public offering price per share would increase (decrease) the as-adjusted figure shown below for “cash and cash equivalents” and “total stockholders’ equity” by \$ _____ (assuming no exercise of the underwriters’ over-allotment option), after deducting estimated underwriting discounts and commissions.

Effective October 1, 2005, we consummated the acquisition of Caliber Associates, Inc. for \$20.8 million in cash. The unaudited pro forma condensed consolidated statement of operations data for the year ended December 31, 2005 gives effect to the acquisition of Caliber Associates, Inc. as if it had occurred on January 1, 2005. Operating results for Caliber Associates, Inc. from the date of the acquisition, October 1, 2005, through December 31, 2005 are included in our statement of operations data for the year ended December 31, 2005. The pro forma information does not necessarily indicate what the operating results would have been had the acquisition been completed at the beginning of the period presented. Moreover, this information does not necessarily indicate what our future operating results or financial position will be.

[Table of Contents](#)

This information should be read in conjunction with “Management’s discussion and analysis of financial condition and results of operations” and our financial statements and related notes appearing elsewhere in this prospectus.

Consolidated statement of operations data:	Year ended December 31,			
	2003	2004	2005	Pro forma 2005 (unaudited)
	(In thousands, except per share amounts)			
Revenue	\$ 145,803	\$ 139,488	\$ 177,218	\$ 207,794
Direct costs	91,022	83,638	106,078	122,192
Operating expenses				
Indirect and selling expenses	45,335	46,097	57,901	69,644
Non-cash compensation	—	—	2,138	2,138
Depreciation and amortization	3,000	3,155	5,541	6,706
Earnings from operations	6,446	6,598	5,560	7,114
Other (expense) income				
Interest expense, net	(3,095)	(1,266)	(2,981)	(4,054)
Other	33	(33)	1,308	1,308
Total other (expense) income	(3,062)	(1,299)	(1,673)	(2,746)
Income from continuing operations before income taxes	3,384	5,299	3,887	4,368
Income tax expense	1,320	2,466	1,865	2,420
Income from continuing operations	2,064	2,833	2,022	1,948
Income from discontinued operations	308	184	—	—
Net income	\$ 2,372	\$ 3,017	\$ 2,022	\$ 1,948
Earnings per share from continuing operations				
Basic				
Diluted				
Earnings per share				
Basic				
Diluted				
Weighted-average shares				
Basic				
Diluted				
	Year ended December 31,			
Other operating data:	2003	2004	2005	
			(unaudited)	
			(In thousands)	
EBITDA from continuing operations ⁽¹⁾	\$ 9,446	\$ 9,753	\$ 11,101	
Unusual expense included in EBITDA from continuing operations ⁽²⁾	—	—	2,138	
			December 31, 2005	
Consolidated balance sheet data:	Actual	As adjusted		
		(unaudited)		
		(In thousands)		
Cash and cash equivalents	\$ 499	\$		
Net working capital	18,141			
Total assets	151,124			
Current portion of long-term debt	6,767			
Long-term debt, net of current portion	54,205			
Total stockholders’ equity	52,903			

(footnotes on following page)

Table of Contents

- (1) *EBITDA from continuing operations, a measure used by us to evaluate performance, is defined as net income plus (less) loss (income) from discontinued operations, less gain from sale of discontinued operations, less other income, plus other expenses, net interest expense, income tax expense and depreciation and amortization. We believe EBITDA from continuing operations is useful to investors because similar measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. EBITDA from continuing operations is not a recognized term under generally accepted accounting principles and does not purport to be an alternative to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Because not all companies use identical calculations, this presentation of EBITDA from continuing operations may not be comparable to other similarly titled measures used by other companies. EBITDA from continuing operations is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments, capital expenditures and debt service. Our credit agreement includes covenants based on EBITDA from continuing operations, subject to certain adjustments. See "Management's discussion and analysis of financial condition and results of operations — Liquidity and Capital Resources." A reconciliation of net income to EBITDA from continuing operations follows:*

	Year ended December 31,		
	2003	2004	2005
		(In thousands)	
Net income	\$2,372	\$3,017	\$ 2,022
Loss (income) from discontinued operations	(308)	196	—
Gain from sale of discontinued operations	—	(380)	—
Other expense (income)	(33)	33	(1,308)
Interest expense, net	3,095	1,266	2,981
Income tax expense	1,320	2,466	1,865
Depreciation and amortization	3,000	3,155	5,541
EBITDA from continuing operations	\$9,446	\$9,753	\$11,101

- (2) *Represents a non-cash compensation charge in December 2005 resulting from the acceleration of the vesting of certain stock options. See "Management's discussion and analysis of financial condition and results of operations — Results of Operations — Year ended December 31, 2005 compared to year ended December 31, 2004."*

Risk factors

Investing in our common stock involves a high degree of risk. In addition to the other information in this prospectus, you should carefully consider the risks described below before purchasing our common stock. If any of the following risks actually occurs, our business, prospects, results of operations or financial condition could suffer. As a result, the trading price of our common stock may decline, and you might lose part or all of your investment.

RISKS RELATED TO OUR INDUSTRY

Federal government spending priorities may change in a manner adverse to our business.

We derived 72% of our revenue for each of 2004 and 2005 from contracts with U.S. federal government agencies and departments. Virtually all of our major government clients have experienced reductions in budgets at some time, often for a protracted period, and we expect similar changes in the future. In addition, the Office of Management and Budget (OMB) may restrict expenditures by our federal government clients. A decline in expenditures, or a shift in expenditures away from agencies, departments, projects, or programs that we support, whether to pay for other projects or programs within the same or other agencies or departments, to reduce federal budget deficits, to fund tax reductions, or for other reasons, could materially adversely affect our business, prospects, financial condition or operating results. Moreover, the perception that a cut in Congressional appropriations and spending may occur could adversely affect investor sentiment about our common stock and cause our stock price to fall.

The failure by Congress to approve budgets in a timely manner for the federal agencies and departments we support could delay and reduce spending and cause us to lose revenue and profit.

On an annual basis, Congress must approve budgets that govern spending by each of the federal agencies and departments we support. When Congress is unable to agree on budget priorities, and thus is unable to pass the annual budget on a timely basis, then Congress typically enacts a continuing resolution. Continuing resolutions generally allow government agencies and departments to operate at spending levels based on the previous budget cycle. When government agencies and departments must operate on the basis of a continuing resolution, funding we expect to receive from clients for work we are already performing and new initiatives may be delayed or cancelled.

Our failure to comply with complex laws, rules and regulations relating to federal government contracts could cause us to lose business and subject us to a variety of penalties.

We must comply with laws, rules and regulations relating to the formation, administration and performance of federal government contracts, which affect how we do business with our government clients and impose added costs on our business. Among the more significant are:

- ∅ the Federal Acquisition Regulation, and agency regulations analogous or supplemental to the Federal Acquisition Regulation, which comprehensively regulate the formation, administration and performance of government contracts;
- ∅ the Truth in Negotiations Act, which requires certification and disclosure of cost and pricing data in connection with some contract negotiations;

Risk factors

- ∅ the Procurement Integrity Act, which, among other things, defines standards of conduct for those attempting to secure government contracts, prohibits certain activities relating to government procurements, and limits the employment activities of certain former government employees;
- ∅ the Cost Accounting Standards, which impose accounting requirements that govern our right to reimbursement under cost-based government contracts; and
- ∅ laws, rules and regulations restricting (i) the use and dissemination of information classified for national security purposes, (ii) the exportation of specified products, technologies and technical data, and (iii) the use and dissemination of sensitive but unclassified data.

The government may in the future change its procurement practices and/or adopt new contracting laws, rules and/or regulations, including cost accounting standards, that could be costly to satisfy or that could impair our ability to obtain new contracts. Any failure to comply with applicable laws, rules and regulations could subject us to civil and criminal penalties and administrative sanctions, including termination of contracts, repayments of amounts already received under contracts, forfeiture of profit, suspension of payments, fines and suspension or debarment from doing business with U.S. federal and even state and local government agencies and departments, any of which could substantially adversely affect our reputation, our revenue and operating results, and the value of our stock. Unless the content requires otherwise, we use the term “contracts” to refer to contracts and any task orders or delivery orders issued under a contract.

Unfavorable government audit results could force us to adjust previously reported operating results, could affect future operating results and could subject us to a variety of penalties and sanctions.

The federal government audits and reviews our contract performance, pricing practices, cost structure, and compliance with applicable laws, regulations and standards. Like most major government contractors, we have our government contracts audited and reviewed on a continual basis by federal agencies, including the Defense Contract Audit Agency. Audits, including audits relating to companies we have acquired or may acquire or subcontractors we have hired or may hire, could raise issues that have significant adverse effects on our operating results. For example, audits could result in substantial adjustments to our previously reported operating results if costs that were originally reimbursed, or that we believed would be reimbursed, are subsequently disallowed. In addition, cash we have already collected may need to be refunded, past and future operating margins may be reduced, and we may need to adjust our practices, which could reduce profit on other past, current and future contracts. Moreover, a government agency could withhold payments due to us under a contract pending the outcome of any investigation with respect to a contract or our performance under it.

If a government audit, review, or investigation uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, repayments of amounts already received under contracts, forfeiture of profit, suspension of payments, fines and suspension or debarment from doing business with U.S. federal and even state and local government agencies and departments. In addition, we could suffer serious harm to our reputation if allegations of impropriety were made against us, whether or not true. Government audits have been completed on our incurred contract costs only through 2001; audits for costs incurred on work performed since then have not yet been completed. In addition, non-audit reviews by the government may still be conducted on all our government contracts.

If we were suspended or debarred from contracting with the federal government generally, or any specific agency, if our reputation or relationship with government agencies and departments were impaired, or if the government otherwise ceased doing business with us or significantly decreased the amount of business it does with us, our revenue and operating results would be materially harmed.

Risk factors

Our federal government contracts contain provisions that are unfavorable to us and permit our government clients to terminate our contracts partially or completely at any time prior to completion.

Our federal government contracts contain provisions not typically found in commercial contracts, including provisions that allow our government clients to terminate or modify these contracts at the government's convenience upon short notice. If a government client terminates one of our contracts for convenience, we may recover only our incurred and committed costs, settlement expenses, and any fee due on work completed prior to the termination but not the cost for or lost fees on the terminated work. In addition, many of our government contracts and task and delivery orders are incrementally funded as appropriated funds become available. The reduction or elimination of such funding can result in options not being exercised and further work on existing contracts and orders being curtailed. In any such event, we would have no right to seek lost fees or other damages. If a federal government client were to terminate, decline to exercise an option or to curtail further performance with respect to one or more of our significant contracts, our revenue and operating results would be materially harmed.

The adoption of new procurement practices or contracting laws, rules, and regulations and changes in existing procurement practices or contracting laws, rules and regulations could impair our ability to obtain new contracts and could cause us to lose revenue and profit.

In the future, the federal government may change its procurement practices and/or adopt new contracting laws, rules or regulations that could cause federal agencies and departments to curtail the use of services firms or increase the use of companies with a "preferred status," such as small businesses. For example, legislation restricting the procedure by which services are outsourced to government contractors has been proposed in the past, and if such legislation were to be enacted, it would likely reduce the amount of services that could be outsourced by the federal government. Any such changes in procurement practices or new contracting laws, rules or regulations could impair our ability to obtain new contracts and materially reduce our revenue and profit.

Our business activities may be or may become subject to international, foreign, U.S., state or local laws or regulatory requirements that may limit our strategic options and growth and may increase our expenses and reduce our profit, negatively affecting the value of our stock. We generally have no control over the effect of such laws or requirements on us and they could affect us more than they affect other companies.

RISKS RELATED TO OUR BUSINESS

We are dependent on contracts with U.S. federal government agencies and departments for the majority of our revenue and profit.

Contracts with U.S. federal government agencies and departments accounted for approximately 72% of our revenue for each of 2004 and 2005. Revenue from contracts with clients in the Environmental Protection Agency (EPA), the Department of Transportation (DOT) and the Department of Homeland Security (DHS) accounted for approximately 39% of our revenue for 2004. Revenue from contracts with clients in the Department of Defense (DoD), EPA and DHS accounted for approximately 41% of our revenue for 2005. We believe that federal government contracts will continue to be the source of the vast majority of our revenue and profit for the foreseeable future.

Because we have a large a number of contracts with clients, we continually bid for and execute new contracts and our existing contracts continually become subject to recompetition and expiration. Upon the expiration of a contract, we typically seek a new contract or subcontractor role relating to that client

Risk factors

to replace the revenue generated by the expired contract, although there is no assurance that we will be successful in doing so. Of our 20 largest contracts, based on their contribution to revenue for the quarter ended December 31, 2005, 13 are expected to expire or become subject to recompetition in 2006. Collectively, these contracts represented approximately 26% of our revenue for the quarter ended December 31, 2005. There can be no assurance that the government requirements those expired contracts were satisfying will continue after their expiration, that the government will re-procure those requirements, that any such re-procurement will not be restricted in a way that would eliminate us from the competition (e.g., set aside for small business), or that we will be successful in any such re-procurements. If we are not able to replace the revenue from these contracts, either through follow-on contracts for those requirements or new contracts for new requirements, our revenue and operating results will be materially harmed.

Among the key factors in maintaining our relationships with federal government agencies and departments are our performance on individual contracts, the strength of our professional reputation, and the relationships of our senior management with client personnel. Because we have many government contracts, we expect disagreements and performance issues with government clients to arise from time to time. To the extent that such disagreements arise, our performance does not meet client expectations, our reputation or relationships with one or more key clients are impaired, or one or more important client personnel leave their employment, are transferred to other positions, or otherwise become less involved with our contracts, our revenue and operating results could be materially harmed. Our reputation could also be harmed if we work on or are otherwise associated with a project that receives significant negative attention in the news media or otherwise for any reason.

Furthermore, we believe that one of the key elements of our success is our position as a prime contractor under General Services Administration Multiple-Award Schedule (GSA Schedule) contracts and other Indefinite Delivery/Indefinite Quantity (IDIQ) contracts. As these types of contracts have increased in importance over the last several years, we believe our position as a prime contractor on these contracts has become increasingly important to our ability to sell our services to federal government clients. These contracts require us to compete for each delivery order and task order. Therefore, there can be no assurance that we will continue to obtain revenue from such contracts at these levels, or in any amount, in the future. To the extent that federal agencies and departments choose to employ GSA Schedule and other contracts on which we are not qualified to compete or provide services, we could lose business.

Our commercial business depends on the energy sector of the global economy, which is highly cyclical.

Our commercial business is heavily concentrated in the energy industry, which is highly cyclical. Our clients in the energy industry go through periods of high demand and high pricing followed by periods of low demand and low pricing. Their demand for our services has historically risen and fallen accordingly. We expect that demand for our services from energy industry clients, which is strong at the current time, will drop when the energy industry experiences its next downturn. Factors that could cause a downturn include a decline in general economic conditions, changes in political stability in the Middle East and other oil producing regions, and changes in government regulations impacting the energy sector. There are other factors, unrelated to the price or demand for energy, that have in the past affected demand for our services or may in the future affect it, such as the fate of a major corporation in the energy industry.

We may not receive revenue corresponding to the full amount of our backlog, or may receive it later than we expect.

We have included backlog data under “Business — Contract Backlog” and elsewhere in this prospectus. The calculation of backlog is highly subjective and is subject to numerous uncertainties and estimates, and there can be no assurance that we will in fact receive the amounts we have included in our backlog.

Risk factors

Our assessment of a contract's potential value is based upon factors such as the amount of revenue we have recently recognized on that contract, our experience in utilizing contract capacity on similar types of contracts, and our professional judgment. In the case of contracts which may be renewed at the option of the applicable agency, we generally calculate backlog by assuming that the agency will exercise all of its renewal options; however, the applicable agency may elect not to exercise its renewal options. In addition, federal contracts rely upon Congressional appropriation of funding, which is typically provided only partially at any point during the term of federal contracts, and all or some of the work to be performed under a contract may require future appropriations by Congress and the subsequent allocation of funding by the procuring agency to the contract. Our estimate of the portion of backlog that we expect to recognize as revenue in any future period is likely to be inaccurate because the receipt and timing of this revenue is often dependent upon subsequent appropriation and allocation of funding and is subject to various contingencies, such as timing of task orders and delivery orders, many of which are beyond our control. In addition, we may never receive revenue from some of the engagements that are included in our backlog, and this risk is greater with respect to unfunded backlog.

The actual receipt of revenue on engagements included in backlog may never occur or may change because a program schedule could change, the program could be canceled, the governmental agency or other client could elect not to exercise renewal options under a contract or could select other contractors to perform services, or a contract could be reduced, modified or terminated. We adjust our backlog periodically to reflect modifications to or renewals of existing contracts, awards of new contracts, or approvals of expenditures. Additionally, the maximum contract value specified under a contract awarded to us is not necessarily indicative of the revenue that we will realize under that contract. We also derive revenue from IDIQ contracts, which typically do not require the government to purchase a specific amount of goods or services under the contract other than a minimum quantity, which is generally very small. If we fail to realize revenue corresponding to our backlog, our revenue and operating results for the then current fiscal period as well as future reporting periods could be materially adversely affected.

Because much of our work is performed under task orders, delivery orders and short-term assignments, we are exposed to a risk of not having sufficient work for our staff.

We perform some of our work under short-term contracts. Even under many of our longer-term contracts, we perform much of our work under individual task orders and delivery orders, many of which are awarded on a competitive basis. If we can not obtain new work in a timely fashion, whether through new task orders or delivery orders, modifications to existing task orders or delivery orders, or otherwise, we may not be able to keep our staff profitably utilized. It is difficult to predict when such new work or modifications will be obtained. Moreover, we need to manage our staff carefully in order to ensure that staff with appropriate qualifications are available when needed and that staff do not have excessive down-time when working on multiple projects, or as projects are beginning or nearing completion. There can be no assurance that we can profitably manage the utilization of our staff. In the short run, our costs are relatively fixed, so lack of staff utilization hurts revenue, profit and operating results.

The loss of key members of our senior management team could impair our relationships with clients and disrupt the management of our business.

We believe that our success depends on the continued contributions of the members of our senior management team. We rely on our senior management to generate business and manage and execute projects and programs successfully. In addition, the relationships and reputation that many members of our senior management team have established and maintain with client personnel contribute to our ability to maintain good client relations and identify new business opportunities. We do not generally have employment agreements with members of our senior management team providing for a specific term of employment. The loss of any member of our senior management could impair our ability to identify and secure new contracts, to maintain good client relations, and otherwise manage our business.

Risk factors

If we fail to attract and retain skilled employees, we will not be able to continue to win new work, to staff engagements and to sustain our profit margins and revenue growth.

We must continue to hire significant numbers of highly qualified individuals who have technical skills and who work well with our clients. These employees are in great demand and are likely to remain a limited resource for the foreseeable future. If we are unable to recruit and retain a sufficient number of these employees, our ability to staff engagements and to maintain and grow our business could be limited. In such a case, we may be unable to win or perform contracts, and we could be required to engage larger numbers of subcontractor personnel, any of which could cause a reduction in our revenue, profit and operating results and harm our reputation. We could even default under one or more contracts for failure to perform properly in a timely fashion, which could expose us to additional liability and further harm our reputation and ability to compete for future contracts. In addition, some of our contracts contain provisions requiring us to commit to staff an engagement with personnel the client considers key to our successful performance under the contract. In the event we are unable to provide these key personnel or acceptable substitutes, or otherwise staff our work, the client may reduce the size and scope of our engagement under a contract or terminate it, and our revenue and operating results may suffer.

We may not be successful in identifying acquisition candidates, and if we undertake acquisitions, they could fail to perform as we expect, increase our costs and liabilities, and disrupt our business.

One of our strategies is to pursue growth through strategic acquisitions. Although much of our recent growth has been through acquisitions, we have relatively limited acquisition experience to date. We may not be able to identify suitable acquisition candidates at prices that we consider appropriate. If we do identify an appropriate acquisition candidate, we may not be able to negotiate the terms of the acquisition successfully, finance the acquisition on terms satisfactory to us, or, if the acquisition occurs, integrate the acquired business into our existing business. Our out-of-pocket expenses in identifying, researching and negotiating potential acquisitions will likely be significant, even if we do not ultimately acquire identified businesses. In addition, negotiations of potential acquisitions and the integration of acquired business operations could disrupt our business by diverting management attention away from day-to-day operations and by reducing staff utilization during a transition period. Acquisitions of businesses or other material operations may require additional debt or equity financing or both, resulting in additional leverage or dilution of ownership, or both. Moreover, we may need to record write-downs from future impairments of identified intangible assets and goodwill, which could reduce our future reported earnings.

It may be difficult and costly to integrate acquisitions due to geographic differences in the locations of personnel and facilities, differences in corporate cultures, disparate business models or other reasons. If we are unable to integrate companies we acquire successfully, our revenue and operating results could suffer. In addition, we may not be successful in achieving the anticipated cost efficiencies and synergies from these acquisitions, including our strategy of offering our services to existing clients of acquired companies to increase our revenue and profit. In fact, our costs for managerial, operational, financial and administrative systems may increase and be higher than anticipated. In addition, we may experience attrition, including key employees of acquired and existing businesses, during and following the integration of an acquired business into our company. This attrition could adversely affect our future revenue and operating results and prevent us from achieving the anticipated benefits of the acquisition.

Risk factors

Businesses that we acquire may have greater-than-expected liabilities for which we become responsible.

Businesses we acquire may have liabilities or adverse operating issues, or both, that we fail to discover through due diligence or the extent of which we underestimate prior to the acquisition. For example, to the extent that any prior owners, employees or agents of any acquired businesses or properties failed to comply with or otherwise violated applicable laws, rules or regulations, or failed to fulfill their obligations, contractual or otherwise, to applicable government authorities, their customers, suppliers or others, we, as the successor owner, may be financially responsible for these violations and failures and may suffer harm to our reputation and otherwise be adversely affected. An acquired business may have problems with internal controls over financial reporting, which could be difficult for us to discover during our due diligence process and could in turn lead us to have significant deficiencies or material weaknesses in our own internal controls over financial reporting. These and any other costs, liabilities and disruptions associated with any of our past acquisitions and any future acquisitions we may pursue could harm our operating results.

We face intense competition from many competitors that have greater resources than we do, which could result in price reductions, reduced profitability and loss of market share.

We operate in highly competitive markets and generally encounter intense competition to win contracts. We also compete with these competitors for the acquisition of new business. If we are unable to compete successfully for new business, our revenue and operating margins may decline. Many of our competitors are larger and have greater financial, technical, marketing and public relations resources, larger client bases, and greater brand or name recognition than we do. Some of our principal competitors include BearingPoint, Inc., Booz Allen Hamilton, Inc., CRA International, Inc., L-3 Communications Corporation, Lockheed Martin Corporation, Navigant Consulting, Inc., Northrop Grumman Corporation, PA Consulting Group, SAIC, Inc. and SRA International, Inc. We also have numerous smaller competitors, many of which have narrower service offerings and serve niche markets. Our competitors may be able to compete more effectively for contracts and offer lower prices to clients, causing us to lose contracts and lowering our profit or even causing us to suffer losses on contracts that we do win. Some of our subcontractors are also competitors, and some of them may in the future secure positions as prime contractors, which could deprive us of work we might otherwise have won under such contract. Our competitors also may be able to provide clients with different and greater capabilities and benefits than we can provide in areas such as technical qualifications, past performance on relevant contracts, geographic presence, ability to keep pace with the changing demands of clients and the availability of key professional personnel. Our competitors also have established or may establish relationships among themselves or with third parties, including through mergers and acquisitions, to increase their ability to address client needs. Accordingly, it is possible that new competitors or alliances among competitors may emerge. Our competitors may also be able to offer higher prices for attractive acquisition candidates, which could harm our strategy of growing through selected acquisitions. In addition, our competitors may engage in activities, whether proper or improper, to gain access to our proprietary information, to encourage our employees to terminate their employment with us, to disparage our company, and otherwise to gain competitive advantages over us. For further information regarding competition, see section entitled “Business — Competition.”

Risk factors

We derive significant revenue and profit from contracts awarded through a competitive bidding process, which can impose substantial costs upon us, and we will lose revenue and profit if we fail to compete effectively.

We derive significant revenue and profit from federal government contracts that are awarded through a competitive bidding process. We expect that most of the government business we seek in the foreseeable future will be awarded through competitive bidding. Competitive bidding imposes substantial costs and presents a number of risks, including:

- ∅ the substantial cost and managerial time and effort that we spend to prepare bids and proposals for contracts that may or may not be awarded to us;
- ∅ the need to estimate accurately the resources and costs that will be required to service any contracts we are awarded, sometimes in advance of the final determination of their full scope;
- ∅ the expense and delay that may arise if our competitors protest or challenge awards made to us pursuant to competitive bidding, and the risk that any such protest or challenge could result in the resubmission of bids on modified specifications, and in termination, reduction or modification of the awarded contracts; and
- ∅ the opportunity cost of not bidding on and winning other contracts we might otherwise pursue.

To the extent we engage in competitive bidding and are unable to win particular contracts, we not only incur substantial costs in the bidding process that would negatively affect our operating results, but we may lose the opportunity to operate in the market for services that are provided under those contracts for a number of years. Even if we win a particular contract through competitive bidding, our profit margins may be depressed or we may even suffer losses as a result of the costs incurred through the bidding process and the need to lower our prices to overcome competition.

We may lose money on some contracts if we underestimate the resources we need to perform under the contract.

We provide services to clients primarily under three types of contracts: time-and-materials contracts; cost-based contracts; and fixed-price contracts. For fiscal 2003, we derived 40%, 44%, and 16% of our revenue from time-and-materials, cost-based contracts and fixed-price contracts, respectively. For fiscal 2004, the corresponding percentages were 37%, 41% and 22%, respectively. For fiscal 2005, the corresponding percentages were 42%, 34%, and 24%, respectively. Each of these types of contracts, to differing degrees, involves the risk that we could underestimate our cost of fulfilling the contract, which may reduce the profit we earn or lead to a financial loss on the contract.

- ∅ Under time-and-materials contracts, we are paid for labor at negotiated hourly billing rates and for certain expenses, and we assume the risk that our costs of performance may exceed the negotiated hourly rates.
 - ∅ Under our cost-based contracts, which frequently cap many of the various types of costs we can charge and which impose overall and individual task order or delivery order ceilings, we are reimbursed for certain costs incurred, which must be allowable and at or below these caps under the terms of the contract and applicable regulations. If we incur unallowable costs in performance of the contract, the client will not reimburse those costs, and if our allowable costs exceed any of the applicable caps or ceilings, we will not be able to recover those costs. In some cases, we receive no fees.
 - ∅ Under fixed-price contracts, we perform specific tasks for a fixed price. Compared to cost-plus-fee contracts and time-and-materials contracts, fixed-price contracts involve greater financial risk because we bear the full impact of cost overruns.
-

Risk factors

For all three contract types, we bear varying degrees of risk associated with the assumptions we use to formulate our pricing for the work. To the extent our working assumptions prove inaccurate, we may lose money on the contract, which would adversely affect our operating results.

Our operating margins and operating results may suffer if cost-based contracts increase in proportion to our total contract mix.

Our clients typically determine what type of contract will be awarded to us. In general, cost-based contracts are the least profitable of our contract types. To the extent that we enter into more or larger cost-based contracts in proportion to our total contract mix or our indirect rates change for any reason, our operating margins and operating results may suffer. We do not know how, if at all, our contract mix or our indirect rates will change in the future.

We have incurred substantial amounts of debt and expect to incur additional debt in the future, which could substantially reduce our profitability, limit our ability to pursue certain business opportunities, and reduce the value of your investment.

As a result of our business activities and acquisitions, we have incurred a substantial amount of debt. Although we will reduce our borrowings with the proceeds of this offering, we may incur significant additional debt in the future, which could increase the risks described here and lead to other risks. The amount of our debt could have important consequences for holders of our stock, including, but not limited to:

- ∅ our future ability to obtain additional financing for working capital, capital expenditures, product and service development, acquisitions, general corporate purposes, and other purposes may be impaired;
- ∅ a substantial portion of our cash flow from operations could be dedicated to the payment of the principal and interest on our debt;
- ∅ our vulnerability to economic downturns and rises in interest rates will be increased;
- ∅ our flexibility in planning for and reacting to changes in our business and the marketplace may be limited; and
- ∅ we may be placed at a competitive disadvantage relative to other firms.

Our financing arrangements contain a number of significant covenants that, among other things, restrict our ability to dispose of assets; incur additional indebtedness; make capital expenditures; pay dividends; create liens on assets; enter into leases, investments and acquisitions; engage in mergers and consolidations; engage in certain transactions with affiliates; and otherwise restrict corporate activities (including change of control and asset sale transactions). In addition, our financing arrangements require us to maintain specified financial ratios and comply with financial tests, some of which may become more restrictive over time. At times, we have not fulfilled the covenants, maintained the ratios, or complied with the financial tests specified in our financial arrangements or have only marginally fulfilled the covenants, maintained the ratios, or complied with the financial tests. There is no assurance that we will be able to fulfill these covenants, maintain these ratios, or comply with these financial tests in the future, nor is there any assurance that we will not be in default under our financial arrangements in the future.

Our debts are secured by substantially all of our assets. In the event of a default under the financial arrangements, the lenders could, among other things, (i) declare all amounts borrowed to be due and payable, together with accrued and unpaid interest, (ii) terminate their commitments to make further loans, and (iii) proceed against the collateral securing the obligations owed to them. Defaults under additional indebtedness we incur in the future could have these and other effects. Any such default could have a significant adverse effect on the value of our stock.

Risk factors

Servicing our debt in the future may require a significant amount of cash. Our ability to repay or refinance our debt depends on our successful financial and operating performance. Our financial and operational performance depends upon a number of factors, many of which are beyond our control.

In addition, the interest rate on our debt will vary over time, depending on many factors, many of which are beyond our control. If our financial performance declines and we are unable to pay our debts, we will be required to pursue one or more alternative strategies, such as selling assets, refinancing or restructuring indebtedness, or selling additional stock, perhaps under unfavorable conditions. Any of these factors could adversely affect the value of our stock.

Our continued success depends on our ability to raise capital on commercially reasonable terms when, and in the amounts, needed. If additional financing is required, including refinancing then existing debt, there can be no assurances that we will be able to obtain such additional financing on terms acceptable to us and at the times required, if at all. In such event, we may be required to alter our business plan materially, curtail all or part of our business expansion plans, and be subject to the actions listed above in the event of default. Any of these results could have a significant adverse effect on the value of our stock.

Finally, in the event of a bankruptcy, insolvency or liquidation of our company, stockholders will be entitled to share ratably in our assets available for distribution only after the payment in full to the holders of all of our debt. There can be no assurance that, in any such bankruptcy, insolvency or liquidation, stockholders would receive any distribution whatsoever. Furthermore, we may in the future incur additional indebtedness or issue additional stock or both, some or all of which may rank senior to your stock and may further increase your risk.

Our international operations pose special and unusual risks to our profitability and operating results.

We currently have offices in London, Moscow, New Delhi, Rio de Janeiro and Toronto; we also perform work in other foreign countries, some of which have a history of political instability or may expose our employees and subcontractors to physical danger; and we expect to continue to expand our international operations and offices. One element of our strategy to improve our competitiveness is to perform some of our work in countries with lower cost structures, such as India. There can be no assurance, however, that this strategy will be successful. Moreover, this particular element of our strategy could create problems for our ability to compete for government contracts, to the extent government agencies prefer or mandate that work under their contracts be executed in the United States or by U.S. citizens. In addition, expansion into new geographic regions requires considerable management and financial resources, the expenditure of which may negatively impact our results, and we may never see any return on our investment. Moreover, we are required to comply with the U.S. Foreign Corrupt Practices Act, or FCPA, which generally prevents the making of payments to foreign officials in order to obtain or retain business. Some of our competitors may not be subject to FCPA restrictions. Our operations are subject to risks associated with operating in, and selling to and in, foreign countries, including, but not limited to those listed elsewhere in this “Risk factors” section and:

- ∅ compliance with the laws, regulations, policies, legal standards and enforcement mechanisms of the United States and the other countries in which we operate, which are sometimes inconsistent;
- ∅ currency fluctuations and devaluations and limitations on conversion of foreign currencies into U.S. dollars;
- ∅ recessions, depressions, inflation, hyperinflation, strikes and political and economic instability;
- ∅ rapid changes in and high interest rates;
- ∅ restrictions on the ability to repatriate profits to the United States or otherwise move funds;

Risk factors

- ∅ potential personal injury to personnel who may be exposed to military conflicts and other hostile situations in foreign countries, including Afghanistan and Iraq;
- ∅ civil disturbances, terrorist activities, acts of war, natural disasters, epidemics, pandemics and other catastrophic events;
- ∅ expropriation and nationalization of our assets or those of our subcontractors;
- ∅ difficulties in managing and staffing foreign operations and collecting accounts receivable;
- ∅ longer sales cycles;
- ∅ confiscatory taxes or other adverse tax consequences;
- ∅ tariffs, duties, export controls and other trade barriers; and
- ∅ investment and other restrictions and requirements by United States and foreign governments, including activities that disrupt markets, restrict payments or limit, change or deprive us of the ability to enforce contracts or obtain and retain licenses and other rights necessary to conduct our business.

Any or all of these factors could, directly or indirectly, adversely affect our international and domestic operations and our overall revenue, profit and operating results.

Systems and/or service failures could interrupt our operations.

Any interruption in our operations or any systems failures, including, but not limited to: (1) inability of our staff to perform their work in a timely fashion, whether caused by limited access to, and/or closure of, our and/or our clients' offices or otherwise, (2) failure of network, software and/or hardware systems, and (3) other interruptions and failures, whether caused by us, a third-party service provider, unauthorized intruders and/or hackers, computer viruses, natural disasters, power shortages, terrorist attacks or otherwise, could cause loss of data and interruptions or delays in our business or that of our clients, or both. In addition, the failure or disruption of mail, communications and/or utilities could cause an interruption or suspension of our operations or otherwise harm our business.

If we fail to meet client expectations or otherwise fail to perform our contracts properly, the value of our stock could decrease.

We could lose revenue, profit and clients and be exposed to liability if we have disagreements with our clients or fail to meet client expectations. We create, implement and maintain solutions that are often critical to our clients' operations, and the needs of our clients are rapidly changing. Our ability to secure new work and hire and retain qualified staff depends heavily on our overall reputation as well as the individual reputations of our staff. Perceived poor performance on even a single contract could seriously impair our ability to secure new work and hire and retain qualified staff. In addition, we have experienced, and may experience in the future, some systems and service failures, schedule or delivery delays, and other problems in connection with our work.

Moreover, a failure by one or more of our subcontractors to perform satisfactorily the agreed-upon services on a timely basis may compromise our ability to perform our obligations as a prime contractor. In some cases, we have limited involvement in the work performed by the subcontractor and may have exposure as a result of problems caused by the subcontractor. In addition, we may have disputes with our subcontractors that could impair our ability to execute our contracts as required and could otherwise increase our costs.

Risk factors

If our work or the work of one or more of our subcontractors has significant defects or errors, fails to meet our clients' expectations, or fails to keep up with clients' ever-changing needs, we may, among other things:

- ∅ lose future contract opportunities due to receipt of poor past performance evaluations from our customers;
- ∅ be required to provide additional services to clients at no charge;
- ∅ have contracts terminated for default and be liable to our customers for reprocurement costs and other damages;
- ∅ suffer reduced profit and loss of revenue if clients postpone additional work or fail to exercise options or to award contracts;
- ∅ receive negative publicity, which could damage our reputation and the reputation of our staff and adversely affect our ability to attract and retain clients and hire and retain qualified staff; and
- ∅ incur substantial costs and suffer claims for substantial damages against us, regardless of our responsibility for the problem.

Any of these outcomes could have a material adverse effect upon our operations, our financial performance, and the value of our stock.

Our failure to obtain and maintain necessary security clearances may limit our ability to perform classified work for government clients, which could cause us to lose business.

Some federal government contracts require us to maintain facility security clearances and require some of our employees to maintain individual security clearances. The federal government has the right to grant and terminate such clearances. If our employees lose or are unable to obtain needed security clearances in a timely manner, or we lose or are unable to obtain a needed facility clearance, government clients can limit our work under or terminate some contracts. To the extent we cannot obtain the required facility clearances or security clearances for our employees or we fail to obtain them on a timely basis, we may not derive our anticipated revenue and profit, which could harm our operating results. In addition, a security breach relating to any classified or sensitive but unclassified information entrusted to us for protection could cause serious harm to our business, damage our reputation and result in a loss of our facility or individual employee security clearances.

Our relations with other contractors are important to our business and, if disrupted, could cause us damage.

We derive a portion of our revenue from contracts under which we act as a subcontractor or from "teaming" arrangements in which we and other contractors jointly bid on particular contracts, projects or programs. During 2004 and 2005, our revenue as a subcontractor was between 12% and 14% of our revenue. As a subcontractor or team member, we often lack control over fulfillment of a contract, and poor performance on the contract could tarnish our reputation, result in reduction of the amount of our work under or termination of that contract, and could cause us not to obtain future work, even when we perform as required. We expect to continue to depend on relationships with other contractors for a portion of our revenue and profit in the foreseeable future. Moreover, our revenue and operating results could be materially and adversely affected if any prime contractor or teammate does not pay our invoices in a timely fashion, chooses to offer products or services of the type that we provide, teams with other companies to provide such products or services, or otherwise reduces its reliance upon us for such products or services.

Risk factors

The diversity of the services we provide and the clients we serve may create actual, potential and perceived conflicts of interest and conflicts of business that limit our growth and lead to liability for us.

Because we provide services to a wide array of both government and commercial clients, occasions arise where, due to actual, potential or perceived conflicts of interest or business conflicts, we cannot perform work for which we are qualified. A number of our contracts contain limitations on the work we can perform for others, such as, for example, when we are assisting a governmental agency or department in the development of regulations or enforcement strategies. We have an internal process for determining when a potential project would be in violation of such a contract provision or would otherwise put us in a position of actual, potential or perceived conflict of interest, but there can be no assurance that this process will work properly. Actual, potential and perceived conflicts limit the work we can do and, consequently, can limit our growth, adversely affect our operating results, and reduce the value of our company. In addition, if we fail to address actual or potential conflicts properly, even if we simply fail to recognize a perceived conflict of interest, we may be in violation of our existing contracts, may otherwise incur liability and lose future business for not preventing the conflict from arising, and our reputation may suffer. As we grow and further diversify our service offerings, client base and geographic reach, the potential for actual and perceived conflicts will increase, further adversely affecting our operating results.

We sometimes incur costs before a contract is executed or appropriately modified. To the extent a suitable contract or modification is not later signed or we are not paid for our work, our revenue and profit will be reduced.

When circumstances warrant, we sometimes incur expenses and perform work without a signed contract or appropriate modification to an existing contract to cover such expenses or work. When we do so, we are working “at-risk,” and there is a chance that the subsequent contract or modification will not ensue, or if it does, that it will not allow us to be paid for the expenses already incurred or work already performed or both. In such cases, we have generally been successful in obtaining the required contract or modification, but any failure to do so in the future could affect our operating results.

As we develop new services, new clients and new practices, enter new lines of business, and focus more of our business on providing more implementation and improvement services rather than advisory services, our risks of making costly mistakes increases.

We currently assist our clients both in advisory capacities and by helping them implement and improve the solutions to their problems. As part of our corporate strategy, we will attempt to sell more services relating to implementation and improvement, and we are regularly searching for ways to provide new services to clients. In addition, we plan to extend our services to new clients, into new lines of business, and into new geographic locations. As we change our focus towards implementation and improvement; attempt to develop new services, new clients, new practice areas and new lines of business; open new offices; and do business in new geographic locations, those efforts could harm our results of operations and could be unsuccessful.

In addition, there can be no assurance that we can maintain our current revenue or profitability or achieve any growth at all or that, if we grow our revenue, we can do so profitably. Competitive pressures may require us to lower our prices in order to win new work. In addition, growth and attempts to grow place substantial additional demands on our management and staff, as well as on our information, financial, administrative and operational systems, demands that we may not be able to manage successfully. Growth may require increased recruiting efforts, opening new offices, increased business development, selling, marketing and other actions that are expensive and entail increased risk. We may

Risk factors

need to invest more in our people and systems, controls, policies and procedures than we anticipate. Therefore, even if we do grow, the demands on our people and systems, controls, policies and procedures may be sufficiently great that the quality of our work, our operating margins and our operating results suffer.

Efforts involving a different focus, new services, new clients, new practice areas, new lines of business, new offices and new geographic locations entail inherent risks associated with inexperience and competition from mature participants in those areas. Our inexperience may result in costly decisions that could harm our profit and operating results. In particular, implementation services often relate to the development and implementation of critical infrastructure or operating systems that our clients may view as “mission critical,” and if we fail to satisfy the needs of our clients in providing these services, our clients could incur significant costs and losses for which they could seek compensation from us.

Claims in excess of our insurance coverage could harm our business.

When entering into contracts with commercial clients, we attempt, where feasible and appropriate, to negotiate indemnification protection from our clients as well as monetary limitation of liability for professional acts, errors and omissions, but it is not always possible to do so. In addition, we cannot be sure that these contractual provisions will protect us from liability for damages if action is taken against us. Claims against us, both under our client contracts and otherwise, have arisen in the past, exist currently, and will arise in the future. These claims include actions by employees, clients and third parties. Some of the work we do, for example, in the environmental area, is potentially hazardous to our employees, our clients and third parties, and they may suffer damage because of our actions or inaction. We have various policies and programs in the environmental, health and safety area, but they may not prevent harm to clients, employees and third parties. Our insurance coverage may not be sufficient to cover all of the claims against us, insurance may not continue to be available on commercially reasonable terms in sufficient amounts to cover such claims, or at all, and our insurers may disclaim coverage as to any or all such claims, and otherwise may be unwilling or unable to cover such claims. The successful assertion of any claim or combination of claims against us could seriously harm our business. Even if not successful, such claims could result in significant legal and other costs, harm our reputation, and be a distraction to management.

We depend on our intellectual property and our failure to protect it could enable competitors to market services and products with similar features, which may reduce demand for our services and products.

Our success depends in part upon the internally developed technology and models, proprietary processes and other intellectual property that we utilize to provide our services and incorporate in our products. If we are unable to protect our intellectual property, our competitors could market services or products similar to our services and products, which could reduce demand for our offerings. Federal government clients typically retain a perpetual, world-wide, royalty-free right to use the intellectual property we develop for them in any manner they deem appropriate, including providing it to our competitors in connection with their performance of federal government contracts. When necessary, we seek governmental authorization to re-use intellectual property developed for the federal government or to secure export authorization. Federal government clients may grant contractors the right to commercialize software developed with federal funding, but they are not required to do so. In any event, if we were to use improperly intellectual property even partially funded by the federal government, the federal government could seek damages and royalties from us, sanction us and prevent us from working on future government contracts.

We may be unable to prevent unauthorized parties from copying or otherwise obtaining and using our technology and models. Policing unauthorized use of our technology and models is difficult, and we may

Risk factors

not be able to prevent misappropriation, particularly in foreign countries where the laws, and enforcement of those laws, may not protect our intellectual property as fully as those in the United States. Others, including our employees, may compromise the trade secrets and other intellectual property that we own. Although we require our employees to execute non-disclosure and intellectual property assignment agreements, these agreements may not be legally or practically sufficient to protect our rights. Litigation may be necessary to enforce our intellectual property rights, to protect our trade secrets, and to determine the validity and scope of the proprietary rights of others. Any litigation could result in substantial costs and diversion of resources, with no assurance of success.

In addition, we need to invest in our intellectual property regularly to maintain it, keep it up to date, and improve it. There can be no assurance that we will be able to do so in a timely manner, effectively, efficiently, or at all. To the extent that we do not maintain and improve our intellectual property, our reputation may be damaged, we may lose business, and we may subject the company to costly claims that we have failed to perform our services properly.

We may be harmed by intellectual property infringement claims.

We may become subject to claims from our employees and third parties who assert that intellectual property we use in delivering services and business solutions to our clients infringe upon intellectual property rights of such employees or third parties. Our employees develop much of the intellectual property that we use to provide our services and business solutions to our clients, but we also engage third parties to assist us and we license technology from other vendors. If our vendors, our employees or third parties assert claims that we or our clients are infringing on their intellectual property, we could incur substantial costs to defend those claims, even if we prevail. In addition, if any of these infringement claims are ultimately successful, we could be required to:

- ∅ pay substantial damages;
- ∅ cease selling and using products and services that incorporate the challenged intellectual property;
- ∅ obtain a license or additional licenses from our vendors or other third parties, which may not be available on commercially reasonable terms or at all; and
- ∅ redesign our products and services that rely on the challenged intellectual property, which may be very expensive or commercially impractical.

Any of these outcomes could further adversely affect our operating results.

Our business will be negatively affected if we are not able to anticipate and keep pace with rapid changes in technology or if growth in the use of technology by our clients is not as rapid as in the past.

Our success depends, in part, on our ability to develop and implement technology services and solutions that anticipate and keep pace with rapid and continuing changes in technology, industry standards and client preferences. We may not be successful in anticipating or responding to these developments on a timely basis, and our offerings may not be successful in the marketplace. In addition, the costs we incur in anticipation or response may be substantial and may be greater than we anticipate, and we may never recover these costs. Also, technologies developed by our competitors may make our service or solution offerings uncompetitive or obsolete. Any one of these circumstances could have a material adverse effect on our ability to obtain and successfully complete client engagements.

Moreover, we use technology-enabled tools to differentiate ICF from our competitors and to facilitate our service offerings that do not require the delivery of technology services or solutions. If we fail to keep these tools current and useful, our ability to sell and deliver our services and, as a result, our operating results could suffer.

Risk factors

RISKS RELATED TO THIS OFFERING

There is no prior public market for our common stock and the market price of our common stock could be extremely volatile and could decline following this offering, resulting in a substantial loss on, or total loss of, your investment.

Prior to this offering, there has not been a public market for our common stock. An active trading market for our common stock may never develop nor be sustained, which could adversely affect your ability to sell your shares and could depress the market price of your shares. In addition, the initial public offering price will be determined through negotiations among us, the selling stockholders, and the representatives of the underwriters, and may bear no relationship to the price at which the common stock will trade upon completion of this offering.

The stock market in general has been highly volatile. As a result, the market price of our common stock is likely to be similarly volatile, and investors in our common stock may experience a decrease in the value of their stock, including decreases unrelated to our operating performance or prospects. The price of our common stock could be subject to wide fluctuations in response to a number of factors, including those listed elsewhere in this “Risk factors” section and others such as:

- ∅ our operating performance and the performance of other similar companies and companies deemed to be similar;
 - ∅ actual or anticipated fluctuations in our operating results from quarter to quarter;
 - ∅ changes in estimates of our revenue, earnings or operating results or recommendations by securities analysts;
 - ∅ revenue, earnings or operating results that differ from securities analysts’ estimates;
 - ∅ publication of reports about us or our industry;
 - ∅ speculation in the press and investment community;
 - ∅ commencement, completion and termination of contracts, any of which can cause us to incur significant expenses without corresponding payments or revenue, during any particular quarter;
 - ∅ timing of significant costs and investments, such as bid and proposal costs;
 - ∅ variations in purchasing patterns under GSA Schedule contracts, IDIQ contracts and other contracts;
 - ∅ our contract mix and the extent of use of subcontractors and changes in either;
 - ∅ changes in our staff utilization rates, which can be caused by various factors outside of our control, including inclement weather that prevents our professional staff from traveling to work sites;
 - ∅ any seasonality of our business;
 - ∅ the level and cost of our debt;
 - ∅ changes in presidential administrations and federal government officials;
 - ∅ changes or perceived changes in policy and budgetary measures that affect government contracts;
 - ∅ the unwillingness of certain parties to purchase our stock because of limitations on foreign ownership, control or influence or for other reasons;
 - ∅ changes in accounting principles and policies;
 - ∅ general market conditions, including economic factors unrelated to our performance; and
 - ∅ military and other actions related to international conflicts, wars or otherwise.
-

Risk factors

In the past, securities class action litigation has often been instituted against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management's attention and resources.

Our principal investor will have significant influence over us, which could result in actions of which you or other stockholders do not approve.

Following this offering, CMEP, our principal stockholder, will beneficially own _____ shares of common stock, or _____ % of our outstanding common stock based on shares outstanding on March 31, 2006. If the underwriters exercise their over-allotment option in full, CMEP will beneficially own _____ shares, or _____ % of our outstanding common stock. In either case, CMEP will have significant influence over the outcome of all matters that our stockholders vote upon, including the election of directors, amendments to our certificate of incorporation and by-laws, and mergers and other business combinations. CMEP's interests may not be aligned with the interests of our other investors. This concentration of ownership and voting power may also have the effect of delaying or preventing a change in control of our company and could prevent stockholders from receiving a premium over the market price if a change in control is proposed.

Our principal investor and some members of our board of directors may have conflicts of interest that could hinder our ability to make acquisitions.

One of our principal growth strategies following completion of this offering will be to make selective acquisitions of complementary businesses. CMEP, which will continue to be our principal stockholder following the closing of this offering, sponsors private equity funds. Some of these funds are focused on investments in, among other things, businesses in the federal services sector. Our directors Peter M. Schulte and Joel R. Jacks are principals of CMEP. In addition, Messrs. Schulte and Jacks, as well as our director Dr. Edward H. Bersoff, are directors and officers of Federal Services Acquisition Corporation (FSAC), a publicly held "special purpose acquisition company" formed to acquire federal services businesses. FSAC has approximately \$120 million available for this purpose. It is possible that CMEP and related funds and FSAC could be interested in acquiring businesses that we would also be interested in, and that these relationships could hinder our ability to carry out our acquisition strategy.

We have never operated as a public company, and fulfilling our obligations incident to being a public company will be expensive and time consuming.

As a private company, we have maintained a relatively small finance and accounting staff. We currently do not have an internal audit group, and we have not been required to maintain and establish disclosure controls and procedures and internal control over financial reporting as required under the federal securities laws. As a public company, the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC, as well as the rules of the Nasdaq National Market, will require us to implement additional corporate governance practices and adhere to a variety of reporting requirements and complex accounting rules. Compliance with these public company obligations will require significant management time, place significant additional demands on our finance and accounting staff and on our financial, accounting and information systems, and increase our insurance, legal and financial compliance costs. We may also need to hire additional accounting and financial staff with appropriate public company reporting experience and technical accounting knowledge.

Risk factors

Section 404 of the Sarbanes-Oxley Act of 2002 will require us to document and test our internal controls over financial reporting for fiscal 2007 and beyond and will require an independent registered public accounting firm to report on our assessment as to the effectiveness of these controls. Any delays or difficulty in satisfying these requirements could adversely affect our future results of operations and our stock price.

Section 404 of the Sarbanes-Oxley Act of 2002 will require us to document and test the effectiveness of our internal controls over financial reporting in accordance with an established internal control framework and to report on our conclusion as to the effectiveness of our internal controls. It will also require an independent registered public accounting firm to test our internal controls over financial reporting and report on the effectiveness of such controls for our fiscal year ending December 31, 2007 and subsequent years. An independent registered public accounting firm will also be required to test, evaluate and report on the completeness of our assessment. In addition, upon completion of this offering, we will be required under the Securities Exchange Act of 1934 to maintain disclosure controls and procedures and internal control over financial reporting. Moreover, it may cost us more than we expect to comply with these control- and procedure-related requirements.

We may in the future discover areas of our internal controls that need improvement, particularly with respect to businesses that we have recently acquired or may acquire in the future. We cannot be certain that any remedial measures we take will ensure that we implement and maintain adequate internal controls over our financial processes and reporting in the future. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could harm our operating results or cause us to fail to meet our reporting obligations. If we are unable to conclude that we have effective internal controls over financial reporting, or if our independent auditors are unable to provide us with an unqualified report regarding the effectiveness of our internal controls over financial reporting as of December 31, 2007 and in future periods as required by Section 404, investors could lose confidence in the reliability of our financial statements, which could result in a decrease in the value of our common stock. Failure to comply with Section 404 could potentially subject us to sanctions or investigations by the SEC, the Nasdaq National Market or other regulatory authorities.

A substantial number of shares will become eligible for sale in the near future, which could cause our common stock price to decline significantly.

If our stockholders sell, or the market perceives that our stockholders intend to sell, substantial amounts of our common stock in the public market, the market price of our common stock could decline significantly. These sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate. In 2006, shares will become available for sale in the public market following the expiration of lock-up agreements by CMEP and certain other stockholders. As these restrictions on resale end, the market price of our common stock could drop significantly if the holders of these shares sell them or are perceived by the market as intending to sell them. Also, as of March 31, 2006, options to purchase shares of our common stock were exercisable and additional options will become exercisable in the future. Shares issued upon the exercise of any of these stock options would generally be available for sale in the public market.

We do not intend to pay dividends.

We intend to retain our earnings, if any, for general corporate purposes, and we do not anticipate paying cash dividends on our stock in the foreseeable future. In addition, existing financing arrangements prohibit us from paying such dividends. This lack of dividends may make our stock less attractive to investors.

Risk factors

Provisions of our charter documents and Delaware law may inhibit potential acquisition bids and other actions that you and other stockholders may consider favorable, and the market price of our common stock may be lower as a result.

There are provisions in our amended and restated certificate of incorporation and amended and restated bylaws that make it more difficult for a third party to acquire, or attempt to acquire, control of our company, even if a change in control were considered favorable by you and other stockholders. For example, our board of directors has the authority to issue up to 5,000,000 shares of preferred stock. The board of directors can fix the price, rights, preferences, privileges and restrictions of the preferred stock without any further vote or action by our stockholders. The issuance of shares of preferred stock may delay or prevent a change-in-control transaction. As a result, the market price of our common stock and the voting and other rights of our stockholders may be adversely affected. This issuance of shares of preferred stock may result in the loss of voting control to other stockholders.

Our charter documents contain other provisions that could have an anti-takeover effect. These provisions:

- ∅ divide our board of directors into three classes, making it more difficult for stockholders to change the composition of the board;
- ∅ allow directors to be removed only for cause;
- ∅ do not permit our stockholders to call a special meeting of the stockholders;
- ∅ require all stockholder actions to be taken by a vote of the stockholders at an annual or special meeting or by a written consent signed by all of our stockholders;
- ∅ require our stockholders to comply with advance notice procedures to nominate candidates for election to our board of directors or to place stockholders' proposals on the agenda for consideration at stockholder meetings; and
- ∅ require the approval of the holders of capital stock representing at least two-thirds of the company's voting power to amend our indemnification obligations, director classifications, stockholder proposal requirements and director candidate nomination requirements set forth in our amended and restated certificate of incorporation and amended and restated bylaws.

In addition, we are subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law, which regulates corporate acquisitions. These provisions could discourage potential acquisition proposals and could delay or prevent a change-in-control transaction. They could also have the effect of discouraging others from making tender offers for our common stock. These provisions may also prevent changes in our management.

We indemnify our officers and the members of our board of directors under certain circumstances. Such provisions may discourage stockholders from bringing a lawsuit against officers and directors for breaches of fiduciary duty and may also have the effect of reducing the likelihood of derivative litigation against officers and directors even though such action, if successful, might otherwise have benefited you and other stockholders. In addition, your investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against our officers or directors pursuant to such provisions.

Because our management will have broad discretion over the use of the net proceeds to us from this offering, you may not agree with how we use them and the proceeds may not be invested successfully.

Our management will have broad discretion as to the use of the offering proceeds. Although we currently anticipate that the net proceeds of this offering to us will be used primarily for repayment of our existing

Risk factors

indebtedness under our revolving credit facility and term loan facilities and one-time bonus payments due to employees under our amended and restated employee annual incentive compensation pool plan, with the balance to be used for general corporate purposes, including working capital and potential acquisitions, our management may allocate our net proceeds among these purposes as it determines is necessary. Even if our existing indebtedness is reduced, we may subsequently decide to incur additional debt. In addition, market or other factors may require our management to allocate portions of our net proceeds for other purposes. Accordingly, you will be relying on the judgment of our management with regard to the use of the net proceeds to us from this offering, and you will not have the opportunity, as part of your investment decision, to assess whether these proceeds are being used appropriately. It is possible that we will invest our portion of the net proceeds in a way that does not yield a favorable, or any, return for our company.

If you invest in this offering, you will experience immediate and substantial dilution.

The initial public offering price of our common stock will be substantially higher than the net tangible book value per share of the outstanding common stock. As a result, investors purchasing common stock in this offering will incur immediate dilution in the net tangible book value per share of the common stock. Investors who purchase shares in this offering:

- ∅ will pay a price per share that substantially exceeds the per share tangible book value of our assets after subtracting our liabilities; and
- ∅ will have contributed approximately % of the total amount of our equity funding since inception, but will only own approximately % of the shares outstanding immediately after this offering, based on shares outstanding on December 31, 2005, calculated on a pro forma basis.

In the past, we have offered, and we expect to continue to offer, stock to our employees and directors. Such stock is likely to be offered to our employees and directors at prices below the then current market prices and may be offered at prices below the initial public offering price. Our employee stock purchase plan will allow employees to purchase our stock at a five percent discount to market price. Options issued in the past have had per share exercise prices below the initial public offering price per share. As of December 31, 2005, there were shares of common stock issuable upon exercise of outstanding stock options at a weighted average exercise price of \$ per share. Additional options may be granted to employees and directors in the future at per-share exercise prices below the then current market prices and below the initial public offering price per share.

In addition, we may be required, or could elect, to seek additional equity financing in the future or to issue preferred or common stock to pay all or part of the purchase price for any businesses, products, technologies, intellectual property and/or other assets or rights we may acquire or to pay for a reduction, change and/or elimination of liabilities in the future. If we issue new equity securities under these circumstances, our stockholders may experience additional dilution and the holders of any new equity securities may have rights, preferences and privileges senior to those of the holders of our common stock.

Special note regarding forward-looking statements

Some of the statements under “Summary,” “Risk factors,” “Management’s discussion and analysis of financial condition and results of operations,” “Business,” and elsewhere in this prospectus constitute forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify these statements by forward-looking words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “should,” “will,” and “would” or similar words. You should read statements that contain these words carefully because they discuss our future expectations, contain projections of our future results of operations or of our financial position, or state other forward-looking information. We believe that it is important to communicate our future expectations to our investors. However, there may be events in the future that we are not able to predict or control accurately. The factors listed above in the section captioned “Risk factors,” as well as any cautionary language in this prospectus, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements, including but not limited to:

- ∅ changes in federal government spending priorities;
- ∅ failure by Congress to timely approve budgets;
- ∅ our dependency on contracts with federal government agencies and departments for the majority of our revenue;
- ∅ an economic downturn in the energy sector;
- ∅ failure to receive the full amount of our backlog;
- ∅ loss of members of management or other key employees;
- ∅ difficulties implementing our acquisition strategy; and
- ∅ difficulties expanding our service offerings and client base.

Before you invest in our common stock, you should be aware that the occurrence of the events described above, in the section captioned “Risk factors” and elsewhere in this prospectus could have a material adverse effect on our business, results of operations and financial position.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus. We undertake no obligation to update these forward-looking statements, even if our situation changes in the future.

NOTICE TO INVESTORS

You should rely only on the information contained in this prospectus. We, the selling stockholders and the underwriters have not authorized anyone to give you different or additional information. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where those offers and sales are permitted. You should not assume that the information in this prospectus is accurate as of any date after the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of shares of common stock.

Use of proceeds

We estimate that the net proceeds to us from this offering will be approximately \$ _____, or approximately \$ _____ if the underwriters exercise their over-allotment option in full, assuming an initial public offering price of \$ _____ per share (the midpoint of the range set forth on the cover page of this prospectus), after deducting estimated underwriting discounts and commissions and estimated offering expenses. Each \$1 increase (decrease) in the public offering price per share would increase (decrease) our net proceeds, after deducting estimated underwriting discounts and commissions, by \$ _____ (assuming no exercise of the underwriters' over-allotment option).

We intend to use:

- Ø approximately \$ _____ of the net proceeds of this offering to repay a portion of the existing indebtedness under our revolving credit facility and two term loan facilities;
- Ø \$2.7 million for one-time bonus payments due to employees under our amended and restated employee annual incentive compensation pool plan (see "Management — Employment Agreements"); and
- Ø the balance for general corporate purposes, including working capital and potential acquisitions.

We have no present understandings, commitments or agreements to enter into any acquisitions.

The indebtedness to be repaid under our revolving credit facility and our two term loan facilities bears interest at rates equal to an applicable margin, or spread, plus, at our option, either a base rate equal to the U.S. prime rate or a LIBOR rate determined by reference to the interest period relevant to the indebtedness. The applicable margins for base rate indebtedness and applicable spread for LIBOR rate indebtedness under these facilities are variable subject to certain leverage ratio tests. As of March 31, 2006, the base rate margin and LIBOR spread were 0.25% and 3.00%, respectively, for borrowings under the revolving credit facility, 0.25% and 3.00%, respectively, for borrowings under the first term loan facility and, 0.75% and 3.50%, respectively, under the second term loan facility. The indebtedness under both the revolving credit facility and first term loan facility mature in October 2010. The indebtedness under the second term loan matures in January 2007.

We will not receive any proceeds from the sale of common stock by the selling stockholders.

Dividend policy

We have never declared or paid any cash dividends on our common stock. We currently intend to retain all future earnings, if any, for use in the operations and expansion of our business. As a result, we do not anticipate paying cash dividends in the foreseeable future. Any future determination as to the declaration and payment of cash dividends will be at the discretion of our board of directors and will depend on factors our board of directors deems relevant, including among others, our results of operations, financial condition and cash requirements, business prospects, and the terms of our credit facilities and other financing arrangements.

Capitalization

The following table sets forth our cash and cash equivalents, short-term debt and capitalization as of December 31, 2005:

∅ on an actual basis; and

∅ on an adjusted basis to reflect our sale of common stock in this offering at an assumed public offering price of \$ _____ per share (the midpoint of the range set forth on the cover page of this prospectus), and receipt of the net proceeds, after deducting estimated underwriting discounts and commissions and estimated offering expenses. Each \$1 increase (decrease) in the public offering price per share would increase (decrease) the as-adjusted figure shown below for “cash and cash equivalents,” “additional paid-in capital” and “total stockholders’ equity” by \$ _____ (assuming no exercise of the underwriters’ over-allotment option), after deducting estimated underwriting discounts and commissions.

	December 31, 2005	
	Actual	As adjusted
	(In thousands)	
Cash and cash equivalents	\$ 499	\$ _____
Current portion of long-term debt	\$ 6,767	_____
Long-term debt, net of current portion	\$ 54,205	_____
Stockholders’ equity:		
Common stock, \$0.01 par value per share; 20,000,000 shares authorized; _____ shares issued and _____ shares outstanding, actual; _____ shares issued and _____ shares outstanding, as adjusted		93
Additional paid-in capital		50,825
Retained earnings		3,834
Treasury stock		(918)
Stockholder notes receivable ⁽¹⁾		(1,139)
Accumulated other comprehensive income		208
Total stockholders’ equity		52,903
Total capitalization		\$107,108

You should read this table along with “Management’s discussion and analysis of financial condition and results of operations” and our financial statements and related notes appearing elsewhere in this prospectus.

The actual outstanding share information is retroactively adjusted to give effect to the _____ -for- _____ stock split of our common stock to be effected immediately prior to the closing of this offering and excludes:

∅ _____ shares issuable upon exercise of options outstanding as of December 31, 2005, at a weighted average exercise price of _____ per share, of which _____ options to purchase _____ shares were exercisable as of that date;

∅ _____ shares issuable upon exercise of warrants outstanding as of December 31, 2005, at an exercise price of _____ per share, all of which were exercisable as of that date; and

∅ _____ shares available for future grant under our stock plans as of December 31, 2005.

(1) Represents loans provided by us to certain employees for the purpose of purchasing shares of our common stock. As of May 5, 2006, certain of those loans, with an aggregate principal balance of \$703,027, were repaid. See “Certain relationships and related party transactions—Loans to Executive Officers.”

Dilution

If you invest in our common stock in this offering, your ownership will be diluted to the extent of the difference between the initial public offering price per share and the pro forma net tangible book value per share of our common stock after this offering. Our net tangible book value, as of December 31, 2005, was approximately \$ _____, or \$ _____ per share of common stock. Net tangible book value per share represents the amount of total tangible assets less total liabilities, divided by the number of shares of common stock outstanding.

Dilution per share to new investors represents the difference between the amount per share paid by purchases of our common stock in this offering and the net tangible book value per share of common stock immediately after completion of this offering. As of December 31, 2005, after giving effect to:

- Ø the _____-for-_____ stock split of our common stock to be effected immediately prior to the closing of this offering;
- Ø the sale by us of _____ shares of common stock in this offering at an assumed initial public offering price of \$ _____ per share (the midpoint of the range set forth on the cover page of this prospectus), and
- Ø the deduction of the underwriting discounts and commissions and estimated offering expenses payable by us,

our pro forma net tangible book value would have been approximately \$ _____, or \$ _____ per share. The assumed initial public offering price of \$ _____ per share exceeds \$ _____ per share, which is the per share pro forma value of our total tangible assets less total liabilities after this offering. This represents an immediate increase in pro forma net tangible book value of \$ _____ per share to existing stockholders. Accordingly, new investors in the offering will suffer an immediate dilution of their investment of approximately \$ _____ per share. The table below illustrates this per share dilution as of December 31, 2005:

Assumed initial public offering price per share	\$
Increase in pro forma net tangible book value per share attributable to new investors	
Pro forma as adjusted net tangible book value per share after giving effect to the offering	
Pro forma net tangible book value per share dilution to new stockholders	\$

Each \$1 increase (decrease) in the public offering price per share would increase (decrease) the as-adjusted pro forma net tangible book value by \$ _____ per share (assuming no exercise of the underwriters' over-allotment option) and the dilution to investors in this offering by \$ _____ per share, assuming that the number of shares offered in this offering, as set forth on the cover page of this prospectus, remains the same.

If the underwriters' over-allotment option is exercised in full, the as-adjusted pro forma net tangible book value will increase to approximately \$ _____ per share, representing an increase to existing stockholders of approximately \$ _____ per share, and there will be an immediate dilution of approximately \$ _____ per share to new investors.

The following table summarizes, as of December 31, 2005, the difference between the number of shares of common stock purchased from us, the total consideration paid for such shares and the average price per share paid by existing stockholders and by new investors. As shown in the following table, new investors will contribute _____ % of the total consideration paid to us to date in exchange for shares of our stock, in exchange for which they will own _____ % of our outstanding shares of common stock. The

Dilution

calculation below is based on the assumed initial offering price of \$ _____ per share, before deducting underwriting discounts and commissions and our estimated expenses for this offering:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing Stockholders		%	\$	%	\$
New Investors					
Total		100%	\$	100%	\$

Each \$1 increase (decrease) in the public offering price per share would increase (decrease) the total consideration paid by new investors, total consideration paid by all stockholders and the price per share paid by new stockholders by \$ _____, \$ _____ and \$ _____, respectively, assuming that the number of shares offered in this offering, as set forth on the cover page of this prospectus, remains the same.

If the underwriters' over-allotment option is exercised in full, the number of shares held by new investors will increase to _____ shares, or _____%, of the total number of shares of common stock outstanding immediately after this offering.

The tables and calculations above are based on _____ shares outstanding as of December 31, 2005 after giving effect to the _____-for-_____ stock split of our common stock to be effected immediately prior to the closing of this offering, and exclude:

Ø _____ shares issuable upon exercise of options outstanding as of December 31, 2005, at a weighted average exercise price of _____ per share, of which _____ options to purchase _____ shares were exercisable as of that date;

Ø _____ shares issuable upon exercise of warrants outstanding as of December 31, 2005, at an exercise price of _____ per share, all of which were exercisable as of that date; and

Ø _____ shares available for future grant under our stock plans as of December 31, 2005.

To the extent that any of these options or warrants are exercised, new options or warrants are issued or we issue additional shares of common stock in the future, there will be further dilution to new investors.

Selected consolidated financial and other data

The following selected consolidated financial and other data should be read in conjunction with our financial statements and the related notes, and with “Management’s discussion and analysis of financial condition and results of operations,” included elsewhere in this prospectus. The statement of operations data for 2003, 2004 and 2005 and the balance sheet data as of December 31, 2004 and 2005 are derived from, and are qualified by reference to, our audited financial statements included in this prospectus. The statement of operations data for 2001 and 2002 and the balance sheet data as of December 31, 2001, 2002 and 2003 are derived from our corresponding audited financial statements.

We have presented the balance sheet data as of December 31, 2005:

- ∅ on an actual basis; and
- ∅ on an adjusted basis to reflect our sale of common stock in this offering at an assumed public offering price of \$ _____ per share (the midpoint of the range set forth on the cover page of this prospectus), and receipt of the net proceeds, after deducting estimated underwriting discounts and commissions and estimated offering expenses. Each \$1 increase (decrease) in the public offering price per share would increase (decrease) the as-adjusted figure shown below for “cash and cash equivalents” and “total stockholders’ equity” by \$ _____ (assuming no exercise of the underwriters’ over-allotment option), after deducting estimated underwriting discounts and commissions.

Effective October 1, 2005, we consummated the acquisition of Caliber Associates, Inc. for \$20.8 million in cash. The unaudited pro forma condensed consolidated statement of operations data for the year ended December 31, 2005 gives effect to the acquisition of Caliber Associates, Inc. as if it had occurred on January 1, 2005. Operating results for Caliber Associates, Inc. from the date of the acquisition, October 1, 2005, through December 31, 2005 are included in our statement of operations data for the year ended December 31, 2005. The pro forma information has been prepared for illustrative purposes only, and is not necessarily indicative of the operating results that would have occurred if the acquisition had been consummated on January 1, 2005, nor is it necessarily indicative of any future operating results.

Selected consolidated financial and other data

Consolidated statement of operations data:	Year ended December 31,					Pro forma
	2001	2002	2003	2004	2005	2005
	(In thousands, except per share amounts)					(unaudited)
Revenue	\$ 111,733	\$ 143,496	\$ 145,803	\$ 139,488	\$ 177,218	\$ 207,794
Direct costs	62,258	87,345	91,022	83,638	106,078	122,192
Operating expenses						
Indirect and selling expenses	41,068	47,156	45,335	46,097	57,901	69,644
Non-cash compensation					2,138	2,138
Depreciation and amortization	5,196	3,664	3,000	3,155	5,541	6,706
Earnings from operations	3,211	5,331	6,446	6,598	5,560	7,114
Other (expense) income						
Interest expense, net	(3,688)	(2,940)	(3,095)	(1,266)	(2,981)	(4,054)
Other	—	—	33	(33)	1,308	1,308
Total other (expense) income	(3,688)	(2,940)	(3,062)	(1,299)	(1,673)	(2,746)
Income (loss) from continuing operations before income taxes	(477)	2,391	3,384	5,299	3,887	4,368
Minority interest in net loss	94	—	—	—	—	—
Income tax expense	716	1,099	1,320	2,466	1,865	2,420
Income (loss) from continuing operations	(1,099)	1,292	2,064	2,833	2,022	1,948
Discontinued operations						
Income (loss) from discontinued operations, net	251	(503)	308	(196)	—	—
Gain from disposal of subsidiary, net	—	—	—	380	—	—
Income (loss) from discontinued operations	251	(503)	308	184	—	—
Net income (loss)	\$ (848)	\$ 789	\$ 2,372	\$ 3,017	\$ 2,022	\$ 1,948
Earnings from continuing operations per share						
Basic						
Diluted						
Earnings per share						
Basic						
Diluted						
Weighted-average shares						
Basic						
Diluted						

Other operating data:	Year ended December 31,				
	2001	2002	2003	2004	2005
	(unaudited)				
	(In thousands)				
EBITDA from continuing operations ⁽¹⁾	\$ 8,407	\$ 8,995	\$ 9,446	\$ 9,753	\$ 11,101
Unusual expense included in EBITDA from continuing operations ⁽²⁾	—	—	—	—	2,138

(footnotes on following page)

Selected consolidated financial and other data

Consolidated balance sheet data:	As of December 31,					
	2001	2002	2003	2004	2005	
					Actual	As adjusted (unaudited)
	(In thousands)					
Cash and cash equivalents	\$ 1,011	\$ 660	\$ 1,643	\$ 797	\$ 499	\$
Net working capital	10,499	10,305	6,085	5,502	18,141	
Total assets	88,311	105,945	101,842	94,057	151,124	
Current portion of long-term debt	2,750	3,750	4,235	4,235	6,767	
Long-term debt, net of current portion	33,183	27,904	20,313	16,844	54,205	
Total stockholders' equity	30,815	43,079	45,276	47,861	52,903	

- (1) *EBITDA from continuing operations, a measure used by us to evaluate performance, is defined as net income plus (less) loss (income) from discontinued operations, less gain from sale of discontinued operations, less other income, plus other expenses, net interest expense, income tax expense and depreciation and amortization. We believe EBITDA from continuing operations is useful to investors because similar measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. EBITDA from continuing operations is not a recognized term under generally accepted accounting principles and does not purport to be an alternative to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Because not all companies use identical calculations, this presentation of EBITDA from continuing operations may not be comparable to other similarly titled measures used by other companies. EBITDA from continuing operations is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments, capital expenditures and debt service. Our credit agreement includes covenants based on EBITDA from continuing operations, subject to certain adjustments. See "Management's discussion and analysis of financial condition and results of operations — Liquidity and Capital Resources." A reconciliation of net income to EBITDA from continuing operations follows:*

	Year ended December 31,				
	2001	2002	2003	2004	2005
	(In thousands)				
Net income (loss)	\$ (848)	\$ 789	\$ 2,372	\$ 3,017	\$ 2,022
Loss (income) from discontinued operations	(251)	503	(308)	196	—
Gain from sale of discontinued operations	—	—	—	(380)	—
Other expense (income)	—	—	(33)	33	(1,308)
Interest expense, net	3,688	2,940	3,095	1,266	2,981
Minority interest in net loss	(94)	—	—	—	—
Income tax expense	716	1,099	1,320	2,466	1,865
Depreciation and amortization	5,196	3,664	3,000	3,155	5,541
EBITDA from continuing operations	\$8,407	\$8,995	\$9,446	\$9,753	\$11,101

- (2) *Represents a non-cash compensation charge in December 2005 resulting from the acceleration of the vesting of certain stock options. See "Management's discussion and analysis of financial condition and results of operations — Results of Operations — Year ended December 31, 2005 compared to year ended December 31, 2004."*

Selected consolidated financial and other data**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA**

We acquired Caliber Associates, Inc. (Caliber) effective as of October 1, 2005 for \$20.8 million in cash. The following unaudited pro forma condensed combined statement of operations data for the year ended December 31, 2005 gives effect to our acquisition of Caliber as if it had occurred on January 1, 2005. The acquisition has been accounted for using purchase price accounting in accordance with Statement of Financial Accounting Standards No. 141, *Business Combinations*.

This unaudited pro forma condensed combined statement of operations has been prepared in accordance with rules prescribed by Article 11 of Regulation S-X and based upon our historical financial statements and the historical financial statements of Caliber. This unaudited pro forma condensed combined statement of operations should be read in conjunction with our historical audited consolidated financial statements for the year ended December 31, 2005, and the historical audited consolidated financial statements of Caliber for the year ended December 31, 2004 and the historical unaudited consolidated financial statements of Caliber for the nine months ended September 30, 2005 included elsewhere in this prospectus. This unaudited pro forma condensed combined statement of operations has been prepared for illustrative purposes only, and is not necessarily indicative of the operating results that would have occurred if the acquisition transaction described above had been consummated on January 1, 2005, nor is it necessarily indicative of any future operating results.

Year ended December 31, 2005

	ICF (includes Caliber results from October 1, 2005)	Caliber (through September 30, 2005) (unaudited) (In thousands, except per share amounts)	Pro forma adjustments (unaudited)	Pro forma (unaudited)
Revenue	\$ 177,218	\$ 30,576	\$ —	\$ 207,794
Direct costs	106,078	16,114	—	122,192
Operating expenses				
Indirect and selling expenses	57,901	14,517	(2,774) ⁽¹⁾	69,644
Non-cash compensation	2,138	—	—	2,138
Depreciation and amortization	5,541	384	781 ⁽²⁾	6,706
Earnings from operations	5,560	(439)	1,993	7,114
Other (expense) income				
Interest expense, net	(2,981)	(763)	(310) ⁽³⁾	(4,054)
Other	1,308	—	—	1,308
Total other expense	1,673	(763)	(310)	(2,746)
Income (loss) from continuing operations before income taxes	3,887	(1,202)	1,683	4,368
Income tax expense	1,865	—	555 ⁽⁴⁾	2,420
Income (loss) from continuing operations	2,022	(1,202)	1,128	1,948
Earnings from continuing operations per share				
Basic				
Diluted				
Earnings per share				
Basic				
Diluted				
Weighted-average shares				
Basic				
Diluted				

(footnotes on following page)

Selected consolidated financial and other data

(1)	<i>Pro forma adjustment to remove Caliber’s employee stock ownership plan (ESOP) expense for January to September 2005. The ESOP terminated upon the acquisition and would not have existed in the period provided or been replaced with a similar expense. See “Note 9— Employee Benefit Plans” of the notes to the historical unaudited consolidated financial statements of Caliber Associates, Inc. for the nine months ended September 30, 2005 included in this prospectus.</i>	
(2)	<i>Pro forma adjustment to reflect increase in amortization expense of purchased intangibles assuming acquisition of Caliber on January 1, 2005, net of removal of amortization for Caliber’s own intangibles that ceased at purchase.</i>	
(3)	<i>Pro forma adjustment to reflect net increase in interest expense for additional interest expense on acquisition financing indebtedness and for elimination of interest expense on indebtedness of Caliber related to its ESOP.</i>	
(4)	<i>Pro forma adjustment to reflect a net increase in tax expense due to the following items (in thousands):</i>	
	<i>Increase due to elimination of ESOP expense</i>	<i>\$1,097</i>
	<i>Increase due to amortization expense</i>	<i>56</i>
	<i>Tax benefit of net loss of Caliber for nine months</i>	<i>(476)</i>
	<i>Decrease for additional interest expense</i>	<i>(122)</i>
		<hr/>
		<i>\$ 555</i>

Management's discussion and analysis of financial condition and results of operations

The following discussion and analysis should be read in conjunction with the "Selected Consolidated Financial Data" and the consolidated financial statements and related notes included elsewhere in this prospectus. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions, such as statements of our plans, objectives, expectations and intentions. The cautionary statements made in this prospectus should be read as applying to all related forward-looking statements wherever they appear in this prospectus. Our actual results could differ materially from those anticipated in the forward-looking statements. Factors that could cause or contribute to our actual results differing materially from those anticipated include, but are not limited to, those discussed in "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We provide management, technology and policy consulting and implementation services primarily to the U.S. federal government, as well as to other government, commercial and international clients. We help our clients conceive, develop, implement and improve solutions that address complex economic, social and national security issues. Our services primarily address four key markets: defense and homeland security; energy; environment and infrastructure; and health, human services and social programs. Increased government involvement in virtually all aspects of our lives has created opportunities for us to resolve issues at the intersection of the public and private sectors. We believe that demand for our services will continue to grow as government, industry and other stakeholders seek to understand and respond to geopolitical and demographic changes, budgetary constraints, heightened environmental and social concerns, rapid technological changes and increasing globalization.

Our federal government, state and local government, commercial and international clients utilize our services because we combine diverse institutional knowledge and experience in their activities with the deep subject matter expertise of our highly educated staff, which we deploy in multi-disciplinary teams. Our federal government clients include every cabinet-level department, including the Department of Defense, the Environmental Protection Agency, the Department of Homeland Security, the Department of Transportation, the Department of Health and Human Services, the Department of Housing and Urban Development, the Department of Justice and the Department of Energy. U.S. federal government clients generated 72% of our revenue in 2005. Our state and local government clients include the states of California, Massachusetts, New York and Pennsylvania. State and local government clients generated 9% of our revenue in 2005. We also serve commercial and international clients, primarily in the energy sector, including electric and gas utilities, oil companies and law firms. Our commercial and international clients generated 19% of our revenue in 2005. We have successfully worked with many of these clients for decades, providing us a unique and knowledgeable perspective on their needs.

We report operating results and financial data as a single segment based upon the information used by our chief operating decision makers in evaluating the performance of our business and allocating resources.

Management's discussion and analysis of financial condition and results of operations**REVENUE**

We earn revenue from services that we provide to government and commercial clients in four key markets:

- ∅ defense and homeland security;
- ∅ energy;
- ∅ environment and infrastructure; and
- ∅ health, human services and social programs.

The following table shows our revenue from each of our four markets as a percentage of total revenue for the periods indicated. For each client, we have attributed all revenue from that client to the market we consider to be the client's primary market, even if a portion of that revenue relates to a different market.

	Year ended December 31,		
	2003	2004	2005
Defense and homeland security	16%	19%	28%
Energy	24	21	20
Environment and infrastructure	44	44	35
Health, human services and social programs	16	16	17
Total revenue	100%	100%	100%

The proportion of our revenue from each market identified in the above table changed significantly from 2004 to 2005, and may change from 2005 to 2006, due primarily to our recent acquisitions. See "—Acquisitions" below for a discussion of these acquisitions.

Our primary clients are agencies and departments of the U.S. federal government. The following table shows our revenue by type of client as a percentage of total revenue for the periods indicated.

	Year ended December 31,		
	2003	2004	2005
U.S. federal government	72%	72%	72%
Domestic commercial	12	13	14
U.S. state and local government	7	8	9
International	9	7	5
Total revenue	100%	100%	100%

Most of our revenue is from contracts on which we are the prime contractor, which we believe provides us strong client relationships. In 2003, 2004 and 2005, 91%, 87% and 86% of our revenue, respectively, was from prime contracts.

Contract mix

We had over 1,000 active contracts in 2005. Our contracts with clients include time-and-materials contracts, cost-based contracts (including cost-based fixed fee, cost-based award fee and cost-based incentive fee, as well as grants and cooperative agreements), and fixed-price contracts. Our contract mix varies from year to year due to numerous factors, including our business strategies and the procurement activities of our clients. Unless the content requires otherwise, we use the term "contracts" to refer to contracts and any task orders or delivery orders issued under a contract.

Management's discussion and analysis of financial condition and results of operations

The following table shows our revenue from each of these types of contracts as a percentage of total revenue for the periods indicated.

	Year ended December 31,		
	2003	2004	2005
Time-and-materials	40%	37%	42%
Cost-based	44	41	34
Fixed-price	16	22	24
Total	100%	100%	100%

Time-and-materials contracts. Under time-and-materials contracts, we are paid for labor at fixed hourly rates and generally reimbursed separately for allowable materials, other direct costs and out-of-pocket expenses. Our actual labor costs may vary from the expected costs which formed the basis for our negotiated hourly rates if we need to hire additional employees at higher wages, increase the compensation paid to existing employees, or are able to hire employees at lower-than-expected rates. Our non-labor costs, such as fringe benefits, overhead and general and administrative costs, also may be higher or lower than we anticipated. To the extent that our actual labor and non-labor costs under a time-and-materials contract vary significantly from the negotiated hourly rates, we can generate more or less than the targeted amount of profit or, perhaps, a loss.

Cost-based contracts. Under cost-based contracts, we are paid based on the allowable costs we incur, and usually receive a fee. All of our cost-based contracts reimburse us for our direct labor and fringe-benefit costs that are allowable under the contract, but many limit the amount of overhead and general and administrative costs we can recover, which may be less than our actual overhead and general and administrative costs. In addition, our fees are constrained by fee ceilings and in certain cases, such as with grants and cooperative agreements, we may receive no fee. Because of these limitations, our cost-based contracts, on average, are our least profitable type of contract and we may generate less than the expected return. Cost-based fixed fee contracts specify the fee to be paid. Cost-based incentive fee and cost-based award fee contracts provide for increases or decreases in the contract fee, within specified limits, based upon actual results as compared to contractual targets for factors such as cost, quality, schedule and performance.

Fixed-price contracts. Under fixed-price contracts, we perform specific tasks for a pre-determined price. Compared to time-and-materials and cost-based contracts, fixed-price contracts involve greater financial risk because we bear the full impact of labor and non-labor costs that exceed our estimates, in terms of costs per hour, number of hours, and all other costs of performance, in return for the full benefit of any cost savings. We therefore may generate more or less than the targeted amount of profit or, perhaps, a loss.

DIRECT COSTS

Direct costs consist primarily of costs incurred to provide services to clients, the most significant of which are employee salaries and wages, plus associated fringe benefits, relating to specific client engagements. Direct costs also include the costs of subcontractors and outside consultants, third-party materials and any other related direct costs, such as travel expenses.

We generally expect the ratio of direct costs as a percentage of revenue to decline when our own labor increases relative to subcontracted labor or outside consultants. Conversely, as subcontracted labor or outside consultants for clients increase relative to our own labor, we expect the ratio to increase.

Changes in the mix of services and other direct costs provided under our contracts can result in variability in our direct costs as a percentage of revenue. For example, if we are successful in our strategy

Management's discussion and analysis of financial condition and results of operations

to increase the proportion of our work in the area of implementation, we expect that more of our services will be performed in client-provided facilities and/or with dedicated staff. Such work generally has a higher proportion of direct costs than much of our current advisory work, but we anticipate that higher utilization of such staff will decrease the amount of indirect expenses. In addition, to the extent we are successful in winning larger contracts, our own labor services component could decrease because larger contracts typically are broader in scope and require more diverse capabilities, potentially resulting in more subcontracted labor, more other direct costs and lower margins. Although these factors could lead to a higher ratio of direct costs as a percentage of revenue, the economics of these larger jobs are nonetheless generally favorable because they increase income, broaden our revenue base and have a favorable return on invested capital.

OPERATING EXPENSES

Our operating expenses consist of indirect and selling expenses, non-cash compensation and depreciation and amortization.

Indirect and selling expenses

Indirect and selling expenses include our management, facilities and infrastructure costs for all employees, as well as salaries and wages, plus associated fringe benefits, not directly related to client engagements. Among the functions covered by these expenses are marketing, business and corporate development, bids and proposals, facilities, information technology and systems, contracts administration, accounting, treasury, human resources, legal, corporate governance and executive and senior management. All of our cash incentive compensation is also included in this item.

We try to utilize our office space as efficiently as possible, and therefore attempt to sublease or otherwise dispose of space we do not anticipate needing in the near-term, but there can be no assurance that we will be able to do so in a timely manner, on commercially reasonable terms or at all. For example, on April 14, 2006, we decided to abandon, effective June 30, 2006, our San Francisco, California leased facility and relocate our staff there to other space. Our San Francisco lease obligation expires in July 2010 and covers approximately 12,000 square feet at an annual rate of \$79 per square foot plus operating expenses. Management believes, based upon consultation with its leasing consultants, that the current market for similar space is substantially below this cost. In addition, we are also abandoning a smaller space in Lexington, Massachusetts that we have been unable to sublease. We anticipate a charge to earnings in the second quarter of 2006 of approximately \$3.8 million as a result of these actions.

Non-cash compensation

Non-cash compensation includes the costs of stock-based compensation provided to employees whose compensation and other benefit costs are included in both direct costs and indirect and selling expenses. See “ — Significant New Accounting Pronouncement” below for a discussion of how we treat such compensation in our financial statements.

Depreciation and amortization

Depreciation and amortization includes the depreciation of computers, furniture and other equipment, the amortization of the costs of software we use internally, leasehold improvements and the amortization of goodwill and other intangible assets arising from acquisitions.

Management's discussion and analysis of financial condition and results of operations

INCOME TAX EXPENSE

Our effective tax rate of 48.0% in 2005 was higher than the statutory tax rate in 2005 primarily due to permanent tax differences related to expenses not deductible for tax purposes, valuation allowances for tax losses from certain foreign subsidiaries and prior-year deferred tax adjustments. If we are successful in increasing our pre-tax income in the future, we expect our effective tax rate to decline.

ACQUISITIONS

A key element of our growth strategy is to pursue acquisitions. In 2005, we completed the acquisitions of Synergy, Inc. and Caliber Associates, Inc.

Synergy. Effective January 1, 2005, we acquired all of the outstanding common stock of Synergy, Inc. Synergy provides strategic consulting, planning, analysis and technology solutions in the areas of logistics, defense operations and command and control, primarily to the U.S. Air Force. We undertook the acquisition in order to enhance our presence in the areas of homeland security and national defense and also in government technology and program management. The aggregate purchase price was approximately \$19.5 million, including \$18.4 million of cash, common stock valued at \$0.5 million, and \$0.6 million of transaction expenses. The excess of the purchase price over the estimated fair value of the net assets acquired was approximately \$14.9 million, of which we allocated approximately \$14.1 million to goodwill and \$0.8 million to customer-related intangible assets. Synergy's results are included in our statements of operations beginning January 1, 2005.

Caliber Associates. Effective October 1, 2005, we acquired all of the outstanding common stock of Caliber Associates, Inc. from its employee stock ownership plan. Caliber provides professional services in the areas of human services programs and policies. We undertook the acquisition to enhance our presence in the areas of child and family studies and also in information technology and human services. The aggregate initial purchase price was approximately \$20.8 million, including \$19.5 million of cash and \$1.3 million of transaction expenses. In addition to the initial consideration, the purchase agreement provides for additional contingent payments in cash up to an additional \$3.5 million over the two years following the acquisition, subject to Caliber achieving certain performance goals. This additional amount has already been placed in escrow and is shown on our balance sheet as restricted cash. The excess of the purchase price over the estimated fair value of the net assets acquired was approximately \$17.7 million, of which we allocated approximately \$13.8 million to goodwill and \$3.9 million to intangible assets. Caliber's results are included in our statements of operations beginning October 1, 2005.

Our results of operations in 2005 were affected significantly by our acquisitions of Synergy and Caliber. Synergy operations accounted for approximately \$21.7 million of our 2005 revenue, principally relating to our defense and homeland security market. Caliber operations had revenue of approximately \$39.8 million in 2005, of which approximately \$9.3 million is included in our 2005 revenue (in the fourth quarter), principally relating to our health, human services and social programs market.

Our prior acquisitions were accounted for as purchases and involved purchase prices well in excess of tangible asset values, resulting in the creation of a significant amount of goodwill and other intangible assets. Increased levels of intangible assets will increase our depreciation and amortization charges. At December 31, 2005, goodwill accounted for 53.7% of our total assets, and purchased intangibles accounted for 2.7% of our total assets. Under generally accepted accounting principles, we test our goodwill for impairment at least annually, and if we conclude that our goodwill is impaired we will be required to write down its carrying value on our balance sheet and book an impairment charge in our statement of operations.

Management's discussion and analysis of financial condition and results of operations

We plan to continue to acquire businesses if and when opportunities arise. We expect future acquisitions to also be accounted for as purchases and therefore generate significant amounts of goodwill and other intangible assets. We expect to incur additional debt for future acquisitions and, in some cases, to use our stock as acquisition consideration in addition to, or in lieu of, cash. Any issuance of stock may have a dilutive effect on our stock outstanding.

IMPACT OF OUR INITIAL PUBLIC OFFERING

The completion of this offering will have near and long-term effects on our results of operations. For example, in the near term, under the terms of an incentive plan that has been in place since 1999, the completion of this offering will cause \$2.7 million of one-time bonuses to become due to approximately 30 members of our management team. These bonuses are expected to be payable upon completion of this offering.

We have historically paid fees and certain expenses to CMLS Management, L.P., an affiliate of CM Equity Partners, L.P., under a consulting agreement. These amounts were approximately \$333,000 for 2003, \$361,000 for 2004 and \$380,000 for 2005. The consulting agreement will terminate upon completion of this offering.

Over the long-term, our results of operations will be affected by the costs of being a public company, including changes in board and executive compensation, the costs of compliance with the Sarbanes- Oxley Act of 2002, the costs of complying with SEC and Nasdaq requirements, and increased insurance, accounting and legal costs. These costs are not reflected in our historical results.

FLUCTUATION OF QUARTERLY RESULTS AND CASH FLOW

Our results of operations and cash flow may vary significantly from quarter to quarter depending on a number of factors, including:

- ∅ the progress of contract performance;
- ∅ the number of billable days in a quarter;
- ∅ vacation days;
- ∅ the timing of client orders;
- ∅ timing of award fee notices;
- ∅ changes in the scope of contracts;
- ∅ billing of other direct and subcontract costs;
- ∅ the commencement and completion of contracts;
- ∅ the timing of significant costs and investments (such as bid and proposal costs);
- ∅ our contract mix and use of subcontractors;
- ∅ changes in staff utilization;
- ∅ level and cost of our debt;
- ∅ changes in accounting principles and policies; and
- ∅ general market and economic conditions.

Because a significant portion of our expenses, such as personnel, facilities and related costs, are fixed in the short term, contract performance and variation in the volume of activity, as well as in the number

Management's discussion and analysis of financial condition and results of operations

-and volume of contracts commenced or completed during any quarter, may cause significant variations in operating results from quarter to quarter.

EFFECT OF APPROVAL OF FEDERAL BUDGET

The federal government's fiscal year ends on September 30 of each year. If a federal budget for the next fiscal year has not been approved by that date, our clients may have to suspend engagements on which we are working until a budget has been approved. Any such suspension may reduce our revenue in the quarter ending September 30 (our third quarter) or the subsequent quarter. The federal government's fiscal year end can also trigger increased contracting activity, which could increase our third or fourth quarter revenue.

EFFECTS OF INFLATION

We generally have been able to price our contracts in a manner to accommodate the rates of inflation experienced in recent years, although we cannot be sure that we will be able to do so in the future.

RESULTS OF OPERATIONS

The following table sets forth certain items from our consolidated statements of operations as a percentage of revenue for the periods indicated.

	Years ended December 31,		
	2003	2004	2005
Revenue	100.0%	100.0%	100.0%
Direct costs	62.4	60.0	59.9
Operating expenses			
Indirect and selling expenses	31.1	33.0	32.7
Non-cash compensation	—	—	1.2
Depreciation and amortization	2.1	2.3	3.1
Earnings from operations	4.4	4.7	3.1
Other (expense) income			
Interest expense, net	(2.1)	(0.9)	(1.7)
Other	—	—	0.8
Total other expense	(2.1)	(0.9)	(0.9)
Income from continuing operations before income taxes	2.3	3.8	2.2
Income tax expense	0.9	1.8	1.1
Income from continuing operations	1.4	2.0	1.1
Income from discontinued operations	0.2	0.2	—
Net income	1.6%	2.2%	1.1%

Year ended December 31, 2005 compared to year ended December 31, 2004

Revenue. Revenue for 2005 was \$177.2 million, compared to \$139.5 million for 2004, representing an increase of 27.0%. The increase in revenue was primarily due to the acquisitions of Synergy, effective January 1, 2005 (approximately \$21.7 million of revenue), and Caliber, effective October 1, 2005 (approximately \$9.3 million of revenue), as well as approximately \$6.7 million in net contract growth.

Direct costs. Direct costs for 2005 were \$106.1 million, or 59.9% of revenue, compared to \$83.6 million, 60.0% of revenue, for 2004. This 26.9% increase resulted from the corresponding increase in

Management's discussion and analysis of financial condition and results of operations

revenue, and included approximately \$15.6 million in additional labor and related fringe benefit costs, approximately \$4 million in additional subcontract costs, and approximately \$2.9 million in additional other direct costs.

Indirect and selling expenses. Indirect and selling expenses for 2005 were \$57.9 million, or 32.7% of revenue, compared to \$46.1 million, or 33.0%, for 2004. The 25.6% increase in indirect and selling expenses was due principally to the addition of staff and related expenses of our two acquisitions.

Non-cash compensation. In 2005, our board of directors accelerated the vesting of all of the approximately outstanding unvested options previously awarded to our employees and officers, resulting in a non-cash stock compensation expense of approximately \$2.1 million for the year. Absent this action, the majority of these options would have vested at the completion of this offering. This acceleration of vesting provided us greater certainty concerning the costs and timing of the expenses for these options.

Depreciation and amortization. Depreciation and amortization for 2005 was \$5.5 million, compared to \$3.2 million for 2004. The 71.9% increase in depreciation and amortization was primarily due to the increased amortization of purchased intangibles of \$2.3 million. Of this amount, \$1.8 million is attributable to the change in the estimated life of the intangible assets related to customers and contracts we obtained in our 2002 acquisition of two of the operating units of Arthur D. Little, Inc., and the remainder is attributable to the Synergy and Caliber acquisitions. See "Note G — Goodwill and other intangible assets" of our "Notes to Consolidated Financial Statements" appearing in this prospectus.

Earnings from operations. For 2005, earnings from operations were \$5.6 million, or 3.1% of revenue, compared to \$6.6 million, or 4.7%, for 2004. Earnings from operations decreased primarily due to the \$2.1 million of non-cash compensation resulting primarily from the accelerated vesting of options in 2005, as well as the increased amortization and depreciation discussed above.

Interest expense. For 2005, interest expense was \$3.0 million, compared to \$1.3 million for 2004. This 131% increase was due primarily to increased borrowings to fund the acquisitions of Synergy and Caliber.

Other income. Our \$1.3 million of other income in 2005 resulted primarily from our reassessment of potential liabilities associated with the Arthur D. Little acquisitions. We had previously recorded a contingent liability of \$1.4 million. The pre-acquisition contingency was resolved in our favor during 2005.

Income tax expense. Our income tax rate for 2005 was 48.0% compared to 46.1% for 2004. The 2005 effective rate was higher primarily because of higher permanent tax differences due to expenses not deductible for tax purposes and prior-year deferred tax adjustments.

Year ended December 31, 2004 compared to year ended December 31, 2003

Revenue. Revenue for 2004 was \$139.5 million, compared to \$145.8 million for 2003, representing a decrease of \$6.3 million, or 4.3%. This decrease was due primarily to \$8.4 million in 2003 revenue from two contracts acquired as part of the Arthur D. Little acquisitions that were completed or assigned to a third party in 2003 or early 2004.

Direct costs. Direct costs for 2004 were \$83.6 million, or 60.0% of revenue, compared to of \$91.0 million, or 62.4%, for 2003. This 8.1% decrease in direct costs was primarily due to a decrease of \$6.0 million in subcontractor costs on the two Arthur D. Little contracts discussed above.

Management's discussion and analysis of financial condition and results of operations

Indirect and selling expenses. Indirect and selling expenses for 2004 were \$46.1 million, or 33.0% of revenue, compared to \$45.3 million, or 31.1% of revenue, for 2003. This 1.8% increase in indirect and selling expenses resulted from a variety of factors, including additional staff and related expenses in business development.

Depreciation and amortization. Depreciation and amortization for 2004 and 2003 was stable, at \$3.2 and \$3.0 million, respectively.

Earnings from operations. For 2004, earnings from operations increased slightly to \$6.6 million, or 4.7% of revenue, a 3.1% increase from \$6.4 million, or 4.4% of revenue, for 2003.

Interest expense. For 2004, interest expense was \$1.3 million, compared to \$3.1 million for 2003. This 58.1% decrease was due primarily to a prepayment penalty and acceleration of amortization of approximately \$1 million with respect to the refinancing of our debt in 2003, as well as to reduced borrowings.

Discontinued operations. In April 2004, we sold ICF Energy Solutions, Inc. (ESI) to Nexus Energy Software, Inc. on terms that resulted in a gain of approximately \$0.4 million. The discontinued operations of ESI contributed net income of \$0.3 million in 2003 and a net loss of \$0.2 million in 2004. We sold this software company because it did not fit with our long-range strategic goals. See "Note D — Divestiture" of our "Notes to Consolidated Financial Statements" included in this prospectus.

Income tax expense. Our income tax rate in 2004, 46.1%, was higher than in 2003, 39.0%, primarily because of our consumption of one-time research and development tax credits in 2003.

Management's discussion and analysis of financial condition and results of operations
Selected quarterly financial and other data

We maintain a December 31 fiscal year-end for financial reporting purposes. Prior to 2006, our quarterly financial information is presented consistent with our labor and billing cycles. Management does not believe that this practice has a material effect on historically reported quarterly results or on the comparison of such results.

The following table shows our results of operations and other data by quarter for the periods indicated. See “—Overview — Fluctuation of Quarterly Results and Cash Flow” and “—Overview — Effect of Approval of Federal Budget” for a description of the factors that may cause our quarterly results to fluctuate.

Consolidated statement of operations data:	Quarter ended							
	Mar. 26, 2004	June 25, 2004	Sept. 30, 2004	Dec. 31, 2004	Apr. 1, 2005	July 1, 2005	Sept. 30, 2005	Dec. 31, 2005
	(In thousands)							
Revenue	\$ 34,111	\$ 35,862	\$ 36,055	\$ 33,460	\$ 41,212	\$ 42,073	\$ 42,151	\$ 51,782
Direct costs	20,426	21,727	21,648	19,837	23,969	25,446	25,465	31,198
Operating expenses								
Indirect and selling expenses	11,141	11,720	11,680	11,556	13,905	13,611	14,258	16,127
Non-cash compensation	—	—	—	—	—	—	—	2,138
Depreciation and amortization	765	744	813	833	777	896	721	3,147
Total costs and expenses	11,906	12,464	12,493	12,389	14,682	14,507	14,979	21,412
Earnings from operations	1,779	1,671	1,914	1,234	2,561	2,120	1,707	(828)
Other (expense) income								
Interest expense, net	(334)	(309)	(298)	(325)	(473)	(737)	(628)	(1,143)
Other	—	(2)	(31)	—	1	(1)	1,320	(12)
Income (loss) from continuing operations before income taxes	1,445	1,360	1,585	909	2,089	1,382	2,399	(1,983)
Income tax expense (benefit)	673	632	738	423	1,002	664	1,150	(951)
Income (loss) from continuing operations	772	728	847	486	1,087	718	1,249	(1,032)
Discontinued operations								
Income (loss) from discontinued operations, net	(151)	(40)	—	(5)	—	—	—	—
Gain from disposal of subsidiary, net	—	271	—	109	—	—	—	—
Net income (loss)	\$ 621	\$ 959	\$ 847	\$ 590	\$ 1,087	\$ 718	\$ 1,249	\$ (1,032)
Other operating data:								
EBITDA from continuing operations ⁽¹⁾	2,544	2,415	2,727	(unaudited) 2,067	3,338	3,016	2,428	2,319
Unusual expenses included in EBITDA from continuing operations ⁽²⁾								2,138

(footnotes on following page)

Management's discussion and analysis of financial condition and results of operations

- (1) *EBITDA from continuing operations, a measure used by us to evaluate performance, is defined as net income plus (less) loss (income) from discontinued operations, less gain from sale of discontinued operations, less other income, plus other expenses, net interest expense, income tax expense and depreciation and amortization. We believe EBITDA from continuing operations is useful to investors because similar measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. EBITDA from continuing operations is not a recognized term under generally accepted accounting principles and does not purport to be an alternative to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Because not all companies use identical calculations, this presentation of EBITDA from continuing operations may not be comparable to other similarly titled measures used by other companies. EBITDA from continuing operations is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments, capital expenditures and debt service. Our credit agreement includes covenants based on EBITDA from continuing operations, subject to certain adjustments. See "Management's discussion and analysis of financial condition and results of operations — Liquidity and Capital Resources." A reconciliation of net income to EBITDA from continuing operations follows:*

	Mar. 26, 2004	June 25, 2004	Sept. 30, 2004	Dec. 31, 2004	April 1, 2005	July 1, 2005	Sept. 30, 2005	Dec. 31, 2005
	(In thousands)							
Net income (loss)	621	959	847	590	1,087	718	1,249	(1,032)
Loss (income) from discontinued operations	151	40	—	5	—	—	—	—
Gain from sale of discontinued operations	—	(271)	—	(109)	—	—	—	—
Other expense (income)	—	2	31	—	(1)	1	(1,320)	12
Interest expense, net	334	309	298	325	473	737	628	1,143
Income tax expense (benefit)	673	632	738	423	1,002	664	1,150	(951)
Depreciation and amortization	765	744	813	833	777	896	721	3,147
EBITDA from continuing operations	2,544	2,415	2,727	2,067	3,338	3,016	2,428	2,319

- (2) *Represents a non-cash compensation charge in December 2005 resulting from the acceleration of the vesting of certain stock options. See "Management's discussion and analysis of financial condition and results of operations — Results of Operations — Year ended December 31, 2005 compared to year ended December 31, 2004."*
-

Management's discussion and analysis of financial condition and results of operations

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity needs are for working capital, repayment of debt, new acquisitions, capital expenditures and the payment of obligations on prior acquisitions. Historically, we have relied primarily on our cash flow from operations and borrowings under our credit facility to provide the capital for our liquidity needs. Following this offering and the repayment of outstanding debt under our credit facilities, we expect the combination of cash flow from operations and our borrowing capacity under a new credit agreement to continue to meet our anticipated cash requirements for at least the next twelve months, excluding any liquidity needed to pursue our acquisition strategy. Any acquisitions we undertake may be funded through other forms of debt, such as publicly issued or privately placed senior or subordinated debt, or the use of common or preferred equity as acquisition consideration.

Cash and net working capital

The following table sets forth our cash and net working capital (current assets less current liabilities) balances at the dates indicated.

	As of December 31,		
	2003	2004	2005
	(In thousands)		
Cash and cash equivalents	\$ 1,643	\$ 797	\$ 499
Net working capital	6,085	5,502	18,141

We consider cash on deposit and all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. We maintain minimal cash balances and have substantially all available cash credited against our borrowings under our line of credit. Our net working capital increased by \$12.6 million at December 31, 2005 as compared to December 31, 2004. The increase in net working capital for 2005 was primarily due to an increase in net contract receivables from \$29.5 million at December 31, 2004 to \$52.9 million at December 31, 2005, which more than offset an approximate \$11.8 million increase in current liabilities. This increase in net working capital was primarily due to the effects of the Synergy and Caliber acquisitions, both of which had higher receivables in terms of days sales outstanding than the company as a whole as of December 31, 2005, an increase in days sales outstanding for receivables for the rest of our company from December 31, 2004 to December 31, 2005 and a decrease in days payable outstanding from December 31, 2004 to December 31, 2005.

Cash flow

Our operating cash flow is primarily affected by the overall profitability of our contracts, our ability to invoice and collect from our clients in a timely manner, and our ability to manage our vendor payments. We bill most of our clients and prime contractors monthly after services are rendered. Operating activities provided cash of \$11.8 million, \$3.3 million and \$2.2 million in 2003, 2004 and 2005, respectively. Operating activities in 2005 provided approximately \$1.0 million less cash than operating activities provided in 2004. This decrease was primarily attributable to an increase in contract receivables due to the integration of the two acquisitions made in 2005. Operating activities in 2004 provided approximately \$8.5 million less of net cash than in 2003. This change was primarily attributable to a decrease in deferred revenue (representing cash received from clients in advance of contract performance), a decrease in accrued salaries and benefits due to an employee pay day coinciding with the last day of the fiscal year, and a decrease in accrued expenses.

Management's discussion and analysis of financial condition and results of operations

Our cash flow used in investing activities relates primarily to acquisitions. Investing activities used cash of \$2.1 million, \$0.2 million and \$38.8 million in 2003, 2004 and 2005, respectively. The \$38.8 million in cash used in investing activities for 2005, compared to \$0.2 million of cash used in investing activities in 2004, was primarily due to the \$38.6 million used for the Synergy and Caliber acquisitions.

Our cash flow from financing activities consists primarily of proceeds from and payments on our credit facilities. Financing activities used cash of \$9.0 million and \$3.8 million in 2003 and 2004, respectively, and provided cash of \$36.3 million in 2005. For 2005, \$36.3 million of cash flow from financing activities reflected payments of \$21.8 million on our credit facilities and borrowings of \$61.7 million. The \$3.8 million used in financing activities for 2004 was primarily due to payments made under our credit facilities.

Credit agreement

In October 2005, in connection with the Caliber acquisition, we entered into an amended and restated credit agreement with a syndicate of banks. This agreement currently provides for three credit facilities:

- Ø a revolving line of credit for up to the lesser of \$45 million or a borrowing base comprised of eligible billed receivables, maturing in October 2010, that bears interest at either the U.S. prime rate plus a margin or LIBOR plus a spread, with both the margin and the spread depending on our total leverage and with interest payable monthly;
- Ø a term loan facility for \$22 million, maturing in October 2010, that also bears interest at the U.S. prime rate plus a margin or LIBOR plus a spread, with both the margin and the spread depending on our total leverage and with principal and interest payable in monthly installments; and
- Ø a short-term loan facility, or time loan, for \$8 million, maturing in January 2007, that bears interest at a rate 0.50% above that of the term loan, with interest payable monthly, with six monthly principal payments of \$333,334 commencing July 1, 2006, and with the balance due in January 2007.

On March 14, 2006 our lenders agreed to an amendment to the credit agreement to provide us with a temporary increase in our borrowing base so that it equals \$6 million plus eligible receivables through June 30, 2006 and equals \$4 million plus eligible receivables through August 31, 2006, in each case not to exceed the total revolving credit facility of \$45 million.

The outstanding borrowings are collateralized by a security interest in substantially all of our assets. Our credit agreement requires that we meet certain financial covenants, including a fixed charge coverage ratio, maximum leverage ratios (including total debt divided by an EBITDA-based measure), a limitation on capital expenditures, and a prohibition on net operating losses. We were in compliance with these financial covenants as of December 31, 2005.

In November 2005, we entered into an interest rate swap agreement as a partial hedge against interest rate fluctuations on approximately \$15 million. The effect of the agreement was to establish a fixed LIBOR rate of 5.11% on that amount.

For 2003, 2004 and 2005, our net interest expense was approximately \$3.1 million, \$1.3 million and \$3.0 million, respectively.

We plan to use up to \$ million of the net proceeds of this offering to repay in full our term loan facilities with the balance of the net proceeds being applied to make \$2.7 million of one-time bonus payments to employees (see "Management-Employment, Severance and Restricted Stock Agreements" for a description of these incentive payments) and reduce our borrowings under our revolving line of credit. We expect to enter into new credit facilities after the completion of this offering that will finance working capital needs and provide capacity for future acquisitions.

Management's discussion and analysis of financial condition and results of operations

The following table summarizes the amounts available and outstanding under our credit facilities as of December 31, 2004 and 2005. This table does not include a note payable to our former owner of approximately \$6.4 million that was outstanding as of December 31, 2004 and that was repaid in full during 2005.

	As of December 31,	
	2004	2005
	(In thousands)	
Capacity (line of credit)	\$28,000	\$45,000
Capacity (term loans)	6,353	29,634
Availability (line of credit)	20,102	37,518
Availability (term loans)	6,353	29,634
Amount outstanding (line of credit) ⁽¹⁾	8,965	32,019
Amount outstanding (term loans)	6,353	29,634
Unused availability (line of credit)	11,137	5,499
Unused availability (term loans)	—	—
Interest rate on line of credit	5.25%	7.25%

(1) Includes letters of credit.

Off-balance sheet arrangements

We do not have any off-balance sheet arrangements.

Contractual obligations

The following table summarizes our contractual obligations as of December 31, 2005 that require us to make future cash payments.

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Facility A/Swing Line	\$ —	\$ —	\$31,338	\$ —	\$ 31,338
Term loan	4,767	8,800	8,067	—	21,634
Time loan	2,000	6,000	—	—	8,000
Rent of facilities	9,535	16,456	15,161	15,892	57,044
Operating lease obligations	1,214	1,627	431	—	3,272
Purchase obligations	1,162	440	—	—	1,602
Other long-term liabilities	—	598	—	—	598
Total	\$ 18,678	\$33,921	\$54,997	\$ 15,892	\$ 123,488

DESCRIPTION OF CRITICAL ACCOUNTING POLICIES

The preparation of our financial statements in accordance with accounting principles generally accepted in the United States of America requires that we make estimates and judgments that affect the reported amount of assets, liabilities, revenue and expenses, as well as the disclosure of contingent assets and liabilities. If any of these estimates or judgments proves to be incorrect, our reported results could be materially affected. Actual results may differ significantly from our estimates under different assumptions or conditions. We believe that the estimates, assumptions and judgments involved in the accounting practices described below have the greatest potential impact on our financial statements and therefore consider them to be critical accounting policies.

Management's discussion and analysis of financial condition and results of operations

Revenue recognition

We recognize revenue when persuasive evidence of an arrangement exists, services have been rendered, the contract price is fixed or determinable, and collectibility is reasonably assured. We enter into contracts that are either time-and-materials contracts, cost-based contracts or fixed-price contracts.

Time-and-Materials Contracts. Revenue under time-and-materials contracts is recognized as costs are incurred. Revenue for time-and-materials contracts is recorded on the basis of allowable labor hours worked multiplied by the contract-defined billing rates, plus the costs of other items used in the performance of the contract. Profit and losses on time-and-materials contracts result from the difference between the cost of services performed and the contract-defined billing rates for these services.

Cost-Based Contracts. Revenue under cost-based contracts is recognized as costs are incurred. Applicable estimated profit, if any, is included in earnings in the proportion that incurred costs bear to total estimated costs. Incentives, award fees, or penalties related to performance are also considered in estimating revenue and profit rates based on actual and anticipated awards.

Fixed-Price Contracts. Revenue for fixed-price contracts is recognized when earned, generally as work is performed in accordance with the provisions of the Commission's Staff Accounting Bulletin No. 104, "Revenue Recognition." Services performed vary from contract to contract and are not uniformly performed over the term of the arrangement. Revenue on most fixed-price contracts is recorded each period based on contract costs incurred to date compared with total estimated costs at completion (cost-to-cost method). Performance is based on the ratio of costs incurred to total estimated costs where the costs incurred represent a reasonable surrogate for output measures of contract performance, including the presentation of deliverables to the client. Progress on a contract is matched against project costs and costs to complete on a periodic basis. Clients are obligated to pay as services are performed, and in the event that a client cancels the contract, payment for services performed through the date of cancellation is negotiated with the client. Revenue under certain fixed-price contracts is recognized ratably over the period benefited.

Revenue recognition requires us to use judgment relative to assessing risks, estimating contract revenue and costs, and making assumptions for schedule and technical issues. Due to the size and nature of many of our contracts, the estimation of revenue and cost at completion can be complicated and is subject to many variables. Contract costs include labor, subcontracting costs and other direct costs, as well as allocation of allowable indirect costs. We must also make assumptions regarding the length of time to complete the contract because costs also include expected increases in wages, prices for subcontractors and other direct costs. From time to time, facts develop that require us to revise our estimated total costs and revenue on a contract. To the extent that a revised estimate affects contract profit or revenue previously recognized, we record the cumulative effect of the revision in the period in which the facts requiring the revision become known. Provision for the full amount of an anticipated loss on any type of contract is recognized in the period in which it becomes probable and can be reasonably estimated. As a result, operating results could be affected by revisions to prior accounting estimates.

We generate invoices to clients in accordance with the terms of the applicable contract, which may not be directly related to the performance of services. Unbilled receivables are invoiced based upon the achievement of specific events as defined by each contract including deliverables, timetables and incurrence of certain costs. Unbilled receivables are classified as a current asset. Advanced billings to clients in excess of revenue earned are recorded as deferred revenue until the revenue recognition criteria are met. Reimbursements of out-of-pocket expenses are included in revenue with corresponding costs incurred by us included in cost of revenue. We grant credit primarily to large companies and government agencies and occasionally perform credit evaluations of our clients' financial condition. We do not generally require collateral. Credit losses relating to clients generally have been within management's expectations.

Management's discussion and analysis of financial condition and results of operations

From time to time, we may proceed with work based on client direction prior to the completion and signing of formal contract documents. We have a formal review process for approving any such work. Revenue associated with such work is recognized only when it can reliably be estimated and realization is probable. We base our estimates on a variety of factors, including previous experiences with the client, communications with the client regarding funding status, and our knowledge of available funding for the contract.

Goodwill and the amortization of intangible assets

Costs in excess of the fair value of tangible and identifiable intangible assets acquired and liabilities assumed in a business combination are recorded as goodwill, in accordance with Statement of Financial Accounting Standards (SFAS) 141, *Business Combinations*. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead reviewed annually (or more frequently if impairment indicators arise) for impairment in accordance with the provisions of SFAS 142 *Goodwill and Other Intangible Assets*. SFAS 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS 144, *Accounting for Impairment or Disposal of Long-lived Assets*.

We have elected to perform the annual goodwill impairment review on September 30 of each year. Based upon management's review, including a valuation report issued by an investment bank, we determined that no goodwill impairment charge was required for 2003, 2004 or 2005.

We follow the provisions of SFAS 144 in accounting for impairment or disposal of long-lived assets. SFAS 144 requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset might not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flow expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less cost to sell.

SIGNIFICANT NEW ACCOUNTING PRONOUNCEMENT

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS 123 (revised 2004), *Share-Based Payment* (SFAS 123(R)), which is a revision of SFAS 123, *Accounting for Stock-Based Compensation*. SFAS 123(R) supersedes APB 25, and amends SFAS 95, *Statement of Cash Flows*.

SFAS 123(R) was effective for non-public companies in the first fiscal year beginning after December 15, 2005. Early adoption will be permitted in periods in which financial statements have not yet been issued. We adopted SFAS 123(R) effective January 1, 2006. SFAS 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values (i.e., pro forma disclosure is no longer an alternative to financial statement recognition). Non-public entities that did not use the fair-value-based method of accounting are required to apply the prospective transition method of accounting under SFAS 123(R) as of the required effective date. Under the prospective method, a non-public entity accounting for its equity-based awards using the intrinsic-value method under APB 25 would continue to apply APB 25 in future periods to awards outstanding at the date they adopt SFAS 123(R). All awards granted, modified, or settled after the date of adoption would be accounted for using the measurement, recognition and attribution provisions of SFAS 123(R). Should we make share-based awards consistent with historical levels, the adoption of SFAS 123(R) will have a material impact on our financial statements.

Management's discussion and analysis of financial condition and results of operations

Based on the initial public offering price of \$ per share, the intrinsic value of options outstanding at , 2006 was \$ million, of which \$ million related to vested options and \$ million related to unvested options.

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

In addition to the risks involved in our operations, we are exposed to interest rate and foreign exchange rate risks.

Our exposure to interest rate risk relates primarily to changes in interest rates for borrowings under our revolving credit agreement and our term loans. These borrowings accrue interest at variable rates. Based upon our borrowings under these facilities at the end of 2005 and without giving effect to the swap agreement we entered into in 2005, a hypothetical one hundred basis point increase in interest rates we pay on those borrowings would increase our annual interest expense by approximately \$0.6 million.

Because of the size and nature of our international operations, we are not currently exposed to substantial risks relating to exchange rate fluctuations. As our mix of business changes in the future, however, this exposure could become material.

Business

COMPANY OVERVIEW

We provide management, technology and policy consulting and implementation services primarily to the U.S. federal government, as well as to other government, commercial and international clients. We help our clients conceive, develop, implement and improve solutions that address complex economic, social and national security issues. Our services primarily address four key markets: defense and homeland security; energy; environment and infrastructure; and health, human services and social programs. Increased government involvement in virtually all aspects of our lives has created opportunities for us to resolve issues at the intersection of the public and private sectors. We believe that demand for our services will continue to grow as government, industry and other stakeholders seek to understand and respond to geopolitical and demographic changes, budgetary constraints, heightened environmental and social concerns, rapid technological changes and increasing globalization.

Our federal government, state and local government, commercial and international clients utilize our services because we combine diverse institutional knowledge and experience in their activities with the deep subject matter expertise of our highly educated staff, which we deploy in multi-disciplinary teams. Our federal government clients include every cabinet-level department, including the Department of Defense, the Environmental Protection Agency, the Department of Homeland Security, the Department of Transportation, the Department of Health and Human Services, the Department of Housing and Urban Development, the Department of Justice and the Department of Energy. U.S. federal government clients generated 72% of our revenue in 2005. Our state and local government clients include the states of California, Massachusetts, New York and Pennsylvania. State and local government clients generated 9% of our revenue in 2005. We also serve commercial and international clients, primarily in the energy sector, including electric and gas utilities, oil companies and law firms. Our commercial and international clients generated 19% of our revenue in 2005. We have successfully worked with many of these clients for decades, providing us a unique and knowledgeable perspective on their needs.

We partner with our clients to solve complex problems and produce mission-critical results. Across our markets, we provide end-to-end services that deliver value throughout the entire life of a policy, program, project or initiative:

- Ø **Advisory Services.** We help our clients analyze the policy, regulatory, technology and other challenges facing them and develop strategies and plans for responding. Our advisory and management consulting services include needs and markets assessment, policy analysis, strategy and concept development, change management strategy, enterprise architecture and program design.
- Ø **Implementation Services.** We implement and manage technological, organizational and management solutions for our clients, often based on the results of our advisory services. Our implementation services include information technology solutions, project and program management, project delivery, strategic communications and training.
- Ø **Evaluation and Improvement Services.** In support of advisory and implementation services, we provide evaluation and improvement services to help our clients increase the future efficiency and effectiveness of their programs. These services include program evaluation, continuous improvement initiatives, performance management, benchmarking and return-on-investment analyses.

We provide our services using multi-disciplinary teams with deep subject matter expertise, highly analytical methodologies and technology-enabled tools. We have more than 1,600 employees, including many who are recognized thought leaders in their respective fields. As of December 31, 2005, almost 50% of our professional staff held post-graduate degrees in diverse fields such as economics, engineering, business administration, information technology, law, life sciences and public policy. Over 300 of our

Business

employees hold a U.S. federal government security clearance. Our senior managers have extensive industry and project management experience and an average tenure of 14 years with our company. This diverse pool of intellectual capital enables us to assemble multi-disciplinary teams that can provide creative solutions to our clients' most pressing problems.

We serve clients globally from our headquarters in the metropolitan Washington, D.C. area, our 15 domestic regional offices throughout the United States and our five international offices in London, Moscow, New Delhi, Rio de Janeiro and Toronto.

We generated revenue of \$177.2 million in 2005. As of December 31, 2005, our total backlog was \$226.8 million, of which funded backlog was \$133.0 million. See “—Contract Backlog” for a discussion of how we calculate backlog.

MARKET OPPORTUNITY

An increasing number of complex, long-term factors are changing the way we live and the way in which government and industry must operate and interact. These factors include terrorism and changing national security priorities, increasing federal budget deficits, the need for emergency preparedness in response to natural disasters and threats to national security, rising energy demand, global climate change, aging infrastructure, environmental degradation and an aging population and federal civilian workforce. The federal government and other governments react to these factors by evaluating, adopting and implementing new policies, which drive governmental spending and the regulatory environment affecting industry. Industry, in turn, must adapt to this government involvement by realigning strategic direction, formulating plans for responding and modifying business processes. Both the reaction by governments to these factors and the resulting impact on industry create opportunities for professional service firms that are expert in addressing issues at the intersection of the public and private sectors.

Within the U.S. federal government, continuing budget deficits are forcing government departments and agencies to transform in order to provide more services with fewer resources. In addition, an aging workforce is retiring in large numbers from the federal government, resulting in diminished institutional knowledge and ability to perform services. This combination of forces provides opportunities for professional services firms with deep experience and expertise in the issues facing government and the ability to deliver innovative and transformational approaches to those issues. Further, these capabilities need to be combined seamlessly with strong information technology and other implementation skills. Government at every level recognizes the importance of information technology in fulfilling policy mandates, and there is increasing awareness among key government decision makers that, to be effective, technology solutions need to be properly integrated with the affected people and processes.

Defense and homeland security

The U.S. Department of Defense (DoD) is undergoing major transformations in its approach to strategies, processes, organizational structures and business practices due to several complex, long-term factors. These factors include the changing nature of global security threats and enemies, the implications of the information age, the community and family issues associated with globally deployed armed forces, and the continued loss of professional capabilities in the military and senior civilian workforce through retirement. Other factors include the increasing complexity of war-fighting strategies, the need for real-time information sharing and logistics modernization, network-centric warfare requirements and the global nature of combat arenas. DoD is also grappling with domestic and international disaster relief requirements while it fights a global war on terrorism.

Business

Professional services firms that understand the strategic context of defense transformation and DoD's mission objectives while providing a wide range of services, such as policy analysis, information technology-enabled solutions and outsourced implementations, should see increased demand for their services. The need for rapid deployment and management of armed forces anywhere around the globe requires concept, policy and technology innovation in the fields of logistics management, operational support, and command and control. Demand is increasing to support military organizations and program offices as senior civilians retire and military personnel remain focused on war-fighting efforts. With families and communities experiencing longer troop deployments, we believe the global war on terror will increase demand for professional services firms in the area of social services to military personnel and their families

Similarly, homeland security programs continue to drive budgetary growth at the federal level and are also increasing funding for state and local budgets. Over the last few years, homeland security concerns have broadened to include areas such as health, food, energy, water and transportation safety and involve all levels of government and the private sector. For example, in the aftermath of Hurricane Katrina, government policy makers are reassessing the emergency management function of homeland security in order to refocus spending and support to respond to natural disasters. The increased dependence upon private sector personnel and organizations as first responders also requires a keen understanding of the diversity and relationships among various stakeholders involved in homeland security.

This complex environment of urgent needs and public scrutiny necessitates consulting support from firms that understand the interaction among government policies, implementation requirements and public sentiment. Developing and implementing systems to improve communications, logistics planning, information sharing and organizational effectiveness provide further opportunities for additional advisory and implementation services.

Finally, significant opportunities lie at the intersection of defense and homeland security. We believe the strengthened ties among traditional defense requirements, homeland security support, and disaster preparedness, response and recovery create significant demands for professional services. We believe that a major emphasis will be in the areas of strategy, policy, planning, execution and logistics and that companies possessing deep domain expertise across these disciplines will be well positioned to partner with DoD, the U.S. Department of Homeland Security (DHS), and state and local governments.

Energy

Significant factors affecting suppliers, users and regulators of energy are driving private sector demand for professional services firms with expertise in this market. According to the International Energy Agency, world energy demand is expected to grow by 50% from 2004 to 2030. As a result, the global energy industry has estimated that approximately \$17 trillion in capital will be required from 2004 to 2030 to build sufficient energy infrastructure to meet the increased demand. At the same time, oil and gas supplies have become increasingly constrained, partly due to the need to source from politically sensitive or physically challenging regions. Moreover, most industrialized countries are undergoing deregulation of electric and gas utilities in order to stimulate competition at the generation, transmission and retail levels. These factors, together with the continual search for alternative fuels, are driving profound and long-term restructuring in the energy industry.

In addition, with evidence mounting that sea levels are rising and climate volatility is increasing at a rapid pace, reducing or offsetting greenhouse gas emissions is becoming a critical element of energy industry strategy, resulting in the development of additional regulations for curbing emissions that

Business

significantly affect energy industry operations. Entirely new markets are being created in response to problems associated with emissions, such as emissions trading. Although the regulatory landscape in this area is still evolving, the need to address carbon and other harmful emissions has significantly changed the way in which the world's governments and industries interact.

Consumers of energy are also reacting to deregulating energy markets, increasing environmental constraints and rising costs. Pressure is increasing to manage demand through energy efficiency programs, demand response and peak load management. Government programs and public-private partnerships are becoming more prevalent, pursuing sometimes overlapping and conflicting goals, such as reducing national dependence on foreign energy sources, limiting the growth of domestic power generation and the resultant pollutants, and reducing electricity and gas costs for businesses and consumers.

We believe there will be significant opportunities for professional services firms that combine industry expertise in complex, interdependent energy systems with deep knowledge of the economic, scientific and regulatory factors that influence those systems. In particular, for energy producers and other energy suppliers, these changes have increased the need for advisory and implementation services to support regulatory developments, power and transmission market assessments, capacity expansions and corporate restructurings, acquisitions and divestitures.

Environment and infrastructure

A growing awareness of, and concern about, the effects of global warming, continued environmental degradation and depletion of key natural resources has increased demand for professional services that address these environmental issues. Furthermore, natural disasters, such as Hurricane Katrina, have underscored the importance of long-term stewardship, while environmental reviews of new facilities for energy refining, delivery and transportation have become increasingly complex. Solutions to these environmental issues need to integrate an understanding of evolving regulations, demands for improved infrastructure and economic incentives while providing equitable treatment of the various constituents involved in the political discourse related to these solutions. As a result, we anticipate continued demand for professional services firms that understand the complex relationships between these issues and can help reconcile the often competing concerns of different government and industry stakeholders. We believe that firms with these strengths are best positioned to help governments with developing and implementing effective public policies and programs and to assist commercial entities with responding to these policies and programs.

Environmental and public health services are also needed to help decision makers keep pace with advances in science while developing public policies that are protective but not unduly restrictive. The private sector is anxious to bring new products to the market, including new pesticides and food additives, while product developers and regulators must perform human health and ecological risk assessments to ensure product safety. Product developers and regulators therefore must evaluate the environmental and public health tradeoffs of alternative materials used in manufacturing and new approaches for controlling air and water pollution. In addition, public policy priorities often create tremendous development pressures that present significant environmental challenges. For example, new energy demands foster the development of additional liquefied natural gas facilities and associated pipelines, as well as uranium enrichment and nuclear power facilities. Moreover, additional transportation infrastructure is required to meet needs for defense logistics, freight movements and nuclear waste disposal. All of these pressures contribute to growing demand for firms with capabilities in environment and infrastructure.

Business

Important parts of the transportation infrastructure of the United States have suffered from under-investment for decades. The resurgence of city centers and the rapid growth of international trade have put tremendous pressure on access points and exits around our major urban and port areas. The U.S. Department of Transportation (DOT) has estimated that our highway, bridge and transit infrastructure will require approximately \$90 billion of annual investment through 2020 to maintain current operating conditions and that an additional \$36 billion in annual investment will be required during the same period to make planned improvements and capacity expansions. Both the public and private sectors will need assistance from experienced professional services firms that understand the economic, social and environmental implications of the options available to upgrade the transportation infrastructure.

Health, human services and social programs

A confluence of long-term factors is expected to drive increased public spending on health, human services and social programs, despite budgetary pressures. U.S. Social Security and Medicare trustees project a major rise in the percentage of the population age 65 and older from 12% today to 18% in 2025, placing significant burdens on a variety of public programs. Other major factors adding to pressure for more program support include continued immigration, increased military personnel returning home with health and social service needs, increased population growth at the lowest income levels, and the rising cost of healthcare. In addition, demand is growing for professional services that plan for and respond to the health and social consequences of threats from terrorism, natural disasters and epidemics.

We believe the resulting growth in demand for program services in this era of budget deficits will require agencies at all levels of government to utilize professional services firms with diverse expertise across social program areas. These areas include designing and enhancing programs to meet new threats, determining the effectiveness of programs, re-engineering current programs to increase efficiency, providing the required management and technical resources to support underlying knowledge management, training and technical assistance, and managing widely dispersed people and information. In addition, we expect that government will consolidate services with professional services firms with expertise across multiple social program areas in order to take advantage of best practices and extract additional efficiencies.

COMPETITIVE STRENGTHS

We possess the following key business strengths:

We have a highly educated professional staff with deep subject matter knowledge.

We possess strong intellectual capital that provides us deep understanding of policies, processes and programs at the intersection of the public and private sectors. Our thought leadership is based on years of training, experience and education. Our clients are able to draw on the in-depth knowledge of our subject matter experts and our corporate experience developed over decades of providing advisory services. As of December 31, 2005, almost 50% of our professional staff held post-graduate degrees in diverse fields such as economics, engineering, business administration, information technology, law, life sciences and public policy. These qualifications, and the complementary nature of our markets, enable us to deploy multi-disciplinary teams able to identify, develop and implement solutions that are creative, pragmatic and tailored to our clients' specific needs.

Business

We believe our diverse range of markets, services and projects provides a stimulating work environment for our employees and enhances their professional development. The use of multi-disciplinary teams provides our staff the opportunity to develop and refine common skills required in many types of engagements. Our approach to managing human resources fosters collaboration and significant cross-utilization of the skills and experience of both industry experts and personnel who can bring creative solutions drawing upon their experiences in different markets. The types of services we provide, and the manner in which we do so, enable us to attract and retain talented professionals from a variety of backgrounds while maintaining a culture that fosters teamwork and excellence.

We have long-standing relationships with our clients.

We have a successful record of fulfilling our clients' needs, as demonstrated by our continued long-term client relationships. We have numerous contacts at various levels within our clients' organizations, ranging from key decision makers to functional managers. We have advised the U.S. Environmental Protection Agency (EPA) and DoD for more than 30 years, the U.S. Department of Energy for over 25 years and have multi-year relationships with many of our other clients. Such extensive experience, together with increasing on-site presence and prime contractor position on a substantial majority of our contracts, gives us clearer visibility into future opportunities and emerging requirements. In addition, over 300 of our employees hold a U.S. federal government security clearance, which affords us client access at appropriate levels and further strengthens our relationships. Our balance between defense and civilian agencies, our commercial presence and the diversity of the markets we serve mitigate the impact of annual shifts in our clients' budgets and priorities.

Our advisory services position us to capture a full range of engagements.

We believe our advisory approach, which is based on deep subject matter expertise and understanding of our clients' requirements and objectives, is a significant competitive differentiator that helps us gain access to key client decision makers during the initial phases of a policy, program, project or initiative. We use this expertise and understanding to formulate customized recommendations for our government and commercial clients. Because of our role in formulating initial recommendations, we are often well positioned to capture the implementation services that often result from our recommendations. Implementation services, in turn, allow us to hone our understanding of the client's requirements and objectives as they evolve over time. We use this understanding to provide evaluation and improvement services that maintain the relevance of our recommendations. In this manner, we believe we are able to offer end-to-end services across the entire life cycle of a particular policy, program, project or initiative.

Our technology solutions are driven by our deep subject matter expertise.

We possess strong knowledge in information technology and a deep understanding of human and organizational processes. This combination of skills allows us to deliver technology-enabled solutions tailored to our clients' business and organizational needs. There is increasing awareness among government and commercial decision makers that, to be effective, technology solutions need to be seamlessly integrated with people and processes. An example of such a technology-enabled solution that we have developed is CommentWorks, a web-based tool that enables federal government agencies to collect and process public comments in connection with rulemaking or other activities.

Our proprietary analytics and methods allow us to deliver superior solutions to clients.

We believe our innovative, and often proprietary, analytics and methods are key competitive differentiators because they improve our credibility with prospective clients, enhance our ability to deliver customized solutions and enable us to deliver services in a more cost-effective manner than our

Business

competitors. We have developed industry standard energy and environmental models such as IPM (Integrated Planning Model) and UAM (Urban Airshed Model), which are used by governments and commercial entities around the world for energy planning and air quality analyses, respectively. The scientific validity of UAM has been recognized in decisions by U.S. federal courts, including the Supreme Court, which supports use of these models by our government clients in their official administrative processes. In addition, we have developed a suite of proprietary climate change tools to help the private sector develop strategies for complying with greenhouse gas emission reduction requirements, including the K-PRISM project risk evaluation system and the International Carbon Pricing Tool. We also maintain proprietary databases that we continually refine and that are available to be incorporated quickly into our analyses on client engagements. In addition, we use proprietary project management methodologies that we believe help reduce process related risk, improve delivery, contain costs and help meet our clients' tight timetables. We have won numerous awards for the quality of our technical work.

We are led by an experienced management team.

Our senior management team possesses extensive industry experience and has an average tenure of 14 years with our company. Our managers are experienced not only in generating business, but also in successfully managing and executing advisory and implementation assignments. For example, one of our senior managers served for 20 years on the New York City Fire Department and later as Federal Emergency Management Agency (FEMA) Operations Chief at Ground Zero. Our management team also has experience in acquiring other businesses and integrating their operations with our own. A number of our managers are industry-recognized thought leaders. For example, one of our senior managers was named last year to Project Management Institute's "Power 50," which recognized forward-thinking strategic leaders. Our management's successful past performance and deep understanding of our clients' needs have been key differentiating factors in competitive situations.

STRATEGY

Our strategy to increase our revenue, grow our company and increase stockholder value involves the following key elements:

Strengthen our end-to-end service offerings

We plan to leverage our advisory services and strong client relationships to increase our revenue from implementation services, which include information technology solutions, project and program management, project delivery, strategic communications and training. Currently, we generate most of our revenue from advisory services, with the remainder coming from implementation and evaluation and improvement services. We believe our advisory services provide us with insight and understanding of our clients' missions and goals and, as a result, position us to capture a greater portion of the implementation engagements that directly result from our advisory services. Expanding our client engagements into implementation and evaluation and improvement services will increase the scale, scope and duration of our contracts and thus accelerate our growth.

Grow our client base and increase scope of services provided to existing clients

We intend to grow our client base, while maintaining strong relationships with our current clients, by expanding our geographic presence domestically in the United States and internationally. Within the United States, we plan to increase our presence at key government client sites. Our strong record of past performance with government clients, highly skilled multi-disciplinary teams and growing information technology implementation capabilities should facilitate this expansion. We also intend to take advantage of the growing need for our advisory services in Europe, Asia and Latin America through our existing offices in these regions. Expansion of our advisory services in these markets will help increase our client

Business

relationships and set the stage for us to expand into implementation and improvement services. In addition, we intend to invest in development and marketing initiatives in order to strengthen our brand recognition among potential clients. We intend to focus on additional opportunities in our existing client base by increasing the scope of our services, such as by identifying and offering clients new skill sets and implementation and improvement services that complement ongoing advisory services.

Expand into additional markets at the intersection of the public and private sectors

We have a strong record of providing services that address complex issues at the intersection of the public and private sectors. We believe there are additional opportunities for us to expand into other markets that are impacted by government involvement. In the next three to five years, we expect key markets for these opportunities to include education, social and criminal justice and veterans' affairs. Although we believe we are well qualified to serve these additional markets, we have not yet fully capitalized on these additional opportunities and have only limited presence in these markets.

Focus on high margin projects

We plan to pursue higher margin commercial energy projects and continue to shift our government contract base to increase margins. We view the energy industry as a particularly attractive market for us over the next decade, and we have strong global client relationships in this market. Historically, our margins on engagements in this market have been higher than those in our government business. We believe the size and scope of these assignments will grow in the future due to the major changes facing the energy industry. In addition, we will continue our efforts in government markets to shift our contract mix from cost-based contracts toward fixed-price contracts and time-and-materials contracts, both of which, in our experience, typically offer higher margins.

Capitalize on operating leverage

We have built a corporate infrastructure and internal systems that we believe are readily scalable and can accommodate significant growth without a proportionate increase in expense. We have invested significant time and resources in developing our accounting and financial systems and our information technology infrastructure. As our revenue base grows, we expect to realize operating leverage by spreading the costs associated with these investments over a larger revenue base, which would increase our operating margins. In addition, we intend to pursue larger prime contract opportunities, which should provide a greater return on our business development efforts and allow for enhanced employee utilization. Also, in an effort to reduce costs and access global talent, we are utilizing resources in India for our commercial work, including energy modeling, and intend to further utilize offshore resources where appropriate.

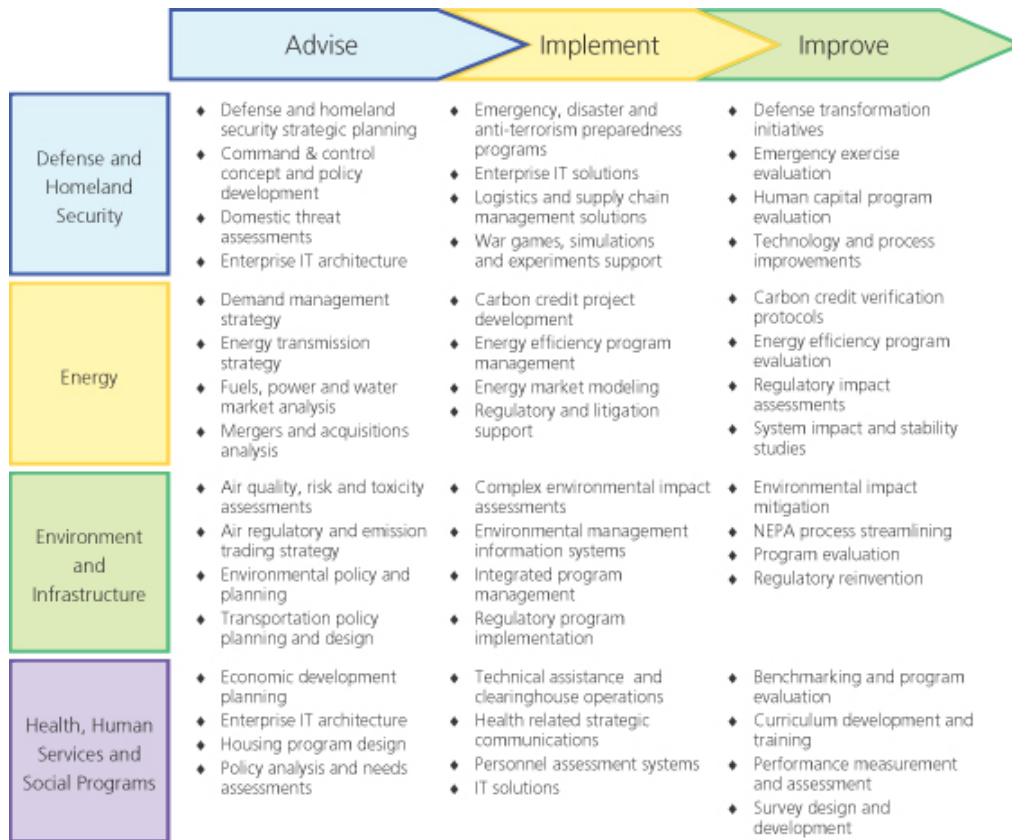
Pursue strategic acquisitions

We plan to augment our organic growth with selected acquisitions. During the past five years, we have acquired and integrated several businesses, including two of Arthur D. Little's consulting units in May 2002, Synergy, Inc. in January 2005 and Caliber Associates, Inc. in October 2005. We plan to continue a disciplined acquisition strategy to obtain new customers, increase our size and market presence and obtain capabilities that complement our existing portfolio of services, while focusing on cultural compatibility and financial impact.

Business

SERVICES AND SOLUTIONS

We offer a broad and diverse set of services and solutions within our four key markets: defense and homeland security; energy; environment and infrastructure; and health, human services and social programs. We seek to provide end-to-end services that deliver value throughout the entire life of a policy, program, project or initiative. The following chart provides an overview of our end-to-end services and solutions in our four key markets.



Defense and homeland security

We support DoD by providing high-end strategic planning, analysis and technology solutions in the areas of logistics management, operational support and command and control. We also provide strong capabilities to the defense sector in environmental management, human capital assessment, military community research and technology-enabled solutions. In the area of homeland security, we provide services to federal, state and local government clients to prevent, prepare for, respond to and recover from natural disasters, technological failures and terrorist attacks. We are a national leader in critical infrastructure protection and are currently leading two efforts for DHS’s Preparedness Directorate in its Infrastructure Protection Division. We also manage the national program to test emergency preparedness at the federal, state, local and private sector levels in communities adjacent to nuclear power facilities.

Business

The following is a representative list of our clients in this market for 2005.

- | | |
|-------------------------------|--|
| ∅ U.S. Department of Defense | ∅ U.S. Department of Homeland Security |
| ∅ Air Force | ∅ Federal Emergency Management Agency |
| ∅ Army | ∅ Secret Service |
| ∅ Navy | ∅ Transportation Security Administration |
| | ∅ Directorate for Science & Technology |
| ∅ Commonwealth of Puerto Rico | ∅ Citizenship & Immigration Services |
| ∅ State of Nebraska | ∅ Directorate for Preparedness |
| | ∅ Coast Guard |

Some of our representative client engagements in the defense and homeland security market are described below.

Network Centric Logistics — Office of the Secretary of Defense, Office of Force Transformation (OSD/OFT)

In support of OSD/OFT's efforts to leverage information technology to transform the U.S. military from disparate, isolated units into a well-coordinated, highly responsive and networked organization, we were retained to design, develop and implement a network-centric defense logistics solution. We utilized our expertise in strategy and concept development, research and analysis, and our in-depth understanding of logistics and the emerging complexities of modern warfare, to assist OSD/OFT with this web-based prototype solution. This system is designed to be linked to various information technology networks and provides real-time integration of information from the military's logistics, operations and intelligence groups. This integrated capability is a source of operational advantage and a force multiplier.

E-Procurement System — U.S. Department of Defense

By Congressional mandate, DoD's Joint Electronic Commerce Program Office was required to develop an electronic procurement system allowing military and other authorized government users to order from DoD catalogs. From this mandate emerged EMALL, one of DoD's most widely adopted web-based government procurement applications. Initially, EMALL targeted finished goods and off-the-shelf products, which comprised only a fraction of DoD procurements. In order to allow EMALL to handle more complicated transactions, DoD engaged us to develop more sophisticated functionality by integrating commercial off-the-shelf technology components with customized software. We have enhanced EMALL by enabling secure messaging, competitive pricing and collaborative checkout procedures to help users obtain the best price. We have also developed programs to allow various agencies (such as DHS) and other buyers (such as military bases) to develop their own business rules. Our efforts are responsible, in part, for EMALL's recent exponential growth in sales, from \$13 million in 2003, to over \$500 million in 2005 and projected sales of \$1 billion in 2006. In 2004, EMALL received the David Packard award for Acquisition Excellence, and in 2005, EMALL received the Defense Certificate of Recognition for Acquisition Innovation.

Radiological Emergency Preparedness Program and Offsite Exercises — U.S. Department of Homeland Security

DHS has engaged us to evaluate the ability of state and local governments in regions with nuclear power plants to implement their radiological emergency preparedness and response plans. The Radiological Emergency Preparedness (REP) Program is designed to enhance the ability of all levels of government and

Business

their private sector partners to plan for, prepare for, and respond to, peacetime radiological emergencies, and to ensure that adequate off-site emergency plans are in place and can be implemented successfully. Under this contract, we conduct more than 75 annual exercises and drills, provide access to more than 130 subject matter experts and other evaluators and deliver training. To facilitate managing this complex engagement, we have developed two web-based systems to analyze and track issues and personnel involved in these REP exercises.

National Infrastructure Protection Plan Development — U.S. Department of Homeland Security

In December 2003, the White House directed the Secretary of DHS to lead the federal government in protecting 17 critical infrastructure sectors of the United States, such as transportation, telecommunications and pipeline systems. We were selected by DHS as the lead contractor to coordinate the development of the National Infrastructure Protection Plan. Based on extensive research and interviews with DHS personnel, participating federal agencies and other stakeholders, we developed a framework for collecting information on critical infrastructure and key resources. In addition, this framework can be used in assessing potential asset risks, determining cross-sector impacts and interdependencies and for prioritizing assets based on vulnerabilities, threats and consequences in the development and performance assessment of protective programs.

Energy

We assist energy enterprises and energy consumers worldwide in their efforts to develop, analyze and implement strategies related to their business operations and the interrelationships of those operations with the environment and applicable government regulations. Our clients include integrated energy enterprises, power developers, regulated electricity transmission and distribution companies, unregulated enterprises, municipal power authorities, energy traders and marketers, oil and gas exploration and production companies, gas transmission companies, pipeline developers, local distribution companies, industry associations, investors, financial institutions, law firms and regulators in the United States and throughout the Americas, Europe and Asia. We also support government and commercial clients in designing, implementing and improving effective and innovative demand-side management strategies in a wide range of areas, including energy efficiency and peak load management.

For more than 25 years, we have helped commercial and regulatory clients in the energy sector deal with complex and challenging regulatory and litigation issues. We provide advisory services in asset and contract valuation, rate structure and price analysis, resource planning, market structures and environmental compliance. Our expert testimony and support for scores of litigated cases reinforce our reputation for deep industry knowledge backed by our proprietary analytical models. We are currently providing support and representation in a number of regulatory proceedings, including those at the U.S. Federal Energy Regulatory Commission, the U.S. Department of Justice (DoJ) and the New Jersey Board of Public Utilities (NJBPU).

The following is a representative list of our clients in this market for 2005.

- | | |
|--|----------------------------------|
| ∅ U.S. Department of Energy | ∅ We Energies |
| ∅ U.S. Environmental Protection Agency | ∅ GridFlorida |
| ∅ TXU Energy | ∅ Con Edison Company of New York |
| ∅ Pacific Gas & Electric | ∅ BP Global Power |
| ∅ Cinergy | ∅ Excelsior Energy |
| ∅ CenterPoint Energy | ∅ State of New York |
| ∅ Northeast Utilities | |

Business

Some of our representative client engagements in the energy market are described below.

Support for the ENERGY STAR® Program — U.S. Environmental Protection Agency, Utilities, State Agencies

Since the program's inception in 1992, we have assisted EPA in the design and implementation of ENERGY STAR, one of the best known energy efficiency programs in the world to help government, business, and families save energy. Our roles in the ENERGY STAR program have included analyzing the market potential for energy efficiency in buildings and commercial products, designing incentives to encourage energy efficiency, developing energy use specifications for more than 25 ENERGY STAR products, and developing proprietary tools to map ENERGY STAR home specifications across various national climate zones. On behalf of EPA, we have also conducted extensive outreach to influence the manufacturing and building industries and have promoted energy efficient products and processes to over 2,000 of the top businesses in the U.S.

ENERGY STAR has become the national benchmark for best practices in energy efficiency. As a result of our role in the national ENERGY STAR program, we are now assisting regional and state entities in designing and implementing similar programs. For example, we have worked nationally and locally with a major utility to initiate the ENERGY STAR New Homes Transformation, contributing to the construction of over 500,000 ENERGY STAR homes. In addition, the ENERGY STAR label and tenets are used in other countries and jurisdictions, including the European Union, Australia, Canada, Japan, New Zealand and Taiwan. We have also provided consulting services to Brazil, China, India and Taiwan related to the use of ENERGY STAR concepts in their own energy efficiency labeling programs.

Greenhouse Gas Strategy and Implementation Support — Major Oil & Gas Company

The energy industry accounts for about one-third of the greenhouse gas (GHG) emissions generated by human activities. One of the world's largest oil and gas companies has employed our services as it strives to redefine its future in a carbon-constrained world. In addition to helping this client establish protocols for measuring and managing its GHG emissions, we helped develop an internal GHG trading system designed to increase corporate-wide awareness about the need for, and internal costs of, reducing our client's emissions. We have been engaged to support the client's interests in assessing the value and commercial viability of proposed new power market projects in Europe and Asia based on cleaner fuels such as gas and renewable fuels. More recently, as our client explores new business models that are less reliant on traditional petroleum-based fuels, we have been engaged to identify and evaluate various policy options that could be introduced to reduce GHG emissions throughout the fuel cycle in the transportation sector. As the global energy industry continues to address GHG emissions in various regions, we believe our combined expertise in carbon strategy, emission trading, global energy market analysis, energy efficiency, alternative fuels, and transportation will play an important role.

Power Market Strategy, Regulatory and Litigation Support — Commercial and Regulatory Clients

We work with companies in the power markets in the Americas, Europe and Asia to help them develop strategies that will optimize the value of their existing and proposed assets within continuously evolving regulatory and market frameworks. Our energy market models are used as the basis for decision-making by both commercial and regulatory clients. For example, we have recently been retained by the New Jersey Board of Public Utilities to provide analyses and legal filings and to serve as an expert witness with respect to a large proposed acquisition. Our work involves detailed node-by-node analyses of the power grid affecting the state, assessments of the impact of divesting specific generating units, and recommendations for additional power generation that the combined entity may have to sell to alleviate competition concerns.

Business

Environment and infrastructure

For more than three decades, we have been a leading provider of services for the design, evaluation and implementation of environmental policies and projects across all environmental media — land, air and water. We work with federal, regional and international governments and commercial clients to assess, establish and improve environmental policies using interdisciplinary skills ranging from finance and economics, to the earth and life sciences, to information technology and program management. Because of the wide range of potential environmental impacts of changes in transportation, energy and other types of infrastructure, our in-depth environmental knowledge is often critical to providing comprehensive solutions. In addressing infrastructure issues, however, we go beyond environmental questions to address problems at the nexus of transportation, energy, economic development and the environment. For example, we help shape national freight policy and assess alternatives for reducing urban congestion and pollution. Our solutions are based on skills in transportation planning, urban and land use planning, environmental science, economics, information technology, financial analysis, policy analysis and communications.

The following is a representative list of our clients in this market for 2005.

- | | |
|--|--|
| ∅ U.S. Department of Transportation | ∅ U.S. Postal Service |
| ∅ Federal Aviation Administration | ∅ U.S. Department of Commerce |
| ∅ Federal Highway Administration | ∅ U.S. Department of Interior |
| ∅ U.S. Environmental Protection Agency | ∅ U.S. Federal Trade Commission |
| ∅ U.S. Federal Motor Carrier Safety Administration | ∅ U.S. National Aeronautics and Space Administration |
| ∅ U.S. Nuclear Regulatory Commission | ∅ European Commission |
| ∅ Commonwealth of Pennsylvania | |

Some of our representative client engagements in the environment and infrastructure market are described below.

National Airspace Implementation Support — U.S. Federal Aviation Administration

We have provided over 20 years of support to the U.S. Federal Aviation Administration (FAA) to improve its management, maximize return on its capital investments, and mitigate the risks in investment outcomes. We provide a wide variety of on-site management services, including:

- ∅ design and implementation of an agency-wide portfolio management framework that has improved capital investment planning and management processes;
- ∅ support to FAA Integrated Project Teams in their tailored implementation of program management processes, tools and techniques;
- ∅ curriculum development and training on acquisition management and program management;
- ∅ analyses of identified deficiencies and technology enhancement opportunities in air traffic control information technology systems;
- ∅ business process re-engineering for human resource, civil rights reporting and investment management processes; and
- ∅ assistance in developing the FAA's Acquisition Management System, one of the first such systems in government exempt from the Federal Acquisition Regulation.

Business

Market-Based Air Emission Control Programs — U.S. Environmental Protection Agency

EPA's Clean Air Markets Division (CAMD) was established to use the successful market-based approach to utility regulation pioneered in the Title IV Acid Rain Program on new pollutants and sources. We have supported EPA's Clean Air programs since the 1970s through our deep knowledge of the regulated industries, their market relationships and the technologies they use for generating power and reducing emissions. This knowledge is vital in supporting CAMD's innovative market-based programs, which leave many compliance decisions to the affected industries. A critical dimension of our support is collecting industry knowledge in a detailed and sophisticated industry database that drives our proprietary Integrated Planning Model (IPM), which simulates the activities of the entire North American power industry. This approach allows us to provide detailed cost and air quality analyses of responses to emission cap and trade proposals and other air emissions requirements. These model runs form the core of the Regulatory Impact Analyses that EPA and the U.S. Office of Management and Budget require for program implementation.

Environmental Assessment of Permitting Mexican Carriers to Operate in the United States — U.S. Department of Transportation

The North American Free Trade Agreement requires that Mexican trucks and buses be permitted to operate in the United States beyond established commercial border zones. The U.S. Federal Motor Carrier Safety Administration (FMCSA) of the U.S. Department of Transportation (DOT) retained us to analyze air pollution, noise, safety, and other impacts of Mexican vehicles on U.S. highways. We applied firm-wide expertise in transportation, environmental assessment, commodity flow, traffic and air quality modeling, and stakeholder outreach to perform the required analyses, provide advisory services to FMCSA, conduct public hearings to reach out to stakeholders and carry out the required filings during an expedited environmental impact review schedule. We developed a system to estimate the likely movement of trucks throughout the United States, determine appropriate emissions factors and estimate emissions effects in every air quality non-attainment and maintenance area in the country under a variety of scenarios.

Environmental Safety and Occupational Health Support — U.S. Missile Defense Agency

For the last five years, we have been supporting the efforts of the Civil Engineering and Environmental Management Division within the U.S. Missile Defense Agency (MDA) to facilitate environmental stewardship and compliance of all Ballistic Missile Defense System (BMDS) testing and deployment activities. We provide a range of environmental planning, safety and occupational health support to MDA. For example, we prepared MDA's first Programmatic Environmental Impact Statement (EIS) for the BMDS, which covered a wide variety of missile technologies and systems. We have also developed and are maintaining MDA's environmental knowledge management system, which allows MDA environmental professionals to analyze proposed future actions using data from hundreds of documents we have reviewed and, thus, streamline their environmental compliance activities. In addition, we have developed and implemented a geographic information system for MDA that analyzes the potential effects of BMDS activities on environmental resources. We have received numerous letters of commendation from MDA for our work and we were awarded the DoD Group Achievement Award for Environmental Management in 2005.

Health, human services and social programs

We provide research, consulting, implementation and improvement services that help government, industry and other stakeholders develop and manage effective programs in the areas of health and human services at the national, regional and local levels. Clients utilize our services in this market because we

Business

have deep subject matter expertise in complex social areas, including education, children and families, public health, economic development and disaster recovery, housing and communities, military personnel recruitment and retention, and substance abuse. We partner with our clients in the public, private and non-profit sectors to increase their knowledge base, support program development, enhance program operations, evaluate program results and improve program effectiveness.

The following is a representative list of our clients in this market for 2005.

- ∅ U.S. Department of Health & Human Services
 - ∅ Centers for Disease Control
 - ∅ Food & Drug Administration
 - ∅ National Institutes of Health
 - ∅ Administration for Children & Families
- ∅ U.S. Department of Housing & Urban Development
- ∅ U.S. Department of Agriculture
- ∅ U.S. Department of Justice
- ∅ U.S. Department of State
- ∅ U.S. Department of Education

Some of our representative client engagements in the health, human services and social programs market are described below.

Children’s Bureau Clearinghouse Services — U.S. Department of Health and Human Services

We help U.S. federal agencies such as the U.S. Department of Health and Human Services (HHS) implement human and social programs by managing technical assistance centers, providing instructional systems, supporting stakeholder outreach, developing information technology applications and managing clearinghouse operations. Clearinghouses disseminate information about a program or subject area to professionals in the field and the general public. We have been chosen to manage several clearinghouses because of our deep and broad understanding of legislation, regulations, emerging issues, research findings and promising practice models, combined with our ability to collect, synthesize and disseminate information to diverse audiences in multiple formats.

Since the 1990s, we have operated and provided leadership, in collaboration with the Children’s Bureau, for two large, federally funded clearinghouses: the National Clearinghouse on Child Abuse and Neglect Information and the National Adoption Information Clearinghouse. Today, as a result of continuous process improvement, both of these clearinghouses have a strong Internet presence with total on-line libraries of more than 48,000 documents, on-line ordering capabilities, product lines of more than 130 documents (developed by our staff experts) and on-line databases that make information continuously available. We exhibited at more than 70 national, regional and state conferences in 2005 and distributed more than 170,000 publications.

Addressing Domestic Violence and Child Maltreatment — U.S. Departments of Justice, and Health and Human Services

In addition to providing advisory and research services at the front end of government programs, we also conduct evaluations and implement program enhancements. We received funding from DOJ and HHS to evaluate and implement recommendations of *The Greenbook*, a ground-breaking work developed by the National Council of Juvenile and Family Court Judges to change approaches to family violence in order to help battered women and their children lead safer lives. We led a team of subject matter and evaluation experts to develop and implement data collection protocols, perform multi-level qualitative and quantitative analyses, and describe evaluation findings. The original three-year evaluation funding

Business

period (through August 2003) has been extended to seven years to allow a more comprehensive evaluation plan and development of products for targeted policymaker, practitioner and evaluator audiences. Our work has been referenced by government and industry stakeholders citing the *Greenbook* project as a model for collaborative systems change that can support safety and well-being among families experiencing violence.

CONTRACTS

Government, commercial and international clients accounted for 81%, 14% and 5%, respectively, of our 2005 revenue. Our clients span a broad range of defense and civilian agencies and commercial enterprises. We had more than 1,000 active contracts as of December 31, 2005, including task orders and delivery orders under GSA Schedules. Our contract periods typically extend from one month to as much as seven years, including option periods. Option periods may be exercised at the election of the government. Our largest contract accounted for approximately 5% and 3% of our revenue for 2004 and 2005, respectively. Our top ten contracts collectively accounted for approximately 32% and 22% of our revenue for 2004 and 2005, respectively. We received approximately 18% and 16% of our revenue for 2005 from DoD and EPA, respectively. Most of our revenue is derived from prime contracts, which accounted for 87% and 86% of our revenue for 2004 and 2005, respectively. We consider each task order and delivery order under GSA Schedules as a separate contract. Unless the context otherwise requires, we use the term “contracts” to refer to contracts and any task orders or delivery orders issued under a contract.

CONTRACT BACKLOG

We define *total backlog* as the future revenue we expect to receive from our contracts and other engagements. We generally include in backlog the estimated revenue represented by contract options that have been priced, though not exercised. We do not, however, include any estimate of revenue relating to potential future delivery orders that might be awarded under our GSA Schedule contracts or other contract vehicles that are also held by a large number of firms, and under which potential future delivery orders or task orders might be issued by any of a large number of different agencies and are likely to be subject to a competitive bidding process. We do include potential future work expected to be awarded under other Indefinite Delivery/Indefinite Quantity (IDIQ), contracts that are available to be utilized by a limited number of potential clients and are held either by us alone or by a limited number of firms.

We include expected revenue in *funded backlog* when we have been authorized by the client to proceed under a contract up to the dollar amount specified by our client and this amount will be owed to us under the contract after we provide the services pursuant to the authorization. If we do not provide services authorized by a client prior to the expiration of the authorization, we remove amounts corresponding to the expired authorization from backlog. We do include expected revenue under an engagement in funded backlog when we do not have a signed contract if we have received client authorization to begin or continue working and we expect to sign a contract for the engagement. Our funded backlog does not represent the full revenue potential of our contracts because government clients, and sometimes other clients, generally authorize work under a particular contract on a yearly or more frequent basis, even though the contract may extend over a number of years. Most of the services we provide to commercial clients are provided under contracts with relatively short durations that authorize us to provide services and, as a consequence, our backlog attributable to these clients is typically reflected in funded backlog and not in unfunded backlog.

We define *unfunded backlog* as the difference between total backlog and funded backlog. Our revenue estimates for purposes of determining unfunded backlog for a particular contract are based, to a large

Business

extent, on the amount of revenue we have recently recognized on that contract, our experience in utilizing contract capacity on similar types of contracts, and our professional judgment. Our revenue estimate for a contract included in backlog is sometimes lower than the revenue that would result from our client utilizing all remaining contract capacity.

Although we expect our contract backlog to result in revenue, the timing of revenue associated with both funded and unfunded backlog will vary based upon a number of factors, and we may not recognize revenue associated with a particular component of backlog when anticipated, or at all. The federal government has the right to cancel any contract, or ongoing or planned work under any contract, at any time. In addition, there can be no assurance that revenue from funded or unfunded backlog will have similar profitability to previous work or will be profitable at all. Generally speaking, we believe the risk that a particular component of backlog will not result in future revenue is higher for unfunded backlog than for funded backlog.

Our estimates of funded, unfunded and total backlog at the dates indicated were as follows:

	December 31,	
	2004	2005
	(In millions)	
Funded	\$ 70.6	\$ 133.0
Unfunded	63.8	93.8
Total	\$ 134.4	\$ 226.8

See “Risk factors — Risks Related to Our Business — We may not receive revenue corresponding to the full amount of our backlog or may receive it later than we expect.”

BUSINESS DEVELOPMENT

Our business development efforts drive our organic growth. A firm-wide business development process, referred to as the Business Development Life Cycle (BDLC), is used to guide sales activities in a disciplined manner from lead identification, through lead qualification to capture and proposal. An internally developed, web-based tool is used to track all sales opportunities throughout the BDLC, as well as to manage our aggregate sales pipeline. Major sales opportunities are each led by a capture manager and are put through executive reviews at multiple points during their lifecycle to ensure alignment with our corporate strategy and effective use of resources.

Business development efforts in priority market areas, which include our largest federal agency accounts (DoD, DHS, HHS, DOT and EPA) and the commercial energy sector, are executed through account teams, each of which is headed by a corporate account executive and supported by dedicated corporate business development professionals and senior staff from the relevant operating units. Each account executive has significant authority and accountability to set the priorities and to bring to bear the correct resources. Each team participates in regular executive reviews. This account-based approach allows deep insight into the needs of our clients. It also helps us anticipate their evolving requirements over the coming 12 to 18 months and position ourselves to meet those requirements. Each of our operating units is responsible for maximizing sales in our existing accounts and finding opportunities in closely related accounts. Their efforts are complemented by our corporate business development function, which is responsible for large and strategically important pursuits.

The corporate business development function also includes a market research and competitive intelligence group, a proposal management group and a strategic capture unit. In addition, we have a marketing and communications group that is responsible for our website, press releases, sales collateral and trade show management. Pricing is not handled by the corporate business development function. Our contracts and administration function leads our pricing decisions in partnership with the business development account teams and operating units.

Business

COMPETITION

We operate in a highly competitive and fragmented marketplace and compete against a number of firms in each of our four key markets. Some of our principal competitors include BearingPoint, Inc., Booz Allen Hamilton, Inc., CRA International, Inc., L-3 Communications Corporation, Lockheed Martin Corporation, Navigant Consulting, Inc., Northrop Grumman Corporation, PA Consulting Group, SAIC, Inc., and SRA International, Inc. In addition, within each of our four key markets, we have numerous smaller competitors, many of which have narrower service offerings and serve niche markets.

Some of our competitors are significantly larger than us and have greater access to resources and stronger brand recognition than we do.

We consider the principal competitive factors in our market to be client relationships, reputation and past performance of the firm, client references, technical knowledge and industry expertise of employees, quality of services and solutions, scope of service offerings and pricing.

INTELLECTUAL PROPERTY

We own a number of trademarks and copyrights that help maintain our business and competitive position. We have no patents. Sales and licenses of our intellectual property do not comprise a substantial portion of our revenue or profit; however, this situation could change in the future. We rely on the technology and models, proprietary processes and other intellectual property we own or have rights to use in our analysis and other work we perform for our clients. We use these innovative, and often proprietary, analytical models and tools throughout our service offerings. Our domestic and overseas staffs regularly maintain, update and improve these models based on our corporate experience. In addition, we sometimes retain limited rights in software applications we develop for clients. We use a variety of means to protect our intellectual property, as discussed in "Risk factors," but there can be no assurance that these will adequately protect our intellectual property.

EMPLOYEES

As of December 31, 2005 we had 1,289 benefits-eligible (full-time and regular part-time) employees and 388 non-benefits eligible (variable part-time) employees. On a full-time equivalents basis, our total headcount was 1,333. As of December 31, 2005, almost 50% of our professional staff held post-graduate degrees in diverse fields such as economics, engineering, business administration, information technology, law, life sciences and public policy. More than 85% of our employees hold a bachelor's degree or equivalent, and over 300 hold a U.S. federal government security clearance.

We have a professional environment that encourages advanced training to acquire industry recognized certifications, rewards strong job performance with advancement opportunities and fosters ethical and honest conduct. Our salary structure, incentive compensation and benefit packages are competitive within our industry.

FACILITIES

We lease our office facilities and do not own any real estate. We have leased our corporate headquarters through October 2012 at 9300 Lee Highway in Fairfax, Virginia, in the Washington D.C. metropolitan area. As of December 31, 2005, we leased approximately 200,000 square feet of office space at this and an adjoining building. These buildings house a portion of our operations and substantially all of our corporate functions, including executive management, treasury, accounting, human resources, business and corporate development, facilities management, information services and contracts.

As of December 31, 2005, we also leased approximately 240,000 square feet of office space in about two dozen other locations throughout the United States and around the world, with various lease terms

Business

expiring over the next seven years. Approximately 30,000 square feet of the space we lease is currently subleased to other parties. We believe that our current office space, together with other office space we will be able to lease, will meet our needs for the next several years. For further discussion regarding our approach and plans with respect to leased office space, see “Management’s discussion and analysis of financial condition and results of operations — Operating expenses.”

In addition, a portion of our operations staff is housed at client-provided facilities, pursuant to the terms of a number of our customer contracts.

LEGAL PROCEEDINGS

From time to time, we are involved in various legal matters and proceedings concerning matters arising in the ordinary course of business. We currently believe that any ultimate liability arising out of these matters and proceedings will not have a material adverse effect on our financial position, results of operations, or cash flow.

Management

EXECUTIVE OFFICERS AND DIRECTORS

Our executive officers and directors, and their ages are as follows:

Name	Age	Title
Sudhakar Kesavan	51	Chairman, President and Chief Executive Officer
John Wasson	44	Executive Vice President and Chief Operating Officer
Alan Stewart	51	Senior Vice President, Chief Financial Officer and Secretary
Ellen Glover	51	Executive Vice President
Gerald Croan	56	Executive Vice President
Dr. Edward H. Bersoff	63	Director
Robert Hopkins	49	Director
Joel R. Jacks	58	Director
David C. Lucien	55	Director
William Moody	53	Director
Peter M. Schulte	48	Director

Sudhakar Kesavan serves as the Chairman, President and Chief Executive Officer of ICF and its wholly owned subsidiary, ICF Consulting Group, Inc. In 1997, Mr. Kesavan was named President of ICF Consulting Group, Inc. when it was a subsidiary of ICF Kaiser. In 1999, the Group was divested from Kaiser and became a wholly owned subsidiary of the company through a joint effort of the management of ICF Consulting Group, Inc. and CM Equity Partners, L.P. Mr. Kesavan received his Master of Science degree from the Technology and Policy Program at the Massachusetts Institute of Technology, his postgraduate diploma in management from the Indian Institute of Management, Ahmedabad and his Bachelor of Technology degree (chemical engineering) from the Indian Institute of Technology, Kanpur. Mr. Kesavan serves on the Board of the Rainforest Alliance, a New York based nonprofit environmental organization.

John Wasson serves as an Executive Vice President and Chief Operating Officer of ICF and has been with ICF Consulting Group, Inc. since 1987. Mr. Wasson previously worked as a staff scientist at the Conservation Law Foundation of New England and as a researcher at the Massachusetts Institute of Technology Center for Technology, Policy and Industrial Development. Mr. Wasson holds an M.S. in Technology and Policy from the Massachusetts Institute of Technology and a B.S. in Chemical Engineering from the University of California, Davis.

Alan Stewart serves as Senior Vice President and Chief Financial Officer of ICF and has been with ICF Consulting Group, Inc. since 2001. Mr. Stewart has almost 30 years of experience in financial management, including mergers and acquisitions. Prior to joining the company, Mr. Stewart was chief financial officer at DataZen Corporation, Blackboard, Inc. and Deltek Systems, Inc. Prior to joining Deltek Systems, Inc., Mr. Stewart held senior finance positions at BTG, Inc., Tempest Technologies, Inc., C3, Inc., the Division of Corporation Finance at the U.S. Securities and Exchange Commission, Martin Marietta Corporation and Touche Ross & Co. Mr. Stewart received his B.S. in Accounting from Virginia Commonwealth University and is a Certified Public Accountant.

Ellen Glover serves as an Executive Vice President of ICF and joined ICF Consulting Group, Inc. in 2005. Prior to joining us, since 2004, Ms. Glover served as the Vice President and General Manager of Dynamics Research, a publicly traded professional and technical services contractor to federal and state government agencies, which acquired Impact Innovations Group. Prior to the acquisition, from 2002 to 2004, Ms. Glover served as President of Impact Innovations Group, a provider of information technology services to federal and commercial markets. From 1983 to 2002, Ms. Glover was an officer of Advanced Technology Systems, a provider of information technology services to the U.S. Department

Management

of Defense and civilian agencies. Ms. Glover served as President and Chief Operating Officer of Advanced Technology Systems from 1994 to 2002, as Director of Operations from 1990-1993 and as a Program Manager prior to 1990. Ms. Glover holds a M.S. in Urban Planning and a B.A. in History and Political Science from the University of Pittsburgh.

Gerald Croan serves as an Executive Vice President of ICF and the president of ICF's subsidiary, Caliber Associates, Inc., which focuses on our health, human services and social programs market. Mr. Croan joined ICF with our acquisition effective October 1, 2005 of Caliber Associates, Inc. Mr. Croan founded Caliber Associates, Inc. in 1983 and served as its president since its inception. Mr. Croan's experience includes research, evaluation, technical assistance and training, and related program support services for juvenile justice, victim services, youth services and community programs, military family issues and developmental work on community needs assessment systems for the military. Mr. Croan's work has been recognized by the U.S. Department of Defense, Department of Justice and Department of Health and Human Services. Prior to founding Caliber Associates, Inc., Mr. Croan served as a senior manager at two consulting organizations and with the Pennsylvania Department of Justice. Mr. Croan holds a B.S. and an M.C.P. (city planning) from the Massachusetts Institute of Technology. Mr. Croan has served on the Board of the National Association of Child Care Resource and Referral Agencies, an Arlington, Virginia based nonprofit organization since 2003 and on the Board of the National Learning Institute, a Washington, D.C. based nonprofit organization, since 2001.

Dr. Edward H. Bersoff has served as a director of ICF since October 2003. Dr. Bersoff is the chairman and founder of Greenwich Associates, a business advisory firm located in Northern Virginia which was formed in 2003. From November 2002 to June 2003, he was managing director of Quarterdeck Investment Partners, LLC, an investment banking firm, and chairman of Re-route Corporation, a company that offers email forwarding and address correction services. From February 1982 until November 2001, Dr. Bersoff was chairman, president and chief executive officer of BTG, Inc., a publicly traded information technology firm he founded in 1982. In November 2001 BTG, Inc. was acquired by The Titan Corporation, a NYSE listed company. Dr. Bersoff served as a director of Titan from February 2002 until August 2005 when Titan was sold. In addition, Dr. Bersoff serves on the boards of EFJ, Inc., a manufacturer of wireless communications products and systems primarily for public service and government customers, Fargo Electronics, Inc., a manufacturer of identity card issuance systems, materials and software for government and corporate applications, and Federal Services Acquisition Corporation, which are all public companies, and a number of private companies, including 3001, Inc. Dr. Bersoff holds A.B., M.S. and Ph.D. degrees in mathematics from New York University and is a graduate of the Harvard Business School's Owner/President Management Program. Dr. Bersoff is the Rector of the Board of Visitors of Virginia Commonwealth University, a Trustee of the VCU Medical Center, a Trustee of New York University and a Trustee of the George Mason University Foundation. He also serves as chairman of the Inova Health System Health Care Services Board and is a Trustee of the Inova Health System.

Robert Hopkins has served as a director of ICF since November 2001. Mr. Hopkins is a partner and has been associated with CM Equity Partners, L.P. since 1999. From 1991 to 1998, Mr. Hopkins was a partner at Connor & Company, a management consulting firm specializing in strategic alliances and operations management. From 1986 to 1991, Mr. Hopkins was an investment banker, including at Kidder Peabody, Inc. Mr. Hopkins has worked closely with the executive management team at Evans Consoles Inc., a Canadian company that consummated a court-ordered reorganization in 2004 by which all of its assets were transferred to its creditors, where he was CEO during an extended transition from the founder to present management. Mr. Hopkins also serves on the Board of Directors of Evans Consoles Inc., Devon Publishing Group and Martin Designs, Inc. Mr. Hopkins received a B.A. in Economics from Hobart College and a Master's degree in Public and Private Management from the Yale School of Management.

Management

Joel R. Jacks has served as a director of ICF since June 1999. Mr. Jacks, together with Peter M. Schulte, co-founded CMLS Management, L.P. in 1996 and in 2000 they co-founded CM Equity Management, L.P. Mr. Jacks serves as a managing partner of each of these CMEP entities. Mr. Jacks is a director of several other CMEP portfolio companies, including 3001, Inc.; Falcon Communications, Inc.; Echo Bridge Entertainment, LLC; Evans Consoles Inc., a Canadian company that consummated a court-ordered reorganization in 2004 by which all of its assets were transferred to its creditors; Martin Designs, Inc.; and Devon Publishing Group. Mr. Jacks is also the chairman and chief executive officer of Federal Services Acquisition Corporation, a publicly held “special purpose acquisition company” formed to acquire federal services businesses with its principal office in New York City. Mr. Jacks was previously a director of Resource Consultants, Inc., a technical services and program management firm serving the U.S. Department of Defense and federal civil agencies; and Examination Management Services, Inc., which subsequent to Mr. Jacks’ service as chairman underwent a voluntary restructuring in 2005. Mr. Jacks was previously a director of Kronos Products, Inc., Central Foodservice Co. and a member of the executive committee of Missota Paper Holding LLC prior to their sale in 2004. From January 2000 to April 2003, Mr. Jacks was chairman of Beta Brands Incorporated. In May 2003, following default by Beta Brands in the repayment of its secured indebtedness, a Canadian court approved a consensual foreclosure by which the secured lenders acquired all of the assets of Beta Brands. Mr. Jacks received a Bachelor of Commerce degree from the University of Cape Town and an MBA from the Wharton School, University of Pennsylvania.

David C. Lucien has served as a director of ICF since August 2004. Mr. Lucien has more than 36 years of experience in the information technology industry within both commercial and government sectors. He has held several senior-level executive positions for private and public technology companies involved in computer systems manufacturing, technology services and systems integration. Most recently, Mr. Lucien assumed the role of Chairman and CEO of CMS Information Services, Inc. in March 2003, serving until CMS was sold to CACI International in March 2004. Currently, Mr. Lucien serves on various boards and from time to time, through Mr. Lucien’s company, DCL Associates of Leesburg, Virginia, a sole proprietorship, assists various equity funds in the review of current and potential portfolio companies that focus on information technology services, federal services, telecommunications and the Internet. Prior to his work at CMS Information Services, Inc., Mr. Lucien was the founder and principal of Interpro Corporation, a strategic advisory services firm, from January 1990 until December 2002. Mr. Lucien is a founder and Chairman Emeritus of the Northern Virginia Technology Council and Chairman Emeritus of the Virginia Technology Council. Mr. Lucien also sits on the Advisory Board of the Draper Atlantic Fund and the Advisory Board of A&T Systems.

William Moody has served as a director of ICF since December 2005. Mr. Moody has more than 28 years of experience in environmental and economics consulting and directs ICF Consulting Group, Inc.’s administration and contracts group, where he manages the following departments: contracts, pricing, subcontracts, invoicing and collections, facilities and security. Prior to assuming this position, he held a variety of positions within the company including leading the environment, economics and regulations business, where he specialized in supporting U.S. federal programs in air quality and hazardous waste. Prior to joining ICF Consulting Group, Inc. in 1992, Mr. Moody held management positions at Midwest Research Institute and Radian Corporation. Mr. Moody holds a Master’s of Science degree in Environmental Science from Washington State University and a Bachelor’s of Science degree in Physics from Washington College.

Peter M. Schulte has served as a director of ICF since June 1999. Mr. Schulte, together with Mr. Jacks, co-founded CMLS Management, L.P., and in 2000 they co-founded CM Equity Management, L.P. Mr. Schulte serves as a managing partner of each of these CMEP entities. Mr. Schulte is a director of several CMEP portfolio companies, including 3001, Inc.; Falcon Communications, Inc.; and Echo Bridge Entertainment, LLC. Mr. Schulte is also a director and the president, chief financial officer and secretary

Management

of Federal Services Acquisition Corporation, a publicly held “special purpose acquisition company” formed to acquire federal services businesses with its principal office in New York City. Mr. Schulte was previously a director of Kronos Products, Inc., Central Foodservice Co. and a member of the executive committee of Missota Paper Holding LLC prior to their sale in 2004. Additionally, Mr. Schulte was previously a director of Resource Consultants, Inc.; AverStar, Inc., a provider of information technology services and software products for the mission-critical systems of federal, civil and defense agencies and to large commercial companies; Evans Consoles, Inc., a Canadian company that consummated a court-ordered reorganization in 2004 by which all of its assets were transferred to its creditors. Subsequent to the Canadian court-approved foreclosure of the assets of Beta Brands Incorporated and until its dissolution, Mr. Schulte was a director of Beta Brands Incorporated. Mr. Schulte received a B.A. in Government from Harvard College and a Masters in Public and Private Management from the Yale School of Management. Mr. Schulte also serves on the Board of the Rainforest Alliance, a New York based nonprofit environment organization.

BOARD COMPOSITION

Upon completion of this offering, we will initially have an authorized board of directors comprised of five members. William Moody and Robert Hopkins have informed us that they intend to resign from the board of directors prior to this offering. Dr. Edward H. Bersoff and David C. Lucien are independent directors in accordance with the requirements of the Nasdaq National Market and the rules of the SEC. We believe that, within the transition periods available to us following the completion of this offering, we will comply with all applicable requirements of the SEC and the Nasdaq National Market relating to director independence and the composition of the committees of our board of directors. Upon completion of this offering, our board will be divided into three classes as follows:

- ∅ Class I will consist of Peter M. Schulte and have a term expiring at our annual meeting of stockholders in 2007;
- ∅ Class II will consist of Dr. Edward H. Bersoff and David C. Lucien and have a term expiring at our annual meeting of stockholders in 2008; and
- ∅ Class III will consist of Sudhakar Kesavan and Joel R. Jacks and have a term expiring at our annual meeting of stockholders in 2009.

At each annual meeting of stockholders to be held after the initial classification of directors described above, the successors to directors whose terms then expire will serve until the third annual stockholders’ meeting following their election and until their successors are duly elected and qualified. Upon completion of this offering, our amended and restated bylaws will provide that the number of directors may be set from time to time by the holders of a majority of the company’s outstanding common stock at a properly called and conducted stockholders meeting or by a majority vote of the board of directors.

CORPORATE GOVERNANCE AND BOARD COMMITTEES

The board of directors has established an audit committee and a compensation committee.

Audit Committee. Upon completion of this offering, the audit committee will consist of Dr. Edward H. Bersoff, David C. Lucien and Joel R. Jacks. The audit committee reviews the financial reports and related financial information provided by the company to governmental agencies and the general public, the company’s system of internal and disclosure controls and the effectiveness of its control structure, and the company’s accounting, internal and external auditing and financial reporting processes. The audit committee also reviews other matters with respect to our accounting, auditing and financial reporting practices and procedures as it may find appropriate or may be brought to its attention. The board of directors has determined that Dr. Edward H. Bersoff is an “audit committee financial expert” as defined

Management

under SEC rules and regulations by virtue of his background and experience described under “Executive Officers and Directors” above. In accordance with applicable Nasdaq National Market rules allowing for a one-year period to transition to an audit committee consisting of all independent members and allowing for the appointment of a nonindependent member of the audit committee in exceptional and limited circumstances, the board has determined that the appointment of Joel R. Jacks to the audit committee is in the best interests of the company.

Compensation Committee. Upon completion of this offering, the compensation committee will consist of Dr. Edward H. Bersoff, David C. Lucien and Peter M. Schulte. The compensation committee provides assistance to the board of directors in fulfilling the board’s responsibilities relating to management, organization, performance, compensation and succession. In discharging its responsibilities, the compensation committee considers and authorizes our compensation philosophy, evaluates our senior management’s performance, sets the compensation for the chief executive officer with the other non-employee directors, and makes recommendations to the board regarding the compensation of other members of senior management. The compensation committee also administers our incentive compensation, deferred compensation, executive retirement and equity-based plans. In accordance with applicable Nasdaq National Market rules allowing for a one-year period to transition to a compensation committee consisting of all independent members and allowing for the appointment of a nonindependent member of the compensation committee in exceptional and limited circumstances, the board has determined that the appointment of Peter M. Schulte to the compensation committee is in the best interests of the company.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Dr. Edward H. Bersoff, David C. Lucien and Peter M. Schulte are the members of the compensation committee. Neither Dr. Edward H. Bersoff, David C. Lucien nor Peter M. Schulte is an officer or employee of the company. Except for Peter M. Schulte, no member of our compensation committee and none of our executive officers serve as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee. During fiscal year 2005, the compensation committee consisted of Sudhakar Kesavan, Joel R. Jacks and Peter M. Schulte. Additionally, as described more fully below in the section entitled “Employment Agreements—employee annual incentive compensation pool plan,” Sudhakar Kesavan, William Moody and Peter M. Schulte are members of the committee related to our Amended and Restated Annual Incentive Compensation Pool Plan. Following the completion of this offering, the Amended and Restated Employee Annual Incentive Compensation Pool Plan will be terminated and the committee related to the plan will be dissolved.

Sudhakar Kesavan is the chief executive officer, president and chairman of the company, and William Moody is an employee and director of the company. Also, as discussed more fully below in the section captioned “Certain relationships and related party transactions — Consulting Agreement,” Joel R. Jacks and Peter M. Schulte are the managing members of entities that direct the affairs of CMLS Management, L.P., with whom our subsidiary, ICF Consulting Group, Inc., has a consulting agreement. Pursuant to the consulting agreement, CMLS Management, L.P. provides financial, acquisition, strategic, business and consulting services to the company. In consideration for these services, ICF Consulting Group, Inc. annually pays a fixed consulting fee of \$100,000 and a variable fee equal to 2% the average EBITDA of ICF Consulting Group, Inc., as calculated pursuant to the terms of the consulting agreement, based on recent fiscal years of ICF Consulting Group, Inc. The consulting agreement will terminate automatically upon the completion of this public offering and requires payment of a \$90,000 termination fee by ICF Consulting Group, Inc. to CMLS Management, L.P. ICF Consulting Group, Inc. paid CMLS Management, L.P. approximately \$333,000 for 2003, \$361,000 for 2004 and \$380,000 for 2005 for consulting services under the consulting agreement.

Management

CODE OF ETHICS

We have adopted a Code of Ethics applicable to all of our directors, officers and employees, including our chief executive officer, chief financial officer and controller. The full text of the Code of Ethics is available on our website at www.icfi.com.

MANAGEMENT SHAREHOLDERS AGREEMENT

The company, CMEP and certain other stockholders are parties to a Management Shareholders Agreement, which will terminate upon completion of this public offering. Pursuant to the Management Shareholders Agreement, certain CMEP affiliates have the right to select up to a majority of the board of directors and at least one additional director, ICF's chief executive officer is entitled to serve as a director, and the employees who are stockholders and party to the agreement are entitled to elect one director. Messrs. Jacks, Hopkins, Schulte, Bersoff and Lucien were selected by CMEP to serve on the board. The employees selected William Moody to serve on the board.

COMPENSATION OF DIRECTORS

Our policies for the compensation of directors will be reviewed annually by the compensation committee of our board of directors, and any changes in those policies will be approved by the entire board. The arrangements described below will be in effect upon the completion of our offering.

Cash Compensation. Directors who are employed by us will not receive additional compensation for their service on the board of directors. All directors are entitled to reimbursement of expenses for attending each meeting of the board and each committee meeting.

Our non-employee directors will each receive annual retainers of \$24,000, payable quarterly, covering up to four regular board meetings, one annual meeting and a reasonable number of special board meetings. Additional retainers, if any, for additional meetings will be determined by the board of directors or the compensation committee. The chair of the audit committee will receive \$8,000 annually, and each other audit committee member will receive \$4,000 annually, payable in equal quarterly installments as compensation for services as audit committee chair and committee member, respectively. The chair of the compensation committee will receive \$6,000 annually, payable in equal quarterly installments, as compensation for service as chair of that committee, and each other compensation committee member will receive \$3,000 annually, payable in equal quarterly installments as compensation for services as compensation committee chair and committee member, respectively.

Restricted Stock Grants. New non-employee members of the board will receive, upon being elected to the board of directors, an initial grant of restricted shares of common stock with a fair market value equal to three times the annual cash retainer amount. These initial grants of restricted stock will vest equally over a period of three years, subject to acceleration upon events such as a change of control. Starting with their second year of service, non-employee directors will receive annual grants of restricted stock with a fair market value equal to the annual cash retainer amount. These annual restricted stock grants will vest immediately.

Board members are encouraged to own an amount of shares equal to three times their annual board compensation and may elect to convert their quarterly cash compensation into our common stock at the fair market value of our common stock on the quarterly payment date.

Management

EXECUTIVE COMPENSATION

The following table sets forth the total compensation paid or accrued for the last three years for our chief executive officer and all three of our other highest paid executive officers whose combined salary and bonus exceeded \$100,000 during 2005 for services rendered to us, collectively referred to as the named executives.

		Summary Compensation Table			Long-term compensation			
		Annual compensation			Long-term compensation			
					Awards		Payouts	
Name and Principal Position	Year	Salary	Bonus	Other annual compensation	Restricted stock awards	Securities underlying stock options (shares)	LTIP payouts	All other compensation ⁽¹⁾
Sudhakar Kesavan	2005	\$330,530	\$215,000	\$ —	\$ —	—	\$ —	\$ 4,037
Chairman, President and Chief Executive Officer	2004	336,367	67,000	—	—	—	—	11,420
	2003	317,263	70,000	—	—	—	—	14,316
John Wasson	2005	229,142	140,000	—	—	—	—	8,400
Executive Vice President and Chief Operating Officer	2004	225,436	65,000	—	—	—	—	13,601
	2003	204,359	67,000	—	—	—	—	15,540
Alan Stewart	2005	209,791	100,000	—	—	—	—	7,744
Senior Vice President, Chief Financial Officer and Secretary	2004	213,430	40,000	—	—	—	—	13,436
	2003	193,184	40,000	—	—	—	—	15,920
Ellen Glover ⁽²⁾ Executive Vice President	2005	75,967	—	—	121,110 ⁽³⁾	—	—	25,000

(1) Represents matching contribution to our Retirement Savings Plan, except with respect to Ellen Glover. The \$25,000 payment to Ellen Glover included in this column represents a cash signing bonus.

(2) Ellen Glover joined us effective September 6, 2005.

(3) Represents the market value on September 6, 2005, the date of grant (calculated by multiplying the fair market value of our common stock on the date of the grant, which was \$, by the number of shares awarded, which was) without giving effect to the diminution in value attributable to the restrictions on such stock. This restricted stock vests at 25% each January 1 following the grant date. Accordingly, shares vested on January 1, 2006. Additionally, all of these restricted shares will vest automatically if certain extraordinary transactions involving the company or CMEP occur, including the completion of this offering. If declared, dividends are payable on this stock.

STOCK OPTIONS

The table below contains information relating to stock options granted to the named executives during the year ended December 31, 2005. All of these options were granted to purchase common stock. The percentage of total options granted to employees set forth below is based on an aggregate of shares subject to options granted to our employees in 2005, after giving effect to the -for- stock split of our common stock to be effected immediately prior to the closing of this offering.

Management

Option Grants in 2005

Individual grants

Name	Number of securities underlying options granted	Percent of total options granted to employees in 2005	Exercise price per share	Expiration date	Potential realizable value at assumed annual rates of stock price appreciation for option term ⁽¹⁾		
					0%	5%	10%
Sudhakar Kesavan	—	—	—	—			
John Wasson	—	—	—	—			
Alan Stewart	(2)	4.9%		December 22, 2015			
Ellen Glover	(2)	19.6%		September 1, 2015			

(1) The potential realizable value is calculated based on the term of the option at the time of grant. Assumed rates of stock price appreciation of 0%, 5% and 10% are prescribed by rules of the Securities and Exchange Commission and do not represent our prediction of our stock price performance. The potential realizable values at 0%, 5% and 10% appreciation are calculated by assuming that the price of \$ per share in our initial public offering, which we have assumed for accounting purposes was the fair market value on the date of grant, appreciates at the indicated rate for the entire ten-year term of the option and that the option is exercised at the exercise price and sold on the last day of its term at the appreciated price.

(2) These options are vested and immediately exercisable.

OPTION EXERCISES AND YEAR-END OPTION VALUES

The following table sets forth information for the named executives with respect to options exercised by them during the year ended December 31, 2005 and the value of their options outstanding as of December 31, 2005.

Aggregate Option Exercises in 2005 and Year-End Option Values

Name	Number of shares acquired on exercise	Value realized	Number of securities underlying unexercised options at year end		Value of unexercised in-the-money options at year end ⁽¹⁾	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Sudhakar Kesavan	—	—				
John Wasson	—	—				
Alan Stewart	—	—				
Ellen Glover	—	—		—		

(1) Represents the difference between the exercise price and the assumed initial public offering price of \$ per share, multiplied by the number of shares subject to the option, without taking into account any taxes that may be payable in connection with the transaction.

Management

EMPLOYMENT AGREEMENTS

Employment, severance and restricted stock agreements

We will enter into an amended and restated employment agreement with Sudhakar Kesavan as of the effective date of this offering. The agreement provides that Mr. Kesavan will serve as our chief executive officer, president and chairman of the board of directors and for Mr. Kesavan to receive a base salary of \$375,000 per year, with at least a \$25,000 increase in 2007 and annual increases at least equal to increases in the consumer price index each subsequent year. The compensation committee may further increase Mr. Kesavan's base salary. Mr. Kesavan will also be eligible to receive annual incentive bonuses equal to up to 100% of his base salary in the discretion of the compensation committee. We are also required to maintain a life insurance policy in an amount of at least \$1 million payable to Mr. Kesavan's immediate family. Either we or Mr. Kesavan may terminate this agreement by giving 45 days' notice to the other. Absent a change in control, if Mr. Kesavan is involuntarily terminated without cause or resigns for good reason, he will be paid all accrued salary, a severance payment equal to twenty-four months of his base salary and a pro rata bonus for the year of termination. Additionally, Mr. Kesavan's options, restricted stock and other equity compensation awards will be accelerated in connection with such a termination. Pursuant to the terms of his original employment agreement, as a result of his continuous service to the company since 1999, Mr. Kesavan may, in his discretion, declare that any termination of his employment by him is for "good reason" under the amended and restated employment agreement, resulting in our payment to him of the termination amounts, and the vesting of equity awards, described in this paragraph. Mr. Kesavan's severance agreement discussed below addresses Mr. Kesavan's severance in connection with a change in control event where Mr. Kesavan does not exercise his right to terminate his employment and declare such termination to be for good reason as described in this paragraph.

On October 1, 2005, we entered into an employment agreement with Gerald Croan. The agreement provides for Mr. Croan to receive a base salary of \$194,000 per year. Mr. Croan is also eligible to receive an award under our Amended and Restated Employee Annual Incentive Compensation Pool Plan in 2006. The employment agreement with Mr. Croan expires October 1, 2007. If Mr. Croan is involuntarily terminated without cause or resigns for good reason before October 1, 2007, he will be paid all accrued salary, bonus and benefits and a severance payment equal to the greater of twenty weeks of his base salary or his base salary for the rest of his employment term. If Mr. Croan is involuntarily terminated without cause or resigns for good reason after October 1, 2007, he will be paid all accrued salary, bonus and benefits and a severance payment equal to the greater of twenty weeks of his base salary or the amount payable, if any, under our standard severance policy on the date of his termination.

Effective as of the date of this offering, we will enter into severance protection agreements with Sudhakar Kesavan, John Wasson and Alan Stewart. For each of these executive officers, the severance protection agreements provide that if the officer is involuntarily terminated without cause or resigns for good reason within a 24 month period following a change in control, the officer will be paid all accrued salary and a pro rata bonus for the year of termination and a single lump sum equal to three times the officer's average compensation for the prior three years or the officer's term of employment if less than three years. The officer will also receive such life insurance, disability, medical, dental, hospitalization, financial counseling and tax consulting benefits as are provided to other similarly situated executives who continue in the employ of ICF for the 36 months following termination and up to 12 months of outplacement services. Vesting of options, restricted stock or other equity compensation awards will be accelerated as provided in the applicable company equity incentive plans. The officer is not entitled to receive a "gross up" payment to account for any excise tax that might be payable under the Internal Revenue Code, although we may elect to have the severance payments reduced to the extent necessary to avoid an excise tax.

Management

In connection with these severance protection agreements, effective as of the date of this offering, we will enter into restricted stock award agreements with Sudhakar Kesavan, John Wasson and Alan Stewart. Under these agreements, effective upon completion of this offering, pursuant to our 2006 Long-Term Equity Incentive Plan, we will grant restricted shares of common stock to Sudakar Kesavan and restricted shares of common stock to each of John Wasson and Alan Stewart. These grants of restricted stock will vest equally over a period of three years, subject to acceleration if we terminate the respective officer without cause or if the officer terminates his employment for good reason following a change in control. The officers generally will have all the rights and privileges of stockholder with respect to the restricted stock, including the right to receive dividends and to vote.

Employee annual incentive compensation pool plan

Executive officers and other employees may receive incentive compensation under our Amended and Restated Employee Annual Incentive Compensation Pool Plan. This plan provides that, if we meet certain EBITDA targets, an amount equal to a percentage change in EBITDA is pooled and distributed to employees by a committee of the directors based on each employee's job performance during that year. Additionally, this plan provides for a one-time pool of \$2.7 million to be allocated among our employees upon the occurrence of certain extraordinary transactions involving the company or CMEP, including the completion of this offering. Thus, immediately prior to or following the effective date of this offering, we will allocate and pay \$2.7 million among our executive officers and employees in accordance with determinations previously made by a board committee charged with making the allocation. Following the completion of this offering, the Amended and Restated Employee Annual Incentive Compensation Pool Plan will be terminated and the committee related to this plan will be dissolved.

STOCK AND BENEFIT PLANS

Management stock option plan

Effective June 25, 1999, ICF Consulting Group, Inc. adopted the Management Stock Option Plan or the 1999 Option Plan. The 1999 Option Plan, as amended, provides for the issuance of options for our common stock to our and our subsidiaries' eligible employees and other service providers, including officers, directors, consultants and advisors. As of March 31, 2006, there were options outstanding under the 1999 Option Plan to purchase a total of shares of our common stock. Since March 31, 2006, we have granted options under the 1999 Option Plan to purchase approximately additional shares of our common stock. No options under the 1999 Option Plan have been exercised. No additional awards will be made under the 1999 Option Plan upon the completion of this offering and the effectiveness of the 2006 Long-Term Equity Incentive Plan described below.

2005 Restricted stock plan

Under our 2005 Restricted Stock Plan, a committee of the board of directors may grant restricted stock awards to our directors and employees. These awards will be subject to such terms, conditions, restrictions or limitations as the committee may determine are appropriate, including restrictions on transferability, requirements of continued employment or individual performance, or our financial performance. During the period in which any shares of common stock are subject to restrictions, the compensation committee may, in its discretion, grant to the recipient of the restricted shares the rights of a stockholder with respect to such shares, including the right to vote such shares and to receive dividends paid on shares of common stock. No additional awards will be made under the 2005 Restricted Stock Plan upon the completion of this offering and the effectiveness of the 2006 Long-Term Equity Incentive Plan described below.

Management

2006 Long-term equity incentive plan

Our board of directors approved our 2006 Long-Term Equity Incentive Plan, or the 2006 Equity Plan, as of April 20, 2006, and our stockholders approved the 2006 Equity Plan at the 2006 annual meeting of our stockholders. The 2006 Equity Plan will become effective and no additional awards will be made under our 1999 Option Plan and 2005 Restricted Stock Plan upon completion of this offering.

Executive officers, other key employees and nonemployee directors may receive long-term incentive compensation under the 2006 Equity Plan. The 2006 Equity Plan provides for the award of stock options, stock appreciation rights, restricted stock, performance shares/units and other incentive awards.

Purpose. The purpose of the 2006 Equity Plan is to optimize the profitability and growth of the company through incentives consistent with the company's goals and which align the personal interests of plan participants with an incentive for individual performance. The plan is further intended to assist the company in motivating, attracting and retaining plan participants and allow them to share in company successes.

Administration. The 2006 Equity Plan will be administered by the compensation committee. The compensation committee will determine who participates in the plan, the size and type of awards under the plan and the conditions applicable to the awards.

Eligibility. Those persons eligible to participate in the 2006 Equity Plan are officers and other key employees of ICF and our subsidiaries and our non-employee directors.

Shares Subject to the 2006 Equity Plan. Upon completion of this offering, there will be _____ shares of common stock of the company reserved for issuance under the 2006 Equity Plan and, except for the planned restricted stock grants to Messrs. Kesavan, Wasson and Stewart described above, no awards have been granted under the 2006 Equity Plan. The shares of common stock reserved for options outstanding under the 1999 Option Plan and for issuance under the 2006 Equity Plan and the 2006 Employee Stock Purchase Plan together constitute approximately _____ % of the shares of common stock outstanding upon completion of this offering. To the extent outstanding options are exercised, there will be dilution to investors.

Stock Options. Stock option awards may be granted in the form of non-statutory stock options or incentive stock options. Options are exercisable in whole or in such installments as may be determined by the compensation committee. The compensation committee establishes the exercise price of stock options, which exercise price may not be less than the per share fair market value of our common stock on the date of the grant. The exercise price is payable in cash, shares of common stock or a combination of cash and common stock.

Stock options granted in the form of incentive stock options are also subject to certain additional limitations, as provided in Section 422 of the Internal Revenue Code of 1986, as amended. Incentive stock options may be made only to employees, and the aggregate fair market value of common stock with respect to which incentive stock options may become exercisable by an employee in any calendar year may not exceed \$100,000. In addition, incentive stock options may not be exercised after ten years from the grant date and any incentive stock option granted to an employee who owns shares of our common stock possessing more than 10% of the combined voting power of all classes of our shares must have an option price that is at least 110% of the fair market value of the shares and may not be exercisable after five years from the date of grant.

Stock Appreciation Rights. Stock appreciation rights are granted pursuant to stock appreciation rights awards on terms set by the compensation committee. The compensation committee determines the grant price for a stock appreciation right, except that unless otherwise designated by the compensation

Management

committee, the strike price of a stock appreciation right granted as a freestanding award will not be less than 100% of the fair market value of a share of common stock on the date of grant. Upon exercise of a stock appreciation right, we will pay the participant an amount equal to the excess of the aggregate fair market value of our common stock on the date of exercise, over the grant price. The compensation committee determines the term of stock appreciation rights granted under the 2006 Equity Plan, but unless otherwise designated by the compensation committee stock appreciation rights are not exercisable after the expiration of ten years from the date of grant. For each award of stock appreciation rights, the compensation committee will determine the extent to which the award recipient may exercise the stock appreciation rights after that recipient's service relationship with us ceases.

Restricted Stock Awards. The compensation committee may grant restricted stock awards, which will be subject to such terms, conditions, restrictions or limitations as the compensation committee may determine are appropriate, including restrictions on transferability, requirements of continued employment or individual performance, or our financial performance. During the period in which any shares of common stock are subject to restrictions, the compensation committee may, in its discretion, grant to the recipient of the restricted shares the rights of a stockholder with respect to such shares, including the right to vote such shares and to receive dividends paid on shares of common stock.

Performance Shares/Units. The compensation committee may grant performance shares or units subject to such terms, conditions, restrictions or limitations as the compensation committee may determine are appropriate. Performance units will be assigned an initial value established by the compensation committee and performance shares will be assigned an initial value equal to the per share fair market value of our common stock on the date of the grant. The compensation committee will set performance goals in its discretion and the number and value of the payout for the performance shares/units will be determined based on the extent to which those performance goals are met. Payouts for performance shares/units may be payable in cash, shares of common stock or a combination of cash and common stock. The compensation committee may assign rights to performance shares/units that entitle the recipient to receive any dividends declared with respect to shares of common stock earned in connection with grants of performance shares/units.

Other Awards. The compensation committee may grant other awards to employees or non-employee directors in amounts and on terms determined by the compensation committee.

Change in Control. In the event of a change in control of ICF:

- ∅ stock options and/or stock appreciation rights not otherwise exercisable will become fully exercisable;
- ∅ all restrictions previously established with respect to restricted stock awards will lapse; and
- ∅ all performance shares/units or other awards will be deemed to be fully earned for the entire performance period applicable to them.

The vesting of all of these awards will be accelerated as of the effective date of the change in control.

Transferability. Except as explicitly set forth in an award agreement, the rights and interests of a participant under the 2006 Equity Plan may not be transferred, except by will or the applicable laws of descent and distribution in the event of the death of the participant.

Adjustments upon Changes in Capitalization. The number of shares of our common stock as to which awards may be granted under the 2006 Equity Plan and shares of common stock subject to outstanding awards will be appropriately adjusted to reflect changes in our capitalization, including stock splits, stock dividends, mergers, reorganizations, consolidations, and recapitalizations.

Amendments. The board of directors may suspend or terminate the 2006 Equity Plan at any time. In addition, the 2006 Equity Plan may be amended from time to time in any manner without stockholder

Management

approval, except that no modification or termination of the 2006 Equity Plan may adversely affect in any material way any award previously granted under the 2006 Equity Plan without the written consent of the person holding such award.

2006 Employee Stock Purchase Plan

Our board of directors approved our 2006 Employee Stock Purchase Plan as of April 20, 2006, and our stockholders approved the 2006 Employee Stock Purchase Plan at the 2006 annual meeting of our stockholders. The 2006 Employee Stock Purchase Plan will become effective upon completion of this offering. The 2006 Employee Stock Purchase Plan is intended to qualify as an employee stock purchase plan within the meaning of Section 423 of the Internal Revenue Code. The 2006 Employee Stock Purchase Plan provides a means by which eligible employees may purchase our common stock through payroll deductions. We will implement the 2006 Employee Stock Purchase Plan by offerings of purchase rights to eligible employees.

Purpose. The purpose of the 2006 Employee Stock Purchase Plan is to provide eligible employees of ICF and its subsidiaries with an opportunity to acquire equity in the company through the purchase of common stock. The plan is further intended to assist the company in retaining employees and allow them to share in company successes.

Administration. The 2006 Employee Stock Purchase Plan will be administered by the compensation committee.

Eligibility. Generally, all employees of ICF or its subsidiaries designated by the compensation committee are eligible to participate in the 2006 Employee Stock Purchase Plan except for employees who customarily work 20 hours or less per week or are customarily not employed for more than 5 months per year. However, no employee may participate in the 2006 Employee Stock Purchase Plan if immediately after we grant the employee a purchase right, the employee has voting power over 5% or more of our outstanding capital stock. Further, a participant's right to purchase our stock under the 2006 Employee Stock Purchase Plan, plus any other employee stock purchase plans intended to qualify under Section 423 of the Internal Revenue Code established by us or by our affiliates, is limited. The right may accrue to any participant at a rate of no more than \$25,000 worth of our stock for each calendar year in which purchase rights are outstanding.

Shares Subject to the 2006 Employee Stock Purchase Plan. There are currently _____ shares of common stock of the company reserved for issuance under the 2006 Employee Stock Purchase Plan and no awards have been granted under the plan. The shares of common stock reserved for options outstanding under the 1999 Option Plan and for issuance under the 2006 Equity Plan and the 2006 Employee Stock Purchase Plan together constitute approximately _____ % of the shares of common stock outstanding upon completion of this offering. To the extent stock is purchased under the plan, there will be dilution to investors.

Offerings. The compensation committee has the authority to set the terms of each offering under the 2006 Employee Stock Purchase Plan. The compensation committee may specify offerings of up to 6 months where common stock is purchased for accounts of participating employees at a price per share equal to 95% of the fair market value of a share on the purchase date. Fair market value means the average of the high and low price per share of our common stock on the purchase date. The offering periods may generally start on the first business day on or after January 1 and July 1 of each year.

Participants in the plan may authorize payroll deductions be made by the company for the purchase of stock under the plan. Amounts deducted and accumulated for each participant are used to purchase shares of our common stock at the end of each offering period. Participants may end their participation in an offering with at least 20 days notice prior to a payroll deduction date. Their participation ends automatically on termination of their employment.

Management

Adjustments upon Changes in Capitalization. The number of shares of our common stock subject to the 2006 Employee Stock Purchase Plan or rights to purchase under the plan, as well as the price of shares subject to purchase rights and the number of shares an employee can purchase, will be appropriately adjusted to reflect changes in our capitalization, including stock splits, stock dividends, mergers, reorganizations, consolidations and recapitalizations.

Amendments. The compensation committee may amend the 2006 Employee Stock Purchase Plan from time to time in any manner without stockholder approval, except the compensation committee may not make any changes that would adversely affect purchase rights previously granted under the plan unless the changes are necessary to comply with Section 423 of the Internal Revenue Code. Additionally, the compensation committee may not, without stockholder approval, make any changes that would increase the number of common shares subject to the plan or which may be purchased by an eligible employee, decrease the minimum purchase price for a share of common stock such that the plan would no longer comply with the requirements of Section 423, or change any of the provisions relating to eligibility for participation in offerings under the plan.

401(k) Plan

We maintain the ICF Consulting Group Retirement Savings Plan, which is intended to be a tax-qualified defined contribution plan under Section 401(k) of the Internal Revenue Code of 1986, as amended. Under the terms of this plan, eligible employees may elect to contribute up to 70% of their eligible compensation as salary deferral contributions to the plan, subject to statutory limits. We make matching contributions each pay period equal to 100% of an employee's contributions up to the first 3% of the employee's compensation and we also make matching contributions equal to 50% of the employee's contributions up to the next 2% of the employee's compensation. We do not make matching contributions for employee contributions in excess of 5% of the employee's compensation.

Certain relationships and related party transactions

The following includes a description of transactions since January 1, 2003 and certain transactions prior to that date to which we have been a party, in which the amount involved in the transaction exceeds \$60,000, and in which any of our directors, executive officers, or holders of more than 5% of our capital stock had or will have a direct or indirect material interest other than equity and other compensation, termination, change-in control and other arrangements, which are described under "Management."

CONSULTING AGREEMENT

Our subsidiary, ICF Consulting Group, Inc., has a consulting agreement with CMLS Management, L.P. that we entered into on June 25, 1999 and amended as of May 8, 2006 and will terminate upon the completion of this offering. CMLS Management, L.P. is an affiliate of CMEP, our majority stockholder prior to the completion of this offering. Also, Joel R. Jacks and Peter M. Schulte, who are both members of our board of directors, are the managing members of entities that direct the affairs of CMLS Management, L.P. and CMEP. CMLS Management, L.P. provides financial, acquisition, strategic, business and consulting services to the company. In consideration for these services, ICF Consulting Group, Inc. annually pays a fixed consulting fee of \$100,000 and a variable fee equal to 2% the average EBITDA of ICF Consulting Group, Inc., as calculated pursuant to the terms of the consulting agreement, based on recent fiscal years of ICF Consulting Group, Inc. Upon termination of the consulting agreement as a result of the completion of this offering, a \$90,000 termination fee will be due from ICF Consulting Group, Inc. to CMLS Management, L.P. ICF Consulting Group, Inc. paid CMLS Management, L.P. approximately \$333,000 for 2003, \$361,000 for 2004 and \$380,000 for 2005 for consulting services under the consulting agreement.

LOANS TO EXECUTIVE OFFICERS

We provided loans to the executive officers specified below for the purpose of purchasing shares of our common stock. Each loan was approved by a majority of our board of directors, including a majority of the disinterested members of the board of directors. The loans bore interest at rates ranging from 4.0% to 7.4%. Each executive officer specified below pledged a portion of the shares acquired with the loan as security for the promissory note evidencing such loan. All of the loans were repaid by May 5, 2006.

Name & Title	Principal amount	Date of loan	January 1, 2003 to present: Largest aggregate indebtedness	Indebtedness as of May 8, 2006
Sudhakar Kesavan Chairman, President and Chief Executive Officer	\$250,000	June 25, 1999	\$ 250,000	\$ 0
John Wasson Executive Vice President and Chief Operating Officer	139,797 ⁽¹⁾	October 8, 2002 ⁽¹⁾	139,797	0
Alan Stewart Senior Vice President, Chief Financial Officer and Secretary	71,700 ⁽²⁾	August 26, 2002 ⁽²⁾	71,700	0
Ellen Glover Executive Vice President	216,530	September 6, 2005	216,530	0

(1) Represents two loans. The first loan was made as of October 8, 2002 in the principal amount of \$100,000 and the second loan was made as of December 28, 2004 in the principal amount of \$39,797.

(2) Represents two loans. The first loan was made as of August 26, 2002 in the principal amount of \$35,000 and the second loan was made as of December 28, 2004 in the principal amount of \$36,700.

Principal and selling stockholders

The following table sets forth certain information regarding beneficial ownership of our common stock as of March 31, 2006, by:

- ∅ each person, or group of affiliated persons, known to us to beneficially own more than 5% of the outstanding shares of our common stock;
- ∅ each of our stockholders selling shares in this offering;
- ∅ each of our directors;
- ∅ each of our executive officers; and
- ∅ all of our directors and executive officers as a group.

The percentages shown are based on _____ shares of common stock outstanding as of March 31, 2006, after giving effect to the stock split and the exercise of options to purchase an aggregate of _____ shares of common stock and including the _____ shares that are being offered for sale by us in this offering. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission, and includes voting and investment power with respect to shares. The number of shares beneficially owned by a person includes shares subject to options held by that person that were exercisable as of March 31, 2006 or within 60 days of March 31, 2006. The shares issuable under those options are treated as if they were outstanding for computing the percentage ownership of the person holding those options but are not treated as if they were outstanding for the purposes of computing the percentage ownership of any other person. Unless otherwise indicated below, to our knowledge, all persons named in the table have sole voting and investment power with respect to their shares of common stock, except to the extent authority is shared by spouses under applicable law.

Unless otherwise indicated, the address of each person owning more than 5% of the outstanding shares of common stock is c/o ICF International, Inc., 9300 Lee Highway, Fairfax, VA 22031. The following table sets forth the number of shares of our common stock beneficially owned by the indicated parties after giving effect to the stock split. The table assumes that the underwriters' over-allotment option is not exercised. If the over-allotment option is exercised in full, the number of shares offered in the offering by the selling stockholders would increase by _____.

Beneficial Owner	Shares beneficially owned prior to the offering		Shares offered in the offering	Shares beneficially owned after the offering	
	Number	Percentage		Number	Percentage
Entities Affiliated With CM Equity Partners, L.P. ^{(1), (2)}		89.35%	(3)		
Sudhakar Kesavan ⁽⁴⁾		3.45%	—		
John Wasson ⁽⁵⁾		1.71%	—		
Alan Stewart ⁽⁶⁾		*	—		
Ellen Glover ⁽⁷⁾		*	—		
Gerald Croan		*	—		
Dr. Edward H. Bersoff		*	—		
David C. Lucien		*	—		
William Moody ⁽⁸⁾		*	—		
Directors and officers as a group ^{(1), (4), (5), (6), (7), (8)}		6.95%	—		

* Represents beneficial ownership of less than 1%.
(footnotes)

continued on following page)

Principal and selling stockholders

- (1) Directors Peter M. Schulte, Joel R. Jacks and Robert Hopkins are principals of CM Equity Partners, L.P., CMEP Co-Investment ICF, L.P., CM Equity Partners II, L.P. and CM Equity Partners II Co-Investors, L.P., which collectively own _____ shares of common stock of ICF. Messrs. Schulte, Jacks and Hopkins disclaim beneficial ownership of the shares of the company's common stock owned by CM Equity Partners, L.P., CMEP Co-Investment ICF, L.P., CM Equity Partners II, L.P. and CM Equity Partners II Co-Investors, L.P.
 - (2) Represents shares of common stock held by CM Equity Partners, L.P. and CMEP Co-Investment ICF, L.P., CM Equity Partners II, L.P. and CM Equity Partners II Co-Investors, L.P., affiliates of CM Equity Partners, L.P.
 - (3) Represents _____ shares offered by CM Equity Partners, L.P., _____ shares offered by CMEP Co-Investment ICF, L.P., _____ shares offered by CM Equity Partners II, L.P. and _____ shares offered by CM Equity Partners II Co-Investors, L.P.
 - (4) The total number of shares listed as beneficially owned by Sudhakar Kesavan includes options to purchase _____ shares of our common stock.
 - (5) The total number of shares listed as beneficially owned by John Wasson includes options to purchase _____ shares of our common stock.
 - (6) The total number of shares listed as beneficially owned by Alan Stewart includes options to purchase _____ shares of our common stock.
 - (7) The total number of shares listed as beneficially owned by Ellen Glover includes options to purchase _____ shares of our common stock and _____ shares of unvested restricted common stock.
 - (8) The total number of shares listed as beneficially owned by William Moody includes options to purchase _____ shares of our common stock.
-

U.S. federal tax considerations for non-U.S. holders of common stock

The following is a general discussion of material U.S. federal income and estate tax consequences of the ownership and disposition of our common stock by a non-U.S. holder who acquires our common stock pursuant to this offering. The discussion is based on provisions of the Internal Revenue Code of 1986, as amended, or the Code, applicable U.S. Treasury regulations promulgated thereunder and U.S. Internal Revenue Service, or IRS, rulings and pronouncements and judicial decisions, all as in effect on the date of this prospectus, and all of which are subject to change, possibly on a retroactive basis, or different interpretations. There can be no assurance that the IRS will not take a position contrary to the tax consequences discussed below or that any positions taken by the IRS would not be sustained.

The discussion is limited to non-U.S. holders who hold our common stock as a “capital asset” within the meaning of Section 1221 of the Code (generally, property held for investment). As used in this discussion, the term “non-U.S. holder” means a beneficial owner of our common stock that is not, for U.S. federal income tax purposes:

- ∅ an individual who is a citizen or resident of the U.S.;
- ∅ a corporation (including any entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S. or any political subdivision thereof;
- ∅ an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- ∅ a trust (1) if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust, or (2) that has made a valid election to be treated as a U.S. person for such purposes.

This discussion specifically does not address U.S. federal income and estate tax rules applicable to any person who holds our common stock through entities treated as partnerships for U.S. federal income tax purposes or through entities that are disregarded for U.S. federal income tax purposes or such entities themselves. If a partnership (including any entity or arrangement treated as a partnership for such purposes) owns our common stock, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. A holder that is a partnership or a disregarded entity or a holder of an interest in such an entity should consult its own tax advisor regarding the tax consequences of the purchase, ownership and disposition of our common stock.

This discussion does not consider:

- ∅ any U.S. state, local or foreign tax consequences;
- ∅ any U.S. federal gift tax consequences;
- ∅ any U.S. federal tax consideration that may be relevant to a non-U.S. holder in light of its particular circumstances or to non-U.S. holders that may be subject to special treatment under U.S. federal tax laws, including without limitation, banks or other financial institutions, insurance companies, common trust funds, tax-exempt organizations, certain trusts, hybrid entities, certain former citizens or residents of the U.S., holders subject to U.S. federal alternative minimum tax, broker-dealers and dealers or traders in securities or currencies; or
- ∅ special tax rules that may apply to a non-U.S. holder who is deemed to sell our common stock under the constructive sale provisions of the Code and to a non-U.S. holder who holds our common stock as part of a “straddle,” “hedge,” “conversion transaction,” “synthetic security” or other integrated investment.

U.S. federal tax considerations for non-U.S. holders of common stock

This discussion is for general purposes only. Prospective investors are urged to consult their own tax advisors regarding the application of the U.S. federal income and estate tax laws to their particular situations and the consequences under U.S. federal gift tax laws, as well as foreign, state and local laws and tax treaties.

DIVIDENDS

As previously discussed under “Dividend Policy” above, we do not anticipate paying dividends on our common stock in the foreseeable future. If we make distributions on our common stock, those payments will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed our current and accumulated earnings and profits, the distributions will constitute a return of capital and first reduce the non-U.S. holder’s adjusted tax basis, but not below zero, and then will be treated as gain from the sale of stock, as described in the section of this prospectus entitled “Gain on disposition of common stock.”

Dividends paid to a non-U.S. holder generally will be subject to withholding of tax at a 30% rate, or a lower rate under an applicable income tax treaty, unless the dividend is effectively connected with the conduct of a trade or business of the non-U.S. holder within the U.S. or, if an income tax treaty applies, attributable to a permanent establishment of the non-U.S. holder within the U.S. Under applicable U.S. Treasury regulations, a non-U.S. holder (including, in certain cases of non-U.S. holders that are entities, the owner or owners of such entities) will be required to satisfy certain certification and disclosure requirements in order to claim a reduced rate of withholding pursuant to an applicable income tax treaty. Non-U.S. holders should consult their tax advisors regarding their entitlement to benefits under a relevant income tax treaty.

Dividends that are effectively connected with a non-U.S. holder’s conduct of a trade or business in the U.S. or, if an income tax treaty applies, attributable to a permanent establishment in the U.S., are taxed on a net income basis at the regular graduated U.S. federal income tax rates in the same manner as if the non-U.S. holder were a resident of the U.S. In such cases, we will not have to withhold U.S. federal income tax if the non-U.S. holder complies with applicable certification and disclosure requirements. In addition, a “branch profits tax” may be imposed at a 30% rate, or a lower rate under an applicable income tax treaty, on dividends received by a foreign corporation that are effectively connected with the conduct of a trade or business in the U.S. A non-U.S. holder who is eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund together with the required information with the IRS.

GAIN ON DISPOSITION OF COMMON STOCK

A non-U.S. holder generally will not be subject to U.S. federal income tax with respect to gain realized on a sale or other disposition of our common stock unless one of the following applies:

- ∅ the gain is effectively connected with the non-U.S. holder’s conduct of a trade or business in the U.S. or, if an income tax treaty applies, is attributable to a permanent establishment maintained by the non-U.S. holder in the U.S.; in these cases, the non-U.S. holder generally will be taxed on its net gain derived from the disposition at the regular graduated rates and in the manner applicable to U.S. persons and, if the non-U.S. holder is a foreign corporation, the “branch profits tax” described above may also apply;
- ∅ the non-U.S. holder is an individual who holds the common stock as a capital asset and is present in the U.S. for 183 days or more in the taxable year of the disposition and certain other conditions are met; in this case, the non-U.S. holder will be subject to a 30% tax on the gain derived from the sale or other disposition or such lower rate as may be specified by an applicable income tax treaty; or

U.S. federal tax considerations for non-U.S. holders of common stock

Ø we are or have been a “U.S. real property holding corporation” for U.S. federal income tax purposes at any time within the shorter of the five-year period ending on the date of disposition or the period that the non-U.S. holder held our common stock. We do not believe that we have been, currently are, or will become, a U.S. real property holding corporation. If we were or were to become a U.S. real property holding corporation at any time during the applicable period, however, any gain recognized on a disposition of our common stock by a non-U.S. holder who did not own (directly, indirectly or constructively) more than 5% of our common stock during the applicable period would not be subject to U.S. federal income tax, provided that our common stock is “regularly traded on an established securities market” (within the meaning of Section 897(c)(3) of the Code).

FEDERAL ESTATE TAX

Common stock owned or treated as owned by an individual who is a non-U.S. holder at the time of death will be included in the individual’s gross estate for U.S. federal estate tax purposes, unless an applicable estate tax or other treaty provides otherwise, and, therefore, such individual may be subject to U.S. federal estate tax.

INFORMATION REPORTING AND BACKUP WITHHOLDING TAX

Dividends and proceeds from the sale or other taxable disposition of our common stock are potentially subject to backup withholding. In general, backup withholding will not apply to dividends on our common stock made by us or our paying agents, in their capacities as such, to a non-U.S. holder if the holder has provided the required certification that it is a non-U.S. holder and neither we nor our paying agent has actual knowledge (or reason to know) that the holder is a U.S. holder.

Generally, we must report to the IRS the amount of dividends paid, the name and address of the recipient and the amount, if any, of tax withheld. These information reporting requirements apply even if withholding was not required. A similar report is sent to the recipient of the dividend. Pursuant to income tax treaties or some other agreements, the IRS may make its reports available to tax authorities in the recipient’s country of residence.

In general, backup withholding and information reporting will not apply to proceeds from the disposition of our common stock paid to a non-U.S. holder if the holder has provided the required certification that it is a non-U.S. holder and neither we nor our paying agent has actual knowledge (or reason to know) that the holder is a U.S. holder.

Backup withholding is not an additional tax. Rather, the amount of any backup withholding will be allowed as a credit against the holder’s U.S. federal income tax liability, if any, and may entitle such holder to a refund, provided that the required information is furnished to the IRS in a timely manner.

Non-U.S. holders should consult their tax advisors regarding the application of the information reporting and backup withholding rules to them.

Description of capital stock

Upon the closing of this offering and the filing of our amended and restated certificate of incorporation, our authorized capital stock will consist of 70 million shares of common stock, \$0.001 par value per share and 5 million shares of preferred stock, \$0.001 par value per share. The following is a summary of the material features of our capital stock. For more detail, please see our amended and restated certificate of incorporation and amended and restated bylaws listed as exhibits to the registration statement of which this prospectus is a part.

COMMON STOCK

As of March 31, 2006, there were _____ shares of common stock outstanding held by _____ stockholders of record after giving effect to the _____ -for- stock split of our common stock to be effected immediately prior to the closing of this offering. Based upon the number of shares outstanding as of that date, and giving effect to the issuance of the _____ shares of common stock offered by us in this offering, there will be _____ shares of common stock outstanding upon the completion of this offering. There are no shares of preferred stock outstanding.

As of March 31, 2006, _____ shares of common stock were reserved for grants under our stock plans, and options and warrants to purchase a total of _____ shares of our common stock were outstanding.

Our common stock is all one class. Holders of common stock have identical rights. The holders of common stock do not have cumulative voting rights. Directors are elected by a plurality of the votes of the shares present in person or by proxy at the meeting and entitled to vote in such election. Subject to preferences that may be applicable to any outstanding preferred stock, holders of common stock are entitled to receive ratably such dividends, if any, as may be declared by the board of directors out of funds legally available to pay dividends. Upon our liquidation, dissolution, or winding up, the holders of common stock are entitled to receive ratably all assets after the payment of our liabilities, subject to the prior rights of any outstanding preferred stock. Holders of common stock have no preemptive, subscription, redemption, or conversion rights. They are not entitled to the benefit of any sinking fund. The outstanding shares of common stock are, and the shares of common stock offered by us in this offering will be, when issued and paid for, validly issued, fully paid and nonassessable. The rights, powers, preferences and privileges of holders of common stock are subject to the rights of the holders of shares of any series of preferred stock which we may designate and issue in the future.

In the case of a dividend or other distribution payable in shares of common stock, including distributions pursuant to stock splits or divisions of common stock, only shares of common stock may be distributed with respect to common stock.

PREFERRED STOCK

Upon the closing of this offering and the filing of our amended and restated certificate of incorporation, the board of directors is authorized, subject to any limitations prescribed by law, without further stockholder approval, to issue up to an aggregate of 5 million shares of preferred stock. The preferred stock may be issued in one or more series and on one or more occasions. Each series of preferred stock shall have such number of shares, designations, preferences, voting powers, qualifications and special or relative rights or privileges as the board of directors may determine. These rights and privileges may include, among others, dividend rights, voting rights, redemption provisions, liquidation preferences, conversion rights and preemptive rights.

The issuance of preferred stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could adversely affect the voting power or other rights of the holders of common stock. In addition, the issuance of preferred stock could make it more difficult for a third party to acquire us or discourage a third party from attempting to acquire us.

Description of capital stock

WARRANTS

As of March 31, 2006, warrants to purchase _____ shares of our common stock at a price per share of \$ _____ were outstanding. These warrants expire on June 25, 2009. These warrants contain anti-dilution provisions providing for adjustments to the exercise price and the number of shares underlying the warrant upon the occurrence of certain events, including any issuance of common stock or convertible securities at a certain price, stock dividend, stock split, stock combination, or merger, consolidation or sale of substantially all of the assets, recapitalization or other similar transaction.

ANTI-TAKEOVER EFFECTS OF VARIOUS PROVISIONS OF OUR AMENDED AND RESTATED CERTIFICATE OF INCORPORATION AND OUR AMENDED AND RESTATED BYLAWS

Provisions of our amended and restated certificate of incorporation and amended and restated bylaws, which are summarized below, may be deemed to have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider in such stockholder's best interest, including those attempts that might result in a premium over the market price for the shares held by stockholders.

Classified board of directors. Our amended and restated certificate of incorporation and our amended and restated bylaws provide for a board of directors divided into three classes, with one class to be elected each year to serve for a three-year term. The provision for a classified board will have the effect of making it more difficult for stockholders to change the composition of our board.

Number of directors; removal for cause; filling vacancies. Our amended and restated certificate of incorporation and our amended and restated bylaws provide that our board of directors will consist of not less than one nor more than nine members, the exact number of which will be fixed from time to time by the holders of a majority of the company's outstanding stock at a properly called and conducted stockholders meeting or by a majority vote of the board of directors. The limitation on the total number of directors may be subject to adjustment by the rights of any outstanding preferred stock. Upon the closing of this offering, the size of our board will be fixed at five directors.

Under the General Corporation Law of the State of Delaware, or the DGCL, unless otherwise provided in our amended and restated certificate of incorporation, directors serving on a classified board may be removed by the stockholders only for cause. Our amended and restated certificate of incorporation and amended and restated bylaws also provide that any vacancy occurring on the board may be filled by a majority of the board then in office, even if less than a quorum, or by a plurality of the votes entitled to be cast in the election of directors at a stockholders' meeting. Any director elected in accordance with the preceding sentence will hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director's successor shall have been elected and qualified. No decrease in the number of directors constituting the board of directors shall have the effect of removing or shortening the term of any incumbent director.

The director removal and vacancy provisions will make it more difficult for a stockholder to remove incumbent directors and simultaneously gain control of the board by filling vacancies created by such removal with its own nominees.

Special meetings of stockholders. Our amended and restated bylaws deny stockholders the right to call a special meeting of stockholders. Our amended and restated bylaws provide that a special meeting of stockholders may be called only by our board of directors.

Unanimous stockholder action by written consent. Our amended and restated certificate of incorporation requires all stockholder actions to be taken by a vote of the stockholders at an annual or special meeting or by a written consent without a meeting signed by all of the stockholders of outstanding common stock. Preferred stock may be issued with voting rights that alter these requirements for holders of preferred stock.

Description of capital stock

Stockholder proposals. At any meeting of stockholders, only business that is properly brought before the meeting will be conducted. To be properly brought before a meeting of stockholders, business must be specified in the notice of the meeting (or any supplement to that notice) given by or at the direction of the board of directors, brought before the meeting by or at the direction of the board or properly brought before the meeting by a stockholder. For business to be properly brought before a meeting by a stockholder, the stockholder must have given timely written notice of the business in proper written form to our corporate secretary.

To be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices not less than 60 days nor more than 90 days prior to the date of the meeting; provided, however, that in the event that less than 75 days' notice or prior public disclosure is given or made to stockholders, notice by the stockholder must be received not later than the close of business on the 15th day following the day on which notice of the date of the meeting was mailed or public disclosure of the date of the meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the secretary must set forth as to each matter the stockholder proposes to bring before the meeting:

- ∅ a brief description of the business desired to be brought before the meeting and the reasons for conducting the business at the meeting;
- ∅ the name and record address of the stockholder proposing such business;
- ∅ the class, series and number of our shares of our capital stock beneficially owned by the stockholder proposing the business; and
- ∅ any material interest of the stockholder in the business that the stockholder intends to propose.

Nomination of candidates for election to our board. Under our amended and restated bylaws, only persons who are properly nominated will be eligible for election to be members of our board. To be properly nominated, a director candidate must be nominated at a meeting of the stockholders by or at the direction of the directors, by any nominating committee or person appointed by the directors or by any stockholder who is entitled to vote for the election of directors at the meeting and who nominates a director in accordance with our amended and restated bylaws. To properly nominate a director in accordance with our amended and restated bylaws, a stockholder must have given timely written notice in proper written form to our corporate secretary.

To be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices not less than 60 days nor more than 90 days prior to the date of the meeting; provided, however, that in the event that less than 75 days' notice or prior public disclosure is given or made to stockholders, notice by the stockholder must be received not later than the close of business on the 15th day following the day on which notice of the date of the meeting was mailed or public disclosure of the date of the meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the corporate secretary must be accompanied by the written consent of each person whom the stockholder proposes to nominate for election as a director to serve as a director if elected and must set forth as to each intended director nominee (other than an incumbent director):

- ∅ the name, age, business address and residence address of the person;
- ∅ the principal occupation or employment of the person;
- ∅ the class and number of shares of our capital stock that are beneficially owned by the person; and

Description of capital stock

∅ any other information relating to the person that would be required to be disclosed in solicitations for proxies for election of directors pursuant to the rules and regulations of Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

Additionally, to be in proper written form, a stockholder's notice to the corporate secretary must set forth as to the stockholder giving the notice:

∅ the name and record address of such stockholder; and

∅ the class and number of shares of our capital stock that are beneficially owned by the stockholder.

Amendment of amended and restated certificate of incorporation and amended and restated bylaws. The DGCL provides generally that the affirmative vote of a majority of the outstanding shares entitled to vote is required to amend or repeal a corporation's amended and restated certificate of incorporation or amended and restated bylaws, unless the certificate of incorporation requires a greater percentage. Our amended and restated certificate of incorporation requires the approval of the holders of our capital stock representing at least two-thirds of the company's voting power entitled to vote in the election of directors to amend any provisions of our amended and restated certificate of incorporation described in the sections of this prospectus entitled "Classified board of directors" above and "Limitations on Liability and Indemnification of Directors and Officers" below. In addition, our amended and restated bylaws may be amended by our board of directors without a stockholder vote. Our amended and restated bylaws additionally require the approval of the holders of our capital stock representing at least two-thirds of the company's voting power entitled to vote in the election of directors to amend any provisions of our amended and restated bylaws described in the sections of this prospectus entitled "Classified board of directors," "Stockholder proposals" and "Nomination of candidates for election to our board" above.

ANTI-TAKEOVER EFFECTS OF PROVISIONS OF DELAWARE LAW

We are subject to the provisions of Section 203 of the General Corporation Law of Delaware. Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A business combination includes mergers, consolidations, asset sales and other transactions involving us and an interested stockholder. In general, an interested stockholder is a person who, together with affiliates and associates, owns, or within three years did own, 15% or more of the corporation's voting stock.

LIMITATIONS ON LIABILITY AND INDEMNIFICATION OF DIRECTORS AND OFFICERS

We have adopted provisions in our amended and restated certificate of incorporation that limit or eliminate the personal liability of our directors to the maximum extent permitted by the DGCL. The DGCL expressly permits a corporation to provide that its directors will not be liable for monetary damages for a breach of their fiduciary duties as directors, except for liability:

∅ for any breach of the director's duty of loyalty to us or our stockholders;

∅ for any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;

∅ under Section 174 of the DGCL (relating to unlawful stock repurchases, redemptions or other distributions or payment of dividends); or

∅ for any transaction from which the director derived an improper personal benefit.

Description of capital stock

These limitations of liability do not generally affect the availability of equitable remedies such as injunctive relief or rescission. Our amended and restated certificate of incorporation also obligates us to indemnify our officers, directors, employees and other agents to the fullest extent permitted under the DGCL, subject to limited exceptions. Also, we may advance expenses to our directors, officers and employees in connection with legal proceedings, subject to limited exceptions.

We may enter into separate indemnification agreements with our board members and officers that may be broader than the specific indemnification provisions contained in the DGCL. These indemnification agreements could require us, among other things, to indemnify our board members and officers against liabilities that may arise by reason of their status or service as board members and officers, other than liabilities arising from willful misconduct. These indemnification agreements may also require us to advance any expenses incurred by the board members and officers as a result of any proceeding against them as to which they could be indemnified and to obtain directors' and officers' insurance if available on reasonable terms.

The limited liability and indemnification provisions in our amended and restated certificate of incorporation and in any indemnification agreements we enter into may discourage stockholders from bringing a lawsuit against our board members for breach of their fiduciary duties and may reduce the likelihood of derivative litigation against our board members and officers, even though a derivative action, if successful, might otherwise benefit us and our stockholders. A stockholder's investment in us may be adversely affected to the extent we pay the costs of settlement or damage awards against our directors and officers under these indemnification provisions.

At present, there is no pending litigation or proceeding involving any of our directors, officers, employees or agents in which indemnification by us is sought, nor are we aware of any threatened litigation or proceeding that may result in a claim for indemnification.

REGISTRATION RIGHTS

Following the completion of this offering, under the Amended and Restated Registration Rights Agreement between us and certain holders of shares of common stock, if we propose to register any of our equity securities under the Securities Act of 1933, our stockholders who are parties to the Amended and Restated Registration Rights Agreement are entitled to notice of such registration and are entitled to request inclusion of shares of their common stock in that registration. We are obligated to use reasonable commercial efforts to include such shares in the registration, if, and only if, CM Equity Partners, L.P., CMEP Co-Investment ICF, L.P., CM Equity Partners II, L.P. and CM Equity Partners II Co-Investors L.P. or their transferees participate as a seller in such registration. These registration rights are subject to typical conditions and limitations, among them the right of the underwriters of an offering to limit the number of shares included in the registration.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common stock is .

LISTING

We intend to file an application for our common stock to be listed on the Nasdaq National Market under the symbol "ICFI."

Shares eligible for future sale

Prior to this offering, there was no public market for our common stock. Future sales of substantial amounts of our common stock in the public market, or the perception that these sales could occur, could adversely affect the price of our common stock. Based on the number of shares outstanding as of _____, after giving effect to the _____-for-_____ stock split of our common stock to be effected immediately prior to the closing, we will have approximately _____ shares of our common stock outstanding after the completion of this offering (approximately _____ shares if the underwriters exercise their over-allotment option in full). Of those shares, the _____ shares of common stock sold in this offering (_____ shares if the underwriters exercise their over-allotment option in full) will be freely transferable without restriction, unless purchased by our affiliates. The remaining _____ shares of common stock to be outstanding immediately following the completion of this offering, which are “restricted securities” under Rule 144 of the Securities Act, or Rule 144, as well as any other shares held by our affiliates, may not be resold except pursuant to an effective registration statement or an applicable exemption from registration, including an exemption under Rule 144.

LOCK-UP AGREEMENTS

The holders of approximately _____ shares of outstanding common stock as of the closing of this offering and the holders of _____ shares of common stock underlying options and warrants as of the closing of this offering, including all of our directors and executive officers and the selling stockholders have entered into lock-up agreements under which they have generally agreed, subject to certain exceptions, not to offer or sell any shares of common stock or securities convertible into or exchangeable or exercisable for shares of common stock for a period of at least 180 days from the date of this prospectus without the prior written consent of UBS Securities LLC. See “Underwriting — No sale of Similar Securities.”

RULE 144

In general, under Rule 144, an affiliate of ours who beneficially owns shares of our common stock that are not restricted securities, or a person who beneficially owns for more than one year shares of our common stock that are restricted securities, may generally sell, within any three-month period, a number of shares that does not exceed the greater of:

- Ø 1% of the number of shares of our common stock then outstanding, which will equal approximately _____ shares immediately after this offering; and
- Ø the average weekly trading volume of our common stock on the Nasdaq National Market during the four preceding calendar weeks.

Sales under Rule 144 are also subject to requirements with respect to manner of sale, notice and the availability of current public information about us. Generally, a person who was not our affiliate at any time during the three months before the sale, and who has beneficially owned shares of our common stock that are restricted securities for at least two years, may sell those shares without regard to the volume limitations, manner of sale provisions, notice requirements or the requirements with respect to availability of current public information about us.

Rule 144 does not supersede the contractual obligations of our security holders set forth in the lock-up agreements described above.

RULE 701

Generally, an employee, officer, director or consultant who purchased shares of our common stock before the effective date of the registration statement of which this prospectus is a part, or who holds

Shares eligible for future sale

options as of that date, under a written compensatory plan or contract, may rely on the resale provisions of Rule 701 under the Securities Act. Under Rule 701, these persons who are not our affiliates may generally sell their eligible securities, commencing 90 days after the effective date of the registration statement of which this prospectus is a part, without having to comply with the public information, holding period, volume limitation or notice provisions of Rule 144. These persons who are our affiliates may generally sell their eligible securities under Rule 701, commencing 90 days after the effective date of the registration statement of which this prospectus is a part, without having to comply with Rule 144's one-year holding period restriction.

Neither Rule 144 nor Rule 701 supersedes the contractual obligations of our security holders set forth in the lock-up agreements described above.

REGISTRATION RIGHTS

Upon completion of this offering, under the Amended and Restated Registration Rights Agreement between us and certain holders of shares of common stock, if we propose to register any of our equity securities under the Securities Act of 1933 (other than registrations via SEC Form S-4 or S-8), all of the parties to the Amended and Restated Registration Rights Agreement who are then current holders of common stock that has not been previously registered and is not permitted to be sold by SEC Rule 144 are entitled to notice of such registration and are entitled to request inclusion of shares of their common stock in that registration. The company is obligated to use reasonable commercial efforts to include such shares in the registration, if, and only if, CM Equity Partners, L.P., CMEP Co-Investment ICF, L.P., CM Equity Partners II, L.P. and CM Equity Partners II Co-Investors L.P. or their transferees are participating as sellers in such registration. These registration rights are subject to typical conditions and limitations, among them the right of the underwriters of an offering to limit the number of shares included in the registration.

STOCK PLANS

We intend to file a registration statement on Form S-8 under the Securities Act to register shares of common stock issued or reserved for issuance under our 1999 Option Plan, 2006 Equity Plan and 2006 Employee Stock Purchase Plan as soon as practicable after the completion of this offering. Accordingly, shares registered under the Form S-8 registration statement will be available for sale in the open market following its effective date, subject to Rule 144 volume limitations and the 180-day lock-up arrangement described above, if applicable.

Underwriting

We and the selling stockholders are offering shares of our common stock through the underwriters named below. UBS Securities LLC, Stifel, Nicolaus & Company, Incorporated and William Blair & Company, L.L.C. are the representatives of the underwriters. UBS Securities LLC is the sole book-running manager of our offering, and UBS Securities LLC and Stifel, Nicolaus & Company, Incorporated are the joint lead managers of our offering. We and the selling stockholders have entered into an underwriting agreement with the representatives. Subject to the terms and conditions of the underwriting agreement, each of the underwriters has severally agreed to purchase the number of shares listed next to its name in the following table:

Underwriters	Number of shares
UBS Securities LLC	
Stifel, Nicolaus & Company, Incorporated	
William Blair & Company, L.L.C.	
Total	

The underwriting agreement provides that the underwriters must buy all of the shares if they buy any of them. However, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below.

Our common stock is offered subject to a number of conditions, including:

- ∅ receipt and acceptance of our common stock by the underwriters; and
- ∅ the underwriters' right to reject orders in whole or in part.

We have been advised by the representatives that the underwriters intend to make a market in our common stock but that they are not obligated to do so and may discontinue making a market at any time without notice.

In connection with this offering, certain of the underwriters or securities dealers may distribute prospectuses electronically.

OVER-ALLOTMENT OPTION

The underwriters have an option to buy up to an aggregate of _____ additional shares of our common stock. We are providing _____ of these shares and the selling stockholders are providing _____ of these shares. If the underwriters purchase fewer than all of the shares covered by this option, then we and the selling stockholders will sell shares on a pro rata basis in approximately the same proportion. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with this offering. The underwriters have 30 days from the date of this prospectus to exercise this option. If the underwriters exercise this option, they will each purchase additional shares on a pro rata basis in approximately the same proportion to the amounts specified in the table above.

DIRECTED SHARE PROGRAM

At our request, the underwriters have reserved up to 5% of the aggregate number of shares of common stock offered hereby for sale at the public offering price set forth on the cover page of this prospectus to persons who are our directors, officers, and employees, to certain vendors, suppliers, customers and business associates, and to persons who are otherwise associated with us, through a directed share program. The number of shares of common stock available for sale to the general public will be reduced by the number of directed shares purchased by participants in the directed share program. Any directed

Underwriting

shares not purchased will be offered by the underwriters to the general public on the same basis as all other shares of common stock offered. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with the sales of the directed shares. We have been advised by UBS Securities LLC that any participants in the directed share program who purchase more than \$100,000 of our common stock will be required to sign a lock-up agreement, the form of which will be the same as the lock-up agreements to be entered into by all of our directors and officers and substantially all of our existing stockholders. See “Shares eligible for future sale — Lock-up agreements” for a description of the material terms of these agreements.

COMMISSIONS AND DISCOUNTS

Shares sold by the underwriters to the public will initially be offered at the initial offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to \$ _____ per share from the initial public offering price. Any of these securities dealers may resell any shares purchased from the underwriters to other brokers or dealers at a discount of up to \$ _____ per share from the initial public offering price. If all the shares are not sold at the initial public offering price, the representatives may change the offering price and the other selling terms. Sales of shares made outside of the United States may be made by affiliates of the underwriters. Upon execution of the underwriting agreement, the underwriters will be obligated to purchase the shares at the price and upon the terms stated in the underwriting agreement and, as a result, will thereafter bear any risk associated with changing the offering price to the public or other selling terms.

The following table shows the per share and total underwriting discounts and commissions we and the selling stockholders will pay to the underwriters, assuming both no exercise and full exercise of their over-allotment option:

	Paid by us		Paid by the selling stockholders		Total	
	No exercise	Full exercise	No exercise	Full exercise	No exercise	Full exercise
Per share	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Total	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

We estimate that the total expenses of this offering payable by us, not including the underwriting discounts and commissions, will be approximately \$ _____. The selling stockholders are not obligated to reimburse us for any of such expenses.

NO SALES OF SIMILAR SECURITIES

We, the selling stockholders, our executive officers and directors and substantially all of our other existing security holders have entered, and certain individuals who purchase shares of our common stock in this offering through the directed share program may enter, into lock-up agreements with the underwriters. Under these agreements, subject to certain exceptions, we and each of these persons may not, without the prior written approval of UBS Securities LLC, offer, sell, contract to sell or otherwise dispose of, directly or indirectly, or hedge our common stock or securities convertible into or exchangeable for our common stock. These restrictions will be in effect for a period of 180 days after the date of this prospectus. At any time and without public notice, UBS Securities LLC may, in its sole discretion, release some or all of the securities from these lock-up agreements.

Notwithstanding the foregoing, if (1) during the last 17 days of the 180-day lock-up period we issue an earnings release or material news or a material event relating to us occurs or (2) prior to the expiration of the 180-day lock-up period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day lock-up period, then the restrictions described above will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

Underwriting

INDEMNIFICATION AND CONTRIBUTION

We and the selling stockholders have agreed to indemnify the underwriters and their controlling persons against certain liabilities, including certain liabilities under the Securities Act. If we or the selling stockholders are unable to provide this indemnification, we and the selling stockholders have agreed to contribute to payments the underwriters and their controlling persons may be required to make in respect of those liabilities.

LISTING

We intend to apply to have our common stock approved for listing on the Nasdaq National Market under the symbol “ICFI.”

PRICE-STABILIZATION, SHORT POSITIONS

In connection with this offering, the underwriters may engage in activities that stabilize, maintain or otherwise affect the price of our common stock, including:

- ∅ stabilizing transactions;
- ∅ short sales;
- ∅ purchases to cover positions created by short sales;
- ∅ imposition of penalty bids;
- ∅ syndicate covering transactions; and
- ∅ passive market making.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of our common stock while this offering is in progress. These transactions may also include making short sales of our common stock, which involve the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering and purchasing shares of common stock in the open market to cover positions created by short sales. Short sales may be “covered short sales,” which are short positions in an amount not greater than the underwriters’ over-allotment option referred to above, or may be “naked short sales,” which are short positions in excess of that amount.

The underwriters may close out any covered short position either by exercising their over-allotment option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which they may purchase shares through the over-allotment option.

Naked short sales are sales in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchased in this offering.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of that underwriter in stabilizing or short covering transactions.

In connection with this offering, certain underwriters and selling group members, if any, who are qualified market makers on the Nasdaq National Market may engage in passive market making transactions in our common stock on the Nasdaq National Market in accordance with Rule 103 of

Underwriting

Regulation M under the Securities Exchange Act of 1934. In general, a passive market maker must display its bid at a price not in excess of the highest independent bid of such security; if all independent bids are lowered below the passive market maker's bid, however, such bid must then be lowered when certain purchase limits are exceeded.

As a result of these activities, the price of our common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. The underwriters may carry out these transactions on the Nasdaq National Market, in the over-the-counter market or otherwise.

DETERMINATION OF OFFERING PRICE

Prior to this offering, there was no public market for our common stock. The initial public offering price will be determined by negotiation by us, the selling stockholders and the representatives of the underwriters. The principal factors to be considered in determining the initial public offering price include:

- ∅ the information set forth in this prospectus and otherwise available to the representatives;
- ∅ our history and prospects and the history of, and prospects for, the industry in which we compete;
- ∅ our past and present financial performance and an assessment of our management;
- ∅ our prospects for future earnings and the present state of our development;
- ∅ the general condition of the securities markets at the time of this offering;
- ∅ the recent market prices of, and the demand for, publicly traded common stock of generally comparable companies; and
- ∅ other factors deemed relevant by the underwriters, the selling stockholders and us.

AFFILIATIONS

Certain of the underwriters or their affiliates have in the past provided commercial banking, financial advisory, investment banking or other services for us and our affiliates, including companies we have acquired, or for the selling stockholders and their affiliates, for which they received customary fees. The underwriters and their affiliates may in the future provide these types of services to us, the selling stockholders and our respective affiliates.

NOTICE TO INVESTORS

European Economic Area

With respect to each Member State of the European Economic Area which has implemented Prospectus Directive 2003/71/EC, including any applicable implementing measures, from and including the date on which the Prospectus Directive is implemented in that Member State, the offering of our common stock in this offering is only being made:

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
 - (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
 - (c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.
-

Underwriting

United Kingdom

Shares of our common stock may not be offered or sold and will not be offered or sold to any persons in the United Kingdom other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses and in compliance with all applicable provisions of the FSMA with respect to anything done in relation to shares of our common stock in, from or otherwise involving the United Kingdom. In addition, each Underwriter has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of shares of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to the Company. Without limitation to the other restrictions referred to herein, this offering circular is directed only at (1) persons outside the United Kingdom, (2) persons having professional experience in matters relating to investments who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets act 2000 (Financial Promotion) Order 2005; or (3) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Financial Services and Markets act 2000 (Financial Promotion) Order 2005. Without limitation to the other restrictions referred to herein, any investment or investment activity to which this offering circular relates is available only to, and will be engaged in only with, such persons, and persons within the United Kingdom who receive this communication (other than persons who fall within (2) or (3) above) should not rely or act upon this communication.

Switzerland

Shares of our common stock may be offered in Switzerland only on the basis of a non-public offering. This prospectus does not constitute an issuance prospectus according to articles 652a or 1156 of the Swiss Federal Code of Obligations or a listing prospectus according to article 32 of the Listing Rules of the Swiss exchange. The shares of our common stock may not be offered or distributed on a professional basis in or from Switzerland and neither this prospectus nor any other offering material relating to shares of our common stock may be publicly issued in connection with any such offer or distribution. The shares have not been and will not be approved by any Swiss regulatory authority. In particular, the shares are not and will not be registered with or supervised by the Swiss Federal Banking Commission, and investors may not claim protection under the Swiss Investment Fund Act.

Legal matters

The validity of the shares of common stock offered hereby will be passed upon for us by Squire, Sanders & Dempsey L.L.P., Tysons Corner, Virginia. Certain legal matters in connection with this offering will be passed upon for the underwriters by Davis Polk & Wardwell, New York, New York.

Experts

The consolidated financial statements of ICF as of December 31, 2004 and 2005 and for the years ended December 31, 2003, 2004 and 2005 included in this prospectus have been audited by Grant Thornton LLP, independent registered public accounting firm, as stated in their report appearing herein and elsewhere in the registration statement, and are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing in giving said reports.

The consolidated financial statements of Caliber Associates, Inc. as of and for the year ended December 31, 2004 included in this prospectus have been audited by Argy, Wiltse & Robinson, P.C., independent auditors, and are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing. Argy, Wiltse & Robinson, P.C., are not registered with the Public Company Accounting Oversight Board, and their audit opinion on the financial statements of Caliber Associates, Inc. is included herein in reliance upon paragraph II.P.2 of the outline entitled "Current Accounting and Disclosure Issues in the Division of Corporation Finance," dated March 4, 2005, prepared by accounting staff members in the Division of Corporation Finance of the Securities and Exchange Commission.

Where you can find more information

We have filed with the Securities and Exchange Commission, or the SEC, a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock we are offering. This prospectus does not contain all of the information in the registration statement and the exhibits to the registration statement. For further information with respect to us and our common stock, we refer you to the registration statement and to the exhibits to the registration statement. Statements contained in this prospectus about the contents of any contract or any other document are not necessarily complete, and, in each instance, we refer you to the copy of the contract or other document filed as an exhibit to the registration statement. Each of these statements is qualified in all respects by this reference.

You may read and copy the registration statement of which this prospectus is a part at the SEC's Public Reference Room, which is located at 100 F Street, N.E., Room 1850, Washington, D.C. 20549. You can request copies of the registration statement by writing to the SEC and paying a fee for the copying cost. Please call the SEC at 1-800-SEC-0330 for more information about the operation of the SEC's Public Reference Room. In addition, the SEC maintains an Internet website, which is located at <http://www.sec.gov>, that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. You may access the registration statement of which this prospectus is a part at the SEC's Internet website. Upon completion of this offering, we will be subject to the information reporting requirements of the Securities Exchange Act of 1934, and we will file reports, proxy statements and other information with the SEC.

We maintain an Internet website at www.icfi.com. We have not incorporated by reference into this prospectus the information on our website, and you should not consider it to be a part of this prospectus.

INDEX TO FINANCIAL STATEMENTS

	Page
ICF INTERNATIONAL, INC.	
Report of independent registered public accounting firm	F-2
Consolidated balance sheets	F-3
Consolidated statements of operations	F-4
Consolidated statements of stockholders' equity	F-5
Consolidated statements of cash flows	F-6
Notes to consolidated financial statements	F-7
CALIBER ASSOCIATES, INC.	
As of and for the year ended December 31, 2004	
Report of independent accountants	F-28
Consolidated balance sheets	F-29
Consolidated statements of income	F-30
Consolidated statements of stockholders' deficit	F-31
Consolidated statements of cash flows	F-32
Notes to the consolidated financial statements	F-33
As of and for the nine month period ended September 30, 2005	
Consolidated balance sheets	F-39
Consolidated statements of income	F-40
Consolidated statements of stockholders' deficit	F-41
Consolidated statements of cash flows	F-42
Notes to the consolidated financial statements	F-43

Report of Independent Registered Public Accounting Firm

Board of Directors

ICF International, Inc., and Subsidiaries

(formerly known as ICF Consulting Group Holdings, Inc., and Subsidiaries)

We have audited the accompanying consolidated balance sheets of ICF International Inc., and Subsidiaries (formerly known as ICF Consulting Group Holdings, Inc., and Subsidiaries) (the Company) as of December 31, 2004 and 2005, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ICF International, Inc. and subsidiaries as of December 31, 2004 and 2005, and the consolidated results of their operations and cash flows for the three years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON LLP

Vienna, Virginia

April 4, 2006 (except for Note R, as to which the date is April 14, 2006)

ICF International, Inc., and Subsidiaries

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2004	2005
	(in thousands, except share amounts)	
ASSETS		
Current Assets		
Cash	\$ 797	\$ 499
Contract receivables, net	29,470	52,871
Notes receivable, current portion	600	—
Prepaid expenses	928	1,549
Deferred income tax	983	2,342
Total Current Assets	32,778	57,261
Property and Equipment , net	4,065	3,984
Note Receivable , net of current portion	600	—
Goodwill	53,287	81,182
Other Intangible Assets	2,205	4,127
Restricted Cash	—	3,500
Other Assets	1,122	1,070
Total Assets	\$ 94,057	\$ 151,124
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 4,187	\$ 7,062
Accrued salaries and benefits	7,410	10,201
Accrued expenses	7,205	8,271
Current portion of long-term debt	4,235	6,767
Deferred revenue	4,081	6,396
Income tax payable	158	423
Total Current Liabilities	27,276	39,120
Long-term Debt , net of current portion	16,844	54,205
Deferred Rent	1,395	1,568
Deferred Income Tax	591	2,730
Other Liabilities	90	598
Total Liabilities	46,196	98,221
Commitments and Contingencies		
	—	—
Stockholders' Equity		
Common stock, \$.01 par value; 20,000,000 shares authorized, 9,232,565 and 9,300,685 issued, and 9,016,947 and 9,164,157 outstanding as of December 31, 2004 and 2005	92	93
Additional paid-in capital	48,099	50,825
Retained earnings	1,812	3,834
Treasury stock	(1,383)	(918)
Stockholder notes receivable	(944)	(1,139)
Accumulated other comprehensive income	185	208
Total Stockholders' Equity	47,861	52,903
Total Liabilities and Stockholders' Equity	\$ 94,057	\$ 151,124

The accompanying notes are an integral part of these statements.

ICF International, Inc., and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,		
	2003	2004	2005
	(in thousands, except per share amounts)		
Revenue	\$ 145,803	\$ 139,488	\$ 177,218
Direct Costs	91,022	83,638	106,078
Operating Expenses			
Indirect and selling expenses	45,335	46,097	57,901
Non-cash compensation	—	—	2,138
Depreciation and amortization	3,000	3,155	5,541
Earnings from Operations	6,446	6,598	5,560
Other (Expense) Income			
Interest expense, net	(3,095)	(1,266)	(2,981)
Other	33	(33)	1,308
Total Other Expense	(3,062)	(1,299)	(1,673)
Income from Continuing Operations Before			
Income Taxes	3,384	5,299	3,887
Income Tax Expense	1,320	2,466	1,865
Income from Continuing Operations	2,064	2,833	2,022
Discontinued Operations			
(Loss) income from discontinued operations, net of taxes of \$194, and \$(123) respectively	308	(196)	—
Gain from disposal of subsidiary, net of tax of \$239	—	380	—
Income from Discontinued Operations	308	184	—
Net Income	\$ 2,372	\$ 3,017	\$ 2,022
Earnings from Continuing Operations per Share-Basic	\$ 0.23	\$ 0.31	\$ 0.22
Earnings from Continuing Operations per Share-Diluted	\$ 0.23	\$ 0.30	\$ 0.21
Earnings from Discontinued Operations per Share-Basic	\$ 0.03	\$ 0.02	\$ —
Earnings from Discontinued Operations per Share-Diluted	\$ 0.03	\$ 0.02	\$ —
Earnings per Share-Basic	\$ 0.26	\$ 0.33	\$ 0.22
Earnings per Share-Diluted	\$ 0.26	\$ 0.32	\$ 0.21
Weighted-average Shares Outstanding — Basic	9,088	9,080	9,185
Weighted-average Shares Outstanding — Diluted	9,210	9,398	9,737

The accompanying notes are an integral part of these statements.

ICF International, Inc., and Subsidiaries
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended December 31, 2003, 2004, and 2005

	Common Stock		Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Treasury Stock		Stockholder Notes Receivable	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount			Shares	Amount			
	(in thousands)								
January 1, 2003	9,035	\$ 92	\$ 48,554	\$ (3,577)	197	\$ (1,199)	\$ (737)	\$ (54)	\$43,079
Net income	—	—	—	2,372	—	—	—	—	2,372
Other Comprehensive Income									
Foreign currency translation adjustment	—	—	—	—	—	—	—	349	349
Total Comprehensive Income									2,721
Purchase of warrants	—	—	(506)	—	—	—	—	—	(506)
Payments on stockholder notes	—	—	—	—	—	—	13	—	13
Interest receivable from stockholder notes	—	—	—	—	—	—	(31)	—	(31)
December 31, 2003	9,035	92	48,048	(1,205)	197	(1,199)	(755)	295	45,276
Net income	—	—	—	3,017	—	—	—	—	3,017
Other Comprehensive Income									
Foreign currency translation adjustment	—	—	—	—	—	—	—	(110)	(110)
Total Comprehensive Income									2,907
Net payments from management stockholder issuances and buybacks	(18)	—	51	—	18	(184)	(191)	—	(324)
Payments on stockholder notes	—	—	—	—	—	—	33	—	33
Interest receivable from stockholder notes	—	—	—	—	—	—	(31)	—	(31)
December 31, 2004	9,017	92	48,099	1,812	216	(1,383)	(944)	185	47,861
Net income	—	—	—	2,022	—	—	—	—	2,022
Other Comprehensive Income									
Foreign currency translation adjustment	—	—	—	—	—	—	—	23	23
Total Comprehensive Income									2,045
Issuance of common stock—Synergy acquisition	68	1	499	—	—	—	—	—	500
Non-cash compensation	—	—	2,138	—	—	—	—	—	2,138
Net payments from management stockholder issuances and buybacks	79	—	89	—	(79)	465	(242)	—	312
Payments on stockholder notes	—	—	—	—	—	—	107	—	107
Interest receivable from stockholder notes	—	—	—	—	—	—	(60)	—	(60)
December 31, 2005	9,164	\$ 93	\$ 50,825	\$ 3,834	137	\$ (918)	\$ (1,139)	\$ 208	\$52,903

The accompanying notes are an integral part of these statements.

ICF International, Inc., and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2003	2004	2005
	(in thousands)		
Cash Flows from Operating Activities			
Net income from continuing operations	\$ 2,064	\$ 2,833	\$ 2,022
Net (loss) income from discontinued operations	308	(196)	—
Gain on disposal of subsidiary, net of tax	—	380	—
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Accrued interest on stockholder notes	(31)	(31)	(60)
(Benefit) Provision for deferred income taxes	967	(280)	(1,916)
Gain on disposal of subsidiary	—	(620)	—
Loss (gain) on disposal of fixed assets	(11)	33	50
Non-cash compensation			2,138
Depreciation and amortization	3,000	3,155	5,541
Amortization of debt discount	913	—	—
Changes in operating assets and liabilities:			
Contract receivables, net	5,096	4,350	(4,340)
Prepaid expenses and other assets	(124)	(259)	(100)
Assets held for sale	(191)	—	—
Income tax receivable	177	259	—
Accounts payable	(2,434)	(179)	1,279
Accrued salaries and benefits	383	(1,990)	(3,170)
Accrued expenses	(1,365)	(2,365)	(580)
Deferred revenue	3,035	(2,163)	1,670
Income tax payable	—	158	(472)
Liabilities held for sale	(17)	—	—
Deferred rent	414	184	41
Other liabilities	(424)	—	133
Net Cash Provided by Operating Activities	11,760	3,269	2,236
Cash Flows from Investing Activities			
Purchase of property and equipment	(1,930)	(1,155)	(1,370)
Proceeds from sale of property and equipment	222	11	—
Proceeds from sale of subsidiary	—	659	—
Payments received on notes receivable	—	300	1,200
Payments for ADL acquisition	(383)	—	—
Payments for Synergy acquisition	—	—	(18,546)
Payments for Caliber acquisition	—	—	(20,058)
Capitalized software development costs	(30)	—	(70)
Net Cash Used in Investing Activities	(2,121)	(185)	(38,844)
Cash Flows from Financing Activities			
Payments on notes payable	(23,537)	(4,235)	(21,808)
Proceeds from notes payable	12,000	—	38,647
Net borrowings from working capital facilities	3,518	766	23,054
Restricted cash related to Caliber acquisition	—	—	(3,500)
Debt issue costs	(493)	(60)	(525)
Purchase of warrants	(506)	—	—
Net payments for stockholder issuances and buybacks	—	(324)	312
Payments received on stockholder notes	13	33	107
Net Cash Provided by (Used In) Financing Activities	(9,005)	(3,820)	36,287
Effect of Exchange Rate on Cash	349	(110)	23
(Decrease) Increase in Cash	983	(846)	(298)
Cash, beginning of year	660	1,643	797
Cash, end of year	\$ 1,643	\$ 797	\$ 499

The accompanying notes are an integral part of these statements.

ICF International, Inc., and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003, 2004, and 2005

Note A — Basis of Presentation and Nature of Operations

Basis of presentation and nature of operations

The accompanying consolidated financial statements include the accounts of ICF International, Inc. (ICFI), and its subsidiary, ICF Consulting Group, Inc. (Consulting), (collectively, the Company). The operations of Consulting are conducted within the following subsidiaries:

- ∅ The K.S. Crump Group, LLC
- ∅ ICF Incorporated, LLC
- ∅ ICF Information Technology, LLC
- ∅ ICF Resources, LLC
- ∅ Systems Applications International, LLC
- ∅ ICF Associates, LLC
- ∅ Commentworks.com Company, LLC
- ∅ ICF Services Company, LLC
- ∅ ICF Consulting Services, LLC
- ∅ ICF Emergency Management Services, LLC
- ∅ ICF Program Services, LLC
- ∅ ICF Consulting Ltd. (UK)
- ∅ ICF Consulting Canada, Inc.
- ∅ ICF Consulting PTY Ltd (Australia)
- ∅ ICF/EKO (Russia)
- ∅ ICF Consultoria do Brasil, Ltda.
- ∅ ICF Consulting India Private, Ltd.
- ∅ Synergy, Inc.
- ∅ Simulation Support, Inc.
- ∅ ICF Biomedical Consulting, LLC
- ∅ Caliber Associates, Inc.
- ∅ Collins Management Consulting, Inc.
- ∅ Fried & Sher, Inc.

With the exception of immaterial minority interests in ICF Consulting do Brasil, Ltda. and ICF/EKO, all subsidiaries are wholly owned by Consulting.

On June 25, 1999, ICFI purchased 90 percent of the outstanding shares of common stock of Consulting from Consulting's then parent, ICF Kaiser International, Inc. (Kaiser). In September 2002, ICFI purchased the remaining 10 percent of the outstanding shares of Consulting previously owned by Kaiser

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

December 31, 2003, 2004, and 2005

for \$4.5 million (see Note K). Consulting then became a wholly owned subsidiary of ICFI. ICFI is a holding company with no operations or assets, other than its investment in the common stock of Consulting. All significant intercompany transactions and balances have been eliminated.

Nature of operations

The Company provides management, technology, and policy professional services in the areas of defense and homeland security, energy, environment and infrastructure, and health, human services and social programs. The Company's major clients are United States (U.S.) government agencies, especially the Department of Defense, the Environmental Protection Agency, Department of Homeland Security, Department of Justice, Department of Health and Human Services, and Department of Transportation; commercial entities, particularly electric and gas utilities and other energy market participants; and other government organizations throughout the United States and the world. The Company offers a full range of services to these clients, including strategy, analysis, program management, and information technology solutions that combine experienced professional staff, industry and institutional knowledge, and analytical methods.

The Company, incorporated in Delaware, is headquartered in Fairfax, Virginia, with 22 U.S. branch offices and international offices in Brazil, Canada, India, Russia, and the United Kingdom.

Segment

The Company has concluded that it operates in one segment based upon the information used by our chief operating decision makers in evaluating the performance of its business and allocating resources. Our single segment represents the Company's core business, professional services primarily for federal government clients. Although the Company describes multiple service offerings to four markets to provide a better understanding of the Company's business operations, the Company does not manage its business or allocate resources based upon those service offerings or markets.

Note B — Summary of Significant Accounting Policies

Revenue recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, services have been rendered, the contract price is fixed or determinable, and collectibility is reasonably assured.

The Company's contracts with clients are either cost-type, time-and-materials, or fixed-price contracts. Revenues under cost-type contracts are recognized as costs are incurred. Applicable estimated profits are included in earnings in the proportion that incurred costs bear to total estimated costs. Incentives, award fees, or penalties related to performance are also considered in estimating revenues and profit rates based on actual and anticipated awards. Revenues for time-and-materials contracts are recorded on the basis of allowable labor hours worked, multiplied by the contract-defined billing rates, plus the costs of other items used in the performance of the contract. Profits on time-and-materials contracts result from the difference between the cost of services performed and the contract-defined billing rates for these services.

Service revenue for fixed-price contracts is recognized when earned, generally as work is performed in accordance with the provisions of the Securities and Exchange Commission's (SEC) Staff Accounting Bulletin No. 104, *Revenue Recognition*. Services performed vary from contract to contract and are not uniformly performed over the term of the arrangement. Revenues on most fixed-price contracts are recorded based on contract costs incurred to date compared with total estimated costs at completion on a

ICF International, Inc., and Subsidiaries**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

December 31, 2003, 2004, and 2005

task or work order basis. Performance is based on the ratio of costs incurred to total estimated costs where the costs incurred represent a reasonable surrogate for output measures of contract performance, including the presentation of deliverables to the client. Progress on a contract is matched against project costs and costs to complete on a periodic basis. Customers are obligated to pay as services are performed, and in the event that an agency of the federal government cancels the contract, payment for services performed through the date of cancellation is negotiated with the client. Revenues under certain other fixed-price contracts are recognized ratably over the contract period.

Revenue recognition requires judgment relative to assessing risks, estimating contract revenue and costs, and making assumptions for schedule and technical issues. Due to the size and nature of many of the Company's contracts, the estimation of revenue and costs can be complicated and is subject to many variables. Contract costs include labor, subcontracting costs, and other direct costs, as well as allocation of allowable indirect costs. Assumptions have to be made regarding the length of time to complete the contract because costs also include expected increases in wages, prices for subcontractors, and other direct costs. From time to time, facts develop that require the Company to revise its estimated total costs and revenue on a contract. To the extent that a revised estimate affects contract profit or revenue previously recognized, the Company records the cumulative effect of the revision in the period in which the facts requiring the revision become known. Provision for the full amount of an anticipated loss on any type of contract is recognized in the period in which it becomes probable and can be reasonably estimated.

Invoices to clients are generated in accordance with the terms of the applicable contract, which may not be directly related to the performance of services. Unbilled receivables are invoiced based upon the achievement of specific events as defined by each contract including deliverables, timetables, and incurrence of certain costs. Unbilled receivables are classified as a current asset. Advanced billings to clients in excess of revenue earned are recorded as deferred revenue until the revenue recognition criteria are met. Reimbursements of out-of-pocket expenses are included in revenues with corresponding costs incurred by the Company included in cost of revenues.

From time to time, the Company may proceed with work based on client commitment prior to the completion and signing of formal contract documents. The Company has a formal review process for approving any such work. Revenue associated with such work is recognized only when it can reliably be estimated and realization is probable.

Approximately 72 percent of the Company's revenue for each of the years 2003, 2004, and 2005 was derived under prime contracts and subcontracts with agencies and departments of the federal government. Revenue by contract type is as follows:

	2003	2004	2005
Time-and-materials	40%	37%	42%
Cost-based	44%	41%	34%
Fixed-price	16%	22%	24%
	—	—	—
Total	100%	100%	100%

For the years ending December 31, 2003, 2004, and 2005, revenue from various branches of the Department of Defense (DoD) accounted for approximately 6 percent or \$8.2 million, 8 percent or \$11.3 million, and 18 percent or \$31.8 million, respectively. The accounts receivable due from DoD contracts as of December 31, 2004 and 2005, was approximately \$1.7 million and \$7.8 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

December 31, 2003, 2004, and 2005

For the years ending December 31, 2003, 2004, and 2005, revenue from various branches of the Environmental Protection Agency (EPA) accounted for approximately 21 percent or \$30.3 million, 21 percent or \$29.4 million, and 16 percent or \$27.7 million, respectively. The accounts receivable due from EPA contracts as of December 31, 2004 and 2005, was approximately \$4.4 million and \$4.6 million, respectively.

Payments to the Company on cost-type contracts with the U.S. government are provisional payments subject to adjustment upon audit by the government. Such audits have been finalized through December 31, 2001. Contract revenue for subsequent periods has been recorded in amounts, which are expected to be realized upon final audit and settlement of costs in those years.

Cash

As of December 31, 2004 and 2005, the Company held \$0.9 million and \$0.4 million, respectively, in foreign financial institutions.

Property and equipment

Property and equipment are carried at cost and are depreciated using the straight-line method over their estimated useful lives, which range from two to seven years. Leasehold improvements are amortized on a straight-line basis over the shorter of the economic life of the improvement or the related lease term.

Goodwill and other intangible assets

Goodwill represents the excess of costs over fair value of assets of businesses acquired. The Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets*, as of January 1, 2002. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead reviewed annually (or more frequently if impairment indicators arise) for impairment in accordance with the provisions of SFAS No. 142. SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 144, *Accounting for Impairment or Disposal of Long-lived Assets*.

The Company has elected to perform the annual goodwill impairment review on September 30 of each year. Based upon management's review, including a valuation report issued by an investment bank, it was determined that a goodwill impairment charge was not required in 2003, 2004, or 2005.

Long-lived assets

The Company follows the provisions of SFAS No. 144 in accounting for impairment or disposal of long-lived assets. SFAS No. 144 requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset might not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less cost to sell.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

December 31, 2003, 2004, and 2005

Stock-based compensation plan

As permitted under SFAS No. 123, *Accounting for Stock-Based Compensation*, the Company accounts for its stock-based compensation plan using the intrinsic value method prescribed by Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees*.

On December 26, 2005, the Board of Directors approved resolutions to accelerate the vesting of all outstanding unvested options previously awarded to employees and officers of the Company effective December 30, 2005. Options to purchase 774,450 shares of stock with exercise prices ranging from \$5.00 to \$9.05 were accelerated. The majority of these options were performance based and subject to variable plan accounting under APB Opinion No. 25. Because the Company never attained the performance objectives, a measurement date had yet to be established for the performance based options. The option agreements also provide for full vesting upon a “change of control” event. Such an event would trigger a measurement date under APB Opinion No. 25 and the recording of compensation expense. The acceleration of the vesting of these options resulted in the Company recording a non-cash stock compensation expense of approximately \$2.1 million during the year ended December 31, 2005, using the intrinsic value method.

The effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123, to stock-based employee compensation for the years ended December 31, 2003, 2004 and 2005 is as follows:

	2003	2004	2005
	(in thousands of dollars, except per share amounts)		
Net income, as reported	\$ 2,372	\$ 3,017	\$ 2,022
Deduct: total stock-based compensation expense determined under the minimum value based method for all awards, net of tax	145	105	1,432
Add: Stock based compensation included in net income, net of related tax	—	—	1,293
Proforma net income	\$ 2,227	\$ 2,912	\$ 1,883
Earnings per share:			
Basic — as reported	\$.26	\$.33	\$.22
Basic — proforma	\$.25	\$.32	\$.21
Diluted — as reported	\$.26	\$.32	\$.21
Diluted — proforma	\$.24	\$.31	\$.19

Foreign currency translation

The financial positions and results of operations of the Company’s foreign affiliates are translated using the local currency as the functional currency. Assets and liabilities of the affiliates are translated at the exchange rate in effect at year-end. Income statement accounts are translated at the average rate of exchange prevailing during the year. Translation adjustments arising from the use of differing exchange rates from period to period are included in accumulated other comprehensive income in stockholders’ equity. Gains and losses resulting from foreign currency transactions included in operations are not material for any of the periods presented.

Deferred rent

The Company recognizes rent expense on a straight-line basis over the term of each lease. Lease incentives or abatements, received at or near the inception of leases, are accrued and amortized ratably over the life of the lease.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

December 31, 2003, 2004, and 2005

Fair value of financial instruments

Financial instruments are defined as cash, contract receivables, debt agreements, accounts payable and accrued expenses. The carrying amounts of contract receivables, accounts payable, and accrued expenses in the accompanying financial statements approximate fair value because of the short maturity of these instruments. The carrying value of the Company's long-term debt that incurs interest based on floating market rates approximates fair value as of December 31, 2005.

Derivative financial instruments

The Company uses a derivative financial instrument to manage its exposure to fluctuations in interest rates on its credit facility. This derivative is not accounted for as a hedge and is recorded as either an asset or liability in the consolidated balance sheet, and periodically adjusted to fair value. Adjustments to reflect the change in the fair value of the derivative are reflected in earnings. The Company does not hold or issue derivative instruments for trading purposes.

Income taxes

The Company accounts for income taxes in accordance with the provisions of SFAS No. 109, *Accounting for Income Taxes*. This method requires recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The Company evaluates its ability to benefit from all deferred tax assets and establishes valuation allowances for amounts it believes are not more likely than not to be realizable.

Risks and uncertainties

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and contract receivables. The majority of the Company's cash transactions are processed through one U.S. commercial bank. Cash in excess of daily requirements is used to reduce amounts outstanding under the Company's line-of-credit. To date, the Company has not incurred losses related to cash and cash equivalents.

The Company's contract receivables consist principally of contract receivables from agencies and departments of, as well as from prime contractors to the U.S. government. The Company extends credit in the normal course of operations and does not require collateral from its clients.

The Company has historically been, and continues to be, heavily dependent upon contracts with the U.S. government and is subject to audit by audit agencies of the government. Such audits determine, among other things, whether an adjustment of invoices rendered to the government is appropriate under the underlying terms of the contracts. Management does not expect any significant adjustments, as a result of government audits, that will adversely affect the Company's financial position.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

ICF International, Inc., and Subsidiaries**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

December 31, 2003, 2004, and 2005

Earnings per share

Basic earnings per share (EPS) is computed by dividing reported net income by the weighted-average number of shares and warrants outstanding. Diluted EPS considers the potential dilution that could occur if securities or other contracts to issue stock were exercised or converted into stock. The difference between the basic and diluted weighted-average equivalent shares with respect to the Company's EPS calculation is due entirely to the assumed exercise of stock options. The dilutive effect of stock options for each period reported is summarized below:

	2003	2004	2005
	(in thousands)		
Basic weighted-average shares outstanding	9,088	9,080	9,185
Effect of potential exercise of stock options	122	318	552
Diluted weighted-average shares outstanding	9,210	9,398	9,737

Recently issued accounting pronouncements

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS 123 (revised 2004), *Share-Based Payment* (SFAS 123(R)), which is a revision of SFAS No. 123. SFAS No. 123(R) supersedes APB No. 25, and amends SFAS No. 95, *Statement of Cash Flows*.

SFAS No. 123(R) will be effective for non-public companies in the first fiscal year beginning after December 15, 2005. Early adoption will be permitted in periods in which financial statements have not yet been issued. The Company plans to adopt SFAS No. 123(R) effective January 1, 2006. SFAS 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values (i.e., proforma disclosure is no longer an alternative to financial statement recognition). Non-public entities that did not use the fair-value-based method of accounting are required to apply the prospective transition method of accounting under SFAS 123(R) as of the required effective date. Under the prospective method, a non-public entity accounting for its equity-based awards using the intrinsic-value method under APB No. 25 would continue to apply APB No. 25 in future periods to awards outstanding at the date they adopt SFAS 123(R). All awards granted, modified, or settled after the date of adoption would be accounted for using the measurement, recognition, and attribution provisions of SFAS 123(R). Should the Company make future share-based awards consistent with historical levels, the adoption of SFAS No. 123(R) will have a material impact on its financial statements.

Note C — Acquisitions**Synergy, Inc.**

Effective January 1, 2005, the Company acquired 100 percent of the outstanding common shares of Synergy, Inc. Synergy provides strategic consulting, planning, analysis, and technology solutions in the areas of logistics, defense operations, and command and control, primarily to the U.S. Air Force. As a result of the acquisition, the Company expects to enhance its presence in the areas of homeland security and national defense, as well as government technology and program management.

The acquisition was accounted for as a purchase in accordance with the provisions of SFAS No. 141, *Business Combinations*. The aggregate purchase price was approximately \$19.5 million, including \$18.4 million of cash, stock valued at \$0.5 million, and \$0.6 million of transaction expenses. The valuation of

ICF International, Inc., and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

December 31, 2003, 2004, and 2005

Company stock was performed by an outside investment firm. The excess of the purchase price over the estimated fair value of the net tangible assets acquired was approximately \$14.9 million. In September 2005, the Company obtained an independent valuation to assist management in the purchase price allocation. The independent valuation was used by the Company to allocate approximately \$14.1 million to goodwill and \$0.8 million to customer-related intangible assets. The customer-related intangible assets are being amortized over 48 months. Neither the goodwill nor the amortization of intangibles is deductible for tax purposes. The results of operations for Synergy are included in the Company's statement of operations for the entire year.

The assets acquired and liabilities assumed consist of the following (*in thousands of dollars*):

Cash	\$ 435
Contract receivables	8,386
Deferred tax asset — current	472
Other current assets	274
Customer-related intangibles	851
Goodwill	14,092
Property and equipment	175
Total assets	24,685
Accounts payable	687
Accrued salaries and benefits	3,164
Deferred tax liability — non-current	189
Other current liabilities	1,163
Total liabilities	5,203
Net assets	\$ 19,482

Caliber Associates, Inc.

Effective October 1, 2005, the Company acquired 100 percent of the outstanding common shares of Caliber Associates, Inc. (Caliber), which was formerly 100 percent owned by an Employee Stock Ownership Plan (ESOP) created in 2001. Caliber provides high-quality research and consulting services in the areas of human services programs and policies. As a result of the acquisition, the Company expects to enhance its presence in the areas of child and family studies, as well as information technology and human services.

The acquisition was accounted for as a purchase in accordance with the provisions of SFAS No. 141, *Business Combinations*. The aggregate purchase price was approximately \$20.8 million, including \$19.5 million of cash and \$1.3 million of transaction expenses. The excess of the purchase price over the estimated fair value of the net tangible assets acquired was approximately \$17.7 million. In February 2006, the Company obtained an independent valuation to assist management in the purchase price allocation. The independent valuation was used by the Company to allocate approximately \$13.8 million to goodwill and \$3.9 million to intangible assets. The intangible assets consist of customer-related intangibles, developed technology and non-compete agreement in the amounts of \$2.6 million, \$0.5 million, and \$0.8 million, respectively. The customer-related intangibles, developed technology and non-compete agreement are being amortized over 48 months, 24 months, and 48 months, respectively. Neither the goodwill, nor the amortization of intangibles, is deductible for tax purposes. In addition to the initial consideration, the purchase agreement provides for additional cash payments of approximately

ICF International, Inc., and Subsidiaries**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

December 31, 2003, 2004, and 2005

\$3.5 million over two years following closing, which are contingent upon the attainment of certain performance criteria. The additional payments were placed in escrow and classified as restricted cash. If the performance criteria are met, the payments will be recorded as goodwill. The results of operations for Caliber are included in the Company's statement of operations since October 1, 2005.

The assets acquired and liabilities assumed consist of the following (*in thousands of dollars*):

Cash	\$	749
Contract receivables		10,213
Other current assets		849
Customer-related intangibles		2,560
Developed technology		545
Non-compete agreement		778
Goodwill		13,802
Property and equipment		605
Total assets		30,101
Accounts payable		909
Accrued salaries and benefits		2,855
Non-compete liability		1,000
Deferred tax liability—current		2,375
Deferred tax liability—non-current		742
Other current liabilities		1,413
Total liabilities		9,294
Net assets	\$	20,807

Proforma information

The following unaudited condensed proforma information presents combined financial information as if the acquisitions of Synergy and Caliber had been effective at the beginning of each year presented. The proforma information includes adjustments reflecting changes in the amortization of intangibles, interest expense, ESOP related expenses, and to record income tax effects as if Synergy and Caliber had been included in the Company's results of operations:

	2004	2005
	(in thousands of dollars, except per share amounts)	
Revenue	\$ 202,293	\$ 207,794
Income from continuing operations	\$ 2,514	\$ 1,948
Net income	\$ 2,698	\$ 1,948
Earnings per share:		
Basic earnings per share	\$.30	\$.21
Diluted earnings per share	\$.29	\$.20

ICF International, Inc., and Subsidiaries**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

December 31, 2003, 2004, and 2005

Note D — Divestiture

On March 19, 2004, the Company agreed to sell ICF Energy Solutions, Inc. (ESI), to Nexus Energy Software, Inc. (Nexus). The sale of ESI closed on April 8, 2004, and the consideration received consisted of the following components:

- Ø \$1.3 million in cash upon closing
- Ø \$1.5 million 30-month note with quarterly payments of principal and interest at 6 percent
- Ø Earn-out of 13 percent of all future billings in excess of \$4 million a year for the first 24 months after the closing, and in excess of \$2 million for the six-month period following the initial 24 month period

The net assets sold had a carrying value of \$1.5 million and consisted primarily of capitalized software development costs. The gain on the sale of ESI was calculated using the cash and note received upon closing, totaling \$2.8 million. The earn-out was excluded due to the uncertainty of realization; therefore, the proceeds received upon closing, less the \$1.5 million of net assets sold and selling expenses of approximately \$0.6 million, resulted in a gain of approximately \$0.4 million, net of tax.

Net income (loss) from the Company's discontinued operations has been segregated from continuing operations and reported as a separate line item on the consolidated statements of operations for all periods presented.

The following amounts related to ESI have been segregated from continuing operations and reflected as discontinued operations (*in thousands of dollars*):

	2003	2004
Revenue	\$5,827	\$1,133
Expenses	5,519	1,329
Net (loss) income from discontinued operations, net of taxes of \$194 and \$(123), respectively	\$ 308	\$ (196)

During 2005, Nexus paid the remaining balance of the \$1.5 million note in full.

Note E — Contract Receivables

Contract receivables consist of the following at December 31 (*in thousands of dollars*):

	2004	2005
Billed	\$ 23,975	\$ 45,316
Unbilled	7,191	9,539
Allowance for doubtful accounts	(1,696)	(1,984)
Contract receivables, net	\$ 29,470	\$ 52,871

Contract receivables, net of the established allowance, are stated at amounts expected to be realized in future periods. Unbilled receivables result from revenue that has been earned in advance of billing. The unbilled receivables can be invoiced at contractually defined intervals or milestones, as well as upon completion of the contract or U.S. government cost audits. The Company anticipates that the majority of unbilled receivables will be substantially billed and collected within one year. Contract receivables are classified as current assets in accordance with industry practice.

ICF International, Inc., and Subsidiaries**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

December 31, 2003, 2004, and 2005

The allowance for doubtful accounts is determined based upon management's best estimate of potentially uncollectible contract receivables. The factors that influence management's estimate include historical experience and management's expectations of future losses on a contract by contract basis. The Company writes off contracts receivable when such amounts are determined to be uncollectible. Losses have historically been within management's expectations.

Note F — Property and Equipment

Property and equipment consist of the following at December 31:

	2004	2005
Leasehold improvements	\$ 4,278	\$ 5,404
Software	3,682	5,330
Furniture and equipment	3,005	2,097
Computers	2,242	2,935
	<u>13,207</u>	<u>15,766</u>
Accumulated depreciation and amortization	(9,142)	(11,782)
	<u>\$ 4,065</u>	<u>\$ 3,984</u>

Note G — Goodwill and Other Intangible Assets**Goodwill**

	(in thousands of dollars)
Balance at December 31, 2003	\$ 53,287
Goodwill acquired during year	—
Balance at December 31, 2004	53,287
Goodwill acquired during year (Note C)	27,895
Balance at December 31, 2005	<u>\$ 81,182</u>

The balance of \$53.3 million as of December 31, 2003, consists of \$48.6 million and \$4.7 million arising from ICFI's June 1999 purchase of Consulting's common stock from Kaiser, and the Company's 2002 acquisition of two divisions of former Arthur D. Little International, Inc. (ADL), respectively.

Other intangible assets

Intangible assets related to contracts and customers acquired from the Company's acquisition of two divisions of the former ADL in May 2002, were being amortized on a straight-line basis over expected contract periods and the estimated life of customer relationships over a weighted-average period of nine and 90 months, respectively. During 2005, the Company revised the initial estimated life of 90 months for customer-related intangible assets to 44 months, which was determined to be consistent with the estimated economic benefits of the intangible asset. The effect of the change in the estimated life of the ADL intangible assets was the recording of an additional \$1.8 million of amortization expense in 2005.

The customer-related intangible assets, which consists of customer contracts, backlog and non-contractual customer relationships, related to the Synergy and Caliber acquisitions are being amortized based on estimated cash flows and respective estimated economic benefit of the assets. The

ICF International, Inc., and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

December 31, 2003, 2004, and 2005

estimated life of the customer contracts assets is 48 months. Intangible assets related to acquired developed technology and non-compete agreements obtained in connection with business combinations are amortized on a straight-line basis over their estimated lives of 24 months and 48 months, respectively.

Other intangibles consist of the following at December 31 (*in thousands of dollars*):

	2004	2005
Customer related intangibles	\$ 5,355	\$ 8,767
Non-compete agreements	—	778
Developed technology	—	545
	<u>5,355</u>	<u>10,090</u>
Less: accumulated amortization	(3,150)	(5,963)
Total	<u>\$ 2,205</u>	<u>\$ 4,127</u>

Aggregate amortization expense for the years ended December 31, 2003, 2004, and 2005, was \$0.7 million, \$0.5 million, and \$2.8 million, respectively. The estimated amortization expense relating to intangible assets for the next four years is as follows at December 31, 2005 (*in thousands of dollars*):

Year ended December 31,	
2006	\$ 1,465
2007	1,226
2008	880
2009	556
	<u>\$ 4,127</u>

Note H — Accrued Salaries and Benefits

Accrued salaries and benefits consist of the following at December 31 (*in thousands of dollars*):

	2004	2005
Accrued compensation	\$ 2,442	\$ 5,204
Accrued vacation	2,019	3,193
Accrued profit sharing	2,032	343
Other	917	1,461
Total	<u>\$ 7,410</u>	<u>\$ 10,201</u>

ICF International, Inc., and Subsidiaries**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

December 31, 2003, 2004, and 2005

Note I — Accrued ExpensesAccrued expenses consist of the following at December 31 (*in thousands of dollars*):

	2004	2005
Accrued subcontractor costs	\$ 3,025	\$ 3,355
Pre-acquisition contingency — ADL acquisition	1,440	—
Accrued non-compete liability	—	560
Accrued insurance premiums	595	862
Accrued professional services	439	729
Accrued rent	501	665
Accrued taxes	226	358
Other accrued expenses/liabilities	979	1,742
	<hr/>	<hr/>
Total	\$ 7,205	\$ 8,271

During 2005, a pre-acquisition contingency recorded during the ADL acquisition was resolved in the Company's favor, which resulted in the Company recording other income of \$1.4 million in 2005.

Note J — Long-Term Debt

In August 2003, the Company entered into a credit facility with a syndicate of lenders. The agreement required the Company to retire its existing bank debt in full with the proceeds from Facilities A and B (see table below). The Company incurred approximately \$0.6 million in debt issuance costs related to its new credit facility.

In January 2005, in connection with the Synergy acquisition (Note C), the Company and its lenders agreed to modify the credit facility. The modification provided for an increase in the Facility A and B commitment amounts from \$28 million to \$35 million, and \$12 million to \$15 million, respectively. Substantially, all the other terms and conditions remained the same. The Company incurred approximately \$0.3 million in debt issuance costs related to its amended financing arrangement.

In October 2005, in connection with the Caliber acquisition (Note C), the Company and its lenders agreed to amend and restate its existing credit facility. The amendment provided for an increase in the Facility A commitment amount from \$35 million to \$45 million and replaced the Facility B commitment of \$15 million with a Term Loan Facility commitment of \$22 million and a Time Loan Facility commitment of \$8 million. In addition, the Note Payable to Kaiser (Note K) was paid in full. The Company incurred approximately \$0.2 million in debt issuance costs related to its amended financing arrangement. With the finalization of the new banking arrangement in October 2005, the unamortized debt issuance costs of approximately \$0.3 million associated with the January 2005 credit facility were charged to earnings.

The Company's debt issuance costs are being amortized over the term of indebtedness and total approximately \$0.3 million and \$0.2 million, net of accumulated amortization of \$0.2 million and \$0.01 million as of December 31, 2004 and 2005, respectively. Amortization expense of approximately \$0.5 million, \$0.2 million, and \$0.6 million was recorded during the years ended December 31, 2003, 2004, and 2005, respectively.

ICF International, Inc., and Subsidiaries**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

December 31, 2003, 2004, and 2005

Long-term debt consists of the following at December 31 (*in thousands of dollars*):

	2004	2005
Facility A/Swing Line provides for borrowings up to the lesser of \$28 million for 2004 and \$45 million for 2005 for the eligible borrowing base, and matures in October 2010. Outstanding borrowings bear daily interest at a base rate (based on either the U.S. Prime Rate, which was 5.25% at December 31, 2004, and 7.25% at December 31, 2005, and, or London Interbank Offered Rate (LIBOR) plus spread), payable monthly.	\$ 8,284	\$ 31,338
Facility B note for \$15 million, maturing on June 1, 2006. The Facility B note was replaced by the Term Loan Facility and Time Loan Facility in October 2005. The outstanding principal incurred daily interest at the base rate plus 0.25% (4.25% at December 31, 2004), payable monthly. Monthly principal payments of \$352,942 commenced on September 1, 2003.	6,353	—
The Term Loan Facility for \$22 million, maturing in October 2010. Outstanding principal bears daily interest at a base rate plus 0.25% (based on the U.S. Prime Rate, which was 7.25% at December 31, 2005, or LIBOR plus spread), payable monthly. Monthly principal payments of \$366,667 commenced in November 2005.	—	21,634
The Time Loan Facility for \$8 million, maturing in January 2007. Outstanding principal bears daily interest at a base rate plus 0.75% (based on the U.S. Prime Rate, which was 7.25% at December 31, 2005, or LIBOR plus spread), payable monthly. Six monthly principal payments of \$333,334 commencing on July 1, 2006. The remaining balance of \$6 million is due upon maturity.	—	8,000
Note payable to Kaiser, subordinate to bank debt, due in full on June 25, 2006. The note bears interest at a fixed rate of 8.5%. Quarterly payments of interest commenced October 1, 2002 (see Note J). The note was paid in its entirety in October 2005.	6,442	—
	<u>21,079</u>	<u>60,972</u>
Less: current portion	(4,235)	(6,767)
	<u>\$ 16,844</u>	<u>\$ 54,205</u>

The bank loans are collateralized by substantially all assets of the Company, and require the Company to remain in compliance with certain financial ratios, as well as other restrictive covenants.

Minimum future principal payments of debt are as follows at December 31, 2005 (*in thousands of dollars*):

2006	\$ 6,767
2007	10,400
2008	4,400
2009	4,400
2010	35,005
	<u>60,972</u>
Less: current maturities	(6,767)
Total long-term debt	<u>\$ 54,205</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

December 31, 2003, 2004, and 2005

Amendment to credit facility

On March 14, 2006, the Company and its lenders agreed to the 1st Amendment to the Business Loan and Security Agreement (dated October 5, 2005), to provide the Company with a temporary increase to Facility A (revolving line) of \$6 million through June 30, 2006, and then decreasing to \$4 million from the period July 1 through August 31, 2006, to cover working capital needs, not to exceed the total capacity of Facility A of \$45 million.

Letters-of-credit

At December 31, 2004 and 2005, the Company had outstanding letters-of-credit totaling \$0.7 million. These letters-of-credit expire on various dates through September 30, 2006.

Derivative instruments

The Company designates its derivatives based upon the criteria established by SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, which establishes accounting and reporting standards for derivative instruments. SFAS No. 133 requires that an entity recognize all derivatives as assets or liabilities in the balance sheet and measure those instruments at fair value.

In November 2005, the Company entered into an interest rate swap agreement as part of its amended credit facility as a partial hedge of the Company's variable rate debt to reduce the Company's exposure to interest rate fluctuations. The effect of the agreement was to effectively establish a fixed USD-LIBOR rate of 5.11 percent. The interest rate swap agreement expires November 10, 2008. At December 31, 2005, the interest rate swap agreement covered a notional amount of \$15 million, and variable rate debt outstanding totaled approximately \$61 million.

The interest rate swap agreement did not qualify for hedge accounting. Therefore, the change in fair value resulted in a charge of approximately \$0.2 million to earnings.

Note K — Commitments and Contingencies

Litigation and claims

Various lawsuits and claims and contingent liabilities arise in the ordinary course of the Company's business. The ultimate disposition of certain of these contingencies is not determinable at this time. The Company's management believes there are no current outstanding matters that will materially affect the Company's financial position or results of operations.

Operating leases

The Company has entered into various operating leases for equipment and office space. Certain of the facility leases require that the Company pay operating expenses in addition to base rental amounts, and three leases require the Company to maintain letters-of-credit. Rent expense, net of sub-lease income, for operating leases was approximately \$10.6 million, \$9.9 million, and \$10.3 million for the years ended December 31, 2003, 2004, and 2005, respectively.

ICF International, Inc., and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

December 31, 2003, 2004, and 2005

Future minimum rental payments under all non-cancelable operating leases are as follows (*in thousands of dollars*):

Year ended December 31,	
2006	\$ 10,749
2007	9,676
2008	8,407
2009	8,091
2010	7,501
Thereafter	15,892
	<hr/>
	\$ 60,316

Contingent bonuses

In September 2004, the Board of Directors approved a contingent bonus pool of \$2.7 million, which will be payable from the proceeds of an event, such as a sale, merger, or initial public offering of the Company's common stock, realized or received by the Company at the time of distribution of the net proceeds to shareholders.

Settlement of claims with Kaiser

In June 2002, the Company and Kaiser executed a mutual release and settlement agreement to settle the pending claims (the Dispute) by the Company against Kaiser. In consideration of the Company settling the Dispute, Kaiser and the Company agreed to the following terms:

- ∅ Cancellation of \$2.2 million of the principal amount of indebtedness owed by the Company to Kaiser.
 - ∅ Cancellation of the original notes owed to Kaiser, which totaled \$6.6 million, and the issuance of a new promissory note in the amount of \$6.4 million (see Note J). The new promissory note bears interest at 8.5 percent during the period the note is held by Kaiser. Upon the sale of the note to a third party, the interest rate will be adjusted to 10.5 percent per annum.
 - ∅ Released by Kaiser, and all of its assigns of the Company from any liabilities, debts, and damages arising out of the Dispute.
 - ∅ Sale by Kaiser to the Company of all its remaining common stock in Consulting for \$4.5 million.
 - ∅ Release of Kaiser from its indemnification obligations to the Company against certain future subcontractor claims and other liabilities existing in 1999. Therefore, the Company recorded accrued liabilities based upon its best estimate of anticipated subcontractor claims and other liabilities. The carrying amount of this accrued liability was approximately \$1.0 million and \$0.9 million as of December 31, 2004 and 2005, respectively. Such amounts are reviewed periodically and adjusted when appropriate.
-

ICF International, Inc., and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

December 31, 2003, 2004, and 2005

Note L — Income TaxesIncome tax expense (benefit) consists of the following at December 31 (*in thousands of dollars*):

	2003	2004	2005
Current:			
Federal	\$ 384	\$ 2,314	\$ 3,008
State	163	548	773
	<u>547</u>	<u>2,862</u>	<u>3,781</u>
Deferred:			
Federal	918	(230)	(1,578)
State	49	(50)	(338)
	<u>967</u>	<u>(280)</u>	<u>(1,916)</u>
	<u>\$1,514</u>	<u>\$2,582</u>	<u>\$ 1,865</u>

Deferred tax assets (liabilities) consist of the following at December 31 (*in thousands of dollars*):

	2004	2005
Deferred Tax Assets		
Current:		
Allowance for doubtful accounts	\$ 317	\$ 388
Accrued liabilities	555	1,193
Stock option compensation	—	846
Accrued vacation	477	873
Other	97	385
	<u>1,446</u>	<u>3,685</u>
Non-current:		
Foreign net operating loss carryforward (NOL)	565	636
Depreciation	28	973
Deferred rent	548	682
Other	69	103
Valuation allowance	(565)	(636)
	<u>645</u>	<u>1,758</u>
Total Deferred Tax Assets	<u>2,091</u>	<u>5,443</u>
Deferred Tax Liabilities		
Current:		
Retention	(463)	(616)
Section 481(a) adjustment	—	(727)
	<u>(463)</u>	<u>(1,343)</u>
Non-current:		
Amortization	(874)	(2,994)
Section 481(a) adjustment	—	(1,455)
Installment sale	(362)	—
Other	—	(39)
	<u>(1,236)</u>	<u>(4,488)</u>
Total Net Deferred Tax Liabilities	<u>(1,699)</u>	<u>(5,831)</u>
Total Net Deferred Tax (Liability) Asset	<u>\$ 392</u>	<u>\$ (388)</u>

ICF International, Inc., and Subsidiaries**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

December 31, 2003, 2004, and 2005

As of December 31, 2005, the Company had NOL carryforwards for state income tax purposes of approximately \$0.4 million, expiring through 2019. As of December 31, 2005, the Company had foreign NOL carryforwards of approximately \$1.6 million, which are fully reserved and begin to expire in 2006.

The Company has deferred tax assets applicable to the following jurisdictions where the Company's operations have a recent history of pre-tax cumulative losses for financial reporting purposes.

	2004	2005
	(in thousands of dollars)	
Canada	\$417	\$452
Russia	148	184
Total	\$565	\$636

The need to establish valuation allowances for these deferred assets is based on a more likely than not threshold that the benefit of such assets will be realized in future periods. Appropriate consideration is given to all available evidence, including historical operating results, projections of taxable income, and tax planning alternatives. It has been determined that is more likely than not that the deferred assets in the Company's Canadian and Russian operations will not be realized. Therefore, the Company has recorded a full valuation allowance against these deferred assets.

The Company's provision for income taxes differs from the anticipated United States federal statutory rate. Differences between the statutory rate and the Company's provision are as follows:

	2003	2004	2005
Taxes at statutory rate	34.0%	34.0%	34.0%
State taxes, net of federal benefit	4.6%	4.6%	4.6%
Other permanent differences	3.2%	2.2%	4.5%
Research and development credits	(5.0)%	0.0%	0.0%
Change in valuation allowance	1.6%	2.4%	1.4%
Prior year tax adjustments	0.6%	0.2%	3.2%
Deferred asset changes due to tax rate and other	0.0%	2.7%	0.3%
	39.0%	46.1%	48.0%

Note M — Employee Benefit Plans

Effective June 30, 1999, the Company established the ICF Consulting Group Retirement Savings Plan (the Retirement Savings Plan). The Retirement Savings Plan is a defined contribution profit sharing plan with a cash or deferred arrangement under Section 401(k) of the Internal Revenue Code.

Effective January 1, 2005, participants in the Retirement Savings Plan were able to elect to defer up to 70 percent of their compensation subject to statutory limitations, and were entitled to receive 100 percent employer matching contributions for the first 3 percent and 50 percent for the next 2 percent of the participant's compensation. During 2003 and 2004, participants were entitled to receive 50 percent employer matching contributions up to a maximum of 4 percent of the participant's compensation. For 2003 and 2004, the Retirement Savings Plan also provided for non-elective employer contributions. Effective with the 2005 Plan Year, the Retirement Savings Plan was amended to cease employer non-elective contributions. Contribution expense related to the Plans for the years ended December 31, 2003, 2004, and 2005, was approximately \$3.7 million, \$2.7 million, and \$2.1 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

December 31, 2003, 2004, and 2005

Note N — Stockholders' Equity

Management shareholder agreement

Pursuant to the 1999 acquisition by Holdings of Consulting, a management shareholder agreement (the Agreement) was executed, which provides management shareholders with the right to sell their shares back to the Company under certain circumstances at values specified in the Agreement. The agreement terminates upon an initial public offering of the Company's common stock.

Employee stock option plan

On June 25, 1999, the Company adopted the ICF Consulting Group, Inc., Management Stock Option Plan (the Plan). The Plan provides for the granting of straight and incentive awards to employees of the Company to purchase shares of the Company's common stock. A total of 1,334,027 shares of common stock was reserved for issuance under the Plan. In May 2002, the Company amended the Plan to reserve an additional 238,313 shares for issuance. The exercise price for straight awards granted under the Plan shall not be less than \$5.00 per share. The option price for incentive awards granted under the Plan is determined by the Compensation Distribution Committee of the Board of Directors based upon the fair market value of the Company's common stock on the date of grant, and the Plan will expire in June 2009.

The following table depicts stock option activity for the years ended December 31, 2003, 2004, and 2005:

	Options Available for Grant	Options Outstanding	
		Shares	Weighted-Average Exercise Price
As of January 1, 2003	397,618	1,174,722	\$ 5.48
Options granted in 2003	189,936	189,936	\$ 6.10
Options forfeited or cancelled	11,375	11,375	\$ 5.75
As of December 31, 2003	219,057	1,353,283	\$ 5.56
Options granted in 2004	132,500	132,500	\$ 7.34
Options forfeited or cancelled	51,791	51,791	\$ 5.82
As of December 31, 2004	138,348	1,433,992	\$ 5.72
Options granted in 2005	102,045	102,045	\$ 7.84
Options forfeited or cancelled	18,798	18,798	6.28
As of December 31, 2005	55,101	1,517,239	\$ 5.85

The following table summarizes additional information about stock options outstanding as of December 31, 2005:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number of Options	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
\$ 5.00–9.05	1,517,239	6.51	\$ 5.85	1,517,239	\$ 5.85

The fair value of each option grant is established on the date of grant using the minimum value method, as prescribed by SFAS No. 123. The following assumptions were used under the minimum value method

ICF International, Inc., and Subsidiaries**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

December 31, 2003, 2004, and 2005

for grants in the 12 months ended December 31, 2003, 2004, and 2005, respectively: no dividends yield; risk-free interest rates of approximately 3.05 percent, 3.24 percent, and 4.10 percent, and expected life of five years. The weighted-average fair values of options granted during the years ended December 31, 2003, 2004 and 2005, were \$.85, \$1.00, and \$1.43, respectively.

Warrants

On June 25, 1999, the Company issued 20.074028 warrants that entitled the holders, subject to certain conditions, to purchase 15,452.07 shares of the Company per warrant at an exercise price of \$.01 per share, for a total of 310,185.286 shares of the Company. The following table summarizes information about shares associated with outstanding warrants for the years ending December 31, 2003, 2004, and 2005:

Outstanding at January 1, 2003	310,185.286
Repurchased in 2003	257,403.938
Balance at December 31, 2003	52,781.348
Activity during 2004	—
Balance at December 31, 2004	52,781.348
Activity during 2005	—
Balance at December 31, 2005	52,781.348

Note O — Related-Party Transactions

Effective with the 1999 purchase of Consulting from Kaiser, the Company entered into a seven-year management services agreement with the majority shareholder of ICFI. The agreement calls for a fixed consulting fee of \$0.1 million per annum, as well as a variable fee based upon the Company's annual earnings, adjusted as defined in the agreement. During 2003, 2004, and 2005, management fees related to this agreement were \$0.3 million, \$0.4 million, and \$0.4 million, respectively, and are included in operating expenses in the accompanying consolidated financial statements. The agreement terminates upon an initial public offering of the Company's common stock.

Note P — Supplemental Cashflow Information**Cash paid**

Cash paid for interest for the years ended December 31, 2003, 2004, and 2005, was approximately \$2.5 million, \$1.4 million, and \$2.8 million, respectively. Income taxes paid for the years ended December 31, 2003, 2004, and 2005, were \$0.3 million, \$2.2 million, and \$5.0 million, respectively.

Note Q — Supplemental Information**Valuation and qualifying accounts**

Allowance for Doubtful Accounts (*in thousands of dollars*)

	2003	2004	2005
Balance at beginning of period	\$ 2,586	\$ 1,672	\$ 1,696
Addition at cost	—	274	1,167
Deductions	914	250	879
Balance at end of period	\$ 1,672	\$ 1,696	\$ 1,984

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

December 31, 2003, 2004, and 2005

Note R — Subsequent Event

On April 14, 2006, the Company decided to abandon, effective June 30, 2006, its San Francisco, California leased facility and relocate its staff there to other space. The San Francisco lease obligation expires in July 2010 and covers 12,000 square feet, at an annual rate of \$79 per square foot plus operating expenses. Management believes, based upon consultation with its leasing consultants, that the current market for similar space is substantially below this cost. In addition, the Company is also abandoning a smaller space in Lexington, Massachusetts that it has been unable to sublease. The Company anticipates a charge to earnings in the second quarter of 2006 of approximately \$3.8 million as a result of these actions.

Report of Independent Accountants

March 6, 2005

To the Board of Directors and Stockholders
of Caliber Associates, Inc.:

In our opinion, the accompanying consolidated balance sheets and related consolidated statements of income, of stockholders' deficit, and of cash flows present fairly, in all material respects, the financial position of Caliber Associates, Inc. (an S Corporation) and its subsidiary (collectively referred to as "the Company") at December 31, 2004 and 2003, and results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ ARGY, WILTSE & ROBINSON, P.C.

Caliber Associates, Inc.

CONSOLIDATED BALANCE SHEETS

December 31, 2003 and 2004

	2003	2004
ASSETS		
Current assets		
Cash and cash equivalents	\$ 318,922	\$ 61,684
Accounts receivable	5,700,050	7,604,828
Unbilled receivables	7,393,414	4,062,560
Income taxes receivable	56,379	0
Other current assets	477,778	451,071
	<hr/>	<hr/>
Total current assets	13,946,543	12,180,143
Property and equipment, net	1,113,205	756,515
Contract rights, net	210,704	49,984
Deposits	54,022	233,161
Marketable securities — restricted	277,062	455,410
	<hr/>	<hr/>
Total assets	\$ 15,601,536	\$ 13,675,213
	<hr/>	<hr/>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued expenses	\$ 609,411	\$ 739,687
Accrued payroll and related liabilities	2,826,312	2,097,767
Bank line-of-credit	1,691,681	836,678
Billings in excess of revenue recognized	1,108,203	499,325
Subordinated notes payable to employees	1,741,682	1,723,372
Deferred rent	323,561	170,230
	<hr/>	<hr/>
Total current liabilities	8,300,850	6,067,059
Subordinated notes payable to employees	12,973,938	11,468,791
Deferred rent	422,150	243,367
Deferred compensation	396,213	559,586
Deferred income taxes	2,585,000	2,531,321
	<hr/>	<hr/>
Total liabilities	24,678,151	20,870,124
	<hr/>	<hr/>
Stockholders' deficit		
Common stock — no par value, 900,000 shares authorized	500	500
Retained earnings	5,976,168	5,791,083
Less: unallocated employee stock ownership plan shares	(15,053,283)	(12,986,494)
	<hr/>	<hr/>
Total stockholders' deficit	(9,076,615)	(7,194,911)
	<hr/>	<hr/>
Commitments		
Total liabilities and stockholders' deficit	\$ 15,601,536	\$ 13,675,213
	<hr/>	<hr/>

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

Caliber Associates, Inc. (An S Corporation)**CONSOLIDATED STATEMENTS OF INCOME**

Years ended December 31, 2003 and 2004

	2003	2004
Contract revenue	\$ 36,070,012	\$ 36,482,610
Operating costs and expenses		
Direct labor	12,112,772	12,810,648
Other direct costs	6,438,594	6,344,747
Indirect costs	15,762,878	15,862,768
Unallowable costs	91,334	103,843
	<u>34,405,578</u>	<u>35,122,006</u>
Income from operations	1,664,434	1,360,604
Other income (expense)		
Interest income	9,962	12,324
Interest expense	(1,067,855)	(979,312)
Net income	<u>\$ 606,541</u>	<u>\$ 393,616</u>

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

Caliber Associates, Inc.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT

Years ended December 31, 2003 and 2004

	Common Stock		Retained Earnings	Unallocated Employee Stock Ownership Plan Shares	Total Stockholders' Deficit
	Shares	Amount			
Balance at December 31, 2002	900,000	\$ 500	\$ 5,905,715	\$ (16,461,175)	\$ (10,554,960)
Value of ESOP shares released for allocation to participants in 2003	0	0	(536,088)	1,407,892	871,804
Net income for the year ended December 31, 2003	0	0	606,541	0	606,541
Balance at December 31, 2003	900,000	500	5,976,168	(15,053,283)	(9,076,615)
Value of ESOP shares released for allocation to participants in 2004	0	0	(578,701)	2,066,789	1,488,088
Net income for the year ended December 31, 2004	0	0	393,616	0	393,616
Balance at December 31, 2004	900,000	\$ 500	\$ 5,791,083	\$ (12,986,494)	\$ (7,194,911)

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

Caliber Associates, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2003 and 2004

	2003	2004
Cash flows from operating activities:		
Net income	\$ 606,541	\$ 393,616
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	863,305	722,722
Employee stock ownership plan expense	871,804	1,488,088
(Increase) decrease in:		
Accounts receivable	1,136,203	(1,904,778)
Unbilled receivables	(3,836,319)	3,330,854
Income taxes receivable	5,987	2,700
Other current assets	4,703	26,707
Marketable securities — restricted	(277,062)	(178,348)
Increase (decrease) in:		
Accounts payable and accrued expenses	(375,247)	130,276
Accrued payroll and related liabilities	233,829	(728,545)
Billings in excess of revenue recognized	465,836	(608,878)
Deferred rent	263,299	(332,114)
Deferred compensation	396,213	163,373
Total adjustments	(247,449)	2,112,057
Net cash provided by operating activities	359,092	2,505,673
Cash flows from investing activities:		
Purchases of property and equipment, net	(686,900)	(205,312)
Increase in deposits	(3,561)	(179,139)
Net cash used in investing activities	(690,461)	(384,451)
Cash flows from financing activities:		
Net (repayments) borrowings under bank line-of-credit	1,691,681	(855,003)
Repayments under subordinated notes payable to employees	(1,520,708)	(1,523,457)
Net cash (used in) provided by financing activities	170,973	(2,378,460)
Net decrease in cash and cash equivalents	(160,396)	(257,238)
Cash and cash equivalents at the beginning of the year	479,318	318,922
Cash and cash equivalents at the end of the year	\$ 318,922	\$ 61,684

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003 and 2004

Note 1 — Organization and Significant Accounting Policies

Description of business and principles of consolidation

The accompanying consolidated financial statements include the accounts of Caliber Associates, Inc. (Caliber) and its subsidiary, Fried & Sher, Inc. (Fried & Sher) (collectively referred to as the "Company"). Caliber is incorporated under the laws of the Commonwealth of Virginia to provide research and management consulting services to departments and agencies of the federal government. Fried & Sher provides leading work life professional services to the federal government and commercial businesses. All significant intercompany balances have been eliminated in consolidation.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Revenue recognition

Revenue on fixed-price and cost-reimbursable contracts includes direct costs and allocated indirect costs incurred plus recognized profit. Revenue is recognized under fixed-price contracts on the percentage-of-completion basis. Revenue on time-and-material contracts is recognized based upon time (at established rates) and other direct costs incurred. Unbilled receivables and billings in excess of revenue recognized result from differences between billings, which are determined based upon contractual terms, and amounts recognized as earned, which are based upon costs incurred and contract performance. Losses on contracts are provided for in the period they are first determined.

Federal government contract costs for 2002 through 2004, including indirect expenses, are subject to audit and adjustment by the Defense Contract Audit Agency. Contract revenue has been recorded in amounts which are expected to be realized upon final settlement.

Cash equivalents

The Company considers all highly liquid instruments with original maturities of three months or less to be cash equivalents.

Marketable securities

Management of the Company determines the appropriate classification of marketable securities at the time of purchase and reevaluates such designation at each balance sheet date. Management has classified its marketable securities as trading and, thus, is carrying them at current market value, with realized and unrealized gains and losses included in earnings. The cost of securities sold is based on the specific identification method.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation of property and equipment is computed using accelerated methods over the estimated useful lives of three to seven years. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the term of the related lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

December 31, 2003 and 2004

Contract rights

Contract rights are stated at cost less accumulated amortization. Amortization of contract rights is computed using the straight-line method over the estimated useful life of three years. Contract rights were recorded at \$545,358 with accumulated amortization of \$495,374 and \$334,654 at December 31, 2004 and 2003, respectively. Amortization expense related to contract rights was \$160,720 and \$121,681 for the years ended December 31, 2004 and 2003, respectively.

Income taxes

Effective January 1, 2002, the Company became an S Corporation for federal income tax purposes (which also applies to most states). Accordingly, as of this date, the Company is generally not subject to corporate income taxes and the income, deductions and credits generated by the Company will flow to the Company's stockholders. However, any taxable income generated by the Company for any year through December 31, 2011 would subject the Company to income taxes to the extent income earned under C Corporation status had been previously deferred for income tax purposes. Accordingly, a deferred tax liability remains on the Company's consolidated balance sheet to reflect this liability, which may be triggered in future years.

Reclassifications

Certain reclassifications were made to the 2003 financial statements to conform to the 2004 presentation. Such reclassifications have no impact on the previously reported net income.

Note 2 — Marketable Securities

The Company invests in several publicly-traded mutual funds under a Rabbi Trust Agreement for the funding of the nonqualified deferred compensation plan (Note 9). As such, all amounts are restricted for this use. During the years ended December 31, 2004 and 2003, the securities produced unrealized capital gains of \$19,378 and \$15,853, respectively. All investment income earned during the years ended December 31, 2004 and 2003 relate to marketable securities held at each year end.

Note 3 — Unbilled Receivables

Unbilled receivables consists of the following at December 31:

	2003	2004
Amounts currently billable	\$ 6,268,580	\$ 3,160,863
Amounts billable upon completion of milestones	876,771	703,838
Rate variances	196,419	100,318
Contract retainages	51,644	97,541
	<u>\$ 7,393,414</u>	<u>\$ 4,062,560</u>

Caliber Associates, Inc.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

December 31, 2003 and 2004

Note 4 — Property and Equipment

Property and equipment consists of the following at December 31:

	2003	2004
Software licenses	\$ 699,607	\$ 809,709
Leasehold improvements	746,319	760,906
Computer equipment	692,080	753,855
Other equipment	599,198	615,321
Office furniture	440,244	442,969
	<u>3,177,448</u>	<u>3,382,760</u>
Less: accumulated depreciation and amortization	(2,064,243)	(2,626,245)
	<u>\$ 1,113,205</u>	<u>\$ 756,515</u>

Depreciation and amortization expense on property and equipment totaled \$562,002 and \$741,624 for the years ended December 31, 2004 and 2003, respectively. Property and equipment no longer in service with an original cost of \$318,826 and a book value of zero was written off during the year ended December 31, 2003.

Note 5 — Bank Line-of-Credit

The Company maintains a bank line-of-credit facility under which it may borrow up to the lesser of \$4,000,000 or 85% of eligible billed receivables. Borrowings under this bank line-of-credit agreement are due upon demand, are secured by all of the Company's assets, and bear interest at the bank's prime rate (5.25% at December 31, 2004). This agreement requires the Company to comply with certain financial covenants. At December 31, 2004, the Company was in compliance with these covenants. The maturity date of this agreement is January 31, 2006.

Interest expense resulting from the line-of-credit agreement, which approximated interest paid, totaled \$75,026 and \$34,897 for the years ended December 31, 2004 and 2003, respectively.

Note 6 — Subordinated Notes Payable to Employees

Subordinated notes payable to employees consists of eleven subordinated notes payable to employees with stated amounts totaling \$18,239,857, with one-time payments ranging from \$4,500 to \$708,171, and remaining quarterly principal payments ranging from \$4,893 to \$152,743, plus accrued interest (ranging from 5.75% to 8.25% per annum), and terms ranging from 5 to 15 years. These notes payable are secured by the Company's common stock, and are subordinated to the bank line-of-credit agreement.

The scheduled maturities of these notes payable at December 31, 2004 are as follows:

<u>Years ending December 31,</u>	
2005	\$ 1,505,148
2006	1,502,884
2007	1,280,081
2008	1,278,054
2009	1,114,971
Thereafter	6,292,801
	<u>\$ 12,973,939</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

December 31, 2003 and 2004

Interest expense resulting from subordinated notes payable to employees totaled \$904,286 and \$1,032,958, of which \$718,924 and \$995,633 was paid during the years ended December 31, 2004 and 2003, respectively. As of December 31, 2004 and 2003, the current portion of subordinated notes payable to employees includes accrued interest payable of \$218,224 and \$251,087, respectively.

Note 7 — Deferred Rent

In October 1995, the Company entered into the first of a series of leases for office space. The net cost under these leases is approximately \$13,239,000 over the eleven year and eight month term including rent abatements, scheduled rent increases, and other related factors associated with these leases. The Company is recognizing the expense associated with these leases on a straight-line basis ratably over the lease terms in accordance with accounting principles generally accepted in the United States of America. The deferred rent liability represents the cumulative difference between the monthly rent expense recorded and the amount of rent paid.

Note 8 — Employee Benefit Plans

401(k) profit sharing plan

The Company maintains a defined contribution 401(k) profit sharing plan (the Plan) for all employees who have attained the age of 21. Employees are eligible for the profit sharing contribution once they have completed twelve months of service with the Company. Participants may make voluntary contributions up to the maximum amount allowable by law. Company contributions to the Plan are at the discretion of management and vest to the participants ratably over a five year period for profit sharing contributions and ratably over a three year period for matching contributions. Employees begin vesting in the Company matching contribution upon completion of 1,000 hours of service to the Company and in the profit sharing contribution in the second year of participation. The Company recorded no contributions to the Plan for either of the years ended December 31, 2004 and 2003.

Employee Stock Ownership Plan

The Company maintains an Employee Stock Ownership Plan (the ESOP) that covers all employees over the age of 21 who have work at least 1,000 hours in a year. Company contributions on behalf of the employees are determined at the discretion of the Board of Directors and vest to the participants ratably over five years, beginning with the second year of credited service. Initially, the ESOP borrowed funds from the Company to purchase 900,000 shares of common stock from the stockholders of the Company. The ESOP shares initially were pledged as collateral for its debt. As the debt is repaid, shares are released from collateral and allocated, based on the proportion of debt service paid in the year. Debt of the ESOP is recorded as subordinated notes payable to employees (see Note 6) and the shares pledged as collateral are reported as unallocated ESOP shares in the accompanying consolidated balance sheets. As shares are released from collateral, the Company reports compensation expense equal to the current market price of the shares, and the shares become outstanding. ESOP compensation expense was \$1,073,500 and \$871,804 for the years ended December 31, 2004 and 2003, respectively. The Company also recorded contributions to the 401(k) Plan of \$320,544 and \$227,270, through shares acquired from the ESOP, for the years ended December 31, 2004 and 2003, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

December 31, 2003 and 2004

The ESOP shares are as follows at December 31:

	2003	2004
Allocated shares at the beginning of the year	76,941	147,336
Shares released for allocation	70,395	68,410
Unallocated shares at the end of the year	752,664	684,254
Total ESOP shares	900,000	900,000
Fair value of unallocated shares at the end of the year	\$ 11,900,000	\$ 9,853,258

Note 9 — Nonqualified Deferred Compensation Plan

The Company maintains a nonqualified deferred compensation plan (the deferred compensation plan) for all employees not eligible to participate in the Company's Employee Stock Plan (Note 8). Contributions to the deferred compensation plan are made through voluntary employee salary reductions of up to 100 percent of total compensation. The Company, at its discretion, may make a contribution to the deferred compensation plan. The Company's contribution to the deferred compensation plan vests immediately. The Company recorded contributions of \$123,526 and \$119,151 to the Plan for the years ended December 31, 2004 and 2003, respectively. The Company has funded its deferred compensation liability with marketable securities, as selected by the participating employees. The liability to the participants will increase or decrease according to the performance of the selected investments. The fair value of the liability, therefore, approximates the book value as of December 31, 2004 and 2003, respectively, except for Company contributions accrued, but not yet paid.

Note 10 — Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable, and unbilled receivables. The Company's management believes the risk of loss associated with cash and cash equivalents is very low since cash and cash equivalents are maintained in financial institutions. However, at various times throughout the year, the Company had cash and cash equivalents on deposit with a financial institution that exceeded the federally insured limit. To date, accounts receivable and unbilled receivables have been derived primarily from contracts with agencies of the federal government. Accounts receivable are generally due within 30 days and no collateral is required. The Company maintains reserves for potential credit losses and historically such losses have been insignificant and within management's expectations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

December 31, 2003 and 2004

Note 11 — Commitments

The Company leases office space under the terms of noncancelable operating leases that expire at various dates through December 2008. These leases require the Company to reimburse the landlord for its pro rata share of the increases in annual operating expenses and real estate taxes. The following is a schedule of the future minimum lease payments required under noncancelable operating leases that have initial or remaining terms in excess of one year as of December 31, 2004:

Years ending December 31,	
2005	\$ 2,120,000
2006	1,264,000
2007	580,000
2008	35,000
	<hr/>
	\$ 3,999,000

Rent expense aggregated \$1,975,424 and \$1,974,695 for the years ended December 31, 2004 and 2003, respectively.

Note 12 — Subsequent Event

On January 10, 2005, the Company acquired certain assets and liabilities of Collins Management Consulting, Inc. Collins Management Consulting, Inc. provides consulting services in the field of child development. As a result of the acquisition, the Company becomes one of the largest purveyors of information about early childhood currently under contract to the government.

The aggregate purchase price was \$950,000 in cash plus additional consideration. The purchase price will be adjusted for any additional consideration earned during each accounting period.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition. The Company is in the process of valuing these assets and liabilities. Thus, the allocation of the purchase price is subject to adjustment.

Cash	\$ 27,306
Accounts receivable	743,996
Other current assets	18,170
Other assets	13,489
Property and equipment	68,305
Non-compete agreements	200,000
Contract rights	604,740
	<hr/>
Total assets acquired	1,676,006
Current liabilities	(717,103)
Noncurrent liabilities	(8,903)
	<hr/>
Net assets acquired	\$ 950,000

Caliber Associates, Inc.

CONSOLIDATED BALANCE SHEETS

September 30, 2004 and 2005

	2004	2005
ASSETS		
Current assets		
Cash and cash equivalents	\$ 45,971	\$ 1,760,760
Accounts receivable	5,637,455	6,505,174
Unbilled receivables	5,359,332	4,174,650
Other current assets	354,999	179,878
	<hr/>	<hr/>
Total current assets	11,397,757	12,620,462
Property and equipment, net	775,102	605,313
Intangible assets, net	79,510	726,727
Deposits	53,471	66,318
Marketable securities — restricted	306,037	0
	<hr/>	<hr/>
Total assets	\$ 12,611,877	\$ 14,018,820
	<hr/>	<hr/>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued expenses	\$ 605,762	\$ 1,195,002
Accrued payroll and related liabilities	3,146,291	2,805,336
Bank line-of-credit	185,234	0
Billings in excess of revenue recognized	757,957	915,865
Subordinated notes payable to employees	1,717,433	1,516,501
Deferred rent	323,561	157,423
	<hr/>	<hr/>
Total current liabilities	6,736,238	6,590,127
Subordinated notes payable to employees	11,846,430	10,329,929
Deferred rent	124,965	133,368
Deferred compensation	400,500	0
Deferred income taxes	2,585,000	2,588,164
	<hr/>	<hr/>
Total liabilities	21,693,133	19,641,588
	<hr/>	<hr/>
Stockholders' deficit		
Common stock — no par value, 900,000 and 2,000,000 shares authorized, respectively	500	500
Retained earnings	5,971,527	3,654,253
Less: unallocated employee stock ownership plan shares	(15,053,283)	(9,277,521)
	<hr/>	<hr/>
Total stockholders' deficit	(9,081,256)	(5,622,768)
	<hr/>	<hr/>
Commitments		
	<hr/>	<hr/>
Total liabilities and stockholders' deficit	\$ 12,611,877	\$ 14,018,820
	<hr/>	<hr/>

See the accompanying notes and accountants' review report.

Caliber Associates, Inc. (An S Corporation)**CONSOLIDATED STATEMENTS OF INCOME**

Nine month periods ended September 30, 2004 and 2005

	2004	2005
Contract revenue	\$ 27,305,611	\$ 30,576,421
Operating costs and expenses		
Direct labor	9,712,835	10,515,734
Other direct costs	4,355,717	5,597,971
Indirect costs	12,266,499	14,410,301
Unallowable costs	242,903	491,071
	<u>26,577,954</u>	<u>31,015,077</u>
Income from operations	727,657	(438,656)
Other income (expense)		
Interest income	5,150	16,828
Interest expense	(737,448)	(780,340)
Net loss	<u>\$ (4,641)</u>	<u>\$ (1,202,168)</u>

See the accompanying notes and accountants' review report.

Caliber Associates, Inc.**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT**

Nine month periods ended September 30, 2004 and 2005

	Common Stock		Retained Earnings	Unallocated Employee Stock Ownership Plan Shares	Total Stockholders' Deficit
	Shares	Amount			
Balance at December 31, 2003	900,000	\$ 500	\$ 5,976,168	\$ (15,053,283)	\$ (9,076,615)
Net loss for the nine-month period ended September 30, 2004	0	0	(4,641)	0	(4,641)
Balance at September 30, 2004	900,000	\$ 500	\$ 5,971,527	\$ (15,053,283)	\$ (9,081,256)
Balance at December 31, 2004	900,000	\$ 500	\$ 5,791,083	\$ (12,986,494)	\$ (7,194,911)
Stock split	900,000	0	0	0	0
Value of ESOP shares released for allocation to participants for the nine-month period ended September 30, 2005	0	0	(934,662)	3,708,973	2,774,311
Net loss for the nine-month period ended September 30, 2005	0	0	(1,202,168)	0	(1,202,168)
Balance at September 30, 2005	1,800,000	\$ 500	\$ 3,654,253	\$ (9,277,521)	\$ (5,622,768)

See the accompanying notes and accountants' review report.

Caliber Associates, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Nine month periods ended September 30, 2004 and 2005

	2004	2005
Cash flows from operating activities:		
Net loss	\$ (4,641)	\$(1,202,168)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	601,877	384,339
Employee stock ownership plan expense	805,125	2,774,311
Deferred rent	(297,185)	(138,050)
(Increase) decrease in:		
Accounts receivable	62,595	1,846,149
Unbilled receivables	2,034,082	(112,090)
Income taxes receivable	56,379	0
Other current assets	122,779	289,363
Marketable securities — restricted	(28,975)	455,410
Increase (decrease) in:		
Accounts payable and accrued expenses	(808,774)	67,010
Accrued payroll and related liabilities	319,979	529,007
Billings in excess of revenue recognized	(350,246)	416,540
Deferred compensation	4,287	(559,586)
Total adjustments	2,521,923	5,952,403
Net cash provided by operating activities	2,517,282	4,750,235
Cash flows from investing activities:		
Purchases of property and equipment, net	(102,580)	(36,386)
Purchase of intangible assets	(30,000)	(892,694)
Decrease in deposits	551	180,332
Net cash used in investing activities	(132,029)	(748,748)
Cash flows from financing activities:		
Net repayments under bank line-of-credit	(1,506,447)	(956,678)
Repayments under subordinated notes payable to employees	(1,151,757)	(1,345,733)
Net cash used in financing activities	(2,658,204)	(2,302,411)
Net increase (decrease) in cash and cash equivalents	(272,951)	1,699,076
Cash and cash equivalents at the beginning of the period	318,922	61,684
Cash and cash equivalents at the end of the period	\$ 45,971	\$ 1,760,760

See the accompanying notes and accountants' review report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2004 and 2005

Note 1 — Organization and Significant Accounting Policies

Description of business and principles of consolidation

The accompanying consolidated financial statements include the accounts of Caliber Associates, Inc. (Caliber) and its subsidiaries, Fried & Sher, Inc. (Fried & Sher) and Collins Management, Inc. (Collins) (collectively referred to as the Company). Caliber is incorporated under the laws of the Commonwealth of Virginia to provide research and management consulting services to departments and agencies of the federal government. Fried & Sher provides leading work life professional services to the federal government and commercial businesses. Collins provides consulting services in the field of child development. All significant intercompany balances have been eliminated in consolidation.

Purchase of the company

Effective October 5, 2005, under the terms of a stock purchase agreement (the Agreement), ICF Consulting Group, Inc. (ICF) acquired all of the outstanding shares of the Company. The purchase price consists of a base consideration amount, plus or minus other items, as defined in the Agreement.

The accompanying financial statements do not include or reflect any other amounts or transactions related to the purchase of the Company by ICF.

The significant accounting policies followed by the Company are described below.

Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Revenue recognition

Revenue on fixed-price and cost-reimbursable contracts includes direct costs and allocated indirect costs incurred plus recognized profit. Revenue is recognized under fixed-price contracts on the percentage-of-completion basis. Revenue on time-and-material contracts is recognized based upon time (at established rates) and other direct costs incurred. Unbilled receivables and billings in excess of revenue recognized result from differences between billings, which are determined based upon contractual terms, and amounts recognized as earned, which are based upon costs incurred and contract performance. Losses on contracts are provided for in the period they are first determined.

Federal government contract costs for 2002 through 2005, including indirect expenses, are subject to audit and adjustment by the Defense Contract Audit Agency. Contract revenue has been recorded in amounts which are expected to be realized upon final settlement.

Cash equivalents

The Company considers all highly liquid instruments with original maturities of three months or less to be cash equivalents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

September 30, 2004 and 2005

Marketable securities — restricted

Management of the Company determines the appropriate classification of marketable securities at the time of purchase and reevaluates such designation at each balance sheet date. Management has classified its marketable securities as trading and, thus, is carrying them at current market value, with realized and unrealized gains and losses included in earnings. The cost of securities sold is based on the specific identification method.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation of property and equipment is computed using accelerated methods over the estimated useful lives of three to seven years. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the term of the related lease.

Intangible assets

Intangible assets, which consist of contract rights and non-compete agreements, are stated at cost less accumulated amortization. Amortization of intangible assets is computed using the straight-line method over the estimated useful lives of three years to 80 months. Intangible assets were recorded at \$1,381,111 and \$575,358, with accumulated amortization of \$654,384 and \$495,848 at September 30, 2005 and 2004, respectively. Amortization expense related to intangible assets totaled \$129,010 and \$161,194 for the nine month periods ended September 30, 2005 and 2004, respectively.

The following is a schedule of estimated future amortization expense:

Years ending September 30,	
2006	\$ 163,904
2007	163,904
2008	113,904
2009	97,237
2010	97,237
Thereafter	90,540
	<hr/>
	\$ 726,727

Income taxes

Effective January 1, 2002, the Company became an S Corporation for federal income tax purposes (which also applies to most states). Accordingly, as of this date, the Company is generally not subject to corporate income taxes and the income, deductions and credits generated by the Company will flow to the Company's stockholders. However, any taxable income generated by the Company for any year through December 31, 2011 would subject the Company to income taxes to the extent income earned under C Corporation status had been previously deferred for income tax purposes. Accordingly, a deferred tax liability remains on the Company's consolidated balance sheet to reflect this liability, which may be triggered in future years.

Caliber Associates, Inc.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

September 30, 2004 and 2005

Note 2 — Business Combination

On January 10, 2005, the Company acquired certain assets and liabilities of Collins Management Consulting, Inc. Collins Management Consulting, Inc. provides consulting services in the field of child development. As a result of the acquisition, the Company has become one of the largest purveyors of information about early childhood development currently under contract to the federal government.

The aggregate purchase price was \$950,000, which included net cash paid of \$922,694 (of which \$30,000 was paid in 2004). The purchase price will be adjusted for any additional consideration earned during future accounting periods.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

Cash	\$ 27,306
Accounts receivable	746,495
Other current assets	18,170
Other assets	13,489
Property and equipment	67,741
Non-compete agreements	200,000
Contract rights	635,753
	<hr/>
Total assets acquired	1,708,954
Current liabilities	(750,051)
Noncurrent liabilities	(8,903)
	<hr/>
Net assets acquired	\$ 950,000

Note 3 — Marketable Securities — Restricted

The Company invests in several publicly-traded mutual funds under a Rabbi Trust Agreement for the funding of the nonqualified deferred compensation plan (see Note 10). As such, all amounts are restricted for this use. During the nine month periods ended September 30, 2005 and 2004, the securities produced unrealized capital gains of \$0 and \$28,975, respectively. All investment income earned during the nine month periods ended September 30, 2005 and 2004 relate to marketable securities held at the end of each period. In September 2005, the marketable securities were sold for \$602,571 resulting in a realized gain of \$180,885.

Note 4 — Unbilled Receivables

Unbilled receivables consists of the following at September 30:

	2004	2005
Amounts currently billable	\$ 4,009,187	\$ 3,306,170
Amounts billable upon completion of milestones	1,162,476	765,986
Rate variances	103,825	83,799
Contract retainages	83,844	18,695
	<hr/>	<hr/>
	\$ 5,359,332	\$ 4,174,650

Caliber Associates, Inc.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

September 30, 2004 and 2005

Note 5 — Property and Equipment

Property and equipment consists of the following at September 30:

	2004	2005
Leasehold improvements	\$ 760,905	\$ 769,125
Other equipment	621,656	620,464
Computer equipment	753,856	528,676
Software licenses	700,642	468,473
Office furniture	442,969	442,969
	<u>3,280,028</u>	<u>2,829,707</u>
Less: accumulated depreciation and amortization	(2,504,926)	(2,224,394)
	<u>\$ 755,102</u>	<u>\$ 605,313</u>

Depreciation and amortization expense on property and equipment totaled \$255,329 and \$440,683 for the nine month periods ended September 30, 2005 and 2004, respectively.

Note 6 — Bank Line-of-credit

The Company maintains a bank line-of-credit facility under which it may borrow up to the lesser of \$4,000,000 or 85% of eligible billed receivables. Borrowings under this bank line-of-credit agreement are due upon demand, are secured by all of the Company's assets, and bear interest at the bank's prime rate (6.75% at September 30, 2005). This agreement requires the Company to comply with certain financial covenants. At September 30, 2005, the Company was in compliance with these covenants. The bank line-of-credit was terminated on October 5, 2005.

Note 7 — Subordinated Notes Payable to Employees

Subordinated notes payable to employees consists of eleven subordinated notes payable to employees with stated amounts totaling \$18,205,233, with one-time payments ranging from \$4,969 to \$796,666, and remaining quarterly principal payments ranging from \$4,893 to \$152,743, plus accrued interest (ranging from 5.75% to 8.25% per annum), and terms ranging from 5 to 15 years. These notes payable are secured by the Company's common stock, and are subordinated to the bank line-of-credit agreement.

The scheduled maturities of these notes payable at September 30, 2005 are as follows:

Years ending September 30,	
2006	\$ 1,516,501
2007	1,323,898
2008	1,281,624
2009	1,152,865
2010	1,114,971
2011	1,114,971
Thereafter	4,341,600
	<u>\$ 11,846,430</u>

Interest expense resulting from subordinated notes payable to employees totaled \$703,444 and \$712,840, of which \$703,444 and \$488,531 was paid during the nine month periods ended

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

September 30, 2004 and 2005

September 30, 2005 and 2004, respectively. As of September 30, 2005 and 2004, the current portion of subordinated notes payable to employees includes accrued interest payable of \$0 and \$224,309, respectively.

Note 8 — Deferred Rent

In October 1995, the Company entered into the first of a series of leases for office space. The net cost under these leases is approximately \$13,239,000 over the eleven-year and eight-month term including rent abatements, scheduled rent increases, and other related factors associated with these leases. The Company is recognizing the expense associated with these leases on a straight-line basis ratably over the lease terms in accordance with generally accepted accounting principles. The deferred rent liability reflected in the accompanying consolidated balance sheet represents the cumulative difference between the monthly rent expense recorded and the amount of rent paid.

Note 9 — Employee Benefit Plans

401(k) profit sharing plan

The Company maintains a defined contribution 401(k) profit sharing plan (the Plan) for all employees who have attained the age of 21. Employees are eligible for the profit sharing contribution once they have completed twelve months of service with the Company. Participants may make voluntary contributions up to the maximum amount allowable by law. Company contributions to the Plan are at the discretion of management and vest to the participants ratably over a five-year period for profit sharing contributions and ratably over a three-year period for matching contributions. Employees begin vesting in the Company matching contribution upon completion of 1,000 hours of service to the Company, and in the profit sharing contribution in the second year of participation. The Company recorded no contributions to the Plan for either of the nine month periods ended September 30, 2005 and 2004. On September 30, 2005, the Company's Board of Directors approved an amendment to the Plan to distribute all Plan assets to participants immediately prior to the effective date of the stock purchase agreement (see Note 1).

Employee Stock Ownership Plan

The Company maintains an Employee Stock Ownership Plan (the ESOP) that covers all employees over the age of 21 who have work at least 1,000 hours in a year. Company contributions on behalf of the employees are determined at the discretion of the Board of Directors and vest to the participants ratably over five years, beginning with the second year of credited service. Initially, the ESOP borrowed funds from the Company to purchase 900,000 shares of common stock from the stockholders of the Company, and these shares were initially pledged as collateral for the debt. As the debt is repaid, shares are released from collateral and allocated, based on the proportion of debt service paid in the year. Debt of the ESOP is recorded as subordinated notes payable to employees (see Note 7) and the shares pledged as collateral are reported as unallocated ESOP shares in the accompanying consolidated balance sheets. As shares are released from collateral, the Company reports compensation expense equal to the current market price of the shares, and the shares become outstanding. ESOP compensation expense totaled \$2,505,408 and \$564,717 for the periods ended September 30, 2005 and 2004, respectively. The Company also recorded contributions to the 401(k) Plan of \$268,903 and \$240,408, through shares acquired from the ESOP, for the nine month periods ended September 30, 2005 and 2004, respectively. Effective October 1, 2005, the Company's Board of Directors approved, immediately prior to the effective date of the stock purchase agreement (see Note 1), the sale of the ESOP assets, rights, title, and all interests in the issued and

Caliber Associates, Inc.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

September 30, 2004 and 2005

outstanding ESOP shares to Caliber ESOP Custodial Corporation (the ESOP Sponsor) for \$10 to a former officer of Caliber Associates, Inc. The ESOP Sponsor was created to administer the proceeds that resulted from the stock purchase agreement (see Note 1).

The ESOP shares are as follows at September 30:

	2004	2005
Allocated shares at the beginning of the period	147,336	501,350
Shares released for allocation	0	375,980
Unallocated shares at the end of the period	752,664	922,670
Total ESOP shares	900,000	1,800,000
Fair value of unallocated shares at the end of the period	\$ 10,311,496	\$ 6,320,290

Note 10 — Nonqualified Deferred Compensation Plan

The Company maintains a nonqualified deferred compensation plan (the Deferred Compensation Plan) for all employees not eligible to participate in the Company's Employee Stock Plan (Note 9). Contributions to the Deferred Compensation Plan are made through voluntary employee salary reductions of up to 100 percent of total compensation. The Company, at its discretion, may make a contribution to the Deferred Compensation Plan. The Company's contribution to the Deferred Compensation Plan vests immediately. The Company recorded contributions of \$12,900 and \$112,763 to the Plan for the nine month periods ended September 30, 2005 and 2004, respectively. The Company has funded its deferred compensation liability with marketable securities, as selected by the participating employees. The liability to the participants will increase or decrease according to the performance of the selected investments. The fair value of the liability, therefore, approximates the book value as of September 30, 2005 and 2004, respectively, except for Company contributions accrued, but not yet paid. On September 30, 2005, the Company's Board of Directors approved an amendment to the Deferred Compensation Plan to distribute all of its assets to the participants immediately prior to the effective date of the stock purchase agreement (see Note 1).

Note 11 — Common Stock

On May 18, 2005, the Company increased its authorized common stock to 2,000,000 shares, and approved a two-for-one stock split.

Note 12 — Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable, and unbilled receivables. The Company's management believes the risk of loss associated with cash and cash equivalents is very low since cash and cash equivalents are maintained in financial institutions. However, at various times throughout the periods and at September 30, 2005, the Company had cash and cash equivalents on deposit with a financial institution that exceeded the federally insured limit. To date, accounts receivable and unbilled receivables have been derived primarily from contracts with agencies of the federal government. Accounts receivable are generally due within 30 days and no collateral is required. The Company maintains reserves for potential credit losses and historically such losses have been insignificant and within management's expectations.

Caliber Associates, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

September 30, 2004 and 2005

Note 13 — Commitments

The Company leases office space under the terms of noncancelable operating leases that expire at various dates through December 31, 2008. These leases require the Company to reimburse the landlord for its pro rata share of the increases in annual operating expenses and real estate taxes. The following is a schedule of the future minimum lease payments required under noncancelable operating leases that have initial or remaining terms in excess of one year as of September 30, 2005:

Years ending September 30,	
2006	\$ 1,708,000
2007	853,000
2008	35,000
2009	9,000
	<hr/>
	\$ 2,605,000

Rent expense aggregated \$1,793,160 and \$1,557,150 for the nine month periods ended September 30, 2005 and 2004, respectively.



Corporate Headquarters — Fairfax, Virginia USA

Rio De Janeiro, Brazil • Toronto, Canada • New Delhi, India • Moscow, Russia • London, England
 Albany, New York • Charleston, South Carolina • Dallas, Texas • Dayton, Ohio • Houston, Texas
 Lexington, Massachusetts • Los Angeles, California • Middletown, Pennsylvania
 Ogden, Utah • Oklahoma City, Oklahoma • Orange County, California
 Research Triangle Park, North Carolina • San Francisco, California • Washington, DC

Client Mission and Needs



Advise

Implement

Improve

Defense & Homeland Security

- Needs and Market Assessments
- Policy Analysis
- Strategy

Energy

- Concept Development
- Planning

Environment & Infrastructure

- Change Management
- Architecture

Health, Human Services & Social Programs

- Design

- IT Solutions
- Project Management
- Program Delivery
- Technical Assistance
- Outsourcing
- Clearinghouses
- Communications
- Training and Exercises

- Program Evaluation
- Transformation
- Continuous Improvement
- Performance Management
- Benchmarking
- Customer Satisfaction
- Business Process Reengineering
- Return on Investment Analysis

Passion. Expertise. Results.

Shares



ICF INTERNATIONAL, INC.

Common Stock

Until _____, 2006 (25 days after the date of this prospectus), federal securities laws may require all dealers that effect transactions in our common stock, whether or not participating in this offering, to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Part II

Information not required in prospectus

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the costs and expenses, other than the underwriting discount, payable by the Registrant in connection with the sale of common stock being registered. All amounts are estimates except the SEC registration fee and the NASD filing fee.

SEC registration fee	\$ 8,025
NASD filing fee	8,000
NASDAQ National Market listing fee	5,000
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Blue Sky fees and expenses (including legal fees)	*
Transfer agent and registrar fees and expenses	*
Miscellaneous	\$ *
Total	\$ *

* To be provided by amendment.

The Registrant will bear all expenses shown above. The selling stockholders will not bear any of such expenses.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Article SIXTH of the Registrant's Amended and Restated Certificate of Incorporation provides that, to the extent not prohibited by law, the Registrant shall indemnify any person who is or was a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding or alternative dispute resolution procedure, whether civil, criminal, administrative, investigative or otherwise, formal or informal, including an action by or in the right of the Registrant, by reason of the fact that such person, or a person of whom such person is the legal representative, is or was a director, officer, employee or agent of the Registrant or is or was serving at the request of the Registrant, as a director, manager, officer, partner, trustee, employee or agent of another foreign or domestic corporation, limited liability company, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of proceeding is alleged action in an official capacity as such a director, officer, employee or agent of the Registrant or in any other capacity while serving as such other director, manager, partner, trustee, employee or agent, against all judgments, penalties and fines incurred or paid, and against all expenses (including attorneys' fees) and settlement amounts incurred or paid, in connection with any such proceeding, except in relation to matters as to which the person did not act in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Registrant, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful.

Expenses shall be advanced to a person entitled to indemnification at his or her request, provided that, if the board of directors requires it and the expenses were incurred by the person in his or her capacity as a director or officer, he or she must undertake to repay the amount advanced if it is ultimately determined that he or she is not entitled to indemnification for such expenses.

Part II

The rights to indemnification and reimbursement or advancement of expenses provided by, or granted pursuant to, such Article SIXTH of the Amended and Restated Certificate of Incorporation are enforceable by any person entitled to such indemnification or reimbursement or advancement of expenses in any court of competent jurisdiction. The burden of proving that such indemnification or reimbursement or advancement of expenses is not appropriate is on the Registrant. Such a person is also entitled to indemnification for any expenses incurred in connection with successfully establishing his or her right to such indemnification or reimbursement or advancement of expenses.

Article SIXTH of the Registrant's Amended and Restated Certificate of Incorporation further provides that the indemnification provided therein is not exclusive.

The Registrant has purchased directors' and officers' liability insurance that would indemnify its directors and officers against damages arising out of certain kinds of claims that might be made against them based on their negligent acts or omissions while acting in their capacity as such.

Peter M. Schulte, Joel R. Jacks and Robert Hopkins are directors of the Registrant and Peter M. Schulte and Joel R. Jacks are also co-managers, and Robert Hopkins is a partner, of CM Equity Partners, L.P., and each is serving on the Registrant's board of directors at the request of CM Equity Partners, L.P. Pursuant to the limited partnership agreement with CM Equity Partners, L.P., Messrs. Schulte, Jacks and Hopkins are indemnified against liability they may incur in their capacity as a director of the Registrant. In addition, as Messrs. Schulte, Jacks, Hopkins, Bersoff and Lucien are serving on the Registrant's board of directors at the request of CM Equity Partners, L.P., each is a beneficiary of an insurance policy maintained by CM Equity Partners, L.P. and affiliated entities to cover liability they may incur in their capacity as directors of the Registrant.

The Underwriting Agreement provides that the Underwriters are obligated, under certain circumstances, to indemnify directors, officers and controlling persons of the Registrant against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the Securities Act). Reference is made to the form of Underwriting Agreement to be filed as Exhibit 1.1 hereto.

At present, there is no pending litigation or proceeding involving any director, officer, employee or agent as to which indemnification will be required or permitted under the Amended and Restated Certificate of Incorporation. The Registrant is not aware of any threatened litigation or proceeding that may result in a claim for such indemnification.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

Since January 1, 2003, the Registrant has issued the following securities that were not registered under the Securities Act as summarized below. All share amounts have been retroactively adjusted to give effect to the -for- stock split of our common stock to be effected immediately prior to the closing of this offering.

(a) Issuances of common stock

- (1) On April 30, 2004, we issued _____ shares of our common stock to one of our directors for consideration of \$110,100.
- (2) On December 28, 2004, we issued an aggregate of _____ shares of our common stock to certain of our employees and directors for aggregate consideration of \$191,500.60.
- (3) Effective January 1, 2005, we issued _____ shares to certain stockholders of Synergy, Inc. as part of the consideration for our acquisition of Synergy, Inc.
- (4) On March 31, 2005, we issued an aggregate of _____ shares of our common stock to certain of our employees for aggregate consideration of \$325,000.52.
- (5) On September 6, 2005 we issued _____ shares of our common stock to one of our employees for consideration of \$216,530.

Part II

- (6) On September 30, 2005, we issued an aggregate of _____ shares of our common stock to certain of our employees and directors for aggregate consideration of \$86,700.08.
 - (7) On February 13, 2006, we issued _____ shares of our common stock to one of our employees for consideration of \$100,002.50.
 - (8) On March 31, 2006, we issued _____ shares of our common stock to one of our employees for consideration of \$200,005.
 - (9) On _____, 2006, we issued _____ shares of our common stock to one of our employees for consideration of \$99,550.
 - (10) On April 3, 2006, we issued _____ shares of our common stock to one of our employees for consideration of \$45,250.
- (b) Stock Option Grants and Grants of Restricted Stock
- (1) On January 1, 2003, we issued to certain of our employees options to purchase an aggregate of _____ shares of our common stock at an exercise price of \$ _____ per share.
 - (2) On December 17, 2003, we issued to one of our employees options to purchase _____ shares of our common stock at an exercise price of \$ _____ per share.
 - (3) On January 1, 2004, we issued to certain of our employees options to purchase an aggregate of _____ shares of our common stock at an exercise price of \$ _____ per share.
 - (4) In April and May 2004, we issued to certain of our employees options to purchase an aggregate of _____ shares of our common stock at an exercise price of \$ _____ per share.
 - (5) On August 23, 2004, we issued to one of our employees options to purchase _____ shares of our common stock at an exercise price of \$ _____ per share.
 - (6) In January 2005, we issued to certain of our employees options to purchase _____ shares of our common stock at an exercise price of \$ _____ per share.
 - (7) On March 28, 2005, we issued to one of our employees options to purchase _____ shares of our common stock at an exercise price of \$ _____ per share.
 - (8) In July, August and September 2005, we issued to certain of our employees options to purchase an aggregate of _____ shares of our common stock at an exercise price of \$ _____ per share.
 - (9) On September 6, 2005 we issued _____ shares of restricted common stock to an employee.
 - (10) On November 11, 2005, we issued to one of our employees options to purchase _____ shares of our common stock at an exercise price of \$ _____ per share.
 - (11) On December 22, 2005, we issued to certain of our employees options to purchase _____ shares of our common stock at an exercise price of \$ _____ per share.
 - (12) In January 2006, we issued to certain of our employees options to purchase an aggregate of _____ shares of our common stock at an exercise price of \$ _____ per share.
 - (13) Effective upon completion of this offering, we will issue a total of _____ shares of restricted common stock to Sudhakar Kesavan, John Wasson and Alan Stewart under their restricted stock award agreements.

No underwriters were involved in the foregoing sales of securities. Such sales were made in reliance upon an exemption from the registration provisions of the Securities Act set forth in Section 4(2) thereof relative to sales by an issuer not involving any public offering or the rules and regulations thereunder, Rule 506 of the Securities Act or Rule 701 of the Securities Act. The purchasers or recipients of securities

Part II

in each case acquired the securities for investment only and not with a view to the distribution thereof and/or were issued under compensatory benefit plans and contracts relating to such person's compensation. Each of the recipients of securities in these transactions had adequate access, through employment, business or other relationships, to information about us.

ITEM 16. EXHIBITS.

(a) Exhibits:

Exhibit Number	Exhibit
1.1*	Form of Underwriting Agreement
3.1	Form of Amended and Restated Certificate of Incorporation of the Registrant (to be effective upon completion of this offering)
3.2	Amended and Restated Bylaws of the Registrant (to be effective upon completion of this offering)
4.1*	Specimen common stock certificate
4.2	Form of Amended and Restated Registration Rights Agreement
4.3	See Exhibits 3.1 and 3.2 for provisions of the Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws of the Registrant defining the rights of holders of common stock of the Registrant
5.1*	Opinion of Squire, Sanders & Dempsey L.L.P.
10.1	Management Stock Option Plan
10.2	2006 Long-Term Equity Incentive Plan (to be effective upon completion of this offering)
10.3	2006 Employee Stock Purchase Plan (to be effective upon completion of this offering)
10.4	Amended and Restated Business Loan and Security Agreement dated as of October 5, 2005 by and among ICF Consulting Group Holdings, Inc. and ICF Consulting Group, Inc., as Borrowers, Citizens Bank of Pennsylvania, Chevy Chase Bank, F.S.B., PNC Bank, National Association, Commerce Bank, N.A., as Lenders, and Citizens Bank of Pennsylvania, as Agent; and First Modification to Amended and Restated Business Loan and Security Agreement and Other Loan Documents, dated as of March 14, 2006
10.5*	Amended and Restated Employment Agreement between the Registrant and Sudhakar Kesavan
10.6*	Employment Agreement dated October 1, 2005 between ICF Consulting Group, Inc. and Gerald Croan
10.7*	Form of Severance Agreement between the Registrant and each of Sudhakar Kesavan, Alan Stewart and John Wasson
10.8*	Form of Restricted Stock Award Agreement between the Registrant and each of Sudhakar Kesavan, Alan Stewart and John Wasson
10.9*	Consulting Agreement dated June 25, 1999 between ICF Consulting Group, Inc. and CMLS Management, L.P.; and First Amendment to Consulting Agreement dated as of May 8, 2006
10.10	Stock Purchase Agreement by and among ICF Consulting Group, Inc., ICF Consulting Group Holdings, Inc., Terrence R. Colvin, Wesley C. Pickard, Donald L. Zimmerman and the other shareholders of Synergy, Inc. dated effective January 1, 2005
10.11	Stock Purchase Agreement by and among ICF Consulting Group, Inc., Caliber Associates, Inc. Employee Stock Ownership Plan and Trust, Caliber Associates, Inc., Gerald Croan and Sharon Bishop dated effective September 12, 2005

Part II

Exhibit Number	Exhibit
10.12	Agreement of Sublease between ICF Kaiser International, Inc. and ICF Consulting Group, Inc. dated June 1999
10.13	Assignment Agreement regarding Deed of Lease among B2TECS, Hunters Branch Leasing, LLC and ICF Consulting Group, Inc. dated effective October 7, 2005
21.1	Subsidiaries of the Registrant
23.1	Consent of Grant Thornton LLP
23.2	Consent of Argy, Wiltse & Robinson, P.C.
23.3*	Consent of Squire, Sanders & Dempsey L.L.P. (included in Exhibit 5.1)
24.1	Power of Attorney (set forth on the signature page to this Registration Statement)

* *To be filed by amendment.*

(b) Financial Statement Schedules:

No financial statement schedules are provided because the information called for is not required or is shown either in the financial statements or the notes thereto.

ITEM 17. UNDERTAKINGS.

Insofar as indemnification for liabilities arising under the Securities Act, may be permitted to directors, officers and controlling persons of the Registrant pursuant to the Delaware General Corporation Law, the Amended and Restated Certificate of Incorporation and the Amended and Restated Bylaws of the Registrant, the Underwriting Agreement, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered hereunder, the Registrant will, unless in the opinion of counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

- (1) For purpose of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4), or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.
- (2) For purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned Registrant hereby further undertakes to provide to the underwriter at the closing specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Signatures

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Fairfax, Virginia, on this 11th day of May, 2006.

ICF INTERNATIONAL, INC.

By: /s/ Sudhakar Kesavan

**Sudhakar Kesavan,
Chairman, President & Chief Executive Officer**

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Sudhakar Kesavan and Alan Stewart, and each of them, as his or her true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities to sign any or all amendments (including post-effective amendments) to this registration statement and any subsequent registration statement filed pursuant to Rule 462 (b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u> /s/ Sudhakar Kesavan</u> Sudhakar Kesavan	Chairman, President & Chief Executive Officer (Principal Executive Officer)	May 11, 2006
<u> /s/ Alan Stewart</u> Alan Stewart	Senior Vice President, Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)	May 11, 2006
<u> /s/ Dr. Edward H. Bersoff</u> Dr. Edward H. Bersoff	Director	May 11, 2006
<u> /s/ Robert Hopkins</u> Robert Hopkins	Director	May 11, 2006
<u> /s/ Joel R. Jacks</u> Joel R. Jacks	Director	May 11, 2006
<u> /s/ David C. Lucien</u> David C. Lucien	Director	May 11, 2006
<u> /s/ William Moody</u> William Moody	Director	May 11, 2006
<u> /s/ Peter M. Schulte</u> Peter M. Schulte	Director	May 11, 2006

Exhibit index

<u>Exhibit Number</u>	<u>Exhibit</u>
1.1*	Form of Underwriting Agreement
3.1	Form of Amended and Restated Certificate of Incorporation of the Registrant (to be effective upon completion of this offering)
3.2	Amended and Restated Bylaws of the Registrant (to be effective upon completion of this offering)
4.1*	Specimen common stock certificate
4.2	Form of Amended and Restated Registration Rights Agreement
4.3	See Exhibits 3.1 and 3.2 for provisions of the Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws of the Registrant defining the rights of holders of common stock of the Registrant
5.1*	Opinion of Squire, Sanders & Dempsey L.L.P.
10.1	Management Stock Option Plan
10.2	2006 Long-Term Equity Incentive Plan (to be effective upon completion of this offering)
10.3	2006 Employee Stock Purchase Plan (to be effective upon completion of this offering)
10.4	Amended and Restated Business Loan and Security Agreement dated as of October 5, 2005 by and among ICF Consulting Group Holdings, Inc. and ICF Consulting Group, Inc., as Borrowers, Citizens Bank of Pennsylvania, Chevy Chase Bank, F.S.B., PNC Bank, National Association, Commerce Bank, N.A., as Lenders, and Citizens Bank of Pennsylvania, as Agent; and First Modification to Amended and Restated Business Loan and Security Agreement and Other Loan Documents, dated as of March 14, 2006
10.5*	Amended and Restated Employment Agreement between the Registrant and Sudhakar Kesavan
10.6*	Employment Agreement dated October 1, 2005 between ICF Consulting Group, Inc. and Gerald Croan
10.7*	Form of Severance Agreement between the Registrant and each of Sudhakar Kesavan, Alan Stewart and John Wasson
10.8*	Form of Restricted Stock Award Agreement between the Registrant and each of Sudhakar Kesavan, Alan Stewart and John Wasson
10.9*	Consulting Agreement dated June 25, 1999 between ICF Consulting Group, Inc. and CMLS Management, L.P.; and First Amendment to Consulting Agreement dated as of May 8, 2006
10.10	Stock Purchase Agreement by and among ICF Consulting Group, Inc., ICF Consulting Group Holdings, Inc., Terrence R. Colvin, Wesley C. Pickard, Donald L. Zimmerman and the other shareholders of Synergy, Inc. dated effective January 1, 2005
10.11	Stock Purchase Agreement by and among ICF Consulting Group, Inc., Caliber Associates, Inc. Employee Stock Ownership Plan and Trust, Caliber Associates, Inc., Gerald Croan and Sharon Bishop dated effective September 12, 2005
10.12	Agreement of Sublease between ICF Kaiser International, Inc. and ICF Consulting Group, Inc. dated June 1999
10.13	Assignment Agreement regarding Deed of Lease among B2TECS, Hunters Branch Leasing, LLC and ICF Consulting Group, Inc. dated effective October 7, 2005

[Table of Contents](#)

Exhibit index

<u>Exhibit Number</u>	<u>Exhibit</u>
21.1	Subsidiaries of the Registrant
23.1	Consent of Grant Thornton LLP
23.2	Consent of Argy, Wiltse & Robinson, P.C.
23.3*	Consent of Squire, Sanders & Dempsey L.L.P. (included in Exhibit 5.1)
24.1	Power of Attorney (set forth on the signature page to this Registration Statement)

* *To be filed by amendment.*

FORM OF
AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
ICF INTERNATIONAL, INC.

Pursuant to Section 242 and 245 of the General Corporation Law of the State of Delaware, ICF International, Inc., a Delaware corporation formed on April 22, 1999 as ICF Consulting Group Holdings, Inc., hereby amends and restates its Certificate of Incorporation by its President and Chief Executive Officer and hereby certifies as follows:

FIRST: Name. The name of this corporation is ICF International, Inc. (the "Corporation").

SECOND: Registered Office and Agent. The address of the Corporation's registered office in the State of Delaware is to be located at 2711 Centerville Road, Suite 400 in the City of Wilmington, County of New Castle, State of Delaware 19808. Its registered agent at such address is Corporation Service Company.

THIRD: Purpose. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law, as amended from time to time (the "DGCL").

FOURTH: Capital Stock.

Section 4.1. Authorized Shares. The total number of shares of stock which the Corporation shall have authority to issue is seventy-five million (75,000,000), seventy million (70,000,000) of which shall be shares of Common Stock with a par value of \$0.001 per share and five million (5,000,000) of which shall be shares of Preferred Stock with a par value of \$0.001 per share.

Section 4.2. Reclassification of Common Stock. Each _____ shares of authorized Common Stock, par value \$0.01 per share, issued and outstanding or standing in the name of the Corporation at the close of business on the date of filing in the Office of the Secretary of State of the State of Delaware of this Amended and Restated Certificate of Incorporation shall thereupon automatically, and without further action by the Corporation or the holders thereof, be reclassified and changed into _____ validly issued, fully paid and nonassessable shares of Common Stock, par value \$0.001 per share.

Section 4.3. Preferred Stock.

(a) Board Authorized to Fix Terms. The Board of Directors is authorized, subject to limitations prescribed by law, by resolution or resolutions to provide for the issuance of shares of Preferred Stock in one or more series, and, by filing a certificate when

required by the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof. The authority of the Board with respect to each series shall include, but not be limited to, determination of the following:

(i) the number of shares constituting that series, including the authority to increase or decrease such number, and the distinctive designation of that series;

(ii) the dividend rate on the shares of that series, whether dividends shall be cumulative, and, if so, the date or dates from which they shall be cumulative and the relative rights of priority, if any, in the payment of dividends on shares of that series;

(iii) the voting rights, if any, of the shares of that series in addition to the voting rights provided by law and the terms of any such voting rights;

(iv) the terms and conditions, if any, upon which shares of that series shall be convertible or exchangeable for shares of any other class or classes of stock of the Corporation or other entity, including provision for adjustment of the conversion or exchange rate upon the occurrence of such events as the Board of Directors shall determine;

(v) the right, if any, of the Corporation to redeem shares of that series and the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable and the amount per share payable in case of redemption, which amount may vary according to different conditions and different redemption dates;

(vi) the obligation, if any, of the Corporation to retire shares of that series pursuant to a retirement or sinking fund or fund of a similar nature for the redemption or purchase of shares of that series and the terms and conditions of such obligation;

(vii) the rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation, and the relative rights of priority, if any, in the payment of shares of that series; and

(viii) any other rights, preferences and limitations of the shares of that series as may be permitted by law.

(b) Dividend Preference. Dividends, if any, on outstanding shares of Preferred Stock shall be paid or declared and set apart for payment before any dividends shall be paid or declared and set apart for payment on shares of Common Stock with respect to the same dividend period.

(c) Relative Liquidation Preference. If, upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the assets available for distribution to holders of shares of Preferred Stock of all series shall be insufficient to pay such holders the full preferential amount to which they are entitled, then such assets shall be distributed ratably among the shares of all series of preferred stock in accordance with their respective priorities and preferential amounts (including unpaid cumulative dividends, if any) payable with respect thereto.

(d) Reissuance of Preferred Stock. Subject to the conditions or restrictions on issuance set forth in the resolution or resolutions adopted by the Board of Directors providing for the issue of any series of shares of Preferred Stock, shares of Preferred Stock of any series that have been redeemed or repurchased by the Corporation (whether through the operation of a sinking fund or otherwise) or that, if convertible or exchangeable, have been converted or exchanged in accordance with their terms, shall be retired and have the status of authorized and unissued shares of Preferred Stock of the same series and may be reissued as a part of the series of which they were originally a part or may, upon the filing of an appropriate certificate with the Delaware Secretary of State, be reissued as part of a new series of shares of Preferred Stock to be created by resolution or resolutions of the Board of Directors or as part of any other series of shares of Preferred Stock.

FIFTH: Elimination of Certain Liability of Directors. No director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director except (a) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the DGCL or (d) for any transaction from which the director derived an improper personal benefit. If the DGCL is hereafter amended to permit a corporation to further eliminate or limit the liability of a director of a corporation, then the liability of a director of the Corporation, in addition to the circumstances in which a director is not personally liable as set forth in the preceding sentence, shall, without further action of the directors or stockholders, be further eliminated or limited to the fullest extent permitted by the DGCL as so amended. Neither any amendment, repeal, or modification of this Article Fifth, nor the adoption or amendment of any other provision of this Certificate of Incorporation or the bylaws of the Corporation inconsistent with this Article Fifth, shall adversely affect any right or protection provided hereby with respect to any act or omission occurring prior to the date when such amendment, repeal, modification, or adoption became effective.

SIXTH: Indemnification.

Section 6.1. Right to Indemnification. Each person who was or is a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit, proceeding or alternative dispute resolution procedure, whether (a) civil, criminal, administrative, investigative or otherwise, (b) formal or informal or (c) by or in the right of the Corporation (collectively, a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director, officer, employee or agent of the

Corporation or is or was serving at the request of the Corporation as a director, manager, officer, partner, trustee, employee or agent of another foreign or domestic corporation or of a foreign or domestic limited liability company, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as such a director, officer, employee or agent of the Corporation or in any other capacity while serving as such other director, manager, officer, partner, trustee, employee or agent, shall be indemnified and held harmless by the Corporation against all judgments, penalties and fines incurred or paid, and against all expenses (including attorneys' fees) and settlement amounts incurred or paid, in connection with any such proceeding, except in relation to matters as to which the person did not act in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, either rebut such presumption or create a presumption that (a) the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the Corporation, (b) with respect to any criminal action or proceeding, the person had reasonable cause to believe that the person's conduct was unlawful or (c) the person was not successful on the merits or otherwise in defense of the proceeding or of any claim, issue or matter therein. If the DGCL is hereafter amended to provide for indemnification rights broader than those provided by this Section 6.1, then the persons referred to in this Section 6.1 shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the DGCL as so amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior to such amendment).

Section 6.2. Determination of Entitlement to Indemnification. A determination as to whether a person who is a director or officer of the Corporation at the time of the determination is entitled to be indemnified and held harmless under Section 6.1 shall be made (a) a majority vote of the directors who are not parties to such proceeding, even though less than a quorum, (b) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, (c) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (d) by the stockholders. A determination as to whether a person who is not a director or officer of the Corporation at the time of the determination is entitled to be indemnified and held harmless under Section 6.1 shall be made by or as directed by the Board of Directors of the Corporation.

Section 6.3. Mandatory Advancement of Expenses. The right to indemnification conferred in this Article Sixth shall include the right to require the Corporation to pay the expenses (including attorneys' fees) incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the Board of Directors so determines, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer of the Corporation (but not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such indemnitee, to repay all amounts so advanced if it shall be finally determined that such indemnitee is not entitled to be indemnified for such expenses under Section 6.1 or otherwise.

Section 6.4. Non-Exclusivity of Rights. The right to indemnification and the advancement of expenses conferred in this Article Sixth shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, any provision of this Certificate of Incorporation or of any bylaw, agreement, or insurance policy or arrangement, or any vote of stockholders or disinterested directors, or otherwise. The Board of Directors is expressly authorized to adopt and enter into indemnification agreements with, and obtain insurance for, directors and officers.

Section 6.5. Effect of Amendment. Neither any amendment, repeal, or modification of this Article Sixth, nor the adoption or amendment of any other provision of this Certificate of Incorporation or the bylaws of the Corporation inconsistent with this Article Sixth, shall adversely affect any right or protection provided hereby with respect to any act or omission occurring prior to the date when such amendment, repeal, modification, or adoption became effective.

SEVENTH: Miscellaneous. The following provisions are inserted for the management of the business and for the conduct of the affairs of the Corporation and for the purpose of creating, defining, limiting and regulating powers of the Corporation and its directors and stockholders:

Section 7.1 Classification, Election and Term of Office of Directors. The directors, other than those who may be elected by the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, shall be classified with respect to the time for which they severally hold office into three classes, as nearly equal in number as possible. At each annual meeting of stockholders successors to the class of directors whose term expires at that meeting shall be elected by plurality vote of all votes cast at such meeting to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election, subject, however, to their prior death, resignation or removal from office as provided by law. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain a number of directors in each class as nearly equal as possible. Any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of such class. No decrease in the number of directors shall change the term of any director in office at the time of such decrease. A director shall hold office until the annual meeting for the year in which the director's term expires and such director's successor shall be elected and qualified, subject, however, to such director's prior death, resignation or removal from office.

Section 7.2 No Preemptive Rights. The holders of the Corporation's capital stock shall have no preemptive rights to subscribe for any shares of any class of stock of the Corporation whether now or hereafter authorized.

Section 7.3 Manner of Election of Directors. Elections of directors need not be by written ballot unless the bylaws of the Corporation shall so provide.

Section 7.4 Adoption and Amendment of Bylaws. The Board of Directors shall have power to make and adopt bylaws with respect to the organization, operation and government of the Corporation and, subject to such restrictions as may be set forth in the bylaws, from time to time to change, alter, amend or repeal the same, but the stockholders of the Corporation may make and adopt additional bylaws and, subject to such restrictions as may be set forth in the bylaws, may change, alter, amend or repeal any bylaw whether adopted by them or otherwise.

Section 7.5 Consents of Stockholders Must Be Unanimous. Any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, in accordance with Section 228 of the DGCL, provided that one or more consents in writing, setting forth the action so taken, shall be signed by the holders of all of the outstanding stock entitled to vote thereon in accordance with the bylaws, provided that any action permitted by this Certificate of Incorporation to be taken by the holders of any class or series of stock having preference over the Common Stock as to dividends or upon liquidation, voting separately as a class, may be taken by one or more consents in writing signed by the holders of such stock having such number of votes sufficient to take such action in accordance with the applicable terms of such stock.

Section 7.6 Vote Required to Amend Certificate of Incorporation. Notwithstanding any other provision of this Certificate of Incorporation or the bylaws of the Corporation or any provision of law which might otherwise permit a lesser vote, but in addition to any affirmative vote of the holders of any particular class or series of stock required by law, this Certificate of Incorporation, the terms of any class or series of stock having preference over the Common Stock as to dividends or upon liquidation, or the bylaws, the affirmative vote of the holders of capital stock representing at least 66 2/3% of the Corporation's voting power entitled to vote generally in the election of directors, voting as a single class, shall be required to alter, amend, or adopt any provision inconsistent with or repeal Articles Fifth and Sixth and Section 7.1 of this Certificate of Incorporation.

Section 7.7 Severability. In the event any provision (or portion thereof) of this Certificate of Incorporation shall be found to be invalid, prohibited, or unenforceable for any reason, the remaining provisions (or portions thereof) of this Certificate of Incorporation shall be deemed to remain in full force and effect, and shall be construed as if such invalid, prohibited, or unenforceable provision had been stricken herefrom or otherwise rendered inapplicable, it being the intent of the Corporation and its stockholders that each such remaining provision (or portion thereof) of this Certificate of Incorporation remain, to the fullest extent permitted by law, applicable and enforceable as to all stockholders, notwithstanding any such finding.

Section 7.8 Reservation of Right to Amend Certificate of Incorporation. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute or herein, and all rights conferred upon stockholders herein are granted subject to this reservation.

IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate of Incorporation to be signed by Sudhakar Kesavan, President and Chief Executive Officer, as of the ___ day of _____, 2006.

By: _____
Its: President and Chief Executive Officer

AMENDED AND RESTATED**BYLAWS OF****ICF INTERNATIONAL, INC.**

ARTICLE I

Meetings of Stockholders

Section 1.1 Place of Meetings. All meetings of stockholders for the election of directors or for any other purpose whatsoever shall be held at such place within or without the United States as may be decided upon from time to time by the Board of Directors and indicated in the notice of meeting.

Section 1.2 Annual Meetings. An annual meeting of stockholders shall be held for the election of directors at such date, time and place as may be designated by resolution of the Board of Directors from time to time. Such other business may be transacted thereat as may be specified in the notice of the meeting or as may properly be brought before the meeting.

Section 1.3 Special Meetings. Special meetings of stockholders for any purpose or purposes may be called at any time by the Board of Directors, but such special meetings may not be called by any other person or persons.

Section 1.4 Business to be Conducted at Meetings. At any meeting of stockholders (including any adjournment thereof) only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before a meeting of stockholders, business must be (a) specified in the notice of meeting (or any supplement or amendment thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a stockholder. In addition to any other applicable requirements, for business to be properly brought before a meeting of stockholders by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than 60 days nor more than 90 days prior to the meeting (as initially called, in the case of adjourned meetings); provided, however, that in the event that less than 75 days' notice or prior public disclosure of the date of the meeting is given or made to the stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the fifteenth day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the meeting (a) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting, (b) the name and record

address of the stockholder proposing such business, (c) the class, series and number of shares of capital stock of the Corporation beneficially owned by such stockholder and (d) any material interest of such stockholder in such business. Notwithstanding anything in these bylaws to the contrary, no business shall be conducted at the meeting except in accordance with the procedures set forth in this Section 1.4. The officer of the Corporation presiding at a meeting of stockholders shall, if the facts warrant, determine that business was not properly brought before the meeting in accordance with the provisions of this Section 1.4, and if such officer should so determine, such officer shall so declare to the meeting, and any such business not properly brought before the meeting shall not be transacted.

Section 1.5 Notice of Meetings; Waiver of Notice. A written or printed notice of every annual or special meeting of the stockholders stating the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes therefor, shall be given to each stockholder entitled to vote thereat and to each stockholder entitled to notice as provided by the Delaware General Corporation Law, as amended from time to time (the "DGCL"). Unless otherwise provided by the DGCL, such notice shall be given not less than ten nor more than 60 days before the date of the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at the stockholder's address as it appears on the records of the Corporation. Every person who by operation of law, by transfer, or by any other means whatsoever, shall become entitled to any share of capital stock, or right or interest therein, shall be bound by every notice in respect of such share, which, prior to the entering of the stockholder's name and address upon the books of the Corporation, shall have been duly given to the record holder from whom such person derived the stockholder's title to such share. Any stockholder may waive in writing before or after any meeting of the stockholders any notice required to be given by the DGCL or these bylaws and, by attending or voting at any meeting without protesting the lack of proper notice, a stockholder shall be deemed to have waived notice thereof.

Section 1.6 Voting and Proxies. Each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by such stockholder which has voting power upon each matter in question, except as otherwise provided in the Certificate of Incorporation as relates to any class or series of stock having preference over the Common Stock as to dividends or upon liquidation. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy by an instrument in writing (or other means permitted by the DGCL) naming such person, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by (a) attending the meeting and voting in person, (b) an instrument in writing (or other means permitted by the DGCL) revoking the proxy or (c) another proxy bearing a later date. Voting at meetings of stockholders need not be by written ballot and need not be conducted by inspectors unless the holders of a majority of the outstanding shares of all classes of stock with voting rights in the election of directors present in person or by proxy at such meeting shall so determine. Unless otherwise provided by the DGCL, the Certificate of Incorporation or these bylaws, at all meetings of stockholders at which a quorum is present, a plurality of the votes entitled to be cast in the election of directors shall be sufficient to elect directors; all other elections

and questions shall be decided by the vote of the holders of a majority of the outstanding shares of stock entitled to vote thereon present in person or by proxy at the meeting, provided that (except as otherwise required by the DGCL or by the Certificate of Incorporation) the Board of Directors may require a larger vote upon any election or question.

Section 1.7 Adjournments. Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 1.8 Quorum. At each meeting of stockholders, except where otherwise provided by the DGCL, the Certificate of Incorporation or these bylaws, the holders of a majority of the outstanding shares of stock entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum. In the absence of a quorum, the stockholders so present may, by majority vote, adjourn the meeting from time to time in the manner provided in Section 1.7 above until a quorum shall be present.

Section 1.9 Fixing Date for Determination of Stockholders of Record. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive the payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than 60 days nor less than ten days before the date of such meeting, nor more than 60 days prior to any other action. If no record date is fixed, (a) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, (b) the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action of the Board of Directors is necessary, shall be the day on which the first written consent is expressed, and (c) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. Except as otherwise required by the DGCL, a determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for an adjourned meeting.

Section 1.10 List of Stockholders Entitled to Vote. The Secretary shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the

meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. The Corporation's stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list of stockholders or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 1.11 Action by Unanimous Consent of Stockholders. Unless otherwise restricted by the Certificate of Incorporation, any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if one or more consents in writing, setting forth the action so taken, shall be signed by the holders of all of the outstanding stock entitled to vote thereon, provided that any action permitted by the Certificate of Incorporation to be taken by the holders of any class or series of stock having preference over the Common Stock as to dividends or upon liquidation, voting separately as a class, may be taken by one or more consents in writing signed by the holders of such stock having such number of votes sufficient to take such action in accordance with the applicable terms of such stock. Every written consent shall bear the date of signature of each stockholder who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the earliest dated consent delivered to the Corporation, written consents, signed by stockholders with the requisite voting power, are delivered to the Corporation in accordance with Section 228 of the DGCL.

ARTICLE II

Board of Directors

Section 2.1 Number. The number of directors shall be no fewer than one and, subject to the rights of the holders of any class or series of stock having preference over the Common Stock as to dividends or upon liquidation to elect directors, no more than nine. The number of directors may be fixed from time to time (a) at a meeting of the stockholders called for the purpose of electing directors at which a quorum is present, by the affirmative vote of a majority of the shares represented at the meeting in person or by proxy and entitled to vote generally in the election of directors, or (b) by majority vote of the Board of Directors. No decrease in the number of directors shall change the term of any director in office at the time of such decrease.

Section 2.2 Nominations. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election as directors of the Corporation may be made at a meeting of stockholders by or at the direction of the directors, by any nominating committee or person appointed by the directors or by any stockholder of the Corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section 2.2. Such nominations, other than those made by or at the direction of the directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation not less than 60 days nor more than 90 days prior to the meeting (as initially called, in the case of

adjourned meetings); provided, however, that in the event that less than 75 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the fifteenth day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs. Such stockholder's notice shall set forth (a) as to each person who is not an incumbent director whom the stockholder proposes to nominate for election or reelection as a director (i) the name, age, business address and residence address of such person; (ii) the principal occupation or employment of such person; (iii) the class and number of shares of capital stock of the Corporation which are beneficially owned by such person; and (iv) any other information relating to such person that is required to be disclosed in solicitations for proxies for election of directors pursuant to the Rules and Regulations of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended; and (b) as to the stockholder giving the notice (i) the name and record address of such stockholder and (ii) the class and number of shares of capital stock of the Corporation which are beneficially owned by such stockholder. Such notice shall be accompanied by the written consent of each proposed nominee to serve as a director of the Corporation if elected. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation. Except for directors elected prior to the effectiveness of these bylaws and directors who may be elected in accordance with provisions relating to the rights of the holders of any class or series of stock having preference over the Common Stock as to dividends or upon liquidation, no person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 2.2. The officer of the Corporation presiding at a meeting of stockholders shall, if the facts warrant, determine that a nomination was not made in accordance with the provisions of this Section 2.2, and, if the presiding officer should so determine, such officer shall so declare to the meeting, and the defective nomination shall be disregarded.

Section 2.3 Classification, Election and Term of Office of Directors. The directors, other than those who may be elected by the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, shall be classified with respect to the time for which they severally hold office into three classes, as nearly equal in number as possible. At each annual meeting of stockholders successors to the class of directors whose term expires at that meeting shall be elected by plurality vote of the votes entitled to be cast in the election of directors at such meeting to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election, subject, however, to their prior death, resignation or removal from office as provided by law. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain a number of directors in each class as nearly equal as possible. Any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of such class.

Section 2.4 Resignation and Vacancies. Any director may resign at any time upon written notice to that effect delivered to the Secretary, to be effective upon its acceptance or at the time specified in such writing. Except as otherwise provided for or fixed by or pursuant to provisions relating to the rights of the holders of any class or series of stock having preference

over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, any vacancy occurring in the Board of Directors for any cause may be filled by a majority of the remaining members of the Board of Directors, although such majority is less than a quorum, or by a plurality of the votes entitled to be cast in the election of directors at a meeting of stockholders. Each director so elected shall hold office until the expiration of the term of office of the director whom such director has replaced.

Section 2.5 Annual Meeting. After each annual meeting of the stockholders or special meeting held in lieu thereof, the newly elected Board of Directors, if a quorum is present, shall hold an annual meeting at the same place for the purpose of electing officers and transacting any other business. If, for any reason, the annual meeting is not held at such time, a special meeting for such purpose shall be held as soon thereafter as practicable.

Section 2.6 Regular Meetings. Regular meetings of the Board of Directors for the transaction of any business may be held without notice of the time, place or purposes thereof and shall be held at such times and places as may be determined in advance by the Board of Directors.

Section 2.7 Special Meetings. Special meetings of the Board of Directors may be held at any time and place upon call by the Chair of the Board or any two directors. Reasonable oral (including by telephone) or written (including by facsimile transmission) notice thereof shall be given by the person or persons calling the meeting, not later than 24 hours before the special meeting.

Section 2.8 Telephonic Meetings Permitted. Members of the Board of Directors, or any committee designated in these bylaws or by the Board, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting.

Section 2.9 Quorum. At all meetings of the Board of Directors, a majority of the total number of directors shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors the directors present thereat may adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum shall be present.

Section 2.10 Compensation. The directors are authorized to fix a reasonable retainer for directors or a reasonable fee for attendance at any meeting of the directors, or any meeting of a committee of the Board of Directors, or any combination of retainer and attendance fee, provided that no compensation as a director shall be paid to any director who is an employee of the Corporation or of a subsidiary. In addition to such compensation or fees provided for directors, directors shall be reimbursed for any expenses incurred by them in traveling to and from such meetings or otherwise.

Section 2.11 Action of Board of Directors and Committees Without Meeting. Unless otherwise restricted by the Certificate of Incorporation or these bylaws, any action required or

permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board or the committee, as the case may be, consent thereto in writing and the writing or writings are filed with the minutes of proceedings of the Board or the committee.

ARTICLE III

Committees

Section 3.1 Designation. The Board of Directors may designate one or more committees, each such committee to consist of one or more of the directors of the Corporation. The Board of Directors may, at any time, remove any member of any committee with or without cause and may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the event the Board of Directors has not designated a chair, the committee shall appoint one of its own number as chair, who shall preside at all meetings, and may also appoint a secretary (who need not be a member of the committee), who shall keep its records and who shall hold office at the pleasure of the committee.

Section 3.2 Powers and Authority. Any such committee, to the extent provided by resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation to the extent permitted by the DGCL and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (a) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval; or (b) adopting, amending or repealing any bylaw of the Corporation.

Section 3.3 Regular Meetings. Regular meetings of such committees may be held without notice of the time, place or purposes thereof and shall be held at such times and places (or by telephone as provided in Section 2.8) as the committee may from time to time determine in advance.

Section 3.4 Special Meetings. Special meetings of such committees may be held upon notice of the time, place and purposes thereof. Until otherwise ordered by the committee, special meetings shall be held at any time and place (or by telephone as provided in Section 2.8) at the call of the chair.

Section 3.5 Actions at Regular and Special Committee Meetings; Actions Without a Meeting. At any regular or special meeting any such committee may exercise any or all of its powers, and any business which shall come before any regular or special meeting may be transacted thereat, provided a majority of the members of the committee is present. The affirmative vote of a majority of the members of the committee present at a meeting of the committee at which a quorum is present shall be necessary to take any action. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another

member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any authorized action by the committee may be taken without a meeting by a writing or writings signed by all the members of the committee.

ARTICLE IV

Officers

Section 4.1 Officers Designated. The officers of the Corporation shall be elected by the Board of Directors at its annual meeting or any special meeting. They shall include a Chair of the Board, a Chief Executive Officer, a President, a Secretary, and such other officers as the Board may from time to time determine. The Chair of the Board and the Chief Executive Officer shall be, and the other officers may, but need not be, chosen from among the directors. Any two offices may be held by the same person, but in any case where the action of more than one officer is required, no one person shall act in more than one capacity.

Section 4.2 Tenure of Office. The officers of the Corporation shall hold office until the next annual meeting of the Board of Directors and until their respective successors are chosen and qualified, except in case of their prior resignation, death or removal. The Board of Directors may remove any officer at any time with or without cause by the vote of a majority of the directors in office at the time, but such removal shall be without prejudice to the contractual rights of such officer, if any. A vacancy, however created, in any office may be filled by election by the directors.

Section 4.3 Powers and Duties of Officers. The officers of the Corporation shall have such powers and duties in the management of the Corporation as may be prescribed by the Board of Directors and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board of Directors.

Section 4.4 Compensation. The Board of Directors is authorized to determine, to provide the method of determining, or to empower a committee of its members to determine, the compensation of all officers.

Section 4.5 Bond. Any officer, if so required by the Board of Directors, shall furnish a fidelity bond in such sum and with such security as the Board of Directors may require.

ARTICLE V

Miscellaneous

Section 5.1 Seal. In the discretion of the Board of Directors, the Corporation may have a seal which shall have inscribed thereon the name of the Corporation and the words "Corporate Seal." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced.

Section 5.2 Books. The books of the Corporation may be kept (subject to any provision contained in the DGCL) within or without the State of Delaware at such place or places as may be designated from time to time by the Board of Directors.

Section 5.3 Fiscal Year. The fiscal year of the Corporation shall be as determined by the Board of Directors.

Section 5.4 Facsimiles. Any copy, facsimile telecommunication or other reliable reproduction of a writing, transmission or signature may be substituted or used in lieu of the original writing, transmission or signature for any and all purposes for which the original writing, transmission or signature could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing, transmission or signature, as the case may be.

Section 5.5 Amendment of Bylaws. These bylaws may be changed, altered, amended or repealed, and new bylaws made, by the Board of Directors, provided that (a) the stockholders may make additional bylaws and may change, alter, amend and repeal any bylaws, whether adopted by them or otherwise, and (b) notwithstanding any other provision of these bylaws, the affirmative vote of the holders of capital stock representing at least 66 2/3% of the Corporation's voting power entitled to vote generally in the election of directors, voting as a single class, shall be required to alter, amend, adopt any provision inconsistent with or repeal Sections 1.4, 2.2 and 2.3 of these bylaws.

FORM OF
ICF INTERNATIONAL, INC.
AMENDED AND RESTATED REGISTRATION
RIGHTS AGREEMENT
Dated as of April 28, 2006

TABLE OF CONTENTS

	<u>Page</u>
1. Waiver of Rights Under Original Agreement; Termination of Original Agreement; Confirmation of Stock Ownership; Effectiveness	4
2. Registration Under Securities Act	4
2.1 Incidental Registration	4
2.2 Registration Procedures	7
2.3 Incidental Underwritten Offerings	11
2.4 Preparation; Reasonable Investigation	11
2.5 Indemnification	12
2.6 Limitations on Written Materials	17
3. Definitions	17
4. Rule 144 and Rule 144A	20
5. Amendments and Waivers	20
6. Nominees for Beneficial Owners	20
7. Notices	21
8. Assignment	21
9. Calculation of Percentage Interests in Registrable Securities	21
10. No Inconsistent Agreements	21
11. Remedies	22
12. Severability	22
13. Entire Agreement	22
14. Headings	22
15. Governing Law	22
16. Counterparts	23

AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of April 28, 2006, among ICF INTERNATIONAL, INC. (formerly named ICF CONSULTING GROUP HOLDINGS, INC.), a Delaware corporation (the "Company") and each of the Persons listed on the signature pages hereof or Schedule A hereto and any Person who shall hereafter become a party to this Agreement (whereupon such Person shall be added to an amended Schedule A).

RECITALS

WHEREAS, in connection with the recapitalization of the Company in June 1999, the Company and its stockholders entered into the predecessor form of this Agreement (the "Original Agreement");

WHEREAS, the Company is making plans for an initial public offering of its common stock (the "IPO");

WHEREAS, it will not be possible for persons other than the Company and CM Equity Partners, L.P., CMEP Coinvestment ICF, L.P., CM Equity Partners II, L.P., CM Equity Partners II Co-Investors L.P. (collectively, the "CMEP Parties") to sell Stock in the IPO;

WHEREAS, there exist certain Persons other than the original parties to this Agreement who own Stock or securities of the Company convertible into, or exercisable or exchangeable for, Stock;

WHEREAS, simultaneously with the closing of the IPO, the Company's Management Shareholders Agreement will terminate by its terms;

WHEREAS, certain capitalized terms used herein are defined as provided in Section 3 hereof; and

WHEREAS, the parties hereto desire to confirm, on the signature pages hereof,

the number of shares of Stock each owns as of the date hereof with the understanding that such number of shares of Stock (subject to adjustment as a result of changes in Company's capitalization, such as through a stock split and similar transactions) may be relied upon the Company and third parties;

NOW, THEREFORE, in consideration of the premises, and intending to legally be bound hereby, each of the parties hereto agrees as follows:

1. Waiver of Rights Under Original Agreement; Termination of Original Agreement; Confirmation of Stock Ownership; Effectiveness. Each of the parties hereto hereby (a) waives any rights it may have had to participate in the IPO under the Original Agreement; (b) agrees that the Original Agreement shall be terminated and of no further force and effect; and (c) agrees that the number of shares of Stock set forth opposite each party's signature on the signature pages hereto accurately states the number of shares of Stock owned by, or the number of shares of Stock which other Registrable Securities are convertible into, or exchangeable or exercisable for, as of the date of this Agreement. This Amended and Restated Registration Rights Agreement shall be effective (and the Original Agreement terminated) when counterparts hereof have executed and delivered by the holders of more than 50% of the Stock subject to the Original Agreement other than Stock held by the CMEP Parties, and the Company shall date the Agreement accordingly.

2. Registration Under Securities Act.

2.1 Incidental Registration.

(a) Right to Include Registrable Securities. If the Company at any time after the closing of the IPO (or if the IPO does not close for any reason, after the IPO has been abandoned) proposes to register any of its Stock under the Securities Act by registration

on any form other than Forms S-4 or S-8 (or successor forms) (each such proposed registration, a “Registration”), each such time the Company shall give written notice (a “Registration Notice”) to all registered holders of Registrable Securities who are then parties to this Agreement (collectively, “Holders”) of such intention (including a minimum price for purposes of this Agreement (the “Minimum Price”) and of such Holders’ rights under this Section 2.1. Holders who wish to include all or a portion of their Registrable Securities in a Registration (a “Requesting Holder”) shall deliver a written request (an “Inclusion Request”) to the Company specifying the number of such Requesting Holder’s Registrable Securities to be included in such Registration. An Inclusion Request shall be made as promptly as practicable and in any event within 30 days after the receipt of a Registration Notice from the Company, provided that an Inclusion Request shall be made within 15 days (if such date is earlier than the date required by the first clause of this sentence) of the Company’s notification to Holders, that (i) such registration will be on Form S-3 (or a successor form) and (ii) such shorter period of time is required because of a planned filing date. Notice of such expedited response time may be given as part of the Registration Notice or thereafter by telephone or facsimile followed by written confirmation (the date of such notice shall be the date of such telephonic or facsimile notification).

Subject to the provisions of this Section, the Company will use its commercially reasonable efforts to effect registration under the Securities Act of all Registrable Securities for which the Company has received Inclusion Requests, provided that the Company shall not be required to make any efforts to include such Registrable Securities in a Registration if neither the CMEP Parties nor any transferee of the CMEP Parties are participating as sellers in such Registration (whether pursuant to this Agreement or otherwise). Upon notification to the

Company by the managing underwriter of the public offering pursuant to which a Registration is effected of the price at which the Company is to sell its Stock, if such price is at or above the Minimum Price, the Company shall include the Registrable Securities of such Requesting Holder in such Registration and each Requesting Holder shall be obligated to sell such Registrable Securities unless the CMEP Parties elect not to sell Registrable Securities.

Notwithstanding anything to the contrary contained herein, if at any time prior to the effective date of the Registration, the Company determines for any reason or no reason not to register the securities proposed to be registered, upon written notice of such determination to each Requesting Holder, the Company shall be relieved of its obligation to register any Registrable Securities in connection with such Registration (but not from any obligation of the Company to pay the Registration Expenses in connection therewith), and in the case of a determination to delay registering, shall be permitted to delay registering any Registrable Securities for the same period as the delay in registering such other securities.

(b) Priority in Incidental Registrations. If the managing underwriter of any underwritten offering shall inform the Company in writing of its opinion that (i) the number or type of Registrable Securities to be included in the registration of such underwritten offering would materially adversely affect such offering, then the Company shall include in its proposed registration, to the extent of the number and type which the Company is so advised can be sold in (or during the time of) such offering, first, all securities of the Company to be sold for its own account, and second, such Registrable Securities requested to be included in such registration pursuant to this Agreement, *pro rata* (based on the number of Registrable Securities requested to be included therein by each Requesting Holder among such Requesting Holders) or (ii) the number of Registrable Securities to be included by specified

Holders in the registration of such underwritten offering would materially adversely affect such offering, then the Company shall include in its proposed registration only the number from such Holders which the Company is so advised can be sold without such adverse effect. The Company shall promptly notify the Requesting Holders of such determination.

(c) Expenses. The Company will pay all Registration Expenses in connection with any registration contemplated pursuant to this Section 2.1.

2.2 Registration Procedures. Upon the receipt of an Inclusion Request meeting the requirements of Section 2.1, the Company will use commercially reasonable efforts to:

(i) prepare and file with the Commission a registration statement to effect a registration pursuant to Section 2.1 and thereafter use its best efforts to cause such registration statement to become effective; provided, however, that the Company may discontinue any registration of its securities which are not Registrable Securities at any time prior to the effective date of the registration statement relating thereto;

(ii) furnish to each seller of Registrable Securities covered by such registration statement, such number of conformed copies of such registration statement and of each such amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and such other documents, as such seller may reasonably request;

(iii) (x) register or qualify all Registrable Securities and other securities covered by such registration statement under such other securities or blue sky laws of such States of the United States of America where an exemption is not available and as the sellers of Registrable Securities covered by such registration statement shall reasonably request, (y) keep such registration or qualification in effect for so long as such registration statement remains in effect and (z) take any other action which may be reasonably necessary or advisable to enable such sellers to consummate the disposition in such jurisdictions of the securities to be sold by such sellers, except that the Company shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not, but for the requirements of this subdivision, be obligated to be so qualified or to consent to general service of process in any such jurisdiction;

(iv) cause all Registrable Securities covered by such registration statement to be registered with or approved by such other federal or state governmental agencies or authorities as may be necessary in the reasonable opinion of counsel to the Company and counsel to the seller or sellers of Registrable Securities to enable the seller or sellers thereof to consummate the disposition of such Registrable Securities;

(v) if reasonably requested, furnish at the effective date of such registration statement to each seller of Registrable Securities, and the underwriters, if any, a signed counterpart of:

(x) an opinion of counsel for the Company, dated the effective date of such registration statement and, if applicable, the date of the closing under the underwriting agreement;

(y) a “comfort” letter signed by the independent public accountants who have certified the Company’s financial statements included or incorporated by reference in such registration statement (and the prospectus included therein); and

(z) in each case covering substantially the same matters with respect to such registration statement as are customarily covered in opinions of issuer’s counsel and in accountants’ comfort letters delivered to the underwriters in underwritten public offerings of securities and, in the case of the accountants’ comfort letter, such other financial matters, and, in the case of the legal opinion, such other legal matters, as the underwriters may reasonably request;

(vi) within a reasonable period of time after discovery that, or upon the happening of any event as a result of which, the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, in the light of the circumstances under which they were made, and at the request of any such seller promptly prepare and furnish to it a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made;

(vii) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable (but not more than eighteen months after the effective date of such registration statement), an earnings statement satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 promulgated thereunder covering a period of at least twelve months beginning with the first full calendar month after the effective date of such registration statement;

(viii) provide and cause to be maintained a transfer agent and registrar (which, in each case, may be the Company) for all Registrable Securities covered by such registration statement from and after a date not later than the effective date of such registration; and

(ix) list all Registrable Securities covered by such registration statement on any national securities exchange on which Registrable Securities of the same class covered by such registration statement are then listed and, if no such Registrable Securities are so listed, on any national securities exchange on which the Stock is then listed.

The Company may require each seller of Registrable Securities as to which any registration is being effected to furnish the Company such information regarding such seller and the distribution of such securities as the Company may from time to time reasonably request in writing.

Each holder of Registrable Securities agrees by acquisition of such Registrable Securities that, upon receipt of any notice from the Company of the happening of any event of the kind described in subdivision (vi) of this Section 2.2, such holder will forthwith discontinue

such holder's disposition of Registrable Securities pursuant to the registration statement relating to such Registrable Securities until such holder's receipt of the copies of the supplemented or amended prospectus contemplated by subdivision (vi) of this Section 2.2 and, if so directed by the Company, will deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such holder's possession of the prospectus relating to such Registrable Securities current at the time of receipt of such notice.

2.3 Incidental Underwritten Offerings. If the Company proposes to register any of its securities under the Securities Act as contemplated by Section 2.1 and such securities are to be distributed by or through one or more underwriters (all of whom shall be selected by the Company), the Company will, if requested by any Requesting Holder of Registrable Securities, use its commercially reasonable efforts to arrange for such underwriters to include all the Registrable Securities to be offered and sold by such Requesting Holder among the securities of the Company to be distributed by such underwriters, subject to the provisions of Section 2.1(b). The holders of Registrable Securities to be distributed by such underwriters shall be parties to the underwriting agreement between the Company and such underwriters.

2.4 Preparation: Reasonable Investigation. In connection with the preparation and filing of any registration statement under the Securities Act pursuant to this Agreement, the Company will give a representative of the holders of a majority of the Registrable Securities to be registered under such registration statement, the underwriters, if any, and their respective counsel the opportunity to participate in the preparation of such registration statement, each prospectus included therein or filed with the Commission, and each amendment thereof or supplement thereto, and will give each of them such reasonable access to its books and records and such opportunities to discuss the business of the Company with its officers and the

independent public accountants who have certified its financial statements as shall be necessary, in the opinion of such holders' and such underwriters' respective counsel, to conduct a reasonable investigation within the meaning of the Securities Act; provided, however, that such participation and access will be provided by the Company only after the party seeking such participation or access executes an agreement to maintain disclosed information in confidence within the meaning of Rule 100(b)(2)(ii) under the Securities Act.

2.5 Indemnification.

(a) Indemnification by the Company. The Company will, and hereby does, indemnify and hold harmless, in the case of any registration statement filed pursuant to Section 2.1, each seller of any Registrable Securities covered by such registration statement and each other Person who participates as an underwriter in the offering or sale of such securities and each other Person, if any, who controls (within the meaning of the Securities Act or the Exchange Act, a "controlling person") such seller or any such underwriter, and their respective directors, officers, members, partners, agents and affiliates, against any losses, claims, damages or liabilities, joint or several, to which such seller or underwriter or any such director, officer, partner, member, agent, affiliate or controlling person may become subject under the Securities Act or otherwise, including, without limitation, the reasonable fees and expenses of legal counsel, insofar as such losses, claims, damages or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such securities were registered under the Securities Act, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated

therein or necessary to make the statements therein not misleading, and the Company will reimburse such seller or underwriter and each such director, officer, partner, member, agent, affiliate and controlling person for any reasonable legal or any other expenses incurred by them in connection with investigating or defending any such loss, claim, liability, action or proceeding; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to the Company by or on behalf of such seller or underwriter, as the case may be, specifically stating that it is for use in the preparation thereof; provided, further, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability or expense arises out of or is based upon an untrue statement or alleged untrue statement of any material fact contained in any such registration statement, preliminary prospectus, final prospectus or summary prospectus contained therein or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein in light of the circumstances in which they were made not misleading in a prospectus or prospectus supplement, if such untrue statement or omission is completely corrected in an amendment or supplement to such prospectus or prospectus supplement, and the seller of Registrable Securities thereafter fails to deliver such prospectus or prospectus supplement as so amended or supplemented prior to or concurrently with the sale of Registrable Securities to any person asserting a loss, claim, damage or liability after the Company has furnished such seller with a sufficient number of copies of the same. Such indemnity shall remain in full force and effect regardless of any investigation made

by or on behalf of such seller or underwriter or any such director, officer, member, partner, agent, affiliate or controlling person of such Seller and shall survive the transfer of such securities by such seller or underwriter.

(b) Indemnification by the Sellers. As a condition to including any Registrable Securities in any registration statement, the Company shall have received an undertaking reasonably satisfactory to it from the prospective seller of such Registrable Securities, to indemnify and hold harmless (in the same manner and to the same extent as set forth in Section 2.5(a)) the Company, and each director of the Company, each officer of the Company and each other Person, if any, who participates as an underwriter in the offering or sale of such securities and each other Person who is a controlling person of the Company or any such underwriter with respect to any statement or alleged statement in or omission or alleged omission from such registration statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such seller specifically stating that it is for use in the preparation of such registration statement, preliminary prospectus, final prospectus, summary prospectus, amendment or supplement; provided, however, that the liability of such indemnifying party under this Section 2.5(b) shall be limited to the amount of proceeds received by such indemnifying party in the offering giving rise to such liability. Such indemnity shall remain in full force and effect, regardless of any investigation made by or on behalf of the Company or any such director, officer or controlling person and shall survive the transfer of such securities by such seller.

(c) Notices of Claims, etc. Promptly after receipt by an

indemnified party of notice of the commencement of any action or proceeding involving a claim referred to in Section 2.5(a) or (b), such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action; provided, however, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under the preceding subdivisions of this Section 2.5, except to the extent that the indemnifying party is actually and materially prejudiced by such failure to give notice. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it may wish, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party; provided, however, that any indemnified party may, at its own expense, retain separate counsel to participate in such defense. Notwithstanding the foregoing, in any action or proceeding in which both the Company and another indemnified party is, or is reasonably likely to become, a party, each such party shall have the right to employ separate counsel at the indemnifying party's expense and to control its own defense of such action or proceeding if, in the reasonable opinion of counsel to such indemnified party, (a) there are or may be legal defenses available to one indemnified party that is different from or additional to those available to the other indemnified party or (b) any conflict or potential conflict exists between the indemnified parties that would make such separate representation advisable; provided, however, that in no event shall the Company be required to pay fees and expenses under this Section 2.5 for more than one firm of attorneys representing the indemnified parties (together, if appropriate, with one firm of local counsel per jurisdiction) in any one legal action or group of related legal actions. No indemnifying party shall be liable for any settlement of any action or proceeding

effected without its written consent, which consent shall not be unreasonably withheld. No indemnifying party shall, without the consent of the indemnified party, which consent shall not be unreasonably withheld, consent to entry of any judgment or enter into any settlement which does not include as a term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation or which requires action other than the payment of money by the indemnifying party.

(d) Contribution. If the indemnification provided for in this Section 2.5 shall for any reason be held by a court to be unavailable to an indemnified party under Section 2.5(a) or (b) hereof in respect of any loss, claim, damage or liability, or any action in respect thereof, then, in lieu of the amount paid or payable under Section 2.5(a) or (b), the indemnified party and the indemnifying party under Section 2.5(a) or (b) shall contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating the same), (i) in such proportion as is appropriate to reflect the relative fault of the Company and the sellers of Registrable Securities covered by the registration statement which resulted in such loss, claim, damage or liability, or action or proceeding in respect thereof, with respect to the statements or omissions which resulted in such loss, claim, damage or liability, or action or proceeding in respect thereof, as well as any other relevant equitable considerations or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as shall be appropriate to reflect the relative benefits received by the Company and such sellers from the offering of the securities covered by such registration statement, provided, that for purposes of this clause (ii), the relative benefits received by the sellers shall be deemed not to exceed the amount of proceeds received by such sellers. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of

the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. Such sellers' obligations to contribute as provided in this Section 2.5(d) are several in proportion to the relative value of their respective Registrable Securities covered by such registration statement and not joint. In addition, no Person shall be obligated to contribute hereunder any amounts in payment for any settlement of any action or claim effected without such Person's consent, which consent shall not be unreasonably withheld.

(e) Other Indemnification. Indemnification and contribution similar to that specified in the preceding subdivisions of this Section 2.5 (with appropriate modifications) shall be given by the Company and each seller of Registrable Securities with respect to any required registration or other qualification of securities under any federal or state law or regulation of any governmental authority other than the Securities Act.

(f) Indemnification Payments. The indemnification and contribution required by this Section 2.5 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred.

2.6 Limitations on Written Materials. Each holder of Registrable Securities agrees not to use any written materials to offer or sell Registrable Securities other than the prospectus provided by the Company for that purpose or as otherwise consented to in writing by the Company.

3. Definitions. As used herein, unless the context otherwise requires, the following terms have the following respective meanings:

"Commission" means the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

“**Stock**” shall mean and include the Common Stock of the Company and each other class of capital stock of the Company that does not have a preference over any other class of capital stock of the Company as to dividends or upon liquidation, dissolution or winding up of the Company and, in each case, shall include any other class of capital stock of the Company into which such stock is reclassified or reconstituted or any class of stock or equity interest of any entity into which the Company may be merged or consolidated.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, or any superseding federal statute, and the rules and regulations promulgated thereunder, all as the same shall be in effect at the time. Reference to a particular section of the Securities Exchange Act of 1934, as amended, shall include a reference to the comparable section, if any, of any such superseding federal statute.

“**Person**” means any individual, firm, corporation, partnership, limited liability company or partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, government (or an agency or political subdivision thereof) or other entity of any kind and shall include any successor (by merger or otherwise) of such entity.

“**Registrable Securities**” means any Stock or securities convertible into or exchangeable or exercisable for Stock, in any case owned by a party to this Agreement; provided that as to any particular Registrable Securities, once issued, such securities shall cease to be Registrable Securities when (a) a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, (b) they may be sold as permitted by Rule 144 (or any successor provision) under the Securities Act without reference, for this purpose, to any volume limitation thereunder, (c) they shall have been otherwise transferred, new certificates for

them not bearing a legend restricting further transfer shall have been delivered by the Company and subsequent public distribution of them shall not require registration of such distribution under the Securities Act, or (d) they shall have ceased to be outstanding.

“Registration Expenses” means all expenses incident to the Company’s performance of or compliance with Section 2, including, without limitation, all registration and filing fees, all fees of the New York Stock Exchange, The Nasdaq Exchange, other national securities exchanges or the National Association of Securities Dealers, Inc., all fees and expenses of complying with securities or blue sky laws, all word processing, duplicating and printing expenses, messenger and delivery expenses, the fees and disbursements of counsel for the Company and of its independent public accountants, including the expenses of “comfort” letters required by or incident to such performance and compliance, any fees and disbursements of underwriters customarily paid by issuers or sellers of securities (excluding any underwriting discounts or commissions with respect to the Registrable Securities) and the reasonable fees and expenses of one counsel to the Requesting Holders (selected by Requesting Holders representing at least 50% of the Registrable Securities covered by such registration); provided, however, that in the event the Company shall determine, in accordance with Section 2.1(a), not to register any securities with respect to which it had given written notice of its intention to so register to holders of Registrable Securities, all of the costs of the type (and subject to any limitation to the extent) set forth in this definition and incurred by Requesting Holders in connection with such registration on or prior to the date the Company notifies the Requesting Holders of such determination shall be deemed Registration Expenses.

“Requesting Holder” is defined in Section 2.1.

“Securities Act” means the Securities Act of 1933, as amended, or any superseding

federal statute, and the rules and regulations promulgated thereunder, all as the same shall be in effect at the time. References to a particular section of the Securities Act of 1933, as amended, shall include a reference to the comparable section, if any, of any such superseding Federal statute.

4. Rule 144. The Company shall take all actions reasonably necessary to enable holders of Registrable Securities to sell such securities without registration under the Securities Act within the limitation of the provisions of (a) Rule 144 under the Securities Act, as such Rule may be amended from time to time or (b) any similar rules or regulations hereafter adopted by the Commission. Upon the request of any holder of Registrable Securities, the Company will deliver to such holder a written statement as to whether it has complied with such requirements.

5. Amendments and Waivers. This Agreement may be amended or terminated with the consent of the Company and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company shall have obtained the written consent to such amendment, action or omission to act, of the holder or holders of at least 50% of the Registrable Securities. Each holder of any Registrable Securities at the time or thereafter outstanding shall be bound by any consent authorized by this Section 5, whether or not such Registrable Securities shall have been marked to indicate such consent.

6. Nominees for Beneficial Owners. In the event that any Registrable Securities are held by a nominee for the beneficial owner thereof, the beneficial owner thereof may, at its election in writing delivered to the Company, be treated as the holder of such Registrable Securities for purposes of any request or other action by any holder or holders of

Registrable Securities pursuant to this Agreement or any determination of any number or percentage of shares of Registrable Securities held by any holder or holders of Registrable Securities contemplated by this Agreement. If the beneficial owner of any Registrable Securities so elects, the Company may require assurances reasonably satisfactory to it of such owner's beneficial ownership of such Registrable Securities.

7. Notices. All notices, demands and other communications provided for or permitted hereunder shall be made in writing, shall be by registered or certified first-class mail, return receipt requested, telecopier, courier service or personal delivery, addressed as set forth on the signature pages hereof or at such other address as a party shall have furnished to the Company in writing in the manner set forth herein. All such notices and communications shall be deemed to have been duly given: when delivered by hand, if personally delivered; when delivered by a courier, if delivered by overnight courier service; three business days after being deposited in the mail, postage prepaid, if mailed; and when receipt is acknowledged, if telecopied.

8. Assignment. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

9. Calculation of Percentage Interests in Registrable Securities. For purposes of this Agreement, all references to a percentage of the Registrable Securities shall be calculated based upon the number of outstanding shares of Stock which constitute Registrable Securities at the time such calculation is made.

10. No Inconsistent Agreements. The Company will not hereafter enter into any agreement with respect to its securities, or modify, amend, supplement or extend any existing agreement with respect to its securities, which is or will be inconsistent with the rights granted to the holders of Registrable Securities in this Agreement.

11. Remedies. Each holder of Registrable Securities, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

12. Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be in any way impaired thereby, it being intended that all of the rights and privileges of the parties shall be enforceable to the fullest extent permitted by law.

13. Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

14. Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

15. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of law.

16. Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed an original and all of which taken together shall constitute one and the same instrument.

[This Space Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

ICF INTERNATIONAL, INC.

By: _____
Name: _____
Title: _____

Address for Notices:
9300 Lee Highway
Fairfax, Virginia 22031
Attn: Chief Executive Officer
Facsimile: 703-934-3675

July 22, 2002

ICF CONSULTING GROUP, INC.

Management Stock Option Plan*

* This document incorporates the changes made pursuant to Amendment No. 1 to ICF Consulting Group, Inc. Management Stock Option Plan, dated as of July 22, 2002.

TABLE OF CONTENTS

1.	Establishment	1
2.	Definitions	1
3.	Scope of Plan	3
4.	Administration	3
5.	Eligibility	4
6.	Conditions to Grants	4
	(a) Grant of Straight Awards	4
	(b) Incentive Awards	5
	(c) Grants of Awards Upon Exit Event	6
7.	Exercise of Options	7
8.	Mandatory Tax Withholding	8
9.	Elective Share Withholding	8
10.	Termination of Employment	8
	(a) For Cause	8
	(b) On Account of Retirement, Death, Disability, or Involuntary Termination of Employment by the Company Without Cause	8
	(c) Voluntary Termination of Employment	9
	(d) Extended Exercisability	9
11.	Substituted Awards	9
12.	Securities Law Matters	9
13.	Contribution of Shares to ICFC in Exchange for ICFC Interests	9
14.	No Employment Rights	9
15.	No Rights as a Stockholder or as an Interest Holder	10
16.	Nature of Payments	10
17.	Non-uniform Determinations	10

18. Adjustments	10
19. Amendment of the Plan	10
20. Termination of the Plan	10
21. No Illegal Transactions	10
22. Controlling Law	11
23. Severability	11

APPENDIX I
SCHEDULE A
SCHEDULE B

ICF Consulting Group, Inc.

Management Stock Option Plan

1. Establishment. ICF Consulting Group, Inc. (the "Company") hereby establishes the ICF Consulting Group, Inc. Management Stock Option Plan (the "Plan") effective as of June 25, 1999.

2. Definitions. The terms set forth below have the following meanings (such meanings to be applicable to both the singular and plural forms):

- (a) "Award" means stock options granted under the Plan.
- (b) "Award Agreement" means the written agreement by which a Award shall be evidenced.
- (c) "Board" means the Board of Directors of the Company.
- (d) "Cause" means "cause" as defined in the Management Shareholders Agreement.
- (e) "CDC Committee" means the Compensation Distribution Committee of the Board appointed pursuant to the By-laws of the Company.
- (f) "Code" means the Internal Revenue Code of 1986, as amended, and regulations and rulings thereunder. References to a particular section of the Code include references to successor provisions.
- (g) "Committee" means the Compensation Committee of the Board appointed pursuant to the By-laws of the Company.
- (h) "Common Stock" means the Company's common stock, par value \$0.01 per share.
- (i) "Company" — see Section 1.
- (j) "Disability" means "disability" as defined in the Management Shareholders Agreement.
- (k) "EBITDA" means "EBITDA" as defined in the Management Shareholders Agreement.
- (l) "Effective Date" means June 25, 1999.
- (m) "Eligible Employee" means any employee of the Company or any of its subsidiaries selected by the CDC Committee provided that, the Chief Executive Officer of the Company shall not be an "Eligible Employee" hereunder.

- (n) “Exit Event” means an “exit event” as defined in the Management Shareholders Agreement.
- (o) “Grant Date” see Sections 6(1)(i) and 6(c)(iv).
- (p) “Grantee” means an individual who has been granted an Award.
- (q) “ICFC” means ICF Consulting Group Holdings, LLC.
- (r) “ICFC Interests” means membership interests in ICFC.
- (s) “ICFC Operating Agreement” means the Limited Liability Company Agreement of ICFC, as amended from time to time.
- (t) “Incentive Award” means an Award granted pursuant to Section 6(b).
- (u) “including” or “includes” means “including, without limitation,” or “includes, without limitation,” respectively.
- (v) “Management Shareholders Agreement” means the Management Shareholders Agreement, dated as of June 25, 1999, by and among ICF Consulting Group, Inc., ICF Consulting Group Holdings, LLC, CM Equity Partners, L.P., CMEP Co-Investment ICF, L.P. and the persons listed in Schedules B and C thereto, as amended from time to time.
- (w) “Minimum Consideration” means \$0.01 per Share or such other amount that is from time to time considered to be capital for purposes of Section 154 of the Delaware General Corporation Law.
- (x) “Option Price” means the per share price of an option, as specified in the Award Agreement for such option.
- (y) “Option Term” means the period beginning on the Grant Date of an option and ending on the expiration date of such option, as specified in the Award Agreement for such option and as may, in the discretion of the Committee and consistently with the provisions of the Plan, be extended from time to time prior to the expiration date of such stock option then in effect.
- (z) “Plan” — see Section 1.
- (aa) “Pricing Fair Market Value” of a Share of Common Stock shall be determined by the CDC Committee in good faith in accordance with Appendix I and reviewed and confirmed by the Committee.
- (bb) “Required Withholding” — see Section 9.
- (cc) “Retirement” means “retirement” as defined in the Management Shareholders Agreement.
- (dd) “Share” means a share of Common Stock.

(ee) "Share Withholding" — see Section 10(a).

(ff) "Specified Period" — see Section 11(d).

(gg) "Straight Award" means an Award granted pursuant to Section 6(a).

(hh) "Taxable Event" see Section 10(a).

(ii) "Tax Date" see Section 10(b)(ii).

(jj) "Termination of Employment" or similar references herein means an individual ceasing to be employed by the Company and all its subsidiaries for any reason.

3. Scope of Plan. Subject to adjustment as provided in Section 19, the total number of Shares available for grant pursuant to Awards provided under the Plan shall be the sum of (i) 102,211,457 Shares, being (x) 86,719,680 Shares (18.00% of total issued and outstanding Shares as of June 25, 1999) plus (y) 15,491,777 Shares reserved for issuance on May 6, 2002, minus (ii) the aggregate number of Shares available for grant under the employment agreement of the Chief Executive Officer.

If any Shares subject to any Award granted hereunder are forfeited or repurchased by the Company or such Award otherwise terminates without the issuance of such Shares or the payment of other consideration, the Shares subject to such Award, to the extent of any such forfeiture, repurchase or termination, shall again be available for grant under the Plan. Shares awarded under the Plan may be treasury shares or newly issued shares.

4. Administration.

(a) The Plan shall be administered by the CDC Committee, except with respect to those matters reserved to the Committee, the Board of Directors or the Company.

(b) Subject to the express provisions of the Plan, the CDC Committee has full and final authority and sole discretion as follows:

(i) to determine when and to whom Awards should be granted and the terms and conditions applicable to each award.

(ii) to determine the terms and conditions of all Award Agreements (which need not be identical) and, with the consent of the Grantee and the Committee, to amend any such Award Agreement at any time; *provided* that the consent of the Grantee shall not be required for any amendment which (A) does not adversely affect the rights of the Grantee, or (B) is necessary or advisable (as determined by the CDC Committee) to carry out the purpose of the Award as a result of any new or change in existing applicable law; and

(iii) to cancel, with the consent of the Grantee, outstanding Awards and to grant new Awards in substitution therefor.

(c) Subject to the express provisions of the Plan, the Committee has full and final authority and sole discretion, subject, in each case in which a determination would

adversely affect the rights of the Grantees and potential Grantees, to the approval of the CDC Committee, as follows:

- (i) to interpret the Plan and to make determinations necessary or advisable for the administration of the Plan;
- (ii) to make, amend, and rescind rules relating to the Plan, rules with respect to the exercisability and nonforfeitability of Awards upon the termination of employment of a Grantee;
- (iii) subject to Section 6(a)(ii), 6(b)(ii) and 6(c)(ii), to extend the time during which any award or group of Awards may be exercised;
- (iv) to impose such additional terms and conditions upon the grant, exercise or retention of Awards as the Committee may, before or concurrently with the grant thereof, deem appropriate; and
- (v) to take any other action with respect to any matters relating to the Plan for which it is responsible.

Except to the extent approval of the CDC Committee, Grantees or potential Grantees is necessary, the determination of the Committee on all matters relating to the Plan or any Award Agreement shall be final. No member of the Committee or the CDC Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Award.

5. Eligibility. The CDC Committee may in its discretion grant Awards to any Eligible Employee, whether or not he or she has previously received an Award.

6. Conditions to Grants.

(a) Grant of Straight Awards.

(i) The Grant Date of a Straight Award shall be the date on which the CDC Committee grants the Award or such later date as specified in advance by the CDC Committee.

(ii) Any provision of the Plan to the contrary notwithstanding, the Option Term shall under no circumstances extend more than 10 years after the Grant Date, and shall be subject to earlier termination as herein provided.

(iii) To the extent not set forth in the Plan, the terms and conditions of each Straight Award shall be set forth in an Award Agreement.

(iv) The Option Price of Straight Awards shall be \$77,260.33 or such other higher price as determined by the CDC Committee in its sole discretion.

(v) Subject to adjustment as provided in Section 19, the total number of Straight Awards available under the Plan shall be the sum of (i) 63.669377, being

(x) 48.1777600 Shares (10.00% of total issued and outstanding Shares as of June 25, 1999) plus (y) 15.491777 Shares reserved for issuance on May 6, 2002, minus (ii) the aggregate number of Shares available for grant under the employment agreement of the Chief Executive Officer.

During the first twelve months after June 25, 1999, the CDC Committee shall grant Straight Awards for no more than an aggregate number of Shares equal to (i) 24.088800 (being 5.00% of total issued and outstanding Shares as of June 25, 1999), less (ii) the number of Shares available for grant as a straight award under the employment agreement of the Chief Executive Officer during such period. During the first twenty-four months after June 25, 1999 the CDC Committee shall grant Straight Awards for no more than an aggregate number of Shares equal to (i) 48.177600 Shares (being 10.00% of total issued and outstanding Shares as of June 25, 1999), less (ii) the number of Shares available for grant as a straight award under the employment agreement of the Chief Executive Officer during such period. Thereafter, the remaining Straight Awards available for grant under the Plan, may be granted at such times as the CDC Committee determines in its sole discretion.

(vi) Notwithstanding the foregoing provisions of this Section 6, any Shares subject to any Straight Award which otherwise terminates without the issuance of such Shares or the payment of other consideration shall be available for the grant of Straight Awards. Straight Awards issued pursuant to the preceding sentence shall be in addition to, and not in lieu of, the shares available for grant under Section 6(a)(v).

(b) Incentive Awards.

(i) The Grant Date of an Incentive Award shall be the date on which the CDC Committee grants the Award or such later date as specified in advance by the CDC Committee.

(ii) Any provision of the Plan to the contrary notwithstanding, the Option Term shall under no circumstances extend more than 10 years after the Grant Date, and shall be subject to earlier termination as herein provided.

(iii) To the extent not set forth in the Plan, the terms and conditions of each Incentive Award shall be set forth in an Award Agreement.

(iv) The Option Price of Incentive Awards shall be determined by the Committee in its sole discretion, provided that the Option Price shall not be less than 100% of the Pricing Fair Market Value of a Share on the Grant Date.

(v) Subject to adjustment as provided in Section 19, the total number of Incentive Awards available for grant under the Plan shall be (i) 38.542080 (being 8.00% of total issued and outstanding Shares as of June 25, 1999), less (ii) the aggregate number of Shares available for grant as an incentive award under the employment agreement of the Chief Executive Officer.

During each of calendar years 2000, 2001, 2002 and 2003, the CDC Committee may grant Incentive Awards for not more than (i) an aggregate 9.635520 Shares (being 2.00% of the total issued and outstanding Shares as of June 25, 1999) less (ii) the number of Shares

available for grant as an incentive award under the employment agreement of the Chief Executive Officer during such period. Notwithstanding the immediately preceding sentence, if the CDC Committee does not grant Incentive Awards for the full number of Shares available for grant for any calendar year, Awards with respect to such Shares may be granted in any subsequent year.

(vi) Notwithstanding the foregoing provisions of this Section 6, any Shares subject to any Incentive Award which otherwise terminates without the issuance of such Shares or the payment of other consideration shall be available for the grant of Incentive Awards. Incentive Awards issued pursuant to the preceding sentence shall be in addition to, and not in lieu of, the Shares available for grant under Section 6(b)(v).

(c) Grants of Awards Upon Exit Event.

(i) Upon the occurrence of an Exit Event, the CDC Committee shall, in its sole discretion, grant Awards for all remaining Shares available for issuance but unissued as Incentive Awards to Management Shareholders (as defined in the Management Shareholders Agreement) and existing holders of Options, other than the chief Executive Officer, on a pro rata basis, subject to the provisions of this Section 6(c). For purposes of the preceding sentence, the remaining Shares available for issuance shall be the aggregate number of Shares available for issuance as Incentive Awards under Section 6(b) reduced by the sum of (A) the number of Shares previously issued pursuant to the exercise of Incentive Awards granted hereunder plus (B) the number of Shares subject to unexercised Incentive Awards that are outstanding immediately prior to the Exit Event and that have not been forfeited or otherwise terminated prior to the Exit Event plus (C) the number of Shares subject to Awards that terminated prior to the Exit Event and in connection with which consideration was paid other than by the issuance of Shares pursuant to Option exercise.

(ii) Any provision of the Plan to the contrary notwithstanding, the Option Term shall under no circumstances extend more than 10 years after the Grant Date, and shall be subject to earlier termination as herein provided.

(iii) To the extent not set forth in the Plan, the terms and conditions of each Award granted pursuant to this Section 6(c) shall be set forth in an Award Agreement.

(iv) The Grant Date for the Awards granted pursuant to Section 6(c)(i) shall be the date on which the Exit Event occurs.

(v) The Option Price of Awards granted under this Section 6(c) shall be the Pricing Fair Market Value (as determined in accordance with Appendix I) as of the Grant Date.

(d) Prior to an Exit Event, the CDC Committee shall have the power, but not the obligation, to condition an Award on the approval of the shareholders of the Company for the purpose of avoiding the possible application to Awards of Internal Revenue Code Section 280G.

7. Exercise of Options.

(a) Each option shall become exercisable at such time or times as are set forth on Schedules A and B.

(b) A vested option shall be exercised by the delivery to the Company during the Option Term of (i) written notice of intent to purchase a specific number of Shares subject to the option and (ii) payment in full of the Option Price of such specific number of Shares.

(c) Payment of the Option Price may be made by any one or more of the following means:

(i) cash, personal check or wire transfer, or

(ii) in the discretion of the Committee, payment may be made by the surrender of Shares (including Shares acquired upon exercise of the Award) valued at their fair market value as of the date of exercise (as determined, in good faith by the Committee).

(d) Exit Event. Effective upon the occurrence of an Exit Event, each award (including Awards granted pursuant to Section 6(c)) shall be fully vested and immediately exercisable to the extent such Award has not terminated in accordance with the terms of the Plan and/or the Award Agreement prior to the Exit Event.

(e) Repurchase of Options. With respect to any Grantee whose employment is terminated for any reason, including by death, Disability or Retirement, the Company shall have the right, but not the obligation (the "Repurchase Right"), to repurchase options granted on or after July 22, 2002 that such Grantee (or his or her representative, as the case may be) intends to exercise following such termination, in lieu of permitting Grantee's exercise thereof, at a purchase price per Share (the "Repurchase Price") equal to the sum of (x) the fair market value of such Share as of the date of exercise (as determined in good faith by the Committee) minus (y) the Option Price. In order to exercise the Repurchase Right, the Company shall: (i) notify the Grantee, within ten (10) business days following receipt by the Company of the Grantee's notice required by subsection (b)(i) above, of the Company's intention to repurchase the options and (ii) no later than sixty (60) calendar days following receipt of Grantee's notice, return any payment Grantee made to the Company pursuant to subsection (b)(ii) above, without interest, and pay to the Grantee the aggregate Repurchase Price for the Shares Grantee sought to exercise. The Company is authorized to repurchase such options not to exceed total expenditures of \$125,000 per calendar year, with any purchases exceeding such total subject to the approval of the CDC Committee and the Board.

8. Mandatory Tax Withholding. Whenever under the Plan, Shares are to be delivered upon exercise of an Award or upon any other taxable event with respect to rights and benefits hereunder, the Committee shall be entitled to require (i) that the Grantee remit an amount in cash, or in the Company's discretion, Shares, sufficient to satisfy all federal, state, and local tax withholding requirements related thereto ("Required Withholding"), (ii) the withholding of such Required Withholding from compensation otherwise due to the Grantee or from any Shares due to the Grantee under the Plan or (iii) any combination of the foregoing.

9. Elective Share Withholding.

(a) Subject to the following subsection, a Grantee may elect the withholding ("Share Withholding") by the Company of a portion of the Shares otherwise deliverable to such Grantee upon the exercise of an Award (a "Taxable Event") having a fair market value (as determined in good faith by the Committee) equal to (i) the minimum amount necessary to satisfy Required Withholding liability attributable to the Taxable Event; or (ii) with the Committee's prior approval, a greater amount, not to exceed the estimated total amount of such Grantee's tax liability with respect to the Taxable Event.

(b) Each Share Withholding election shall be subject to the following conditions:

(i) any Grantee's election shall be subject to the Committee's consent;

(ii) the Grantee's election must be made before the date (the "Tax Date") on which the amount of tax to be withheld is determined; and

(iii) the Grantee's election shall be irrevocable.

10. Termination of Employment.

(a) For Cause. If a Grantee's employment is terminated for Cause, all options held by such Grantee, whether vested or unvested, shall terminate effective immediately upon such termination of employment.

(b) On Account of Retirement, Death, Disability, or Involuntary Termination of Employment by the Company Without Cause. If a Grantee's employment terminates on account of Retirement, death, Disability or involuntary termination of employment by the Company without Cause, any unexercised Awards, whether or not exercisable on the date of such termination of employment, may be exercised, in whole or in part, at any time during the remaining Option Term; provided that, with respect to a Grantee whose employment is terminated involuntarily by the Company without Cause, any Awards granted on or after July 22, 2002 shall be treated in accordance with Section 10(c) below, as if such Grantee's employment were terminated voluntarily. For purposes of this Section, if a Grantee's employment status is changed from full time employment to variable part time employment, then at the sole discretion of the CDC Committee, such change in status shall be considered an involuntary termination of employment without Cause.

(c) Voluntary Termination of Employment. If a Grantee's employment terminates on account of a voluntary resignation (or, with respect to Awards granted on or after July 22, 2002, on account of involuntary termination by the Company without Cause), any unexercised Awards (to the extent exercisable immediately before the Grantee's termination of employment) may be exercised, in whole or in part, within the first 90 days following such termination of employment (but only during the Option Term). Any unvested options shall terminate effective immediately upon termination of employment.

(d) Extended Exercisability. If the Grantee has entered into an agreement with the Company not to sell any Shares, any ICFC Interests acquired in exchange for Shares pursuant to Section 14, or the capital stock of a successor to the Company or ICFC for a specified period after the consummation of a business combination between the Company (or ICFC) and another corporation or entity (the "Specified Period"), such option may be exercised in whole or in part until the later of the end of the post-termination period specified in subparagraph (b) or (c) of this Section, as applicable, or 10 business days after the end of the Specified Period.

11. Substituted Awards. If the CDC Committee cancels any Award (whether granted under this Plan or any plan of any entity acquired by the Company or a Subsidiary), the CDC Committee may, with the approval of the Committee, substitute a new Award therefor upon such terms and conditions consistent with the Plan; *provided*, that (a) the Option Price of any new option shall not be less than 100% of the Pricing Fair Market Value of a Share on the date of grant of the old Award; and (b) the Grant Date of the new Award shall be the date on which such new Award is granted.

12. Securities Law Matters. If the Committee deems it necessary to comply with any applicable securities law, the Committee may require a written investment intent representation by the Grantee and may require that a restrictive legend be affixed to certificates for Shares. If, based upon the advice of counsel for the Company, the Committee determines that the exercise of any Award would violate any applicable provision of (i) federal or state securities laws or (ii) the listing requirements of any national securities exchange or national market system on which are listed any of the Company's equity securities, then the Committee may postpone any such exercise, but the Company shall use all reasonable efforts to cause such exercise to comply with all such provisions at the earliest practicable date.

13. Contribution of Shares to ICFC in Exchange for ICFC Interests. As a condition to exercise of any option granted hereunder, the Grantee must agree to: (i) contribute any Shares received upon exercise of an option to ICFC in exchange for ICFC Interests at an exchange ratio equal to the quotient of (x) the total number of ICFC Interests outstanding on the date of exercise divided by (y) the number of shares of the Company's common stock owned by ICFC on such date and (ii) become a party to the Management Shareholders Agreement. The contribution of Shares pursuant to the preceding sentence shall occur immediately upon the issuance of the Shares to the Grantee. The Grantee's ICFC Interests shall be subject to the terms and conditions set forth in the ICFC Operating Agreement including, but not limited to, the put/call rights attributable to the Grantee's ICFC Interests.

14. No Employment Rights. Neither the establishment of the Plan, nor the grant of any Award shall (a) give any Grantee the right to remain employed by the Company or any

Subsidiary or to any benefits not specifically provided by the Plan or (b) modify the right of the Company or any Subsidiary to modify, amend, or terminate any employee benefit plan.

15. No Rights as a Stockholder or as an Interest Holder. A Grantee shall not have any rights (a) as a stockholder of the Company with respect to the Shares which may be deliverable upon exercise of an Award until such Shares have been delivered to him or her or (b) as a holder of ICFC Interests with respect to Interests which may be deliverable upon contribution of Shares under Section 13 hereof.

16. Nature of Payments. Awards shall be special incentive payments to the Grantee and shall not be taken into account in computing the amount of salary or compensation of the Grantee for purposes of determining any pension, retirement, death or other benefit under (a) any pension, retirement, profit-sharing, bonus, insurance or other employee benefit plan of the Company or any Subsidiary or (b) any agreement between (i) the Company or any Subsidiary and (ii) the Grantee, except as such plan or agreement shall otherwise expressly provide.

17. Non-uniform Determinations. The Committee's determinations under the Plan need not be uniform and may be made by the Committee selectively among persons who receive, or are eligible to receive, Awards, whether or not such persons are similarly situated. Without limiting the generality of the foregoing, the Committee shall be entitled, to enter into non-uniform and selective Award Agreements as to (a) the identify of the Grantees, (b) the terms and provisions of Awards, and (c) the treatment of terminations of employment.

18. Adjustments.

The Committee shall make equitable adjustment of:

- (i) The aggregate numbers and kind of Shares available under the Plan for Awards,
- (ii) The number and kind of Shares covered by an Award, and
- (iii) The Option Price of all outstanding options,

to reflect a stock dividend, stock split, reverse stock split, share combination, recapitalization, merger, consolidation, spin-off, split-off, reorganization, rights offering, liquidation or similar event, of or by the Company.

19. Amendment of the Plan. The Committee may from time to time, with the consent of the Board, amend the Plan, provided that, any amendment which would adversely affect the rights of Grantees, potential Grantees or the CDC Committee hereunder may only be made with the CDC Committee's written consent.

20. Termination of the Plan. The Plan shall terminate on the tenth (10th) anniversary of the Effective Date or at such earlier time as the Committee, with the consent of the Board, may determine. No termination shall affect any Award then outstanding under the Plan.

21. No Illegal Transactions. The Plan and all Awards granted pursuant to it are subject to all applicable laws and regulations. Notwithstanding any provision of the Plan or any

Award, Grantees shall not be entitled to exercise any Award, and the Company shall not be obligated to deliver any Shares or deliver benefits to a Grantee, if such exercise or delivery would constitute a violation by the Grantee or the Company of any applicable law or regulation.

22. Controlling Law. The law of the State of Delaware, except its law with respect to choice of law, shall control all matters relating to the Plan.

23. Severability. If any part of the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any other part of the Plan. Any Section or part of a Section so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

APPENDIX I

PRICING FAIR MARKET VALUE

The Pricing Fair Market Value of a Share, as of a specified date (the “determination date”) shall equal (a) divided by (b) where:

(a) is:

- (i) the product of the prior year’s EBITDA multiplied by 6.0, plus
- (ii) cash on hand as of the last day of the prior year, minus
- (iii) debt as of the last day of the prior year; and

(b) is the number of Shares outstanding as of the last day of the prior year calculated on a fully diluted basis (including, without limitation, vested options and unexercised warrants).

; provided that, in no event shall the Pricing Fair Market Value of a Share for Incentive Awards granted in 2000 be less than \$77,260.33 and for Incentive Awards granted thereafter be less than \$92,712.39.

ICF INTERNATIONAL, INC.

2006 LONG-TERM EQUITY INCENTIVE PLAN

ARTICLE ONE

ESTABLISHMENT, OBJECTIVES AND DURATION

1.1 ESTABLISHMENT OF THE PLAN. ICF International, Inc., a Delaware corporation (the "Company"), hereby adopts, effective upon the effectiveness of the registration statement for the Company's initial public offering (the "Effective Date"), the ICF International, Inc. 2006 Long-Term Equity Incentive Plan as set forth in this document. The Plan permits the grant of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Performance Shares and Performance Units, and Other Incentive Awards.

1.2 OBJECTIVES OF THE PLAN. The objectives of the Plan are to optimize the profitability and growth of the Company through incentives which are consistent with the Company's goals and which link and align the personal interests of Participants with an incentive for excellence in individual performance; and to promote teamwork.

The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract and retain the services of Participants who make significant contributions to the Company's success and to allow Participants to share in the success of the Company.

1.3 DURATION OF THE PLAN. The Plan shall commence on the Effective Date, as described in Section 1.1 hereof, and shall remain in effect, subject to the right of the Board of Directors to amend or terminate the Plan at any time pursuant to Article 15 hereof, until all Shares subject to it shall have been purchased or acquired according to the Plan's provisions. However, in no event may an Award be granted under the Plan on or after May 31, 2016.

ARTICLE TWO

DEFINITIONS

Whenever used in the Plan, the following terms shall have the meanings set forth below, and when the meaning is intended, the initial letter of the word shall be capitalized:

"Award" means, individually or collectively, a grant under this Plan of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Performance Shares or Performance Units, or Other Incentive Awards.

"Award Agreement" means an agreement entered into by the Company and each Participant setting forth the terms and provisions applicable to Awards granted under this Plan.

“Beneficial Owner” or “Beneficial Ownership” shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

“Board” or “Board of Directors” means the Board of Directors of the Company.

“Change in Control” of the Company means any one or more of the following:

(a) The Company is merged, consolidated or reorganized into or with another corporation, partnership, limited liability company, trust, or other legal person (collectively referred herein as a “Business Entity”), and immediately after such merger, consolidation, or reorganization less than fifty percent (50%) of the combined voting power of the then-outstanding securities of such Business Entity immediately after such transaction are held in the aggregate by the holders of voting stock of the Company immediately prior to such transaction;

(b) The Company sells all or substantially all of its assets to any other Business Entity, and less than fifty percent (50%) of the combined voting power of the then-outstanding securities of such Business Entity immediately after such sale are held in the aggregate by the holders of voting stock of the Company immediately prior to such sale; or

(c) Any person (as the term “person” is used in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) or group of persons acting in concert has become the beneficial owner (as the term “beneficial owner” is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of securities representing fifty percent (50%) or more of the voting stock of the Company.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Committee” means the Compensation Committee of the Board, as specified in Article 3 herein, or such other Committee appointed by the Board to administer the Plan with respect to grants of Awards.

“Common Stock” means the common stock of the Company.

“Company” means ICF International, Inc., a Delaware corporation, as well as any successor to the Company as provided in Article 18 herein.

“Director” means any individual who is a member of the Board of Directors of the Company.

“Disability” means the inability of a Participant to engage in any substantially gainful activity by reason of any medically determinable physical or mental impairment that is expected to result in death or has lasted or can be expected to last for a continuous period of twelve (12) months or more. A determination that a Participant is disabled shall be made by the Committee on the basis of such medical evidence as the Committee deems warranted under the circumstances.

“Effective Date” shall have the meaning ascribed to such term in Section 1.1 hereof.

“Employee” means any employee of the Company or any Subsidiary. Nonemployee Directors shall not be considered Employees under this Plan unless specifically designated otherwise.

“Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

“Fair Market Value” shall be the fair market value of a share of Common Stock, as determined in good faith by the Committee.

“Freestanding SAR” means an SAR that is granted independently of any Options, as described in Article 7 herein.

“Incentive Stock Option” or “ISO” means an option to purchase Shares granted under Article 6 herein and which is designated as an Incentive Stock Option and which is intended to meet the requirements of Code Section 422.

“Nonemployee Director” means an individual who is a member of the Board of Directors of the Company but who is not an Employee of the Company or a Subsidiary.

“Nonqualified Stock Option” or “NQSO” means an option to purchase Shares granted under Article 6 herein and which is not intended to meet the requirements of Code Section 422.

“Option” means an Incentive Stock Option or a Nonqualified Stock Option, as described in Article 6 herein.

“Option Price” means the price at which a Share may be purchased by a Participant pursuant to an Option.

“Other Incentive Award” means an award granted pursuant to Article 10 hereof.

“Participant” means an Employee or Nonemployee Director who has outstanding an Award granted under the Plan.

“Performance Period” means the time period during which performance goals must be achieved with respect to an Award, as determined by the Committee.

“Performance Share” means an Award granted to a Participant, as described in Article 9 herein.

“Performance Unit” means an Award granted to a Participant, as described in Article 9 herein.

“Period of Restriction” means the period during which the transfer of Shares of Restricted Stock is limited in some way (based on the passage of time, the achievement of performance goals, and/or upon the occurrence of other events as determined by the Committee)

at its discretion), and the Shares are subject to a substantial risk of forfeiture, as provided in Article 8 herein.

“Person” shall have the meaning ascribed to such term in Section 3(a) (9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) thereof.

“Restricted Stock” means an Award granted to a Participant pursuant to Article 8 herein.

“Shares” means the shares of common stock of the Company.

“Share Pool” means the number of shares authorized for issuance under Section 4.1, as adjusted for awards and payouts under Section 4.2 and as adjusted for changes in corporate capitalization under Section 4.3.

“Stock Appreciation Right” or “SAR” means an Award, granted alone or in connection with a related Option, designated as an SAR, pursuant to the terms of Article 7 herein.

“Subsidiary” means any corporation, partnership, joint venture, affiliate or other entity in which the Company has a majority voting interest, and which the Committee designates as a participating entity in the Plan.

“Tandem SAR” means an SAR that is granted in connection with a related Option pursuant to Article 7 herein, the exercise of which shall require forfeiture of the right to purchase a Share under the related Option (and when a Share is purchased under the Option, the Tandem SAR shall similarly be canceled).

ARTICLE THREE

ADMINISTRATION

3.1 THE COMMITTEE. The Plan shall be administered by the Compensation Committee of the Board or by any other Committee appointed by the Board. The members of the Committee shall be appointed from time to time by, and shall serve at the discretion of, the Board of Directors.

3.2 AUTHORITY OF THE COMMITTEE. Except as limited by law or by the Articles of Incorporation or Bylaws of the Company, and subject to the provisions herein, the Committee shall have full power to select Employees and Nonemployee Directors who shall participate in the Plan; determine the sizes and types of Awards; determine the terms and conditions of Awards in a manner consistent with the Plan; construe and interpret the Plan and any agreement or instrument entered into under the plan; establish, amend or waive rules and regulations for the Plan’s administration; and (subject to the provisions of Article 15 herein) amend the terms and conditions of any outstanding Award to the extent such terms and conditions are within the discretion of the Committee as provided in the Plan. Further, the Committee shall make all other determinations which may be necessary or advisable for the administration of the Plan. As permitted by law, the Committee may delegate its authority as identified herein.

3.3 DECISIONS BINDING. All determinations and decisions made by the Committee pursuant to the provisions of the Plan and all related orders and resolutions of the Board shall be final, conclusive and binding on all persons, including the Company, its stockholders, Employees, Participants and their estates and beneficiaries.

ARTICLE FOUR

SHARES SUBJECT TO THE PLAN AND MAXIMUM AWARDS

4.1 NUMBER OF SHARES AVAILABLE FOR GRANTS. Subject to adjustment as provided in Section 4.3 herein, the number of Shares hereby reserved for issuance under the Plan shall be 2,500,000. The Committee shall determine the appropriate methodology for calculating the number of Shares issued pursuant to the Plan.

4.2 LAPSED AWARDS. If any Award granted under this Plan is canceled, terminates, expires, or lapses for any reason (with the exception of the termination of a Tandem SAR upon exercise of the related Option, or the termination of a related Option upon exercise of the corresponding Tandem SAR), any Shares subject to such Award shall again be available for the grant of an Award under the Plan.

4.3 ADJUSTMENTS IN AUTHORIZED SHARES. In the event of any change following Board adoption of the Plan (including any such change prior to the Effective Date) in corporate capitalization, such as a stock split, or a corporate transaction, such as any merger, consolidation, separation, including a spin-off, or other distribution of stock or property of the Company, any reorganization (whether or not such reorganization comes within the definition of such term in Code Section 368), or any partial or complete liquidation of the Company, such adjustment shall be made in the number and class of Shares available in the Share Pool and in the number and class of and/or price of Shares subject to outstanding Awards granted under the Plan, as may be determined to be appropriate and equitable by the Committee, in its sole discretion, to prevent dilution or enlargement of rights; provided, however, that the number of Shares subject to any Award shall always be a whole number.

ARTICLE FIVE

ELIGIBILITY AND PARTICIPATION

5.1 ELIGIBILITY. Persons eligible to participate in this Plan include (a) all officers and key employees of the Company, as determined by the Committee, including Employees who are members of the Board and (b) all Nonemployee Directors.

5.2 ACTUAL PARTICIPATION. Subject to the provisions of the Plan, the Committee may, from time to time, select from all eligible Employees and Nonemployee Directors those to whom Awards shall be granted and shall determine the nature and amount of each Award.

ARTICLE SIX

STOCK OPTIONS

6.1 GRANT OF OPTIONS. Subject to the terms and provisions of the Plan, Options may be granted, either by the Committee or the Board, to one or more Participants in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee. The Committee or the Board shall have the authority to grant Incentive Stock Options or to grant Nonqualified Stock Options or to grant both types of Options. In the case of Incentive Stock Options, the terms and conditions of such grants shall be subject to, and comply with, such rules as may be prescribed by Section 422 of the Code, as from time to time amended, and any regulations implementing such statute, including, without limitation, the requirements of Code Section 422(d) which limit the aggregate Fair Market Value of Shares (determined at the time that such Option is granted) for which Incentive Stock Options are exercisable for the first time to \$100,000 per calendar year, and the requirement that Incentive Stock Options may only be granted to Employees. Each provision of the Plan and of each written Award Agreement relating to an Option designated as an Incentive Stock Option shall be construed so that such Option qualifies as an Incentive Stock Option, and any provision that cannot be so construed shall be disregarded.

6.2 AWARD AGREEMENT. Each Option grant shall be evidenced by an Award Agreement that shall specify the Option Price, the duration of the Option, the number of Shares to which the Option pertains, and such other provisions as the Committee shall determine. The Award Agreement also shall specify whether the Option is intended to be an ISO or an NQSO.

6.3 OPTION PRICE. The Option Price for each grant of an Option under this Plan shall be at least equal to one hundred percent (100%) of the Fair Market Value of a Share on the date the Option is granted. Notwithstanding any provision contained herein, in the case of an Incentive Stock Option, the exercise price at the time such Incentive Stock Option is granted to any Employee who, at the time of such grant, owns (within the meaning of Section 424(d) of the Code) more than ten percent of the voting power of all classes of stock of the Company or a Subsidiary, shall not be less than 110% of the per Share Fair Market Value on the date of grant.

6.4 DURATION OF OPTIONS. Each Option shall expire at such time as the Committee shall determine at the time of grant; provided, however, that in the case of an Incentive Stock Option, an Employee may not exercise such Incentive Stock Option after the date which is ten years (five years in the case of a Participant who owns more than ten percent of the voting power of the Company or a Subsidiary) after the date on which such Incentive Stock Option is granted.

6.5 EXERCISE OF OPTIONS. Options granted under this Article 6 shall be exercisable at such times and be subject to such restrictions and conditions as the Committee shall in each instance approve, which need not be the same for each grant or for each Participant.

6.6 PAYMENT. Options granted under this Article 6 shall be exercised by the delivery of a written notice of exercise to the Company, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares.

The Option Price upon exercise of any Option shall be payable to the Company in full either: (a) in cash or its equivalent, or (b) by tendering previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the total Option Price (provided that the Shares that are tendered must have been held by the Participant for at least six (6) months prior to their tender to satisfy the Option Price), or (c) by a combination of (a) and (b).

As soon as practicable after receipt of a written notification of exercise and full payment, the Company shall deliver to the Participant, in the Participant's name, Share certificates in an appropriate amount based upon the number of Shares purchased under the Option(s).

6.7 RESTRICTIONS ON SHARE TRANSFERABILITY. The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option granted under this Article 6 as it may deem advisable, including, without limitation, restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, and under any blue sky or state securities laws applicable to such Shares.

6.8 TERMINATION OF EMPLOYMENT. Each Option Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the Option following termination of the Participant's employment with (or service to) the Company and/or its Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Options issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of employment or service.

6.9 NONTRANSFERABILITY OF OPTIONS.

(a) **INCENTIVE STOCK OPTIONS.** No ISO granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, all ISOs granted to a Participant under the Plan shall be exercisable during his or her lifetime only by such Participant.

(b) **NON-QUALIFIED STOCK OPTIONS.** Except as otherwise provided in a Participant's Award Agreement, no NQSO granted under this Article 6 may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided in a Participant's Award Agreement, all NQSOs granted to a Participant under this Article 6 shall be exercisable during his or her lifetime only by such Participant.

ARTICLE SEVEN

STOCK APPRECIATION RIGHTS

7.1 GRANT OF SARs. Subject to the terms and conditions of the Plan, SARs may be granted to Participants at any time and from time to time as shall be determined by the Committee. The Committee may grant Freestanding SARs, Tandem SARs, or any combination of these forms of SAR.

The Committee shall have complete discretion in determining the number of SARs granted to each Participant (subject to Article 4 herein) and, consistent with the provisions of the Plan, in determining the terms and conditions pertaining to such SARs.

Unless otherwise designated by the Committee at the time of grant, the grant price of a Freestanding SAR shall equal the Fair Market Value of a Share on the date of grant of the SAR. The grant price of Tandem SARs shall equal the Option Price of the related Option.

7.2 EXERCISE OF TANDEM SARs. Tandem SARs may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option. A Tandem SAR may be exercised only with respect to the Shares for which its related Option is then exercisable.

Notwithstanding any other provision of this Plan to the contrary, with respect to a Tandem SAR granted in connection with an ISO: (i) the Tandem SAR will expire no later than the expiration of the underlying ISO; (ii) the value of the payout with respect to the Tandem SAR may be for no more than one hundred percent (100%) of the difference between the Option Price of the underlying ISO and the Fair Market Value of the Shares subject to the underlying ISO at the time the Tandem SAR is exercised; and (iii) the Tandem SAR may be exercised only when the Fair Market Value of the Shares subject to the ISO exceeds the Option Price of the ISO.

7.3 EXERCISE OF FREESTANDING SARs. Freestanding SARs may be exercised upon whatever terms and conditions the Committee, in its sole discretion, imposes upon them.

7.4 SAR AGREEMENT. Each SAR grant shall be evidenced by an Award Agreement that shall specify the grant price, the term of the SAR, and such other provisions as the Committee shall determine.

7.5 TERM OF SARs. The term of an SAR granted under the Plan shall be determined by the Committee, in its sole discretion; provided, however, that unless otherwise designated by the Committee, such term shall not exceed ten (10) years.

7.6 PAYMENT OF SAR AMOUNT. Upon exercise of an SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

- (a) The difference between the Fair Market Value of a Share on the date of exercise over the grant price; by
- (b) The number of Shares with respect to which the SAR is exercised.

At the discretion of the Committee, the payment upon SAR exercise may be in cash, in Shares of equivalent value, in Restricted Shares of equivalent value, or in some combination thereof.

7.7 TERMINATION OF EMPLOYMENT. Each SAR Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the SAR following termination of the Participant's employment with (or service to) the Company and/or its

Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with Participants, need not be uniform among all SARs issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of employment or service.

7.8 NON-TRANSFERABILITY OF SARs. Except as otherwise provided in a Participant's Award Agreement, no SAR granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided in a Participant's Award Agreement, all SARs granted to a Participant under the Plan shall be exercisable during his or her lifetime only by such Participant.

ARTICLE EIGHT

RESTRICTED STOCK

8.1 GRANT OF RESTRICTED STOCK. Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Shares of Restricted Stock to Participants in such amounts as the Committee shall determine.

8.2 RESTRICTED STOCK AGREEMENT. Each Restricted Stock grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Shares of Restricted Stock granted, and such other provisions as the Committee shall determine.

8.3 TRANSFERABILITY. Except as provided in this Article 8, the Shares of Restricted Stock granted herein may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction established by the Committee and specified in the Restricted Stock Award Agreement, or upon earlier satisfaction of any other conditions, as specified by the Committee in its sole discretion and set forth in the Restricted Stock Agreement. All rights with respect to the Restricted Stock granted to a Participant under the Plan shall be available during his or her lifetime only to such Participant.

8.4 OTHER RESTRICTIONS. Subject to Article 11 herein, the Committee may impose such other conditions and/or restrictions on any Shares of Restricted Stock granted pursuant to the Plan as it may deem advisable including, without limitation, a requirement that Participants pay a stipulated purchase price for each Share of Restricted Stock, a requirement that Participants own a certain amount of Shares before vesting shall occur, restrictions based upon the achievement of specific performance goals (Company-wide, divisional, and/or individual), time-based restrictions on vesting following the attainment of the performance goals, requirement and/or restrictions under applicable federal or state securities laws.

The Company shall retain the certificates representing Shares of Restricted Stock in the Company's possession until such time as all conditions and/or restrictions applicable to such Shares have been satisfied.

Except as otherwise provided in this Article 8, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan shall become freely transferable by the Participant after the last day of the applicable Period of Restriction.

8.5 VOTING RIGHTS. Unless otherwise designated by the Committee at the time of grant, Participants holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares during the Period of Restriction.

8.6 DIVIDENDS AND OTHER DISTRIBUTIONS. Unless otherwise designated by the Committee at the time of grant, Participants holding Shares of Restricted Stock granted hereunder may be credited with regular cash dividends paid with respect to the underlying Shares while they are so held during the Period of Restriction. The Committee may apply any restrictions to the dividends that the Committee deems appropriate.

8.7 TERMINATION OF EMPLOYMENT. Each Restricted Stock Award Agreement shall set forth the extent to which the Participant shall have the right to receive unvested Restricted Shares following termination of the Participant's employment with (or service to) the Company and/or its Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Shares of Restricted Stock issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of employment or service.

ARTICLE NINE

PERFORMANCE UNITS AND PERFORMANCE SHARES

9.1 GRANT OF PERFORMANCE UNITS AND PERFORMANCE SHARES. Subject to the terms of the Plan, Performance Units and/or Performance Shares may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Committee.

9.2 VALUE OF PERFORMANCE UNITS/SHARES. Each Performance Unit shall have an initial value that is established by the Committee at the time of grant. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the date of grant. The Committee shall set performance goals in its discretion which, depending on the extent to which they are met, will determine the number and/or value of Performance Units/Shares that will be paid out to the Participant. For purposes of this Article 9, the time period during which the performance goals must be met shall be called a "Performance Period."

9.3 EARNING OF PERFORMANCE UNITS/SHARES. Subject to the terms of this Plan, after the applicable Performance Period has ended, the holder of Performance Units/Shares shall be entitled to receive payout on the number and value of Performance Units/Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance goals have been achieved, as established by the Committee.

9.4 FORM AND TIMING OF PAYMENT OF PERFORMANCE UNITS/SHARES. Subject to the terms of this Plan, the Committee, in its sole discretion, may pay earned Performance Units/Shares in the form of cash or in Shares (or in a combination thereof) which have an aggregate Fair Market Value equal to the value of the earned Performance Units/Shares at the close of the applicable Performance Period. Such Shares may be granted subject to any restrictions deemed appropriate by the Committee.

At the discretion of the Committee, Participants may be entitled to receive any dividends declared with respect to Shares which have been earned in connection with grants of Performance Units and/or Performance Shares which have been earned, but not yet distributed to Participants (such dividends shall be subject to the same accrual, forfeiture, and payout restrictions as apply to dividends earned with respect to Shares of Restricted Stock, as set forth in Section 8.6 herein). In addition, Participants may, at the discretion of the Committee, be entitled to exercise their voting rights with respect to such Shares.

9.5 TERMINATION OF EMPLOYMENT DUE TO DEATH, DISABILITY OR RETIREMENT. Unless otherwise designated by the Committee, and set forth in the Participant's Award Agreement, in the event the employment (or service) of a Participant is terminated due to death, Disability or retirement during a Performance Period, the Participant shall receive a prorated payout of the Performance Units/Shares. The prorated payout shall be determined by the Committee, shall be based upon the length of time that the Participant held the Performance Units/Shares during the Performance Period and shall further be adjusted based on the achievement of the preestablished performance goals. Payment of earned Performance Units/Shares shall be made at a time specified by the Committee in its sole discretion and set forth in the Participant's Award Agreement.

9.6 TERMINATION OF EMPLOYMENT FOR OTHER REASONS. In the event that a Participant's employment (or service) terminates for any reason other than those reasons set forth in Section 9.5 herein, all Performance Units/Shares shall be forfeited by the Participant to the Company unless determined otherwise by the Committee, as set forth in the Participant's Award Agreement.

9.7 NONTRANSFERABILITY. Except as otherwise provided in a Participant's Award Agreement, Performance Units/Shares may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided in a Participant's Award Agreement, a Participant's rights under the Plan shall be exercisable during the Participant's lifetime only by the Participant or the Participant's legal representative.

ARTICLE TEN

OTHER INCENTIVE AWARDS

10.1 GRANT OF OTHER INCENTIVE AWARDS. Subject to the terms and provisions of the Plan, Other Incentive Awards may be granted to Participants in such amount, upon such terms, and at any time and from time to time as shall be determined by the Committee.

10.2 OTHER INCENTIVE AWARD AGREEMENT. Each Other Incentive Award grant shall be evidenced by an Award Agreement that shall specify the amount of the Other Incentive Award granted, the terms and conditions applicable to such grant, the applicable Performance Period and performance goals, and such other provisions as the Committee shall determine, subject to the terms and provisions of the Plan.

10.3 NONTRANSFERABILITY. Except as otherwise provided in a Participant's Award Agreement, Other Incentive Awards may not be sold, transferred, pledged, assigned or

otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution.

10.4 FORM AND TIMING OF PAYMENT OF OTHER INCENTIVE AWARDS. Payment of Other Incentive Awards shall be made at such times and in such form, in cash, in Shares, or in Restricted Shares (or a combination thereof), as established by the Committee subject to the terms of the Plan. Such Shares may be granted subject to any restrictions deemed appropriate by the Committee. Without limiting the generality of the foregoing, annual incentive awards may be paid in the form of Shares and/or Other Incentive Awards (which may or may not be subject to restrictions, at the discretion of the Committee).

ARTICLE ELEVEN

BENEFICIARY DESIGNATION

Each Participant under the Plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed the Company, and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

ARTICLE TWELVE

DEFERRALS

The Committee may permit a Participant to defer such Participant's receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant by virtue of the exercise of an Option or SAR, the lapse or waiver of restrictions with respect to Restricted Stock, or the satisfaction of any requirements or goals with respect to Performance Units/Shares or Other Incentive Awards. If any such deferral election is required or permitted, the Committee shall, in its sole discretion, establish rules and procedures for such payment deferrals. Any such deferral shall be made in a manner consistent with the requirements of Section 409A of the Code.

ARTICLE THIRTEEN

RIGHTS OF EMPLOYEES AND NONEMPLOYEE DIRECTORS

13.1 EMPLOYMENT. Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Company.

13.2 PARTICIPATION. No Employee or Nonemployee Director shall have the right to be selected to receive an Award under this Plan or, having been so selected, to be selected to receive a future Award.

ARTICLE FOURTEEN

CHANGE IN CONTROL

14.1 TREATMENT OF OUTSTANDING AWARDS. Upon the occurrence of a Change in Control, unless otherwise specifically prohibited under applicable laws, or by the rules and regulations of any governing governmental agencies or national securities exchanges:

(a) Any and all Options and SARs granted hereunder shall become immediately exercisable, and shall remain exercisable throughout their entire term, and any cash or property received upon exercise of any Option or SAR shall be free from further restriction;

(b) Any restriction periods and restrictions imposed on Restricted Shares shall lapse; and

(c) Unless otherwise specified in a Participant's Award Agreement at time of grant, the target payout opportunities attainable under all outstanding Awards of Performance Units and Performance Shares and Other Incentive Awards shall be deemed to have been fully earned for the entire Performance period(s) as of the effective date of the Change in Control. The vesting of all such Awards shall be accelerated as of the effective date of the Change in Control and, in full settlement of such Awards, there shall be paid out to Participants (in Shares for Awards normally paid in Shares and in cash for Awards normally paid in cash) within thirty (30) days following the effective date of the Change in Control a pro rata portion of all targeted Award opportunities associated with such outstanding Awards, based on the number of complete and partial calendar months within the Performance Period which had elapsed as of such effective date.

14.2 TERMINATION, AMENDMENT AND MODIFICATIONS OF CHANGE IN CONTROL PROVISIONS. Notwithstanding any other provision of this Plan or any Award Agreement provision, the provisions of this Article 14 may not be terminated, amended or modified to affect adversely any Award theretofore granted under the Plan without the prior written consent of the Participant with respect to said Participant's outstanding Awards.

ARTICLE FIFTEEN

AMENDMENT, MODIFICATION AND TERMINATION

15.1 AMENDMENT, MODIFICATION AND TERMINATION. The Board may at any time and from time to time alter, amend, suspend or terminate the Plan in whole or in part.

15.2 AWARDS PREVIOUSLY GRANTED. No termination, amendment or modification of the Plan shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Participant holding such Award.

ARTICLE SIXTEEN

WITHHOLDING

16.1 TAX WITHHOLDING. The Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Plan.

16.2 SHARE WITHHOLDING. With respect to withholding required upon the exercise of Options or SARs, upon the lapse of restrictions on Restricted Stock, or upon any other taxable event arising as a result of Awards granted hereunder, Participants may elect, subject to the approval of the Committee, to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax which could be imposed on the transaction. All such elections shall be irrevocable, made in writing, signed by the Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

ARTICLE SEVENTEEN

INDEMNIFICATION

Each person who is or shall have been a member of the Committee, or of the Board, shall be indemnified by the Company against and from any loss, cost, liability or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan. Such person shall be indemnified by the Company for all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

ARTICLE EIGHTEEN

SUCCESSORS

All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the business and/or assets of the Company.

ARTICLE NINETEEN

LEGAL CONSTRUCTION

19.1 GENDER AND NUMBER. Except where otherwise indicated by the context, any masculine term used herein shall also include the feminine, the plural shall include the singular, and the singular shall include the plural.

19.2 SEVERABILITY. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

19.3 REQUIREMENTS OF LAW. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

19.4 GOVERNING LAW. To the extent not preempted by federal law, the Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Delaware, without giving effect to the conflict of laws principles thereof.

ARTICLE TWENTY

TERMINATION

The Plan shall terminate on the tenth (10th) anniversary of the Effective Date or at such earlier time as the Committee, with the consent of the Board, may determine. No termination shall affect any Award then outstanding under the Plan.

* * * * *

ICF INTERNATIONAL, INC.

2006 EMPLOYEE STOCK PURCHASE PLAN

1. PURPOSE OF THE PLAN. The purpose of the ICF International, Inc. 2006 Employee Stock Purchase Plan (the "Plan") is to provide eligible employees of ICF International, Inc. (the "Company") and its Subsidiaries with an opportunity to acquire an equity interest in the Company through the purchase of Common Shares and thus develop an incentive to remain with the Company, provide a means for employees to share in the future success of the Company, and to link and align the personal interests of such employees to those of the Company' stockholders. If the Company issues Common Shares under the Plan, the proceeds therefrom will provide additional capital for the Company, which will be used for general corporate purposes. It is the intention of the Company to have the Plan qualify as an "employee stock purchase plan" under Section 423 of the Code and the Plan is to be construed accordingly.

2. DEFINITIONS. For purposes of this Plan, the following terms when capitalized shall have the meanings designated herein unless a different meaning is plainly required by the context. Where applicable, the masculine pronouns shall include the feminine and the singular shall include the plural.

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Cash Account" shall mean the account established for each Participant to which amounts withheld through payroll deductions shall be credited.

(c) "Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations and rulings thereunder.

(d) "Committee" shall mean the Compensation Committee of the Board or such other committee of at least three directors as may be appointed by the Board from time to time to serve at the pleasure of the Board.

(e) "Common Shares" shall mean the shares of common stock of the Company.

(f) "Company" shall mean ICF International, Inc.

(g) "Custodian" shall mean the person selected by the Company to hold the amounts withheld through Participants' payroll deductions pending the purchase of Common Shares pursuant to the Plan and to hold the Common Shares so purchased for the benefit of Participants until such Common Shares are withdrawn pursuant to the terms of the Plan. The Custodian shall qualify as an "agent independent of the issuer" as that term is used in Regulation M promulgated under the Securities Exchange Act of 1934, as amended.

(h) "Effective Date" shall mean the last business day of each Offering Period under the Plan.

(i) "Offering" shall mean an opportunity provided by the Committee to purchase Common Shares under the Plan.

(j) "Offering Period" shall mean the semi-annual periods ending on June 30th and December 31st during which an Offering shall be made under the Plan.

(k) "Participant" shall include any employee who has satisfied the requirements of the Plan to acquire Common Shares under the Plan and has elected to have payroll deductions made pursuant to the Plan.

(l) "Payroll Deduction Date(s)" shall mean the date or dates specified by the Company on which withholdings for each semi-annual period of the Plan shall be made.

(m) "Right to Purchase" shall mean an option to purchase Common Shares granted to a Participant who elects to participate in an Offering under the provisions of the Plan.

(n) "Right to Purchase Date" shall mean the Effective Date of an Offering Period.

(o) "Share Account" shall mean the account established for each Participant to which Common Shares purchased on each Right to Purchase Date for the Participant shall be credited.

(p) "Subsidiary" means any corporation, partnership, joint venture, affiliate or other entity in which the Company has a majority voting interest, and which the Committee designates as a participating entity in the Plan.

3. ADMINISTRATION. The Plan shall be administered by the Committee. Members of the Committee shall not be eligible to participate in the Plan. Subject to express provisions of the Plan and to such instructions and limitations as the Board may establish from time to time, the Committee shall have the authority to prescribe, amend and rescind rules and regulations relating to the Plan. The Committee may interpret the Plan and may correct any defect or supply any omission or reconcile any inconsistency in the Plan to the extent necessary for the effective operation of the Plan. Any determination, decision or action taken by the Committee on the matters referred to in this paragraph shall be conclusive.

4. EFFECTIVENESS OF THE PLAN. The Plan shall become effective upon the effectiveness of the registration statement for the Company's initial public offering following Board adoption of the Plan and stockholder approval of the Plan at the next annual meeting of stockholders of the Company or any adjournment thereof.

5. COMMON SHARES SUBJECT TO THE PLAN. Subject to adjustment as provided in Paragraph 17 herein, not more than 1,000,000 Common Shares shall be offered under the Plan. The Common Shares subject to the Plan shall be authorized and unissued Common Shares, as well as any previously issued Common Shares acquired by the Company.

6. OFFERINGS UNDER THE PLAN. After the Plan has become effective, one or more Offerings, as determined by the Committee, may be made to eligible employees to purchase Common Shares subject to the Plan. The Offerings may be consecutive or concurrent as determined by the Committee. Each Offering shall be made during an Offering Period. Common Shares not sold under one Offering may be offered again in any subsequent Offering.

7. ELIGIBILITY. Subject to the terms of this Plan, all employees of the Company and employees of any of its Subsidiaries may participate in the Plan, except (i) employees whose customary employment is 20 hours or less per week and (ii) employees whose customary employment is for not more than 5 months in any calendar year. Notwithstanding the previous sentence, any employee who owns greater than 5% of the total combined voting power or value of all classes of shares of the Company shall not be eligible to participate in any Offerings under the Plan.

An eligible employee may begin to participate in the Plan as of the January 1st or July 1st following the date on which he or she commences employment.

Nothing contained herein and no rules and regulations prescribed by the Committee shall permit or deny participation in any offering contrary to the requirements of the Code (including, without limitation, Sections 423(b)(3), 423(b)(4) and 423(b)(8) thereof).

Nothing contained herein and no rules and regulations prescribed by the Committee shall permit any employee to be granted a Right to Purchase under the Plan:

(a) if, immediately after such Right to Purchase is granted, such employee would own, and/or hold outstanding options or rights to purchase, shares of the Company possessing five percent (5%) or more of the total combined voting power or value of all classes of shares of the Company; or

(b) which permits an employee's rights to purchase Common Shares under all employee stock purchase plans of the Company to accrue at a rate which exceeds Twenty-Five Thousand Dollars (\$25,000.00) of fair market value of Common Shares (determined as of the date such Right to Purchase is granted) for each calendar year in which such Right to Purchase is outstanding at any time.

For purposes of this paragraph, the provisions of Section 424(d) of the Code, shall apply in determining the stock ownership of each employee. For purposes of clause 7(b) above, the provisions of Section 423(b)(8) of the Code shall apply in determining whether an employee's Rights to Purchase and other rights are permitted to accrue at a rate in excess of the permitted rate.

8. PAYROLL DEDUCTIONS. In order to participate in the Plan, an eligible employee must indicate on an Enrollment/Change Form (to be provided by the Committee) the contribution percentage or amount that he wishes to authorize the Company or appropriate Subsidiary to deduct at regular payroll intervals. The minimum deduction for each eligible employee, during each Offering Period, shall be an amount equal to five dollars (\$5.00) per pay period. Each Enrollment/Change Form will include authorization for the Company or appropriate Subsidiary to make payroll deductions from the eligible employee's compensation.

The amounts withheld through such payroll deductions shall be credited to each Participant's Cash Account. The withholdings for each semi-annual period of the Plan from the compensation of a Participant shall be made on the Payroll Deduction Dates specified by the Company. Such amounts will be delivered to the Custodian and held pending the purchase of Common Shares as described in Paragraph 10 hereof.

Any employee of the Company or a Subsidiary who satisfies the eligibility requirements of Section 7 hereof shall be eligible to complete an Enrollment/Change Form and to begin payroll deductions hereunder as of the January 1st or July 1st following the date on which he or she commences employment. Subject to the other limitations of this Paragraph 8, a Participant may, by written notice to the Company at least twenty (20) days prior to each January 1st or July 1st, increase or decrease the amount of his payroll deduction as of each Payroll Deduction Date. In addition, a Participant may by written notice to the Company at least twenty days prior to any Payroll Deduction Date discontinue payroll deductions as of such Payroll Deduction Date. Payroll deductions may not thereafter be resumed until the next following January 1st or July 1st. In the event that a Participant ceases his payroll deductions as provided herein, such Participant's Cash Account balance will be used, as of the next Right to Purchase Date, to purchase Common Shares. The Committee may impose such other restrictions on the right to cease payroll deductions as it may deem appropriate.

9. NO INTEREST ON CASH ACCOUNTS. The payroll deductions and other monies held in Participants' Cash Accounts shall bear no interest.

10. PURCHASE PRICE AND EXERCISE OF RIGHT TO PURCHASE. The purchase price for a Common Share under each Offering shall be determined by the Committee as of the Right to Purchase Date of each Offering and shall be stated as a percentage of the fair market value of a Common Share on the Right to Purchase Date of the Offering. Such purchase price shall be equal to ninety-five percent (95%) of the per share fair market value of the Common Shares as of the Right to Purchase Date.

The fair market value of a Common Share on any date shall be the average of the high and low price per share of the Common Shares (or, if applicable, the price paid by the Custodian) on the principal stock exchange on which the Company's Common Shares are traded on such date or, if no such sales of Common Shares are made on such date, on the next preceding date on which sales of Common Shares were made on such stock exchange.

Each Participant shall be deemed to have been granted a Right to Purchase on the Effective Date of each offering for the number of whole Common Shares which the Participant would be able to purchase with the balance in his Cash Account. Each outstanding Right to

Purchase will be exercised automatically on the Right to Purchase Date to purchase the number of whole Common Shares which the amount in the Participant's Cash Account at that time is sufficient to purchase at the applicable purchase price. Any amounts remaining in a Participant's Cash Account after such application will remain in the Cash Account for use during the next Offering Period.

The Custodian shall purchase the number of Common Shares with respect to which Rights to Purchase have been exercised beginning on the Right to Purchase Date. The Custodian shall establish and maintain a separate Share Account for each Participant, which shall be credited with the number of whole Common Shares purchased on the Right to Purchase Date on behalf of each Participant. A Participant may withdraw the Common Shares credited to his Share Account on a first-in-first-out basis by written notice to the Custodian at least twenty (20) days prior to any January 1st or July 1st. A Participant may withdraw all or a portion of the Common Shares which were credited to his Share Account on or prior to the Right to Purchase Date immediately preceding such January 1st or July 1st. A Participant will be charged a fee by the Custodian for each such withdrawal. The amount of such fee shall be as agreed from time to time by the Custodian and the Company. The Custodian shall deliver to such Participant a share certificate issued in his name for the number of whole Common Shares he wishes to withdraw from his Share Account. At least annually, there shall be delivered to each Participant a statement of his Share Account showing the number of Common Shares purchased during the preceding twelve months (or lesser period of existence of the Offering), the Right to Purchase prices paid for the Common Shares, the dates of purchase of the Common Shares, and the amount to be included in the ordinary income of the Participant at such time as the Common Shares are sold, as prescribed by Section 423(c) of the Code.

The initial Custodian shall be selected by the Company prior to the initial Offering under the Plan. The Company may remove any Custodian, and any Custodian may resign, upon 60 days' notice in writing to the other party, as the case may be. Any successor custodian shall be appointed by the Company. The Company shall pay all fees and costs of the Custodian as agreed between the Company and the Custodian from time to time, except for the withdrawal fees payable by Participants as described above.

The Company may, at any time after the end of an Offering Period, close the Cash Accounts of eligible employees not participating in another Offering under the Plan, in which case any balance in such Cash Accounts will be refunded to such eligible employees. Any balance remaining in the Cash Account of a Participant after the end of an offering Period shall remain in the Participant's Cash Account for use in the next Offering.

The Company may, at any time after the end of an Offering Period, close the Share Accounts related to such Offering, in which case the Custodian shall deliver to each Participant in that Offering a share certificate issued in his name for the number of whole Common Shares credited to his Share Account, without charging a withdrawal fee.

11. REGISTRATION OF CERTIFICATES. Common Shares withdrawn by Participants will be registered, and share certificates therefore will be issued, only in the name of the Participant.

12. RIGHTS AS SHAREHOLDERS. With respect to Common Shares subject to a Right to Purchase, pending exercise of such Right to Purchase, the Participant shall not be deemed to be a stockholder of the Company and shall not have any of the rights or privileges of a stockholder. A Participant who has exercised a Right to Purchase shall have the rights and privileges of a stockholder immediately following such exercise.

13. USE OF PLAN FUNDS. Subject to Paragraph 10 hereof, to the extent the Company issues Common Shares to Participants upon exercise of Rights to Purchase granted under the Plan, the amounts received by the Company may be used for any corporate purpose or purposes of the Company.

14. TERMINATION OF EMPLOYMENT. If the employment of a Participant terminates for any reason, including death, disability, retirement or other cause, his participation in the Plan automatically and without any act on his part shall terminate as of the date of termination of his employment. As soon as practicable following the Participant's termination of employment, the Company shall refund to such Participant (or his beneficiary, in the case of the participant's death) any and all amounts in his Cash Account and the Custodian shall deliver to such Participant (or beneficiary) a share certificate issued in his name for the number of whole Common Shares credited to his Share Account through prior Offerings.

15. RESTRICTION UPON ASSIGNMENT. Rights to Purchase granted to a Participant under the Plan shall not be transferable (including pledge or hypothecation), and shall be exercisable during the Participant's lifetime only by the Participant. The Company shall not recognize and shall be under no duty to recognize assignment or purported assignment by a Participant of his Rights to Purchase or of any rights under his Rights to Purchase.

16. GOVERNMENT REGULATIONS. The Company's obligation to issue, sell or deliver any Common Shares under this Plan is subject to all applicable laws and regulations and to the approval of any governmental or regulatory authority required in connection with the issuance, sale or delivery of such Common Shares. The Company shall not be required to issue, sell or deliver any Common Shares under this Plan prior to:

(a) the approval of such Common Shares for listing on any stock exchange (if such approval must be obtained); and

(b) the completion of any registration or other qualification of such Common Shares under any state or Federal law or any ruling or regulation of any governmental or regulatory authority that the Company in its sole discretion shall determine to be necessary or advisable.

17. ADJUSTMENT OF SHARES UPON CHANGES IN CAPITALIZATION. Notwithstanding any other provision of the Plan, in the event of any change following Board adoption of the Plan (including any such change prior to the effectiveness of the Plan) in the outstanding Common Shares, by reason of a stock split, dividend payable in Common Shares, recapitalization, merger, consolidation, split-up, combination or exchange of shares, or the like, appropriate adjustments shall be made to the aggregate number and class of shares subject to the Plan, the number and class of shares subject to outstanding Rights to Purchase, the purchase

price per share (in the case of shares subject to outstanding Rights to Purchase), and the number and class of shares which may be subscribed to by any one employee, and such other adjustments shall be made as may be deemed equitable by the Committee.

18. DIVIDEND REINVESTMENT. All cash dividends paid, if any, with respect to the Common Shares credited to a Participant's Share Account shall be added to the Participant's Cash Account and thereby shall be applied to exercise Rights to Purchase to purchase whole Common Shares on the Right to Purchase Date next following the date such cash dividends are paid by the Company. An election to leave Common Shares with the Custodian shall constitute an election to apply the cash dividends with respect to such shares to the exercise of Rights to Purchase hereunder. Common Shares so purchased shall be applied to the Common Shares credited to each Participant's Share Account.

19. AMENDMENT OF THE PLAN. To the extent permitted by law, the Committee may at any time and from time to time make such changes in the Plan and additions to it as the Committee deems advisable; provided, however, that, except as provided in Paragraph 17 hereof, and except with respect to changes or additions in order to make the Plan comply with Section 423 of the Code, the Committee may not make any changes or additions that would adversely affect Rights to Purchase previously granted under the Plan and may not, without approval of the stockholders of the Company, make any changes or additions that would (a) increase the aggregate number of Common Shares subject to the Plan or which may be subscribed to by an eligible employee, (b) decrease the minimum purchase price for a Common Share to a purchase price that would cause the Plan to no longer comply with the requirements of Section 423 of the Code, or (c) change any of the provisions of the Plan relating to eligibility for participation in Offerings.

20. DURATION AND TERMINATION OF THE PLAN. The Plan shall terminate upon the earlier to occur of the following two events:

- (a) the purchase by eligible employees of all of the Common Shares subject to the Plan; or
- (b) the termination of the Plan by the Board.

No termination of the Plan shall affect Rights to Purchase previously granted under this Plan.

* * * * *

AMENDED AND RESTATED
BUSINESS LOAN AND SECURITY AGREEMENT

dated as of October 5, 2005

by and among

ICF CONSULTING GROUP HOLDINGS, INC. and
ICF CONSULTING GROUP, INC. and other
“Borrower” parties hereto from time to time, as Borrowers,

CITIZENS BANK OF PENNSYLVANIA,
CHEVY CHASE BANK, F.S.B.,
PNC BANK, NATIONAL ASSOCIATION, COMMERCE BANK, N.A.,
and other “Lender” parties hereto from time to time, as Lenders,

and

CITIZENS BANK OF PENNSYLVANIA,
as Agent

TABLE OF CONTENTS

CERTAIN DEFINITIONS		1
INTERPRETIVE PROVISIONS		15
ARTICLE 1	COMMITMENT	16
Section 1.1	Maximum Loan Amount	16
Section 1.2	Use of Proceeds	17
Section 1.3	Borrowing Base and Maximum Advances	17
Section 1.4	Advances	18
Section 1.5	Additional Mandatory Payments; Reduction of Commitment	18
Section 1.6	Field Audits	19
Section 1.7	Certain Fees	19
Section 1.8	Intentionally Omitted	20
Section 1.9	Appointment of the Primary Operating Company	20
Section 1.10	Joinder of New Subsidiaries and Affiliates; Release of Certain Borrowers	20
ARTICLE 2	LETTERS OF CREDIT	21
Section 2.1	Issuance	21
Section 2.2	Amounts Advanced Pursuant to Letters of Credit	21
Section 2.3	Letter of Credit Fees	21
ARTICLE 3	SECURITY	22
Section 3.1	Security Generally	22
Section 3.2	No Preference or Priority	23
ARTICLE 4	CONDITIONS TO THE LENDERS' OBLIGATIONS	23
Section 4.1	Compliance with Law and Agreements; Third Party Consents	23
Section 4.2	Financial Condition	23
Section 4.3	Litigation/Bankruptcy	23
Section 4.4	Opinion of Counsel	23
Section 4.5	No Default	23
Section 4.6	Documentation	24
Section 4.7	Restatement Costs and Expenses	24
Section 4.8	Restatement Matters	24
Section 4.9	Financial Documents	24
Section 4.10	Security Interests	25
Section 4.11	Caliber Documents	25
Section 4.13	Insurance	25
Section 4.14	Other Deliveries	25
ARTICLE 5	REPRESENTATIONS AND WARRANTIES	25
Section 5.1	Existence and Qualification	25
Section 5.2	Authority; Noncontravention	25
Section 5.3	Financial Position	25
Section 5.4	Payment of Taxes	26
Section 5.5	Accuracy of Submitted Information; Omissions	26
Section 5.6	Government Contracts/Government Subcontracts	26
Section 5.7	No Defaults or Liabilities	26
Section 5.8	No Violations of Law	26
Section 5.9	Litigation and Proceedings	26
Section 5.10	Security Interest in the Collateral	27
Section 5.11	Principal Place of Business; Location of Books and Records	27
Section 5.12	Fiscal Year	27
Section 5.13	Pension Plans	27
Section 5.14	O.S.H.A., ADA and Environmental Compliance	28
Section 5.15	Intellectual Property	28
Section 5.16	Existing or Pending Defaults; Material Contracts	29
Section 5.17	Leases and Real Property	29
Section 5.18	Labor Relations	29

Section 5.19	Assignment of Contracts	29
Section 5.20	Contribution Agreement	29
Section 5.21	Registered Names	29
Section 5.22	Ownership of the Borrowers	29
Section 5.23	Solvency	29
Section 5.24	Foreign Assets Control Regulations, Etc.	30
Section 5.25	Federal Reserve Regulations	30
Section 5.26	Commercial Tort Claims	30
Section 5.27	Letter of Credit Rights	30
Section 5.28	Survival of Representations and Warranties	30
ARTICLE 6	AFFIRMATIVE COVENANTS OF THE BORROWERS	30
Section 6.1	Payment of Loan Obligations	30
Section 6.2	Payment of Taxes	30
Section 6.3	Delivery of Financial and Other Statements	30
Section 6.4	Maintenance of Records; Review by the Lenders	31
Section 6.5	Maintenance of Insurance Coverage	31
Section 6.6	Maintenance of Property/Collateral; Performance of Contracts	32
Section 6.7	Maintenance of Existence	32
Section 6.8	Maintenance of Certain Deposit Accounts with the Agent	32
Section 6.9	Maintenance of Management	32
Section 6.10	Disclosure of Defaults, Etc.	32
Section 6.11	Security Perfection; Assignment of Claims Act; Payment of Costs	33
Section 6.12	Defense of Title to Collateral	34
Section 6.13	Compliance with Law	34
Section 6.14	Other Collateral Covenants	34
Section 6.15	Financial Covenants of the Borrowers	35
Section 6.16	Intentionally Omitted	36
Section 6.17	Landlord Waivers; Subordination	36
Section 6.18	Substitute Notes	36
Section 6.19	Interest Rate Contracts	36
ARTICLE 7	NEGATIVE COVENANTS OF THE BORROWERS	36
Section 7.1	Change of Control; Disposition of Assets; Merger	36
Section 7.2	Margin Stocks	38
Section 7.3	Change of Operations	38
Section 7.4	Judgments; Attachments	38
Section 7.5	Further Assignments; Performance and Modification of Contracts; etc.	39
Section 7.6	Affect Rights of the Agent or Lenders	39
Section 7.7	Indebtedness; Granting of Security Interests	39
Section 7.8	Dividends; Loans; Advances; Investments and Similar Events	40
Section 7.9	Lease Obligations	41
Section 7.10	Intentionally Omitted	41
Section 7.11	Lockbox Deposits	41
Section 7.12	Sale and Leaseback Transactions; Other Agreements	41
Section 7.13	CM Equity Consulting Agreement; Other Transactions With Affiliates	41
Section 7.14	Anti-Terrorism Laws	41
ARTICLE 8	COLLATERAL ACCOUNT	42
ARTICLE 9	DEFAULT AND REMEDIES	42
Section 9.1	Events of Default	42
Section 9.2	Remedies	44
ARTICLE 10	THE AGENT; AGENCY	45
Section 10.1	Appointment	45
Section 10.2	General Nature of Agent's Duties	45
Section 10.3	Exercise of Powers	46
Section 10.4	General Exculpatory Provisions	46
Section 10.5	Administration by the Agent	47
Section 10.6	Lenders Not Relying on the Agent or Other Lenders	48

Section 10.7	Indemnification	48
Section 10.8	Agent in its Individual Capacity; Agent's Commitment	48
Section 10.9	Holders of Notes	49
Section 10.10	Successor Agent	49
Section 10.11	Additional Agents	49
Section 10.12	Calculations	49
Section 10.13	Funding by the Agent	49
Section 10.14	Benefit of Article	51
ARTICLE 11	CERTAIN ADDITIONAL RIGHTS AND	51
Section 11.1	Power of Attorney	51
Section 11.2	Lockbox	52
Section 11.3	Other Agreements	52
ARTICLE 12	MISCELLANEOUS	52
Section 12.1	Remedies Cumulative	52
Section 12.2	Waiver	53
Section 12.3	Notices	53
Section 12.4	Entire Agreement	54
Section 12.5	Relationship of the Parties	54
Section 12.6	Waiver of Jury Trial	55
Section 12.7	Submission to Jurisdiction; Service of Process; Venue	55
Section 12.8	Changes in Capital Requirements	55
Section 12.9	[Intentionally Omitted]	55
Section 12.10	Modification and Waiver	55
Section 12.11	Transferability	55
Section 12.12	Governing Law; Binding Effect	56
Section 12.13	Gender; Number	56
Section 12.14	Joint and Several Liability	56
Section 12.15	Materiality	56
Section 12.16	Reliance on the Agent	56
Section 12.17	The Patriot Act	56
Section 12.18	Counterparts	56

EXHIBITS

Exhibit 1	Request for Advance and Certification
Exhibit 1(a)	Request for Swing Line Loan Advance
Exhibit 2	LIBOR Election Form and Certification
Exhibit 3	LIBOR Interest Election Procedure and Requirements
Exhibit 4	Borrowing Base/Non-Default Certificate
Exhibit 5	Quarterly Covenant Compliance/Non-Default Certificate
Exhibit 6	Form of Joinder Agreement
Exhibit 7	Pricing Grid
Exhibit 8	Form of Assignment and Acceptance Agreement
Exhibit 9	Joinder Waivers & Foreign Borrower Exclusion Requirements and Procedures

SCHEDULES

Schedule A	Borrowers
Schedule A-1	Foreign Borrowers
Schedule B	Approved International Organizations
Schedule C-1	Approved Non-Cash, Non-Recurring Charges Against Income
Schedule C-2	Approved Transaction Costs and Expenses
Schedule D	Approved Foreign Account Debtors
Schedule E	Permitted Foreign Bank Accounts
Schedule 1	Lender Commitments/Percentages
Schedule 2	Principal Places of Business/Books and Records Location(s)
Schedule 5.2	Conflicts
Schedule 5.3	Financial Statements
Schedule 5.6(a)	Default under Government Contracts
Schedule 5.6(b)	Government Contracts Constituting Material Contracts
Schedule 5.9	Litigation and Proceedings
Schedule 5.11	Primary U.S. Business Locations
Schedule 5.13(a)	Under Funded Pension Plans
Schedule 5.13(c)	Terminated Pension Plans
Schedule 5.15(a)	Intellectual Property
Schedule 5.15(b)	Intellectual Property Royalty Payments
Schedule 5.18	Labor Agreements
Schedule 5.22(a)	Borrower Ownership
Schedule 5.22(b)	Minority Shareholders
Schedule 5.26	Commercial Tort Claims
Schedule 5.27	Letter of Credit Rights
Schedule 7.7(a)	Existing Indebtedness
Schedule 7.7(c)	Liens Securing Existing Indebtedness
Schedule 7.8(c)	Existing Loans, Advances and/or Investments (to non-Borrowers)

AMENDED AND RESTATED BUSINESS LOAN AND SECURITY AGREEMENT

THIS AMENDED AND RESTATED BUSINESS LOAN AND SECURITY AGREEMENT is executed as of October 5th, 2005, and is by and among (i) CITIZENS BANK OF PENNSYLVANIA, a Pennsylvania state chartered bank (“Citizens Bank”), acting in the capacity of Lender, Swing Line Lender and as Agent for the Lenders; (ii) CHEVY CHASE BANK, F.S.B., a federal savings bank (“Chevy Chase Bank”), PNC BANK, NATIONAL ASSOCIATION, as successor-in-interest to Riggs Bank, N.A., a national banking association (“PNC Bank”), COMMERCE BANK, N.A., a national banking association (“Commerce Bank”), and other “Lender” parties to this Amended and Restated Business Loan and Security Agreement from time to time; (iii) ICF CONSULTING GROUP, INC., a Delaware corporation, ICF CONSULTING GROUP HOLDINGS, INC., a Delaware corporation, ICF CONSULTING LIMITED, a private limited company organized under the laws of England and Wales, COMMENTWORKS.COM COMPANY, L.L.C., a Delaware limited liability company, THE K.S. CRUMP GROUP, L.L.C., a Delaware limited liability company, ICF INCORPORATED, L.L.C., a Delaware limited liability company, ICF INFORMATION TECHNOLOGY, L.L.C., a Delaware limited liability company, ICF RESOURCES L.L.C., a Delaware limited liability company, SYSTEMS APPLICATIONS INTERNATIONAL, L.L.C., a Delaware limited liability company, ICF ASSOCIATES, L.L.C., a Delaware limited liability company, ICF SERVICES COMPANY, L.L.C., a Delaware limited liability company, ICF CONSULTING SERVICES, L.L.C., a Delaware limited liability company, ICF EMERGENCY MANAGEMENT SERVICES, LLC, a Delaware limited liability company, ICF CONSULTING PTY LTD, an Australian corporation, ICF CONSULTING CANADA, INC., a Canadian corporation, ICF/EKO, a Russian corporation, ICF CONSULTORIA DO BRASIL LTDA., a Brazilian limited liability company, SYNERGY, INC., a District of Columbia corporation (“Synergy”), SIMULATION SUPPORT, INC., a Virginia corporation (“Simulation”), SYNERGY BIOMEDICAL, LLC, a Delaware limited liability company (“Synergy Biomedical”), ICF PROGRAM SERVICES LLC, a Delaware limited liability company, and CALIBER ASSOCIATES, INC., a Virginia corporation, COLLINS MANAGEMENT CONSULTING, INC., a Virginia corporation, FRIED & SHER, INC., a Virginia corporation; and (iv) other “Borrower” parties to this Amended and Restated Business Loan and Security Agreement from time to time.

WITNESSETH THAT:

WHEREAS, pursuant to a certain Business Loan Agreement dated August 27, 2003 (as heretofore amended or modified from time to time, the “Existing Loan Agreement”) by and among certain of the Borrowers, the Agent and certain of the Lenders, certain of the Borrowers obtained loans and certain other financial accommodations (collectively, the “Existing Loan”) from certain of the Lenders in the aggregate maximum principal amount of Fifty Million and No/100 Dollars (\$50,000,000.00); and

WHEREAS, the Borrowers, the Agent and the Lenders have agreed to increase the maximum principal of the Existing Loan from Fifty Million and No/100 Dollars (\$50,000,000.00) to Seventy-five Million and No/100 Dollars (\$75,000,000.00), and amend and restate the Existing Loan Agreement, in its entirety, as hereinafter provided.

In consideration of the mutual covenants and agreements herein contained, Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree, represent and warrant as follows:

CERTAIN DEFINITIONS

For the purposes of this Amended and Restated Business Loan and Security Agreement, the terms set forth below shall have the following definitions:

“**Account Debtor**” shall mean any person or entity who is indebted to one (1) or more of the Borrowers for the payment of any Receivable; it being understood and agreed that when computations are being

made with respect to amounts due and owing from an Account Debtor (a) such computations shall be made on a contract by contract basis (as opposed to on an Account Debtor basis), with respect to amounts owing in connection with Government Contracts and Government Subcontracts, and (b) such computations shall be made on the basis of all amounts due from the Account Debtor and any Affiliate of the particular Account Debtor, with respect to amounts owing in connection with contracts which are not Government Contracts or Government Subcontracts.

“**Accounts**” shall have the meaning attributed to such term under the UCC, and shall include any and all of the following, whether now or hereafter existing: (a) all accounts receivable, other receivables, book debts and other forms of obligations (other than forms of obligations evidenced by Chattel Paper, or Instruments), (including any such obligations that may be characterized as an account or contract right under the UCC), (b) all rights in, to and under all purchase orders or receipts for goods or services, (c) all rights to any goods represented by any of the foregoing (including unpaid sellers’ rights of rescission, replevin, reclamation and stoppage in transit and rights to returned, reclaimed or repossessed goods), (d) all rights to payment due for property sold, leased, licensed, assigned or otherwise disposed of, for a policy of insurance issued or to be issued, for a secondary obligation incurred or to be incurred, for energy provided or to be provided, for the use or hire of a vessel under a charter or other contract, arising out of the use of a credit card or charge card, or for services rendered or to be rendered in connection with any other transaction (whether or not yet earned by performance), (e) all “health care insurance receivables”, as such term is defined in the UCC and (f) all collateral security of any kind, given by any person or entity with respect to any of the foregoing.

“**ADA**” shall have the meaning attributed to such term in Section 5.14(a) of the Agreement.

“**Additional Equity Stock**” shall mean the shares of either treasury stock or newly issued preferred stock, common stock or other equity interests (including options, warrants or rights to purchase) of any Borrower issued to any person or entity on or after the Restatement Date.

“**Additional Base Rate Interest Margin**” shall have the meaning attributed to such term in the Notes and in Exhibit Z attached to this Agreement.

“**Additional Libor Interest Margin**” shall have the meaning attributed to such term in the Notes and in Exhibit Z attached to this Agreement.

“**Affiliate**” shall mean, as to any person or entity, any other person or entity which, directly or indirectly, is in control of, is controlled by or is under common control with such person or entity, or which owns, directly or indirectly, five percent (5%) or more of the outstanding equity interests of any entity.

“**Affirmative Covenant**” shall mean any affirmative or similar covenant made by the Borrowers set forth in this Agreement or in any other Loan Document.

“**Agent**” shall mean Citizens Bank, acting in its capacity as agent for the Lenders, or any successor Agent appointed pursuant to Section 10.10 of this Agreement.

“**Agent Fee**” shall have the meaning attributed to such term in Section 1.7(c) of this Agreement.

“**Agent Fee Due Date**” shall mean the Restatement Date and each anniversary thereof.

“**Agent’s Commitment**” shall have the meaning attributed to such term in Section 10.8(b) of this Agreement.

“**Agreement**” or “**Loan Agreement**” shall mean this Amended and Restated Business Loan and Security Agreement, together with the schedules and exhibits attached hereto and any and all amendments or modifications of this Amended and Restated Business Loan and Security Agreement.

“**Annual Excess Cash Limitation**” shall mean One Million and No/100 Dollars (\$1,000,000.00).

“Applicable Interest Rate” shall mean either the (i) LIBOR Lending Rate, plus the Additional Libor Interest Margin or (ii) Base Rate, plus the Additional Base Rate Interest Margin, as set forth in the Notes.

“Applicable Laws” shall mean any federal, state or local law, ordinance, statute, rule or regulation to which any Borrower or the property of any Borrower is subject, whether domestic or international.

“Approved ESOP” shall have the meaning assigned to such term in Section 7.1(b) of this Agreement.

“Approved ESPP” shall have the meaning assigned to such term in Section 7.1(b) of this Agreement.

“Approved International Organization” shall mean, as of the date hereof, any of the international multilateral organizations listed on **Schedule B** hereto, or any other similar organization deemed acceptable by the Agent from time to time, in its sole and absolute discretion.

“Base Rate” shall mean the higher of the (i) Federal Funds Rate plus one-half of one percent (.50%) or (ii) Prime Rate.

“Bonded Accounts Receivable” shall mean any Receivable which, as of any date of determination, is subject to the rights or remedies of any surety, bonding company or similar entity.

“Borrower” and **“Borrowers”** shall mean, individually or collectively, as the context may require, one or more of the following entities: the Parent Company, the Primary Operating Company, the entities listed on **Schedule A** hereto, and each other entity which, as of any date of determination, is a “Borrower” party to this Agreement and the other Loan Documents.

“Borrowing Base/Non-Default Certificate” shall mean a certificate in the form of **Exhibit 4** hereto.

“Borrowing Base Deficiency” shall have the meaning assigned to such term in Section 1.3 of this Agreement.

“Business Day” shall mean (a) any day which is neither a Saturday or Sunday nor a legal holiday on which commercial banks are authorized or required to be closed in the Commonwealth of Virginia; (b) when such term is used to describe a day on which a borrowing, payment, prepaying, or repaying is to be made in respect of any LIBOR Rate Loan, any day which is: (i) neither a Saturday or Sunday nor a legal holiday on which commercial banks are authorized or required to be closed in New York City; and (ii) a London Banking Day; and (c) when such term is used to describe a day on which an interest rate determination is to be made in respect of any LIBOR Rate Loan, any day which is a London Banking Day.

“Caliber” shall mean Caliber Associates, Inc., a Virginia corporation.

“Caliber Acquisition” shall mean the acquisition by the Primary Operating Company of all of the issued and outstanding capital stock of Caliber pursuant to the Caliber Purchase Agreement.

“Caliber Entities” shall mean, collectively, Caliber, Collins and F&S.

“Caliber ESOP” shall mean the Caliber Associates, Inc. Employee Stock Ownership Plan and Trust.

“Caliber Purchase Agreement” shall mean that certain Stock Purchase Agreement of even date herewith by and between the Primary Operating Company, the Caliber ESOP, Caliber, Gerald Croan and Sharon Bishop.

“CERCLA” shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601 et seq.).

“Chattel Paper” shall have the meaning attributed to such term under the UCC, and shall include “electronic chattel paper” and “tangible chattel paper”, as such terms are defined in the UCC, whether now or hereafter existing.

“Citizens Bank” shall mean Citizens Bank of Pennsylvania, a Pennsylvania state chartered bank, acting individually, together with its successors and assigns.

“CM Equity Consulting Agreement” shall mean that certain Consulting Agreement dated as of July 25, 1999, by and between CMLS Management, L.P., a Delaware limited partnership, and the Primary Operating Company, as the same may be amended or modified from time to time pursuant to this Agreement.

“Collateral” shall have the meaning assigned to such term in Article 3 of this Agreement.

“Collateral Account” shall have the meaning assigned to such term in Article 8 of this Agreement.

“Collins” shall mean Collins Management Consulting, Inc., a Virginia corporation and wholly-owned direct subsidiary of Caliber.

“Commercial Contract” shall mean any written contract to which a Borrower is a party (other than a Government Contract or Government Subcontract) which gives rise or may give rise to Receivables.

“Commercial Tort Claims” shall have the meaning attributed to such term under the UCC, and shall include any and all claims now existing or hereafter arising in tort with respect to which (a) the claimant is an organization, or (b) the claimant is an individual and the claim (i) arose in the course of the claimant’s business or profession, and (ii) does not include damages arising out of personal injury to or death of any individual.

“Commitment Amount” shall mean Seventy-five Million and No/100 Dollars (\$75,000,000.00), or if the maximum aggregate commitment of the Lenders hereunder is reduced pursuant to the terms of this Agreement, such lesser amount.

“Commitment Fee” shall have the meaning assigned to such term in Section 1.7(b) of this Agreement.

“Commitment Letter” shall mean that certain letter dated September 24, 2005, from the Agent to the Primary Operating Company relating to the Loan, including the term sheet and schedules annexed thereto.

“Consolidated Net Operating Income” shall mean, with respect to the Borrowers for any period of determination, the sum of consolidated gross revenues, minus all consolidated operating expenses (excluding interest expense and taxes), plus all Agent-approved non-cash, non-recurring charges against Consolidated Net Operating Income (including, without limitation, the non-cash, non-recurring charges against Consolidated Net Operating Income set forth on Schedule C-1 hereto), minus any non-cash gain (to the extent included in determining Consolidated Net Operating Income), and with respect to the calculation of Consolidated Net Operating Income for the quarter ending December 31, 2005, plus all Agent-approved transaction costs and expenses incurred by any Borrower during such quarterly period (including, without limitation, the transaction costs and expenses set forth on Schedule C-2 hereto), all as determined in accordance with GAAP.

“Contribution Agreement” shall mean that certain Amended and Restated Contribution Agreement of even date herewith, by and among the Borrowers, and delivered by the Borrowers prior to or simultaneously with their execution and delivery of this Agreement or a Joinder Agreement (as the case may be), together with all Agent-approved amendments and modifications thereof.

“Deposit Accounts” shall have the meaning attributed to such term under the UCC, and shall include any and all demand, time, savings, passbook or similar account(s) from time to time established and maintained with a bank.

“Documents” shall have the meaning attributed to such term under the UCC, and shall include any and all documents of any type and nature, whether now or hereafter existing.

“EBITDA” shall mean, with respect to the Borrowers for any period of determination, net income, plus interest expense, plus federal, state and local income taxes, plus depreciation expense, plus amortization expense, plus all Agent-approved non-cash, non-recurring charges against income, plus any non-cash charges related to stock and stock-option compensation, minus any non-cash gain (to the extent included in determining net income); and with respect to the determinations of EBITDA for the quarters ending December 31, 2005, March 31, 2006 and June 30, 2006, the consolidated results will be calculated and tested on an annualized basis, and solely with respect to the determinations of EBITDA with respect to the quarter ending December 31, 2005, plus Agent approved transaction costs and expenses incurred by any Borrower during such quarterly period (including, without limitation, the transaction costs and expenses set forth on Schedule C-2 hereto), all as determined on a consolidated basis in accordance with GAAP.

“Eligible Assignee” shall mean any Lender, an Affiliate of any Lender, a Federal Reserve Bank or any other “Qualified Institutional Buyer”, as such term is defined under Rule 144(A), promulgated under the Securities Act of 1933, as amended.

“Eligible Billed Government Accounts Receivable” shall mean any and all Receivables arising from Government Contracts or Government Subcontracts which (a) with respect to “cost-plus” or “time and materials” type contracts, represent amounts due and owing for products actually delivered or services actually performed or rendered by or on behalf of a Borrower pursuant to such contract(s), and with respect to “fixed-price” type contracts, represent amounts due and owing on a percentage-of-completion or milestone billing basis in accordance with such contract(s); (b) have been properly billed; (c) are outstanding less than one hundred twenty-one (121) days from the date of original invoice; (d) arise in the ordinary course of the Borrower’s business; (e) are due, owing and not subject to any defense, set-off or counterclaim; (f) are not close out invoices arising from any “cost-plus” type contract; and (g) are not otherwise Ineligible Receivables.

“Eligible Billed Commercial Accounts Receivable” shall mean any and all Receivables arising from Commercial Contracts which (a) with respect to “cost-plus” or “time and materials” type contracts, represent amounts due and owing for products actually delivered or services actually performed or rendered by or on behalf of a Borrower to or for the benefit of an Account Debtor pursuant to such contract(s), and with respect to “fixed-price” type contracts, represent amounts due and owing on a percentage-of-completion or milestone billing basis in accordance with such contract(s); (b) have been properly billed; (c) are outstanding less than ninety-one (91) days from the date of original invoice; (d) arise in the ordinary course of the Borrower’s business; (e) are due, owing and not subject to any defense, dispute, set-off, claim, counterclaim, escrow arrangement, prior assignment, lien, security interest or encumbrance (other than in favor of the Agent); and (f) are not otherwise Ineligible Receivables.

“Eligible Foreign Accounts Receivable” shall mean any and all Receivables which (a) with respect to “cost-plus” or “time and materials” type contracts, represent amounts due and owing for products actually delivered or services actually performed or rendered by or on behalf of a Borrower to or for the benefit of a Foreign Account Debtor pursuant to such contract(s), and with respect to “fixed-price” type contracts, represent amounts due and owing from a Foreign Account Debtor on a percentage-of-completion or milestone billing basis in accordance with such contract(s); (b) are outstanding less than ninety-one (91) days from the date of original invoice; (c) are owing from a Foreign Account Debtor deemed acceptable by the Agent from time to time, in its sole and absolute discretion (including, without limitation, as of the Restatement Date, the Foreign Account Debtors listed on Schedule D hereto); and (d) are not otherwise Ineligible Receivables.

“Equipment” shall have the meaning attributed to such term under the UCC, and shall include any and all of the following, whether now or hereafter existing: machinery and equipment, including processing equipment, conveyors, machine tools, data processing and computer equipment, including embedded software and peripheral equipment and all engineering, processing and manufacturing equipment, office machinery, furniture, materials handling equipment, tools, attachments, accessories, automotive equipment, trailers, trucks, forklifts, molds, dies, stamps, motor vehicles, rolling stock and other equipment of every kind and nature, trade fixtures and fixtures not forming a part of real property, together with all additions and accessions thereto, replacements therefor,

all parts thereof, all substitutes for any of the foregoing, fuel therefor, and all manuals, drawings, instructions, warranties and rights with respect thereto, and all products and proceeds thereof and condemnation awards and insurance proceeds with respect thereto.

“ERISA” shall have the meaning assigned to such term in Section 5.13(a) of this Agreement.

“Event of Default” shall have the meaning assigned to such term in Section 9.1 of this Agreement.

“Excess Cash Event” shall mean (i) any sale or disposition of any of the assets of any Borrower which is (a) not in the ordinary course of business; or (b) prohibited by the terms of this Agreement; (ii) the issuance by any Borrower after the date of this Agreement of debt securities or other debt obligations (other than in connection with debt expressly permitted pursuant to Section 7.7(a) of this Agreement); (iii) the receipt by or on behalf of any Borrower of insurance proceeds (other than insurance recoveries for business interruption loss, workers compensation or damage to tangible property, which (a) with respect to any of the foregoing insurance losses, do not exceed Five Hundred Thousand and No/100 Dollars (\$500,000.00), individually or in the aggregate, and (b) with respect to insurance recoveries for damage(s) to tangible property, are promptly applied toward repair or replacement of the damaged property); (iv) the reversion of any pension plan assets; and/or (v) any other extraordinary cash event resulting in excess cash to a Borrower, including, without limitation, cash proceeds resulting from the issuance of additional equity interests or capital stock by a Borrower (other than the issuance of additional equity interests or capital stock by a Borrower pursuant to an Approved ESOP or an Approved ESPP).

“Existing Loan” shall have the meaning attributed to such term in the recitals to this Agreement.

“Existing Loan Agreement” shall have the meaning attributed to such term in the recitals to this Agreement.

“Facility” or **“Facilities”** shall mean Facility A, Facility B, Facility C and/or the Swing Line Facility, individually or collectively, as the context may require.

“Facility A” shall mean the revolving credit facility being extended pursuant to this Agreement on the basis of Eligible Billed Government Accounts Receivable, Eligible Billed Commercial Accounts Receivable and Eligible Foreign Accounts Receivable, in the maximum principal amount of Forty-five Million and No/100 Dollars (\$45,000,000.00), with a sub-limit of Five Million and No/100 Dollars (\$5,000,000.00) for Letters of Credit.

“Facility A Commitment Amount” shall mean Forty-five Million and No/100 Dollars (\$45,000,000.00), or if such amount shall be reduced pursuant to this Agreement, such lesser amount.

“Facility A Commitment Fee” shall have the meaning assigned to such term in Section 1.7(b) of this Agreement.

“Facility B” shall mean the term loan being extended pursuant to this Agreement, in the original principal amount of Twenty-two Million and No/100 Dollars (\$22,000,000.00).

“Facility B Commitment Amount” shall mean Twenty-two Million and No/100 Dollars (\$22,000,000.00).

“Facility C” shall mean the term loan being extended pursuant to this Agreement, in the original principal amount of Eight Million and No/100 Dollars (\$8,000,000.00).

“Facility C Commitment Amount” shall mean Eight Million and No/100 Dollars (\$8,000,000.00).

“Federal Funds Rate” for any day shall mean the rate per annum (rounded upward to the nearest 1/8 of 1%) determined by the Agent to be the rate per annum announced by the Federal Reserve Bank of New York (or any successor) on such day as being the weighted average of the rates on overnight Federal Funds transactions

arranged by Federal Funds brokers on the previous trading day, as computed and announced by such Federal Reserve Bank (or any successor) in substantially the same manner as such Federal Reserve Bank computes and announces the weighted average it refers to as the “Federal Funds Effective Rate” as of the date of this Agreement; provided that if such Federal Reserve Bank (or its successor) does not announce such rate on any day, the “Federal Funds Effective Rate” for such day shall be the Federal Funds Rate for the last day on which such rate was announced.

“**Fiscal Year**” shall mean any annual period designated by the Borrowers as a fiscal year for financial accounting purposes.

“**Fixed Charge Coverage Ratio**” shall have the meaning assigned to such term in Section 6.15(a) of this Agreement.

“**Foreign Account Debtor**” shall mean any Account Debtor not organized, existing and doing business within the United States of America.

“**Foreign Borrower**” and “**Foreign Borrowers**” shall mean, as of any date of determination and individually or collectively (as the context may require), each and all of the Borrowers listed on Schedule A-1 hereto, and any other Borrower not incorporated, formed or organized within the United States.

“**F&S**” shall mean Fried & Sher, Inc., a Virginia corporation and a wholly-owned direct subsidiary of Caliber.

“**GAAP**” shall mean generally accepted accounting principles.

“**General Intangibles**” shall have the meaning attributed to such term under the UCC, and shall include any and all of the following, whether now or hereafter existing: all right, title and interest in or under any contract, all “payment intangibles”, as such term is defined under the UCC, customer lists, licenses, copyrights, trademarks, patents, and all applications therefor and reissues, extensions or renewals thereof, rights in intellectual property, interests in partnerships, joint ventures and other business associations, licenses, permits, copyrights, trade secrets, proprietary or confidential information, inventions (whether or not patented or patentable), technical information, procedures, designs, knowledge, know how, software, data bases, data, skill, expertise, experience, processes, models, drawings, materials and records, goodwill (including the goodwill associated with any trademark or trademark license), all rights and claims in or under insurance policies (including insurance for fire, damage, loss and casualty, whether covering personal property, real property, tangible rights or intangible rights, all liability, life, key man and business interruption insurance, and all unearned premiums), uncertificated securities, choses in action, deposit, checking and other bank accounts, rights to receive tax refunds and other payments, rights to receive dividends, distributions, cash, Instruments and other property in respect of or in exchange for pledged stock and investment property, rights of indemnification, all books and records, correspondence, credit files, invoices and other papers, including without limitation all tapes, cards, computer runs and other papers and documents.

“**Goods**” shall have the meaning attributed to such term under the UCC, and shall include any and all Goods whether now or hereafter existing.

“**Government**” shall mean the United States government, any state government, any local government, any department, instrumentality or any agency of the United States government, any state government or any local government, or any Approved International Organization.

“**Government Contract Assignments**” shall have the meaning assigned to such term in Section 6.11 of this Agreement.

“**Government Contract**” and “**Government Contracts**” shall mean, individually or collectively as the context may require, (i) written contracts between any Borrower and the Government; and (ii) written subcontracts between any Borrower and a Prime Contractor who is providing goods or services to the Government

pursuant to a written contract with the Government (a "Government Subcontract"), provided that the subcontract relates only to goods or services being provided to the Government pursuant to the Government Subcontract.

"Government Subcontract" shall have the meaning attributed to such term under the definition of "Government Contract".

"Hazardous Substance" shall mean, without limitation, any flammable explosives, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum and petroleum products, methane, hazardous materials, hazardous wastes, hazardous or toxic substances, pollutants or contaminants as defined in CERCLA, HMTA, RCRA or any other applicable environmental law, rule, order or regulation.

"Hazardous Wastes" shall mean, without limitation, all waste materials subject to regulation under CERCLA, RCRA or analogous state law, and/or any other applicable Federal and/or state law now in force or hereafter enacted relating to hazardous waste treatment or disposal.

"Hedging Contracts" shall mean interest rate swap agreements, interest rate cap agreements and interest rate collar agreements, or any other agreements or arrangements entered into between any Borrower and the Agent or a Lender and designed to protect such Borrower against fluctuations in interest rates or currency exchange rates.

"Hedging Obligations" shall mean all liabilities of any and all Borrowers to the Agent or a Lender under Hedging Contracts.

"HMTA" shall mean the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801 *et seq.*).

"Ineligible Receivables" shall mean Receivables which are (i) evidenced by a promissory note, trade acceptance draft or other similar instrument; (ii) owed or payable by an Account Debtor pursuant to a Commercial Contract, if payment of fifty percent (50%) or more of the aggregate balance due from such Account Debtor is outstanding for more than ninety (90) days from the date of original invoice; (iii) owed or payable by an Account Debtor pursuant to a Government Contract or Government Subcontract, if the payment of fifty percent (50%) or more of the aggregate balance due from such Account Debtor is outstanding for more than one hundred twenty (120) days from the date of original invoice; (iv) owing from any Account Debtor that is the subject of any (a) suit, lien, levy or judgment which would or could reasonably be expected to affect the collectibility of said account(s), or (b) bankruptcy, insolvency or a similar process or proceeding, unless the payment of the Receivables owed by such Account Debtor to a Borrower shall have been approved or authorized by a court of competent jurisdiction; (v) owing from Foreign Account Debtors, but do not constitute Eligible Foreign Accounts Receivable; (vi) unbilled Receivables; (vii) close out invoices arising from any "cost-plus" type contract; (viii) Bonded Accounts Receivable; or (ix) owed or payable to a Foreign Borrower, unless (A) with respect to the Receivables of any Primary Foreign Borrower, the Agent shall have a perfected lien on and security interest in and to (or, as the case may be under any applicable foreign law, such foreign jurisdiction's equivalent of a perfected lien on and security interest in and to) sixty-five percent (65%) of all the issued and outstanding stock or other ownership interests of such Primary Foreign Borrower, as determined by the Agent in its sole, but reasonable discretion, and (B) with respect to the Receivables of any Foreign Borrower (other than any Primary Foreign Borrower), the Agent shall have a perfected lien on and security interest in and to (or, as the case may be under any applicable foreign law, such foreign jurisdiction's equivalent of a perfected lien on and security interest in and to) sixty-five percent (65%) of all the issued and outstanding stock or other ownership interests of each of the Primary Foreign Borrowers, as determined by the Agent in its sole, but reasonable discretion. Additionally, without limiting any other provision of this Agreement, or the discretion of the Agent to deem Receivables ineligible pursuant to any other provision of this Agreement, it is expressly understood and agreed that if any Borrower (I) has been debarred or suspended by the Government, or been issued a notice of proposed debarment or notice of proposed suspension by the Government; (II) is the subject of a Government investigation (other than a normal and customary review by the Government) involving or possibly involving fraud, willful misconduct or other wrongdoing; (III) is a party to any Government Contract or Government Subcontract which has been actually terminated due to such Borrower's alleged fraud, willful misconduct or any other wrongdoing; (IV) is a party to any Government Contract or Government Subcontract which has been actually

terminated for any other reason whatsoever, which could result in liability or expense in excess of Five Hundred Thousand and No/100 Dollars (\$500,000.00); or (V) has been issued a cure notice or show cause notice under any Government Contract or Government Subcontract involving amounts in excess of Five Hundred Thousand and No/100 Dollars (\$500,000.00), and has failed to cure the default giving rise to such cure notice or failed to resolve the matter set forth in the show cause notice (a) within the time period available to such Borrower pursuant to such Government Contract, Government Subcontract and/or such notice, or (b) before the date on which the Government or other contracting party is entitled to exercise its rights and remedies under the Government Contract or Government Subcontract (as the case may be) as a consequence of such default or matter set forth in the show cause notice, then in any such event, any and all Receivables of such Borrower may, in the sole discretion of the Agent, be deemed and treated as Ineligible Receivables.

“Instrument” shall have the meaning attributed to such term under the UCC, and shall include any and all of the following, whether now or hereafter existing: all certificates of deposit, and all “promissory notes”, as such term is defined under the UCC, and other evidences of indebtedness (other than instruments that constitute, or are a part of a group of writings that constitute, Chattel Paper).

“Interest Expense” shall mean, as of the date of any determination, the Borrowers’ aggregate cash interest expense for borrowed money (including, without limitation, premiums and interest expense arising from or relating to interest rate protection agreements and original issue discounts), plus the amount of all other interest due (whether paid or not paid) on any indebtedness of each Borrower for the applicable measurement period, all as determined on a consolidated basis in accordance with GAAP.

“Interest Payment Date” shall mean, relative to any LIBOR Rate Loan having an Interest Period of three months or less, the last Business Day of such Interest Period, and as to any LIBOR Rate Loan having an Interest Period longer than three months, each Business Day which is three months, or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period.

“Interest Period” shall mean, relative to any LIBOR Rate Loans, (i) initially, the period beginning on (and including) the date on which such LIBOR Rate Loan is made or continued as, or converted into, a LIBOR Rate Loan pursuant to this Agreement (including, without limitation, Exhibit 3 hereto) and the Notes and ending on (but excluding) the day which numerically corresponds to such date one, three or six months thereafter (or, if such month has no numerically corresponding day, on the last Business Day of such month), in each case as the Borrower may select in its notice pursuant to this Agreement (including, without limitation, Exhibit 3 hereto) and the Notes; and (ii) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such LIBOR Rate Loan and ending one, three or six months thereafter, as selected by the Borrower by irrevocable notice to the Agent not less than three (3) Business Days prior to the last day of the then current Interest Period with respect thereto.

“Inventory” shall have the meaning attributed to such term under the UCC, and shall include any and all of the following, whether now or hereafter existing: all inventory, merchandise, goods and other personal property for sale or lease or are furnished or are to be furnished under a contract of service, or that constitute raw materials, work in process, finished goods, returned goods, or materials or supplies of any kind, nature or description used or consumed or to be used or consumed or in the processing, production, packaging, promotion, delivery or shipping of the same, including all supplies and embedded software.

“Investment Property” shall have the meaning attributed to such term under the UCC, and shall include any and all of the following, whether now or hereafter existing: (a) all securities, whether certificated or uncertificated, including stocks, bonds, interests in limited liability companies, partnership interests, treasuries, certificates of deposit, and mutual fund shares; (b) all Securities Entitlements, including the rights to any securities account and the financial assets held by a securities intermediary in such securities account and any free credit balance or other money owing by any securities intermediary with respect to that account; (c) all securities accounts; (d) all commodity contracts; and (e) all commodity accounts.

“Joinder Agreement” shall have the meaning assigned to such term in Section 1.10 of this Agreement.

“Key Man Life Insurance Policies” shall mean each and all of those certain key man life insurance policies covering the lives of Sudakhar Kesavan and Don Zimmerman, respectively, for the benefit of the Borrowers, each in a minimum amount of Three Million and No/100 Dollars (\$3,000,000.00).

“Kaiser Group Debt” shall mean the subordinated debt owing by the Primary Operating Company and certain other Borrowers to Kaiser Group International, Inc. in a principal amount not to exceed Six Million Four Hundred Forty-one Thousand Nine Hundred Fifty-nine and 59/100 Dollars (\$6,441,959.59), which subordinated debt is evidenced by a certain Parent Promissory Note dated June 30, 2002, made by the Primary Operating Company and certain other Borrowers which are signatories thereto, and payable to the order of Kaiser Group International, Inc., a Delaware corporation, in the original principal amount of Six Million Four Hundred Forty-one Thousand Nine Hundred Fifty-nine and 59/100 Dollars (\$6,441,959.59).

“Lender” and **“Lenders”** shall mean, respectively, each and all of the banking or financial institutions which, as of any date of determination, have (i) extended credit or agreed to extend credit to the Borrowers pursuant to this Agreement, and/or (ii) agreed in writing to be bound by the terms and provisions of this Agreement.

“Letter of Credit” and **“Letters of Credit”** shall mean, respectively, each and all of the standby letters of credit issued pursuant to this Agreement.

“Letter of Credit Application” shall have the meaning assigned to such term in Section 2.1 of this Agreement.

“Letter of Credit Administration Fee” shall have the meaning assigned to such term in Section 2.3 of this Agreement.

“Letter of Credit Fee” shall have the meaning assigned to such term in Section 2.3 of this Agreement.

“Letter of Credit Rights” shall have the meaning attributed to such term under the UCC, and shall include any and all of the following, whether now or hereafter existing: any right to payment or performance under a letter of credit, whether or not the beneficiary has demanded or is at the time entitled to demand payment or performance, but specifically excludes any right of a beneficiary to demand payment or performance under a letter of credit.

“Leverage Ratio” shall have the meaning attributed to such term in Section 6.15(b) of this Agreement.

“LIBOR” or **“LIBOR Rate”** shall mean relative to any Interest Period for LIBOR Rate Loans, the offered rate for deposits of U.S. Dollars in an amount approximately equal to the amount of the requested LIBOR Rate Loan for a term coextensive with the designated Interest Period which the British Bankers’ Association fixes as its LIBOR rate and which appears on the Telerate Page 3750 as of 11:00 a.m. London time on the day which is two London Banking Days prior to the beginning of such Interest Period.

“LIBOR Election Form and Certification” shall mean the form attached as Exhibit 2 hereto.

“LIBOR Rate Loan” shall mean any loan or advance, the rate of interest applicable to which is based upon the LIBOR Rate.

“LIBOR Lending Rate” shall mean, relative to any LIBOR Rate Loan to be made, continued or maintained as, or converted into, a LIBOR Rate Loan for any Interest Period, a rate per annum determined pursuant to the following formula:

$$\text{LIBOR Lending Rate} = \frac{\text{LIBOR Rate}}{(1.00 - \text{LIBOR Reserve Percentage})}$$

“LIBOR Reserve Percentage” shall mean, relative to any day of any Interest Period for LIBOR Rate Loans, the maximum aggregate (without duplication) of the rates (expressed as a decimal fraction) of reserve requirements (including all basic, emergency, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements) under any regulations of the Board of Governors of the Federal Reserve System (the “Board”) or other governmental authority having jurisdiction with respect thereto as issued from time to time and then applicable to assets or liabilities consisting of “Eurocurrency Liabilities”, as currently defined in Regulation D of the Board, having a term approximately equal or comparable to such Interest Period.

“Loan” and **“Loans”** shall mean, individually or collectively as the context may require, the loan and loans made by the Lenders to the Borrowers in the aggregate maximum principal amount of Seventy-five Million and No/100 Dollars (\$75,000,000.00), or so much thereof as shall be advanced or readvanced from time to time, which are represented by the Facilities, and which are evidenced by, bear interest and are payable in accordance with the terms and provisions set forth in the Notes.

“Loan Document” and **“Loan Documents”** shall mean, respectively, each and all of this Agreement, the Notes, the Stock Security Agreement, the Membership Interest Assignment and each other document, instrument, agreement or certificate heretofore, now or hereafter executed and delivered by any Borrower in connection with the Loan.

“London Banking Day” shall mean a day on which dealings in US dollar deposits are transacted in the London interbank market.

“Mandatory Payment” and **“Mandatory Payments”** shall mean, individually or collectively as the context may require, any and all mandatory payments required to be made on the Loan pursuant to Section 1.5 of this Agreement.

“Material Contract” and **“Material Contracts”** shall mean, as of any date of determination and individually or collectively as the context may require, any and all contracts or agreements to which a Borrower is a party and pursuant to which such Borrower (a) is or may be entitled to receive payment(s) in excess of Five Hundred Thousand and No/100 Dollars (\$500,000.00), in the aggregate, per annum, or (b) is obligated to make payment(s) or have any other obligation or liability thereunder in excess of Five Hundred Thousand and No/100 Dollars (\$500,000.00), in the aggregate, per annum.

“Maturity Date” shall mean October __, 2010, or such other date as may be agreed to by the Agent, the Lenders and the Borrowers in writing.

“Maximum Borrowing Base” shall have the meaning assigned to such term in Section 1.3 of this Agreement.

“Membership Interest Assignment” shall mean that certain Amended and Restated Collateral Assignment of Membership Interests dated as of the Restatement Date, entered into by certain “Borrower” parties thereto in favor of the Agent for the benefit of the Lenders ratably, as the same may be modified or amended from time to time.

“Negative Covenants” shall mean any negative or similar restrictive covenant made by the Borrowers set forth in this Agreement or in any other Loan Document.

“Net Cash” shall mean the cash proceeds (net of cash taxes paid and reasonable and customary costs paid to unrelated and unaffiliated third parties in connection with a particular transaction) arising from any Excess Cash Event.

“Note” and **“Notes”** shall mean, respectively, each and all of the amended and restated promissory notes and other promissory notes executed, issued and delivered pursuant to this Agreement, together with all extensions, renewals, modifications, replacements and substitutions thereof and therefor.

“Obligation” and **“Obligations”** shall mean, respectively, any and all obligations or liabilities of any Borrower to any Lender or the Agent in connection with the Loan, whether now existing or hereafter created or arising, direct or indirect, matured or unmatured, and whether absolute or contingent, joint, several or joint and several, and no matter how the same may be evidenced or shall arise (including, without limitation, any and all Hedging Obligations and/or Interest Rate Contracts).

“Ordinary Course Payments” shall mean payments made directly by a Borrower to any non-Borrower Affiliate; provided that such payments are made (i) in the ordinary course of such Borrower’s business, (ii) for products actually delivered or services actually performed, and (iii) pursuant to an “arm’s length” transaction (i.e., a transaction that would otherwise be made with an unrelated and unaffiliated third party).

“Parent Company” shall mean ICF Consulting Group Holdings, Inc., a Delaware corporation, and its successors and assigns.

“Patriot Act” shall mean the U.S.A. Patriot Act (Title III of Pub. L. 107-56 (signed into law on October 26, 2001)), as amended.

“Pension Plan” or **“Pension Plans”** shall have the meaning assigned to such term in Section 5.13(a) of this Agreement.

“Percentage” shall mean, as of any date of determination and with respect to each Lender, the percentage(s) corresponding to such Lender’s name on **Schedule 1** attached to this Agreement in respect of the Commitment Amount, the Facility A Commitment Amount, the Facility B Commitment Amount, the Facility C Commitment Amount and/or the Swing Line Commitment Amount (as the context may require), as the same may be modified or amended from time to time.

“Permitted Acquisition” shall mean (i) the Caliber Acquisition; or (ii) any merger or acquisition which is (a) expressly permitted pursuant to Section 7.1(d)(ii) of this Agreement, or (b) consummated pursuant to and in strict accordance with all of the terms and provisions set forth in any modification or amendment to this Agreement or in a consent letter specifically issued by the Agent, acting at the direction of the Required Lenders, for such merger or acquisition.

“Permitted Foreign Bank Accounts” shall mean any and all of the bank accounts described on **Schedule E** hereto, together with any and all other foreign bank accounts approved from time to time by the Agent in writing; provided that each such bank account (a) has been established by and in the name of a Borrower, (b) is located outside of the United States of America, (c) is used solely for the collection of Receivables, payment of Ordinary Course Payments and other general operating purposes, (d) is not subject to any lien, claim, charge or encumbrance (other than (i) the security interests granted to the Agent under this Agreement or any other Loan Document, and (ii) normal and customary rights of set off or similar rights (of the financial institution maintaining such account), but only if such rights may be exercised solely for past due fees, charges and expenses arising from the general administration of such bank account, (e) if required by the Agent, is subject to a control agreement or blocked account agreement, in form and substance reasonably satisfactory to the Agent, and (f) if not subject to a control agreement or blocked account agreement, in form and substance reasonably satisfactory to the Agent, does not, for thirty (30) or more consecutive days, contain funds and/or other items of value which, in the aggregate, exceed the U.S. Dollar equivalent of One Million and No/100 Dollars (\$1,000,000.00).

“Permitted Investments” shall mean: (a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States), in each case maturing within one year from the date of acquisition thereof; (b) commercial paper having the highest rating, at the time of acquisition thereof, of Standard and Poor’s or Moody’s Investors Services and in either case maturing within six (6) months from the date

of acquisition thereof; (c) certificates of deposit, bankers' acceptances and time deposits maturing within one hundred eighty (180) days of the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States or any state thereof which has a combined capital and surplus and undivided profits of not less than Five Hundred Million Dollars (\$500,000,000); (d) fully collateralized repurchase agreements with a term of not more than thirty (30) days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above; and (e) mutual funds investing solely in any one or more of the Permitted Investments described in clauses (a) through (d) above.

"Permitted Liens" shall mean: (a) liens for taxes which are being contested in good faith and by appropriate proceedings, which (i) the Borrower has the financial ability to pay, including penalties and interest, and (ii) the non-payment thereof will not result in the execution of any such tax lien or otherwise jeopardize the interests of the Agent and/or the Lenders in, on or to any Collateral; (b) deposits or pledges to secure obligations under workers' compensation, social security or similar laws, incurred in the ordinary course of business; (c) liens securing secured indebtedness of the Borrowers, but only to the extent and dollar amount such secured indebtedness is permitted pursuant to Section 7.7(a) of this Agreement; (d) cash deposits pledged to secure the performance of bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety and appeal bonds and other obligations of like nature made in the ordinary course of business; (e) mechanics', workmen's, repairmen's, warehousemen's, vendors', lessors' or carriers' liens or other similar liens; provided that such liens arise in the ordinary course of the Borrowers' business and secure sums which are not past due, or which are separately secured by cash deposits or pledges in an amount adequate to obtain the release of such liens; (f) except as otherwise provided in this Agreement, statutory or contractual landlord's liens on the Borrower's tangible personal property located in such Borrower's demised premises; (g) zoning or other similar and customary land use restrictions, which do not materially impair the use or value of any Collateral or property of any Borrower; (h) judgment liens which are not prohibited by Section 7.4 of this Agreement; (i) other liens expressly permitted by the terms and provisions of this Agreement; and (j) liens in favor of the Agent and/or any Lender with respect to the Loans.

"Person" shall mean an individual, partnership, corporation, trust, limited liability company, limited liability partnership, unincorporated association or organization, joint venture or any other entity.

"Primary Foreign Borrower" and **"Primary Foreign Borrowers"** shall mean, individually or collectively (as the context may require), each and all of ICF Consulting Limited, a private limited company organized under the laws of England and Wales, and ICF Consulting Canada, Inc., a Canadian corporation.

"Primary Operating Company" shall mean ICF Consulting Group, Inc., a Delaware corporation.

"Prime Contractor" shall mean any person or entity (other than a Borrower) which is a party to any Government Subcontract.

"Prime Rate" shall mean the rate of interest from time to time established and publicly announced by Citizens Bank as its prime rate, in Citizens Bank's sole discretion, which rate of interest may be greater or less than other interest rates charged by Citizens Bank to other borrowers and is not solely based or dependent upon the interest rate which Citizens Bank may charge any particular borrower or class of borrowers.

"Proceeds" shall have the meaning assigned to that term under the UCC or under other applicable law, and, in any event, shall include, but shall not be limited to, any and all of the following, whether now owned or hereafter acquired: (i) any and all proceeds of, or amounts (in any form whatsoever, whether cash, securities, property or other assets) received under or with respect to, any insurance, indemnity, warranty or guaranty payable from time to time, and claims for insurance, indemnity, warranty or guaranty effected or held with respect to any of the Collateral, (ii) any and all payments (in any form whatsoever, whether cash, securities, property or other assets) made or due and payable from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental authority (or any person acting under color of governmental authority), (iii) any claim against third parties (a) for past, present or future infringement of any patent or patent license, or (b) for past, present or future infringement or dilution of any copyright, copyright license,

trademark or trademark license, or for injury to the goodwill associated with any trademark or trademark license, (iv) any recoveries against third parties with respect to any litigation or dispute concerning any of the Collateral including claims arising out of the loss or nonconformity of, interference with the use of, defects in, or infringement of rights in, or damage to, Collateral, (v) all amounts collected on, or distributed on account of, other Collateral, including dividends, interest, distributions and Instruments with respect to Investment Property and pledged stock, and (vi) any and all other amounts (in any form whatsoever, whether cash, securities, property or other assets) from time to time paid or payable under or in connection with any of the Collateral (whether or not in connection with the sale, lease, license, exchange or other disposition of the Collateral).

“**RCRA**” shall mean the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901 *et. seq.*).

“**Receivable**” and “**Receivables**” shall mean, individually or collectively as the context may require, any and all of the Borrowers’ present and future accounts, contracts, contract rights, chattel paper, general intangibles, notes, drafts, acceptances, chattel mortgages, conditional sale contracts, bailment leases, security agreements, contribution rights and other forms of obligations now or hereafter arising out of or acquired in the course of or in connection with any business the Borrowers conduct, together with all liens, guaranties, securities, rights, remedies and privileges pertaining to any of the foregoing, whether now existing or hereafter created or arising, and all rights with respect to returned and repossessed items of inventory.

“**Request for Advance and Certification**” shall mean any Request for Advance and Certification in the form attached as **Exhibit 1** hereto.

“**Required Lenders**” shall mean all of the Lenders who at any given time, are not in default under or in breach of any of the terms and conditions of this Agreement applicable to such Lender, and who hold Notes or participation interests representing, in the aggregate, at least sixty-six and two-thirds percent (66 ²/₃%) of the aggregate Commitment Amount (excluding the Swing Line Commitment Amount).

“**Restatement**” shall mean the settlement of the transactions contemplated by this Agreement.

“**Restatement Date**” shall mean the date on which the Restatement shall occur, such date being also the date of this Agreement.

“**Revolver Notes**” shall mean each and all of the promissory notes executed, issued and delivered pursuant to this Agreement in connection with Facility A, together with all extensions, renewals, modifications, replacements and substitutions thereof and therefor.

“**Security Entitlements**” shall have the meaning attributed to such term under the UCC, and shall include any and all Security Entitlements whether now or hereafter existing.

“**Stock Security Agreement**” shall mean that certain Amended and Restated Stock Security Agreement dated as of the Restatement Date, entered into by certain “Borrower” parties thereto in favor of the Agent for the benefit of the Lenders ratably, as the same may be modified or amended from time to time.

“**Supporting Obligations**” shall have the meaning attributed to such term under the UCC, and shall include any and all of the following, whether now or hereafter existing: any and all letter of credit rights or secondary obligations that support the payment or performance of an Account, Chattel Paper, Document, General Intangible, Instrument or Investment Property.

“**Swing Line Commitment**” shall mean the Swing Line Lender’s obligation to make Swing Line Loans to the Borrowers in an aggregate principal amount not to exceed Ten Million and No/100 Dollars (\$10,000,000.00).

“**Swing Line Commitment Amount**” shall mean Ten Million and No/100 Dollars (\$10,000,000.00).

“Swing Line Commitment Period” shall mean the period commencing on the Restatement Date and ending on the Swing Line Termination Date.

“Swing Line Facility” shall mean the swing line credit facility being extended pursuant to this Agreement, in the original maximum principal amount equal to the Swing Line Commitment Amount.

“Swing Line Lender” shall mean Citizens Bank.

“Swing Line Loan” or **“Swing Line Loans”** shall have the meaning attributed to such term in Section 1.1(b) of this Agreement.

“Swing Line Note” shall mean that certain Amended and Restated Swing Line Promissory Note of even date herewith, made by the Borrowers and payable to the order of the Swing Line Lender, in the maximum principal amount of Ten Million and No/100 Dollars (\$10,000,000.00) or so much thereof as shall be advanced or readvanced, together with all extensions, renewals, modifications, replacements and substitutions thereof or therefor.

“Swing Line Outstandings” shall mean, as of any date of determination, the aggregate principal amount of all Swing Line Loans then outstanding.

“Swing Line Termination Date” shall mean the fifth (5th) Business Day prior to the Maturity Date, or such earlier date on which the Swing Line Lender shall have elected, in its sole and absolute discretion, to terminate the Swing Line Facility.

“Synergy Entities” shall mean Synergy, Simulation and Synergy Biomedical.

“Total Debt” shall mean the actual amount of borrowed money (including, without limitation, subordinated debt, capital leases and synthetic leases that remain unpaid or outstanding as of the date of any determination), plus the aggregate amount of any and all financial guarantees (i.e., contingent monetary obligations or liabilities) and the face amount of any and all outstanding letters of credit.

“Total Senior Debt” shall have the meaning attributed to such term in Section 6.15(e) of this Agreement.

“Transitional Deposit Account” shall have the meaning attributed to such term in Article 8 of this Agreement.

“UCC” shall mean the Uniform Commercial Code as the same may, from time to time, be enacted and in effect in the Commonwealth of Virginia; provided, that to the extent that the UCC is used to define any term herein and such term is defined differently in different Articles or Divisions of the UCC, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, the Agent’s lien on any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the Commonwealth of Virginia, the term “UCC” shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

INTERPRETIVE PROVISIONS

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms

(b) The words “hereof”, “herein”, “hereunder” and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and “Subsection”, “Section”, “Schedule” and “Exhibit” references are to this Agreement unless otherwise specified.

(c) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of this Agreement, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(d) The article, section and paragraph headings of this Agreement are for convenience of reference only, and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

(e) This Agreement and the other Loan Documents are the result of negotiations among all parties hereto, and have been reviewed by counsel to the Agent, the Borrowers and the Lenders, and are the products of all parties. Accordingly, this Agreement and the other Loan Documents shall not be construed against the Agent or the Lenders merely because of the Agent's or Lenders' involvement in their preparation.

ARTICLE 1 COMMITMENT

1.1 Maximum Loan Amount.

(a) Subject to the terms and conditions of this Agreement, (i) each Lender severally agrees to make the Loans to the Borrowers (except for the Swing Line Loan, which shall be extended only by the Swing Line Lender), with the maximum amount of each Lender's obligation being equal to the Lender's Percentage of the Commitment Amount; and (ii) as set forth more fully in Section 1.1(b) below, the Swing Line Lender will make the Swing Line Loan to the Borrowers. The Loans, including the Swing Line Loan, shall bear interest and be payable in accordance with the terms and provisions of and be initially evidenced by thirteen (13) promissory notes, four (4) amended and restated promissory notes or other promissory notes shall evidence Facility A, four (4) amended and restated promissory notes or other promissory notes shall evidence Facility B, four (4) promissory notes shall evidence Facility C, and one (1) amended and restated promissory note shall evidence the Swing Line Facility. Concurrent with the Borrowers' execution of this Agreement, (a) Citizens Bank shall receive an amended and restated revolving promissory note in the maximum principal amount of Twenty-two Million Five Hundred Thousand and No/100 Dollars (\$22,500,000.00) or so much thereof as shall be advanced or readvanced, an amended and restated term promissory note in the original principal amount of Eleven Million and No/100 Dollars (\$11,000,000.00) or so much thereof as shall be advanced (but not readvanced), a time promissory note in the original principal amount of Four Million and No/100 Dollars (\$4,000,000.00) or so much as shall be advanced (but not readvanced), and the Swing Line Note, (b) Chevy Chase Bank shall receive an amended and restated revolving promissory note in the maximum principal amount of Five Million Six Hundred Twenty-five Thousand and No/100 Dollars (\$5,625,000.00) or so much thereof as shall be advanced or readvanced, an amended and restated term promissory note in the original principal amount of Two Million Seven Hundred Fifty Thousand and No/100 Dollars (\$2,750,000.00) or so much thereof as shall be advanced (but not readvanced), and a time promissory note in the original principal amount of One Million and No/100 Dollars (\$1,000,000.00) or so much as shall be advanced (but not readvanced), (c) PNC Bank shall receive an amended and restated revolving promissory note in the maximum principal amount of Eleven Million Two Hundred Fifty Thousand and No/100 Dollars (\$11,250,000.00) or so much thereof as shall be advanced or readvanced, an amended and restated term promissory note in the original principal amount of Five Million Five Hundred Thousand and No/100 Dollars (\$5,500,000.00) or so much thereof as shall be advanced (but not readvanced), and a time promissory note in the original principal amount of Two Million and No/100 Dollars (\$2,000,000.00) or so much as shall be advanced (but not readvanced), and (d) Commerce Bank shall receive a revolving promissory note in the maximum principal amount of Five Million Six Hundred Twenty-five Thousand and No/100 Dollars (\$5,625,000.00) or so much thereof as shall be advanced or readvanced, a term promissory note in the original principal amount of Two Million Seven Hundred Fifty Thousand and No/100 Dollars (\$2,750,000.00) or so much thereof as shall be advanced (but not readvanced), and a time promissory note in the original principal amount of One Million and No/100 Dollars (\$1,000,000.00) or so much as shall be advanced (but not readvanced).

(b) Subject to the terms and conditions of this Agreement, the Swing Line Lender shall make swing line loans (each, a “Swing Line Loan” and collectively, the “Swing Line Loans”) to the Borrowers from time to time during the Swing Line Commitment Period, in the aggregate principal amount at any one time outstanding not to exceed Ten Million and No/100 Dollars (\$10,000,000.00); provided, however, that at no time may the aggregate outstanding principal amount of the Swing Line Loans, plus the aggregate outstanding principal amount of Facility A (including the aggregate face amount of all Letters of Credit outstanding), exceed the lesser of (i) the Facility A Commitment Amount, and (ii) the applicable Maximum Borrowing Base. During the Swing Line Commitment Period, the Borrowers may use the Swing Line Commitment by borrowing, repaying Swing Line Loans in whole or in part, and reborrowing, all in accordance with the terms of this Agreement. At the request of the Swing Line Lender, the Agent may, at any time, on behalf of the Borrowers (which hereby irrevocably direct the Agent to act on their behalf) request each Lender having a Percentage of Facility A, including the Lender then acting as the Swing Line Lender, to make, and each such Lender, including the Lender then acting as the Swing Line Lender, shall make an advance under Facility A, in an amount equal to such Lender’s Percentage of Facility A, of the amount of the Swing Line Outstandings as of the date such request is made. In such event, each such Lender shall make the requested proceeds available to the Agent for the account of the Swing Line Lender in accordance with the funding provisions set forth in this Agreement. The proceeds of Facility A advanced pursuant to this Section 1.1(b) shall be immediately applied to repay the Swing Line Outstandings.

1.2 Use of Proceeds. The Loan shall be used by the Borrowers only for the following purposes: (i) to refinance certain existing indebtedness of the Borrowers, including, without limitation, the Kaiser Group Debt; (ii) to finance any Permitted Acquisition (including, the purchase price of a Permitted Acquisition, together with customary transaction costs and expenses payable to unrelated and unaffiliated third parties relating thereto); and (iii) for working capital and general corporate needs. Each Borrower agrees that it will not use or permit the Loan proceeds to be used for any other purpose without the prior written consent of the Agent.

1.3 Borrowing Base and Maximum Advances. Notwithstanding any term or provision of this Agreement or any other Loan Document to the contrary, it is understood and agreed that in no event whatsoever shall the Lenders (including the Swing Line Lender) be obligated to advance any amount or issue any Letter of Credit hereunder if such advance or the issuance of such Letter of Credit would cause the aggregate amount of outstanding Loans (including Swing Line Outstandings), plus the face amount of all outstanding Letters of Credit, to exceed the following amounts:

- (a) as to Facility A, the lesser of:
 - (i) the Facility A Commitment Amount; or
 - (ii) the aggregate of (the “Maximum Borrowing Base”):
 - A. ninety percent (90%) of Eligible Billed Government Accounts Receivable; plus
 - B. eighty percent (80%) of Eligible Billed Commercial Accounts Receivable; plus
 - C. the lesser of (i) sixty percent (60%) of Eligible Foreign Accounts Receivable, and (ii) Two Million and No/100 Dollars (\$2,000,000.00);
- (b) as to Facility B, the Facility B Commitment Amount;
- (c) as to Facility C, the Facility C Commitment Amount; and
- (d) as to the Swing Line Facility, the Swing Line Commitment Amount.

All determinations regarding whether any Receivable constitutes an Eligible Billed Government Account Receivable, Eligible Billed Commercial Account Receivable or Eligible Foreign Account Receivable shall be made by the Agent, from time to time, in its sole and absolute discretion.

If at any time the outstanding principal balance of Facility A (including the maximum aggregate face amount of all outstanding Letters of Credit, plus Swing Line Outstandings) shall exceed the lesser of (i) the Facility A Commitment Amount, and (ii) the Maximum Borrowing Base (such excess, in either case, being referred to herein as a "Borrowing Base Deficiency"), then the Borrowers shall immediately make a principal payment in the amount of the Borrowing Base Deficiency.

1.4 **Advances.**

(a) **Agreement to Advance and Readvance; Procedure.** So long as no Event of Default shall have occurred and be continuing, and no act, event or condition shall have occurred and be continuing which with notice or the lapse of time, or both, shall constitute an Event of Default, and subject to the terms and provisions of this Agreement, the Lenders (and the Swing Line Lender, as the case may be) shall (i) advance and readvance the proceeds of Facility A and the proceeds of the Swing Line Facility (as applicable) from time to time in accordance with this Agreement; and (ii) advance the proceeds of Facility B and Facility C to the Borrowers upon the Borrowers' execution and delivery of this Agreement and all other documents, instruments and agreements required by the Agent and Lenders in connection herewith. Requests for advances with respect to Facility A shall be in the form attached as **Exhibit 1** hereto, and requests for advances with respect to the Swing Line Facility shall be in the form attached as **Exhibit 1(a)** hereto. Requests for advances of Loan proceeds with respect to Facility A and the Swing Line Facility may be made via facsimile on any given Business Day if the Borrowers provide the Agent, in advance, with a written list of the names of the specific officers authorized to request disbursements by facsimile. Upon request by the Agent, the Borrowers shall confirm, in an original writing, each facsimile request for advance made by any Borrower. Notwithstanding the foregoing, (a) the Lenders shall have no obligation to make any advance with respect to Facility A after the Maturity Date; and (b) the Swing Line Lender shall have no obligation to make any advance with respect to the Swing Line Facility after the Swing Line Termination Date.

(b) **Interest Rate Election; Certain Advance Procedures and Limits.** Amounts advanced in connection with the Loans shall bear interest either on a Base Rate basis or LIBOR basis, as more fully set forth in the Notes and in the exhibits attached to this Agreement, except that Swing Line Loans shall only be made available to the Borrowers on a Base Rate basis. Advances bearing interest on a Base Rate basis shall be in minimum and incremental amounts of One Hundred Thousand and No/100 Dollars (\$100,000.00), and shall be made available on a same-day basis, if requested by 12:00 Noon, Washington, D.C. time, on any Business Day. Advances bearing interest on a LIBOR basis shall also be in minimum and incremental amounts of One Hundred Thousand and No/100 Dollars (\$100,000.00), and shall be made available not less than three (3) Business Days, nor more than five (5) Business Days, after request therefor. The Borrowers' right to request LIBOR based interest, as well as certain additional terms, conditions and requirements relating thereto, are set forth in the Notes and in the exhibits attached to this Agreement, and each Borrower expressly acknowledges and consents to such additional terms and provisions.

(c) **Automatic Advances/Payments.** The Borrowers hereby authorize the Agent, on any Business Day, to transfer funds from the Collateral Account or any other designated account of the Borrowers to pay down the Obligations and to make advances available to the Borrowers to cover shortages or overdrafts in the Collateral Account or such other designated account of the Borrowers. All such transfers are subject to the availability of Loan proceeds under Facility A (with respect to advances) and the availability of funds in the Collateral Account or such other designated account of the Borrowers (with respect to paydowns). The Lenders may, in their discretion, make such transfers, but shall have no liability for its failure to do so. Subject to the terms of any cash management agreement between the Borrowers and any Lender, the Borrowers may, at any time, terminate the authority granted by the Borrowers to the Agent herein upon not less than two (2) Business Days prior written notice to the Agent.

1.5 **Additional Mandatory Payments; Reduction of Commitment.** In addition to all other sums payable by the Borrowers pursuant to any of the Notes, this Agreement or any other Loan Document, the

Borrowers shall also make mandatory payments on the Notes (applied first to amounts outstanding under Facility C, then to Facility B, then to Swing Line Outstandings (if any), and then to amounts outstanding under Facility A, as provided herein below), upon the occurrence of any Excess Cash Event. Notwithstanding the foregoing, no mandatory payment shall be due and payable unless the Net Cash arising from any Excess Cash Event occurring in any Fiscal Year, when aggregated with the Net Cash arising from all other Excess Cash Events occurring during such Fiscal Year, exceeds the Annual Excess Cash Limitation, in which event the amount of such mandatory payment shall be equal to the amount by which the Net Cash arising from such Excess Cash Event(s) exceeds the Annual Excess Cash Limitation. In the event any payment(s) made or required to be made by the Borrowers pursuant to this Section 1.5 shall be applied to Facility A (i.e., all amounts outstanding under Facility B, Facility C and Swing Line Outstandings (if any) shall have been paid and satisfied in full), the Facility A Commitment Amount shall be automatically (and without further documentation) reduced by an amount equal to such payment, unless such reduction shall have been waived in writing by the Agent.

1.6 **Field Audits.** The Agent has the right at any time and in its discretion to conduct field audits with respect to the Collateral and each Borrower's Receivables, inventory, business and operations. All field audits shall be at the cost and expense of the Borrowers; it being understood and agreed that, in the absence of an Event of Default, the Borrowers' maximum liability for field audit costs and expenses shall be limited to the reasonable costs and expenses of only two (2) field audits conducted during any twelve (12) month period (unless the Agent shall conduct a field audit pursuant to Section 1.10 of this Agreement in connection with the joinder of a new "Borrower" hereunder, in which event the Borrowers shall be liable for the costs and expenses of such field audit as well). Any and all field audits conducted following an Event of Default shall be at the Borrowers' cost and expense, with the foregoing limitation on maximum costs and expense being inapplicable.

1.7 **Certain Fees.** In addition to principal, interest and other sums payable under the Notes, the Borrowers shall pay the following fees:

(a) **Upfront Fee.** Simultaneously with the execution of this Agreement, the Borrowers shall pay to the Agent, for the benefit of all Lenders pro-rata based on each Lender's Percentage (herein referred to as the "benefit of the Lenders ratably"), an upfront fee in the aggregate amount of One Hundred Thousand and No/100 Dollars (\$100,000.00).

(b) **Commitment Fee.** So long as any amounts remain outstanding in connection with Facility A, or the Lenders have any obligation to make any advance in connection therewith, the Borrowers agree to pay to the Agent for the benefit of the Lenders ratably, a quarterly commitment fee (the "Facility A Commitment Fee"), at a per annum rate equal to one-quarter of one percent (.25%), calculated on the difference between (i) the Facility A Commitment Amount, and (ii) the sum of the average daily outstanding principal balance of Facility A and Swing Line Outstandings during the applicable three (3) month period, plus the aggregate face amount of all Letters of Credit outstanding at any time during the applicable three (3) month period. The Facility A Commitment Fee shall be calculated on the basis of the actual number of days elapsed and a three hundred sixty (360) day year, shall be due for any three (3) month period during which the Lenders shall have any obligation in connection with the Facility, and shall be payable in arrears, commencing on December 31, 2005, and continuing on the last Business Day of every third (3rd) calendar month thereafter for so long as this Agreement remains in effect, and on the date on which the Obligations have been paid and satisfied in full.

(c) **Agent Fee.** On each Agent Fee Due Date, the Borrowers shall pay to the Agent, for its own account, an agent fee (the "Agent Fee"), in a per annum amount equal to the sum of (i) Ten Thousand and No/100 Dollars (\$10,000.00), plus (ii) the product of (a) Five Thousand and No/100 Dollars (\$5,000.00), multiplied by (b) the number of Lender parties to this Agreement (excluding the Lender then acting in the capacity as the Agent) as of the applicable Agent Fee Due Date; provided, however, that if the number of Lender parties to this Agreement shall increase at any time (a "Lender Joinder Date") other than on an Agent Fee Due Date, then the Borrowers shall pay to the Agent, on the Lender Joinder Date, for the Agent's own account and in addition to the Agent Fee paid or payable on the immediately preceding Agent Fee Due Date, an amount equal to the product of (I) Thirteen and 89/100 Dollars (\$13.89), multiplied by (II) the actual number of days that will elapse between (but including) the Lender Joinder Date and the next Agent Fee Due Date.

(d) Letter of Credit Fees. The Borrowers shall pay any and all Letter of Credit fees as and when such fees become due and payable pursuant to this Agreement.

(e) Out-of-Pocket Fees and Expenses. The Borrowers shall be liable for and shall timely pay all out-of-pocket costs and expenses (including reasonable attorneys' fees and expenses of counsel for the Agent, and of other special and local counsel and other experts, if any, engaged by the Agent) from time to time incurred by the Agent in connection with the administration of, preservation of rights in and enforcement of this Agreement, the other Loan Documents and the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, the Borrowers shall be liable for all of the Agent's out-of-pocket costs and expenses (including reasonable attorneys' fees and expenses of counsel for the Agent) associated with any and all amendments, waivers and/or consents prepared, negotiated, executed, issued and/or delivered in connection with this Agreement.

1.8 Intentionally Omitted

1.9 Appointment of the Primary Operating Company. Each Borrower acknowledges that (i) the Lenders have agreed to extend credit to each of the Borrowers on an integrated basis for the purposes herein set forth; (ii) it is receiving direct and/or indirect benefits from each such extension of credit; and (iii) the obligations of the "Borrower" or "Borrowers" under this Agreement are the joint and several obligations of each Borrower. To facilitate the administration of the Loan, each Borrower hereby irrevocably appoints the Primary Operating Company as its true and lawful agent and attorney-in-fact with full power and authority to execute, deliver and acknowledge on such Borrower's behalf, each Request for Advance and Certification, Borrowing Base/Non-Default Certificate and all other Loan Documents or other materials provided or to be provided to the Agent or any Lender pursuant to this Agreement or in connection with the Loan. This power-of-attorney is coupled with an interest and cannot be revoked, modified or amended without the prior written consent of the Agent. Upon request of the Agent, each Borrower shall execute, acknowledge and deliver to the Agent a Power of Attorney, in form and substance reasonably satisfactory to the Agent, confirming and restating the power-of-attorney granted herein.

1.10 Joinder of New Subsidiaries and Affiliates; Release of Certain Borrowers

(a) Unless waived in writing by the Agent, in its sole and absolute discretion, the Borrowers shall cause any present or future Affiliate of any Borrower in which such Borrower now or hereafter owns, directly or indirectly, an ownership interest of greater than fifty percent (50%) to execute and deliver to the Agent (i) within forty-five (45) days of the date of formation or acquisition (as applicable) of any domestic entity, and (ii) ninety (90) days of the date of formation or acquisition (as applicable) of any foreign entity (x) a Joinder Agreement in the form attached as Exhibit 6 hereto (a "Joinder Agreement"), pursuant to which such Affiliate shall (A) join in and become a party to this Agreement and the other Loan Documents; (B) agree to comply with and be bound by the terms and conditions of this Agreement and all of the other Loan Documents; and (C) become a "Borrower" and thereafter be jointly and severally liable for the performance of all the past, present and future obligations and liabilities of the Borrowers hereunder and under the Loan Documents; and (y) such other documents, instruments and agreements as may be reasonably required by the Agent in connection therewith (including, without limitation, an opinion of counsel), in form and substance acceptable to the Agent and its counsel in all respects. The Borrowers acknowledge and agree that the Agent shall have the right, at the Borrowers' cost and expense, to perform a field audit of the Receivables, inventory, business and operations of any present or future Affiliate proposed to be joined as a "Borrower" hereunder;

(b) Subject to the terms and provisions set forth in Exhibit 9 attached hereto, the Agent agrees that it shall not unreasonably withhold, delay or condition (i) its waiver of any or all of the joinder requirements set forth in clause (a) above, (ii) its consent to any Foreign Borrower entering into other financing arrangements with any person or entity, whether secured or unsecured, and/or (iii) in connection with any such financing arrangement(s), its release of any Foreign Borrower from such Foreign Borrower's Obligations, including any security interest of the Agent in such Foreign Borrower's assets granted in connection herewith.

ARTICLE 2
LETTERS OF CREDIT

2.1 **Issuance.** The Borrowers and Lenders acknowledge that from time to time the Borrowers may request that Citizens Bank issue or amend Letter(s) of Credit. Subject to the terms and conditions of this Agreement, and any other requirements for letters of credit normally and customarily imposed by Citizens Bank, Citizens Bank agrees to issue such requested letters of credit, provided that no Event of Default has occurred and is continuing, and no act, event or condition has occurred or exists which with notice or the passage of time, or both, would constitute an Event of Default. If any such Letter(s) of Credit are issued by Citizens Bank, each of the Lenders shall purchase from Citizens Bank a risk participation with respect to such Letter(s) of Credit in an amount equal to such Lender's Percentage of such Letter(s) of Credit. Citizens Bank shall have no obligation to issue any Letter of Credit which has an expiration date beyond the Maturity Date, unless the Borrowers shall have deposited with Citizens Bank, concurrent with the issuance of any such Letter of Credit, cash security therefor in an amount equal to the face amount of the Letter of Credit. Any request for a Letter of Credit shall be made by a Borrower submitting to the Agent an Application and Agreement for Letter of Credit or Amendment to Letter of Credit (each being herein referred to as a "Letter of Credit Application") on Citizens Bank's standard form, at least three (3) Business Days prior to the date on which the issuance or amendment of the Letter of Credit shall be required, which Letter of Credit Application shall be executed by a duly authorized officer of a Borrower, and be accompanied by such other supporting documentation and information as the Agent may from time to time reasonably request. Each Letter of Credit Application shall be deemed to govern the terms of issuance of the subject Letter of Credit, except to the extent inconsistent with the terms of this Agreement. It is understood and agreed that Letters of Credit shall not be issued for durations of longer than one (1) year. Any outstanding Letter of Credit may be renewed from time to time; provided that (i) at least sixty (60) days' prior written notice thereof shall have been given by the Borrower to the Agent and the Lenders; and (ii) no Event of Default exists under the terms and provisions of the particular Letter of Credit or this Agreement, and no act, event or condition has occurred or exists which with notice or the passage of time, or both, would constitute an Event of Default under the terms and provisions of the particular Letter of Credit or this Agreement.

2.2 **Amounts Advanced Pursuant to Letters of Credit.** Upon the issuance of any Letter(s) of Credit (i) any amounts drawn under any Letter of Credit shall be deemed advanced ratably under the Revolver Notes, shall bear interest and be payable in accordance with the terms of the Revolver Notes and shall be secured by the Collateral (in the same manner as all other sums advanced under the Revolver Notes); and (ii) each Lender shall purchase from Citizens Bank such risk participations in the Letter(s) of Credit as shall be necessary to cause each Lender to share the funding obligations with respect thereto ratably in accordance with such Lender's Percentage. It is expressly understood and agreed that all obligations and liabilities of the Borrowers to Citizens Bank in connection with any such Letter(s) of Credit shall be deemed to be "Obligations," and the Agent shall not be required to release its security interest in the Collateral until (i) all Notes and all other sums due to the Lenders in connection with the Loan have been paid and satisfied in full, (ii) all Letters of Credit have been canceled or expired, and (iii) no Lender has any further obligation or responsibility to make additional Loan advances or issue additional Letters of Credit. Furthermore, in no event whatsoever shall Citizens Bank have any obligation to issue any Letter of Credit which would cause the face amount of all then outstanding Letters of Credit issued for the account of any or all Borrowers to exceed Five Million and No/100 Dollars (\$5,000,000.00), in the aggregate, at any time.

2.3 **Letter of Credit Fees.** The Borrowers shall be jointly and severally liable for the payment of: (i) to the Agent, for the benefit of the Lenders ratably, a quarterly- fee (the "Letter of Credit Fee") at the annual rate equal to the Additional Libor Interest Margin corresponding to the Borrower's Leverage Ratio reported as of the immediately preceding quarter, as set forth on Exhibit Z hereto, which shall be calculated (a) on the face amount of each Letter of Credit as of the date of issuance (or the anniversary or amendment date, as applicable), and (b) on the basis of the actual number of days elapsed and a three hundred sixty (360) day year; and (ii) to the Agent, customary issuance and administrative charges (the "Letter of Credit Administration Fee"). The Letter of Credit Fee shall be due and payable, in advance, on the date the Letter of Credit is issued, amended, extended or renewed and on the same day of every third (3rd) month thereafter during which such Letter of Credit shall remain issued or outstanding. The Letter of Credit Administration Fee shall be due and payable simultaneously with the Agent's issuance, amendment, extension or renewal of the particular Letter of Credit (as the case may be).

**ARTICLE 3
SECURITY**

3.1 **Security Generally.** As collateral security for the Loan and all other Obligations, the Borrowers hereby grant and convey to the Agent, for the benefit of the Lenders ratably, a security interest in all of the following (collectively, the "Collateral"):

Receivables. All of each Borrower's present and future right, title and interest in and to any and all Accounts, contracts, contract rights, Chattel Paper, General Intangibles, notes, drafts, acceptances, chattel mortgages, conditional sale contracts, bailment leases, security agreements and other forms of obligations now or hereafter arising out of or acquired in the course of or in connection with any business each Borrower conducts, together with all liens, guaranties, securities, rights, remedies and privileges pertaining to any of the foregoing, whether now existing or hereafter created or arising, and all rights with respect to returned and repossessed items of Inventory;

Inventory. All of each Borrower's present and future right, title and interest in and to any and all Inventory and Goods, wherever located, and whether held for sale or lease or furnished or to be furnished under contracts of service, and all raw materials, work in process and materials now or hereafter owned by each Borrower, wherever located, and used or consumed in its business, including all returned and repossessed items; and all other property now or hereafter constituting Inventory;

Other Collateral. All of each Borrower's present and future right, title and interest in and to any and all Deposit Accounts, Documents, Instruments, Investment Property, Letter of Credit Rights and Supporting Obligations, whether any of the foregoing shall be now owned or hereafter acquired by such Borrower, together with all of each Borrower's present and future furniture, fixtures, Equipment, machinery, supplies and other assets (other than stock, as below provided) and personal property of every type or nature whatsoever, including without limitation, all of each Borrower's present and future inventions, designs, patents, patent applications, trademarks, trademark applications, trade names, trade secrets, goodwill, registrations, copyrights, licenses, franchises, customer lists, tax refunds, tax refund claims, rights of claims against carriers and shippers, leases and rights to indemnification;

Stock or Other Ownership Interests. All of each Borrower's present and future right, title and interest in and to any and all of the issued and outstanding capital stock, membership interests and/or other ownership interests in any Foreign Borrower, Caliber and the Synergy Entities whether such interests are now or hereafter issued or outstanding and whether now or hereafter acquired by such Borrower, together with all voting, economic and other rights thereof or appurtenant thereto, pursuant to the Stock Security Agreement, Membership Interest Assignment and/or such other documents, instruments or agreements as may be reasonably required by the Agent;

Leases. All of each Borrower's present and future right, title and interest in and to any and all leases, occupancy agreements, subleases, contracts, licenses, agreements and other understandings of or relating to the use, enjoyment or occupancy of real property or any improvements thereon; provided, however, that if the terms of any such lease or other contract require such Borrower to notify or obtain the prior written consent of a third party for the grant of a security interest in such lease or other contract, the security interest granted hereby in such lease or other contract shall not be effective until such notification is delivered or such consent is obtained;

Key Man Life Insurance. All of each Borrower's present and future right, title and interest in and to the Key Man Life Insurance Policies.

Records. All of each Borrower's present and future right, title and interest in and to any and all records, documents and files, in whatever form, pertaining to the Collateral; and

Proceeds, Etc. Any and all Proceeds of the foregoing, whether cash or non-cash proceeds, and all increases, substitutions, replacements and/or additions to any or all of the foregoing.

It is expressly understood and agreed that the foregoing grant and conveyance of a security interest in the Collateral is in confirmation of (and not replacement of) the grant and conveyance of a security interest in the Collateral which was previously made pursuant to or in accordance with the Existing Loan Agreement and the other Loan Documents; that the liens created by such prior grant and conveyance of a security interest in the Collateral remain in full force and effect; and that the grant of and conveyance of a security interest in the Collateral pursuant hereto shall be supplemental to such prior grant and conveyance.

Notwithstanding the foregoing, the above described conveyance shall not be deemed to include the conveyance of (A) any Government Contract, Government Subcontract or Commercial Contract, which by its terms or applicable law may not be conveyed; it being understood, however, that in any such situation(s), the Agent's security interest shall include (i) the entirety of each Borrower's right, title and interest in and to all Receivables and all other Proceeds directly or indirectly arising from such Government Contract, Government Subcontract or Commercial Contract, and (ii) all other rights and interests which any Borrower may lawfully convey to the Agent with respect to such Government Contract, Government Subcontract or Commercial Contract; (B) any stock or other ownership interests of a Foreign Borrower in excess of sixty-five percent (65%) of all of the issued and outstanding stock or other ownership interests of such Foreign Borrower; (C) motor vehicles titled in the name of any Borrower; and (D) except as otherwise set forth in Section 3.1 of this Agreement with respect to leases, interests in real property owned by any Borrower.

3.2 **No Preference or Priority.** It is expressly understood and agreed that each of the Notes shall be secured without preference or priority; it being the intention of the parties that the Notes shall be co-equal and coordinate in right of payment of principal, interest, late charges and other sums due thereunder.

ARTICLE 4 CONDITIONS TO THE LENDERS' OBLIGATIONS

The initial performance of the Lenders' obligations under this Agreement shall be subject to the following conditions:

4.1 **Compliance with Law and Agreements; Third Party Consents.** The Lenders shall be reasonably satisfied that (a) the Loan shall be in full compliance with all legal requirements, (b) all regulatory and third party consents and approvals required to be obtained have been obtained, and (c) the Borrowers shall have performed all agreements theretofore to be performed by the Borrowers.

4.2 **Financial Condition.** There shall have been no material adverse change in the financial condition of the Borrowers, in the aggregate, between the date of the most recent financial statement(s) delivered to the Lenders and the Restatement Date.

4.3 **Litigation/Bankruptcy.** There shall be no pending or threatened litigation by any entity (private or governmental) with respect to the Loan or any documentation executed in connection therewith (except for such litigation disclosed to and not objected to by the Agent prior to Closing), nor shall there be any litigation, bankruptcy or other proceedings which the Agent believes, in good faith, could reasonably be expected to have a material adverse effect on a going forward basis.

4.4 **Opinion of Counsel.** The Agent shall have received an opinion of Borrowers' counsel with respect to each Borrower that is incorporated, formed or organized within the United States, in form and substance satisfactory to the Agent and its counsel in all respects.

4.5 **No Default.** There shall exist no Event of Default, and no act, event or condition shall have occurred or exist which with notice or the lapse of time, or both, would constitute an Event of Default.

4.6 **Documentation.** The Agent shall have received an initial Borrowing Base/Non-Default Certificate, and such financial statements, projections, certificates of good standing, corporate resolutions, limited liability company consents, UCC financing statements, opinions, certifications, schedules to be attached to this Agreement and such other documents, instruments and agreements as may be reasonably required by the Lenders or the Agent, in such form and content and from such parties, as the Agent shall require (including, without limitation, all documentation and other information required by bank regulatory authorities applicable to “know your customer” and anti-money laundering rules and regulations, including the Patriot Act). All documentation relating to the Loan and all related transactions must be satisfactory in all respects to the Agent, the Lenders and their respective counsel.

4.7 **Restatement Costs and Expenses.** The Borrowers shall have paid all fees payable to the Agent and/or the Lenders, plus all restatement/closing costs and expenses incurred by the Agent in connection with the transactions contemplated hereby, including, without limitation, all filing fees, recording costs and the reasonable attorneys’ fees and expenses of the Agent’s counsel.

4.8 **Restatement Matters.** On or before the Restatement Date:

(a) The Agent shall have received (i) a certificate, dated the Restatement Date and signed by Chief Financial Officer or other duly authorized officer of the Borrowers, certifying (A) that except as set forth on any schedule attached thereto, the certificate or articles of incorporation or formation (or similar document) of each Borrower previously delivered to the Agent and its counsel in connection with the Existing Loan Agreement have not been amended since the date of the last amendment thereto shown on the certificate of good standing so furnished, (B) that except as set forth on any schedule attached thereto, the by-laws of each Borrower as in effect and delivered in connection with the Existing Loan Agreement have not been amended, (C) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors or other equivalent body of each Borrower, authorizing the execution, delivery and performance of this Agreement, the Notes and the other Loan Documents by such Borrower, the undertaking by such Borrower of the Obligations, and that such resolutions have not been modified, rescinded or amended and are in full force and effect as of the Restatement Date, and (D) as to the incumbency and specimen signature of each officer executing this Agreement, the Notes, or any other Loan Document or any other document delivered in connection therewith on behalf of such Borrower; and (ii) a certificate of another officer as to the incumbency and specimen signature of the Chief Financial Officer or other duly authorized officer executing the certificate pursuant to clause (i) above;

(b) This Agreement, the Notes and all other Loan Documents required to be executed and delivered by any Lender and/or any Borrower shall have been executed and delivered to the Agent and its counsel in form and substance acceptable to the Agent, all such documents shall be in full force and effect, and each such document (including each UCC financing statement) required by law or reasonably requested by the Agent to be filed, registered or recorded in order to create or continue in favor of the Agent for the benefit of the Lenders a valid, legal and perfected first-priority (except to the extent otherwise provided therein) security interest in and lien on the Collateral (subject to any Permitted Lien) described therein shall have been prepared and delivered to the Agent and its counsel;

(c) All legal matters incident to this Agreement and the Restatement shall be reasonably satisfactory to the Lenders, the Agent and their respective counsel; and

(d) After giving effect to the Restatement, all representations and warranties of the Borrowers set forth in this Agreement and the other Loan Documents shall be true, accurate and complete in all material respects, and not misleading in any material respect.

4.9 **Financial Documents.** The Agent shall have received the following with respect to the Borrowers an initial Borrowing Base/Non-Default Certificate evidencing excess borrowing availability in an amount greater than Five Million and No/100 Dollars (\$5,000,000.00) as of the Closing Date. All of the foregoing must be satisfactory to the Agent in all respects.

4.10 **Security Interests.** The Borrowers shall have executed and delivered all documentation that the Agent deems necessary or appropriate for the perfection of any Liens granted to the Lenders pursuant to this Agreement or any other Loan Document.

4.11 **Caliber Documents.** The Borrowers shall have provided to the Agent all documents, instruments and agreements pertaining to the transactions contemplated by the Caliber Purchase Agreement which must be satisfactory to the Agent in all respects.

4.12 **Insurance.** The Borrowers shall have delivered to the Agent for the ratable benefit of the Lenders (i) evidence of compliance with the insurance requirements set forth in this Agreement and the other Loan Documents; and (ii) copies of the Key-Man Life Insurance Policies.

4.13 **Other Deliveries.** The Borrowers shall have provided to the Agent all other documents, instruments and agreements requested by the Agent on or prior to the Restatement Date.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

To induce the Agent and Lenders to enter into this Agreement, each Borrower jointly and severally represents, warrants, covenants and agrees as follows:

5.1 **Existence and Qualification.** Each Borrower is a corporation or limited liability company duly organized, validly existing and in good standing (to the extent applicable) under the laws of its jurisdiction of incorporation or organization referenced in the preamble of this Agreement, with all corporate or limited liability company power and authority and all necessary licenses and permits to own, operate and lease its properties and carry on its business as now being conducted, and as it may in the future be conducted, except where the failure to obtain such licenses or permits could not reasonably be expected to have a material adverse effect on such Borrower. Each Borrower has only one jurisdiction of incorporation or organization (as the case may be). Each Borrower is duly qualified and authorized to do business and is in good standing in each jurisdiction in which the nature of its activities or the character of its properties makes qualification necessary, except where the failure to so qualify could not reasonably be expected to have a material adverse effect on such Borrower.

5.2 **Authority; Noncontravention.** Except as set forth in Schedule 5.2 hereto, the execution, delivery and performance of the obligations of each Borrower set forth in this Agreement, the Notes and the other Loan Documents (i) have been duly authorized by all necessary corporate, limited liability company, stockholder or member action (as applicable); (ii) do not require the consent of any governmental body, agency or authority; (iii) will not violate or result in (and with notice or the lapse of time will not violate or result in) the breach of any provision of any Borrower's Articles/Certificate of Incorporation, Articles/Certificate of Organization, By-laws, Operating Agreement, Material Contracts existing as of the Restatement Date, or any order or regulation of any governmental authority or arbitration board or tribunal; and (iv) except as permitted by the terms and provisions of this Agreement, will not result in the creation of a lien, charge or encumbrance of any nature upon any of the properties or assets of any Borrower. When the Loan Documents are executed and delivered, they will constitute legal, valid and binding obligations of each Borrower, enforceable against each Borrower in accordance with their respective terms, subject to applicable bankruptcy, insolvency and other similar laws affecting the rights of creditors generally.

5.3 **Financial Position.** The financial statements listed on Schedule 5.3 hereto, copies of which have been delivered to the Lenders (a) present fairly the financial condition of the Borrowers as of the date(s) thereof and the results of the Borrowers' operations for the periods indicated therein, (b) were prepared in accordance with GAAP, (c) with respect to all historical data, are true and accurate in all material respects, (d) with respect to all projections, are reasonable, and (e) are not misleading in any material respect. All material liabilities, fixed or contingent, are fully shown or provided for on the referenced financial statements or the notes thereto as of the date(s) thereof. There has been no material adverse change in the business, property or condition (financial or otherwise) of the Borrowers since the date of the most recent financial statements listed on Schedule 5.3 hereto.

5.4 **Payment of Taxes.** Each Borrower has filed all tax returns and reports required to be filed by it with the United States Government and/or with all state and local governments, and has paid in full or made adequate provision on its books for the payment of all taxes, interest, penalties, assessments or deficiencies shown to be due or claimed to be due on or in respect of such tax returns and reports, except to the extent that the validity or amount thereof is being contested in good faith by appropriate proceedings and the non-payment thereof pending such contest will not result in the execution of any tax lien or otherwise jeopardize the Agent's or the Lenders' interests in any Collateral.

5.5 **Accuracy of Submitted Information; Omissions.** As of the date furnished, all documents, certificates, information, materials and financial statements furnished or to be furnished to any Lender or the Agent pursuant to this Agreement or otherwise in connection with the Loan (i) are true and correct in all material respects; (ii) do not contain any untrue statement of a material fact; and (iii) do not omit any material fact necessary to make the statements contained therein or herein not misleading. No Borrower is aware of any fact which has not been disclosed to the Agent and Lenders in writing which materially adversely affects, or so far as any Borrower can now reasonably foresee, could materially adversely affect, the properties, business, profit or condition (financial or otherwise) of any Borrower or the ability of any Borrower to perform its obligations set forth in this Agreement or in any other Loan Document.

5.6 **Government Contracts/Government Subcontracts.** Except for the matters set forth on Schedule 5.6(a) hereto, since December 31, 2000, and with respect to Caliber Entities, December 31, 2001, no notice of suspension, debarment, cure notice, show cause notice or notice of termination for default has been issued by the Government to any Borrower, and no Borrower is a party to any pending, or to any Borrower's knowledge threatened, suspension, debarment, termination for default or show cause requirement by the Government or other adverse Government action or proceeding in connection with any Government Contract; it being understood and agreed that, for purposes hereof, normal and customary reviews and audits conducted by the Government in the ordinary course of business shall not be deemed adverse Government action(s) or proceeding(s). All Government Contracts (other than Government Contracts with an Approved International Organization) existing as of the Restatement Date and having (i) a remaining contract value of Five Hundred Thousand and No/100 Dollars (\$500,000.00) or more, and (ii) a remaining term of twelve (12) months or longer are listed on Schedule 5.6(b) hereto.

5.7 **No Defaults or Liabilities.** No Borrower is in default of any obligation, covenant or condition contained in any Material Contract which materially adversely affects, or could reasonably be expected to have a material adverse effect on, the properties, business, profit or condition (financial or otherwise) of such Borrower or the ability of such Borrower to perform its obligations set forth in this Agreement or in any other Loan Document. Additionally, except for the matters disclosed on Schedule 5.9 hereto, there is no litigation, legal or administrative proceeding or investigation pending against any Borrower, and no litigation, legal or administrative proceeding or investigation has been threatened against any Borrower, which has not been disclosed to the Agent and the Lenders in writing and which involves amounts in excess of Five Hundred Thousand and No/100 Dollars (\$500,000.00) or which could prejudice, in any material respect, the Agent's or any Lender's rights or remedies under any Loan Document, or the priority, perfection or enforceability of the Agent's security interest in or lien on any Collateral.

5.8 **No Violations of Law.** No Borrower is in violation of any Applicable Laws in any material respect; no Borrower has failed to obtain any license, permit, franchise or other governmental authorization necessary to the ownership of its properties or to the conduct of its business, and each Borrower has conducted its business and operations in compliance with all Applicable Laws, except for such non-compliance which could not reasonably be expected to have a material adverse effect on such Borrower.

5.9 **Litigation and Proceedings.** Except for the matters set forth on Schedule 5.9 attached hereto, as of the Restatement Date, no action, suit or proceeding against or affecting any Borrower is presently pending, or to the knowledge of any Borrower, threatened, in any court, before any governmental agency or department, or before any arbitration board or tribunal, which involves the possibility of any judgment or liability in excess of Five Hundred Thousand and No/100 Dollars (\$500,000.00) and is not fully covered by insurance. No Borrower is in default with respect to any order, writ, injunction or decree of any court, governmental authority or arbitration board or tribunal.

5.10 **Security Interest in the Collateral.** Each Borrower is the sole legal and beneficial owner of the Collateral owned or purported to be owned by it, free and clear of all liens, claims and encumbrances of any nature, except for the Permitted Liens and other liens expressly permitted by the terms and provisions of this Agreement. Except as expressly set forth in this Agreement or unless requirements of any applicable foreign law(s) dictate an alternative or additional method of creating valid and enforceable security interests in the Collateral (or, as the case may be under any applicable foreign law, such foreign jurisdiction's equivalent of a valid and enforceable security interest in and to such Collateral), the security interests and liens granted by the Borrowers to the Agent pursuant to this Agreement constitute valid and enforceable security interests in and liens on each item of the Collateral of the type or nature which may be made subject to a security interest under the UCC, subject to no other liens other than Permitted Liens. Upon execution of this Agreement, and subject to (i) the filing of UCC-1 financing statements containing a description of the Collateral and naming the Borrowers as debtors in the appropriate jurisdictions as determined by applicable law, and/or (ii) the requirements of any applicable foreign law(s) which dictate an alternative or additional method of perfecting the security interest (or, as the case may be under any applicable foreign law, such foreign jurisdiction's equivalent of a perfected lien on and security interest) in the Collateral pursuant to this Agreement, the security interests and liens granted by the Borrowers to the Agent, for the benefit of the Lenders ratably, pursuant to this Agreement (a) constitute perfected security interests in all Collateral of the type or nature in which a security interest may be perfected by filing, recording or registering a financing statement in the United States pursuant to the UCC, (b) shall be superior to and prior to any other lien on any of such Collateral (but excluding Collateral consisting of capital stock, membership interests or ownership interests in any Foreign Borrower), other than Permitted Liens, and no further recordings or filings are or will be required in connection with the creation, perfection or enforcement of such security interests and liens, other the filing of continuation statements in accordance with applicable law, and (c) in the case of Collateral consisting of capital stock, membership interest(s) or ownership interest(s) in any Foreign Borrower, Caliber and the Synergy Entities, subject to (i) having control thereof within the meaning of the UCC, and/or (ii) satisfaction of any requirements of applicable laws of a foreign jurisdiction which dictate an alternative or additional method of perfection (or, as the case may be under any applicable foreign law, such foreign jurisdiction's equivalent of a perfected lien on and security interest in and to such Collateral), shall be superior to and prior to any other lien on any of such Collateral, other than Permitted Liens.

5.11 **Principal Place of Business; Location of Books and Records.** As of the Restatement Date, each Borrower maintains its principal place of business and the office where it keeps its books and records with respect to Receivables at the locations listed on **Schedule 2** hereto. **Schedule 5.11** hereto sets forth all primary business locations of the Borrowers situated within the United States as of the Restatement Date and where Borrower assets valued, individually or in the aggregate, in excess of Five Hundred Thousand and No/100 Dollars (\$500,000.00) are located as of the Restatement Date.

5.12 **Fiscal Year.** Each Borrower's Fiscal Year ends on December 31st.

5.13 **Pension Plans.**

(a) Except for the matters set forth on **Schedule 5.13(a)** attached hereto, the present value of all benefits vested under all "employee pension benefit plans", as such term is defined in Section 3(2) of the Employee Retirement Income Security Act of 1974 ("ERISA"), from time to time maintained by the Borrowers (individually, a "Pension Plan" and collectively, the "Pension Plans") did not, as of December 31, 2004, exceed the value of the assets of the Pension Plans allocable to such vested benefits;

(b) No Pension Plan, trust created thereunder or other person dealing with any Pension Plan has engaged in a non-exempt transaction proscribed by Section 406 of ERISA or a non-exempt "prohibited transaction", as such term is defined in Section 4975 of the Internal Revenue Code;

(c) Except for the matters set forth on **Schedule 5.13(c)** attached hereto, no Pension Plan or trust created thereunder has been terminated within the last three (3) years, and there have been no "reportable events" (as such term is defined in Section 4043 of ERISA and the regulations thereunder) with respect to any pension plan or trust created thereunder after June 30, 1974; and

(d) No Pension Plan or trust created thereunder has incurred any “accumulated funding deficiency” (as such term is defined in Section 302 of ERISA or Section 412 of the Internal Revenue Code) as of the end of any plan year, whether or not waived, since the effective date of ERISA.

5.14 **O.S.H.A., ADA and Environmental Compliance.**

(a) Each Borrower has duly complied in all material respects with, and its facilities, business assets, property, leaseholds and equipment are in compliance in all material respects with, the provisions of the Federal Occupational Safety and Health Act (“O.S.H.A.”), the Americans with Disabilities Act (“ADA”), the Environmental Protection Act, RCRA and all other environmental laws which non-compliance with could result in a material adverse effect on the business, condition (financial or otherwise) or results of operations of any Borrower; and there have been no citations, notices, notifications or orders of any such non-compliance issued to any Borrower or relating to its business, assets, property, leaseholds or equipment under any such laws, rules or regulations;

(b) each Borrower has been issued all required federal, state and local licenses, certificates and permits necessary or appropriate in the operation of its facilities, businesses, assets, property, leaseholds and equipment, unless the failure to obtain any such license, certificate or permit would not have a material adverse effect on the business condition (financial or otherwise) or results of operations of any Borrower; and

(c) (i) there are no visible signs of releases, spills, discharges, leaks or disposal (collectively referred to herein as “Releases”) of Hazardous Substances at, upon, under or within any real property owned, or to the actual knowledge of any Borrower any premises leased, by any Borrower; (ii) there are no underground storage tanks or polychlorinated biphenyls on any real property owned, or to the actual knowledge of any Borrower any premises leased, by any Borrower; (iii) no real property owned, or to the actual knowledge of any Borrower premises leased, by any Borrower has ever been used by any Borrower (and to the best of each Borrower’s knowledge, any other person) as a treatment, storage or disposal facility for Hazardous Waste; and (iv) no Hazardous Substances are present on any real property owned, or to the actual knowledge of any Borrower any premises leased, by any Borrower, except for such quantities of Hazardous Substances as are handled in all material respects in accordance with all applicable manufacturer’s instructions and governmental regulations, and as are necessary or appropriate for the operation of the business of the Borrowers. Each Borrower, for itself and its successors and assigns, hereby covenants and agrees to indemnify, defend and hold harmless the Agent and Lenders from and against any and all liabilities, losses, claims, damages, suits, penalties, costs and expenses of every kind or nature, including, without limitation, reasonable attorneys’ fees arising from or in connection with (i) the presence or alleged presence of any Hazardous Substance or Hazardous Waste on, under or about any property of any Borrower (including, without limitation, any property or premises now or hereafter owned or leased by any Borrower), or which is caused by or results from, directly or indirectly, any act or omission to act by any Borrower; and (ii) any Borrower’s violation of any environmental statute, ordinance, order, rule or regulation of any governmental entity or agency thereof (including, without limitation, any liability arising under CERCLA, RCRA, HMTA or any Applicable Laws).

5.15 **Intellectual Property.** All patents, patent applications, trademarks, trademark applications, copyrights, copyright applications, trade names, trade secrets and licenses necessary for the conduct of the business of each Borrower are (i) owned or utilized by such Borrower, and (ii) valid and, except with respect to licenses, trade secrets and certain copyrights, have **been** duly registered or filed with all appropriate governmental authorities. **Schedule 5.15 (a)** hereto sets forth all patents, patent applications, trademarks, trademark applications, copyrights, copyright applications, trade names, trade secrets and licenses necessary for the conduct of the business of each Borrower as of the Restatement Date, and except as disclosed in **Schedule 5.15(a)** hereto, there is no objection or pending challenge to the validity of any such patent, trademark, copyright, trade name, trade secret or license; no Borrower is aware of any grounds for any such challenge or objection thereto. Except as disclosed in **Schedule 5.15(b)** hereto, as of the Restatement Date, no Borrower pays any royalty to anyone in connection with any patent, trademark, copyright, trade name, trade secret or license; and each Borrower has the right to bring legal action for the infringement of any such patent, trademark, copyright, trade name, trade secret or license.

5.16 **Existing or Pending Defaults; Material Contracts.** No Borrower is aware of any pending or threatened litigation, or any other legal or administrative proceeding or investigation pending or threatened, against any Borrower arising from or related to any Material Contract.

5.17 **Leases and Real Property.** No Borrower owns any real property other than fixtures that may relate to various leaseholds. All leases and other agreements under which any Borrower occupies real property are in full force and effect and constitute legal, valid and binding obligations of, and are legally enforceable against, the Borrower party thereto and, to the Borrowers' best knowledge, are the binding obligations of and legally enforceable against, the other parties thereto. To the Borrowers' best knowledge, all necessary governmental approvals, if any, have been obtained for each such lease or agreement, and there have been no threatened cancellations thereof or outstanding disputes with respect thereto.

5.18 **Labor Relations.** There are no strikes, work stoppages, material grievance proceedings, union organization efforts or other controversies pending, or to any Borrower's knowledge, threatened or reasonably anticipated, between any Borrower and (i) any current or former employee of any Borrower or (ii) any union or other collective bargaining unit representing any such employee. Each Borrower has complied and is in compliance with all Applicable Laws relating to employment or the workplace, including, without limitation, provisions relating to wages, hours, collective bargaining, safety and health, work authorization, equal employment opportunity, immigration, withholding, unemployment compensation, employee privacy and right to know, except for such non-compliance which could not reasonably be expected to have a material adverse effect on the business, condition (financial or otherwise) or results of operations of any Borrower. Except as set forth on **Schedule 5.18** hereto, as of the Restatement Date, there are no collective bargaining agreements, employment agreements between any Borrower and any of its employees, or professional service agreements not terminable at will relating to the businesses or assets of any Borrower. The consummation of the transactions contemplated hereby will not cause any Borrower to incur or suffer any liability relating to, or obligation to pay, severance, termination or other similar payments to any person or entity.

5.19 **Assignment of Contracts** No existing Government Contract, Government Subcontract or other Material Contract of any Borrower (and no present or future interest of any Borrower, in whole or in part, in, to or under any such Government Contract, Government Subcontract or other Material Contract) is currently assigned, pledged, hypothecated or otherwise transferred to any person or entity (other than in favor of the Agent for the benefit of the Lenders ratably).

5.20 **Contribution Agreement.** The Contribution Agreement is in full force and effect, has not been modified, altered or amended in any respect whatsoever (other than to add a new Borrower party thereto from time to time), and no Borrower is in default thereunder.

5.21 **Registered Names.** The corporate or company name of each Borrower set forth in this Agreement and the other Loan Documents (including, without limitation, all of the UCC-1 financing statements) is accurate in all respects, and such corporate or company name is identical to the corporate or company name of record with such Borrower's jurisdiction of incorporation or organization (as applicable).

5.22 **Ownership of the Borrowers.** As of the Restatement Date, all of the issued and outstanding capital stock of the Parent Company is owned in the percentages and by the persons or entities referenced on **Schedule 5.22(a)** hereto. Except as described on **Schedule 5.22(b)** hereto, all of the issued and outstanding capital stock or other ownership interests of each other Borrower is owned by either the Parent Company, the Primary Operating Company or another Borrower, free and clear of any and all liens, claims and encumbrances of any type or nature (other than the security interests granted to the Agent, for the benefit of the Lenders ratably, pursuant to this Agreement).

5.23 **Solvency.** Both prior to and after giving effect to the transactions contemplated by the terms and provisions of this Agreement, (i) each Borrower owned and owns property (including, without limitation, the

Borrower's rights under the Contribution Agreement) whose fair saleable value is greater than the amount required to pay all of such Borrower's indebtedness (including contingent debts), (ii) each Borrower was and is able to pay all of its indebtedness as such indebtedness matures, and (iii) each Borrower had and has capital sufficient to carry on its business and transactions and all business and transactions in which it is about to engage.

5.24 **Foreign Assets Control Regulations, Etc.** No Borrower is an "enemy" or an "ally of the enemy" within the meaning of Section 2 of the Trading with the Enemy Act of the United States of America (50 U.S.C. App. §§1 *et seq.*), as amended. No Borrower is in violation of (a) the Trading with the Enemy Act, as amended, (b) any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or (c) the Patriot Act. None of the Borrowers (i) is a blocked Person described in Section 1 of the Anti-Terrorism Order or (ii) engages in any dealings or transactions or is otherwise associated, with any such blocked Person.

5.25 **Federal Reserve Regulations** No director, executive officer or principal shareholder of any Borrower is a director, executive officer or principal shareholder of any Lender. For the purposes hereof the terms "director" "executive officer" and "principal shareholder" (when used with reference to any Lender), have the respective meanings assigned thereto in Regulations issued by the Board of Governors of the Federal Reserve System.

5.26 **Commercial Tort Claims** No Borrower is a party to any Commercial Tort Claims, except as shown on Schedule 5.26 hereto.

5.27 **Letter of Credit Rights** No Borrower has any Letter of Credit Rights, except as shown on Schedule 5.27 hereto.

5.28 **Survival of Representations and Warranties.** All representations and warranties made herein shall survive the making of the Loan, and shall be deemed remade and redated as of the date of each request for an advance or readvance of any Loan proceeds, unless the Borrower is unable to remake and/or redate any such representation or warranty, discloses the same to the Lenders in writing, and such inability does not constitute or give rise to an Event of Default.

ARTICLE 6 AFFIRMATIVE COVENANTS OF THE BORROWERS

So long as any Obligation remains outstanding or this Agreement remains in effect, each Borrower jointly and severally covenants and agrees with the Agent and Lenders that:

6.1 **Payment of Loan Obligations.** Each Borrower will duly and punctually pay all sums to be paid to the Lenders and the Agent in accordance with the terms and provisions of the Loan Documents, and will comply with, perform and observe all of the terms and provisions thereof.

6.2 **Payment of Taxes.** Each Borrower will promptly pay and discharge when due all federal, state and other governmental taxes, assessments, fees and charges imposed upon it, or upon any of its properties or assets, except to the extent that the non-payment thereof will not result in the execution of any tax lien or otherwise jeopardize the Agent's or the Lenders' interest in any Collateral.

6.3 **Delivery of Financial and Other Statements.** The Borrowers shall deliver to the Agent and the Lenders financial and other statements, each of which shall, unless otherwise expressly set forth below to the contrary, be prepared in accordance with GAAP consistently applied, as follows:

(a) on or before the one hundred twentieth (120th) day following the close of each Fiscal Year, the Borrowers will submit to the Agent and the Lenders (i) annual audited and unqualified consolidated financial statements, which shall be accompanied by consolidating schedules and management letters (if issued) and certified by an independent certified public accountant acceptable to the Agent, and (ii) an annual budget for the then current year, in form reasonably satisfactory to the Agent, certified by the Borrowers' Chief Financial Officer or another duly authorized executive officer of the Borrowers;

(b) on or before the forty-fifth (45th) day following the close of each fiscal quarter, the Borrowers will submit to the Agent and the Lenders (i) a consolidated balance sheet and income statement, reporting the Borrowers' current financial position and the results of their operations for the fiscal quarter then ended and year-to-date, (ii) internally prepared statements of cash flow and contract/status backlog reports, (iii) a Quarterly Covenant Compliance/Non-Default Certificate in the form attached as **Exhibit 5** hereto, (iv) a schedule listing each Government Contract (other than Government Contracts with an Approved International Organization) which constitutes a Material Contract and has a remaining term of twelve (12) months or longer, and (v) a written report listing all office locations of the Borrowers and denoting each office location where the Borrowers maintain their books and records, each of which shall be in form and substance satisfactory to the Agent in all respects and certified by the Borrowers' Chief Financial Officer or another duly authorized executive officer of the Borrowers;

(c) on or before the thirty-fifth (35th) day following the close of each fiscal month, the Borrowers will submit to the Agent and the Lenders a Borrowing Base/Non-Default Certificate in the form attached as **Exhibit 4** hereto, accompanied by detailed current aged billed accounts receivable reports, each of which shall be certified by the Borrowers' Chief Financial Officer or another duly authorized executive officer of the Borrowers;

(d) within five (5) days of issuance, distribution or filing, as applicable, the Borrowers will submit to the Agent and the Lenders copies of all public filings, disclosure statements and/or registration statements which any Borrower issues to, distributes to or files with the Securities and Exchange Commission or any state agency or department regulating securities (or any other person or entity, pursuant to the rules and/or regulations of the Securities and Exchange Commission or any state agency or department regulating securities);

(e) not less than thirty (30) days prior to any change of or addition to any of the locations within the United States where any Collateral (other than Receivables) valued, individually or in the aggregate, in excess of Five Hundred Thousand and No/100 Dollars (\$500,000.00) is or will be located, or any change of or addition to the location(s) of the books and records used to generate any Borrower's Receivables, the Borrowers will submit to the Agent and each Lender a written notice specifying the new address or location of such Collateral or books and records (as the case may be), and if required pursuant to Section 6.17 hereof, the written notice from the Borrowers shall be accompanied by the landlord lien waiver required thereunder, executed by the landlord for such new location; and

(f) promptly upon the request of the Agent or any Lender, the Borrowers will provide to the Agent and the Lenders such other information and/or reports relating to each Borrower's business, operations, properties or prospects as the Agent or Lenders may from time to time reasonably request.

It is expressly understood and agreed that the Borrower certifications required under this Section 6.3 shall (i) with respect to historical data, be true and accurate in all material respects, and (ii) with respect to projections, be reasonable.

6.4 Maintenance of Records; Review by the Lenders. Each Borrower will maintain at all times proper books of record and account in accordance with GAAP, consistently applied, and, subject to any applicable confidentiality and secrecy requirements imposed by any Government agency, will permit the Agent's and Lenders' officers or any of the Agent's or Lenders' authorized representatives or accountants to visit and inspect each Borrower's offices and properties, examine its books of account and other records, and discuss its affairs, finances and accounts with the officers of any Borrower, all at such reasonable times during normal business hours, and as often as the Agent or Required Lenders may reasonably request.

6.5 Maintenance of Insurance Coverage.

(a) Each Borrower will maintain in effect fire and extended coverage insurance, public liability insurance, worker's compensation insurance and insurance on the Collateral and each of its properties, with responsible insurance companies, in such amounts and against such risks as are customary for similar businesses,

required by governmental authorities, if any, having jurisdiction over all or part of its operations, or otherwise reasonably required by the Agent, and will furnish to the Agent certificates evidencing such continuing insurance. The Agent, for the benefit of the Lenders ratably, shall be named as loss payee on all hazard and casualty insurance policies and as an additional insured on all liability insurance policies. All insurance policies shall also provide (i) that the insurer shall endeavor to provide not less than thirty (30) days written notice to the Agent prior to expiration, cancellation or material change in any coverage or otherwise, except where the expiration or cancellation of a policy results from no-payment of premium(s) or non-renewal of the policy (in which case the policy shall provide for not less than ten (10) days prior written notice); and (ii) for waiver of subrogation.

(b) The Borrowers shall maintain, at all times for so long as the Facilities shall remain in effect and the particular officer shall remain employed by the Borrowers, the Key Man Life Insurance Policies, which shall be in form and substance reasonably acceptable to the Agent in all respects.

6.6 Maintenance of Property/Collateral; Performance of Contracts. Each Borrower will at all times maintain the Collateral and its tangible property, both real and personal, in good order and repair (subject to ordinary wear and tear), and will permit the Agent's officers or authorized representatives to visit and inspect the Collateral and each Borrower's tangible property at such reasonable times during normal business hours, as and when the Agent deems necessary or appropriate. Each Borrower shall perform all obligations under all Material Contracts to which it is a party (including, without limitation, all obligations of such Borrower set forth in any Material Contract to which such Borrower is a party), including all exhibits and other attachments to such contracts, all modifications thereto and all documents and instruments delivered pursuant thereto, and will comply with all laws, rules and regulations governing the execution, delivery and performance thereof, except for such non-compliance which would or could reasonably be expected to have a material adverse effect on the business, condition (financial or otherwise), results of operations or properties of such Borrower.

6.7 Maintenance of Existence. Each Borrower will maintain its corporate or company existence (as applicable) in its state of incorporation or organization as of the Restatement Date, and will provide the Agent with evidence of the same from time to time upon the Agent's request.

6.8 Maintenance of Certain Deposit Accounts with the Agent. Except for the Transitional Deposit Account and Permitted Foreign Bank Accounts, each Borrower will maintain its primary cash collection accounts with the Agent and all of its other primary bank accounts with a Lender; it being expressly understood and agreed, however, that Caliber shall have a reasonable period of time (not to exceed one hundred twenty (120) days from the Restatement Date) to close its existing primary bank accounts and re-establish such primary bank accounts with a Lender unless arrangements have been made in a manner acceptable to the Agent, in its sole but reasonable discretion, to promptly sweep available funds from such accounts to an account maintained with a Lender. Each Lender maintaining a primary bank account of any Borrower expressly acknowledges and agrees that (a) the Agent, for the benefit of the Lenders ratably, has been granted a first priority security interest in and to such bank account pursuant to this Agreement, (b) the Lender's possession of such bank account constitutes "control" for purposes of perfecting the Agent's security interest in and to such bank account under the UCC or otherwise, and (c) such Lender's rights and remedies with respect to such bank account (other than rights and remedies necessary to recoup normal and customary account fees and charges imposed from time to time for maintaining and administering such bank account) shall be, and at all times remain, subject and subordinate to the rights and remedies of the Agent granted pursuant to this Agreement or available pursuant to applicable law.

6.9 Maintenance of Management. The Borrowers will notify the Agent and the Lenders in writing of the change of any executive officer or director of the Parent Company or the Primary Operating Company within thirty (30) days of the date of any such change.

6.10 Disclosure of Defaults, Etc.

(a) Promptly upon the occurrence thereof, each Borrower will provide the Agent and the Lenders with written notice of any Event of Default, or any act, event, condition or occurrence that upon the giving of any required notice or the lapse of time, or both, would constitute an Event of Default. In addition, each Borrower will promptly advise the Agent and the Lenders in writing of any condition, act, event or occurrence

which comes to such Borrower's attention that would or could reasonably be expected to prejudice the Agent's or any Lender's rights in connection with any Material Contract, any Collateral, this Agreement, any Note or any other Loan Document, including, without limitation, the details of any pending or threatened suspension, debarment or other governmental action or proceeding, any pending or threatened litigation, and any other legal or administrative proceeding or investigation pending or threatened against any Borrower, including the entry of any judgment in excess of Five Hundred Thousand and No/100 Dollars (\$500,000.00) or lien (other than a Permitted Lien) against any Borrower, its assets or property. Additionally, the Borrowers agree to provide written notice to the Agent and Lenders within five (5) days of the date on which any obligation of a Borrower for the payment of borrowed money, whether now existing or hereafter created, incurred or arising, becomes or is declared to be due and payable prior to the expressed maturity thereof.

(b) If, at any time after the Restatement Date, any Borrower shall receive any letter, notice, subpoena, court order, pleading or other document issued, given or delivered by the Government, any Prime Contractor or by any person or entity acting for or on behalf of the Government or such Prime Contractor with respect to, or in any manner related to any alleged default, fraud, dishonesty, malfeasance or other willful misconduct of a Borrower, such Borrower shall deliver a true, correct and complete copy of such letter, notice, subpoena, court order, pleading or document to the Agent, the Agent's counsel and each Lender within five (5) Business Days of such Borrower's receipt thereof. Furthermore, if any Borrower shall issue, give or deliver to the Government any Prime Contractor or by any person or entity acting for or on behalf of the Government or such Prime Contractor, any letter, notice, subpoena, court order, pleading or other document with respect to, or in any manner related to, or otherwise in response to any alleged default, fraud, dishonesty, malfeasance or other willful misconduct of a Borrower, such Borrower shall deliver a true, correct and complete copy of such letter, notice, subpoena, court order, pleading or other document to the Agent, the Agent's counsel and each Lender concurrent with the Borrower's issuance or delivery thereof to the Government, such Prime Contractor or any person or entity acting for or on behalf of the Government or such Prime Contractor. If any letter, notice, subpoena, court order, pleading or other document required to be delivered to the Agent, the Agent's counsel and each Lender pursuant to this Section 6.10 contains any information deemed "classified" by the Government and/or the dissemination of any such information to the Agent, the Agent's counsel and each Lender would result in the Borrowers violating any Applicable Law, then the Borrowers shall deliver to the Agent, the Agent's counsel and each Lender a summary of such letter, notice, subpoena, court order, pleading or other document containing a summary thereof, but including as much (but no more than) detail as can be included therein without violating any Applicable Law.

6.11 Security Perfection; Assignment of Claims Act; Payment of Costs. The Borrowers will execute and deliver and pay the costs of recording and filing financing statements, continuation statements, termination statements, assignments and other documents, as the Agent may from time to time deem necessary or appropriate for the perfection of any liens granted to the Agent or Lenders pursuant hereto or pursuant to any other Loan Document. On or before the date which is ninety (90) days from the date of any Government Contract hereafter entered into, extended or renewed by one or more Borrowers, such Borrower(s) shall execute all documents necessary or appropriate in order to comply with the Assignment of Claims Act of 1940, as amended, 31 U.S.C. Section 3727 and 41 U.S.C. Section 15 (the "Government Contract Assignments") in connection with each such Government Contract; it being understood and agreed, however, that (i) no Borrower's failure to execute and deliver any Government Contract Assignment shall constitute a default, breach or violation of the Borrowers' obligation(s) set forth in this Section 6.11, unless the Agent shall have made written demand upon the Borrowers to fully and faithfully comply with its obligation(s) with respect to Government Contract Assignments set forth in this Section 6.11 above, and such demand shall have been issued by the Agent only after the occurrence of an Event of Default; and (ii) no Government Contract Assignment shall be required for any Government Contract which (a) has a remaining value of less than Five Hundred Thousand and No/100 Dollars (\$500,000.00), (b) has a remaining term of less than twelve (12) months (with no option to extend), or (c) has an Approved International Organization as the other party thereto. The Borrowers acknowledge that the Agent and the Lenders will be irreparably harmed if any Borrower fails or refuses to execute and deliver any Government Contract Assignment after the Agent's demand therefor, as and when required pursuant to this Section 6.11, and that the Agent and the Lenders have no adequate remedy at law. In such event, the Borrowers agree that the Agent shall be entitled, in addition to all other rights and remedies available to the Agent and/or the Lenders, to injunctive or other equitable relief to compel the Borrowers' full compliance with the requirements of this Section 6.11. All costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection with the preparation, execution, delivery and administration of Government Contract Assignments shall be borne solely by the Borrowers. Additionally, the

Borrowers will pay any and all costs incurred in connection with the transactions contemplated hereby, as well as any and all taxes (other than the Lenders' income and franchise taxes), which may be payable as a result of the execution of this Agreement or any agreement supplemental hereto, or as a result of the execution and/or delivery of any Note or other Loan Document.

6.12 **Defense of Title to Collateral.** The Borrowers will at all times defend the Lenders', the Agent's and Borrowers' rights in the Collateral, subject to the Permitted Liens, against all persons and all claims and demands whatsoever, and will, upon request of the Agent (i) furnish such further assurances of title as may be required by the Agent, and (ii) do any other acts necessary to effectuate the purposes and provisions of this Agreement, or as required by law or otherwise in order to perfect, preserve, maintain or continue the interests of the Agent and/or Lenders in any Collateral.

6.13 **Compliance with Law.** Each Borrower will conduct its businesses and operations in compliance in all material respects with (i) all Applicable Laws and requirements of all federal, state and local regulatory authorities having jurisdiction, (ii) the provisions of its charter documents and by-laws, (iii) all agreements and instruments by which it or any of its properties may be bound, and (iv) all applicable decrees, orders and judgments.

6.14 **Other Collateral Covenants.**

(a) The Borrowers will, at their own expense, make, execute, endorse, acknowledge, file and/or deliver to the Agent from time to time such lists, descriptions and designations of Collateral, warehouse receipts, receipts in the nature of warehouse receipts, bills of lading, documents of title, vouchers, invoices, schedules, confirmatory assignments, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments, and take such further steps relating to the Collateral and other property or rights covered by the interests hereby granted which the Agent deems reasonably appropriate or advisable to perfect, preserve or protect its ownership and security interests in any Collateral.

(b) The Borrowers shall promptly notify the Agent in writing if, at any time, any issuer of uncertificated securities, securities intermediary or commodities intermediary has issued or holds, or will issue or hold, any financial assets or commodities to or for the benefit of any Borrower, and the Borrowers shall obtain authenticated control letters from such issuer or intermediary, in form and substance reasonably satisfactory to the Agent, within ten (10) days of the Agent's demand therefor.

(c) If any Borrower is or becomes the beneficiary of a letter of credit, such Borrower shall promptly, and in any event within two (2) Business Days after becoming a beneficiary, notify the Agent thereof and, following the Agent's request, enter into a tri-party agreement with the Agent and the issuer and/or confirmation bank with respect to all Letter of Credit Rights in connection with such letter of credit, assigning such Letter of Credit Rights to the Agent and directing all payments thereunder to an account designated by the Agent, which tri-party agreement shall be in form and substance reasonably satisfactory to the Agent.

(d) The Borrowers shall promptly take all steps necessary to grant the Agent control of all electronic chattel paper in accordance with the UCC and all "transferable records" as defined in each of the Uniform Electronic Transactions Act and the Electronic Signatures in Global and National Commerce Act.

(e) The Borrowers hereby irrevocably authorize the Agent at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (A) describe Collateral (I) as all assets of the Borrowers or words of similar effect (other than assets expressly excluded from the description of Collateral herein), regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Uniform Commercial Code in such jurisdiction, or (II) as being of an equal or lesser scope or with greater detail, and (B) contain any other information required by part 5 of Article 9 of the Uniform Commercial Code for the sufficiency or filing office acceptance of any financing statement or amendment, including (I) whether any Borrower is an organization, the type of organization and any organization identification number issued to such Borrower, and (II) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real

property to which the Collateral relates. The Borrowers agree to furnish any such information to the Agent promptly upon request. The Borrowers also ratify their authorization for the Agent to have filed in any Uniform Commercial Code jurisdiction any initial financing statements or amendments thereto, if filed prior to the Restatement Date.

(f) The Borrowers shall promptly, and in any event within two (2) Business Days after the same is acquired by any Borrower, notify the Agent of any Commercial Tort Claim (as defined in the UCC) acquired by a Borrower and unless otherwise consented to by the Agent, such Borrower shall enter into a supplement to this Agreement, granting to the Agent, for the benefit of the Lenders ratably, a security interest in such Commercial Tort Claim.

(g) If any Borrower retains possession of any Chattel Paper or Instruments with the Agent's consent, such Chattel Paper and Instruments shall be marked with the following legend: "This writing and the obligations evidenced or secured hereby are subject to the security interest of Citizens Bank of Pennsylvania, as Agent."

(h) No Borrower shall reincorporate or reorganize itself under the laws of any jurisdiction other than the jurisdiction in which it is incorporated as of the Restatement Date without the prior written consent of the Agent.

(i) Each Borrower acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of the Agent and agrees that it will not do so without the prior written consent of the Agent, subject to such Borrower's rights under Section 9-509(d)(2) of the UCC.

6.15 **Financial Covenants of the Borrowers.** So long as any Obligation remains outstanding or this Agreement remains in effect, the Borrowers will comply with each of the financial covenants set forth below.

(a) **Fixed Charge Coverage Ratio.** The Borrowers will maintain on a consolidated basis for each quarter, a Fixed Charge Coverage Ratio of not less than 1.10 to 1.00. For purposes of the foregoing, "Fixed Charge Coverage Ratio" shall mean, for each measurement period, the sum of the Borrowers' EBITDA, plus real property rent expense and operating lease expense, divided by the sum of the Borrowers' real property rent expense and operating lease expense, plus interest expense, plus cash taxes paid, plus required principal payments on debt and capital lease payments; provided, however, that (i) Principal payments made under Facility C, and (ii) the Primary Operating Company's assumption of Caliber's tax liability in an amount not to exceed Four Million and No/100 Dollars (\$4,000,000.00) will be excluded from the calculation of the Fixed Charge Coverage Ratio. The Fixed Charge Coverage Ratio shall be measured on the last day of each fiscal quarter throughout the term of the Loan.

(b) **Leverage Ratio.** The Borrowers will maintain at all times on a consolidated basis a Leverage Ratio of not more than 3.50 to 1.00. For purposes of the foregoing, "Leverage Ratio" shall mean, for each measurement period, the ratio of the Borrower's Total Debt to EBITDA. The Leverage Ratio shall be measured on the last day of each fiscal quarter throughout the term of the Loan.

(c) **Capital Expenditures.** The Borrowers shall not, on an aggregate and consolidated basis, make or incur any capital expenditures, during any Fiscal Year, in excess of an amount equal to one and one-half percent (1.50%) of the Borrowers' gross annual revenues for the immediately preceding twelve (12) month period.

(d) **Continued Profitability.** The Borrowers shall not, on a consolidated basis, sustain or incur negative Consolidated Net Operating Income for any fiscal quarter throughout the term of the Loan.

(e) **Maximum Total Senior Debt.** The Borrowers shall not, at any time, suffer or permit Total Senior Debt to exceed the aggregate amount of all of the Borrowers' Receivables (including all billed and unbilled Receivables). For purposes hereof, "Total Senior Debt" shall mean Total Debt, less the sum of (i) the aggregate unpaid amount of principal, accrued interest and other amounts payable in respect of Facility C, plus (ii) any and all other indebtedness expressly subordinated to the Loan in payment, priority, collection and all other respects pursuant to one or more written subordination agreements acceptable to the Agent in all respects.

Except as otherwise expressly provided above, the financial covenants referenced above shall be calculated and tested on a rolling four (4) quarter basis, and shall include the results of any entity acquired pursuant to a Permitted Acquisition and consolidated into the Borrowers' financial statements within the twelve (12) month period immediately preceding the applicable covenant calculation date; provided, however, that for the quarters ending December 31, 2005, March 31, 2006 and June 30, 2006, the financial covenants referenced above shall be calculated and tested on an annualized basis, beginning with the results for the quarter ending December 31, 2005. Unless otherwise defined, all financial terms used in this Section 6.15 shall have the meanings attributed to such terms in accordance with GAAP.

6.16 Intentionally Omitted.

6.17 Landlord Waivers; Subordination. If, at any time after the Restatement Date, any Borrower (other than any Foreign Borrower) shall move or relocate any of its (a) books and records or (b) primary business location(s) situated within the United States where Borrower assets valued, individually or in the aggregate, in excess of Five Hundred Thousand and No/100 Dollars (\$500,000.00) are located, the Borrowers shall provide to the Agent, prior to any such move or relocation, a landlord lien waiver, in form and substance reasonably satisfactory to the Agent, pursuant to which each landlord shall subordinate any statutory, contractual or other lien the landlord may have in any of the Collateral to the lien, operation and effect of the lien granted to the Agent pursuant to this Agreement and the other Loan Documents. Notwithstanding the foregoing, on or prior to November 22, 2005, all books and records of Caliber shall be moved to one of the Borrowers' current primary business location(s) listed on Schedule 5.11 to this Agreement.

6.18 Substitute Notes. Upon request of the Agent, each Borrower shall execute and deliver to the Agent substitute promissory notes, in form and substance satisfactory to the Agent in all respects, payable to the order of such person or entity as may be designated by the Agent; it being understood and agreed, however, that the aggregate principal amount of all outstanding promissory notes shall not exceed the Commitment Amount (plus the Swing Line Commitment Amount) as of the date such substitute note(s) are issued.

6.19 Interest Rate Contracts. The Borrowers shall have in effect within thirty (30) days of Closing at all times until the third (3rd) anniversary of the Restatement Date, one or more interest rate protection agreements ("Interest Rate Contracts"), in form and substance reasonably satisfactory to the Agent in all respects (but in no event on terms that are other than commercially reasonable) covering a minimum amount of Fifteen Million and No/100 Dollars (\$15,000,000.00) of the Borrowers' Obligations. The Borrowers may have in effect, from time to time, Interest Rate Contracts reasonably satisfactory to the Agent. Any such Interest Rate Contract must be purchased from the Agent. The Borrowers' obligations under any Interest Rate Contract purchased from the Agent shall be secured by the Collateral on a pari passu basis. The Borrowers shall determine to their own satisfaction whether each such Interest Rate Contract is sufficient to meet the Borrowers' needs for interest rate protection, and neither the Agent nor any Lender shall have any obligation or liability with respect thereto, nor any obligation to propose, quote or enter into any Interest Rate Contract, unless such Interest Rate Contract shall be on terms and conditions satisfactory to the Agent in all respects.

**ARTICLE 7
NEGATIVE COVENANTS OF THE BORROWERS**

So long as any Obligation remains outstanding or this Agreement remains in effect, each Borrower jointly and severally covenants and agrees that, without the prior written consent of the Agent, the Borrowers will not:

7.1 Change of Control; Disposition of Assets; Merger.

(a) Permit majority ownership or effective control of any Borrower to be sold, assigned or otherwise transferred, legally or equitably, to any person or entity, except to another Borrower; or

(b) suffer or permit the issuance of any capital stock of any Borrower, except for the issuance of Additional Equity Stock, whether pursuant to an employee stock option plan or an employee stock ownership plan, in form and substance reasonably satisfactory to the Agent (either such plan being referred to herein as an “Approved ESOP”), or an employee stock purchase plan, program or arrangement, in form and substance reasonably satisfactory to the Agent (an “Approved ESPP”); or

(c) permit any Borrower to sell, assign, loan, deliver, lease, transfer or otherwise dispose of property or assets (including, without limitation, stock, equity or any other type of ownership interests of another Borrower), except for (i) transfers of assets between Borrowers in which the Agent continues to have a perfected first priority security interest in and to all such assets constituting Collateral (after giving effect to such transfer), subject, however, to Permitted Liens; (ii) subleasing of any premises which is not necessary for a Borrower’s business operations; and (iii) asset dispositions to non-Borrowers consummated in the ordinary course of the Borrowers’ business, provided that the fair market value of any and all such asset dispositions does not exceed Five Hundred Thousand and No/100 Dollars (\$500,000.00), in the aggregate, during any Fiscal Year; or permit any Borrower to become a party to any document, instrument or agreement (other than this Agreement and the other Loan Documents) which prohibits, limits or restricts such Borrower from assigning, pledging, hypothecating or otherwise encumbering any of its assets, including, without limitation, any stock of another Borrower; or

(d) permit any Borrower or any Affiliate of any Borrower to merge or consolidate with any business, company or enterprise, or acquire or purchase any business, company or enterprise or acquire or purchase substantially all of the assets of any business, company or enterprise; it being understood and agreed, however, that the Agent’s prior written consent shall not be required for any of the following:

(i) any merger between Borrowers; provided that (A) the Borrowers shall have provided not less than twenty (20) days prior written notice to the Agent and Lenders of the proposed merger, and such notice sets forth all of the material terms of such merger (including, without limitation, the purpose for consummating such merger), (B) after giving effect to such merger, the Agent, for the benefit of the Lenders ratably, shall have a perfected first priority security interest in and to the all of the assets of the surviving Borrower constituting Collateral (subject to Permitted Liens), (C), within ten (10) days of the effective date of such merger, true, correct and complete state-certified copies of the articles of merger, plan of merger and all other documents, instruments and agreements relating thereto shall have been provided by the Borrowers to the Agent and Lenders, and (D) promptly (but in all events within twenty (20) days) following the Agent’s request, the Borrowers shall have executed, issued and/or delivered to the Agent such documents, instruments and agreements as the Agent or the Lenders may reasonably require in connection with or as a result of such merger; or

(ii) the Caliber Acquisition or any other merger or acquisition by any Borrower with or of a non-Borrower (a “Target”) which meets all of the following criteria:

A. the merger or acquisition results in the acquisition by such Borrower of all or substantially all of the assets of the Target or at least eighty-five percent (85%) of all of the issued and outstanding equity or ownership interests in the Target, in either case, free and clear of any and all liens, claims and encumbrances (other than Permitted Liens);

B. the Target is in a similar line or lines of business as that of the Borrowers;

C. the Target is a going concern, not involved in any material litigation that is not fully covered by reserves and/or insurance and shall have (i) had net earnings after all expenses in excess of One Cent (\$0.01) for the immediately preceding four (4) fiscal quarters, and (ii) not suffered any material adverse change in its business, operations, condition or assets at any time after the immediately preceding fiscal quarter end and prior to the effective date of the merger or acquisition;

D. the subject transaction does not constitute a hostile acquisition or merger, nor does it involve the acquisition or merger of any equity interests in, or assets of an existing customer of any Lender;

E. both prior to and after giving effect to the merger or acquisition, no Event of Default shall exist or have occurred;

F. the Borrowers will be in compliance with all financial covenants set forth in Section 6.15 of this Agreement both prior to and after giving effect to the merger or acquisition;

G. after giving effect to the merger or acquisition, there is at least Five Million and No/100 Dollars (\$5,000,000.00) of excess availability under Facility A;

H. both prior to and after giving effect to the merger or acquisition, the aggregate amount of cash consideration, whether paid or unpaid, for all mergers and/or acquisitions that have occurred since the Restatement Date (and pursuant to Section 7.1(d)(ii) do not require Lenders' approval) shall not exceed Five Million and No/100 Dollars (\$5,000,000.00), in the aggregate; it being understood that neither the acquisition of the Synergy Entities nor the acquisition of the Caliber Entities are included for purposes of the calculation of the aggregate amount of cash consideration set forth in this Section 7.1(d)(ii) (H);

I. the Borrowers shall not assume any obligation or liability that would be included in the calculation of Total Debt as a condition of such merger or acquisition other than capitalized leases entered into in the ordinary course of business, normal and customary accruals and other indebtedness expressly permitted pursuant to this Agreement;

J. the Borrowers shall have certified in writing, or concurrent with the consummation of the subject merger or acquisition shall certify in writing, to the Agent and the Lenders that the subject merger or acquisition meets the requirements of a Permitted Acquisition as set forth above; and

K. the Target shall be joined as a "Borrower" pursuant to Section 1.10 of this Agreement within fifteen (15) days of the effective date of the merger or acquisition or such later date as otherwise provided for pursuant to Section 1.10 of this Agreement; it being understood and agreed, however, that unless and until the Agent shall have conducted a field audit with respect to the Target or newly joined Borrower (as the case may be), the assets of such Target or newly joined Borrower will not be included in the calculation of the Maximum Borrowing Base without the Agent's prior approval.

In the event that the Agent issues its consent to a hostile acquisition or an acquisition involving the stock or assets of an existing customer of any Lender, such consent shall be subject to, among other things, the Borrowers' agreement to indemnify, defend and hold the Agent and Lenders harmless from and against any and all claims, demands, losses, liabilities, damages, costs and expenses of every kind and nature, including without limitation, reasonable attorneys' fees, related to, arising out of or in connection with such acquisition, pursuant to an indemnity agreement satisfactory to the Agent and the affected Lender in all respects.

7.2 **Margin Stocks.** Use all or any part of the proceeds of any advance made hereunder to purchase or carry, or to reduce or retire any loan incurred to purchase or carry, any margin stocks (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System) or to extend credit to others for the purpose of purchasing or carrying any such margin stocks.

7.3 **Change of Operations.** Change the general character of any Borrower's business as conducted on the Restatement Date, or engage in any type of business not directly related to or compatible with such business as presently and normally conducted.

7.4 **Judgments; Attachments.** Suffer or permit any judgment in excess of Five Hundred Thousand and No/100 Dollars (\$500,000.00) against any Borrower or any attachment against any Borrower's property (for an amount not fully covered by insurance) to remain unpaid, undischarged or undismitted for a period of twenty (20) days, unless enforcement thereof shall be effectively stayed or bonded.

7.5 Further Assignments; Performance and Modification of Contracts; etc. Except as may be expressly permitted by the Loan Documents (i) make any further assignment, pledge or disposition of the Collateral or any part thereof; (ii) permit any set-off or reduction, delay the timing of any payment under, or otherwise modify any Material Contract, if such set-off, reduction, delay or modification (a) would give rise to a Borrowing Base Deficiency, (b) would have a material adverse effect on the business, condition (financial or otherwise) or results of operations of any Borrower, or (c) could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), operations, properties or assets of any Borrower; (iii) create, incur or permit to exist any lien or encumbrance on any real property now or hereafter owned by any Borrower; or (iv) do or permit to be done anything to impair the Agent's security interest in any Collateral or the payments due to any Borrower thereunder; it being understood that reasonable and customary compromises and settlements with Account Debtors in the ordinary course of the Borrower's business will not constitute a violation of this covenant.

7.6 Affect Rights of the Agent or Lenders. At any time do or perform any act or permit any act to be performed which would or reasonably could materially adversely affect the interests or rights of the Agent or Lenders under any Loan Document.

7.7 Indebtedness; Granting of Security Interests.

(a) Suffer or permit any Borrower to incur any indebtedness, whether direct or indirect, except for:

(i) trade debt and operating leases incurred in the ordinary course of business;

(ii) indebtedness outstanding on the Restatement Date and listed on **Schedule 7.7(a)** hereto;

(iii) inter-company indebtedness (including inter-company guarantees) by and among the Borrowers in which the Agent has a perfected security interest in and to all of their assets constituting Collateral;

(iv) performance guarantees issued by any Borrower for the benefit of another Borrower;

(v) bid bonds and/or performance bonds issued on behalf of any and all Borrowers in the ordinary course of business in an amount not to exceed, individually or in the aggregate, Five Hundred Thousand and No/100 Dollars (\$500,000.00), at any time;

(vi) indebtedness secured by liens listed on **Schedule 7.7(c)** hereto, or other indebtedness secured by Permitted Liens;

(vii) indebtedness incurred pursuant to Interest Rate Contracts entered into by the Borrowers in accordance with Section 6.19 of this Agreement;

(viii) indebtedness incurred to finance (by purchase or lease) equipment constituting capital expenditures, provided that such indebtedness does not violate any other covenant set forth in this Agreement;

(ix) guarantees expressly permitted by the terms of this Agreement; and

(x) any other unsecured indebtedness (not specifically described in this Section 7.7(a)), provided that the aggregate amount of such indebtedness remaining unpaid and outstanding as of any date of determination does not exceed One Million Five Hundred Thousand and No/100 Dollars (\$1,500,000.00).

(b) mortgage, assign, pledge, hypothecate or otherwise encumber or permit any lien, security interest or other encumbrance, including purchase money liens, whether under conditional or installment sales arrangements or otherwise, to affect the Collateral or any other assets or properties of any Borrower (except for Permitted Liens and other liens, security interests or encumbrances expressly permitted herein); or

(c) enter into any agreement or understanding with any person or entity pursuant to which any Borrower agrees to be bound by a covenant not to encumber all or any part of the property or assets of such Borrower, unless such agreement or understanding is entered into in connection with the granting of purchase money security interests permitted pursuant to the terms and provisions of this Agreement.

7.8 Dividends; Loans; Advances; Investments and Similar Events.

(a) Declare or pay any dividend on any Borrower's capital stock of any class, alter or amend any Borrower's capital structure, purchase, redeem or otherwise retire any shares of any Borrower's capital stock (other than purchases or redemptions made pursuant to an Approved ESOP or an Approved ESPP which (i) do not occur at any time after an Event of Default has occurred and is continuing, (ii) do not cause or result in an Event of Default, and (iii) when netted against any new issuances of capital stock to employees of any Borrower, do not exceed One Million and No/100 Dollars (\$1,000,000.00), in the aggregate, for so long as the Facilities remain unpaid and outstanding or the Lenders have any continuing obligations hereunder), voluntarily prepay, acquire or anticipate any sinking fund requirement of any indebtedness, or make any distributions in cash or assets to any Borrower's shareholders or any Borrower's Affiliate which is not a Borrower under this Agreement;

(b) make any loans, salary advances or other payments to (i) any shareholders of any Borrower, unless such shareholder is also a Borrower party to this Agreement in which the Agent has a perfected security interest in and to all of its assets constituting Collateral at the time such loan, salary advance or other payment is made; (ii) any corporation or other enterprise directly or indirectly owned in whole or in part by any shareholder of any Borrower, unless such corporation or other enterprise is also a Borrower party to this Agreement in which the Agent has a perfected security interest in and to all of its assets constituting Collateral at the time such loan, salary advance or other payment is made; or (iii) any other person or entity; provided, however, that the Borrowers may make or continue to have outstanding any or all of the following:

(i) loans or advances to individual officers, present employees or former employees of any Borrower, provided, that all such loans and advances to such persons may not at any time exceed Two Hundred Thousand and No/100 Dollars (\$200,000.00), in the aggregate; it being understood that travel advances and employee retention bonuses made in the ordinary course of business shall not be included in calculating the foregoing computation;

(ii) loans to individual officers and employees of any Borrower, the proceeds of which shall be advanced on a net cash basis and used solely to finance the purchase of stock in the Parent Company by such officer or employee pursuant to and in accordance with an Approved ESPP;

(iii) loans, advances and/or payments from one Borrower to another Borrower; provided that the Agent has a perfected security interest in and to all of each Borrower's assets constituting Collateral;

(iv) loans, advances and/or payments in the amounts which are unpaid or outstanding as of the Restatement Date and listed on Schedule 7.8(c) hereto;

(v) trade credit extended to customers of the Borrowers in the ordinary course of business;

(vi) Ordinary Course Payments;

(vii) negotiable instruments endorsed for deposit or collection in the ordinary course of business;

(viii) securities or certificates of deposit with maturities of two (2) years or less; provided that, concurrent with such investment, any and all securities or certificates of deposit (other than those acquired in connection with RABBI trusts and deferred compensation plans) shall have been pledged to the Agent, for the benefit of the Lenders ratably, pursuant to documentation reasonably satisfactory to the Agent;

(ix) so long as no Event of Default shall have occurred and be continuing, regularly scheduled consulting fees payable pursuant to the CM Equity Consulting Agreement;

(x) Permitted Investments; and

(xi) so long as no Event of Default shall have occurred and be continuing, regularly scheduled payments on any other indebtedness expressly permitted pursuant to Section 7.7 of this Agreement.

7.9 **Lease Obligations.** Except as may be expressly permitted by Section 7.7 of this Agreement, enter into any new lease of real or personal property, except in the ordinary course of business.

7.10 **Intentionally Omitted.**

7.11 **Lockbox Deposits.** Permit or cause any and all payments required to be made directly to the Agent, pursuant to Section 11.2 of this Agreement, to be made or directed to any other person or entity, without the prior approval of the Agent.

7.12 **Sale and Leaseback Transactions; Other Agreements.**

(a) Directly or indirectly, enter into any arrangement with any person or entity providing for such Borrower to lease or rent property that such Borrower has sold or will sell or otherwise transfer to such person or entity; or

(b) directly or indirectly, enter into any Material Contract pursuant to which the execution, delivery and/or performance of the obligations of any Borrower under this Agreement or under any other Loan Document would violate the terms of or constitute a default under such Material Contract.

7.13 **CM Equity Consulting Agreement; Other Transactions With Affiliates.** Modify or amend the CM Equity Consulting Agreement, or enter into, bind itself to or amend any contract, agreement or other understanding with any Affiliate, except upon fair and reasonable terms which are at least as favorable to the Borrower as would be the case in a comparable, arm's-length transaction with an unaffiliated and unrelated person or entity.

7.14 **Anti-Terrorism Laws.** Conduct any business or engage in any transaction or dealing with a blocked Person, including the making or receiving of any contribution of funds, goods or services to or for the benefit of any blocked Person; (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224; or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or the Patriot Act. Each Borrower shall deliver to the Agent any certification or other evidence reasonably requested from time to time by the Agent, confirming such Borrower's compliance with this Section 7.14.

**ARTICLE 8
COLLATERAL ACCOUNT**

Except for any Borrower utilizing a Permitted Foreign Bank Account, the Borrowers will deposit or cause to be deposited into a collateral account (the "Collateral Account") designated by the Agent, all checks, drafts, cash and other remittances received by the Borrowers, and shall deposit such items for credit to the Collateral Account within two (2) Business Days of the receipt thereof and in precisely the form received. Pending such deposit, the Borrowers will not commingle any such items of payment with any of their other funds or property, but will hold them separate and apart. Notwithstanding the foregoing, the Borrowers shall have the right to maintain deposit account(s) (the "Transitional Deposit Account") with each of Sun Trust Bank, N.A. and United Bank in the name of one or more of the Caliber Entities and having an account number or numbers of 0000202969940 and 001002-6509, respectively; provided that the Transitional Deposit Account shall be (i) used solely for the deposit/receipt of cash, checks and other remittances owing to the Borrowers from time to time; (ii) at all times, free and clear of any and all liens claims and encumbrances (other than the security interest of the Agent granted hereby and the rights and remedies of Sun Trust Bank, N.A. and United Bank, but only to the extent that the exercise of such rights and remedies by Sun Trust Bank, N.A. or United Bank can be based solely upon claims for reimbursement of normal and customary fees and charges for account maintenance and account administration), and (iii) permanently closed on or before September 30, 2006. The Borrowers agree to exercise commercially reasonable efforts to cause Sun Trust Bank, N.A. and United Bank to enter into a wire transfer agreement with respect to the Transitional Deposit Account, in form and substance reasonably satisfactory to the Agent, on or before November 22, 2005.

The Borrowers hereby covenant and agree that the Collateral Account, the Transitional Deposit Account and the Permitted Foreign Bank Accounts shall secure the Obligations and hereby grants, assigns and transfers to or at the direction of the Agent, for the benefit of the Lenders ratably, a continuing security interest in all of the Borrowers' right, title and interest in and to the Collateral Account, the Transitional Deposit Account and the Permitted Foreign Bank Accounts, whenever created or established. Subject to the terms of this Agreement or any other Loan Document, the Agent may apply funds in the Collateral Account, the Transitional Deposit Account and/or the Permitted Foreign Bank Accounts to any of the Obligations, including, without limitation, any principal, interest or other payment(s) not made when due, whether arising under this Loan Agreement and/or any other Loan Document, or any other Obligation of the Borrowers, without regard to the origin of the deposits in the account, the beneficial ownership of the funds therein or whether such Obligations are owed jointly with another or severally; the order and method of such application to be in the sole discretion of the Agent. The Agent's right to deduct sums due under the Loan Documents from the Borrowers' account(s) shall not relieve the Borrowers from their obligation to make all payments required by the Loan Documents as and when required by the Loan Documents, and the Agent shall not have any obligation to make any such deductions or any liability whatsoever for any failure to do so.

**ARTICLE 9
DEFAULT AND REMEDIES**

9.1 **Events of Default.** Any one of the following events shall be considered an "Event of Default":

- (a) if any Borrower shall fail to pay any principal, interest or other sum owing on any of the Notes or any other Obligation when the same shall become due and payable, whether by reason of acceleration or otherwise; or
- (b) if a Borrowing Base Deficiency shall occur, and the Borrowers fail, immediately upon the happening of such occurrence, without notice or demand therefor, to make a payment to the Agent in an amount equal to or greater than the Borrowing Base Deficiency; or
- (c) if any Borrower shall fail to pay and satisfy in full, within ten (10) days of the rendering thereof, any judgment against any Borrower in excess of Five Hundred Thousand and No/100 Dollars (\$500,000.00), which is not, to the reasonable satisfaction of the Agent, fully bonded, stayed, covered by insurance or covered by appropriate reserves; or
- (d) if any warranty or representation set forth in this Agreement or in any other Loan Document shall be misleading or untrue in any material respect when made or remade; or

(e) if there shall be non-compliance with or a breach of any of the Affirmative Covenants contained in this Agreement (other than financial covenants set forth in Section 6.15 of this Agreement or any other Affirmative Covenant specifically addressed elsewhere in this Section 9.1), and such non-compliance or breach shall continue unremedied after fifteen (15) days written notice from the Agent; or

(f) if there shall be non-compliance with or a breach of any of the Negative Covenants contained in this Agreement; or

(g) if there shall be non-compliance with or a breach of any of the financial covenants set forth in Section 6.15 of this Agreement; or

(h) if a default shall occur under any of the other Loan Documents and such default shall have continued unremedied after the expiration of any applicable notice and/or cure period; or

(i) if (i) without the prior written consent of the Agent, any Borrower shall be liquidated or dissolved or shall discontinue its business; (ii) a trustee or receiver is appointed for any Borrower or for all or a substantial part of its assets; (iii) any Borrower makes a general assignment for the benefit of creditors; (iv) any Borrower files or is the subject of any insolvency proceeding, petition in bankruptcy or similar proceeding (whether such petition or proceeding shall be pursued in a court of law or equity), which in the case of an involuntary bankruptcy, remains undismissed for sixty (60) days; (v) any Borrower shall become insolvent or any Borrower shall at any time fail generally to pay its debts as such debts become due; or (vi) any governmental agency or bankruptcy court or other court of competent jurisdiction shall assume custody or control of the whole or any part of the assets of any Borrower; or

(j) if any Borrower's property or assets, including, without limitation, any deposit accounts, are levied upon, attached or subject to any other enforcement proceeding and such levy, attachment or enforcement proceeding (i) involves in the excess of Fifty Thousand and No/100 Dollars (\$50,000.00), and (ii) is not fully bonded or stayed; or

(k) if any Borrower shall change its registered name, state of incorporation or state of organization (as applicable), without the prior written consent of the Agent; or

(l) if any obligation(s) of one or more Borrowers for the payment of borrowed money, which involves amounts, individually or in the aggregate, in excess of Five Hundred Thousand and No/100 Dollars (\$500,000.00), whether now existing or hereafter created, incurred or arising, becomes or is declared to be due and payable prior to the expressed maturity thereof, whether such obligation is owed to a Lender or any other person or entity; or

(m) if (i) there shall be a default under any Material Contract which has had or could reasonably be expected to have a material adverse effect on the properties, business, profit or condition (financial or otherwise) of any Borrower or the ability of any Borrower to perform its obligations set forth in this Agreement or in any other Loan Document; or (ii) a cure notice issued under any Material Contract shall remain uncured beyond (x) the expiration of the time period available to the Borrower pursuant to such Material Contract and/or such cure notice (as the case may be), to cure the noticed default, or (y) the date on which the other contracting party is entitled to exercise its rights and remedies under such Material Contract as a consequence of such default; or

(n) if (i) any Borrower is debarred or suspended from contracting with any part of the Government; (ii) a notice of debarment or suspension shall have been issued to any Borrower; or (iii) a notice of termination for default or the actual termination for default of any federal Government Contract shall have been issued to or received by any Borrower; or (iv) a Government investigation or inquiry relating to any Borrower and involving fraud, deception, dishonesty, willful misconduct or any allegation thereof shall have been commenced in connection with any federal Government Contract or any Borrower's activities; or

(o) if the Required Lenders are not satisfied in their sole discretion with the results of any field audit conducted pursuant to this Agreement; and/or

(p) if the Required Lenders believe that a material adverse change shall have occurred in the business, assets, properties, condition (financial or otherwise) of the Borrowers, in the aggregate.

9.2 **Remedies.** Without limiting any right or remedy of the Agent and/or the Lenders set forth in this Agreement, upon the occurrence of any Event of Default, the Agent, acting on behalf of the Lenders, may exercise any or all of the following remedies:

(a) Withhold disbursement of all or any part of the Loan proceeds;

(b) Terminate the Lenders' obligation to make further disbursements of the Loan proceeds;

(c) Declare all principal, interest and other sums owing on the Obligations to be immediately due and payable without demand, protest, notice of protest, notice of default, presentment for payment or further notice of any kind;

(d) Without notice, redirect any and all of the Borrowers' deposits to the Collateral Account or any other account under the Agent's exclusive control;

(e) Without notice, offset and apply against all or any part of the Obligations then owing by any Borrower to any Lender, any and all money, credits, stocks, bonds or other securities or property of any Borrower of any kind or nature whatsoever on deposit with, held by or in the possession of any Lender in any capacity whatsoever, including, without limitation, any deposits with any Lender or any of its Affiliates, to the credit of or for the account of any Borrower. The Agent and Lenders are authorized at any time to charge the Obligations against any Borrower's account(s), without regard to the origin of deposits to the account or beneficial ownership of the funds. Any and all amounts obtained by the Agent or any Lender pursuant to this subsection (e) shall be shared by all of the Lenders ratably, in accordance with each Lender's Percentage; it being expressly acknowledged and agreed that each Lender, as well as the Agent, shall be entitled to exercise the rights of set-off provided in this subsection (e) of this Section 9.2;

(f) Exercise all rights, powers and remedies of a secured party under the UCC and/or any other applicable law(s), including, without limitation, the right to (i) require any Borrower to assemble the Collateral (to the extent that it is movable) and make it available to the Agent at a place to be designated by the Agent, and (ii) enter upon any Borrower's premises, peaceably by the Agent's own means or with legal process, and take possession of, render unusable or dispose of the Collateral on such premises; each Borrower hereby agreeing not to resist or interfere with any such action. The Agent agrees to give the Borrowers written notice of the time and place of any public sale of the Collateral or any part thereof, and the time after which any private sale or any other intended disposition of the Collateral is to be made, and such notice will be mailed, postage prepaid, to the principal place of business of the Borrowers, at least ten (10) days before the time of any such sale or disposition. Each Borrower hereby authorizes and appoints the Agent and its successors and assigns to (x) sell the Collateral, and (y) declare that each Borrower assents to the passage of a decree by a court of proper jurisdiction for the sale of the Collateral. Any such sale pursuant to (x) or (y) above is to be made in accordance with the applicable provisions of the laws and rules of procedure of the Commonwealth of Virginia or other applicable law; and/or

(g) Proceed to enforce such other and additional rights and remedies as the Agent and/or Lenders may have hereunder and/or under any of the other Loan Documents, or as may be provided by applicable law.

It is expressly understood and agreed that the Lenders and/or the Agent may exercise their respective rights under this Agreement or under any other Loan Document without exercising the rights or affecting the security afforded by any other Loan Document, and it is further understood and agreed that the Agent may (at the direction of the Required Lenders) proceed against all or any portion of the Collateral in such order and at such times as the Agent, in its sole discretion, sees fit; and each Borrower hereby expressly waives, to the extent permitted by law, all benefit of valuation, appraisal, marshaling of assets and all exemptions under the laws of the Commonwealth of Virginia and/or any other state, district or territory of the United States. Notwithstanding the

foregoing delegation of authority by the Lenders to the Agent, it is agreed that at any time there are two (2) or fewer Lender parties to this Agreement, any Lender may request the Agent to commence enforcement action against the Borrowers and/or Collateral upon an Event of Default. In this event, if the Agent fails or refuses to take enforcement action upon the request of a Lender, such Lender may itself commence appropriate enforcement action. Furthermore, if any Borrower shall default in the performance when due of any of the provisions of this Agreement, the Agent, without notice to or demand upon the Borrowers (and without any grace or cure period) and without waiving or releasing any of the Obligations or any default hereunder, under the Notes or under any other Loan Document, may (but shall be under no obligation to) perform the same for each Borrower's account, and any monies expended in so doing shall be chargeable to the Borrowers with interest, at the highest rate of interest payable under Notes, plus two percent (2%) per annum, and added to the indebtedness secured by the Collateral.

All sums paid or advanced by the Agent (or any Lender to the extent incurred pursuant to this Agreement) in connection with the foregoing or otherwise in connection with the Loan, and all court costs and expenses of collection, including without limitation, reasonable attorneys' fees and expenses (and fees and expenses resulting from the taking, holding or disposition of the Collateral) incurred in connection therewith shall be paid by the Borrowers upon demand and shall become a part of the Obligations secured by the Collateral. The Borrowers agree to bear the expense of each lien search, property and judgment report or other form of Collateral ownership investigation as the Agent, in its discretion, shall deem necessary or desirable to assure or further assure to the Lenders and/or the Agent their respective interests in the Collateral.

ARTICLE 10 THE AGENT; AGENCY

10.1 **Appointment.** Each Lender hereby affirms its irrevocable appointment of Citizens Bank to act as the Agent for each such Lender pursuant to the provisions of this Agreement and the other Loan Documents, and affirms its irrevocable authorization given to the Agent to take such action, and exercise such powers and perform such duties as are expressly delegated to or required of the Agent by the terms hereof or thereof, or are reasonably incidental thereto, including without limitation, executing documents on behalf of the Lenders, as Agent. Citizens Bank affirms its agreement to act as the Agent on behalf of the Lenders on the terms and conditions set forth in this Agreement and the other Loan Documents, subject to its right to resign as provided in Section 10.10. Each Lender agrees that the rights and remedies granted to the Agent under this Agreement and the other Loan Documents shall be exercised exclusively by the Agent, and that no Lender shall have the right individually to exercise any such right or remedy, except to the extent expressly provided herein or therein.

10.2 **General Nature of Agent's Duties.** Notwithstanding anything to the contrary elsewhere in this Agreement or any other Loan Document:

(a) The Agent shall have no duties or responsibilities other than those expressly set forth in this Agreement and the other Loan Documents, and no implied duties or responsibilities on the part of the Agent shall be read into this Agreement or any other Loan Document or shall otherwise exist.

(b) The duties and responsibilities of the Agent under this Agreement and the other Loan Documents shall be mechanical and administrative in nature, and the Agent shall not have a fiduciary relationship in respect of any Lender.

(c) The Agent is and shall be solely the agent of the Lenders. The Agent does not assume, and shall not at any time be deemed to have, any relationship of agency or trust with or for, or any other duty or responsibility to, any Borrower or any other person (except only for its relationship as agent for, its express duties and responsibilities as agent for, and its express duties and responsibilities to, the Lenders as provided in this Agreement and the other Loan Documents).

(d) The Agent shall not have any obligation to take any action hereunder or under any other Loan Document if the Agent believes in good faith that taking such action may (i) conflict with any Applicable Laws, or any provision of this Agreement or any other Loan Document, (ii) may require the Agent to qualify to do business in any jurisdiction where it is not then so qualified, or (iii) result in any liability of the Agent or any Lender not fully covered by insurance.

10.3 Exercise of Powers.

(a) The Agent shall have the authority to take any action of the type specified in this Agreement or any other Loan Document as being within the Agent's rights, powers or discretion, as it determines in its sole discretion, except as provided in subsection (b) below, and except as provided herein or in any other Loan Document, when such action expressly requires the direction or consent of (i) the Required Lenders; or (ii) all of the Lenders, in either of which circumstances the Agent shall not take such action absent such direction or consent. Any action or inaction pursuant to such direction or consent shall be binding on all of the Lenders.

(b) The Agent shall not in any material respect amend, modify, grant consents or waive any term or provision of this Agreement or any other Loan Document without the consent or approval of the Required Lenders, or declare an Event of Default, provide formal written notice of default to any Borrower or exercise any rights or remedies against any Borrower without the prior consent of the Required Lenders. Each Lender agrees that its decision to consent to or reject any request by the Agent for permission to declare an Event of Default, provide formal notice thereof to any Borrower and/or exercise any rights or remedies arising by virtue of such default, shall be made as soon as reasonably practicable after the Lender has received all relevant information with respect to such request (to the extent such information shall be readily available), but in all events within five (5) Business Days of the receipt of such information; it being understood and agreed that, unless otherwise provided herein, the Agent shall exercise any and all rights and responsibilities on behalf of the Lenders in connection with an Event of Default. Additionally, only with the consent or approval of all of the Lenders, the Agent may (a) extend the final maturity of the Loan or any Note, reduce the interest rate payable on or extend the time of payment for any installment of principal, interest or fees payable in connection with the Loan, or issue Letters of Credit (i) having an expiration date beyond the Maturity Date, except as otherwise expressly provided in this Agreement, or (ii) causing the aggregate outstanding amount of all such Letters of Credit issued to exceed Five Million and No/100 Dollars (\$5,000,000); (b) change the Percentage of the Commitment Amount of any Lender, (c) release all or a substantial portion of the Collateral, except in accordance with the provisions of any applicable Loan Document, (d) amend the definition of the Required Lenders or expand the definitions of Eligible Billed Government Accounts Receivable, Eligible Billed Commercial Accounts Receivable and/or Eligible Foreign Accounts Receivable, (e) consent to the assignment or transfer by any Borrower of any of its rights or obligations hereunder, (f) amend, modify or waive any of the provisions set forth in this Section 10.3, (g) change the manner of application by the Agent of payments made under the Loan Documents, or (h) change the method of calculation used in connection with the computation of interest, commissions or fees. Each Lender agrees that its decision to approve or reject any request for an amendment or waiver with respect to this Agreement shall be made as soon as reasonably practicable after the Lender has received all relevant information with respect to such request.

10.4 General Exculpatory Provisions. Notwithstanding anything to the contrary elsewhere in this Agreement or any other Loan Document:

(a) The Agent, in its capacity as Agent (but not as a Lender), shall not be liable for any action taken or omitted to be taken by it in a manner consistent with the terms of this Agreement or any other Loan Document, unless caused by its own gross negligence or willful misconduct.

(b) The Agent shall not be responsible for (i) the execution, delivery, effectiveness, enforceability, genuineness, validity or adequacy of this Agreement or any other Loan Document, (ii) any recital, representation, warranty, document, certificate, report or statement in this Agreement or any other Loan Document, (iii) any failure of any Borrower or any Lender to perform any of their respective obligations under this Agreement or any other Loan Document, (iv) the existence, validity, enforceability, perfection, recordation, priority, adequacy or value, now or hereafter, of any lien or encumbrance or other direct or indirect security afforded or purported to be afforded by any of the Loan Documents, or otherwise from time to time, or (v) caring for, protecting, insuring or paying any taxes, charges or assessments with respect to any Collateral.

(c) The Agent shall have no obligation to ascertain, inquire or give any notice relating to (i) the performance or observance of any of the terms or conditions of this Agreement or any other Loan Document on the part of any Borrower, (ii) the business, operations, condition (financial or otherwise) or prospects of any Borrower, or (iii) except as otherwise expressly set forth in this Agreement, the occurrence or existence of any Event of Default.

(d) The Agent shall have no obligation, either initially or on a continuing basis, to provide any Lender with any notices, reports or information of any nature, whether in its possession presently or hereafter, except for such notices, reports and other information expressly required by this Agreement or any other Loan Document to be furnished by the Agent to such Lender.

10.5 Administration by the Agent.

(a) The Agent may rely upon any notice or other communication of any nature (written or oral, including telephone conversations, whether or not such notice or other communication is made in a manner permitted or required by this Agreement or any other Loan Document) purportedly made by or on behalf of the proper party or parties, and the Agent shall not have any duty to verify the identity or authority of any person giving such notice or other communication.

(b) The Agent may consult with legal counsel (including in-house counsel for the Agent), independent public accountants and any other experts selected by the Agent from time to time, and the Agent shall not be liable for any action reasonably taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts.

(c) The Agent may conclusively rely upon the truth of the statements and the correctness of the opinions expressed in any certificates or opinions furnished to the Agent in accordance with the requirements of this Agreement or any other Loan Document. Whenever the Agent shall deem it necessary or desirable that a matter be proved or established with respect to any Borrower or any Lender, such matter may be established by a certificate of such Borrower or such Lender, as the case may be, and the Agent may conclusively rely upon such certificate.

(d) The Agent may fail or refuse to take any action unless it shall be indemnified to its satisfaction from time to time against any and all amounts, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of every kind and nature which may be imposed on, incurred by or asserted against the Agent by reason of taking or continuing to take any such action; provided that no Lender shall be obligated to indemnify the Agent for any portion of such amounts, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements resulting solely from the gross negligence or willful misconduct of the Agent, as finally determined by a court of competent jurisdiction.

(e) The Agent may perform any of its duties under this Agreement or any other Loan Document by or through agents or attorneys-in-fact. The Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(f) The Agent shall not be deemed to have any knowledge or notice of the occurrence of any Event of Default (other than a default in the payment of regularly scheduled principal or interest), unless the Agent has received from a Lender or a Borrower a written notice describing the Event of Default. If the Agent receives such a notice, the Agent shall give prompt notice thereof to each Lender, unless such notice shall have been addressed and/or issued to all of the Lenders.

(g) The Agent shall provide three (3) Business Days prior notice to the Lenders of any field audit scheduled to be performed by the Agent pursuant to Section 1.6 of this Agreement. The Lenders shall be entitled to (i) receive copies of field audits performed by the Agent, and (ii) accompany the Agent to any field audit, provided that the Agent may, in its discretion, limit the number of Lender representatives attending any such field audit.

10.6 **Lenders Not Relying on the Agent or Other Lenders.** Each Lender acknowledges as follows:

(a) Neither the Agent nor any other Lender has made any representations or warranties to it, and no act taken hereafter by the Agent or any other Lender shall be deemed to constitute any representation or warranty by the Agent or such other Lender to it;

(b) It has, independently and without reliance upon the Agent or any other Lender, and based upon such documents and information as it has deemed appropriate, made its own credit and legal analysis and decision to enter into this Agreement and the other Loan Documents; and

(c) It will, independently and without reliance upon the Agent or any other Lender, and based upon such documents and information as it shall deem appropriate at the time, make its own decisions to take or not take action under or in connection with this Agreement and the other Loan Documents.

10.7 **Indemnification.** Each Lender agrees to reimburse and indemnify the Agent and the Agent's directors, officers, employees and agents (to the extent not reimbursed by the Borrowers, and without limitation of the obligation of the Borrowers to do so), ratably in accordance with each Lender's Percentage, from and against any and all amounts, losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs and disbursements of every kind or nature (including the reasonable fees and disbursements of counsel for the Agent or such other person in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not the Agent or such other person shall be designated a party thereto) that may at any time be imposed on, incurred by or asserted against the Agent or such other person as a result of this Agreement, any other Loan Document, any transaction from time to time contemplated hereby or thereby, or any transaction financed in whole or in part or directly or indirectly with the proceeds of the Loan; provided that no Lender shall be obligated to indemnify the Agent or such other person for any portion of such amounts, losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs or disbursements resulting solely from the gross negligence or willful misconduct of the person seeking indemnity, as finally determined by a court of competent jurisdiction.

10.8 **Agent in its Individual Capacity; Agent's Commitment.**

(a) With respect to its commitment and the Obligations owing to it, Citizens Bank shall have the same rights and powers under this Agreement and each other Loan Document as any other Lender, and may exercise the same as though it was not the Agent. The terms "Lender," "holders of Notes" and like terms shall include Citizens Bank in its individual capacity. Citizens Bank and its Affiliates may, without liability to account for, make loans to, accept deposits from, acquire debt or equity interests in, act as trustee under indentures of and engage in any other business with any Borrower and any Affiliate of any Borrower, as though Citizens Bank was not the Agent hereunder.

(b) The Agent hereby agrees that it shall at all times maintain, at a minimum, the lesser of (the "Agent's Commitment"):

(i) a Ten Million and No/100 Dollar (\$10,000,000.00) interest in the aggregate Commitment Amount; or

(ii) a Percentage of the Commitment Amount that is at least equal to twenty-five percent (25%).

In the event the Agent fails to maintain the Agent's Commitment, the Agent agrees to resign as the Agent hereunder, if requested by the Borrowers and/or the Lenders, pursuant to Section 10.10 of this Agreement; it being expressly acknowledged and agreed that the Borrowers shall be third party beneficiaries of the Agent's Commitment requirement set forth in this Section 10.8(b).

10.9 **Holders of Notes.** Without limiting the requirements of Section 12.11 of this Agreement, the Agent may deem and treat any Lender which is the payee of a Note as the owner and holder of such Note for all purposes hereof unless and until written notice evidencing such transfer shall have been filed with the Agent. Any authority, direction or consent of any person who at the time of giving such authority, direction or consent was a Lender shall be conclusive and binding on each present and subsequent holder, transferee or assignee of any Note or Notes payable to such Lender or issued in exchange therefor.

10.10 **Successor Agent.** The Agent may resign at any time by giving thirty (30) days prior written notice thereof to the Lenders and Borrowers, subject to appointment of a successor Agent (and such appointees acceptance of appointment) as below provided in this Section 10.10. Additionally, the Agent may be removed for cause by all of the Lenders (other than the Agent, if the Agent is then a Lender), or in the absence of an Event of Default, the Borrowers may request the Agent's resignation pursuant to Section 10.8(b) hereof, if removal or resignation, as applicable, is requested in writing (which wording must specifically identify the "cause" for removal), and ten (10) days' prior written notice of removal or resignation is provided to the Agent and Borrowers (or Lenders, if applicable). Upon any such resignation or removal, the Agent shall, on behalf of the Lenders, immediately appoint, as its successor, another Lender; provided that such Lender is a commercial bank or trust company organized under the laws of the United States of America or any State thereof and has a combined capital and surplus of at least Five Hundred Million and No/100 Dollars (\$500,000,000.00). In such event, the Agent's resignation or removal shall not be effective until the successor Agent shall have accepted its appointment. Upon the acceptance by a successor Agent of its appointment as the Agent hereunder, such successor Agent shall thereupon succeed to and become vested with all of the properties, rights, powers, privileges and duties of the former Agent, without further act, deed or conveyance. Upon the effective date of resignation or removal of the retiring Agent and payment of all amounts then due and payable by the Agent to the Lenders pursuant to this Agreement, such Agent shall be discharged from its duties under this Agreement and the other Loan Documents. If for any reason, at any time, there is no Agent hereunder, then during such period, the Required Lenders shall have the right to exercise the Agent's rights and perform its duties hereunder, except that (i) all notices or other communications required or permitted to be given to the Agent shall be given to each Lender, and (ii) all payments to be made to the Agent shall be made directly to the Borrowers or the Lender for whose account such payment is made.

10.11 **Additional Agents.** If the Agent shall from time to time deem it necessary or advisable to engage other agents for its own protection in the performance of its duties hereunder or in the interests of the Lenders, then the Agent and Borrowers shall execute and deliver a supplemental agreement and all other instruments and agreements necessary or advisable, in the opinion of the Agent, to constitute another commercial bank or trust company, or one or more other persons approved by the Agent, to act as co-Agent or a separate agent with respect to any part of the Collateral, with such powers as may be provided in such supplemental agreement, and with the power to vest in such bank, trust company or other person (as such co-Agent or separate agent, as the case may be), any properties, rights, powers, privileges and duties of the Agent under this Agreement or any other Loan Document.

10.12 **Calculations.** The Agent shall not be liable for any calculation, apportionment or distribution of payments made by it in good faith. If such calculation, apportionment or distribution is subsequently determined to have been made in error, the sole recourse of any Lender to whom payment was due but not made shall be to recover from the Lenders any payment in excess of the amount to which they are determined to be entitled, with interest thereon at the Federal Funds Rate, or, if the amount due was not paid by any Borrower, to recover such amount from such Borrower (subject to the terms and provisions of this Agreement), with interest thereon at the rate provided in the applicable Note.

10.13 **Funding by the Agent.**

(a) Except as otherwise provided in this Agreement, the Agent alone shall be entitled to make all advances in connection with the Loan and shall receive all payments and other receipts relating to the Loan; it being understood, however, that the Agent has reserved the right not to advance any amounts to the Borrowers which the Agent has not received from the Lenders. The Agent will notify each Lender of the date and amount of any requested advance, and if such notification is received by 1:00 p.m. Washington, D.C. time on any

given Business Day, the Lenders shall provide the required funds to the Agent no later than the close of business on such Business Day. Once per week, or within such shorter time frame as may be requested by the Agent or the Swing Line Lender, the Agent and each Lender shall pay to each other such amounts (the "Equalization Payments") as may be necessary to cause each Lender to own its applicable Percentage of the Loan and otherwise implement the terms and provisions of this Agreement; it being understood that each Lender shall be entitled to receive interest on amounts advanced by it only from the date of such Lender's advance of funds. The obligation of the Agent and each Lender to make Equalization Payments shall not be affected by a bankruptcy filing by any Borrower, the occurrence of any Event of Default or any other act, occurrence or event whatsoever, whether the same occurs, before, on or after the date on which an Equalization Payment is required to be made. All Equalization Payments shall be made by 5:00 p.m. Washington, D.C. time on the date such payment is required, provided that notice of such Equalization Payment shall have been given to the party obligated to make such payment by 1:00 p.m. Washington, D.C. time; otherwise such Equalization Payment shall be made on the next Business Day.

(b) Unless the Agent shall have been notified in writing by any Lender no later than the close of business on the Business Day before the Business Day on which an advance requested by the Borrowers is to be made, that such Lender will not make its ratable share of such advance, the Agent may assume that such Lender will make its ratable share of the advance, and in reliance upon such assumption the Agent may (but in no circumstances shall be required to) make available to the Borrowers a corresponding amount. If and to the extent that any Lender fails to make such payment to the Agent when required, such Lender shall pay such amount on demand (or, if such Lender fails to pay such amount on demand, the Borrowers shall arrange for the repayment of such amount to the Agent), together with interest for the Agent's own account for each day from and including the date of the Agent's payment, to and including the date of repayment to the Agent (before and after judgment). Interest (a) if paid by such Lender (i) for each day from and including the date of the Agent's payment to and including the second Business Day thereafter, shall accrue at the Federal Funds Rate for such day, and (ii) for each day thereafter, shall accrue at the rate or rates per annum payable under the Notes; and (b) if paid by the Borrowers, shall accrue at the rate or rates per annum payable under the Notes. All payments to the Agent under this Section shall be made to the Agent at its office set forth in the preamble of this Agreement (or as otherwise directed by the Agent), in dollars, in immediately available funds, without set-off, withholding, counterclaim or other deduction of any nature.

(c) All borrowings under this Agreement shall be incurred from the Lenders pro rata on the basis of their respective Percentages (except to the extent advanced (i) as a Swing Line Loan, or (ii) by the Agent on behalf of any Lender as provided in subsection (a) or (b) above). It is understood that no Lender shall be responsible for any other Lender's failure to meet its obligation to make advances hereunder, and that each Lender shall be obligated to make advances required to be made by it hereunder regardless of the failure of any other Lender to make its advances hereunder.

(d) Each payment and prepayment received by the Agent for the account of the Lenders shall be distributed first to the Swing Line Lender for application to any Swing Line Outstandings, and then to each Lender entitled to share in such payment, ratably in accordance with each Lender's Percentage. Notwithstanding the provisions of Section 9.2(e) of this Agreement, any Lender who has failed to fund its Percentage of any advance under the Loan shall not be entitled to share in any such payment(s) until such time as the funding deficiency caused thereby, together with interest thereon (as provided in subsection (b) above), has been paid to the Agent in accordance with the terms and conditions of this Agreement. Payments from the Agent to the Lenders shall be made by wire transfer in accordance with written instructions provided to the Agent by the Lenders from time to time. Unless the Agent shall have received notice from the Borrowers prior to the date on which any payment is due to the Lenders hereunder that the Borrowers will not make such payment in full, the Agent may assume that the Borrowers have made such payment in full on such date and the Agent, in reliance upon such assumption, may cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrowers shall not have made such payment in full to the Agent, each Lender shall repay to the Agent upon its demand therefor such amount distributed to such Lender, together with interest thereon at the overnight Federal Funds Rate for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Agent.

(e) If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of setoff, or otherwise) in excess of such Lender's Percentage of payments, such Lender shall forthwith purchase from the other Lender(s) such participations in the Loans made by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of the other Lender(s); provided, however, if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from the other Lender(s) shall be rescinded and each other Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery, together with an amount equal to such Lender's ratable share (according to the proportion of (1) the amount of such Lender's required repayment, to (2) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount recovered. Each Borrower agrees that any Lender purchasing a participation from another Lender pursuant to this Section 10.13(e), to the fullest extent permitted by law, may exercise all of its rights of payment with respect to such participation as fully as if such Lender were the direct creditor of the Borrowers in the amount of such participation.

10.14 **Benefit of Article.** The provisions of this Article 10 are solely for the benefit of the Agent and Lenders. Except as otherwise expressly set forth in this Article 10, no Borrower shall have any rights under any of the provisions of this Article 10; it being understood that the provisions of this Article 10 are not in limitation of any right, remedy, power, duty, obligation or liability which the Agent would have to or against any Borrower.

ARTICLE 11 CERTAIN ADDITIONAL RIGHTS AND OBLIGATIONS REGARDING THE COLLATERAL

11.1 **Power of Attorney.** Each Borrower hereby reaffirms its irrevocable appointment of the Agent, as its agent and attorney-in-fact, with power of substitution, having full power and authority, in its own name, in the name of any Lender(s), in the name of any Borrower or otherwise (but at the cost and expense of the Borrowers and without notice to any Borrower), to (i) upon an Event of Default, notify Account Debtors obligated on any of the Receivables to make payments thereon directly to the lockbox referenced in Section 11.2 of this Agreement, and to take control of the cash and non-cash proceeds of any such Receivables, which right the Agent may exercise at any time whether or not an Event of Default shall have occurred and be continuing hereunder or was theretofore making collections thereon; (ii) upon an Event of Default, compromise, extend or renew any of the Collateral constituting Receivables or deal with any of the Collateral as the Agent may deem advisable; (iii) upon an Event of Default, release its interest in, make exchanges or substitutions for and/or surrender, all or any part of any Borrower's interest in all or any part of the Collateral; (iv) upon an Event of Default, remove from any Borrower's place(s) of business all books, records, ledger sheets, correspondence, invoices and documents relating to or evidencing any of the Collateral, or without cost or expense to the Agent, make such use of any Borrower's place(s) of business as may be reasonably necessary to administer, control and/or collect the Collateral; (v) upon an Event of Default, repair, alter or supply goods, if any, necessary to fulfill in whole or in part the purchase order of any Account Debtor; (vi) demand, collect receipt for and upon an Event of Default, and give renewals, extensions, discharges and releases of all or any part of the Collateral; (vii) upon an Event of Default, institute and prosecute legal and equitable proceedings to enforce collection of, or realize upon, all or any part of the Collateral; (viii) upon an Event of Default, settle, renew, extend, compromise, compound, exchange or adjust claims with respect to all or any part of the Collateral or any legal proceedings brought with respect thereto; and (ix) upon an Event of Default, receive and open all mail addressed to any Borrower (other than mail sent to the Lockbox which may be received and opened in the ordinary course of Lockbox procedures irrespective of whether any Event of Default has occurred), and if an Event of Default exists hereunder, notify the Post Office authorities to change the address for the delivery of mail to any Borrower to such address as the Agent may designate; it being understood that the rights granted to the Agent in this clause (ix), which are operative on the occurrence of an Event of Default, shall not in any way limit or impair the other rights provided to the Agent and/or Lenders in this Agreement or any other Loan Document, including, without limitation, their rights with respect to the Collateral Account and the below-referenced lockbox. Furthermore, each Borrower hereby reaffirms its irrevocable appointment of the Agent, as its agent and attorney-in-fact, with power of substitution, having full power and authority, in its own name, in the name of any Lender(s), in the name of any Borrower or otherwise (but at the cost and expense of the Borrowers and without notice to any Borrower) and regardless of whether an Event of Default has occurred or any act, event or condition which with notice or the lapse of time, or both, would constitute an Event of Default has occurred, to (a)

file financing statements and continuation statements covering the Collateral and execute the same on behalf of any Borrower; (b) charge against any banking account of any Borrower any item of payment credited to any Borrower's account which is dishonored by the drawee or maker thereof; and/or (iii) endorse the name of any Borrower upon any items of payment relating to the Collateral or upon any proof of claim in bankruptcy against any Account Debtor.

11.2 **Lockbox.** Each Borrower hereby authorizes the Agent to receive and collect any amount or amounts due or to become due on account of any Receivables and, at its discretion, to apply the same to the repayment of the Notes, and each Borrower represents, warrants, acknowledges and agrees that, except where a Permitted Foreign Bank Account is being used, it has established and shall continually maintain on terms and conditions satisfactory to the Agent in all respects, one or more lockboxes (and, if required by the Agent, one or more blocked accounts) for the collection of Receivables. Except as otherwise may be approved by the Agent in writing, any checks or other remittances received by any Borrower in payment of the Receivables shall be held in trust by each Borrower for the Agent and Lenders. Caliber shall, within forty-five (45) days after the Restatement Date (or within such longer period as may be reasonably required by Caliber), direct all of its customers (other than customers making payments to Caliber utilizing a Permitted Foreign Bank Account and certain other customers as may be approved by the Agent) to make payments directly to the lockbox or account described below or any other lockbox or account designated by the Agent from time to time for the collection of Caliber Receivables, and/or include on all of its invoices, a direction to its customer to make all payments directly to such lockbox or account.

Lockbox

ICF Consulting Group
P.O. Box 7777 – W510501
Philadelphia, Pennsylvania 19175-0501

Account

ICF Consulting Group, Inc.
Fairfax, Virginia
Account No. 6203219502
Citizens Bank
Attn: ACH Department ROP-440
1 Citizens Drive
Riverside, Rhode Island 02915
ABA No. 036076150

11.3 **Other Agreements.** Except as may otherwise be expressly permitted by the terms of this Agreement, and without limiting any other restrictions or provisions of this Agreement, each Borrower will (i) on demand, subject to any confidentiality and secrecy requirements imposed by any Government agency, make available in form reasonably acceptable to the Agent, shipping documents and delivery receipts evidencing the shipment of goods which gave rise to the sale or lease of inventory or of an account, contract right or chattel paper, completion certificates or other proof of the satisfactory performance of services which gave rise to the sale or lease of inventory or of an account, contract right or chattel paper, and each Borrower's copy of any written contract or order from which a sale or lease of inventory, an account, contract right or chattel paper arose; and (ii) when requested, advise the Agent when an Account Debtor returns or refuses to retain any goods, the sale or lease of which gave rise to an account, contract right or chattel paper, and of any delay in delivery or performance, or claims made in regard to any sale or lease of inventory, account, contract right or chattel paper. Upon reasonable notice, all such records will be available for examination by authorized agents of the Agent.

It is expressly understood and agreed, however, that the Agent shall not be required or obligated in any manner to make any inquiries as to the nature or sufficiency of any payment received by it or to present or file any claims or take any other action to collect or enforce a payment of any amounts which may have been assigned to the Agent or to which the Agent or the Lenders may be entitled hereunder at any time or times.

**ARTICLE 12
MISCELLANEOUS**

12.1 **Remedies Cumulative.** Each right, power and remedy of the Agent or Lenders provided for in this Agreement or in any other Loan Document or now or hereafter existing at law or in equity, by statute or otherwise, shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Agreement or in any other Loan Document, or now or hereafter existing at law or in equity, by

statute or otherwise, and the exercise or beginning of the exercise by the Agent or any Lender of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by the Agent or any such Lender of any or all such other rights, powers or remedies.

12.2 **Waiver.** Time is of the essence of this Agreement. No failure or delay by the Agent to insist upon the strict performance of any term, condition, covenant or agreement set forth in this Agreement or any other Loan Document, or to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver of such term, condition, covenant or agreement or of any such breach, or preclude the Agent or any Lender from exercising any such right, power or remedy at any later time or times. By accepting payment after the due date of any of the Obligations, neither the Lenders nor the Agent shall be deemed to have waived either the right to require prompt payment when due of all other Obligations, or the right to declare a default for failure to make payment of any such other Obligations.

12.3 **Notices.** Notices to either party shall be in writing and shall be delivered personally or by first-class mail or nationally-recognized overnight delivery service addressed to the parties at the addresses set forth below or otherwise designated in writing:

If to the Borrowers: ICF Consulting Group, Inc.
 9300 Lee Highway
 Fairfax, Virginia 22031
 Attention: Mr. Alan Stewart
 Fax: (703) 934-3675
 and
 Attention: Mr. Terrance McGovern
 Fax: (703) 218-2547

with a copy of all notices
to the Borrowers to:

Squire, Sanders & Dempsey L.L.P.
14th Floor, 8000 Towers Crescent Drive
Tysons Corner, Virginia 22182-2700
Attention: Kirk D. Beckhorn, Esq.
Fax: (703) 720-7801

If to the Lenders: Citizens Bank of Pennsylvania
 8521 Leesburg Pike
 Suite 405
 Vienna, Virginia 22182
 Attention: Mr. Richard Krogmann
 Fax: (703) 610-6070

PNC Bank, National Association
808 17th Street, N.W.
10th Floor
Washington, D.C. 20006
Attention: Mr. Douglas T. Brown
Fax: (202) 835-5977

Chevy Chase Bank, F.S.B.
Government Contracting & Technology Group
7501 Wisconsin Avenue
12th Floor
Bethesda, Maryland 20814
Attention: Ms. Debra Owen
Fax: (240) 497-7718

and

Commerce Bank, N.A.
2070 Chain Bridge Road, Suite B5
Vienna, Virginia 22182
Attention: Mr. Eric A. Pietras
Fax: (703) 663-4367

If to the Agent: Citizens Bank of Pennsylvania
8521 Leesburg Pike
Suite 405
Vienna, Virginia 22182
Attention: Mr. Richard Krogmann
Fax: (703) 610-6070

with a copy of all
notices to any Lender
or the Agent to:

Dickstein Shapiro Morin & Oshinsky LLP
2101 L Street, N.W.
Washington, D.C. 20037
Attention: Matthew S. Bergman, Esq.
Fax: (202) 887-0689

Any notice or other communication hereunder will be deemed given and effective (i) when actually received, in the case of hand delivery or nationally recognized overnight delivery service, (ii) when deposited in the United States mail or with such courier, in the case of first class mail or overnight delivery, or (iii) when completely sent and received, as evidenced by a transmission report from sender's facsimile machine, in the case of facsimile transmission.

12.4 Entire Agreement. This Agreement and the other Loan Documents constitute the entire agreement of the parties with respect to the Loan and supersede all prior agreements and understandings; it being expressly understood and agreed that this Agreement is a complete amendment and restatement of the Existing Loan Agreement, the terms and conditions of which have been superseded and replaced in their entirety by the terms and provisions of this Agreement. The parties hereto agree that this Agreement is given as a continuation, modification and extension of the Existing Loan Agreement and shall not constitute a novation of the Existing Loan Agreement. This Agreement and the other Loan Documents shall continue in full force and effect for so long as the Borrowers shall be indebted hereunder or under the Notes, and thereafter until the Lenders shall have actually received written notice of the termination hereof from the Borrowers and all Obligations incurred or contracted before receipt of such notice shall have been fully paid.

12.5 Relationship of the Parties. This Agreement provides for the extension of financial accommodations by each Lender, in its capacity as lender, to the Borrowers, in their capacity as borrowers, and for the payment of interest and repayment of the Obligations by the Borrowers. Certain provisions herein, such as those relating to compliance with the financial covenants, delivery to the Agent and Lenders of financial statements, and compliance with other affirmative and negative covenants are for the benefit of the Agent and Lenders to protect the Agent's and the Lenders' interests in assuring repayment of the Obligations. Nothing contained in this Agreement shall be construed as permitting or obligating the Lenders or Agent to act as a financial or business advisor or consultant to any Borrower, as permitting or obligating the Lenders or Agent to control any Borrower or to conduct any Borrower's operations, as creating any fiduciary obligation on the part of any Lender or the Agent to any Borrower, or as creating any joint venture, agency or other relationship between the parties other than as explicitly and specifically stated in this Agreement. Each Borrower acknowledges that it has had the opportunity to obtain the advice of experienced counsel of its own choosing in connection with the negotiation and execution of this Agreement and to obtain the advice of such counsel with respect to all matters contained herein, including, without limitation, the provision in this Agreement for waiver of trial by jury. Each Borrower further acknowledges that it is experienced with respect to financial and credit matters and has made its own independent decision to request the Obligations and execute and deliver this Agreement.

12.6 **Waiver of Jury Trial.** Each Borrower hereby (a) covenants and agrees not to elect a trial by jury of any issue triable by a jury, and (b) waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist. This waiver of right to trial by jury is separately given by each Borrower, knowingly and voluntarily, and this waiver is intended to encompass individually each instance and each issue as to which the right to a jury trial would otherwise accrue. The Agent and the Lenders are hereby authorized and requested to submit this Agreement to any court having jurisdiction over the subject matter and the parties hereto, so as to serve as conclusive evidence of each Borrower's herein contained waiver of the right to jury trial. Further, each Borrower hereby certifies that no representative or agent of the Agent or any Lender (including the Agent's counsel) has represented, expressly or otherwise, to the undersigned that the Agent or Lenders will not seek to enforce this provision waiving the right to a trial by jury.

12.7 **Submission to Jurisdiction; Service of Process; Venue.** Any judicial proceeding brought against any Borrower with respect to this Agreement or any other Loan Document may be brought in any court of competent jurisdiction in the Commonwealth of Virginia, and by execution and delivery of this Agreement, each Borrower accepts for itself and in connection with its properties, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid court, and irrevocably agrees to be bound by any judgment rendered by such court in connection with this Agreement. Each Borrower irrevocably designates and appoints the General Counsel of the Primary Operating Company, whose address is c/o ICF Consulting Group, Inc., 9300 Lee Highway, Fairfax, Virginia 22031, as its agent to receive on its behalf service of all process in any such proceeding in any court in the Commonwealth of Virginia, such service being hereby acknowledged by each Borrower to be effective and binding on it in every respect. A copy of any such process so served shall be mailed by registered or certified mail to the Borrowers at the address to which notices are to be addressed in accordance with this Agreement, except that any failure to mail such copy shall not affect the validity of service of process. The Borrowers shall at all times maintain an agent for service of process pursuant to this provision. If any Borrower fails to appoint such an agent, or if such agent refuses to accept service, such Borrower hereby agrees that service upon it by mail shall constitute sufficient notice. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of the Agent or the Lenders to bring proceedings against any Borrower in the courts of any other jurisdiction.

12.8 **Changes in Capital Requirements.** If after the date of this Agreement the Agent shall determine that the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof, or compliance by the Lenders with any request or directive regarding capital adequacy of any authority, central bank or comparable agency, which adoption, change or compliance is applicable to all banks generally or to banks similar in size, has or would have the effect of reducing the rate of return on the Lenders' capital as a consequence of the Lenders' obligations hereunder to a level below that which the Lenders could have achieved but for such adoption, change or compliance (taking into consideration the Agent's policies with respect to capital adequacy), then, after sixty (60) days prior notice given by the Agent to the Borrowers, the interest rate on the Notes shall be increased to a rate which shall retain the Lenders' original rate of return on the Lenders' capital.

12.9 **Intentionally Omitted.**

12.10 **Modification and Waiver.** Subject to Section 10.3 hereof, neither this Agreement nor any term, condition, covenant or agreement hereof may be changed, waived, discharged or terminated orally, but that may be accomplished only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

12.11 **Transferability.**

(a) No Borrower shall assign any of its rights, interests or Obligations under this Agreement or any other Loan Document.

(b) No Lender shall assign its interests under this Agreement or any other Loan Document to any person or entity, without the prior written consent of both Citizens Bank and the Borrowers; provided that (i) the Borrowers' consent shall not be required for assignments from one Lender to another Lender or at any time during which an Event of Default shall have occurred and be continuing; and (ii) the Borrowers' consent shall not be unreasonably withheld or delayed. Subject to obtaining such consent (as required), any Lender may assign its interest, in the ordinary course of its commercial banking business, at any time, or sell participations in some but not all of its rights and obligations under this Agreement and the other Loan Documents, provided that (a) the purchaser of any such interest is a commercial bank (a "Participating Lender") or Eligible Assignee, in either case whose total assets exceed Five Hundred Million and No/100 Dollars (\$500,000,000.00); (b) at least thirty (30) days' prior written notice of such sale or assignment, which notice must identify the name, address and contact person of the Participating Lender and/or Eligible Assignee, shall have been issued by such transferring Lender to the Agent and the Borrowers; (c) the dollar equivalent of the Percentage of the transferring Lender being assigned equals or exceeds Five Million and No/100 Dollars (\$5,000,000.00); (d) the Agent shall have received a duly executed Assignment and Acceptance Agreement, in the form attached as **Exhibit 8** hereto; and (e) if the proposed assignee of the transferring Lender is not an Affiliate of the transferring Lender, an assignment fee in the amount of Three Thousand Five Hundred and No/100 Dollars (\$3,500.00) shall have been paid to the Agent to reimburse the Agent for costs and expenses incurred in connection with the assignment.

12.12 **Governing Law; Binding Effect.** This Agreement shall be governed by the laws of the Commonwealth of Virginia (without regard to conflict of laws principles) and be binding upon each Borrower and inure to the benefit of the parties hereto and their respective successors and assigns.

12.13 **Gender; Number.** As used herein, the singular number shall include the plural, the plural the singular and the use of the masculine, feminine or neuter gender shall include all genders, as the context may require.

12.14 **Joint and Several Liability.** Each Borrower shall be jointly and severally liable for the payment and performance of all obligations and liabilities hereunder.

12.15 **Materiality.** Unless the context clearly indicates to the contrary, determinations regarding the materiality of any act, event, condition or circumstance shall be in the reasonable judgment of the Agent.

12.16 **Reliance on the Agent.** Each Borrower shall be entitled to assume that any and all consents, approvals or notices issued or granted by the Agent pursuant to the terms and provisions of this Agreement were, to the extent necessary, authorized by the Required Lenders or all of the Lenders, as applicable.

12.17 **The Patriot Act.** The Agent and Lenders hereby notify the Borrowers that pursuant to the requirements of the Patriot Act, they are required to obtain, verify and record information that identifies the Borrowers, which information includes the name and address of the Borrowers and other information that will allow the Agent and the Lenders to identify the Borrowers in accordance with the Patriot Act.

12.18 **Counterparts.** This Agreement may be executed in any number of counterparts, all of which together shall constitute one and the same document.

[Remainder of Page Intentionally Left Blank]

ATTEST:
[Corporate Seal]

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ATTEST:
[Corporate Seal]

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

WITNESS:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

BORROWERS:

ICF CONSULTING GROUP HOLDINGS, INC., a
Delaware corporation

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ICF CONSULTING GROUP, INC., a
Delaware corporation

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ICF CONSULTING LIMITED, a private limited company organized
under the laws of England and Wales

By: /s/ KENNETH KOLSKY
Name: Kenneth Kolsky
Title: Director

COMMENTWORKS.COM COMPANY, L.L.C. a
Delaware limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

THE K.S. CRUMP GROUP, L.L.C., a
Delaware limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ICF INCORPORATED, L.L.C., a Delaware
limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ICF INFORMATION TECHNOLOGY, L.L.C.,
a Delaware limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ICF RESOURCES, L.L.C., a
Delaware limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

SYSTEMS APPLICATIONS INTERNATIONAL,
L.L.C., a Delaware limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ICF ASSOCIATES, L.L.C., a Delaware limited
liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ICF SERVICES COMPANY, L.L.C., a Delaware
limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ICF CONSULTING SERVICES, L.L.C., a
Delaware limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ICF EMERGENCY MANAGEMENT SERVICES,
LLC, a Delaware limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

WITNESS:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ATTEST:
[Corporate Seal]

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

WITNESS:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

WITNESS/ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ATTEST:
[Corporate Seal]

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ATTEST:
[Corporate Seal]

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ICF CONSULTING PTY LTD, an Australian corporation

By: /s/ KENNETH KOLSKY
Name: Kenneth Kolsky
Title: Director

ICF CONSULTING CANADA, INC., a Canadian corporation

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ICF/EKO, a Russian corporation

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ICF CONSULTORIA DO BRAZIL LTDA., a Brazilian limited liability company

By: ICF CONSULTING GROUP, INC., a Delaware corporation

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

By: ICF CONSULTING SERVICES, L.L.C., a Delaware limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

SYNERGY, INC., a District of Columbia corporation

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

SIMULATION SUPPORT, INC., a Virginia corporation

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

SYNERGY BIOMEDICAL, LLC, a Delaware
limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ICF PROGRAM SERVICES, LLC, a Delaware
limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ATTEST:

[Corporate Seal]

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

CALIBER ASSOCIATES, INC., a Virginia
corporation

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ATTEST:

[Corporate Seal]

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

COLLINS MANAGEMENT CONSULTING, INC., a
Virginia corporation

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ATTEST:

[Corporate Seal]

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

FRIED & SHER, INC., a Virginia
corporation

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

LENDER(S):

CITIZENS BANK OF PENNSYLVANIA, a
Pennsylvania state chartered bank

By: /s/ RICHARD A. KROGMANN
Name: Richard A. Krogmann
Title: V.P.

CHEVY CHASE BANK, F.S.B., a federal savings bank

By: /s/ DEBRA OWEN
Name: Debra Owen
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION, as successor-in-interest to Riggs Bank, N.A., a national banking association

By: /s/ DOUGLAS T. BROWN

Name: Douglas T. Brown

Title: SVP

COMMERCE BANK, N.A., a national banking association

By: /s/ FRANK MERENDINO

Name: Frank Merendino

Title: Vice President

AGENT:

CITIZENS BANK OF PENNSYLVANIA, a Pennsylvania state chartered bank

By: /s/ RICHARD A. KROGMANN

Name: Richard A. Krogmann

Title: VP

SCHEDULE 1

Lenders	Total Commitment Amount		Facility A		Facility B		Facility C		Swing Line Facility	
	Percentage/Commitment \$		Percentage/Commitment \$		Percentage/Commitment \$		Percentage/Commitment		Percentage/Commitment \$	
Citizens Bank	50%	\$37,500,000.00	50%	\$22,500,000.00	50%	\$11,000,000.00	50%	\$4,000,000.00	100%	\$10,000,000
PNC Bank	25%	\$18,750,000.00	25%	\$11,250,000.00	25%	\$5,500,000.00	25%	\$2,000,000.00	0%	\$0
Chevy Chase Bank	12.5%	\$9,375,000.00	12.5%	\$5,625,000.00	12.5%	\$2,750,000.00	12.5%	\$1,000,000.00	0%	\$0
Commerce Bank	12.5%	\$9,375,000.00	12.5%	\$5,625,000.00	12.5%	\$2,750,000.00	12.5%	\$1,000,000.00	0%	\$0
TOTALS:	100%	\$75,000,000	100%	\$45,000,000	100%	\$22,000,000	100%	\$8,000,000	100%	\$10,000,000

[Add Facility C]

Wiring Instructions: Citizens Bank of Pennsylvania
Philadelphia, PA
ABA #036076150
Attn: Loan Administration
Account #6000005214
Ref : ICF Consulting
Loan/Note # _____
PAYDOWN/ADVANCE/ETC.

Wiring Instructions: PNC Bank, National Association
ABA# 054000030
Attention: Commercial Loan Operations
Account # 08-575-677
Ref: ICF Consulting Group, Inc.

Wiring Instructions: Chevy Chase Bank, F.S.B.
ABA# 255071981
Account Name: Commercial Loan Servicing
Account # 29050030 r/c 082
Attention: Rick Butterbaugh, Manager
Ref: ICF Consulting

Wiring Instructions: Commerce Bank, N.A.
ABA 031201360
Account Name: Participation Loan WIP _____
Account number 12569999 _____
Attn. E. Huber
Ref. ICF Consulting Group Holdings Inc

**FIRST MODIFICATION TO AMENDED AND RESTATED BUSINESS LOAN AND SECURITY
AGREEMENT AND OTHER LOAN DOCUMENTS**

THIS FIRST MODIFICATION TO AMENDED AND RESTATED BUSINESS LOAN AND SECURITY AGREEMENT AND OTHER LOAN DOCUMENTS (this "Modification"), dated as of March 14, 2006, is made by and among (i) CITIZENS BANK OF PENNSYLVANIA, a Pennsylvania state chartered bank ("Citizens Bank"), acting in its capacity as the agent for the Lenders (the "Agent"), having offices at 852 1 Leesburg Pike, Suite 405, Vienna, Virginia 22182; (ii) CITIZENS BANK, acting in its capacity as a Lender, and each other "Lender" party to the hereinafter defined Loan Agreement (each, a "Lender" and collectively, the "Lenders"); and (iii) ICF CONSULTING GROUP, INC., a Delaware corporation ("ICFG"), ICF CONSULTING GROUP HOLDINGS, INC., a Delaware corporation ("ICF Holdings"), and each other "Borrower" party to the Loan Agreement (together with ICFG and ICF Holdings, each, a "Borrower" and collectively, the "Borrowers"), each having offices at 9300 Lee Highway, Fairfax, Virginia 22031. Capitalized terms used but not defined herein shall have the meanings attributed to such terms in the Loan Agreement.

WHEREAS, pursuant to the terms of a certain Amended and Restated Business Loan and Security Agreement dated as of October 5, 2005 (as amended, modified or restated from time to time, the "Loan Agreement"), by and among the Borrowers, the Agent and the Lenders, the Borrowers obtained loans and certain other financial accommodations (collectively, the "Loan") from the Lenders in the aggregate maximum principal amount of Seventy-five Million and No/100 Dollars (\$75,000,000.00); and

WHEREAS, the Loan is evidenced by the Notes and secured by, among other things, the collateral described in the Loan Agreement; and

WHEREAS, the Borrowers anticipate a temporary need for additional capital and have requested that, for a limited period of time, the Agent and Lenders make overadvances available to the Borrower; and

WHEREAS, the Agent and Lenders have agreed to grant the Borrowers' request, subject to the terms and conditions set forth herein; and

WHEREAS, the Borrowers, the Agent and the Lenders have also agreed to (i) revise the Leverage Ratio covenant of the Borrowers set forth in Section 6.15(b) of the Loan Agreement, (ii) revise the Maximum Total Senior Debt Covenant of the Borrowers set forth in Section 6.15(e) of the Loan Agreement, and (iii) modify the pricing for (i.e., the interest rate charged on) amounts advanced under Facility A set forth on Exhibit 7 attached to the Loan Agreement; and

WHEREAS, the Borrowers, the Agent and the Lenders desire to enter into this Modification to memorialize the agreements and understanding of the parties with respect to the foregoing matters, as hereinafter provided.

NOW THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Recitals.** The foregoing recitals are hereby incorporated herein by this reference and made a part hereof, with the same force and effect as if fully set forth herein.

2. **Temporary Allowance for Overadvances.** Notwithstanding anything to the contrary set forth in Section 1.3 of the Loan Agreement, so long as no Event of Default shall have occurred and be continuing, and no act, event or condition shall have occurred and be continuing which with notice or the lapse of time, or both shall constitute an Event of Default, and subject to satisfaction of all other

terms and conditions for advances set forth in the Loan Agreement, the Borrowers may obtain over-advances of the proceeds of Facility A as follows: (i) from the date hereof through and including June 30, 2006, up to the lesser of (a) the Facility A Commitment Amount and (b) the Maximum Borrowing Base plus Six Million and No/100 Dollars (\$6,000,000.00); and (ii) from July 1, 2006 through and including August 31, 2006, up to the lesser of (a) the Facility A Commitment Amount and (b) the Maximum Borrowing Base plus Four Million and No/100 Dollars (\$4,000,000.00). No over-advance shall be permitted after August 31, 2006, and any and all over-advances in excess of the limits set forth in this paragraph (including, without limitation, any over-advance existing or arising after August 31, 2006) shall constitute a Borrowing Base Deficiency, and the Borrowers shall immediately make a principal payment in the amount of such Borrowing Base Deficiency.

3. Financial Covenant Amendments.

(a) Maximum Leverage Ratio. Notwithstanding anything to the contrary set forth in Section 6.15(b) of the Loan Agreement, the Borrowers will maintain a Leverage Ratio of not more than 4.00 to 1.00 for the Fiscal Quarters ending March 31, 2006 and June 30, 2006 (in lieu of the requirement for a Leverage Ratio of not more than 3.50 to 1.00 for such periods, as set forth in Section 6.15(b) of the Loan Agreement). For all applicable measurement periods thereafter, the Borrowers will maintain the Leverage Ratio set forth in Section 6.15(b) of the Loan Agreement (i.e., not more than 3.50 to 1.00).

(b) Maximum Total Senior Debt Covenant. Notwithstanding anything to the contrary set forth in Section 6.15(e) of the Loan Agreement, the Borrowers will not suffer or permit Total Senior Debt to exceed an amount equal to one hundred fifteen percent (115%) of the aggregate amount of all of the Borrowers' Receivables (including all billed and unbilled Receivables) for the Fiscal Quarter ending March 31, 2006 (in lieu of the requirement for Total Senior Debt to be less than an amount equal to 100% of the aggregate amount of all of the Borrowers' Receivables (including all billed and unbilled Receivables)). For all measurement periods thereafter, the Borrowers will not suffer or permit Total Senior Debt to exceed an amount equal to 100% of the aggregate amount of all of the Borrowers' Receivables (including all billed and unbilled Receivables).

4. Modification to Covenant Compliance Certificate and Pricing Grid. Exhibit 5 and Exhibit 7 attached to the Loan Agreement are hereby deleted in their entirety, and Exhibit 5 and Exhibit 7 attached to this Modification substituted in lieu thereof.

5. Interest Rate. From and after the date of this Modification (and until the interest rate charged on amounts outstanding under the Notes would change pursuant to the Notes on or after June 1, 2006), the interest rates for amounts outstanding under the Notes will be fixed at Level IV set forth on the Pricing Grid (attached as Exhibit 7 hereto).

6. Miscellaneous.

(a) Simultaneously with the execution and delivery of this Modification (and as a condition precedent to its effectiveness), the Borrowers shall pay to the Agent, in immediately available funds: (i) a commitment/waiver fee, in the amount of One Hundred Thousand and No/100 Dollars (\$100,000.00), for the ratable benefit of the Lenders; and (ii) all of the Agent's reasonable costs and expenses associated with this Modification and the transactions referenced herein or contemplated hereby, including, without limitation, the Agent's reasonable legal fees and expenses.

(b) Each Borrower hereby represents, warrants, acknowledges and agrees that as of the date hereof (a) there are no set-offs or defenses against and no defaults under any of the Notes, the Loan Agreement or any other Loan Document; (b) no act, event or condition has occurred which, with notice or the passage of time, or both, would constitute a default under any of the Notes, the Loan

Agreement or any other Loan Document; (c) all of the representations and warranties of the Borrowers contained in the Loan Agreement are true and correct as of the date hereof (except to the extent that such representations and warranties expressly relate solely to an earlier date), unless the Borrowers are unable to remake and redate any such representation or warranty, in which case the Borrowers have previously disclosed the same to the Agent and the Lenders in writing, and such inability does not constitute or give rise to an Event of Default; and (d) all schedules attached to the Loan Agreement with respect to any particular representation and warranty of the Borrowers set forth in the Loan Agreement (as modified) remain true, accurate and complete, as updated in writing to the Agent as of the date of this Modification.

(c) The Borrowers, and their respective representatives, successors and assigns, hereby jointly and severally, knowingly and voluntarily RELEASE, DISCHARGE, and FOREVER WAIVE and RELINQUISH any and all claims, demands, obligations, liabilities, defenses, affirmative defenses, setoffs, counterclaims, actions, and causes of action of whatsoever kind or nature, whether known or unknown, which they have, may have, or might have or may assert now or in the future against the Agent and/or the Lenders directly or indirectly, arising out of, based upon, or in any manner connected with any transaction, event, circumstance, action, failure to act, or occurrence of any sort or type, in each case related to, arising from or in connection with the Loan, whether known or unknown, and which occurred, existed, was taken, permitted, or begun prior to the date hereof (including, without limitation, any claim, demand, obligation, liability, defense, counterclaim, action or cause of action relating to or arising from the grant by the Borrowers to the Agent and/or the Lenders of a security interest in or encumbrance on collateral that is, was or may be subject to, or an agreement by which the Borrowers are bound and which contains, a prohibition on further mortgaging or encumbering the same). The Borrowers hereby acknowledge and agree that the execution of this Modification by the Agent and the Lenders shall not constitute an acknowledgment of or an admission by the Agent and/or the Lenders of the existence of any such claims or of liability for any matter or precedent upon which any liability may be asserted.

(d) Except as expressly set forth herein, nothing contained in this Modification is intended to or shall otherwise act to nullify, discharge, or release any obligation incurred in connection with the Notes, the Loan Agreement and/or the other Loan Documents or to waive or release any collateral given by any Borrower to secure the Notes, nor shall this Modification be deemed or considered to operate as a novation of the Notes, the Loan Agreement or the other Loan Documents. Except to the extent of any express conflict with this Modification or except as otherwise expressly contemplated by this Modification, all of the terms and conditions of the Notes, the Loan Agreement and the other Loan Documents shall remain in full force and effect, and the same are hereby expressly approved, ratified and confirmed. In the event of any express conflict between the terms and conditions of the Notes, the Loan Agreement or the other Loan Documents and this Modification, this Modification shall be controlling and the terms and conditions of such other documents shall be deemed to be amended to conform with this Modification.

(e) If any term, condition, or any part thereof, of this Modification, the Loan Agreement or of the other Loan Documents shall for any reason be found or held to be invalid or unenforceable by any court or governmental agency of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision, or condition of this Modification, the Loan Agreement and the other Loan Documents, and this Modification, the Loan Agreement and the other Loan Documents shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

(f) Each Borrower acknowledges that, at all times prior to and through the date hereof, the Agent and the Lenders have acted in good faith and have conducted themselves in a commercially reasonable manner in their relationship with such Borrower in connection with this Modification and in connection with the obligations of the Borrowers to the Agent and the Lenders under the Loan; the Borrowers hereby waiving and releasing any claims to the contrary.

(g) Each Borrower, Lender and the Agent hereby acknowledges and agrees that, from and after the date hereof, all references to the "Loan Agreement" set forth in any Loan Document shall mean the Loan Agreement, as modified pursuant to this Modification and any other modification of the Loan Agreement dated prior to the date hereof.

(h) Each Borrower hereby represents and warrants that, as of the date hereof, such Borrower is indebted to the Lenders in respect of the amounts due and owing under the Notes, all such amounts remain outstanding and unpaid and all such amounts are payable in full, without offset, defenses, deduction or counterclaim of any kind or character whatsoever.

(i) Each Borrower acknowledges (a) that it has participated in the negotiation of this Modification, and no provision of this Modification shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured, dictated or drafted such provision; (b) that it has had access to an attorney of its choosing in the negotiation of the terms of and in the preparation and execution of this Modification, and it has had the opportunity to review, analyze, and discuss with its counsel this Modification, and the underlying factual matters relevant to this Modification, for a sufficient period of time prior to the execution and delivery hereof; (c) that all of the terms of this Modification were negotiated at arm's length; (d) that this Modification was prepared and executed without fraud, duress, undue influence, or coercion of any kind exerted by any of the parties upon the others; and (e) that the execution and delivery of this Modification is the free and voluntary act of such Borrower.

(j) This Modification shall be governed by the laws of the Commonwealth of Virginia and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(k) This Modification may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall be deemed one and the same instrument. Signature pages may be exchanged by facsimile and each party hereto agrees to be bound by its facsimile signature.

[The Remainder of This Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned have executed this Modification as of the date first above written.

ATTEST:
[Corporate Seal]

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ATTEST:
[Corporate Seal]

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

WITNESS:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

BORROWERS:

ICF CONSULTING GROUP HOLDINGS, INC., a
Delaware corporation

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ICF CONSULTING GROUP, INC., a
Delaware corporation

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ICF CONSULTING LIMITED, a private limited
company organized under the laws of England and
Wales

By: /s/ KENNETH KOLSKY
Name: Kenneth Kolsky
Title: Director

COMMENTWORKS.COM COMPANY, L.L.C., a
Delaware limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

THE. K.S. CRUMP GROUP, L.L.C., a Delaware
limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ICF INCORPORATED, L.L.C., a Delaware limited
liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ICF INFORMATION TECHNOLOGY, L.L.C., a
Delaware limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ICF RESOURCES, L.L.C., a Delaware limited
liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

SYSTEMS APPLICATIONS INTERNATIONAL,
L.L.C., a Delaware limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ICF ASSOCIATES, L.L.C., a Delaware limited
liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ICF SERVICES COMPANY, L.L.C., a Delaware
limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ICF CONSULTING SERVICES, L.L.C., a
Delaware limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern
Title: Treasurer

WITNESS:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ATTEST:
[Corporate Seal]

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern
Title: Treasurer

WITNESS:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

WITNESS/ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern
Title: Treasurer

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern
Title: Treasurer

ICF EMERGENCY MANAGEMENT SERVICES,
LLC, a Delaware limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ICF CONSULTING PTY LTD, an Australian
corporation

By: /s/ KENNETH KOLSKY
Name: Kenneth Kolsky
Title: Director

ICF CONSULTING CANADA, INC., a Canadian
corporation

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ICF/EKO, a Russian corporation

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ICF CONSULTORIA DO BRAZIL LTDA., a
Brazilian limited liability company

By: ICF CONSULTING GROUP, INC., a
Delaware corporation

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

By: ICF CONSULTING SERVICES, L.L.C., a
Delaware limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ATTEST:
[Corporate Seal]

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ATTEST:
[Corporate Seal]

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ATTEST:

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ATTEST:
[Corporate Seal]

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

ATTEST:
[Corporate Seal]

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

SYNERGY, INC., a District of Columbia
corporation

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

SIMULATION SUPPORT, INC., a Virginia
corporation

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ICF BIOMEDICAL CONSULTING, LLC, a
Delaware limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ICF PROGRAM SERVICES, LLC, a Delaware
limited liability company

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

CALIBER ASSOCIATES, INC., a Virginia
corporation

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

COLLINS MANAGEMENT CONSULTING, INC.,
a Virginia corporation

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

ATTEST:
[Corporate Seal]

By: /s/ TERRANCE MCGOVERN
Name: Terrance McGovern

FRIED & SHER, INC., a Virginia corporation

By: /s/ ALAN R. STEWART
Name: Alan R. Stewart
Title: CFO

LENDER(S):
CITIZENS BANK OF PENNSYLVANIA, a
Pennsylvania state chartered bank

By: /s/ RICHARD A. KROGMANN
Name: Richard A. Krogmann
Title: Vice President

CHEVY CHASE BANK, F.S.B., a federal savings
bank

By: /s/ DEBRA OWEN
Name: Debra Owen
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION, as
successors-in-interest to Riggs Bank, N.A., a
national banking association

By: /s/ DOUGLAS T. BROWN
Name: Douglas T. Brown
Title: Senior Vice President

COMMERCE BANK, N.A., a national banking
association

By: /s/ FRANK J. MERENDINO
Name: Frank J. Merendino
Title: Vice President

AGENT:
CITIZENS BANK OF PENNSYLVANIA, a
Pennsylvania state chartered bank

By: /s/ RICHARD A. KROGMANN
Name: Richard A. Krogmann
Title: Vice President

EXHIBIT 7

ICF CONSULTING GROUP

PRICING GRID

<u>PRICING LEVEL</u>	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>
<u>If the Leverage Ratio is:</u>		<u>greater than or equal to</u>	<u>greater than or</u>	
		<u>2.75 to 1.0</u>	<u>equal to 3.25 to 1.0 but less</u>	<u>greater than or equal to</u>
	<u>less than 2.75 to 1.00</u>	<u>but less than 3.25 to 1.0</u>	<u>than 3.50 to 1.0</u>	<u>3.50 to 1.0</u>
then the Additional LIBOR Interest Margin for Facility A shall be:	2.25%	2.50%	2.75%	3.00%
then the Additional Base Rate Interest Margin for Facility A shall be:	0.00%	0.00%	0.00%	0.25%
then the Additional LIBOR Interest Margin for Facility B shall be:	2.50%	2.75%	3.00%	3.00%
then the Additional Base Rate Interest Margin for Facility B shall be:	0.25%	0.25%	0.25%	0.25%
then the Additional LIBOR Interest Margin for Facility C shall be:	3.00%	3.25%	3.50%	3.50%
then the Additional Base Rate Interest Margin for Facility C shall be:	0.75%	0.75%	0.75%	0.75%

STOCK PURCHASE AGREEMENT

BY AND AMONG

ICF CONSULTING GROUP, INC.

ICF CONSULTING GROUP HOLDINGS, INC.

TERRENCE R. COLVIN

WESLEY C. PICKARD

DONALD L. ZIMMERMAN

AND

THE OTHER SHAREHOLDERS OF SYNERGY, INC.

Effective January 1, 2005

TABLE OF CONTENTS

This Table of Contents is for convenience of reference only and is not intended to define, limit or describe the scope, intent or meaning of any provision of this Agreement.

ARTICLE I	Definitions and Rules of Construction	2
1.1	Definitions.	2
1.2	Rules of Construction.	12
ARTICLE II	Closing; Purchase Price; Adjustments; Escrow	13
2.1	Closing.	13
2.2	Purchase Price; Payment.	13
2.3	Shareholders' Representative.	15
ARTICLE III	Representations and Warranties of the Shareholders	17
3.1	Organization and Power.	17
3.2	Authorization and Enforceability.	17
3.3	No Violation.	18
3.4	Consents.	18
3.5	Financial Statements.	18
3.6	Relationships with Affiliates.	19
3.7	Indebtedness to/from Officers, Directors, Shareholders and Employees.	20
3.8	No Adverse Change.	20
3.9	Conduct of the Business.	20
3.10	Corporate and Capital Structure.	21
3.11	Title to Shares.	21
3.12	Charter, Bylaws and Corporate Records.	22
3.13	Assets – In General.	22
3.14	Real Property Interests.	22
3.15	Personal Property.	23
3.16	Intellectual Property Rights.	23
3.17	Contracts and Bids.	25
3.18	Federal and State Government Contracts.	27
3.19	Clients.	31
3.20	Backlog.	32
3.21	Compliance with Laws.	32
3.22	Environmental Matters.	32
3.23	Licenses and Permits.	32
3.24	Absence of Certain Business Practices.	33
3.25	Litigation.	33
3.26	Personnel Matters.	34
3.27	Labor Matters.	35
3.28	ERISA.	36
3.29	Tax Matters.	39
3.30	Insurance.	41
3.31	Bank Accounts.	42
3.32	Powers of Attorney.	42

3.33	No Broker.	42
3.34	No Unusual Transactions.	42
ARTICLE IV Representations and Warranties of ICF		44
4.1	Organization and Power.	44
4.2	Corporate Authorization.	44
4.3	No Violation.	44
4.4	Consents.	45
4.5	Litigation.	45
4.6	Charter, Bylaws and Corporate Records.	45
4.7	Capital Structure.	45
4.8	ICF Holdings Financial Statements.	45
4.9	No Adverse Change.	46
4.10	ICF Holdings Shares.	46
4.11	Availability of Funds.	46
4.12	Investment Intent.	46
4.13	No Additional Representations.	46
ARTICLE V Covenants		47
5.1	Bonuses.	47
5.2	Access to Books and Records Following the Closing.	47
5.3	Shareholders' Post-Closing Confidentiality Obligation.	47
5.4	Expenses.	48
5.5	Non-Competition and Nonsolicitation of Employees.	48
5.6	Non-Key Employees.	50
5.7	Certain Tax Matters.	50
5.8	Public Announcements.	52
5.9	Legg Mason Agreement.	52
5.10	Columbia Road Lease.	53
5.11	Post-Closing Wind-Up of Terminated Pension Plans; Indemnifications Related to Pension Plans.	54
ARTICLE VI Deliveries by the Shareholders and Synergy at Closing		55
6.1	Escrow Agreements.	55
6.2	Consents.	55
6.3	Closing Financial Statements.	55
6.4	Key Employee Agreements.	55
6.5	Standard Employee Documents.	55
6.6	Zimmerman and Zorich Employment Agreements.	56
6.7	Synergy Pre-2004 Bonus Releases.	56
6.8	Accrued Principal Shareholders' Bonuses Releases.	56
6.9	Actions with Respect to the Pension Plans.	56
6.10	Indemnification Waivers and Releases	56
6.11	Resignations of Directors and Officers.	56
6.12	Termination of Shareholders Agreements and Loans.	56
6.13	Termination of BB&T Bank Facility.	57
6.14	Release of Liens.	57

6.15	Shareholders Agreement.	57
6.16	Transaction Costs Releases.	57
6.17	Acceptance of Deliverables under Wisconsin Contract.	57
6.18	Option Releases.	57
6.19	Further Instruments.	57
ARTICLE VII	Deliveries by ICF at Closing	58
7.1	Escrow Agreements.	58
7.2	Closing Purchase Consideration and Escrow Deposit.	58
7.3	Senior Management Employment Agreements.	58
7.4	Shareholders Agreement.	58
7.5	Further Instruments.	58
ARTICLE VIII	Survival and Indemnification	58
8.1	Survival of Representations and Warranties.	58
8.2	Indemnification.	59
8.3	Escrow Accounts.	63
8.4	Exclusive Remedies.	64
8.5	Mitigation.	64
ARTICLE IX	Miscellaneous	64
9.1	Further Assurances.	64
9.2	Notices.	64
9.3	Governing Law.	66
9.4	Entire Agreement.	66
9.5	Severability.	66
9.6	Amendment.	66
9.7	Effect of Waiver or Consent.	66
9.8	Rights and Remedies Cumulative.	67
9.9	Parties in Interest; Limitation on Rights of Others.	67
9.10	Assignability.	67
9.11	Dispute Resolution and Arbitration.	67
9.12	Jurisdiction; Court Proceedings; Waiver of Jury Trial.	69
9.13	No Other Duties.	69
9.14	Reliance on Counsel and Other Advisors.	69
9.15	Release by Shareholders.	70
9.16	Counterparts.	70

SCHEDULES

Section	Title
3.1(b)	Jurisdictions where Synergy and each Acquired Subsidiary is qualified or licensed to do business; good standing
3.1(c)	Acquired Subsidiaries
3.4	Consents
3.5(b)	Undisclosed Liabilities
3.5(d)	Letters of Credit and Guarantees
3.5(e)	Contingent or Deferred Acquisition Expenses or Payments
3.6	Interest of Affiliates and Shareholders in Property or Contracts of Synergy
3.7	Indebtedness To/From Officers, Directors, Shareholders and Employers
3.9(a)	Cooperative Business Arrangements
3.9(b)	Letters of Intent, Non-Competition and Non-Disclosure Arrangements
3.10(a)	Capitalization of Synergy and Each Acquired Subsidiary
3.10(b)	Interests in Other Persons
3.13	Assets—In General
3.14	Real Property Interests
3.15	Personal Property, owned or leased
3.16(a)	Commercial Software and Intellectual Property Rights
3.16(b)	Intellectual Property Rights used by, but not owned by Synergy
3.16(c)	Rights of other Persons to Intellectual Property Rights or Intellectual Property
3.16(f)	Government Data and Software Rights
3.16(g)	Software Programs
3.17(a)	List of Scheduled Contracts
3.17(b)	Status of Scheduled Contracts
3.17(c)	List and status of bids, proposals or quotations

-
- 3.18(b) List of Government Contracts, Subcontracts, Bids
 - 3.18(c) Status of Government Contracts, Subcontracts, Bids
 - 3.18(d) Investigations
 - 3.18(e) Financing Arrangements and Claims
 - 3.18(f) Multiple Award Schedule Contracts
 - 3.18(g) Government-Furnished Property
 - 3.18(h) Former Government Officials
 - 3.18(i) Timekeeping Policy
 - 3.20 Backlog
 - 3.23(a) Permits
 - 3.25(a) Litigation Pending or Threatened
 - 3.25(b) Basis for Claim
 - 3.26(a) List and Positions of Personnel
 - 3.26(b) Accrued Principal Shareholders Bonuses
 - 3.26(c) Synergy Pre-2004 Bonuses
 - 3.26(d) ICF Pre-2004 Bonuses
 - 3.26(e) Accrued 2004 Bonus Liability
 - 3.26(g) Personnel Policies and Manuals
 - 3.26(h) Bonus, Incentive Compensation, Severance and Similar Programs
 - 3.28(b) List of Plans
 - 3.28(h) Pension Plans Without IRS Favorable Determination Letter
 - 3.28(j) Required Contributions
 - 3.29 Tax Matters
 - 3.30(a) General Insurance
 - 3.30(b) Life Insurance
 - 3.31 Bank Accounts
 - 3.32 Powers of Attorney
 - 3.34 No Unusual Transactions

EXHIBITS

A	Shareholders Information; Cash at Closing
B	Option Holders; Options; Cash at Closing
C	Financial Statements
D-1	General Indemnity Escrow Agreement
D-2	Lease Escrow Agreement
E	Shareholders Agreement
F	Form Option Release
G	Description of Sale of Illiquid Pension Plan Assets
H	Scheduled Transaction Costs
I	Standard Employee Documents
J	Columbia Road Lease
K	Form Indemnification Waiver and Release
L	Key Employees
M	Senior Management Employment Agreements

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT ("Agreement"), dated as of January 1, 2005 (the "Effective Date"), by and among (i) ICF Consulting Group, Inc., a Delaware corporation ("ICF"), (ii) ICF Consulting Group Holdings, Inc., a Delaware corporation ("ICF Holdings"), (iii) Terrence R. Colvin ("Colvin"), Wesley C. Pickard ("Pickard") and Donald L. Zimmerman ("Zimmerman") (Colvin, Pickard and Zimmerman are hereinafter sometimes individually referred to as a "Principal Shareholder" and collectively as the "Principal Shareholders") and (iv) the other shareholders of Synergy, Inc., a District of Columbia corporation ("Synergy"), all of whom are listed on Exhibit A.

RECITALS:

R-1. The Principal Shareholders are the holders and owners of approximately ninety one and eight tenths percent (91.8%) of the issued and outstanding shares of capital stock of Synergy (all of such outstanding shares being hereinafter referred to as the "Shares").

R-2. ICF Holdings is the owner and holder of all of the issued and outstanding shares of ICF.

R-3. ICF desires to acquire all of the outstanding Shares for cash and common stock of ICF Holdings, and the Shareholders and Synergy desire the same, upon the terms and subject to the conditions of this Agreement.

R-4. Upon the closing of the transactions contemplated by this Agreement, all of the issued and outstanding options to purchase Capital Stock of Synergy (the "Options") will be exercised or cancelled so that, upon the closing of the transactions contemplated by this Agreement, ICF will own, directly or indirectly, all of the issued and outstanding Capital Stock of Synergy and no rights to obtain Capital Stock of Synergy will be outstanding.

NOW THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements contained in this Agreement, and intending to be legally bound hereby, ICF and the Shareholders agree as follows:

ARTICLE I
Definitions and Rules of Construction

1.1 Definitions.

As used in this Agreement, the following terms shall have the meanings set forth:

“Accrued 2004 Bonus Liability” has the meaning set forth in Section 3.26(e).

“Accrued Principal Shareholders’ Bonuses” has the meaning set forth in Section 3.26(b).

“Accrued Principal Shareholders’ Bonuses Releases” has the meaning set forth in Section 5.1(a).

“Acquired Business” means the operations of Synergy and each of the Acquired Subsidiaries as conducted immediately prior to the Closing.

“Acquired Subsidiaries” means and refers to all of Synergy’s wholly owned subsidiaries (a list of which is shown on Section 3.1(c) of the Disclosure Schedule) and “Acquired Subsidiary” means and refers to any one of the Acquired Subsidiaries.

“Active” has the meaning set forth in Section 3.18(a)(i).

“Affiliate” means, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, “control” of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the securities having ordinary voting power for the election of directors of such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

“Aggregate Net Option Consideration” means the sum of all of the Net Option Consideration shown to be due each of the Option Holders on Exhibit

B

“Audited Financial Statements” means collectively the audited consolidated balance sheets and statements of income, changes in stockholders’ equity, and cash flow together with accompanying notes of Synergy and the Acquired Subsidiaries as of December 31, 2001 and December 31, 2002, together with the December 2003 Financial Statements.

“Benefit Arrangement” has the meaning set forth to in Section 3.28(a)(i).

“Bid” has the meaning set forth in Section 3.18(a)(ii).

“Business Day” shall mean any day other than a Saturday, Sunday, or any Federal or Commonwealth of Virginia holiday. If any period expires on a day that is not a Business Day or any event or condition is required by the terms of this Agreement to occur or be fulfilled on a day that is not a Business Day, such period shall expire or such event or condition shall occur or be fulfilled, as the case may be, on the next succeeding Business Day.

“Capital Stock” of any Person means any and all shares, rights to purchase, warrants or options (whether or not currently exercisable), participations or other equivalents of or interests in (however designated) the equity (including without limitation common stock, preferred stock and limited liability company, partnership and joint venture interests) of such Person.

“Claimant” has the meaning set forth in Section 9.11(a).

“Claims” means jointly all Third-Party Claims and Direct Claims.

“Closing” has the meaning set forth in Section 2.1.

“Closing Date” has the meaning set forth in Section 2.1.

“Closing Financial Statements” has the meaning set forth in Section 3.34(b).

“Closing Purchase Consideration” has the meaning set forth in Section 2.2(a)(i)(A).

“Code” means the Internal Revenue Code of 1986, as amended from time to time, or corresponding provisions of subsequent superseding Federal revenue laws.

“Columbia Road Lease” has the meaning set forth in Section 5.10(a).

“Columbia Road Premises” has the meaning set forth in Section 5.10(a).

“Colvin” means Terrence R. Colvin.

“Commercial Software” means commercially available Software licensed pursuant to a standard license agreement.

“Competitive Business Activities” has the meaning set forth in Section 5.5(a).

“Consultant” means any Person who is or has been engaged as a consultant by Synergy or any of the Acquired Subsidiaries or who otherwise provides services to Synergy or any Acquired Subsidiary under a contractual arrangement.

“Contemplated Transactions” means the transactions contemplated by this Agreement and the other Transaction Documents.

“Copyrights” means all United States and foreign copyright registrations and applications therefor.

“Customer” has the meaning set forth in Section 5.5(b).

“December 2003 Balance Sheet” means the audited consolidated balance sheet of Synergy and the Acquired Subsidiaries as of December 31, 2003 included in the December 2003 Financial Statements.

“December 2003 Financial Statements” means the audited consolidated balance sheets and statements of income, changes in stockholders’ equity, and cash flow together with accompanying notes of Synergy and the Acquired Subsidiaries as of December 31, 2003, a copy of which is included in the Financial Statements attached as Exhibit C.

“Direct Claim” and “Direct Claims” mean any claim or claims (other than Third Party Claims) by an Indemnified Party against an Indemnifying Party for which the Indemnified Party may seek indemnification under this Agreement.

“Direct Claim Notice” has the meaning set forth in Section 8.2(d).

“Direct Claim Notice Period” has the meaning set forth in Section 8.2(d).

“Dispute Notice” has the meaning set forth in Section 9.11(a).

“Effective Date” has the meaning set forth in the preamble to this Agreement.

“Entity” means any general partnership, limited partnership, limited liability partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative, association, foreign trust or foreign business organization.

“Environmental Laws” means any and all Federal, state, local and foreign statutes, laws (including case or common law), regulations, ordinances, rules, judgments, orders, decrees, codes, injunctions, permits, concessions, grants, franchises, licenses, or agreements relating to human health, the environment or omissions, discharges or releases of pollutants, contaminants, Hazardous Substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, facilities, structures, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, Hazardous Substances or wastes or the investigation, clean-up or other remediation thereof. Without limiting the generality of the foregoing, “Environmental Laws” include: (a) the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., as amended; (b) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 26 U.S.C. § 4611 and 42 U.S.C. § 9601 et seq., as amended; (c) the Superfund Amendment and Reauthorization Act of 1984, as amended; (d) the Clean Air Act, 42 U.S.C. § 7401 et seq., as amended; (e) the Clean Water Act, 33 U.S.C. 5 1251 et seq.; (f) the Safe Drinking Water Act, 42 U.S.C. § 300f et seq.; and (g) the Occupational Safety and Health Act of 1976, 29 U.S.C.A. § 651, as amended, and all rules and regulations promulgated thereunder.

“Environmental Liabilities” means all liabilities, whether vested or unvested, fixed or unfixd, actual or potential, which arise under or relate to Environmental Laws, as applied to the facilities and business of Synergy or any of the Acquired Subsidiaries, including, without limitation: (i) the investigation, clean-up or remediation of contamination or environmental degradation or damage caused by or arising from the generation, use handling, treatment, storage, transportation, disposal, discharge, release or emission of Hazardous Substances, (ii) personal injury, wrongful death or property damage claims; or (iii) claims for natural resource damages.

“ERISA” has the meaning set forth in Section 3.28(a)(ii).

“ERISA Affiliate” has the meaning set forth in Section 3.28(a)(iii).

“Escrow Accounts” has the meaning set forth in Section 2.1(c) and “Escrow Account” shall refer to any one of the Escrow Accounts.

“Escrow Agent” has the meaning set forth in Section 2.1(c).

“Escrow Agreements” means jointly the General Indemnity Escrow Agreement and the Lease Escrow Agreement.

“Escrow Deposit” has the meaning set forth in Section 2.2(a)(i)(B).

“Escrowed Funds” has the meaning set forth in Section 2.1(c).

“Financial Statements” means collectively (i) the Audited Financial Statements, (ii) the September 2004 Financial Statements, and (iii) the Closing Financial Statements, copies of all of which are attached as Exhibit C.

“Fringe Benefits Plan” has the meaning set forth in Section 3.28(b).

“GAAP” means generally accepted accounting principles as set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession in the United States.

“General Indemnity Escrow Agreement” has the meaning set forth in Section 2.1(c).

“General Indemnity Cap” has the meaning set forth in Section 5.11(f).

“General Indemnity Escrow” has the meaning set forth in Section 2.1.

“General Indemnity Escrow Account” has the meaning set forth in Section 2.2(a)(i)(C).

“General Indemnity Escrow Amount” has the meaning set forth in Section 2.2(a)(i)(D).

“Governmental Authority” means any nation or government, any foreign or domestic Federal, state, county, municipal or other political instrumentality or subdivision thereof and any foreign or domestic entity or body exercising executive, legislative, judicial, regulatory, administrative or taxing functions of or pertaining to government.

“Government Contract” has the meaning set forth in Section 3.18(a)(iii).

“Government-Furnished Property” has the meaning set forth in Section 3.18(g).

“Government Prime Contract” has the meaning set forth in Section 3.18(a)(iv).

“Government Subcontract” has the meaning set forth in Section 3.18(a)(v).

“Hazardous Substances” means any substance that is toxic, ignitable, reactive, corrosive, radioactive, caustic, or regulated as a hazardous substance, contaminant, toxic substance, toxic pollutant, hazardous waste, special waste, or pollutant, including, without limitation, petroleum, its derivatives, by-products and other hydrocarbons, poly-chlorinated bi-phenyls and asbestos regulated under, or which is the subject of, applicable Environmental Laws.

“ICF” means and refers to ICF Consulting Group, Inc., a Delaware corporation.

“ICF Holdings” means and refers to ICF Consulting Group Holdings, Inc., a Delaware corporation.

“ICF Holdings Financial Statements” means the December 31, 2003 Annual Report of ICF Holdings and Subsidiary.

“ICF Holdings Shares” has the meaning set forth in Section 2.2(a)(i)(E).

“ICF Holdings Share Value” means \$7.34 per share.

“ICF Indemnitees” has the meaning set forth in Section 8.2(b)(i).

“ICF Pension Plan Claims / Costs Cap” has the meaning set forth in Section 5.11(c).

“ICF Pre-2004 Bonuses” has the meaning set forth in Section 3.26(d).

“Indemnification Waiver and Release” has the meaning set forth in Section 5.11(b).

“Indebtedness for Borrowed Money” means any and all outstanding indebtedness for borrowed money of Synergy and the Acquired Subsidiaries as shown on the Closing Financial Statements.

“Indemnified Party” means and refers to a party that has the right under ARTICLE VIII to seek indemnification from an Indemnifying Party.

“Indemnifying Party” means and refers to a party that has the obligation under ARTICLE VIII to indemnify an Indemnified Party.

“Intellectual Property” means Software and Technology.

“Intellectual Property Rights” means rights that exist under Laws respecting Copyrights, Patents, Trademarks and Trade Secrets.

“IRS” means and refers to the Internal Revenue Service.

“Key Employees” has the meaning set forth in Section 6.4.

“Knowledge of ICF” means the actual knowledge of any of the following personnel of ICF: Sudhakar Kesavan, John Wasson, Alan Stewart and George Lowden.

“Knowledge of ICF Holdings” means actual knowledge of either Sudhakar Kesavan or Alan Stewart.

“Knowledge of Synergy” means the actual knowledge of any of the following personnel of Synergy: Terrence R. Colvin, Donald L. Zimmerman, Wesley C. Pickard, David R. Zorich, Monika E. Ruppert and, with respect to matters falling under their areas of responsibility as Synergy employees, William R. Hodges, Jennifer J. Googins, James A. Lutz, and Fred H. Czerner, Jr.

“Laws” means (a) all constitutions, treaties, laws, statutes, codes, regulations, ordinances, orders, decrees, rules, or other requirements with similar effect of any Governmental Authority, (b) all judgments, orders, writs, injunctions, decisions, rulings, decrees and awards of any Governmental Authority, and (c) all provisions of the foregoing, in each case binding on or affecting the Person referred to in the context in which such word is used; “Law” means any one of them and the words “Laws” and “Law” include Environmental Laws.

“Lease Escrow” has the meaning set forth in Section 2.1.

“Lease Escrow Account” has the meaning set forth in Section 2.2(a)(i)(F).

“Lease Escrow Agreement” has the meaning referred to in Section 2.1(c).

“Lease Escrow Amount” has the meaning set forth in Section 2.2(a)(i)(G).

“Leasehold Costs” has the meaning set forth in Section 5.10(b).

“Leasehold Obligations” has the meaning set forth in Section 5.10(c).

“Leasehold Indemnification Claim” has the meaning set forth in Section 5.10(c).

“Legg Mason” refers to Legg Mason Wood Walker, Incorporated.

“Legg Mason Agreement” has the meaning set forth in Section 3.33.

“Legg Mason Fees” has the meaning set forth in Section 5.9.

“Lien” means any lien, statutory or otherwise, security interest, mortgage, deed of trust, priority, pledge, charge, conditional sale, title retention agreement, financing lease or other encumbrance or similar right of others, or any agreement to give any of the foregoing.

“Material Adverse Effect” shall mean any event, circumstance, change or effect that has had, or is reasonably likely to have, a material adverse effect (i) on the business, operations, properties, assets, condition (financial or otherwise), or results of operations of Synergy or any of the Acquired Subsidiaries, taken as a whole, other than any change, circumstance or event contemplated by this Agreement or (ii) on the ability of the Shareholders

or any of the Companies to consummate the Contemplated Transactions in a timely manner. Any adverse change, event or effect that is caused by (a) conditions affecting the United States or international economy generally, (b) any condition in the industries in which Synergy or the Acquired Subsidiaries compete, (c) the announcement or pendency of the sale of Synergy and the Acquired Subsidiaries, (d) changes in Laws or interpretations thereof by any Governmental Authority and (e) any breach by ICF of any covenant or obligation set forth in this Agreement, shall not be taken into account in determining whether there has been or would be a Material Adverse Effect on Synergy or the Acquired Subsidiaries.

“Net Option Consideration” means for each Option Holder, the Net Option Consideration payable to each Option Holder for his Options as shown on Exhibit B.

“Non-Competition Period” has the meaning set forth in Section 5.5(a).

“Non-Key Employees” has the meaning set forth in Section 5.6.

“Non-Principal Shareholders” has the meaning set forth in Section 8.2(f).

“Option Holders” means the Persons identified on Exhibit B as holding Options.

“Option Release” has the meaning set forth in Section 3.10(c).

“Options” has the meaning referred to in Recital R-4.

“Patents” means issued patents, including United States and foreign patents and applications therefor; divisions, reissues, continuations, continuations-in-part, reexaminations, renewals and extensions of any of the foregoing; and utility models and utility model applications.

“PBGC” has the meaning set forth in Section 3.28(a)(iv).

“Pension and Profit Sharing Plan Transactions” has the meaning referred to in Section 3.28(m).

“Pension and Profit Sharing Plan Transactions Costs” means all costs of every kind in nature incurred by Synergy, all or any of the Shareholders or any of the Pension Plan Fiduciaries in connection with the Pension and Profit Sharing Plan Transactions.

“Pension Plan” has the meaning set forth in Section 3.28(a)(v).

“Pension Plan Claims” has the meaning set forth in Section 5.11(b).

“Pension Plan Fiduciaries” has the meaning set forth in Section 5.11(b).

“Permits” has the meaning set forth in Section 3.23(a).

“Permitted Encumbrance” means any (i) mechanics’, materialmens’ and similar liens with respect to amounts not yet due and payable, (ii) liens for Taxes not yet due and payable or the validity of which is being contested in good faith by appropriate proceedings, (iii)

liens securing rental payments under capital lease arrangements that are included on the Schedules and (d) such other encumbrances or imperfections in or failure of title which would not, individually or in the aggregate, materially impair the continued use and operation, or materially reduce the value of, the assets affected by such encumbrances.

“Person” means any individual, person, Entity, or Governmental Authority, and the heirs, executors, administrators, legal representatives, successors and assigns of the “Person” when the context so permits.

“Personal Property” has the meaning set forth in Section 3.15.

“Personnel” has the meaning set forth in Section 3.26(a).

“Pickard” means Wesley C. Pickard.

“Plan” has the meaning set forth in Section 3.28(a)(vi).

“Post-Closing Pension Plan Administration” has the meaning set forth in Section 5.11(a).

“Post-Closing Pension Plan Administrative Costs” has the meaning set forth in Section 5.11(a).

“Post-Closing Purchase Consideration” has the meaning set forth in Section 2.2(a)(i)(H).

“Pre-Closing Tax Period” has the meaning set forth in Section 5.7(b).

“Principal Shareholder Affiliates” has the meaning set forth in Section 5.3.

“Prior Period Returns” has the meaning set forth in Section 5.7(a).

“Prospective Customer” has the meaning set forth in Section 5.5(b).

“Purchase Consideration Percentage” has the meaning set forth in Section 2.2(a)(i)(I).

“Real Property Interests” has the meaning set forth in Section 3.14.

“Released Parties” has the meaning set forth in Section 9.15.

“Respondent” has the meaning set forth in Section 9.11(a).

“Schedule,” as used in this Agreement together with a numerical designation, means a section of the Disclosure Schedule of even date herewith delivered by the Principal Shareholders and/or Synergy in connection with the execution and delivery of this Agreement (the “Disclosure Schedule”).

“Scheduled Contract” has the meaning set forth in Section 3.17(a).

“Scheduled Transaction Costs” has the meaning set forth in Section 5.4.

“Senior Management Employment Agreements” has the meaning set forth in Section 6.7.

“September 2004 Financial Statements” means the internally prepared consolidated interim balance sheet and related interim consolidated statements of operations, changes in shareholders equity and cash flows for the period January 1, 2004 through September 30, 2004, a copy of which is included as part of the Financial Statements attached as Exhibit C hereto.

“Shareholder” and “Shareholders” mean respectively any Person or all of the Persons identified on Exhibit A as holding Shares.

“Shareholders Indemnitee” has the meaning set forth in Section 8.2(a).

“Shareholders’ Representative” has the meaning set forth in Section 2.3(a).

“Shareholders Agreement” has the meaning set forth in Section 2.2(a)(iii).

“Shares” has the meaning set forth in Recital R-1.

“Software” means the manifestation, in tangible or physical form, including, but not limited to, in magnetic media, firmware, and documentation, of computer programs and databases, such computer programs and databases to include, but not limited to, management information systems, and personal computer programs. The tangible manifestation of such programs may be in the form of, among other things, source code, flow diagrams, listings, object code, and microcode. Software does not include any Technology.

“Software Programs” has the meaning set forth in Section 3.16(g).

“Standard Employee Documents” has the meaning set forth in Section 5.6.

“Straddle Period” has the meaning set forth in Section 5.7(b).

“Subcontract” has the meaning set forth in Section 3.18(a)(vi).

“Subsidiary” means and refers to any corporation, association or other business entity of which more than fifty (50) percent of the issued and outstanding shares of capital stock or equity interests is owned or controlled, directly or indirectly, by Synergy, ICF, or ICF Holdings, as the case may be, and in which Synergy, ICF, or ICF Holdings, as the case may be, has the power, directly or indirectly, to elect a majority of the directors

“Success Markets” means and refers to Success Markets, Inc.

“Survival Date” has the meaning set forth in Section 8.1.

“Surviving Representations” has the meaning set forth in Section 8.1.

“Synergy” means Synergy, Inc., a District of Columbia corporation.

“Synergy Pre-2004 Bonuses” has the meaning set forth in Section 3.26(c).

“Synergy Pre-2004 Bonuses Releases” has the meaning set forth in Section 3.26(c).

“Taxes” means any Federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, ad valorem, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, custom, tariff, impost, levy, duty, government fee or other like assessment or charge.

“Taxpayer” and “Taxpayers” shall have the meaning set forth in Section 3.29.

“Tax Return” means any return, report, form or similar statement or document (including, without limitation, any related or supporting information or schedule attached thereto and any information return, claim for refund, amended return and declaration of estimated tax) that has been or is required to be filed with any Taxing Authority or that has been or is required to be furnished to any Taxing Authority in connection with the determination, assessment or collection of any Taxes or the administration of any Laws or administrative requirements relating to any Taxes.

“Taxing Authority” means any government or any subdivision, agency, commission or authority thereof, or any quasi-governmental or private body having jurisdiction over the assessment, determination, collection or other imposition of Taxes.

“Teaming Agreement” has the meaning set forth in Section 3.18(a)(vii).

“Technology” means all types of technical information and data, whether or not reduced to tangible or physical form, including, but not limited to: know-how; product definitions and designs; research and development, engineering, manufacturing, process, test, quality control, procurement, and service specifications, procedures, standards, and reports; blueprints; drawings; materials specifications, procedures, standards, and lists; catalogs; technical information and data relating to marketing and sales activity; and formulae. Technology does not include any Software.

“Third-Party Claims” means a claim made by an Indemnified Party against an Indemnifying Party in connection with any third party litigation, arbitration, action, suit, proceeding, claim or demand made upon the Indemnified Party for which the Indemnified Party may seek indemnification from the Indemnifying Party under the terms of this Agreement.

“Trademarks” means all United States and foreign trademark and service mark registrations and applications therefor and unregistered trademarks and service marks.

“Trade Secrets” means information in any form relating to Technology or Software that is considered to be proprietary information by the owner, is maintained on a confidential or secret basis by the owner, and is not generally known to other parties.

“Transaction Costs” has the meaning set forth in Section 5.4(a).

“Transaction Costs Release” has the meaning set forth in Section 5.4(b).

“Transaction Documents” has the meaning set forth in Section 3.2.

“Welfare Plan” has the meaning set forth in Section 3.28(a)(vii).

“Wisconsin Contract” has the meaning set forth in Section 6.17.

“Zimmerman” means Donald L. Zimmerman.

1.2 Rules of Construction.

Unless the context otherwise requires:

(a) A capitalized term has the meaning assigned to it;

(b) An accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(c) References in the singular or to “him,” “her,” “it,” “itself,” or other like references, and references in the plural or the feminine or masculine reference, as the case may be, shall also, when the context so requires, be deemed to include the plural or singular, or the masculine or feminine reference, as the case may be;

(d) References to Articles, Sections and Exhibits shall refer to articles, sections and exhibits of this Agreement, unless otherwise specified;

(e) The headings in this Agreement are for convenience and identification only and are not intended to describe, interpret, define or limit the scope, extent, or intent of this Agreement or any provision thereof;

(f) This Agreement shall be construed without regard to any presumption or other rule requiring construction against the party that drafted and caused this Agreement to be drafted;

(g) References to “best efforts” in this Agreement shall require commercially reasonable best efforts, and not commercially unreasonable expenditures of money, time or other resources; and

(h) A monetary figure given in United States dollars shall be deemed to refer to the equivalent amount of foreign currency when used in a context that refers to or includes operations conducted principally outside of the United States.

ARTICLE II
Closing; Purchase Price; Adjustments; Escrow

2.1 Closing.

The closing (the "Closing") of the Contemplated Transactions shall take place at the offices of Squire, Sanders & Dempsey L.L.P., 8000 Towers Crescent Drive, Tysons Corner, Virginia 22182-2700, at 10:00 A.M. local time on the first Business Day after the deliveries referred to in Articles VI and VII have been satisfied, or at such other time, date and place that shall be mutually agreed upon by the parties hereto (the "Closing Date"). At Closing, ICF shall:

(a) pay to each of the Shareholders (as directed by each Shareholder) their respective Purchase Consideration Percentage of the Closing Purchase Consideration;

(b) satisfy in full any Indebtedness For Borrowed Money; and

(c) deposit an amount equal to the Escrow Deposit in escrow with SunTrust Bank as escrow agent (the "Escrow Agent"), pursuant to the terms of an escrow agreements substantially in the form of Exhibit D-1 (the "General Indemnity Escrow Agreement") and D-2 hereto (the "Lease Escrow Agreement"), among Synergy, ICF, the Shareholders' Representative and the Escrow Agent, to fund the General Escrow Account and the Lease Escrow Account respectively (jointly, the "Escrow Accounts"). The aggregate amount held in the Escrow Accounts by the Escrow Agent at any time and from time to time, together with any interest or appreciation thereon, shall be referred to as the "Escrowed Funds" with that portion of the Escrowed Funds held from time to time in the Lease Escrow Account being hereinafter sometimes referred to as the "Lease Escrow" and with that portion of the Escrowed Funds held from time to time in the General Indemnity Escrow Account being hereinafter sometimes referred to as the "General Indemnity Escrow." Upon the expiration of any one of the Escrow Accounts, the Escrow Agent shall release and deliver to the Shareholders' Representative for distribution to the Shareholders the amount then remaining in the applicable Escrow Account, if any, less the amount of any pending claims all as more particularly described and in accordance with the provisions of Sections 5.10 and 8.3. As such pending indemnification claims are resolved, the Escrow Agent shall, after making any payment related to such claims, release and deliver to the Shareholders' Representative for distribution to the Shareholders any Escrow Amounts remaining from the amounts reserved for such claims.

2.2 Purchase Price; Payment.

(a) The purchase price for the Shares and payment thereof shall be as set forth below:

(i) Payment for Shares and Options. At the Closing, the Shareholders shall receive their respective Purchase Consideration Percentage of the Closing Purchase Consideration as shown on Exhibit A and each Shareholder shall thereafter cease to have any rights as a Shareholder, other than any rights granted to the Shareholders pursuant to this Agreement and the other Transaction Documents. At the Closing, ICF, on behalf of Synergy, shall pay to each of the Option Holders their respective Net Option Consideration as shown on

Exhibit B and due under their respective Option Release. Notwithstanding anything to the contrary contained in this Section 2.2(a), pursuant to Section 2.2(a)(ii) below, only the Principal Shareholders shall receive the ICF Holdings Shares. For purposes of this Agreement, the following terms have the meanings set forth below.

(A) "Closing Purchase Consideration" shall consist of (1) cash in an amount equal to Eighteen Million Three Hundred Fifty Thousand Dollars (\$18,350,000) less (w) the Aggregate Net Option Consideration, (x) the amount of Indebtedness For Borrowed Money; (y) the amount, if any, of the Transaction Costs that the Shareholders choose to have ICF pay pursuant to Section 5.4, and (z) the Escrow Deposit, plus (2) the ICF Holdings Shares (all as more specifically shown on Exhibit A).

(B) "Escrow Deposit" shall mean the aggregate of the Lease Escrow Amount and the General Indemnity Escrow Amount.

(C) "General Indemnity Escrow Account" refers to an escrow account to be maintained by the Escrow Agent under the terms of the General Indemnity Escrow Agreement to hold and administer the General Indemnity Escrow Amount as security for the Shareholders' general indemnification obligations under ARTICLE VIII.

(D) "General Indemnity Escrow Amount" means One Million Five Hundred Thousand Dollars (\$1,500,000).

(E) "ICF Holdings Shares" shall mean 68,120 shares of ICF Holdings Common Stock, par value \$0.01 per share, having a value of Five Hundred Thousand Dollars (\$500,000) based on the ICF Holdings Share Value.

(F) "Lease Escrow Account" refers to an escrow account to be maintained by the Escrow Agent under the terms of the Lease Escrow Agreement to hold and administer the Lease Escrow Amount as security for the Shareholders' indemnification obligations with respect to the Columbia Road Lease under ARTICLE V.

(G) "Lease Escrow Amount" means Three Million Dollars (\$3,000,000).

(H) "Post-Closing Purchase Consideration" shall be equal to the sum of all amounts delivered to the Shareholders' Representative from the Escrow Agent for distribution to the Shareholders pro rata in accordance with the Purchase Consideration Percentage.

(I) "Purchase Consideration Percentage" shall mean for each Shareholder that Shareholder's proportionate interest in Synergy as determined by the number of Shares held by each Shareholder on the Closing Date over the total number of issued Shares as of the Effective Date and the Closing Date, all as shown on Exhibit A.

(ii) Allocation of ICF Holdings Shares to Principal Shareholders. It is intended that the ICF Holdings Shares be issued only to the Principal Shareholders. Accordingly, and notwithstanding anything to the contrary contained in Section 2.2(a)(i): that portion of the

Closing Purchase Consideration comprised of ICF Holdings Shares shall be issued only to the Principal Shareholders (with each of the Principal Shareholders receiving an equal number of ICF Holdings Shares) and the value of such shares shall be credited against the Closing Purchase Consideration otherwise payable to Principal Shareholders on a dollar-for-dollar basis (using the value of the ICF Holdings Share Value); and

(iii) Rights Associated with ICF Holdings Shares. In connection with the issuance of the ICF Holdings Shares, certain rights with regard to the ICF Holdings Shares shall be granted to the Principal Shareholders under the terms of a Shareholders Agreement in the form attached hereto as Exhibit E (the "Shareholders Agreement").

(iv) Surrender of Shares. Pursuant to Section 2.1(a), ICF shall pay to each of the Shareholders (as directed by each Shareholder) in immediately available funds their respective Purchase Consideration Percentage of the Closing Purchase Consideration, provided that each Shareholder shall surrender to ICF the certificate(s) representing those Shares owned by the Shareholder as shown on Exhibit A, with all such Share certificates duly endorsed in blank, or accompanied by stock powers duly endorsed in blank, and otherwise in proper form for transfer of good title to the Shares to ICF.

2.3 Shareholders' Representative.

(a) Wesley C. Pickard is hereby appointed as the Principal Shareholders' and the Shareholders' true and lawful representative, proxy, agent and attorney-in-fact (the "Shareholders' Representative") for a term that shall be continuing and indefinite and without a termination date except as otherwise provided herein, to act for and on behalf of the Shareholders and the Principal Shareholders in connection with or relating to the Transaction Documents and the Contemplated Transactions, including, without limitation, to give and receive notices and communications, to receive and accept service of legal process in connection with any proceeding arising under the Transaction Documents or in connection with the Contemplated Transactions, to receive and deliver amounts comprising the Closing Purchase Consideration and the Post-Closing Purchase Consideration, to authorize delivery of cash from each of the Escrow Accounts in satisfaction of claims pursuant to ARTICLE VIII hereof, to object to or accept any claims against or on behalf of the Shareholders and Principal Shareholders pursuant to ARTICLE VIII, to agree to, negotiate, enter into settlements and compromises of, and demand arbitration and comply with orders of courts and awards of arbitrators with respect to such amounts or claims, and to take all actions necessary or appropriate in the sole opinion of the Shareholders' Representative for the accomplishment of the foregoing. Such agency may be changed at any time and from time to time by the action of Shareholders holding more than fifty percent (50%) of the issued and outstanding Shares just prior to the Contemplated Transactions, and shall become effective upon not less than thirty (30) days prior written notice to ICF. Except as provided in the foregoing sentence, in the event that for any reason the most recent Shareholders' Representative shall no longer be serving in such capacity, including, without limitation, as a result of the death, resignation, or incapacity of the Shareholders' Representative, either (i) the outgoing Shareholders' Representative shall appoint a successor Shareholders' Representative or (ii) if the outgoing Shareholders' Representative is unable, unwilling or otherwise fails to appoint a successor Shareholder Representative, then Terrence R. Colvin shall serve as the successor Shareholders' Representative, or (iii) in the event that Terrence R. Colvin

is unable or unwilling to serve as successor Shareholders' Representative, Shareholders holding more than fifty percent (50%) of the issued and outstanding Shares just prior to the Contemplated Transactions, shall designate another Person to act as Shareholders' Representative, such that at all times there will be a Shareholders' Representative with the authority provided hereunder. Any change in the Shareholders' Representative pursuant to the foregoing sentence shall become effective upon delivery of written notice of such change to ICF. The Shareholders' Representative shall not receive compensation for his or her services. Notices, deliveries or communications to or from the Shareholders' Representative by or to any of the parties to the Transaction Documents shall constitute notices, deliveries or communications to or from each of the Shareholders.

(b) The Shareholders' Representative shall not be liable for any act done or omitted hereunder in his capacity as Shareholders' Representative in the absence of gross negligence or willful misconduct on his or her part. The Principal Shareholders shall jointly and severally indemnify the Shareholders' Representative and hold the Shareholders' Representative harmless from and against any and all damages, actions, proceedings, demands, liabilities, losses, taxes, fines, penalties, costs, claims and expenses (including, without limitation, reasonable fees of counsel) of any kind or nature whatsoever (whether or not arising out of third-party claims and including all amounts paid in investigation, defense or settlement of the foregoing) that may be sustained or suffered by the Shareholders' Representative in connection with the administration of its duties hereunder, except where such Losses arise from or are the result of the Shareholders' Representative's gross negligence or willful misconduct.

(c) Any decision, act, consent or instruction taken or given by the Shareholders' Representative pursuant to this Agreement shall be and constitute a decision, act, consent or instruction of all Shareholders and shall be final, binding and conclusive upon each such Shareholder and the Escrow Agent, ICF, and ICF Holdings and, following the completion of the Closing, Synergy, ICF and ICF Holdings may rely upon any such decision, act, consent or instruction of the Shareholders' Representative as being the decision, act, consent or instruction of each and every Shareholder and shall have no duty to inquire as to the acts and omissions of the Shareholders' Representative. The Escrow Agent, Synergy, ICF and ICF Holdings are hereby relieved from any liability to any Person for any acts done by them in accordance with, or otherwise with respect to any aspect of, such decision, act, consent or instruction of the Shareholders' Representative.

(d) Notices given to the Shareholders' Representative in accordance with Section 9.2 shall constitute notice to the Shareholders or the Principal Shareholders, as applicable, for all purposes under this Agreement.

ARTICLE III
Representations and Warranties of the Shareholders

Except as set forth in the Disclosure Schedule, the Shareholders jointly and severally represent and warrant to ICF as follows:

3.1 Organization and Power.

(a) **Shareholders.** Each of the Shareholders has full power and authority to execute, deliver and perform this Agreement and the other Transaction Documents to which he is a party and to consummate the Contemplated Transactions. Exhibit A accurately lists the names of the Shareholders, their principal addresses, and the number of Shares owned by each.

(b) **Synergy.** Synergy (i) is a corporation duly incorporated, validly existing and in good standing under the laws of the District of Columbia, (ii) has full power and authority to execute, deliver and perform this Agreement, (iii) has all requisite corporate power to own or lease and to operate its properties and carry out the businesses in which it is engaged, and (iv) is duly qualified or licensed to do business as a foreign corporation in good standing in every jurisdiction where its ownership of property, or the conduct of its business, requires such qualification, other than jurisdictions in which the failure to so qualify, individually or in the aggregate, would not have a Material Adverse Effect on Synergy. Section 3.1(b) of the Disclosure Schedule lists each of the jurisdictions in which Synergy is qualified or licensed to do business as a foreign corporation. Synergy is in good standing in each jurisdiction listed on Section 3.1(b) of the Disclosure Schedule.

(c) **Acquired Subsidiaries.** Each of the Acquired Subsidiaries (i) is a corporation duly incorporated, validly existing and in good standing under the laws of its respective jurisdiction of incorporation, (ii) has all requisite corporate power to own or lease and to operate its properties and carry out the businesses in which it is engaged, and (iii) is duly qualified or licensed to do business as a foreign corporation in good standing in every jurisdiction where such corporation's ownership of property, or the conduct of such corporation's business, requires such qualification, other than jurisdictions in which the failure to so qualify, individually or in the aggregate, would not have a material adverse effect on Synergy or such Acquired Subsidiary. Section 3.1(c) of the Disclosure Schedule lists each of the Acquired Subsidiaries and the jurisdictions in which each of the Acquired Subsidiaries is qualified or licensed to do business as a foreign corporation. Each Acquired Subsidiary is in good standing in each jurisdiction in which it is listed on Section 3.1(c) of the Disclosure Schedule.

3.2 Authorization and Enforceability.

This Agreement has been, and each of the other documents, agreements and instruments to be executed and delivered at Closing by the Shareholders and Synergy (together with this Agreement, the "Transaction Documents") have been, duly authorized, executed and delivered by Synergy and each of the Shareholders, as the case may be, and constitutes, or as of the Closing Date will constitute, a valid and legally binding agreement of each of Synergy or the Shareholders, as the case may be, enforceable in accordance with its terms, subject to bankruptcy,

insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles. The Contemplated Transactions have been duly authorized by the Board of Directors of Synergy and the Shareholders in accordance with all applicable Law and the Articles of Incorporation and Bylaws of Synergy.

3.3 No Violation.

The execution and delivery of this Agreement by Synergy and the Shareholders, consummation of the Contemplated Transactions and compliance with the terms of the Transaction Documents will not:

- (a) conflict with or violate any provision of the Articles of Incorporation, any bylaw or any corporate charter or document of Synergy or the Acquired Subsidiaries;
- (b) result in the creation of, or require the creation of, any Lien upon any (i) Shares or (ii) property of Synergy or any of the Acquired Subsidiaries;
- (c) result in (i) the termination, cancellation, modification, amendment, violation, or renegotiation of any contract, agreement, indenture, instrument, or commitment pertaining to the business of Synergy, or any of the Acquired Subsidiaries, or (ii) the acceleration or forfeiture of any term of payment;
- (d) give any Person the right to (i) terminate, cancel, modify, amend, vary, or renegotiate any contract, agreement, indenture, instrument, or commitment pertaining to the business of Synergy or any of the Acquired Subsidiaries, or (ii) to accelerate or forfeit any term of payment; or
- (e) violate any Law applicable to Synergy or any of the Acquired Subsidiaries or the Shareholders or by which their properties are bound or affected, other than such violations as would not have a Material Adverse Effect on Synergy, the Acquired Subsidiaries or the Shareholders.

3.4 Consents.

Except as set forth on Section 3.4 of the Disclosure Schedule, neither the execution and delivery of this Agreement by the Shareholders and Synergy, nor the consummation of the Contemplated Transactions or compliance with the terms of the Transaction Documents, will require (a) the consent or approval under any material agreement or instrument or (b) the Shareholders, Synergy, or any of the Acquired Subsidiaries to obtain the material approval or consent of, or make any material declaration, filing or registration with, any Governmental Authority and all such consents or approvals have been obtained or waived.

3.5 Financial Statements.

(a) In General. The Audited Financial Statements were prepared in accordance with GAAP applied consistently and the September 2004 Financial Statements and the Closing Financial Statements were internally prepared by Synergy, in a manner consistent with past practices for such internally prepared unaudited financial statements. Throughout the

periods involved, the Financial Statements fairly and accurately reflect in all material respects (i) the consolidated financial position of Synergy and the Acquired Subsidiaries, as of the dates thereof, and (ii) all transactions of Synergy and the Acquired Subsidiaries, subject, in the case of the unaudited Financial Statements, to ordinary year end adjustments. To the Knowledge of the Synergy, neither Synergy nor any of the Acquired Subsidiaries has received any advice or notification from its independent certified public accountants that Synergy or any of the Acquired Subsidiaries has used any improper accounting practice that would have the effect of not reflecting or incorrectly reflecting in the books and records of Synergy or any of the Acquired Subsidiaries any properties, assets, liabilities, revenues or expenses.

(b) No Undisclosed Liabilities; Etc. Except as set forth on Section 3.5(b) of the Disclosure Schedule, neither Synergy nor any of the Acquired Subsidiaries has any material liabilities or obligations individually in excess of \$25,000 of any nature (whether known or unknown and whether absolute, accrued, contingent, or otherwise), except for liabilities or obligations reflected or reserved against in the Financial Statements.

(c) Accounts Receivable. All receivables (including intercompany and unbilled receivables) reflected in the Financial Statements or recorded on the books of Synergy and each of the Acquired Subsidiaries (i) resulted from the ordinary course of business, (ii) have been properly recorded in the ordinary course of business and (iii) to the Knowledge of Synergy and subject to the reserves reflected in the Financial Statements (which reserves, as adjusted for operations and transactions through the date hereof, are adequate) are good and collectible in full on or before the Survival Date without any discount, setoff or valid counterclaim (net of recovery from vendors or subcontractors), in amounts equal to not less than the aggregate face amounts thereof.

(d) No Letters of Credit or Guarantees. Except as reflected in the Audited Financial Statements or as set forth on Section 3.5(d) of the Disclosure Schedule, neither Synergy nor any of the Acquired Subsidiaries (i) has any letters of credit outstanding as to which Synergy or the Acquired Subsidiaries has any actual or contingent reimbursement obligations, and (ii) is a party to or bound, either absolutely or on a contingent basis, by any agreement of guarantee, indemnification or any similar commitment with respect to the liabilities or obligations of any other Person (whether accrued, absolute or contingent).

(e) Contingent or Deferred Acquisition Expenses or Payments. Except as otherwise disclosed on Section 3.5(e) of the Disclosure Schedule, neither Synergy, nor any of the Acquired Subsidiaries is obligated, or otherwise liable for the payment of any contingent or deferred acquisition payments relating to the direct or indirect acquisition of any business, enterprise, or combination.

3.6 Relationships with Affiliates.

Except as set forth on Section 3.6 of the Disclosure Schedule, to the Knowledge of Synergy, no Shareholder or any Affiliate of any Shareholder, Synergy or any of the Acquired Subsidiaries has, or since December 31, 2003 has had, any interest in any property (real, personal, or mixed and whether tangible or intangible), used in or pertaining to the business of Synergy or any of the Acquired Subsidiaries. Other than interests that do not exceed one percent (1%) of the

outstanding equity of a publicly traded company, no Shareholder or any Affiliate of any Shareholder, or to the Knowledge of Synergy, Synergy or any of the Acquired Subsidiaries is, or since December 31, 2003 has owned (of record or as a beneficial owner) an equity interest or any other financial or a profit interest in, a Person that has (a) had business dealings or a material financial interest in any transaction with Synergy or any Acquired Subsidiary or (b) engaged in competition with Synergy or any Acquired Subsidiary with respect to any line of the products or services of Synergy or any Acquired Subsidiary in any market presently served by Synergy or any of the Acquired Subsidiaries. Except as set forth on Section 3.6 of the Disclosure Schedule, no Shareholder or any Affiliate of any Shareholder, Synergy or any of the Acquired Subsidiaries is a party to any contract or agreement with, or has any contractual claim or right against, Synergy or any of the Acquired Subsidiaries.

3.7 Indebtedness to/from Officers, Directors, Shareholders and Employees.

Except as set forth in Section 3.7 of the Disclosure Schedule, neither Synergy nor any of the Acquired Subsidiaries is indebted, directly or indirectly, to any Person who immediately prior to the Closing was a Shareholder, officer or director of either Synergy or any of the Acquired Subsidiaries in any amount whatsoever, other than for salaries for services rendered or reimbursable business expenses. No Shareholder, officer, director, or employee is indebted to either Synergy or any of the Acquired Subsidiaries except for advances made to employees of either Synergy or any of the Acquired Subsidiaries in the ordinary course of business to meet reimbursable business expenses anticipated to be incurred by such obligor.

3.8 No Adverse Change.

Since September 30, 2004, no change having a Material Adverse Effect has occurred to, in, or with respect to the businesses, operations, properties or condition, financial or otherwise, of Synergy and the Acquired Subsidiaries taken as a whole, nor has any event, condition or contingency occurred that is reasonably likely to have or result in a Material Adverse Effect.

3.9 Conduct of the Business.

(a) Cooperative Business Arrangements. Except as set forth on Section 3.9(a) of the Disclosure Schedule, none of the business of Synergy or the Acquired Subsidiaries is, or since December 31, 2003 has been, conducted through any (i) joint venture, teaming agreement or relationship, partnership or other entity, or (ii) any subcontract, agreement or other arrangement pursuant to which a third party manufactures or processes products for Synergy or the Acquired Subsidiaries, or performs services for customers of Synergy or the Acquired Subsidiaries. Neither Synergy nor any of the Acquired Subsidiaries (nor, to the Knowledge of Synergy, the other party or parties to such agreements) is in material breach of any term of any such agreement.

(b) Letters of Intent, Non-Competition and Non-Disclosure Arrangements. Except as set forth on Section 3.9(b) of the Disclosure Schedule, neither Synergy nor any of the Acquired Subsidiaries is party to any letters of intent, memoranda of understanding, non-competition arrangements, non-disclosure agreements or confidentiality agreements that remain in effect.

3.10 Corporate and Capital Structure.

(a) Capital Structure. Section 3.10(a) of the Disclosure Schedule sets forth the capitalization and record owners of all of the Capital Stock of each of Synergy and the Acquired Subsidiaries. All outstanding Capital Stock of Synergy and the Acquired Subsidiaries is duly authorized, has been validly issued and is fully paid and non-assessable, owned beneficially and of record by the Shareholders or Synergy, as the case may be, free and clear of any Lien. Synergy has good and valid title to all of the issued and outstanding shares of Capital Stock of the Acquired Subsidiaries registered in its name, in each case free and clear of any Liens. The holders of Synergy's Capital Stock have no preemptive rights with respect to securities of Synergy. None of the holders of Synergy's Capital Stock has granted any proxy, or entered into any voting trust, voting agreement or similar arrangement, with respect to his or her Shares. Other than as disclosed on Section 3.10(a) of the Disclosure Schedule, neither Synergy nor any Acquired Subsidiary (i) has any outstanding securities convertible into or exchangeable or exercisable for any shares of its Capital Stock, or (ii) has outstanding any rights to subscribe for or to purchase, or any options for the purchase, or any agreements providing for the issuance (contingent or otherwise), of, or any calls against, commitments by or claims against them of any character relating to, any shares of their Capital Stock or any securities convertible into or exchangeable or exercisable for any shares of their Capital Stock.

(b) Interests In Other Persons. Except as set forth on Section 3.10(b) of the Disclosure Schedule, neither Synergy, nor any of the Acquired Subsidiaries owns, directly or indirectly, any shares of Capital Stock or any other equity interest in any other Person.

(c) Options. As of December 31, 2004 Synergy had granted and there were outstanding the Options to the Option Holders. All obligations or liability of Synergy with respect to any and all of the Options have been cancelled and each Option Holder has executed and delivered an Option Sale and Release Agreement in the form attached hereto as Exhibit F, (each an "Option Release") and that each Option Release is valid and binding and fully enforceable in accordance with the terms thereof.

3.11 Title to Shares.

(a) Each Shareholder is the owner, beneficially and of record, of the Shares listed opposite such Shareholder's name on Exhibit A and has good and valid title to the Shares listed opposite such Shareholder's name, free and clear of all Liens. Upon delivery to ICF at the Closing of certificates representing the Shares, duly endorsed in blank, or accompanied by stock powers duly endorsed in blank, in proper form for transfer, good and valid title to the Shares will pass to ICF, free and clear of all Liens, other than those arising from acts of ICF.

(b) The Shares owned by the Shareholders, as shown on Exhibit A constitute in the aggregate all of the Capital Stock of Synergy, and Synergy owns all of the issued and outstanding Capital Stock of the Acquired Subsidiaries, in each case free and clear of any Liens.

3.12 Charter, Bylaws and Corporate Records.

True and complete copies of the Charter and Bylaws of Synergy and each of the Acquired Subsidiaries, as currently in effect, and the minute books and stock record books thereof have been provided to ICF. The minute books of Synergy and each of the Acquired Subsidiaries contain accurate and complete records of all meetings held of, and corporate actions taken by, the shareholders, the Boards of Directors, and committees of the Boards of Directors of Synergy and the Acquired Subsidiaries, and no meeting of any such shareholders, Board of Directors or committee has been held for which minutes have not been prepared and are not contained in such minute books. The aforesaid Charter, Bylaws and minutes (including written consents or other actions) are true, correct and complete as of the date hereof.

3.13 Assets – In General.

Except as set forth on Section 3.13 of the Disclosure Schedule, the assets and rights of Synergy and the Acquired Subsidiaries include (a) all of the assets and rights of Synergy and the Acquired Subsidiaries that were material to the conduct of their businesses as conducted as of December 31, 2003, subject to such changes as have occurred in the ordinary course of business since December 31, 2003, and (b) all material assets reflected in the December 2003 Financial Statements, subject to such changes as have occurred in the ordinary course of business since December 31, 2003. Except as set forth on Section 3.13 of the Disclosure Schedule, Synergy and each of the Acquired Subsidiaries, has good and marketable title to all of their respective assets, free and clear of any Lien other than the Permitted Encumbrances. Except as set forth on Section 3.13 of the Disclosure Schedule, all assets necessary for the conduct of the business of Synergy and the Acquired Subsidiaries in accordance with past practice are (i) in good operating condition and repair, ordinary wear and tear excepted, (ii) not in need of maintenance or repair, except for ordinary routine maintenance or repairs that are not material in nature or cost, and (iii) adequate and sufficient for the continuing conduct of the businesses of Synergy and the Acquired Subsidiaries as conducted prior to the date hereof.

3.14 Real Property Interests.

Except as set forth on Section 3.14 of the Disclosure Schedule, neither Synergy nor any of the Acquired Subsidiaries owns any real property. Section 3.14 of the Disclosure Schedule sets forth a list and summary description of all leases, subleases, or other occupancies used by Synergy or any of the Acquired Subsidiaries or to which any of them is a party (the “Real Property Interests”). Except as set forth on Section 3.14 of the Disclosure Schedule, each of the Real Property Interests listed and described on Section 3.14 of the Disclosure Schedule is in full force and effect, and, to the Knowledge of Synergy, there is no default by Synergy or any of the Acquired Subsidiaries under any such Real Property Interests.

3.15 Personal Property.

Set forth on Section 3.15 of the Disclosure Schedule is a list of all equipment, machinery, motor vehicles and other tangible personal property owned or leased by Synergy and the Acquired Subsidiaries and having an original book value per unit in excess of \$500 (the "Personal Property"). Synergy and each of the Acquired Subsidiaries has good title to all of their respective Personal Property, free and clear of any Lien other than the Permitted Encumbrances.

3.16 Intellectual Property Rights.

(a) Section 3.16(a) of the Disclosure Schedule includes a true and complete list of all material Commercial Software used by or in connection with the businesses of Synergy and each of the Acquired Subsidiaries. Section 3.16(a) of the Disclosure Schedule also includes a true and complete list of (i) all material Copyrights, Patents and Trademarks (other than those comprising or reflected in Commercial Software) used by or in connection with the businesses of Synergy and each of the Acquired Subsidiaries and (ii) all pending applications for Copyrights, Patents and Trademarks filed by or on behalf of Synergy or the Acquired Subsidiaries and used by or in connection with the businesses of Synergy or the Acquired Subsidiaries as presently conducted. To the Knowledge of Synergy, none of such rights has been opposed or held unenforceable. To the Knowledge of Synergy, each of the aforesaid Intellectual Property Rights is valid, subsisting and enforceable. Each of the registered Intellectual Property Rights is duly registered in the name of Synergy or an Acquired Subsidiary as appropriate.

(b) Except as set forth on Section 3.16(b) of the Disclosure Schedule, the business of Synergy and the Acquired Subsidiaries as presently conducted does not require or use any Intellectual Property Rights not owned by or licensed to Synergy or the Acquired Subsidiaries. Synergy and the Acquired Subsidiaries are the owners and have the right to use the Intellectual Property Rights listed on Section 3.16(a) of the Disclosure Schedule without making any payment to others or granting rights to others in exchange therefor.

(c) Except as set forth on Section 3.16(c) of the Disclosure Schedule, neither Synergy nor any of the Acquired Subsidiaries has granted any Person any right to use any Intellectual Property Rights owned by Synergy or the Acquired Subsidiaries. No shareholder, director, officer or employee of, or Consultant to, Synergy or the Acquired Subsidiaries has any right to use, other than in connection with the business activities of Synergy or the Acquired Subsidiaries as presently conducted, any of the Intellectual Property or Intellectual Property Rights.

(d) To the Knowledge of Synergy and subject to Section 3.16(g), the operation of the business of Synergy and each of the Acquired Subsidiaries in the normal course of business prior to the Effective Date does not infringe in any respect upon the Intellectual Property Rights of any Person and, to the Knowledge of Synergy, no Person other than those listed on Section 3.16(c) of the Disclosure Schedule (i) has claimed or threatened to claim the right to use any Intellectual Property Rights or (ii) has claimed or threatened to claim the right to deny the right of Synergy or any of the Acquired Subsidiaries to use same. No proceeding alleging infringement of the Intellectual Property Rights of any Person is pending or, to the Knowledge of Synergy, threatened against Synergy or any of the Acquired Subsidiaries.

(e) With respect to each material Trade Secret of Synergy or of an Acquired Subsidiary, the documentation relating to such Trade Secret is current, accurate and in sufficient detail and content to identify and explain it and allow its full and proper use without reliance on the knowledge or memory of any individual. Synergy and the Acquired Subsidiaries have taken all reasonable precautions to protect the secrecy, confidentiality, and value of their respective Trade Secrets. Such Trade Secrets are not part of the public knowledge or literature, and have not been used, divulged, or appropriated either for the benefit of any Person (other than Synergy and the Acquired Subsidiaries) or to the detriment of Synergy or the Acquired Subsidiaries.

(f) Section 3.16(f) of the Disclosure Schedule includes a true and complete list of any material rights (unlimited, limited, restrictive, government purpose license rights, march-in etc.) that any Governmental Authority has in any patents, technical data or computer software that Synergy or any of the Acquired Subsidiaries use in their respective businesses. Except as set forth in Section 3.16(f) of the Disclosure Schedule, neither Synergy nor any of the Acquired Subsidiaries has developed any item, component, process or software as a requirement of any Government Contract, or for which any Governmental Authority paid some or all of the cost of development.

(g) Section 3.16(g) of the Disclosure Schedule includes a true and complete list of all Software developed by Synergy or any of the Acquired Subsidiaries and currently used in their respective businesses (collectively the “Software Programs”). All of the Software Programs were developed by and owned exclusively by Synergy or the Acquired Subsidiaries and are subject only to licenses referenced in Section 3.16(c) above. The source code and system documentation relating to the Software Programs (i) have at all times been maintained in confidence and (ii) have been disclosed by Synergy or the Acquired Subsidiaries only to employees and consultants having “a need to know” the contents thereof in connection with the performance of their duties to Synergy or the Acquired Subsidiaries. All personnel, including employees, agents, consultants, and contractors, who have contributed to or participated in the conception and development of the Software Programs (or any related technical and descriptive materials relating to the acquisition, design, development, use, or maintenance of the Software Programs) either (i) are party to a “work-for-hire” arrangement or agreement with Synergy or an Acquired Subsidiary, as applicable, that has accorded Synergy or the applicable Acquired Subsidiary full, effective, exclusive, and original ownership of all tangible and intangible property thereby arising, or (ii) have executed appropriate instruments of assignment conveying to Synergy or the applicable Acquired Subsidiary full, effective, and exclusive ownership of all tangible and intangible property thereby arising. All documentation relating to the Software Programs is and has been treated as material Trade Secrets of Synergy or any applicable Acquired Subsidiaries. The Software Programs do not infringe in any respect upon the Intellectual Property Rights of any Person and no Person other than those listed on Section 3.16(c) of the Disclosure Schedule (i) has claimed or threatened to claim the right to use the Software Programs or (ii) has claimed or threatened to claim the right to deny the right of Synergy or any of the Acquired Subsidiaries to use the Software Programs. With respect to the Software Programs, no proceeding alleging infringement of the Intellectual Property Rights of any Person is pending or, to the Knowledge of Synergy, threatened against Synergy or any of the Acquired Subsidiaries.

3.17 Contracts and Bids.

(a) Scheduled Contracts. Section 3.17(a) of the Disclosure Schedule is a true and complete list of all “Scheduled Contracts” (as hereinafter defined) to which either Synergy or an Acquired Subsidiary is a party, by which it is bound, or which otherwise pertain to the businesses of Synergy and the Acquired Subsidiaries. For the purposes of this Section 3.17(a), the term “Scheduled Contracts” shall mean the following written or oral contracts, agreements, indentures, instruments, commitments and amendments thereof with suppliers, customers, producers, lenders of Synergy and the Acquired Subsidiaries and other third parties that are currently in effect:

(i) loan and credit agreements, revolving credit agreements, security agreements, guarantees, notes, agreements evidencing any lien, conditional sales agreements, factoring agreements, leasing agreements, sale and leaseback and synthetic lease agreements, or title retention agreements;

(ii) hedging and similar agreements;

(iii) sales orders and other contracts and commitments for the future sale by Synergy or the Acquired Subsidiaries of goods, materials, supplies, services or equipment (other than Government Contracts) providing for annual payments greater than \$50,000;

(iv) purchase orders and other contracts and commitments providing for annual payments greater than \$50,000 for the future purchase of materials, supplies, services or equipment by Synergy or any of the Acquired Subsidiaries;

(v) agreements relating to Intellectual Property Rights listed on Section 3.16(a) of the Disclosure Schedule;

(vi) contracts, agreements, indentures, instruments or commitments by and between Synergy or any of the Acquired Subsidiaries and Persons with whom Synergy or any of the Acquired Subsidiaries is not dealing at arm’s length;

(vii) agreements listed on Section 3.9(a) of the Disclosure Schedule;

(viii) franchise, distribution, license or consignment contracts or agreements;

(ix) sales, agency or advertising contracts or agreements providing for annual payments greater than \$50,000;

(x) leases under which Synergy or any Acquired Subsidiary is the lessor or lessee other than operating leases that require future payments by Synergy or any Acquired Subsidiary of less than \$10,000 per annum;

(xi) management, employment or service contracts or agreements, and contracts and agreements with Consultants, independent contractors and sub-contractors providing for annual payments greater than \$50,000;

(xii) agreements of any kind with any Affiliate of Synergy or any of the Acquired Subsidiaries; and

(xiii) agreements of any kind relating to the business of Synergy or any of the Acquired Subsidiaries to which employees of Synergy or any Acquired Subsidiary, or entities controlled by them, are parties.

(b) Status of Scheduled Contracts. Status of Scheduled Contracts. Except as otherwise disclosed on Section 3.17(b) of the Disclosure Schedule, each of the Scheduled Contracts is in full force and effect, and a true and complete copy of each written Scheduled Contract and a true and accurate summary of all provisions of each oral Scheduled Contract has been delivered or made available to ICF. In addition:

(i) All of the Scheduled Contracts have been legally awarded and are binding on the parties thereto, and Synergy or the applicable Acquired Subsidiary, as the case may be, is in material compliance with all terms and conditions in such Scheduled Contracts;

(ii) Neither Synergy nor any of the Acquired Subsidiaries has received any written notice of deficient performance or administrative deficiencies relating to any Scheduled Contract;

(iii) Neither Synergy nor any of the Acquired Subsidiaries has received any written notice of any stop work orders, terminations, cure notices, show cause notices or notices of default or breach under any of the Scheduled Contracts, nor to the Knowledge of Synergy has any such action been threatened or asserted; and

(iv) There is no active Scheduled Contract for the provision of goods or services by Synergy or any of the Acquired Subsidiaries which the most recent estimated total costs of completing, including any unexercised options, as estimated in good faith by Synergy or the applicable Acquired Subsidiaries, indicates that such Scheduled Contract will be completed at a loss.

(c) Proposals. Section 3.17(c) of the Disclosure Schedule sets forth a true and accurate summary of all bids, proposals, offers or quotations (other than a "Bid" as defined in Section 3.18(a)) made by Synergy or any of the Acquired Subsidiaries that were outstanding as of the date of this Agreement, true and complete copies of which have been made available to ICF. Section 3.17(c) of the Disclosure Schedule identifies each such bid, proposal, or quotation by number and the party to whom such bid, proposal, or quotation was made, the subject matter of such bid, proposal, or quotation and the proposed price. As estimated in good faith by Synergy or the applicable Acquired Subsidiaries, each bid, proposal, or quotation shown in Section 3.17(c) of the Disclosure Schedule can be performed in accordance with its terms and conditions without a loss.

3.18 Federal and State Government Contracts.

(a) Definitions. The following capitalized terms, when used in this Section 3.18, shall have the respective meanings set forth:

(i) "Active", whether or not capitalized, when used to modify any Subcontract or Government Contract, means that final payment has not been made on such Subcontract or Government Contract, and when used to modify any Teaming Agreement, "active" means that such Teaming Agreement has not terminated or expired.

(ii) "Bid" means any bid, proposal, offer or quotation made by Synergy or any of the Acquired Subsidiaries or by a contractor team or joint venture, in which Synergy or the applicable Acquired Subsidiary is participating, that, if accepted, would lead to a Government Prime Contract or a Government Subcontract.

(iii) "Government Contract" means any Government Prime Contract or Government Subcontract.

(iv) "Government Prime Contract" means any prime contract, multiple award schedule contract, basic ordering agreement, letter contract, purchase order, delivery order or other commitment of any kind between Synergy or any of the Acquired Subsidiaries and any Governmental Authority.

(v) "Government Subcontract" means any subcontract, basic ordering agreement, letter subcontract, purchase order, delivery order, or other commitment of any kind between Synergy or any of the Acquired Subsidiaries and any prime contractor to any Governmental Authority or any subcontractor with respect to a Government Prime Contract.

(vi) "Subcontract" means any subcontract, basic ordering agreement, letter subcontract, purchase order, delivery order, consulting agreement or other commitment of any kind issued by Synergy or any of the Acquired Subsidiaries to any Person in support of Synergy's or the applicable Acquired Subsidiary's performance of a Government Contract.

(vii) "Teaming Agreement" has the same meaning as the term, "Contractor Team Arrangement," as defined in Federal Acquisition Regulation ("FAR") 9.601.

(b) Government Contracts. Section 3.18(b) of the Disclosure Schedule separately lists and identifies:

(i) Each active Government Contract and each Government Contract on which final payment was received after December 1, 2001 (true and complete copies of which, including all modifications and amendments thereto, have been provided to ICF);

(ii) Each outstanding Bid by number, the Person to whom such Bid was made, the subject matter of such Bid, the proposed price, and whether any such Bid is dependent, in whole or in part, on the "small business" or other status of Synergy or the applicable Acquired Subsidiaries under applicable Law (true and complete copies of which, including all modifications and amendments thereto, have been provided to ICF);

(iii) Each active Teaming Agreement to which Synergy or an Acquired Subsidiary is a party (true and complete copies of which, including all modifications and amendments thereto, have been provided to ICF);

(iv) Each active Government Contract that was awarded to Synergy or an Acquired Subsidiary pursuant to the Small Business Innovative Research (“SBIR”) program or any set-aside program (small business, small disadvantaged business, 8(a), woman-owned business, etc.) or as a result of Synergy’s or an Acquired Subsidiary’s “small business” or other status under applicable Law;

(v) Each active Government Contract that was awarded to Synergy or an Acquired Subsidiary on the basis of a sole source and without competition;

(vi) Each audit report, including without limitation reports issued by the Defense Contract Audit Agency and any inspector general, and notice of cost disallowance received by Synergy or any Acquired Subsidiary since January 1, 2000 relating to any Bid or Government Contract (true and complete copies of which have been provided to ICF); and

(vii) Each active Subcontract (true and complete copies of which, including all modifications and amendments thereto, have been provided to ICF).

(c) Status of Subcontracts, Government Contracts and Bids. Except as set forth on Section 3.18(c) of the Disclosure Schedule:

(i) Each active Subcontract and Government Contract is in full force and effect, has been legally awarded and is binding on Synergy and/or the applicable Acquired Subsidiaries (and, to the Knowledge of Synergy, the other party thereto, and no active Subcontract or Government Contract is subject to any oral modifications or amendments). Each active Teaming Agreement is in full force and effect and is binding on Synergy and/or the applicable Acquired Subsidiaries (and, to the Knowledge of Synergy, the other party thereto).

(ii) Synergy and each of the applicable Acquired Subsidiaries has substantially complied with all material terms and conditions of each active Subcontract, Government Contract and Teaming Agreement, including all clauses, provisions and requirements incorporated therein expressly, by reference or by operation of Law.

(iii) All representations and certifications executed, acknowledged or set forth in or pertaining to any Bid submitted by Synergy and/or the applicable Acquired Subsidiaries or Government Contract awarded to Synergy and/or the applicable Acquired Subsidiaries, in each case since January 1, 2000, were current, accurate and complete in all material respects as of their effective date, and Synergy and/or the applicable Acquired Subsidiaries has complied in all material respects with all such representations and certifications.

(iv) No Governmental Authority and no prime contractor, subcontractor or other Person has notified either Synergy, or any of the Acquired Subsidiaries that Synergy or any of the Acquired Subsidiaries has breached or violated any Law or any certification, representation, clause, provision or requirement of any Bid or Government Contract.

(v) Neither Synergy, nor any of the Acquired Subsidiaries (or any of their respective directors, officers or employees or any of them) is or has been at any time since January 1, 2000 subject to a negative contractor performance assessment report, suspended or debarred from doing business with any Governmental Authority, or nonresponsible or ineligible for contracting with any Governmental Authority, and, to the Knowledge of Synergy, there are no circumstances that would warrant in the future the institution of suspension or debarment proceedings, criminal or civil fraud or other criminal or civil proceedings or a determination of nonresponsibility or ineligibility against Synergy or any Acquired Subsidiary or any of their respective directors, officers or employees.

(vi) Since January 1, 2000, no Government Contract has been terminated in whole or in part for convenience or default, no cure, show cause, suspension, debarment or other notice alleging noncompliance with any material term or Law has been issued to Synergy or any Acquired Subsidiary with respect to any Government Contract, and no event, condition or omission has occurred or exists that would constitute grounds for any such action or any such notice with respect to any active Government Contract.

(vii) No cost in excess of \$10,000, or group, type or class of cost in excess of \$50,000 in the aggregate, and which was incurred or invoiced by Synergy or any Acquired Subsidiary on any active Government Contract has been questioned or disallowed or otherwise the subject of a formal dispute.

(viii) No money presently due to Synergy or to any Acquired Subsidiary on any active Government Contract has been withheld or set off or subject to attempts to withhold or setoff.

(ix) Neither Synergy nor any of the Acquired Subsidiaries has made any expenditures or incurred costs or obligations in excess of any applicable limitation of government liability, limitation of cost, limitation of funds or similar clause limiting the Governmental Authority's liability on any active Government Contract (including without limitation, any work being performed "at risk" in advance of receipt of funding).

(x) Synergy and each of the Acquired Subsidiaries (and their respective employees) hold such security clearances as are required to perform Government Contracts of the type performed prior to the Effective Date by Synergy and each of the Acquired Subsidiaries, and there are no facts or circumstances, not including the Contemplated Transactions, that could reasonably be expected to result in the suspension or termination of such clearances or that could reasonably be expected to render Synergy or the applicable Acquired Subsidiaries ineligible for such security clearances in the future; and Synergy and each applicable Acquired Subsidiary has complied in all respects with all security measures required by Government Contracts or Law.

(xi) Each active Government Contract was entered into and each Bid prepared in the ordinary course of business and, based upon assumptions that Synergy's or the applicable Acquired Subsidiaries' management believes to be reasonable and subject to such assumptions being fulfilled, should be capable of being performed in accordance with its terms and conditions without a loss. There is no active Government Contract for which the most recent

estimated total costs of completing, including any unexercised options, as estimated in good faith by Synergy or the applicable Acquired Subsidiaries, indicates that such Government Contract will be completed at a loss.

(xii) Neither Synergy nor any of the Acquired Subsidiaries (A) has incurred any cost on any active cost-reimbursable contract that is not an “allowable” cost pursuant to FAR § 31.201-2 (48 CFR § 31.201-2) or any other applicable law or regulation; or (B) invoiced or collected any amounts under a Government Contract that upon audit could reasonably be expected to result in a loss in excess of \$50,000.

(d) Investigations.

(i) Except as set forth on Section 3.18(d) of the Disclosure Schedule, neither Synergy nor any of the Acquired Subsidiaries (nor any of their respective directors, officers or employees or, to the Knowledge of Synergy, any of their respective agents or consultants has received notice that it is (or has been since January 1, 2000) under administrative, civil (including, but not limited to, claims made under the False Claims Act, 18 U.S.C. § 287) or criminal investigation, indictment or information, audit or internal investigation with respect to any alleged irregularity, misstatement or omission arising under or relating to any Government Contract;

(ii) Neither Synergy nor any of the Acquired Subsidiaries has made a voluntary disclosure to any Governmental Authority with respect to any alleged irregularity, misstatement or omission arising under or relating to a Government Contract; and

(iii) To the Knowledge of Synergy, there is no irregularity, misstatement or omission arising under or relating to any Government Contract that could reasonably be expected to lead, either before or after the Effective Date, to any of the consequences set forth in Sections 3.18(d)(i)-(ii), or to any other damage, penalty assessment, recoupment of payment, or disallowance of cost.

(e) Financing Arrangements and Claims. Except as set forth on Section 3.18(e) of the Disclosure Schedule, neither Synergy nor any Acquired Subsidiary has interest in any pending or potential claim or request for equitable adjustment against any Governmental Authority or any prime contractor, subcontractor or vendor arising under or relating to any Government Contract, Bid or Teaming Agreement, and neither Synergy nor any Acquired Subsidiary is a party (either as the protestor or an interested party) to any protest to the procuring agency or the United States General Accounting Office, or any other Governmental Authority. Except as set forth on Section 3.18(e) of the Disclosure Schedule, there exist no:

(i) Financing arrangements (e.g., an assignment of moneys due or to become due) with respect to any active Government Contract;

(ii) Outstanding claims against Synergy or any Acquired Subsidiary, by any Governmental Authority or by any prime contractor, subcontractor, vendor or other third party, arising out of or relating to any Subcontract, Government Contract, Bid or Teaming Agreement, and, to the Knowledge of Synergy, there are no facts that might give rise to or result in such a claim; or

(iii) Disputes between Synergy or any Acquired Subsidiary and any Governmental Authority, or between Synergy or any Acquired Subsidiary and any prime contractor, subcontractor, vendor or other third party, arising out of or relating to any Subcontract, Government Contract, Bid or Teaming Agreement, and, to the Knowledge of Synergy, there are no facts that are known or should be known to Synergy that might give rise to or result in such a dispute.

(f) Multiple Award Schedule Contracts.

(i) Except as set forth on Section 3.18(f) of the Disclosure Schedule, Synergy and each Acquired Subsidiary has complied with the notice and pricing requirements of the Price Reduction clause in each active multiple award schedule Government Contract, and there are no facts or circumstances that could reasonably be expected to result in a demand for a refund based upon Synergy's or any Acquired Subsidiary's failure to comply with the Price Reduction clause.

(ii) Synergy and each Acquired Subsidiary has filed all reports related to and paid all industrial funding fees required to be paid by Synergy and the applicable Acquired Subsidiaries under any active multiple award schedule Government Contract.

(g) Government-Furnished Property. Section 3.18(g) of the Disclosure Schedule identifies all personal property, equipment and fixtures loaned, bailed or otherwise furnished to Synergy and each Acquired Subsidiary by or on behalf of any Governmental Authority for use in the performance of a Government Contract ("Government-Furnished Property") and the Government Contracts to which each item of Government-Furnished Property relates. Synergy and each of the Acquired Subsidiaries has complied in all material respects with all of its obligations relating to the Government-Furnished Property.

(h) Former Government Officials. Except as set forth on Section 3.18(h) of the Disclosure Schedule, neither Synergy nor any of the Acquired Subsidiaries employs any former government officials in management or marketing positions or as consultants.

(i) Timekeeping Policy. Section 3.18(i) of the Disclosure Schedule contains a copy of Synergy's and each Acquired Subsidiary's policy regarding how its employees are to record their time and complete their time cards. Each one of Synergy's and the Acquired Subsidiaries' employees has been provided a copy of that policy and instructed to comply with it. To the Knowledge of Synergy, each of the employees of Synergy and the Acquired Subsidiaries has recorded his or her time and completed his or her time cards in accordance with that policy in all material respects.

3.19 Clients.

Neither Synergy nor any of the Acquired Subsidiaries has received any notice that any supplier, producer, consumer, financial institution or other party to any Scheduled Contract will not do business with Synergy or any of the Acquired Subsidiaries on substantially the same terms and conditions subsequent to the Effective Date as such client did before such date.

3.20 Backlog.

Section 3.20 of the Disclosure Schedule sets forth the contract backlogs of Synergy and each of the Acquired Subsidiaries, as of December 31, 2004. Section 3.20 of the Disclosure Schedule includes for each contract (a) the name of each customer, (b) the dollar value of the contract, (c) the costs incurred and the revenue and the profit recognized with respect to each contract for the current period, for the year to date and from the inception of the contract, (d) the percentage completion of each contract and (e) the dollar amounts included in the backlog.

3.21 Compliance with Laws.

Synergy and each of the Acquired Subsidiaries has been and is in compliance with each Law that is or was applicable to it or the conduct or operation of its business or the ownership or use of any of its assets, except where any such failure to be in compliance with such Law would not reasonably be expected to have a Material Adverse Effect on Synergy and the Acquired Subsidiaries. Neither Synergy nor any of the Acquired Subsidiaries has received, at any time during the past three years, any notice or other communication (whether oral or written) from any Governmental Authority regarding (a) any actual, alleged, or potential violation of, or failure to comply with, any such applicable Law, or (b) any actual, alleged, or potential obligation on the part of Synergy or any of the Acquired Subsidiaries to undertake, or to bear all or any portion of the cost of, any remedial action of any nature under any such applicable Law.

3.22 Environmental Matters.

To the Knowledge of Synergy, Synergy and each of the Acquired Subsidiaries has complied in all material respects with, and is in material compliance with, all applicable Environmental Laws and has no Environmental Liabilities.

3.23 Licenses and Permits.

(a) Synergy and each of the Acquired Subsidiaries has all licenses, permits and other authorizations from Governmental Authorities necessary for the conduct of their respective business as conducted in the normal course of business prior to and as of the date hereof (collectively "Permits"), except for where the failure to obtain such Permits would not have a Material Adverse Effect on them. Section 3.23(a) of the Disclosure Schedule sets forth a list of all material Permits held by Synergy and each of the Acquired Subsidiaries.

(b) Except as set forth on Section 3.23(a) of the Disclosure Schedule, (i) each of the Permits is in full force and effect, (ii) Synergy and each of the Acquired Subsidiaries is in material compliance with the terms, provisions and conditions thereof, (iii) there are no outstanding violations, notices of noncompliance, judgments, consent decrees, orders or judicial or administrative actions, investigations or proceedings adversely affecting any of said Permits, and (iv) to the Knowledge of Synergy, no condition (including, without limitation, this Agreement and the Contemplated Transactions) exists and no event has occurred that (whether with or without notice, lapse of time or the occurrence of any other event) would reasonably be expected to result in the suspension or revocation of any of said Permits other than by expiration

of the term set forth therein, except in each case where such a suspension or revocation would not reasonably be expected to have a Material Adverse Effect on Synergy or any of the Acquired Subsidiaries.

3.24 Absence of Certain Business Practices.

To the Knowledge of Synergy, none of Synergy or the Acquired Subsidiaries, any officer, employee or agent of Synergy or the Acquired Subsidiaries, or any other Person acting on their behalf has, directly or indirectly, since the formation of Synergy and the Acquired Subsidiaries, given, offered, solicited or agreed to give, offer or solicit any contribution, gift, bribe, rebate, payoff, influence payment, kickback or other payment, regardless of form and whether in money, property or services, to any customer, supplier, governmental employee or other Person who is or may be in a position to help or hinder Synergy or any of the Acquired Subsidiaries in connection with the design, development, manufacture, distribution, marketing, use, sale, acceptance, maintenance or repair of their respective products and services (or assist Synergy or any of the Acquired Subsidiaries in connection with any actual or proposed transaction relating to the products and services of Synergy or any of the Acquired Subsidiaries) (a) that subjected or might have subjected Synergy or any of the Acquired Subsidiaries to any damage or penalty in any civil, criminal or governmental litigation or proceeding, (b) that, if not given in the past, might have had a Material Adverse Effect on the business of Synergy or any of the Acquired Subsidiaries as it relates to the products and services of Synergy or any of the Acquired Subsidiaries, (c) that if not continued in the future, might have a Material Adverse Effect on Synergy or any of the Acquired Subsidiaries, or subject Synergy or any of the Acquired Subsidiaries to suit or penalty in any private or governmental litigation or proceeding, (d) that are for any purposes described in Section 162(c) of the Code, or (e) that are for the purpose of establishing or maintaining any concealed fund or concealed bank account.

3.25 Litigation.

(a) Except as set forth on Section 3.25(a) of the Disclosure Schedule, there are no:

(i) actions, suits, claims, trials, written demands, investigations, arbitrations, and other proceedings (whether or not purportedly on behalf of the businesses of Synergy or any of the Acquired Subsidiaries) pending or, to the Knowledge of Synergy, threatened against or with respect to Synergy or any of the Acquired Subsidiaries, or their respective properties or businesses; or

(ii) outstanding judgments, orders, decrees, writs, injunctions, decisions, rulings or awards against or, with respect to Synergy or any of the Acquired Subsidiaries or their respective properties or businesses.

(b) To the extent applicable, Synergy or the applicable Acquired Subsidiary has notified the appropriate insurance carrier as to matters shown on Section 3.25(a) of the Disclosure Schedule.

(c) Neither Synergy nor any of the Acquired Subsidiaries or the businesses of any of them are in default with respect to any judgment, order, writ, injunction, decision, ruling,

decree or award of any Governmental Authority. Except as set forth on Section 3.25(b) of the Disclosure Schedule, to the Knowledge of Synergy as of the Effective Date, there is no reasonable basis for a material claim against Synergy or any of the Acquired Subsidiaries relating to defective design, material, or performance.

3.26 Personnel Matters.

(a) True, accurate, and complete lists of all of the directors, officers, and employees of Synergy and each of the Acquired Subsidiaries, as of December 31, 2004 (collectively, "Personnel") and their positions are included on Section 3.26(a) of the Disclosure Schedule. True and complete information concerning the respective salaries, wages, and other compensation paid by Synergy, or the applicable Acquired Subsidiary, as the case may be, during 2001, 2002 and 2003 as well as dates of employment, and date and amount of last salary increase, of such Personnel has been provided previously to ICF.

(b) A true and accurate list of accrued and unpaid bonuses due the Principal Shareholders is included on Section 3.26(b) of the Disclosure Schedule (the "Accrued Principal Shareholders' Bonuses"). The aggregate amount of the Accrued Principal Shareholders' Bonuses as of the Effective Date is approximately Two Million Seven Hundred Thousand Dollars (\$2,726,043). On or before the Closing Date, the Principal Shareholders (i) shall (and shall cause Synergy and any applicable Acquired Subsidiaries) to cancel with no liability to or payment by Synergy or any applicable Acquired Subsidiaries each of the Accrued Principal Shareholders' Bonuses and (ii) shall deliver to ICF a release, in form reasonably satisfactory to ICF, signed by each Principal Shareholder to whom Accrued Principal Shareholders' Bonuses were owed (collectively the "Accrued Principal Shareholders' Bonuses Releases").

(c) A true and accurate list of the employees of Synergy or any applicable Acquired Subsidiaries who are entitled to bonuses accrued for periods prior to 2004 and whom Synergy or any of the Acquired Subsidiaries is responsible for paying prior to the Closing Date and the amount of the bonuses (the "Synergy Pre-2004 Bonuses") are included on Section 3.26(c) of the Disclosure Schedule. The aggregate amount of the Synergy Pre-2004 Bonuses as of the Effective Date is approximately \$845,440. On or before the Closing Date, the Principal Shareholders (i) shall cause Synergy, or the applicable Acquired Subsidiaries to pay in full the Synergy Pre-2004 Bonuses and (ii) shall deliver (or cause Synergy to deliver) to ICF a release, in form reasonably satisfactory to ICF, signed by each employee to whom Synergy Pre-2004 Bonuses are owed (the "Synergy Pre-2004 Bonuses Releases").

(d) A true and accurate list of the employees of Synergy or any Acquired Subsidiary entitled to bonuses accrued for periods prior to 2004 and whom ICF, Synergy or any of the Acquired Subsidiaries shall be responsible for paying after the Closing Date and the amount of the bonuses (the "ICF Pre-2004 Bonuses") are included on Section 3.26(d) of the Disclosure Schedule. The aggregate amount of the ICF Pre-2004 Bonuses as of the Effective Date is \$408,000.

(e) A true and accurate list of the employees entitled to bonuses accrued for periods from January 1, 2004 through the Closing Date and payable by ICF, Synergy, or an Acquired Subsidiary after the Closing Date and the amount of the bonuses (the "Accrued 2004 Bonus Liability"), are included on Section 3.26(e) of the Disclosure Schedule. The Closing Financial Statements include reserves sufficient to pay in full the Accrued 2004 Bonus Liability.

(f) There are no disputes, grievances, or disciplinary actions pending, or, to the Knowledge of Synergy, threatened, by or between Synergy or any of the Acquired Subsidiaries and any Personnel.

(g) All personnel policies and manuals of Synergy and the Acquired Subsidiaries are listed on Section 3.26(g) of the Disclosure Schedule, and true, accurate, and complete copies of all such written personnel policies and manuals have been made available to ICF.

(h) Except as set forth on Schedules 3.26(h) and 3.28(b), neither Synergy nor any of the Acquired Subsidiaries is a party to any:

(i) management, employment, consulting, or other agreement with any Personnel or other person providing for employment over a period of time or for termination or severance benefits, whether or not conditioned upon a change in control of Synergy or any of the Acquired Subsidiaries;

(ii) bonus, incentive, deferred compensation, severance pay, profit-sharing, stock purchase, stock option, benefit, or similar plan, agreement, or arrangement, whether written or unwritten;

(iii) collective bargaining agreement or other agreement with any labor union or other Personnel organization (and no such agreement is currently being requested by, or is under discussion by management with, any Personnel or others); or

(iv) other employment contract, non-competition agreement, or other compensation agreement or arrangement affecting or relating to Personnel or former Personnel of Synergy or any of the Acquired Subsidiaries, whether written or unwritten.

(i) No (i) leased employee, as defined in Section 414(n) of the Code, or (ii) independent contractor performs service for Synergy or any Acquired Subsidiary.

3.27 Labor Matters.

(a) Neither Synergy nor any of the Acquired Subsidiaries is obligated by, or subject to, any order of the National Labor Relations Board or other labor board or administration, or any unfair labor practice decision.

(b) Neither Synergy nor any of the Acquired Subsidiaries is a party or subject to any pending or, to the Knowledge of Synergy, threatened labor or civil rights dispute, controversy or grievance or any unfair labor practice proceeding with respect to claims of, or obligations of, any employee or group of employees. Neither Synergy nor any of the Acquired Subsidiaries has received any written notice that any labor representation request is pending or is threatened with respect to any employees of Synergy or any of the Acquired Subsidiaries.

(c) Synergy and each of the Acquired Subsidiaries is in compliance with all applicable Laws and affirmative action programs respecting employment and employment practices, terms and conditions of employment and wages and hours, including but not limited to Executive Order 11246, as amended, the Workers' Adjustment Retraining Notification Act and the Service Contract Act. This Section 3.27 does not extend to "ERISA" as defined in Section 3.28.

(d) No present or former employee of Synergy or any of the Acquired Subsidiaries has any claim against Synergy or any of the Acquired Subsidiaries (whether under Federal or state law, pursuant to any employment agreement, or otherwise) on account of, or for: (i) overtime pay, other than for the current payroll period; (ii) wages or salary (excluding bonuses and amounts accruing under any pension or profit-sharing plan, including but not limited to any Pension Plan or Welfare Plan (as such terms are defined in Section 3.28)) for a period other than the current payroll period; (iii) vacation, time off or pay in lieu of vacation or time off, other than vacation or time off (or pay in lieu thereof) earned in respect of the current or past fiscal year or accrued on the most recent balance sheet for Synergy and the Acquired Subsidiaries, or (iv) payment under any applicable workers' compensation law.

3.28 ERISA.

(a) Capitalized terms used in this Section 3.28 which are not otherwise defined in this Agreement shall have the meanings set forth below:

(i) "Benefit Arrangement" means any compensation or employment program, including but not limited, to any fringe benefit, incentive compensation, bonus, severance, deferred compensation and supplemental executive compensation plan.

(ii) "ERISA" means the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time, as well as any rules and regulations promulgated thereunder by any Governmental Authority, as from time to time in effect.

(iii) "ERISA Affiliate" means a corporation that is a member of a controlled group of corporations with Synergy within the meaning of Code Section 414(b), a trade or business that is under common control with Synergy within the meaning of Code Section 414(c), or a member of an affiliated service group with Synergy within the meaning of Code Sections 414(m) or (o), including any such Entity that was an ERISA Affiliate at any time within the six (6) year period preceding the Effective Date.

(iv) "PBGC" means the Pension Benefit Guaranty Corporation.

(v) "Pension Plan" means any employee pension benefit plan (as defined in ERISA Section 3(2)) that is maintained by Synergy or any ERISA Affiliate as of the date of this Agreement.

(vi) "Plan" means any Pension Plan, any Welfare Plan, and any Benefit Arrangement.

(vii) “Welfare Plan” means any employee welfare benefit plan (as defined in ERISA Section 3(1)) that is established or maintained by Synergy or any ERISA Affiliate.

(b) Schedule 3.28(b) sets forth a list of: (i) each Pension Plan; (ii) each Welfare Plan; and (iii) each Benefit Arrangement, that Synergy or an ERISA Affiliate maintains or to which Synergy or an ERISA Affiliate contributes or has any obligation to contribute, or with respect to which Synergy or an ERISA Affiliate has any liability.

(c) Synergy has delivered to ICF true, accurate and complete copies of (i) the documents comprising each Plan (or, with respect to any Plan that is unwritten, a detailed written description of eligibility, participation, benefits, funding arrangements, assets and any other matters that relate to the obligations of Synergy or any ERISA Affiliate); (ii) all trust agreements, insurance contracts or any other funding instruments related to the Plans; (iii) all rulings, determination letters, no-action letters or advisory opinions from the IRS, the U.S. Department of Labor, the PBGC or any other Governmental Authority that pertain to each Plan and any open requests therefor; (iv) the most recent actuarial and financial reports (audited and/or unaudited) and the annual reports filed with any Governmental Authority with respect to the Plans during the most recent three years; and (v) all summary plan descriptions, summaries of material modifications and memoranda, employee handbooks and other written communications regarding the Plans.

(d) Neither Synergy nor any ERISA Affiliate has, at any time within six (6) years prior to the Effective Date, sponsored, maintained or contributed to a Pension Plan subject to Title IV of ERISA, a multiemployer plan (as defined in ERISA Section 3(37)), or a voluntary employees’ beneficiary association, as defined in Code Section 501(c)(9), (a “VEBA”).

(e) Full payment has been made of all amounts that are required under the terms of each Plan to be paid as contributions with respect to all periods prior to the Effective Date and any such amounts that are not required to be so paid under any Welfare Plan have been accrued on the Financial Statements.

(f) No prohibited transaction within the meaning of ERISA Section 406 or Code Section 4975 has occurred with respect to any Pension Plan as of the date of this Agreement, other than a transaction to which a statutory or administrative exemption has been granted.

(g) The form of each Pension Plan and Welfare Plan is in compliance with the applicable terms of ERISA, the Code, and any other applicable laws, including, but not limited to, the Americans with Disabilities Act of 1990, the Family Medical Leave Act of 1993, the Health Insurance Portability and Accountability Act of 1996, the Uruguay Round Agreements Act, the Small Business Job Protection Act of 1996, the Uniformed Services Employment and Reemployment Rights Act of 1994, the Taxpayer Relief Act of 1997, the Internal Revenue Service Restructuring and Reform Act of 1998, the Community Renewal Tax Relief Act of 2000, and the Economic Growth and Tax Relief Reconciliation Act of 2001, and such plans have been operated in compliance with such laws and the written Plan documents. Neither Synergy nor any fiduciary of a Pension Plan has violated the requirements of Section 404 of ERISA. All required

reports and descriptions of the Plans (including Internal Revenue Service Form 5500 Annual Reports, Summary Annual Reports and Summary Plan Descriptions and Summaries of Material Modifications) have been (when required) timely filed with the IRS, the U.S. Department of Labor or other Governmental Authority and distributed as required, and all notices required by ERISA or the Code or any other Laws with respect to the Pension Plans and Welfare Plans have been appropriately given.

(h) Except as set forth on Schedule 3.28(h), each Pension Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the IRS, and Synergy has no knowledge of any circumstances that will or could result in revocation of any such favorable determination letter. Each trust created under any Pension Plan has been determined to be exempt from taxation under Section 501(a) of the Code, and Synergy is not aware of any circumstance that will or could result in a revocation of such exemption.

(i) To the Knowledge of Synergy, no charge, complaint, action, suit, proceeding, hearing, investigation, claim or demand with respect to a Plan or to the administration or the investment of the assets of any Plan that Synergy or any ERISA Affiliate maintains or has maintained, or to which Synergy or any ERISA Affiliate contributes or has contributed, for the benefit of any current or former employee (other than routine claims for benefits) is pending or threatened that could reasonably be expected to result in a material liability to Synergy or any ERISA Affiliate or to such Plan or a fiduciary of such Plan.

(j) Except as set forth on Schedule 3.28(j), all contributions (including all employer contributions and employee contributions) that have been required to have been paid with respect to each Plan have been paid within the time required by such Plan or applicable Laws.

(k) Except as required by the Code, the consummation of the transactions contemplated by this Agreement will not accelerate the time of vesting or the time of payment, or increase the amount, of compensation due to any director, employee, officer, former employee or former officer of Synergy or an ERISA Affiliate.

(l) No written or oral representations have been made to any employee, former employee, or director of Synergy or any ERISA Affiliate at any time promising or guaranteeing any employer payment or funding for the continuation of medical, dental, life or disability coverage for any period of time beyond the end of the current plan year (except to the extent of coverage required under COBRA).

(m) Prior to the Closing, Synergy has undertaken all of the following (collectively the “Pension and Profit Sharing Plan Transactions”):

(i) established a second trust under the Synergy, Inc. 401 (k) Plan and caused all units of Synergy LLC held by the Synergy, Inc. Profit Sharing Plan to be transferred to such trust; (ii) has continued to pursue an exemption from the Department of Labor for an otherwise prohibited transaction whereby the units of Synergy LLC are sold to certain parties in interest, all as more particularly described on Exhibit G; and (iii) has caused the Pension Plans to be terminated.

3.29 Tax Matters.

Except as set forth Section 3.29 of the Disclosure Schedule:

(a) Synergy and the Acquired Subsidiaries, and every member of an affiliated group (as defined in Section 1504 of the Code) (and any comparable group for state, local or foreign Tax purposes) that has included Synergy or any of the Acquired Subsidiaries (for taxable periods in which Synergy or any of the Acquired Subsidiaries was included in such group) (each such corporation, including Synergy and each of the Acquired Subsidiaries, a "Taxpayer," and collectively, the "Taxpayers"), have timely filed all Tax Returns required to have been filed by them, and have paid all Taxes required to be paid with such Tax on or prior to the date hereof. The Tax Returns filed with respect to the Taxpayers are true, correct and complete in all material respects.

(b) None of such Tax Returns contains a disclosure statement with respect to Synergy or any of the Acquired Subsidiaries under Section 6662 of the Code (or any predecessor statute) or any similar provision of state, local or foreign law.

(c) No Taxpayer has received notice that the IRS or any other Taxing Authority has asserted against a Taxpayer any deficiency or claim for Taxes, and no issue has been raised by any Taxing Authority in any audit, that would result in a proposed deficiency of any Taxpayer for any tax period not within the audited period. To the Knowledge of Synergy, no claim has ever been made by a Taxing Authority with which any Taxpayer does not file Tax Returns that such Taxpayer is or may be subject to taxation by that Taxing Authority, nor, to the Knowledge of Synergy, is there any factual basis or legal basis for such claim.

(d) All Tax deficiencies asserted or assessed against the Taxpayers have been paid or finally settled with no remaining amounts owed.

(e) There is no pending or, to the Knowledge of Synergy, threatened action, audit, proceeding, or investigation with respect to the Taxpayers involving: (i) the assessment or collection of Taxes, or (ii) a claim for refund made by a Taxpayer with respect to Taxes previously paid;

(f) All amounts that are required to be collected or withheld by a Taxpayer, or with respect to Taxes of a Taxpayer, have been duly collected or withheld, and all such amounts that are required to be remitted to any Taxing Authority have been duly remitted;

(g) Neither Synergy nor any of the Acquired Subsidiaries (i) has been included in an affiliated group (as defined in Section 1504 of the Code) with a Person other than Synergy or an Acquired Subsidiary and (ii) has any liability for the Taxes of any Person (other than members of Synergy's affiliated group as defined in Section 1504 of the Code) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise.

(h) There are no outstanding waivers of any statute of limitations with respect to the assessment of any Tax;

(i) Accruals or reserves for current taxes and deferred tax liabilities as stated in the Audited Financial Statements are all in accordance with GAAP and fairly reflect current and deferred liabilities for Taxes as of December 31, 2003. Accruals or reserves for current taxes and deferred tax liabilities as stated in the September 2004 Financial Statements and the Closing Financial Statements fairly reflect in all material respects the current and deferred liabilities for taxes as of September 30, 2004 and as of the Effective Date respectively.

(j) There are no Liens for Taxes due and payable upon the assets of any Taxpayer;

(k) No Taxpayer has participated in, or cooperated with, an international boycott within the meaning of Section 999 of the Code;

(l) None of the Taxpayers has made nor become obligated to make, nor will any of the Taxpayers, as a result of any event connected with any transaction contemplated herein and/or any termination of employment related to such transaction, make or become obligated to make, any "excess parachute payment," as defined in Section 280G of the Code (without regard to subsection (b)(4) thereof);

(m) There are no outstanding balances of deferred gain or loss accounts related to deferred intercompany transactions as described in Treasury Regulation Section 1.1502-13 (or predecessor regulations) or excess loss accounts described in Treasury Regulation Sections 1.1502-32 or 1.1502-19 (or predecessor regulations) or similar items, among any of the Taxpayers that will be recognized or otherwise taken into account as a result of the Contemplated Transactions;

(n) There are no outstanding requests for extensions of time within which to file returns and reports in respect of any Taxes owed by any Taxpayers;

(o) There are no elections, consents or agreements as to Taxes in effect with respect to Synergy or any of the Acquired Subsidiaries that will remain in effect following the Effective Date and that have had a material effect on the taxable income of Synergy or any of the Acquired Subsidiaries prior to the Effective Date;

(p) Neither Synergy nor any of the Acquired Subsidiaries is a party to any tax-sharing agreement, or similar arrangement (whether express or implied), including any terminated agreement as to which it could have any continuing liabilities (other than this Agreement);

(q) No Taxpayer has applied for a ruling relating to Taxes from any Taxing Authority or entered into any closing agreement with any Taxing Authority;

(r) None of the assets of Synergy or any of the Acquired Subsidiaries is or will be required to be treated as (i) owned by another Person pursuant to the safe harbor leasing provisions of the Code or (ii) property subject to Section 168(f) or (g) of the Code;

(s) Neither Synergy nor any of the Acquired Subsidiaries is or has ever been a "United States real property holding corporation" within the meaning of Section 897 of the Code;

(t) Synergy has delivered to ICF correct and complete copies of Federal income Tax Returns and has made available to ICF state income Tax Returns filed on behalf of Synergy and the Acquired Subsidiaries, for the three previous taxable years;

(u) No Person has been treated as an independent contractor of Synergy or any of the Acquired Subsidiaries for Tax purposes who should have been treated as an employee for such purposes;

(v) Synergy is not and has not been an "S corporation" within the meaning of Section 1361 of the Code;

(w) Simulation Support, Inc. was an "S" Corporation within the meaning of Section 1361 of the Code from its inception through May 1, 2003.

(x) None of the Capital Stock of Synergy or of the Acquired Subsidiaries is subject to a "substantial risk of forfeiture" within the meaning of Section 83 of the Code;

(y) The Contemplated Transactions, either by themselves or in conjunction with any other transaction that any of the Taxpayers may have entered into or agreed to, will not give rise to any federal income tax liability under section 355(e) of the Code for which any of the Taxpayers may in any way be held liable;

(z) None of the Taxpayers is a party to any "Gain Recognition Agreements" as such term is used in the Treasury Regulations promulgated under Section 367 of the Code;

(aa) There are no joint ventures, partnerships, limited liability companies, or other arrangements or contracts to which any of the Taxpayers is a party and that could be treated as a partnership for federal income Tax purposes; and

(bb) None of the Taxpayers has, nor has any of them ever had, a "permanent establishment" in any foreign country, as such term is defined in any applicable Tax treaty or convention between the United States and such foreign country, nor has any of them otherwise taken steps that have exposed, or will expose, it to the taxing jurisdiction of a foreign country.

3.30 Insurance.

(a) Synergy and the Acquired Subsidiaries maintain the general liability, professional liability, product liability, fire, casualty, motor vehicle, workers' compensation, and other types of insurance shown on Section 3.30(a) of the Disclosure Schedule. A list of all claims against such insurance since January 1, 2001 that individually exceed \$5,000 in amount and the outcomes or status of such claims is set forth on Section 3.30(a) of the Disclosure Schedule.

(b) Synergy maintains life insurance on those persons in the amounts as indicated on Section 3.30(b) of the Disclosure Schedule. With respect to each of the foregoing life insurance policies, (i) Synergy is the designated beneficiary and (ii) all premiums are current as of the date hereof and there are no premiums due and unpaid as of the date hereof.

3.31 Bank Accounts.

Section 3.31 of the Disclosure Schedule sets forth (i) the name of each Person with whom Synergy or any Acquired Subsidiary maintains an account or safety deposit box, (ii) the number of and address for each such account or safety deposit box and (iii) the names of all Persons authorized to draw thereon or to have access thereto.

3.32 Powers of Attorney.

Other than as provided in Section 3.32 of the Disclosure Schedules, none of the Shareholders, Synergy, or any of the Acquired Subsidiaries has given any irrevocable power of attorney (other than such powers of attorney given in the ordinary course of business with respect to routine matters or as may be necessary or desirable in connection with the consummation of the Contemplated Transactions) to any Person for any purpose whatsoever with respect to Synergy or any of the Acquired Subsidiaries.

3.33 No Broker.

Except for Legg Mason, which was retained by the Principal Shareholders under a fee agreement dated January 31, 2003 as amended April 15, 2004 (the "Legg Mason Agreement"), none of the Shareholders, Synergy or any of the Acquired Subsidiaries (or any of their respective directors, officers, employees or agents) has employed or incurred any liability to any broker, finder or agent for any brokerage fees, finder's fees, commissions or other amounts with respect to this Agreement or the Contemplated Transactions.

3.34 No Unusual Transactions.

(a) Except as expressly contemplated by this Agreement and as set forth in Section 3.34 of the Disclosure Schedule, since September 30, 2004, Synergy and each of the Acquired Subsidiaries has conducted its business in the ordinary course and in a manner consistent with past practice and, without limiting the generality of the foregoing, neither Synergy, nor any of the Acquired Subsidiaries has:

(i) incurred or discharged any secured or any unsecured liability or obligation (whether accrued, absolute or contingent) other than liabilities and obligations disclosed in the December 2003 Financial Statements and liabilities and obligations incurred since December 31, 2003 in the ordinary course of business and in a manner consistent with past practices;

(ii) waived or cancelled any claims, accounts receivable or trade accounts involving amounts in excess of \$50,000 in the aggregate;

(iii) made any capital expenditures other than in the ordinary course and not exceeding \$50,000 in the aggregate;

(iv) sold or otherwise disposed of or lost any capital asset, contracts or intellectual property, or used any of its assets other than, in each case, for proper corporate purposes and in the ordinary course of business and in a manner consistent with past practices;

- (v) entered into any transaction, contract, agreement, indenture, instrument or commitment involving amounts in excess of \$50,000 in the aggregate other than in the ordinary course of business and in a manner consistent with past practices or in connection with the Contemplated Transactions;
- (vi) modified its charter, bylaws or its capital structure, (other than transfers of stock among the Shareholders or purchases of outstanding options to acquire Synergy's Capital Stock);
- (vii) except as otherwise specifically provided in Section 3.26 of this Agreement, paid any bonus, whether or not accrued, to any employee other than in the ordinary course of business and not exceeding \$25,000 in the aggregate;
- (viii) reserved, declared, made or paid any dividend or redeemed, retired, repurchased, purchased, or otherwise acquired shares of its Capital Stock or any of its other corporate securities, other than purchases of outstanding options to acquire Synergy's Capital Stock;
- (ix) entered into any employment agreement or made or modified (i) any increase in the rate or change in the form of compensation or remuneration payable to or to become payable to any of its Shareholders, directors, executive officers or employees other than in the ordinary course of business and as and in amounts consistent with past practice, or (ii) any bonus or other incentive or other Plan or arrangement with any of its Shareholders, directors, executive officers or employees;
- (x) removed any director or terminated any officer or Key Employee of Synergy or the Acquired Subsidiaries;
- (xi) incurred any indebtedness other than to trade creditors in the ordinary course of business and in a manner consistent with past practice;
- (xii) voluntarily permitted any Person or entity to subject the Capital Stock or the properties of Synergy or any of the Acquired Subsidiaries to any Lien;
- (xiii) (A) made any loan or advance to, or (B) assumed, guaranteed, endorsed or otherwise become liable with respect to the liabilities or obligations of, any Person or entity other than in the ordinary course of business and in a manner consistent with past practice;
- (xiv) purchased or otherwise acquired any corporate security or other equity interest in any Person or entity;
- (xv) changed its pricing, credit or payment policies other than in the ordinary course of business and in a manner consistent with past practice;
- (xvi) purchased, sold, leased, or otherwise disposed of any of its properties or any right, title or interest therein other than in the ordinary course of business, other than obtaining a release of Synergy from any lease and other obligations relating to the Columbia Road Premises;

(xvii) failed to maintain in full force and effect insurance policies on all of its properties providing coverage and amounts of coverage comparable to the coverage and amounts of coverage provided under its policies of insurance in effect on September 30, 2004; or

(xviii) modified or changed its business organization or its relationship with its suppliers, customers and others having business relations with it other than in the ordinary course of business and in a manner consistent with past practices.

(b) At the Closing, Synergy shall deliver to ICF a preliminary, unaudited, internally prepared balance sheet and related interim consolidated statements of operations, changes in shareholder equity and cash flows for the 2004 calendar year prepared in a manner consistent with the September 2004 Financial Statements (the "Closing Financial Statements").

ARTICLE IV **Representations and Warranties of ICF**

As of the date of this Agreement, ICF and ICF Holdings represent and warrant to Synergy and the Shareholders as follows:

4.1 Organization and Power.

(a) Each of ICF and ICF Holdings is a corporation duly organized, validly existing and in good standing under the laws of Delaware and has full corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Contemplated Transactions.

(b) Each of ICF and ICF Holdings has all requisite corporate power to own or lease and operate its properties.

4.2 Corporate Authorization.

As of the Effective Date, each of ICF and ICF Holdings will have duly authorized the execution and delivery of this Agreement and the performance of its obligations hereunder, and ICF Holdings shall have duly authorized the issuance of the ICF Holdings Shares. This Agreement constitutes the legal, valid and binding obligation of each of ICF and ICF Holdings enforceable against ICF and ICF Holdings respectively in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

4.3 No Violation.

Neither the execution and delivery of this Agreement nor the performance by ICF or ICF Holdings of their respective obligations hereunder will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in the violation of, or result in the creation of any Lien upon any of the assets of ICF or ICF Holdings respectively, pursuant to the charter or bylaws or equivalent organic documents of ICF or ICF Holdings, or any material agreement, order, award, judgment, decree, Law, or any other material instrument to which ICF or ICF Holdings is a party or by which their properties may be bound.

4.4 Consents.

Neither the execution and delivery of this Agreement by ICF or ICF Holdings, nor consummation of the Contemplated Transactions or compliance with the terms of the Transaction Documents will require (a) consent or approval pursuant to any agreement or instrument or (b) ICF or ICF Holdings to obtain the approval or consent of, or make any declaration, filing (other than administrative filings with Taxing Authorities, foreign companies registries and the like) or registration with, any Governmental Authority.

4.5 Litigation.

There is no claim, action, suit, proceeding or governmental investigation pending, or, to the Knowledge of ICF and the Knowledge of ICF Holdings, threatened against or involving ICF and/or ICF Holdings that questions the validity of this Agreement or seeks to prohibit, enjoin or otherwise challenge the Contemplated Transactions.

4.6 Charter, Bylaws and Corporate Records.

True and complete copies of the Charter and Bylaws of ICF and ICF Holdings, as currently in effect have been provided to the Shareholders. The aforesaid Charter and Bylaws are true, correct and complete as of the date hereof.

4.7 Capital Structure.

The total authorized Capital Stock of ICF Holdings is Twenty Million (20,000,000) shares of \$0.01 par common stock. As of the Effective Date, 9,016,947 shares of ICF Holdings common stock are issued and outstanding.

4.8 ICF Holdings Financial Statements.

(a) In General. The ICF Holdings Financial Statements were prepared in accordance with GAAP applied consistently and fairly present the consolidated financial position of ICF Holdings and its Subsidiaries, as of the dates thereof, and the consolidated statements of operations, changes in shareholders' equity, and cash flows for the periods then ended.

(b) Financial Books and Records. The financial books and records of ICF Holdings have been maintained in accordance with sound business practices, including an adequate system of internal controls, and fairly and accurately reflect, in accordance with applicable Law and GAAP and on a basis consistent with past periods and throughout the periods involved, (i) the financial position of ICF Holdings and its Subsidiaries and (ii) all transactions of ICF Holdings and its Subsidiaries. ICF Holdings has not received any advice or notification from its independent certified public accountants that ICF Holdings, or any of its Subsidiaries has used any improper accounting practice that would have the effect of not reflecting or incorrectly reflecting the properties, assets, liabilities, revenues or expenses of ICF Holdings or any of its Subsidiaries in their respective books and records.

4.9 No Adverse Change.

Since September 30, 2004, there has not been any material adverse change in the businesses, operations, properties or condition, financial or otherwise, or prospects of either ICF or any of its Subsidiaries, nor has any event, condition or contingency occurred that is reasonably likely to result in such an adverse change.

4.10 ICF Holdings Shares.

The ICF Holdings Shares delivered to or to be delivered to the Principal Shareholders pursuant to this Agreement will, when delivered, be validly issued, duly authorized, fully paid and nonassessable.

4.11 Availability of Funds.

ICF will at the Closing have sufficient immediately available funds in cash to pay the Closing Purchase Consideration and any other amounts payable by ICF pursuant to this Agreement.

4.12 Investment Intent.

ICF is acquiring the Shares for its own account and not with a view to their distribution within the meaning of Section 2(11) of the Securities Act of 1933, as amended, and the rules and regulations issued pursuant thereto.

4.13 No Additional Representations.

ICF acknowledges that neither the Shareholders nor Synergy, nor any other Person acting on behalf of the Shareholders or Synergy, nor any Affiliate of the Shareholders or Synergy has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding Synergy except as expressly set forth in this Agreement, the Transaction Documents and the Disclosure Schedules. ICF acknowledges that, except as expressly set forth in this Agreement, the Disclosure Schedules hereto or in any other Transaction Document, none of the Shareholders or Synergy or any Person acting on behalf of the Shareholders or Synergy makes, or shall be deemed to have made, any representation or warranty, express or implied, as to the accuracy or completeness of any of the information or documents, financial or otherwise that are prepared and furnished in good faith (including, without limitation, any estimates, projections, forecasts, budgets or other forward-looking information) and have been provided or otherwise made available to ICF or any Person acting on behalf of ICF (including, without limitation, in any management presentations, information or offering memorandum, supplemental information or other materials or information with respect to any of the above) on or prior to the date hereof. With respect to any estimate, projection, budget or forecast delivered by or on behalf of Synergy or the Shareholders to ICF, ICF acknowledges that (i) there are uncertainties inherent in attempting to make such estimates, projections, budgets and forecasts, and (ii) ICF is aware that actual results may differ.

ARTICLE V
Covenants

5.1 **Bonuses.**

(a) **ICF Pre-2004 Bonuses and Accrued 2004 Bonuses.** Following the completion of the Closing, ICF shall cause Synergy (i) no later than November 30, 2005 to pay the ICF Pre-2004 Bonuses and (ii) to pay the outstanding Accrued 2004 Bonuses and to be responsible for and to pay after Closing to pay the outstanding Accrued 2004 Bonuses, as determined by Zimmerman and Zorich in a manner consistent with Synergy's normal past business practices, and as approved by ICF's Chief Executive Officer and the Compensation Distribution Committee of the Board of Directors of ICF.

(b) **Indemnification.** The Shareholders shall indemnify and hold ICF, Synergy and the Acquired Subsidiaries, as well as their successors, and assigns harmless from any claim, payment, loss, damage and expense relating to the Accrued Principal Shareholder Bonuses and the Synergy Pre-2004 Bonuses pursuant to Section 8.2.

5.2 **Access to Books and Records Following the Closing.**

Following the Closing, ICF shall permit the Shareholders' Representative and the Shareholders and their authorized representatives, during normal business hours and upon reasonable notice, to have reasonable access to, and examine and make copies of, all books and records of Synergy, the Acquired Subsidiaries and/or ICF that relate to transactions or events occurring prior to the Closing or transactions or events occurring subsequent to the Closing that are related to or arise out of transactions or events occurring prior to the Closing; provided, however, that (a) the Shareholders' Representative and the Shareholders and their representatives shall take such action as is deemed necessary in the reasonable judgment of ICF, Synergy and the Acquired Subsidiaries to schedule such access and visits through a designated officer of ICF and in such a way as to avoid disrupting the normal business of ICF, Synergy or any of the Acquired Subsidiaries, (b) neither ICF, Synergy or any of the Acquired Subsidiaries shall be required to take any action that in the reasonable opinion of outside counsel would constitute a waiver of the attorney-client or other privilege or that would violate a contractual or legal obligation not to supply, including, without limitation, as a result of any governmental or defense industrial security clearance requirement or program requirements of any Governmental Authority prohibiting certain persons from sharing information. ICF agrees that it shall retain and shall cause Synergy and the Acquired Subsidiaries to retain all such books and records for a period of three (3) years following the Closing, or for such longer period following the Closing as may be required by applicable Law.

5.3 **Principal Shareholders' Post-Closing Confidentiality Obligation.**

Following the Closing, except as otherwise expressly provided in this Agreement or in other agreements delivered in connection herewith, the Principal Shareholders shall, and shall cause their Affiliates or their officers agents and representatives (collectively, "Principal Shareholder Affiliates") to, (a) maintain the confidentiality of, (b) not use, and (c) not divulge, to any Person all confidential or proprietary information of Synergy or any of the Acquired

Subsidiaries, except with the prior written consent of ICF or to the extent that such information is required to be divulged by legal process, except as may reasonably be necessary in connection with the performance of any indemnification obligations under this Agreement or except as may be required by Law; provided, however, that the Principal Shareholders and the Principal Shareholder Affiliates shall not be subject to such obligation of confidentiality for information that (i) otherwise becomes lawfully available to the Principal Shareholders or the Principal Shareholder Affiliates after the Closing Date on a nonconfidential basis from a third party who is not under an obligation of confidentiality to ICF, Synergy or any of the Acquired Subsidiaries or (ii) is or becomes generally available to the public without breach of this Agreement by the Principal Shareholders and the Principal Shareholder Affiliates.

5.4 Expenses.

(a) Subject to Section 5.7(d) and except as otherwise provided in this Section 5.4, the Shareholders shall bear all expenses incurred by the Shareholders and Synergy in connection with the negotiation of this Agreement and the consummation of the Contemplated Transactions and the preparation therefor, including but not limited to the Legg Mason Fees, Pension and Profit Sharing Plan Transactions Costs and any fees costs and expenses with respect to attorneys, accountants, and other professional and consulting fees of Persons retained by Synergy or the Shareholders (collectively, the "Transaction Costs"). The Shareholders have identified on Exhibit H certain of the Transaction Costs, including, but not limited to, the Legg Mason Fees and the Pension and Profit Plan Transaction Costs that they wish to have ICF pay on their behalf at Closing (collectively the "Scheduled Transaction Costs"). The amount of the cash portion of the Closing Purchase Consideration shall be reduced on a dollar-for-dollar basis for every dollar of the Scheduled Transaction Costs.

(b) If and to the extent that there are any Transaction Costs that are (i) not included in the Scheduled Transaction Costs and (ii) are obligations and the responsibility of Synergy, or any of the Acquired Subsidiaries, then the Shareholders at, or prior to Closing shall cause those obligations of Synergy and/or the Acquired Subsidiaries to be assumed by the Shareholders and cause Synergy or the Acquired Subsidiaries, as the case may be, to be released from all such obligations and liabilities. Any release(s), each a "Transaction Costs Release" of Synergy, or any Acquired Subsidiary, shall be in a form reasonably satisfactory to ICF.

5.5 Non-Competition and Nonsolicitation of Employees.

(a) For a period of five (5) years after the Closing Date (the "Non-Competition Period"), none of the Principal Shareholders shall participate, directly or indirectly, as principal, agent, employee, employer, consultant, stockholder, partner or in any other individual capacity whatsoever, and shall not permit any of his or her Affiliates to, engage in any Competitive Business Activities. For purposes of this Agreement: "Competitive Business Activity" means the provision of strategic planning, technology solutions, software development, information technology, quantitative analysis, modeling or simulation services in the areas of command and control, weapon systems, defense operations and logistics.

(b) The foregoing shall not prevent any Principal Shareholder from owning for investment purposes up to 5% of the outstanding securities of a publicly traded company

engaged in a Competitive Business Activity (provided, that in no event shall the Principal Shareholders in the aggregate own more than (5%) of the outstanding securities of a publicly traded company engaged in a Competitive Business Activity). Notwithstanding the foregoing, Section 5.5(a) will not preclude: (i) Colvin and Pickard from employment with or performing services as independent contractors or consultants or in any other capacity for Success Markets, so long as any such employment does not constitute Competitive Business Activities or is not otherwise prohibited in this Agreement; or (ii) Zimmerman from employment with or performing services as an independent contractor or consultant or in any other capacity for federally funded research and development centers so long as any such employment (i) does not constitute Competitive Business Activities provided to the United States Department of Defense or any of its component agencies or any other defense related agencies and (ii) is not otherwise prohibited in this Agreement.

(i) During the Non-Competition Period, none of the Principal Shareholders will (for his or her own benefit or for the benefit of any Person other than ICF) solicit, or assist any Person or entity other than ICF to solicit, any officer, director, executive or employee of ICF (or any Affiliate of ICF) to leave his or her employment.

(ii) During the Non-Competition Period, each of the Principal Shareholders agrees that he or she will not, either individually for him or herself, or for the benefit of any other entity, either as employee, consultant, investor or in any other capacity whatsoever contact any Customer or Prospective Customer for the purpose of selling any products that are similar to and/or competitive with any products, or services offered (or proposed to be offered) for sale by Synergy or any of the Acquired Subsidiaries as of the Closing Date. For purposes of this Agreement, "Customer" means any Person that has purchased products or services from Synergy or any of the Acquired Subsidiaries at any time within two (2) years prior to the Closing Date, and "Prospective Customer" means any Person that Synergy or any of the Acquired Subsidiaries was actively soliciting (or had targeted for solicitation) as of the Closing Date.

(c) Each of the Principal Shareholders hereby acknowledges that (i) the federal government markets served by ICF are nationwide, (ii) the length of the Non-Competition Period and the scope of this Section 5.5 were negotiated in the context of the Contemplated Transactions, (iii) he or she will receive a substantial portion of the consideration payable to the Shareholders hereunder, and (iv) the covenants in Section 5.5 are manifestly reasonable on their face and have been designed to be reasonable and no greater than is required for the protection of ICF.

(d) Each of the Principal Shareholders hereby agrees that ICF's remedies at Law for any breach or threat of breach by him of any of the provisions of this Section 5.5 will be inadequate, and that ICF shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Section 5.5 and to enforce specifically the terms and provisions thereof, in addition to any other remedy to which ICF may be entitled at law or equity.

(e) Each of ICF and the Principal Shareholders agree that none of the Purchase Consideration should be allocated to the agreements set forth in this Section 5.5

(f) Should any provision of this Section 5.5 be determined to be unenforceable or prohibited by any applicable law, such provision shall be ineffective to the extent, and only to the extent, of such unenforceability or prohibition without invalidating the balance of such provision or any other provision of this Section 5.5 above, and any such unenforceability or prohibition in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

5.6 Non-Key Employees.

(a) For purposes of this Agreement, the following terms shall have the following meanings:

- (i) “Non-Key Billable Employees” means Non-Key Employees who are billable to customers of Synergy or an Acquired Subsidiary, as applicable;
- (ii) “Non-Key Employees” means all Personnel other than Colvin, Pickard, the Senior Management Employees, and the Key Employees;
- (iii) “Non-Key Non-Billable Employees” means Non-Key Employees who are not billable to customers of Synergy or an Acquired Subsidiary, as applicable; and
- (iv) “Senior Management Employees” means Zorich and Zimmerman.

(b) Each Non-Key Employee shall be required to sign as a condition of employment a confirmation accepting continued employment, ICF’s standard agreements, ICF’s Code of Ethics and a Degree Verification form, all in the form attached hereto and incorporated herein as Exhibit I (hereinafter collectively the “Standard Employee Documents”). ICF and Shareholders agree that nothing in this Agreement shall require ICF to cause the continuation of employment of any Synergy employee after the Closing Date. From and after the Closing Date, any Non-Key Employee who signs the Standard Employee Documents and chooses to become an employee of ICF shall be eligible to participate in employee benefit plans substantially equivalent to ICF’s existing plans.

5.7 Certain Tax Matters.

(a) Tax Periods ending on or before the Effective Date. ICF shall prepare, or cause to be prepared, and file, or cause to be filed, on a timely basis (in each case, at its sole cost and expense) and on a basis reasonably consistent with past practice (unless ICF is advised otherwise by its outside tax consultants), all Tax Returns with respect to Synergy and the Acquired Subsidiaries for taxable periods ending on or prior to the Effective Date and required to be filed thereafter (the “Prior Period Returns”). ICF shall provide a draft copy of such Prior Period Returns to the Shareholder Representative for its review at least ten Business Days prior to the due date thereof. The Shareholder Representative shall provide its comments to ICF at least five Business Days prior to the due date of such returns and ICF shall make all changes requested by Synergy in good faith (unless ICF is advised in writing by its independent outside accountants or attorneys that such changes (i) are contrary to applicable Law, or (ii) will, or are likely to have a material adverse effect on ICF or any of its Affiliates). Except as provided in Section 5.7(c), and only to the extent such Taxes have not been accrued or otherwise reserved for on the Closing Financial Statements, Shareholders shall pay, or cause to be paid, all Taxes with respect to Synergy and the Acquired Subsidiaries shown to be due on such Prior Period Returns.

(b) Tax Periods Beginning Before and Ending after the Effective Date.

(i) ICF shall prepare or cause to be prepared and file or cause to be filed, on a basis reasonably consistent with past practice, any Tax Returns of Synergy and the Acquired Subsidiaries for Tax periods that begin before the Effective Date and end after the Effective Date ("Straddle Periods"). ICF shall permit the Shareholders' Representative to review and comment on each such Tax Return described in the preceding sentence prior to filing, and ICF shall make all changes reasonably requested by Synergy in good faith (unless ICF is advised in writing by its independent outside accountants or attorneys that such changes (i) are contrary to applicable Law, or (ii) will, or are likely to have a material adverse effect on ICF or any of its Affiliates). Within fifteen (15) days after the date on which ICF pays any Taxes of Synergy and the Acquired Subsidiaries with respect to any Straddle Period, the Shareholders shall, to the extent such Taxes have not been accrued or otherwise reserved for on the Closing Financial Statements, pay to ICF the amount of such Taxes that relates to the portion of such Straddle Period ending on the Effective Date (the "Pre-Closing Tax Period").

(ii) For purposes of this Agreement:

(1) In the case of any gross receipts Taxes that are payable with respect to a Straddle Period, the portion of such Taxes allocable to the portion of the Straddle Period prior to the Effective Date shall be determined on the basis of a deemed closing at the end of Effective Date of the books and records of Synergy.

(2) In the case of any Taxes (other than gross receipts Taxes) that are payable with respect to a Straddle Period, the portion of such Taxes allocable to the portion of the Straddle Period prior to the Effective Date shall be equal to the product of all such Taxes multiplied by a fraction the numerator of which is the number of days in the Straddle Period from the commencement of the Straddle Period through and including the Effective Date and the denominator of which is the number of days in the entire Straddle Period; provided, however, that appropriate adjustments shall be made to reflect specific events that can be identified and specifically allocated as occurring on or prior to the Effective Date (in which case the Shareholders shall be responsible for any Taxes related thereto) or occurring after the Effective Date (in which case, ICF shall be responsible for any Taxes related thereto).

(c) Cooperation on Tax Matters.

(i) ICF and the Shareholders shall cooperate fully, as and to the extent reasonably requested by any party, in connection with the filing of Tax Returns pursuant to this Section and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information reasonably relevant to any such audit, litigation or other proceeding and making their respective employees, outside consultants and advisors available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. ICF and the Shareholders agree (A) to retain all books and records with respect to Tax matters pertinent to

Synergy and the Acquired Subsidiaries relating to any taxable period beginning before the Effective Date until the expiration of the statute of limitations (and, to the extent notified by ICF or the Shareholders' Representative, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority, and (B) to give the other reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other so requests, ICF or the Shareholders, as the case may be, shall allow the other to take possession of such books and records.

(ii) ICF and the Shareholders further agree, upon request, to use their best efforts to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the transactions contemplated hereby).

(iii) ICF and the Shareholders further agree, upon request, to provide the other party with all information that either party may be required to report pursuant to Section 6043 of the Code and all Treasury Department Regulations promulgated thereunder.

(d) Certain Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with the Contemplated Transactions (including any transfer or similar tax imposed by any governmental authority) shall be shared equally between ICF and the Shareholders and each party shall be responsible for one-half of such Taxes. The party required by Law to do so will file all necessary Tax Returns and other documentation with respect to all such transfer, documentary, sales, use, stamp, registration and other Taxes and fees, and, if required by applicable Law, the other parties will join in the execution of any such Tax Returns and other documentation.

5.8 Public Announcements.

None of ICF, Synergy, any Acquired Subsidiary or the Shareholders will issue any press release or make any public statement with respect to this Agreement or the Contemplated Transactions, or disclose the existence of this Agreement to any Person, prior to the Closing and, after the Closing, will not issue any such press release or make any such public statement without the prior consent of the other parties (which consent shall not be unreasonably withheld or delayed), subject to any applicable disclosure obligations pursuant to applicable Law, provided that the party proposing to issue any press release or similar public announcement or communication in compliance with any such disclosure obligations shall use commercially reasonable efforts to consult in good faith with the other party before doing so.

5.9 Legg Mason Agreement.

Unless the Shareholders exercise their rights under Section 5.4, all compensation due Legg Mason with respect to the Contemplated Transactions (collectively, the "Legg Mason Fees"), whether under the Legg Mason Agreement or otherwise, shall be the responsibility of the Shareholders, and to the extent due and payable at Closing shall be paid in full.

5.10 Columbia Road Lease.

(a) The Shareholders acknowledge that, following the completion of the Closing, Synergy's existing headquarters located at 1763 Columbia Road, N.W., Washington D.C. (the "Columbia Road Premises") shall be excess to ICF's and Synergy's space needs. ICF and the Shareholders further acknowledge and agree that ICF's willingness to enter into this Agreement was conditioned in part on the requirements that (i) Synergy's business operations and its employees be relocated, from the Columbia Road Premises to one of ICF's locations in the Washington, D.C. metropolitan area (primarily in Fairfax, Virginia); (ii) the relocation would take place if at all possible within thirty (30) days of the Closing (or if not possible then as soon thereafter as possible); and (iii) the Shareholders establish and fund the Lease Escrow for the purpose of providing to Synergy and ICF a source of funds to pay all rent, fees, costs and expenses associated with the lease by which Synergy leases the Columbia Road Premises, a complete copy of which, including all amendments is attached as Exhibit J (the "Columbia Road Lease") until the earlier of the termination of the Columbia Road Lease, or the release of Synergy from all obligations and liability under the Columbia Road Lease; and (iv) in addition to the Lease Escrow the Principal Shareholders jointly and severally indemnify and hold harmless, ICF and Synergy from any and all liability of any kind or nature whatsoever under the Columbia Road Lease.

(b) All rent, fees and expenses of any and every kind that become payable by Synergy after the Closing Date with respect to or under the Columbia Road Lease or that are otherwise related in any way to Synergy's continued leasehold of the Columbia Road Premises (collectively the "Leasehold Costs") shall be payable from the Lease Escrow with no further action by the Shareholders or the Shareholders' Representative.

(c) In addition to the Lease Escrow, the Principal Shareholders hereby agree to indemnify and hold any ICF Indemnitees harmless from and against (i) any and all Leasehold Costs and (ii) all other claims arising under or with respect to the Columbia Road Lease and/or Synergy's continued leasehold of the Columbia Road Premises (collectively, the "Leasehold Obligations"). The Principal Shareholders' indemnification of the Leasehold Obligations shall be governed by the provisions of Article VIII, it being understood that any indemnification for Leasehold Costs shall be treated as a Direct Claim and that all other indemnifications of Leasehold Obligations shall be treated as Third-Party Claims or Direct Claims depending on their nature; provided, however, that in no event shall the limitations contained in Sections 8.2(e) and (f) apply to any Leasehold Obligation Claim. To the extent that any ICF Indemnitees prevail in a claim for or with respect to Leasehold Obligations (a "Leasehold Indemnification Claim"), then the Leasehold Indemnification Claim shall be satisfied from the Lease Escrow (and the Escrow Agent shall pay to ICF from the Lease Escrow the amount of the Leasehold Indemnification Claim) with no further action required by the Shareholders or the Shareholders' Representative. In the event that a Leasehold Indemnification Claim is in excess of the Lease Escrow, the Principal Shareholders shall be and remain jointly and severally liable for any or all of the Leasehold Indemnification Claim.

(d) Within thirty (30) days following the earlier of (i) the expiration of the term of the Columbia Road Lease and the written acknowledgement by the landlord that Synergy has no further liability under the Columbia Road Lease, or (ii) the full, complete and

unconditional release (in form reasonably satisfactory to ICF) of Synergy from any and all liabilities under the Columbia Road Lease signed by the landlord and all other required Persons, ICF and the Shareholders' Representative shall instruct the Escrow Agent pursuant to the Lease Escrow Agreement to cause any amounts remaining in the Lease Escrow (less any amount that has been or shall be offset or is subject to a Leasehold Indemnification Claim) to be delivered to the Shareholders' Representative to be distributed to the Shareholders as Post-Closing Purchase Consideration.

5.11 Post-Closing Wind-Up of Terminated Pension Plans; Indemnifications Related to Pension Plans.

(a) Following the Closing, Synergy and ICF shall be responsible for (i) the administration of and all actions with respect to the Pension Plans terminated by Synergy prior to Closing as part of the Pension and Profit Sharing Plan Transactions, including the distribution of the assets of the Pension Plans to their respective participants and the preparation and filing of all applicable documents with the applicable Governmental Authorities (the "Post-Closing Pension Plan Administration") and (ii) all costs associated with the Post-Closing Pension Plan Administration (collectively the "Post-Closing Pension Plan Administrative Costs"), subject to 5.11(c). The Shareholders and Synergy, ICF and ICF Holdings shall cooperate fully, as and to the extent reasonably requested by any party, in connection with the Post-Closing Pension Plan Administration pursuant to this Section.

(b) Colvin, Pickard, Zimmerman and Monika Ruppert (collectively the "Pension Plan Fiduciaries") are, or were, trustees under certain Pension Plans and are entitled to indemnification by Synergy under the documents evidencing such Pension Plans. Subject to Section 5.11(c), ICF agrees to indemnify, or cause Synergy to indemnify, any or all of the Pension Plan Fiduciaries for claims with respect to such Pension Plans (collectively "Pension Plan Claims") made after the Closing Date and prior to the expiration of any applicable statutes of limitation.

(c) The rights of the Pension Plan Fiduciaries to indemnification from ICF and/or Synergy pursuant to Section 5.11(b) above are subject to the limitation that ICF's and Synergy's aggregate liability for Post-Closing Pension Plan Administrative Costs under Section 5.11(a) and Pension Plan Claims under 5.11(b) shall not exceed Two Hundred Fifty Thousand Dollars (\$250,000) in the aggregate (the "ICF Pension Plan Claims / Costs Cap"). In connection with the Closing, each of the Pension Fiduciaries has delivered to ICF an executed Indemnification Waiver and Release in the form attached hereto as Exhibit K (each an "Indemnification Waiver and Release") by which each Pension Fiduciary has waived and released Synergy and each of the Acquired Subsidiaries (and any of their respective successors and assigns), together with their respective officers, directors, employees, stockholders, agents and affiliates, officers, directors, agents or representatives, from any Pension Plan Claims that in the aggregate exceed \$250,000. The Shareholders (to the extent of the General Indemnity Escrow) and Principal Shareholders shall jointly and severally be responsible for and shall indemnify and hold harmless ICF, Synergy and the Acquired Subsidiaries for all Pension Plan Claims that in the aggregate exceed the ICF Pension Plan Claims / Costs Cap.

(d) Claims with respect to Section 5.11(b) and (c) shall be treated as Direct Claims pursuant to Section 8.2(d), but shall not be subject to the limitations of Sections **8.2(f)**

and (g). To the extent that that ICF, Synergy or an Acquired Subsidiary prevails in a Claim with respect to a Pension Plan Claim under Section 5.11(c), that Claim shall be satisfied (i) first by Synergy, ICF and/or ICF Holdings up to balance of the ICF Pension Plan Claims / Costs Cap, (ii) second from the General Indemnity Escrow, to the extent of the then remaining balance of the General Indemnity Escrow, and (iii) third, to the extent that the Claim is in excess of the then remaining balance in the General Indemnity Escrow, then by and from the Principal Shareholders jointly and severally; provided, however that the Shareholders' maximum aggregate liability under this Section 5.11(d) shall not exceed Six Million Dollars (\$6,000,000) (with the Non-Principal Shareholders aggregate liability limited to the extent of the General Indemnity Escrow).

ARTICLE VI

Deliveries by the Shareholders and Synergy at Closing

On the Closing Date, the Shareholders and/or Synergy shall deliver or cause to be delivered to ICF:

6.1 Escrow Agreements.

Each of the General Indemnity Escrow Agreement and the Lease Escrow Agreement signed by Synergy and the Shareholders.

6.2 Consents.

Copies or other evidence reasonably satisfactory to ICF of the consents and approvals requested by ICF to be obtained by the Shareholders identified on Section 3.4 of the Disclosure Schedule.

6.3 Closing Financial Statements.

Closing Financial Statements reasonably satisfactory to ICF and consistent, in ICF's reasonable determination, with Synergy's and the Shareholders' representations and warranties in Section 3.34.

6.4 Key Employee Agreements.

(a) Key Employee Employment Agreements. All of the Employment Agreements in a form reasonably acceptable to ICF, executed by each of those persons listed on Exhibit L attached hereto and incorporated herein (collectively, the "Key Employees").

(b) Other Key Employee Agreements. All of the Standard Employee Documents executed by each of the Key Employees.

6.5 Standard Employee Documents.

(a) Non-Key Billable Employees. Standard Employee Documents signed by not less than ninety-five percent (95%) of the Non-Key Billable Employees who were employed by Synergy and each of the Acquired Subsidiaries as of October 19, 2004 and have executed the Standard Employee Documents.

(b) Non-Key Non-Billable Employees. Standard Employee Documents signed by not less than fifty percent (50%) of the Non-Key Non-Billable Employees who were employed by Synergy and each of the Acquired Subsidiaries as of October 19, 2004 and have executed the Standard Employee Documents.

6.6 Zimmerman and Zorich Employment Agreements.

The execution and delivery by each of Zimmerman and Zorich of Employment Agreements in the form attached hereto as Exhibit M (the "Senior Management Employment Agreements").

6.7 Synergy Pre-2004 Bonus Releases.

The execution and delivery of the Synergy Pre-2004 Date Bonus Releases by Synergy and each of the Acquired Subsidiaries, as applicable and the applicable employees of Synergy and each of the Acquired Subsidiaries, as applicable.

6.8 Accrued Principal Shareholders' Bonuses Releases.

The execution and delivery of the Accrued Principal Shareholders' Bonuses Releases by each of the Principal Shareholders.

6.9 Actions with Respect to the Pension Plans.

Evidence satisfactory to ICF that (i) a second trust under the Synergy, Inc. 401 (k) Plan has been established; (ii) the prohibited transaction exemption procedure with the Department of Labor has been updated and is pending; and (iii) the Pension Plans have been terminated.

6.10 Indemnification Waivers and Releases

The execution and delivery of an Indemnification Waiver and Release by each of the Pension Plan Fiduciaries.

6.11 Resignations of Directors and Officers.

Written resignations, dated as of the Effective Date, of all directors and officers of Synergy and each of the Acquired Subsidiaries.

6.12 Termination of Shareholders Agreements and Loans.

Evidence satisfactory to ICF that all (i) agreements (including without limitation employment agreements and any redemption agreements) between Synergy and any or all of the Shareholders have been terminated and (ii) all loans and advances made by Synergy or any of the Acquired Subsidiaries to any or all of the Shareholders have been repaid.

6.13 Termination of BB&T Bank Facility.

Evidence satisfactory to ICF that all amounts outstanding under Credit Facility between BB&T of Virginia and related agreements and notes have been paid in full or will be paid in full from proceeds of the Contemplated Transaction and that documentation providing for the release of all Liens on the assets of Synergy and the Acquired Subsidiaries is available for filing immediately after the Closing.

6.14 Release of Liens.

Evidence satisfactory to ICF that all Liens on Synergy's and each of the Acquired Subsidiaries' assets have been released or terminated, as the case may be.

6.15 Shareholders Agreement.

The Shareholders Agreement executed by each of the Principal Shareholders.

6.16 Transaction Costs Releases.

Delivery of any required Transaction Costs Releases.

6.17 Acceptance of Deliverables under Wisconsin Contract.

Synergy has delivered to ICF, in a form reasonably acceptable to ICF (i) written acceptance by the State of Wisconsin Department of Revenue of the "Produced Materials" developed by Synergy and delivered to the Wisconsin Department of Revenue pursuant to that certain Contract for Professional Services by and between the Wisconsin Department of Revenue and Synergy dated January 31, 2000, as amended (the "Wisconsin Contract") and (ii) written acknowledgement by the State of Wisconsin Department of Revenue that "Post Implementation Support" (as that term is used in the Wisconsin Contract) commenced on or before November 1, 2004.

6.18 Option Releases.

Delivery of a fully executed Option Release from each of the Option Holders.

6.19 Further Instruments.

Such further instruments of assignments, conveyance or transfer or other documents of further assurance as ICF may reasonably request.

ARTICLE VII
Deliveries by ICF at Closing

On the Closing Date, ICF shall deliver or cause to be delivered to the Shareholders, or to the Escrow Agent, as applicable:

7.1 Escrow Agreements.

Each of the General Indemnity Escrow Agreement and the Lease Escrow Agreement signed by ICF.

7.2 Closing Purchase Consideration and Escrow Deposit.

Pursuant to Section 2.2, the Closing Purchase Consideration shall be delivered to the Shareholders' Representative and the Escrow Deposit shall be delivered to the Escrow Agent.

7.3 Senior Management Employment Agreements.

Execution and delivery by ICF of the Senior Management Employment Agreements.

7.4 Shareholders Agreement.

Execution and delivery of the Shareholders Agreement by ICF Holdings.

7.5 Further Instruments.

Such documents of further assurance as the Shareholders may reasonably request.

ARTICLE VIII
Survival and Indemnification

8.1 Survival of Representations and Warranties.

Except for the Surviving Representations, the representations and warranties of the Shareholders, on the one hand, and ICF, on the other hand, in this Agreement or in any certificate or document delivered on or before the Closing Date shall survive the Closing and shall remain effective until eighteen (18) months following the Closing (the "Survival Date"). After the expiration of such period, such representations and warranties and the provisions of this ARTICLE VIII shall expire and be of no further force and effect except to the extent that a claim or claims shall have been asserted by ICF or the Shareholders, as the case may be, with respect thereto on or before the expiration of such period, provided however that the following representations and warranties (collectively the "Surviving Representations") shall survive the Survival Date until the date specified below.

(i) Claims for indemnification based on breaches of representations and warranties of the Shareholders in Section 3.11 (Title to Shares) shall survive the Survival Date and claims for indemnification based on breaches of such representations and warranties may be made at any time following the Closing.

(ii) Claims for indemnification based on breaches of representations and warranties of the Shareholders in Sections 3.21 (Compliance with Laws), 3.22 (Environmental Matters), and 3.29 (Tax Matters) shall survive the Survival Date and claims for indemnification based on breaches of such representations and warranties may be made up to the date of the applicable statute of limitations.

(iii) Claims for indemnification based on breaches of representations and warranties of the Shareholders in Sections 3.18(c)(xi) and (xii) and 3.18(f) (Federal and State Government Contracts) shall survive the Survival Date and claims for indemnification based on breaches of such representations and warranties may be made up to the date thirty (30) days after the DCAA audits (or similar federal audits) have been completed for each of 2003 and 2004.

(iv) Claims for indemnification based on breaches of representations and warranties of the Shareholders in Section 3.28 (ERISA) shall survive the Survival Date and claims for indemnification based on breaches of such representations and warranties may be made up to the fourth (4th) anniversary of the Effective Date,

The undersigned acknowledge and agree that the covenants contained in this Agreement, including, but not limited to the covenants contained in ARTICLE V above shall survive Closing and are unaffected by this Section 8.1.

8.2 Indemnification.

(a) By ICF.

(i) Subject to Section 8.2(f), ICF shall protect, defend, indemnify and hold harmless the Shareholders and their agents, representatives, successors and assigns ("Shareholders Indemnitees") from and against any losses, damages and expenses (including, without limitation, except as provided in Section 8.2(d), reasonable counsel fees, costs and expenses incurred in investigating and defending against the assertion of such liabilities) that may be sustained, suffered or incurred by the Shareholders or their Affiliates, and that are related to (A) any breach by ICF of its representations and warranties, (B) any breach by ICF of its covenants in this Agreement, (C) Taxes as provided in paragraph (ii) of this Section 8.2(a) or (D) any liabilities of Synergy or the Acquired Subsidiaries following the Closing other than those liabilities for which the Shareholders have agreed to indemnify ICF pursuant to Section 8.2(b) of this Agreement.

(ii) The obligations of ICF under paragraph (i) of this Section 8.2(a) shall extend to (A) all Taxes with respect to taxable periods beginning after the Effective Date (including any Taxes with respect to transactions properly treated as occurring on the day after the Effective Date pursuant to Treasury Regulations Section 1.1502-76(b)(1)(ii)(B) or any similar provision of state, local or foreign law) and (B) all Taxes (other than federal income Taxes) with respect to Straddle Periods to the extent that such Taxes are allocable to the period after Effective Date pursuant to Section 5.7(b)(ii).

(b) By the Shareholders.

(i) Subject to Sections 8.2(e) and 8.2(g), the Shareholders jointly and severally to the extent of the General Indemnity Escrow and the Principal Shareholders jointly and severally to any extent in excess of the General Indemnity Escrow shall protect, defend, indemnify and hold harmless ICF, Synergy, the Acquired Subsidiaries and their respective Affiliates, and their officers, directors, employees, agents, representatives, successors and assigns (“ICF Indemnitees”) from and against any losses, damages and expenses (including, without limitation, except as provided in Section 8.2(c), reasonable counsel fees, costs and expenses incurred in investigating and defending against the assertion of such liabilities) that may be sustained, suffered or incurred by ICF Indemnitees and that are related to (A) any breach by the Shareholders of their representations and warranties in this Agreement, (B) any breach by the Shareholders of their covenants in this Agreement, (C) Taxes as provided in paragraph (ii) of this Section 8.2(b), (D) the Accrued Principal Shareholders’ Bonuses, and Synergy Pre-2004 Bonuses, (E) the Shareholders’ Transaction Costs (unless paid by ICF pursuant to Section 5.4), (F) the Leasehold Obligations and (G) Indebtedness for Borrowed Money not disclosed on the Financial Statements and in excess of what is permitted under Section 3.34.

(ii) The obligations of the Shareholders under paragraph (i) of this Section 8.2(b) shall extend to (A) all Taxes with respect to taxable periods ending on or prior to the Effective Date and (B) all Taxes (other than federal income Taxes) with respect to Straddle Periods to the extent that such Taxes are allocable to the portion thereof prior to pursuant to Section 5.7(b), and in all events, only to the extent such Taxes have not been accrued or otherwise reserved for on the Closing Financial Statements (it being the intent of the parties that all of the provisions of this Agreement shall be interpreted to avoid requiring the Shareholders to pay (or receive a reduction in purchase price) twice for the same Tax). Such obligations shall be without regard to whether there was any breach of any representation or warranty under ARTICLE III with respect to such Tax or any disclosures that may have been made with respect to ARTICLE III or otherwise. The indemnification obligations under this paragraph (ii) shall apply even if the additional Tax liability results from the filing of a return or amended return with respect to a pre-Effective Date transaction or period (or portion of a period) by ICF. ICF shall not cause or permit Synergy or any Acquired Subsidiary to file an amended Tax Return with respect to any taxable period ending on or prior to the Effective Date or any Straddle Period unless (y) the Shareholders’ Representative consents in its reasonable discretion, or (z) ICF obtains a written opinion from its outside tax consultant(s) that such an amendment is legally required. In the event of any conflict between the provisions of this Section 8.2(c)(ii) and any other provision of this Agreement, the provisions of this Section shall control.

(c) Procedure for Third-Party Claims.

(i) If any Third-Party Claims shall be commenced, or any claim or demand shall be asserted (other than audits or contests with Taxing Authorities relating to Taxes), in respect of which the Indemnified Party proposes to demand indemnification by the Indemnifying Party under Sections 8.2(a) or 8.2(b), the Indemnified Party shall notify the Indemnifying Party in writing of such demand and the Indemnifying Party shall have the right to assume the entire control of the defense, compromise or settlement thereof (including the selection of counsel), subject to the right of the Indemnified Party to participate (with counsel of

its choice), but the fees and expenses of such additional counsel shall be at the expense of the Indemnified Party. The Indemnifying Party will not compromise or settle any such action, suit, proceeding, claim or demand (other than, after consultation with Indemnified Party, an action, suit, proceeding, claim or demand to be settled by the payment of money damages and/or the granting of releases, provided that no such settlement or release shall acknowledge the Indemnified Party's liability for future acts or obligate ICF with respect to activities of Synergy) without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld.

(ii) Notwithstanding anything to the contrary contained in this Section 8.2(c), ICF shall have the sole right to control and make all decisions regarding interests in any Tax audit or administrative or court proceeding relating to Taxes, including selection of counsel and selection of a forum for such contest, provided, however, that in the event such audit or proceeding relates to Taxes for which Shareholders are or may be responsible to indemnify ICF, (A) ICF, Synergy and the Shareholders shall cooperate in the conduct of any audit or proceeding relating to such period, (B) the Shareholders, acting through the Shareholders' Representative, shall have the right (but not the obligation) to participate in such audit or proceeding at Shareholders' expense, (C) ICF shall not enter into any agreement with the relevant Taxing Authority pertaining to such Taxes without the written consent of the Shareholders' Representative, which consent shall not unreasonably be withheld, and (D) ICF may, without the written consent of Shareholders, enter into such an agreement provided that ICF shall have agreed in writing to accept responsibility and liability for the payment of such Taxes and to forego any indemnification under this Agreement with respect to such Taxes.

(iii) The parties will keep each other informed as to matters related to any audit or judicial or administrative proceedings involving Taxes for which indemnification may be sought hereunder, including, without limitation, any settlement negotiations. Refunds of Tax relating to periods ending prior to the Effective Date (or to that portion of a Split Period that is prior to Effective Date under the principles of Section 8.2(a)(ii)) shall be the property of the Shareholders, but only to the extent that such refunds are not attributable to (A) net operating loss or other carrybacks from periods ending after the Effective Date, or (B) refund claims that are initiated by ICF (provided that ICF gives the Shareholders' Representative prior notice of such possible claim and the Shareholders decline to pursue such refund at their own expense); provided, however, that ICF shall in no event have an obligation to file or cause to be filed a claim for refund with respect to any Taxes relating to any period.

(iv) Any indemnity payment or payment of Tax by the Shareholders to ICF or its Affiliates as a result of any audit or contest shall be reduced by the present value of the correlative amount by which any Tax of ICF (including Synergy and the Acquired Subsidiaries after the Effective Date) or its Affiliates is or will be reduced for periods ending after the Effective Date as a result thereof. Except as otherwise provided herein, all other refunds of Tax are the property of ICF.

(v) The Indemnified Party shall cooperate fully in all respects with the Indemnifying Party in any defense, compromise or settlement, subject to this Section 8.2(c) including, without limitation, by making available all pertinent books, records and other information and personnel under its control to the Indemnifying Party.

(d) Procedure for Direct Claims.

(i) Any Direct Claim shall be asserted by written notice given by the Indemnified Party to the Indemnifying Party (each a “Direct Claim Notice”). Each Direct Claim Notice shall set forth with reasonable specificity the basis of the claim for indemnification. The Indemnifying Party shall have a period of twenty (20) Business Days from the date of receipt (the “Direct Claim Notice Period”) within which to respond to a Direct Claim Notice. If the Indemnifying Party does not respond in writing within the Direct Claim Notice Period, then the Indemnifying Party shall be deemed to have accepted responsibility for the claimed indemnification and shall have no further right to contest the validity of that claim. If the Indemnifying Party does respond in writing within the Direct Claim Notice Period, and rejects the claim in whole or in part, the Indemnified Party shall be free to pursue all remedies under Section 9.11. To the extent that any ICF Indemnitees prevail in a Direct Claim (or the Shareholders concede, or otherwise do not timely respond to a Direct Claim Notice made by ICF) then the Direct Claim shall be satisfied from the General Indemnity Escrow (and the Escrow Agent shall pay to ICF from the General Indemnity Escrow the amount of the Direct Claim) with no further action required by the Shareholders or the Shareholders’ Representative. Notwithstanding the foregoing, in the event that a Direct Claim is in excess of the General Indemnity Escrow, the Shareholders shall be and remain jointly and severally liable for any or all of the Direct Claim (but ICF shall in no event have recourse to the Leasehold Escrow in respect of the Direct Claim except to the extent a Direct Claim relates to Leasehold Obligations).

(ii) Costs Related to Direct Claims. Notwithstanding anything in this Section 8.2 to the contrary, except as otherwise may be ordered by a court of competent jurisdiction, Principal Shareholder Indemnitees and ICF Indemnitees shall bear their own costs, including counsel fees and expenses, incurred in connection with Direct Claims against ICF and the Shareholders, respectively, hereunder that are not based upon claims asserted by third parties.

(e) Calculation of Amount of Claims and Losses. The amount of any claims or losses subject to indemnification under Section 8.2(b) shall be calculated net of any amounts that are recovered by ICF or its Affiliates (including Synergy after the Closing) under applicable insurance policies held by ICF or its Affiliates, and ICF agrees to make or cause to be made all reasonable claims for insurance under such policies that may be applicable to the matter giving rise to the indemnification claim hereunder. The amount of any claims or losses subject to indemnification under Section 8.2(b) shall be calculated net of the present value of any Tax benefits to ICF or its Affiliates (including Synergy and the Acquired Subsidiaries after the Closing) resulting from the matter giving rise to the indemnification claim hereunder. Notwithstanding anything to the contrary, the limitations in this Section 8.2(e) shall not apply to Leasehold Indemnification Claims.

(f) Limitations on Rights of ICF Indemnitees. The rights of ICF Indemnitees to indemnification by the Shareholders for breaches of representations and warranties hereunder shall be subject to the limitations that ICF Indemnitees shall not be entitled to indemnification with respect to a claim or claims of breach of representation and warranty by the Shareholders unless any such claim has a value in excess of Five Thousand Dollars (\$5,000) and the aggregate amount of all such claims in excess of \$5,000 exceeds \$50,000, in which event the indemnity provided for in this Section 8.2 shall be effective with respect to the total amount of such

damages (including the first \$50,000); provided, however, that the Shareholders' maximum liability to ICF Indemnitees under this Section 8.2 shall not exceed Three Million Two Hundred Ninety Eight Thousand Seven Hundred Fifty Dollars (\$3,298,750) (the "General Indemnity Cap"). The aforementioned limitations shall not apply to the indemnification liabilities of the Shareholders pursuant to Section 3.11 (Title), Section 3.28 (ERISA), Section 3.29 (Taxes), Section 8.2(b)(i) (B), (C) and (D), Section 8.2(b)(ii), claims based upon a breach of Section 5.5 and, or for claims based on fraud, intentional misrepresentation or criminal acts on the part of the Shareholders. Notwithstanding anything to the contrary contained herein, the limitations in this Section 8.2(f) shall not apply to claims under Section 5.11, or Leasehold Indemnification Claims and such claims shall not in any way count against the General Indemnity Cap. Notwithstanding anything to the contrary continued herein, ICF agrees that the liability of the Shareholders other than the Principal Shareholders (the "Non-Principal Shareholders") shall have to ICF with respect to indemnification obligations under this Agreement shall be limited to each Non-Principal Shareholders' Purchase Consideration Percentage of the then remaining balance in the General Indemnity Escrow or the Lease Escrow, as applicable.

(g) Limitations on Rights of Shareholder Indemnitees. The rights of the Shareholder Indemnitees to indemnification by ICF for breaches of representations and warranties hereunder shall be subject to the limitation that the Shareholder Indemnitees shall not be entitled to indemnification with respect to a claim or claims for a breach of a representation and warranty by ICF unless the aggregate of damages with respect to all such claims exceeds \$50,000, in which event the indemnity provided for in this Section 8.2 shall be effective with respect to the total amount of such damages (including the first \$50,000); provided, however, that ICF's maximum liability to the Shareholder Indemnitees under this Section 8.2 shall not exceed Five Hundred Thousand Dollars (\$500,000). The aforementioned limitations shall not apply to the indemnification liabilities of Synergy, ICF and ICF Holdings with respect to claims under Section 5.11 or claims based on fraud, intentional misrepresentation or criminal acts on the part of ICF.

(h) Limitation on Rights of Shareholders. The Shareholders acknowledge and agree that they shall have no right to make a claim against Synergy pursuant to any indemnity provision or agreement or otherwise in respect of claims of ICF Indemnitees made pursuant to Section 8.2(b).

8.3 Escrow Accounts.

Pursuant to Section 2.1 and the Escrow Agreements, at the Closing, ICF shall deliver to the Escrow Agent the Escrow Deposit and the Escrow Agent shall set up two separate escrows: the Lease Escrow under the Lease Escrow Agreement and the General Indemnity Escrow under the General Indemnity Escrow Agreement to secure the Shareholders' indemnification obligations under Section 5.10 and Article VIII.

(a) Except for Leasehold Indemnification Claims, the Shareholders' Representative and ICF shall cause the Escrow Agent pursuant to the terms of the General Indemnity Escrow Agreement to cause any amounts deemed to be due ICF Indemnitees from the Shareholders pursuant to Section 8.2(c), 8.2(d), or Section 9.11 to be paid from the General Indemnity Escrow.

(b) Within thirty (30) days following the expiration of the Survival Date, the Escrow Agent will cause any amounts remaining in the General Indemnity Escrow (less any amount which has been or shall be offset or is subject to a pending dispute) to be delivered to the Shareholders' Representative to be distributed by the Shareholders' Representative to the Shareholders as Post-Closing Purchase Consideration. The expiration of the Lease Escrow and the distribution of any remaining balance of the Lease Escrow shall be governed by Section 5.10.

8.4 Exclusive Remedies.

The remedies provided for in this Agreement shall be the sole and exclusive remedies of the parties and their respective officers, directors, employees, affiliates, agents, representatives, successors and assigns for any breach of or inaccuracy in any representation, warranty or covenant contained in this Agreement or any certificate delivered at Closing; provided, however, that nothing herein is intended to waive any claims for fraud or waive any equitable remedies to which a party may be entitled.

8.5 Mitigation.

Each party agrees to use reasonable efforts to mitigate any loss, liability or damage that forms the basis of a claim hereunder.

ARTICLE IX

Miscellaneous

9.1 Further Assurances.

At any time and from time to time after the Closing Date, the Shareholders, the Shareholders' Representative, Synergy and/or any or all of the Acquired Subsidiaries will, upon the request of ICF, and ICF will, upon the request of the Shareholders or the Shareholders' Representative perform, execute, acknowledge and deliver all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably required by any of them, to effect or evidence the Contemplated Transactions.

9.2 Notices.

All necessary notices, demands and requests required or permitted to be given hereunder shall be in writing and addressed as follows:

If to the Principal Shareholders:	Terrence R. Colvin 6318 33rd Street, N.W. Washington, DC 20015
	Wesley G. Pickard 2622 Garfield Street, N.W. Washington, DC 20008 Facsimile: (202) 483-3574

Donald L. Zimmerman
6907 Lillie Mae Way
Annandale, VA 22003
Facsimile: (703) 354-9030

If to Shareholders'
Representative

Wesley G. Pickard
2622 Garfield Street, N.W.
Washington, DC 20008
Facsimile: (202) 483-3574

With a copy in all
cases to:

Leslie H. Lepow
Jenner & Block LLP
601 Thirteenth Street, N.W.
Suite 1220 South
Washington, D.C. 20005-3823
Fax: (202) 639-6066

If to ICF:

ICF Consulting Group, Inc.
9300 Lee Highway
Fairfax, Virginia 22031
Attn: President
Fax: (703) 934-3675

With copies to:

ICF Consulting Group, Inc.
9300 Lee Highway
Fairfax, Virginia 22031
Attn: Chief Financial Officer
Fax: (703) 934-3675

and

James J. Maiwurm
Squire, Sanders & Dempsey L.L.P.
8000 Towers Crescent Drive, Suite 1400
Tysons Corner, VA 22182-2700
Fax: (703) 720-7801

Notices shall be delivered by a recognized courier service or by facsimile transmission and shall be effective upon receipt, provided that notices shall be presumed to have been received:

(a) if given by courier service, on the second Business Day following delivery of the notice to a recognized courier service for delivery on or before the second Business Day following delivery to such service, delivery costs prepaid, addressed as aforesaid; and

(b) if given by facsimile transmission, on the next Business Day, provided that the facsimile transmission is confirmed by answer back, written evidence of electronic confirmation of delivery, or oral or written acknowledgment of receipt thereof by the addressee.

From time to time either party may designate a new address or facsimile number for the purpose of notice hereunder by notice to the other party in accordance with the provisions of this Section 9.2.

9.3 Governing Law.

This Agreement shall in all respects be governed by, and construed in accordance with, the laws (excluding conflict of laws rules and principles) of the Commonwealth of Virginia applicable to agreements made and to be performed entirely within the Commonwealth of Virginia, including all matters of construction, validity and performance.

9.4 Entire Agreement.

This Agreement, together with the Exhibits and Schedules hereto and the other Transaction Documents, constitutes the entire agreement of the parties relating to the subject matter hereof and supersedes all prior contracts or agreements, whether oral or written. There are no representations, agreements, arrangements or understandings, oral or written, between or among the parties relating to the subject matter of this Agreement that are not fully expressed in this Agreement.

9.5 Severability.

Should any provision of this Agreement or the application thereof to any Person or circumstance be held invalid or unenforceable to any extent: (a) such provision shall be ineffective to the extent, and only to the extent, of such unenforceability or prohibition and shall be enforced to the greatest extent permitted by Law; (b) such unenforceability or prohibition in any jurisdiction shall not invalidate or render unenforceable such provision as applied (i) to other Persons or circumstances or (ii) in any other jurisdiction; and (c) such unenforceability or prohibition shall not affect or invalidate any other provision of this Agreement.

9.6 Amendment.

Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented or modified orally, but only by an instrument in writing signed by the party against which the enforcement of the termination, amendment, supplement, or modification shall be sought.

9.7 Effect of Waiver or Consent.

No waiver or consent, express or implied, by any Person to or of any breach or default by any party in the performance by such party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such party of the same or any other obligations of such party hereunder. No single or partial exercise of any right or power, or any abandonment or discontinuance of steps to

enforce any right or power, shall preclude any other or further exercise thereof or the exercise of any other right or power. Failure on the part of a party to complain of any act of any party or to declare any party in default, irrespective of how long such failure continues, shall not constitute a waiver by such Person of its rights hereunder until the applicable statute of limitation period has run.

9.8 Rights and Remedies Cumulative.

The rights and remedies provided by this Agreement are cumulative, and the use of any one right or remedy by any party shall not preclude or waive the right to use any or all other remedies. Such rights and remedies are given in addition to any other rights the parties may have under applicable Law or otherwise.

9.9 Parties in Interest; Limitation on Rights of Others.

The terms of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective legal representatives, successors and assigns. Nothing in this Agreement, whether express or implied, shall be construed to give any Person (other than the parties hereto and their respective legal representatives, successors and assigns and as expressly provided herein) any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenants, conditions or provisions contained herein, as a third party beneficiary or otherwise.

9.10 Assignability.

This Agreement shall not be assigned by any party hereto without the prior written consent of the other party hereto, provided, however, that (a) the prior written consent of the Shareholders' Representative shall not be unreasonably withheld, delayed or conditioned with respect to any assignment by ICF of its rights and obligations under this Agreement to an Affiliate of ICF so long as such assignment does not relieve ICF of its obligations hereunder; and (b) the prior written consent of the Shareholders' Representative shall not be required for any collateral assignment of ICF's rights and remedies under this Agreement to any lender under credit and collateral agreements, as such agreements may be amended, modified or replaced from time to time, so long as such lender does not have the right to exercise any of ICF's rights and remedies under this Agreement in the absence a default by ICF under the applicable credit and collateral documents. The Shareholders hereby agree to execute and deliver (and authorize the Shareholders' Representative to execute and deliver) such documents, instruments and agreements as such lender may reasonably require to confirm, reaffirm or perfect such collateral assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

9.11 Dispute Resolution and Arbitration.

In the event that any dispute arises between the parties pertaining to the subject matter of this Agreement, and the parties, through the senior management of ICF and the Shareholders' Representative, are unable to resolve such dispute within a reasonable time through negotiations and mediation efforts, such dispute shall be resolved as set forth in this Section 9.11.

(a) The procedures of this Section 9.11 may be initiated by a written notice ("Dispute Notice") given by one party ("Claimant") to the other, but not before thirty (30) days have passed during which the parties have been unable to reach a resolution as described (unless any party would be materially prejudiced by such delay). The Dispute Notice shall be accompanied by (i) a statement of the Claimant describing the dispute in reasonable detail and (ii) documentation, if any, supporting the Claimant's position on the dispute. Within twenty (20) days after the other party's ("Respondent") receipt of the Dispute Notice and accompanying materials, the parties shall submit the dispute to mediation in the Washington, D.C. area under the rules of the American Arbitration Association. All negotiations and mediation procedures pursuant to this paragraph (a) shall be confidential and treated as compromise and settlement negotiations and shall not be admissible in any arbitration or other proceeding.

(b) If the dispute is not resolved as provided in paragraph (a) within sixty (60) days after the Respondent's receipt of the Dispute Notice, the dispute shall be resolved by binding arbitration. Within the sixty-day period referred to in the immediately preceding sentence, the parties shall agree on a single arbitrator to resolve the dispute. If the parties fail to agree on the designation of an arbitrator within said sixty-day period, the American Arbitration Association in the Washington, D.C. area shall be requested to designate the single arbitrator. If the arbitrator becomes disabled, resigns or is otherwise unable to discharge the arbitrator's duties, the arbitrator's successor shall be appointed in the same manner as the arbitrator was appointed unless the parties originally agreed on the arbitrator who becomes unable to discharge his duties and they can not agree on a successor within thirty (30) days in which case, the American Arbitration Association in the Washington, D.C. area shall be requested to designate a successor arbitrator.

(c) Except as otherwise provided in this Section 9.11, the arbitration shall be conducted in accordance with the Commercial Rules of the American Arbitration Association, which shall be governed by the United States Arbitration Act.

(d) Any resolution reached through mediation and any award arising out of arbitration (i) shall be binding and conclusive upon the parties; (ii) shall be limited to a holding for or against a party, and affording such monetary remedy as is deemed equitable, just and within the scope of this Agreement; (iii) may not include special, incidental, consequential or punitive damages; (iv) may in appropriate circumstances include injunctive relief; and (v) may be entered in court in accordance with the United States Arbitration Act.

(e) The arbitrator may not limit, expand or otherwise modify the terms of this Agreement.

(f) The laws of the Commonwealth of Virginia shall apply to any mediation, arbitration, or litigation arising under this Agreement.

(g) Each party shall bear its own expenses incurred in any mediation, arbitration or litigation, but any expenses related to the compensation and the costs of any mediator or arbitrator shall be borne equally by the parties to the dispute.

(h) A request by a party to a court for interim measures necessary to preserve a party's rights and remedies for resolution pursuant to this Section 9.11 shall not be deemed a waiver of the obligation to mediate or of the agreement to arbitrate.

(i) The parties, their representatives, other participants and the mediator or arbitrator shall hold the existence, content and result of mediation or arbitration in confidence.

9.12 Jurisdiction; Court Proceedings; Waiver of Jury Trial.

Subject to the provisions of Section 9.11, any suit, action or proceeding against any party to this Agreement arising out of or relating to this Agreement shall be brought in any Federal or state court located in the Commonwealth of Virginia and each of the parties hereby submits to the exclusive jurisdiction of such courts for the purpose of any such suit, action or proceeding. A final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. To the extent that service of process by mail is permitted by applicable Law, each party irrevocably consents to the service of process in any such suit, action or proceeding in such courts by the mailing of such process by registered or certified mail, postage prepaid, at its address for notices provided for herein. Each party irrevocably agrees not to assert (a) any objection that it may ever have to the laying of venue of any such suit, action or proceeding in any Federal or state court located in the Commonwealth of Virginia and (b) any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Each party waives any right to a trial by jury, to the extent lawful.

9.13 No Other Duties.

The only duties and obligations of the parties are as specifically set forth in this Agreement, and no other duties or obligations shall be implied in fact, law or equity, or under any principle of fiduciary obligation.

9.14 Reliance on Counsel and Other Advisors.

Each party has consulted such legal, financial, technical or other expert as it deems necessary or desirable before entering into this Agreement. Each party represents and warrants that it has read, knows, understands and agrees with the terms and conditions of this Agreement.

9.15 Release by Shareholders.

Each of the undersigned Shareholders hereby irrevocably waives and releases (a) Synergy or any of the Acquired Subsidiaries (or any of their respective successors and assigns) and their respective officers, directors, employees, stockholders, agents and affiliates officers, directors, agents or representatives; (b) each of the Pension Plans; and (c) each of the Pension Plan Fiduciaries (collectively the “Released Parties”) from each and every claim, demand, account, debt, obligation, representation and each and every right and cause of action whatsoever (known or unknown, suspected or unsuspected), whether at law or in equity, that Shareholder or its successors, assigns, subsidiaries or affiliates now has or ever had, or that that Shareholder or its successors, assigns, subsidiaries or affiliates may hereafter have or assert against the Released Parties from the beginning of the earth until the date hereof, arising out of any act, transaction, matter or thing.

9.16 Counterparts.

This Agreement may be executed in any number of counterparts with the same effect as if all signatory parties had signed the same document. All counterparts shall be construed together and shall constitute one and the same instrument.

[Intentionally Left Blank]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered in its name and on its behalf, all as of the day and year first above written.

ICF CONSULTING GROUP, INC.,
a Delaware corporation

By: /s/ ALAN R. STEWART

Name: Alan R. Stewart

Title: Chief Financial Officer

ICF CONSULTING GROUP HOLDINGS, INC.,
a Delaware corporation

By: /s/ ALAN R. STEWART

Name: Alan R. Stewart

Title: Chief Financial Officer

PRINCIPAL SHAREHOLDERS OF
SYNERGY, INC.:

/s/ TERRENCE R. COLVIN

Terrence R. Colvin

/s/ DAVID L. ZIMMERMAN

Donald L. Zimmerman

/s/ WESLEY C. PICKARD

Wesley C. Pickard

[Signatures Continue on Following Page]

ZIMMERMAN FAMILY
LIMITED PARTNERSHIP # 2

/s/ DONALD L. ZIMMERMAN
Donald L. Zimmerman, Its General Partner

REVOCABLE LIVING TRUST OF
WESLEY C. PICKARD

/s/ WESLEY C. PICKARD
Wesley C. Pickard, Trustee

NON-PRINCIPAL SHAREHOLDERS OF
SYNERGY, INC.

/s/ JAMES R. BARKER

James R. Barker

/s/ MICHAEL A. DORNBUSCH

Michael A. Dornbusch

/s/ GORDON C. HELLER

Gordon C. Heller

/s/ ROBERT J. COLVIN

Robert J. Colvin

/s/ RICK D. GALE

Rick D. Gale

/s/ FREDERICK H. CZERNER

Frederick H. Czerner

/s/ WILLIAM R. HODGES

William R. Hodges

/s/ JAMES A. LUTZ

James A. Lutz

/s/ FRANCES F. PATTERSON

Frances F. Patterson

/s/ DOUGLAS E. LANE

Douglas E. Lane

/s/ JOSEPH T. MCNEER

Joseph T. McNeer

/s/ JOHN A. MOORE

John A. Moore

/s/ ULRIK R. PETERSEN

Ulrik R. Petersen

/s/ STEVE BATES

Steve Bates

/s/ JOSEPH BEEKMAN

Joseph Beekman

/s/ DEBBIE D. DANSBY

Debbie D. Dansby

/s/ LONNA HARTLEY

Lonna Hartley

/s/ SCOTT FILLBACK

Scott Fillback

/s/ CAREY BURKE

Carey Burke

/s/ CYNTHIA CHIPPS

Cynthia Chipps

/s/ DAVID R. COLVIN

David R. Colvin

/s/ SANDRA P. CIHLAR

Sandra P. Cihlar

/s/ GARY DUNN

Gary Dunn

/s/ RICK GALE

Rick Gale

/s/ JAVIER GAMEZ

Javier Gamez

/s/ THOMAS GANEY

Thomas Ganey

/s/ MARGARET GEORGE

Margaret George

/s/ JENNIFER GOOGINS

Jennifer Googins

/s/ LAURA KISTLER

Laura Kistler

/s/ JAMES GRIDLEY

James Gridley

/s/ WILLIAM HALL

William Hall

/s/ FLORIDA HENDRICKS

Florida Hendricks

/s/ ANDREW IRVINE

Andrew Irvine

/s/ ANDREW HENDRICKSON

Andrew Hendrickson

/s/ LAURENCE KOHLER

Laurence Kohler

/s/ VILMA LAWRENCE

Vilma Lawrence

/s/ ROB LEE

Rob Lee

/s/ DAVID LINTON

David Linton

/s/ MICHAEL LYNCH

Michael Lynch

/s/ PHILLIP MANGER

Phillip Manger

/s/ BERT E. NELSON

Bert E. Nelson

/s/ PHIL NELSON

Phil Nelson

/s/ CHRISTINE RITCHEY

Christine Ritchey

/s/ MICHAEL J. SHAW

Michael J. Shaw

/s/ SHARON D. SMITH

Sharon D. Smith

/s/ JAMES F. SPATES

James F. Spates

/s/ JESSE STEWART III

Jesse Stewart III

/s/ DOUGLAS E. LANE

Douglas E. Lane

/s/ MONIKA E. RUPPERT

Monika E. Ruppert

/s/ ROBERT L. SIMS

Robert L. Sims

/s/ WILLIAM A. SMILEY

William A. Smiley

/s/ DAVID R. ZORICH

David R. Zorich

/s/ PHILIP L. SANDERS

Philip L. Sanders

/s/ EDWARD J. WAGNER

Edward J. Wagner

/s/ JOHN W. SCHADE

John W. Schade

/s/ DAVID R. COLVIN

David R. Colvin

/s/ WILLIAM A. SMILEY

William A. Smiley

STOCK PURCHASE AGREEMENT

BY AND AMONG

ICF CONSULTING GROUP, INC.

CALIBER ASSOCIATES, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

CALIBER ASSOCIATES, INC.

GERALD CROAN AND

SHARON BISHOP

Effective September 12, 2005

TABLE OF CONTENTS

This Table of Contents is for convenience of reference only and is not intended to define, limit or describe the scope, intent or meaning of any provision of this Agreement.

ARTICLE I	Definitions and Rules of Construction	1
1.1	Definitions.	1
1.2	Rules of Construction.	11
ARTICLE II	Closing; Purchase Price; Adjustments; Escrow	12
2.1	Closing.	12
2.2	Purchase Price; Payment.	12
2.3	Estimated Closing Cash Purchase Price and Net Working Capital Adjustments.	18
2.4	Financial Issue Resolution Process.	20
2.5	Shareholder's Representative.	21
ARTICLE III	Representations and Warranties of the Shareholder, Caliber and Founders	22
3.1	Organization and Power.	22
3.2	Authorization and Enforceability.	23
3.3	No Violation.	23
3.4	Consents.	24
3.5	Financial Statements.	24
3.6	Relationships with Affiliates.	25
3.7	Indebtedness to/from Officers, Directors, Shareholder and Employees.	25
3.8	No Adverse Change.	26
3.9	Conduct of the Business.	26
3.10	Corporate and Capital Structure.	26
3.11	Title to Shares.	27
3.12	Charter, Bylaws and Corporate Records.	27
3.13	Assets – In General.	27
3.14	Real Property Interests.	28
3.15	Personal Property.	28
3.16	Intellectual Property Rights.	28
3.17	Scheduled Contracts and Proposals.	29
3.18	Government Contracting.	32
3.19	Clients.	38
3.20	Backlog.	39
3.21	Compliance with Laws.	39
3.22	Environmental Matters.	40
3.23	Licenses and Permits.	40
3.24	Absence of Certain Business Practices.	40
3.25	Litigation.	41
3.26	Personnel Matters.	41
3.27	Labor Matters.	43
3.28	ERISA.	44
3.29	Tax Matters.	46

3.30	Insurance.	49
3.31	Bank Accounts.	50
3.32	Powers of Attorney.	50
3.33	No Broker/Windsor Agreement.	50
3.34	No Unusual Transactions.	50
3.35	Full Disclosure.	52
ARTICLE IV Representations and Warranties of ICF		53
4.1	Organization and Power.	53
4.2	Corporate Authorization.	53
4.3	No Violation.	53
4.4	Consents.	53
4.5	Litigation.	53
4.6	Investment Intent.	54
4.7	Financial Ability.	54
ARTICLE V Covenants		54
5.1	Conduct of Caliber.	54
5.2	Access to Information Prior to the Closing; Confidentiality.	54
5.3	Best Efforts.	55
5.4	Consents.	55
5.5	Access to Books and Records Following the Closing.	55
5.6	Shareholder's and Founders' Post-Closing Confidentiality Obligation.	56
5.7	Expenses.	56
5.8	Non-Competition and Non-Solicitation of Founders.	57
5.9	No Solicitation of Competitive Transactions.	58
5.10	Personnel.	59
5.11	Certain Tax Matters.	59
5.12	Public Announcements.	62
5.13	Communications with Customers and Suppliers.	62
5.14	[Intentionally Omitted].	62
5.15	Assumption of Caliber ESOP.	62
5.16	Post-Closing Covenants Relating to Caliber ESOP.	62
5.17	Life Insurance.	63
5.18	Termination of Qualified Pension Plans.	63
5.19	Termination and Amendment of Nonqualified Plan.	63
5.20	Filing of Annual Reports.	63
5.21	Post-Closing Operation of Caliber.	63
5.22	Bonuses.	64
5.23	Financing and Bank Commitment Letter.	64
5.24	Director and Officer Liability and Indemnification.	65
ARTICLE VI Deliveries by All Parties at Closing		65
6.1	Conditions to All Parties Obligations.	65
6.2	Conditions to the Shareholder Obligations.	65
6.3	Conditions to ICF's Obligations.	66

ARTICLE VII Deliveries by Shareholder, Caliber, and/or the Founders at Closing	68
7.1 Shareholder's and Caliber's Closing Certificate.	68
7.2 Estimated Closing Balance Sheet.	68
7.3 Key Employee Agreements.	68
7.4 Non-Key Billable Employees.	68
7.5 Croan / Bishop Employment Agreements.	69
7.6 Resignations of Directors and Officers.	69
7.7 Termination of Credit Facility/Facilities.	69
7.8 Release of Liens.	69
7.9 Windsor Receipt.	69
7.10 ESOP Sponsor Subsidiary; Assumption of Obligations.	69
7.11 Form 5310 Letter.	69
7.12 Executive Deferred Compensation Releases.	69
7.13 Employment Agreement Releases.	69
7.14 Fairness Opinion.	70
7.15 Transaction Costs Releases.	70
7.17 Further Instruments.	70
ARTICLE VIII Deliveries by ICF at Closing	70
8.1 Officer's Certificate.	70
8.2 Closing Cash Consideration and Escrow Deposits.	70
8.3 Founders Employment Agreements.	71
8.4 Further Instruments.	71
ARTICLE IX Survival and Indemnification	71
9.1 Survival of Representations and Warranties.	71
9.2 Indemnification.	72
9.3 Escrow Account; Withholding of Earn Out and Re-Award Escrows.	76
9.4 Effect of Investigation.	77
ARTICLE X Termination	77
10.1 Termination.	77
10.2 Procedure and Effect of Termination.	78
ARTICLE XI Miscellaneous	78
11.1 Further Assurances.	78
11.2 Notices.	78
11.3 Governing Law.	80
11.4 Entire Agreement.	80
11.5 Severability.	81
11.6 Amendment.	81
11.7 Effect of Waiver or Consent.	81
11.8 Rights and Remedies Cumulative.	81
11.9 Parties in Interest; Limitation on Rights of Others.	81
11.10 Assignability.	82
11.11 Dispute Resolution and Arbitration.	82
11.12 Jurisdiction; Court Proceedings; Waiver of Jury Trial.	83

11.13	No Other Duties.	84
11.14	Reliance on Counsel and Other Advisors.	84
11.15	Counterparts.	84
11.16	Action Taken as Trustee.	84

SCHEDULES

<u>Section</u>	<u>Title</u>
3.1(b)	Jurisdictions where Caliber and each Acquired Subsidiary is qualified or licensed to do business; good standing
3.1(c)	Acquired Subsidiaries
3.4	Consents
3.5(c)	Undisclosed Liabilities
3.5(e)	Letters of Credit and Guarantees
3.5(f)	Contingent or Deferred Acquisition Expenses or Payments
3.6	Interest of Affiliates and Shareholder in Property or Contracts of Caliber
3.7	Indebtedness to/from Officers, Directors, Shareholders and Employees
3.9(a)	Cooperative Business Arrangements
3.9(b)	Letters of Intent, Non-Competition and Non-Disclosure Arrangements
3.10(a)	Capitalization of Caliber and Each Acquired Subsidiary
3.10(b)	Interests in Other Persons
3.13	Assets-In General
3.14	Real Property Interests
3.15	Personal Property, owned or leased
3.16(a)	Commercial Software and Intellectual Property Rights
3.16(b)	Intellectual Property Rights used by, but not owned by Caliber
3.16(c)	Rights of other Persons to Intellectual Property Rights or Intellectual Property
3.16(f)	Government Data and Software Rights
3.17(a)	List of Scheduled Contracts
3.17(b)	Status of Scheduled Contracts
3.17(c)	List and Status of Bids, Proposals or Quotations
3.18(b)	List of Caliber Government Contracts and Caliber Government Subcontracts

-
- 3.18(c) List of Caliber Bids
 - 3.18(d) List of Teaming Agreements
 - 3.18(e) List of Caliber Subcontracts
 - 3.18(f) List of Marketing Agreements
 - 3.18(g) Status of Government Contracts, Subcontracts and Bids
 - 3.18(i) Audits
 - 3.18(j) Financing Arrangements
 - 3.18(k) Protests
 - 3.18(l) Claims
 - 3.18(m) Multiple Award Schedules
 - 3.18(n) Government Furnished Property
 - 3.18(o) Former Government Officials
 - 3.18(p) Ethics Policy
 - 3.18(q) Timekeeping Policy
 - 3.20 Backlog
 - 3.23(a) Permits
 - 3.25(a) Litigation Pending or Threatened
 - 3.25(b) Claims
 - 3.25(c) Indemnification Obligations
 - 3.26(a) List and Positions of Personnel
 - 3.26(b) Accrued Bonuses
 - 3.26(c) Executive Deferred Compensation
 - 3.26(e) Personnel Policies and Manuals
 - 3.26(f) Personnel Agreements
 - 3.16(i) Leased Employees/Independent Contractors

-
- 3.28(b) List of Plans
 - 3.28(g) Filings Not Timely Made
 - 3.28(k) Accelerated Vesting or Payment
 - 3.29 Tax Matters
 - 3.30 Insurance Matters
 - 3.31 Bank Accounts
 - 3.34 Unusual Transactions

EXHIBITS

- A Financial Statements
- B-1 Balance Sheet Escrow Agreement
- B-2 General Indemnity Escrow Agreement
- B-3 Earn Out Escrow Agreement
- B-4 Re-Award Escrow Agreement
- C Non-Compete and Non-Solicitation Payments
- D Scheduled Transaction Costs
- E Key Employees
- F Croan / Bishop Employment Agreements
- G Standard Employee Documents
- H Employment Agreement to be Terminated
- I Shareholder/Caliber Closing Certificate
- J Promissory Notes
- K ICF Closing Certificate
- L Amendment to Articles of Incorporation

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT (“Agreement”), dated September 12, 2005 (the “Effective Date”), by and among (i) ICF Consulting Group, Inc., a Delaware corporation (“ICF”), (ii) Caliber Associates, Inc., a Virginia corporation (“Caliber”), (iii) the Caliber ESOP (as hereinafter defined), the sole shareholder of Caliber (the “Shareholder”) and (iv) Gerald Croan (“Croan”) and Sharon Bishop (“Bishop”) and jointly with Croan the “Founders”).

RECITALS:

R-1. The Shareholder is the holder and owner of all of the issued and outstanding shares of capital stock of Caliber (all of such outstanding shares being hereinafter referred to as the “Shares”).

R-2. Each of the Founders, among others, holds a promissory note payable by Caliber collectively the “Founders’ Promissory Notes”) with Croan holding a promissory note (the “Croan Promissory Note”) in the aggregate outstanding amount as of the Effective Date of Six Million Nine Hundred Eighty Six Eight Hundred Forty and 11/100 Dollars (\$6,986,840.11) and Bishop holding a promissory note (the “Bishop Promissory Note”) in the aggregate outstanding amount as of the Effective Date of Four Million Two Hundred Twenty One Thousand Six Hundred Seventeen and 40/100 Dollars (\$4,221,617.40).

R-3. ICF desires to acquire all of the outstanding Shares for cash and the Shareholder, the Founders, and Caliber desire the same, upon the terms and subject to the conditions of this Agreement.

NOW THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements contained in this Agreement, and intending to be legally bound hereby, ICF and the Shareholder agree as follows:

ARTICLE I

Definitions and Rules of Construction

1.1 Definitions.

As used in this Agreement, the following terms shall have the meanings set forth:

“Accrued Bonuses” has the meaning referred to in Section 3.26(b).

“Acquired Business” means the collective operations and business activities of Caliber and the Acquired Subsidiaries as conducted and existing as of the Closing Date.

“Acquired Subsidiaries” means and refers to all of Caliber’s wholly owned subsidiaries, other than the ESOP Sponsor Subsidiary (a list of which is shown on Section 3.1(c) of the Disclosure Schedule) and “Acquired Subsidiary” means and refers to any one of the Acquired Subsidiaries.

“Adjusted Closing Net Working Capital” has the meaning referred to in Section 2.3(b).

“Affiliate” means, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, “control” of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the securities having ordinary voting power for the election of directors of such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

“Agreement” has the meaning referred to in the Preamble.

“Audited Financial Statements” means collectively the audited consolidated balance sheets and statements of income, changes in stockholders’ equity, and cash flow together with accompanying notes of Caliber and the Acquired Subsidiaries as of December 31, 2001, December 31, 2002, and December 31, 2003 together with the December 2004 Financial Statements.

“Auditor” has the meaning referred to in Section 2.4.

“Balance Sheet Escrow Funds” has the meaning referred to in Section 2.2(a)(ii).

“Balance Sheet Escrow Agreement” has the meaning referred to in Section 2.2(a)(ii).

“Balance Sheet Escrow Deposit” has the meaning referred to in Section 2.2(a)(ii).

“Base Net Working Capital Range” means a range of between Seven Million Five Hundred Thousand Dollars (\$7,500,000) (reduced by the Subsidiary Capitalization Amount) and Nine Million Dollars (\$9,000,000).

“Base Period Value” has the meaning set forth in Section 2.2(c).

“Benefit Arrangement” has the meaning referred to in Section 3.28(a).

“Bid” has the meaning set forth in Section 3.18(a)(ii).

“Bishop” has the meaning referred to in the Preamble.

“Bishop Promissory Note” has the meaning referred to in Recital R-2.

“Business Day” shall mean any day other than a Saturday, Sunday, or any Federal or Commonwealth of Virginia holiday. If any period expires on a day that is not a Business Day or any event or condition is required by the terms of this Agreement to occur or be fulfilled on a day that is not a Business Day, such period shall expire or such event or condition shall occur or be fulfilled, as the case may be, on the next succeeding Business Day.

“Caliber” has the meaning referred to in the Preamble.

“Caliber ESOP” means the Caliber Associates Employee Stock Ownership Plan and the Caliber Associates Employee Stock Ownership Trust.

“Capital Stock” of any Person means any and all shares, rights to purchase, warrants or options (whether or not currently exercisable), participations or other equivalents of or interests in (however designated) the equity (including without limitation common stock, preferred stock and limited liability company, partnership and joint venture interests) of such Person.

“Claimant” has the meaning set forth in Section 11.11(a).

“Claims” means jointly all Third-Party Claims and Direct Claims.

“Closing” has the meaning set forth in Section 2.1.

“Closing Balance Sheet” has the meaning referred to in Section 2.3(d).

“Closing Cash” has the meaning referred to in Section 2.3(b).

“Closing Date” has the meaning set forth in Section 2.1.

“Closing Cash Consideration” has the meaning set forth in Section 2.2(a)(i).

“Closing Net Working Capital” has the meaning referred to in Section 2.3(b).

“Code” means the Internal Revenue Code of 1986, as amended from time to time, or corresponding provisions of subsequent superseding federal revenue Laws.

“Commercial Software” means commercially available Software licensed pursuant to a standard license agreement.

“Commitment Letter” has the meaning set forth in Section 5.23.

“Competitive Business Activities” has the meaning set forth in Section 5.8(a).

“Consultant” means all persons who are or have been engaged as consultants by Caliber or any of the Acquired Subsidiaries or who otherwise provide services to Caliber or any Acquired Subsidiary under a contractual arrangement.

“Contemplated Transactions” means the transactions contemplated by this Agreement and the other Transaction Documents.

“Copyrights” means all United States and foreign copyright registrations and applications therefor.

“Croan” has the meaning referred in the Preamble.

“Croan/Bishop Employment Agreements” has the meaning set forth in Section 5.10(b).

“Croan Promissory Note” has the meaning referred to in Recital R-2.

“Current Value” has the meaning set forth in Section 2.2(c).

“Customer” has the meaning set forth in Section 5.8(c).

“Damages” has the meaning set forth in Section 2.5(b).

“December 2004 Balance Sheet” means the audited consolidated balance sheets of Caliber and the Acquired Subsidiaries as of December 31, 2004 included in the December 2004 Financial Statements.

“December 2004 Financial Statements” means the audited consolidated balance sheets and statements of income, changes in stockholders’ equity, and cash flow together with accompanying notes of Caliber and the Acquired Subsidiaries as of December 31, 2004, a copy of which is included in the Financial Statements attached as Exhibit A.

“Direct Claim” and “Direct Claims” mean any claim or claims (other than Third Party Claims) by an Indemnified Party against an Indemnifying Party for which the Indemnified Party may seek indemnification under this Agreement.

“Direct Claim Notice” has the meaning set forth in Section 9.2(d).

“Direct Claim Notice Period” has the meaning set forth in Section 9.2(d).

“Dispute Notice” has the meaning set forth in Section 11.11(a).

“Earn Out” has the meaning referred to in Section 2.2(b).

“Earn Out Escrow” means the escrow established under the Earn Out Escrow Agreement to hold the Earn Out Escrow Funds.

“Earn Out Escrow Agreement” has the meaning referred to in Section 2.2(a)(ii).

“Earn Out Escrow Deposit” has the meaning referred to in Section 2.2(a)(ii).

“Earn Out Escrow Funds” has the meaning referred to in Section 2.2(a)(ii).

“Effective Date” has the meaning set forth in the Preamble.

“Employee Bonuses” has the meaning referred to in Section 3.26(c).

“Employment Agreement Release” has the meaning referred to in Section 6.3(n).

“Entity” means any general partnership, limited partnership, limited liability partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative, association, foreign trust or foreign business organization.

“Environmental Laws” means any and all Federal, state, local and foreign statutes, laws (including case or common law), regulations, ordinances, rules, judgments, orders, decrees, codes, injunctions, permits, concessions, grants, franchises, licenses, or agreements relating to human health, the environment or omissions, discharges or releases of pollutants, contaminants, Hazardous Substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, facilities, structures, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, Hazardous Substances or wastes or the investigation, clean-up or other remediation thereof. Without limiting the generality of the foregoing, “Environmental Laws” include: (a) the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., as amended; (b) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 26 U.S.C. § 4611 and 42 U.S.C. § 9601 et seq., as amended; (c) the Superfund Amendment and Reauthorization Act of 1984, as amended; (d) the Clean Air Act, 42 U.S.C. § 7401 et seq., as amended; (e) the Clean Water Act, 33 U.S.C. 5 1251 et seq.; (f) the Safe Drinking Water Act, 42 U.S.C. § 300f et seq.; and (g) the Occupational Safety and Health Act of 1976, 29 U.S.C.A. § 651, as amended, and all rules and regulations promulgated thereunder.

“Environmental Liabilities” means all liabilities, whether vested or unvested, fixed or unfixed, actual or potential, that arise under or relate to Environmental Laws, as applied to the facilities and business of Caliber or any of the Acquired Subsidiaries, including, without limitation: (i) the investigation, clean-up or remediation of contamination or environmental degradation or damage caused by or arising from the generation, use handling, treatment, storage, transportation, disposal, discharge, release or emission of Hazardous Substances; (ii) personal injury, wrongful death or property damage claims; or (iii) claims for natural resource damages.

“ERISA” has the meaning set forth in Section 3.28(a).

“ERISA Affiliate” has the meaning set forth in Section 3.28(a).

“Escrow Account” and “Escrow Accounts” have the meanings referred to in Section 2.2(a)(ii).

“Escrow Agent” means and refers to Citizens Bank.

“Escrow Agreements” has the meaning referred to in Section 2.2(a)(ii).

“Escrow Deposits” has the meaning referred to in Section 2.2(a)(ii).

“Escrowed Funds” has the meaning referred to in Section 2.2(a)(ii).

“Estimated Closing Balance Sheet” has the meaning referred to in Section 2.3(b).

“Estimated Closing Cash Purchase Price” has the meaning referred to in Section 2.3(a).

“ESOP Sponsor Subsidiary” means and refers to a corporation, of which one hundred (100) percent of the issued and outstanding shares of capital stock is owned directly by Caliber prior to the Closing Date, that Caliber causes to assume the sponsorship of the Caliber ESOP prior to the Closing.

“Executive Deferred Compensation” has the meaning set forth in Section 3.26(c).

“Executive Deferred Compensation Plan” means the “Executive Non-Qualified Excess Plan” of Caliber dated December 1, 2001.

“Executive Deferred Compensation Releases” has the meaning referred to in Section 6.3(m).

“Financial Statements” means collectively (i) the Audited Financial Statements and (ii) the Interim Financial Statements, copies of all of which are attached hereto as Exhibit A.

“Form 5310 Letter” has the meaning referred to in Section 5.16.

“Form 5500” means the Internal Revenue Service Form 5500 Annual Return/ Report of Employee Benefit Plan.

“Founders” has the meaning referred to in the Preamble.

“Founders’ Promissory Notes” has the meaning referred to in Recital R-2.

“Full Earn Out Amount” has the meaning referred to in Section 2.2(b).

“GAAP” means generally accepted accounting principles as set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession in the United States.

“General Indemnity Escrow” means the escrow established under the General Indemnity Escrow Agreement to hold the General Indemnity Escrow Funds.

“General Indemnity Escrow Funds” has the meaning referred to in Section 2.2(a)(ii).

“General Indemnity Escrow Agreement” has the meaning referred to in Section 2.2(a)(ii).

“General Indemnity Escrow Deposit” has the meaning referred to in Section 2.2(a)(ii).

“Gross Profit” has the meaning referred to in Section 2.2(b).

“Governmental Authority” means any nation or government, any foreign or domestic Federal, state, county, municipal or other political instrumentality or subdivision thereof and any foreign or domestic entity or body exercising executive, legislative, judicial, regulatory, administrative or taxing functions of or pertaining to government.

“Government Contract” has the meaning set forth in Section 3.18(a)(iii).

“Government Furnished Property” has the meaning set forth in Section 3.18(n).

“Government Subcontract” has the meaning set forth in Section 3.18(a)(iv).

“Hazardous Substances” means any substance that is toxic, ignitable, reactive, corrosive, radioactive, caustic, or regulated as a hazardous substance, contaminant, toxic substance, toxic pollutant, hazardous waste, special waste, or pollutant, including, without limitation, petroleum, its derivatives, by-products and other hydrocarbons, poly-chlorinated bi-phenyls and asbestos regulated under, or that is the subject of, applicable Environmental Laws.

“ICF” has the meaning referred to in the Preamble.

“ICF Indemnitees” has the meaning set forth in Section 9.2(b)(i).

“Indemnified Party” means and refers to a party that has the right under Article IX to seek indemnification from an Indemnifying Party.

“Indemnifying Party” means and refers to a party that has the obligation under Article IX to indemnify an Indemnified Party.

“Intellectual Property” means Software and Technology.

“Intellectual Property Rights” means rights that exist under Laws respecting Copyrights, Patents, Trademarks and Trade Secrets.

“Interim Financial Statements” means the internally prepared consolidated interim balance sheets and related interim consolidated statements of operations, changes in shareholders equity and cash flows of Caliber and the Acquired Subsidiaries for the period January 1, 2005 through June 30, 2005 a copy of which is included as part of the Financial Statements attached as Exhibit A hereto.

“IRS” means and refers to the Internal Revenue Service.

“Key Employee Offer Letter” has the meaning referred to in Section 5.10(c).

“Key Employees” has the meaning set forth in Section 5.10(a).

“Knowledge of Caliber” means the actual knowledge of Croan, Bishop, John Yglesias, John Cousins, Marsha Moulton, or Timothy Boyle.

“Knowledge of ICF” means the actual knowledge of Sudhakar Kesavan, John Wasson, Alan Stewart, or George Lowden.

“Laws” means (a) all constitutions, treaties, laws, statutes, codes, regulations, ordinances, orders, decrees, rules, or other requirements with similar effect of any Governmental Authority, (b) all judgments, orders, writs, injunctions, decisions, rulings, decrees and awards of any Governmental Authority, and (c) all provisions of the foregoing, in each case binding on or affecting the Person referred to in the context in which such word is used; “Law” means any one of them and the words “Laws” and “Law” include Environmental Laws.

“Lien” means any lien, statutory or otherwise, security interest, mortgage, deed of trust, priority, pledge, charge, conditional sale, title retention agreement, financing lease or other encumbrance or similar right of others, or any agreement to give any of the foregoing.

“Losses” has the meaning set forth in Section 9.2(a)(i).

“Maximum Re-Award Payment” has the meaning set forth in Section 2.2(c).

“NCCIC Control” has the meaning set forth in Section 2.2(c).

“Non-Compete / Non-Solicitation Payments” has the meaning set forth in Section 5.8(g).

“Non-Competition Period” has the meaning set forth in Section 5.8(a).

“Non-Key Employees” has the meaning set forth in Section 5.10(a).

“Non-Key Billable Employees” has the meaning set forth in Section 5.10(a).

“Non-Key Non-Billable Employees” has the meaning set forth in Section 5.10(a).

“Non-Solicitation Period” has the meaning referred to in Section 5.8(b).

“Patents” means issued patents, including United States and foreign patents and applications therefor; divisions, reissues, continuations, continuations-in-part, reexaminations, renewals and extensions of any of the foregoing; and utility models and utility model applications.

“PBGC” has the meaning set forth in Section 3.28(a).

“Pension Plan” has the meaning set forth in Section 3.28(a).

“Permits” has the meaning set forth in Section 3.23(a).

“Person” means any individual, person, Entity, or Governmental Authority, and the heirs, executors, administrators, legal representatives, successors and assigns of the “Person” when the context so permits.

“Personal Property” has the meaning set forth in Section 3.15.

“Personnel” has the meaning set forth in Section 3.26(a).

“Plan” has the meaning set forth in Section 3.28(a).

“Post-Closing Tax Period” has the meaning set forth in Section 5.11(b)(ii)(1).

“Pre-Closing Tax Period” has the meaning set forth in Section 5.11(b)(i).

“Prior Period Returns” has the meaning set forth in Section 5.11(a).

“Proposals” has the meaning referred to in Section 3.17(c).

“Prospective Customer” has the meaning set forth in Section 5.8(c).

“Real Property Interests” has the meaning set forth in Section 3.14.

“Re-Award or Re-Awarded” has the meaning referred to in Section 2.2(c)(i).

“Re-Award Escrow” means the escrow established under the Re-Award Escrow Agreement to hold the Re-Award Escrow Funds.

“Re-Award Escrow Agreement” has the meaning referred to in Section 2.2(a)(ii).

“Re-Award Escrow Deposit” has the meaning referred to in Section 2.2(a)(ii).

“Re-Award Escrow Funds” has the meaning referred to in Section 2.2(a)(ii).

“Re-Award Payment” has the meaning referred to in Section 2.2(c)(i).

“Re-Award Payment Percentage” has the meaning referred to in Section 2.2(c).

“Respondent” has the meaning set forth in Section 11.11(a).

“Schedule” as used in this Agreement together with a numerical designation, means a section of the Disclosure Schedule of even date herewith delivered by the Shareholder, Caliber, and/or the Founders in connection with the execution and delivery of this Agreement (the “Disclosure Schedule”).

“Scheduled Contract” has the meaning set forth in Section 3.17(a).

“Scheduled Transaction Costs” has the meaning referred to in Section 5.7(a).

“Selected Contracts” has the meaning referred to in Section 2.1(c).

“Shareholder” has the meaning referred to in the Preamble.

“Shareholder Indemnitees” has the meaning set forth in Section 9.2(a).

“Shareholder’s Representative” has the meaning set forth in Section 2.5.

“Shares” has the meaning set forth in Recital R-1.

“Software” means the manifestation, in tangible or physical form, including, but not limited to, in magnetic media, firmware, and documentation, of computer programs and databases, such computer programs and databases to include, but not limited to, management

information systems, and personal computer programs. The tangible manifestation of such programs may be in the form of, among other things, source code, flow diagrams, listings, object code, and microcode. Software does not include any Technology.

“Standard Employee Documents” has the meaning set forth in Section 5.10(d).

“Straddle Periods” has the meaning set forth in Section 5.11(b)(i).

“Subcontract” has the meaning set forth in Section 3.18(a)(vi).

“Subsidiary” means and refers to any corporation, association or other business entity of which more than fifty (50) percent of the issued and outstanding shares of capital stock or equity interests is owned or controlled, directly or indirectly, by Caliber, or ICF, as the case may be, and in which Caliber or ICF, as the case may be, has the power, directly or indirectly, to elect a majority of the directors.

“Subsidiary Capitalization Amount” has the meaning referred to in Section 5.15.

“Survival Date” has the meaning set forth in Section 9.1.

“Surviving Representations” has the meaning set forth in Section 9.1.

“Target Gross Profit” has the meaning referred to in Section 2.2(b).

“Tax” or “Taxes” means any Federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, ad valorem, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto.

“Taxpayer” and “Taxpayers” shall have the meaning set forth in Section 3.29.

“Tax Return” means any return, report, form or similar statement or document (including, without limitation, any related or supporting information or schedule attached thereto and any information return, claim for refund, amended return and declaration of estimated tax) that has been or is required to be filed with any Taxing Authority or that has been furnished to any Taxing Authority in connection with the determination, assessment or collection of any Taxes or the administration of any Laws or administrative requirements relating to any Taxes.

“Taxing Authority” means any government or any subdivision, agency, commission or authority thereof, or any quasi-governmental or private body having jurisdiction over the assessment, determination, collection or other imposition of Taxes.

“Teaming Agreement” has the meaning set forth in Section 3.18(a)(vii).

“Technology” means all types of technical information and data, whether or not reduced to tangible or physical form, including, but not limited to: know-how; product

definitions and designs; research and development, engineering, manufacturing, process, test, quality control, procurement, and service specifications, procedures, standards, and reports; blueprints; drawings; materials specifications, procedures, standards, and lists; catalogs; technical information and data relating to marketing and sales activity; and formulae. Technology does not include any Software.

“Third-Party Claims” means a claim made by an Indemnified Party against an Indemnifying Party in connection with any third party litigation, arbitration, action, suit, proceeding, claim or demand made upon the Indemnified Party for which the Indemnified Party may seek indemnification from the Indemnifying Party under the terms of this Agreement.

“Threshold Gross Profit” has the meaning referred to in Section 2.2(b).

“Trademarks” means all United States and foreign trademark and service mark registrations and applications therefor and unregistered trademarks and service marks.

“Trade Secrets” means information in any form that is considered to be proprietary information by the owner, is maintained on a confidential or secret basis by the owner, and is not generally known to other parties.

“Transaction Documents” has the meaning set forth in Section 3.2.

“Transaction Costs” has the meaning referred to in Section 5.7(a).

“Transaction Costs Release” has the meaning referred to in Section 5.7(a).

“VEBA” has the meaning referred to in Section 3.28(d).

“Welfare Plan” has the meaning set forth in Section 3.28(a).

“Windsor” refers to BB&T Capital Markets/Windsor Group, formerly Windsor Group, LLC.

“Windsor Agreement” has the meaning set forth in Section 3.33.

“Windsor Fees” has the meaning set forth in Section 5.14.

1.2 Rules of Construction.

Unless the context otherwise requires:

(a) A capitalized term has the meaning assigned to it;

(b) An accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(c) References in the singular or to “him,” “her,” “it,” “itself,” or other like references, and references in the plural or the feminine or masculine reference, as the case may be, shall also, when the context so requires, be deemed to include the plural or singular, or the masculine or feminine reference, as the case may be;

(d) References to Articles, Sections and Exhibits shall refer to articles, sections and exhibits of this Agreement, unless otherwise specified;

(e) The headings in this Agreement are for convenience and identification only and are not intended to describe, interpret, define or limit the scope, extent, or intent of this Agreement or any provision thereof;

(f) This Agreement shall be construed without regard to any presumption or other rule requiring construction against the party that drafted and caused this Agreement to be drafted;

(g) References to “best efforts” in this Agreement shall require commercially reasonable best efforts, and not commercially unreasonable expenditures of money, time or other resources; and

(h) A monetary figure given in United States dollars shall be deemed to refer to the equivalent amount of foreign currency when used in a context that refers to or includes operations conducted principally outside of the United States.

ARTICLE II

Closing; Purchase Price; Adjustments; Escrow

2.1 Closing.

The closing (the “Closing”) of the Contemplated Transactions shall take place at the offices of Squire, Sanders & Dempsey L.L.P., 8000 Towers Crescent Drive, Tysons Corner, Virginia 22182-2700, at 10:00 A.M. local time on the third (3rd) Business Day after the conditions and deliveries referred to in Articles VI, VII and VIII have been satisfied, or at such other time, date and place that shall be mutually agreed upon by the parties hereto (the “Closing Date”); provided, however, that in no event shall the Closing Date occur after October 10, 2005. At the Closing, the Shareholder shall sell, transfer, convey or assign and deliver to ICF and ICF shall purchase, acquire and accept from the Shareholder, the Shares, free and clear of any and all liens, claims, encumbrances or rights of any third party (and the Shareholder shall thereafter cease to have any rights as a Shareholder in Caliber other than any rights granted to the Shareholder pursuant to the terms of this Agreement and the other Transaction Documents) and ICF shall deliver to the Shareholder an amount equal to the Closing Cash Consideration and deliver to the Escrow Agent the Escrow Deposits pursuant to Section 2.2.

2.2 Purchase Price; Payment.

(a) Closing Consideration and Escrows. The purchase price for the Shares and payment thereof shall be as set forth below:

(i) Closing Cash Consideration: cash payable at the Closing in the amount of the Estimated Closing Cash Purchase Price and less the Balance Sheet Escrow and the General Indemnity Escrow (the “Closing Cash Consideration”). In addition and pursuant to Section 2.2(a)(ii), ICF shall deliver (x) the Earn Out Escrow Deposit to the Escrow Agent as security for the payment of the Earn-Out and (y) the Re-Award Escrow Deposit to the Escrow Agent as security for the Re-Award Payment.

(ii) Escrows. At the Closing, ICF shall deposit with the Escrow Agent the following amounts (collectively the “Escrow Deposits”):

(i) \$400,000 (the “Balance Sheet Escrow Deposit”) to be held by the Escrow Agent pursuant to the terms of an escrow agreement substantially in the form of Exhibit B-1 (the “Balance Sheet Escrow Agreement”); (ii) \$3,000,000 (the “General Indemnity Escrow Deposit”) to be held by the Escrow Agent pursuant to the terms of an escrow agreement substantially in the form of Exhibit B-2 (the “General Indemnity Escrow Agreement”); (iii) \$1,500,000 (the “Earn Out Escrow Deposit”) to be held by the Escrow Agent pursuant to the terms of an escrow agreement substantially in the form of Exhibit B-3 (the “Earn Out Escrow Agreement”), and (iv) \$2,000,000 (the “Re-Award Escrow Deposit”) to be held by the Escrow Agent pursuant to the terms of an escrow agreement substantially in the form of Exhibit B-4 (the “Re-Award Escrow Agreement”) and together with the Balance Sheet Escrow Agreement, the General Indemnity Escrow Agreement, and the Earn Out Escrow Agreement, being hereinafter collectively referred to as the “Escrow Agreements”). The escrow accounts set up by the Escrow Agent with respect to each of the Escrow Agreements are hereinafter individually referred to as an “Escrow Account” and collectively as the “Escrow Accounts.” The aggregate amount held in the Escrow Accounts by the Escrow Agent at any time and from time to time, together with any interest or appreciation thereon, shall be referred to as the “Escrowed Funds” with that portion of the Escrowed Funds held from time to time in the Balance Sheet Escrow Account being hereinafter sometimes referred to as the “Balance Sheet Escrow Funds,” that portion of the Escrowed Funds held from time to time in the General Indemnity Escrow Account being hereinafter sometimes referred to as the “General Indemnity Escrow Funds,” that portion of the Escrow Funds held from time to time in the Earn Out Escrow Account being hereinafter sometimes referred to as the “Earn Out Escrow Funds,” and that portion of the Escrow Funds held from time to time in the Re-Award Escrow Account being hereinafter sometimes referred to as the “Re-Award Escrow Funds.”

(A) The Balance Sheet Escrow Funds shall be released and delivered to ICF or the Shareholder, as applicable, pursuant to Section 2.3(e).

(B) Upon the expiration of the Survival Date, the Escrow Agent shall release and deliver to the Shareholder the amount then remaining in the General Indemnity Escrow Account, if any, less the amount of any pending claims all as more particularly described and in accordance with the provisions of Section 9.3(a). As any pending indemnification claims referenced in the previous sentence are resolved, the Escrow Agent, after making any payments related to such claims, shall release and deliver to the Shareholder any amounts remaining from the amounts reserved for the released claims. Any earnings on the General Indemnity Escrow Funds, net of escrow expenses and taxes, shall be paid, pro rata, to the parties receiving distributions from the General Indemnity Escrow Account.

(C) The Earn Out Escrow Funds shall be released and delivered to ICF, or the Shareholder, as applicable, pursuant to Section 2.2(b).

(D) The Re-Award Escrow Funds shall be released and delivered to ICF, or the Shareholder, as applicable, pursuant to Section 2.2(c).

(b) Earn Out.

(i) Depending on "Gross Profits" of Caliber during the "Earn Out Period" as those terms are defined below, the Shareholder shall be entitled to receive up to \$1,500,000 from the Earn Out Escrow pursuant to this Section 2.2(b) (the "Earn Out"). If Caliber's Gross Profits for the period from October 1, 2005 through December 31, 2006 (the "Earn Out Period") is equal to or greater than \$28,654,000 (the "Target Gross Profit"), then the Escrow Agent shall pay to the Shareholder from the Earn Out Escrow One Million Five Hundred Thousand Dollars (\$1,500,000) (the "Full Earn Out Amount"). In the event that Gross Profit is less than Target Gross Profit but exceeds \$24,356,000 (the "Threshold Gross Profit"), the Shareholder shall be entitled to receive from the Earn Out Escrow an amount equal to the product of the Full Earn Out Amount multiplied by a fraction, the numerator of which is an amount equal to the actual Gross Profit less the Threshold Gross Profit and the denominator of which is the Target Gross Profit less the Threshold Gross Profit. In the event that Gross Profit is less than the Threshold Gross Profit, no Earn Out shall be payable. Caliber's "Gross Profits" means Caliber's gross revenue with respect to the five consecutive fiscal quarters falling within the Earn Out Period less Caliber's direct costs (including direct labor, direct consultant, direct subcontract, and other direct costs, but excluding ICF's corporate overhead allocations and direct fringe benefits) for that period, multiplied by 1.01. Prior to the use by a business unit of ICF or any of its Affiliates (excluding Caliber or the Acquired Subsidiaries) (each a "Business Unit") of any Caliber employee (including, without limitation, Caliber and former Caliber employees rendering information technology services to or on behalf of Caliber) during the Earn Out Period on projects where the revenue therefrom would not otherwise be included in Caliber's gross revenues, the Shareholder's Representative and the lead manager of such Business Unit shall negotiate in good faith and agree as to the portion of revenue generated by the utilization of such Caliber employee(s) (less applicable direct costs) on such Business Unit's project that would be attributed to Caliber. Prior to the material and active participation of one or more Caliber employees (including, without limitation, Caliber and former Caliber employees rendering information technology services to or on behalf of Caliber) during the Earn Out Period in a successful bid, proposal, or other business development activity of a Business Unit, the Shareholder's Representative and the lead manager of such Business Unit shall negotiate in good faith and agree as to the number of Caliber employees to be utilized on the resulting project(s), and as to the portion of revenue generated by such utilization of any Caliber employee(s) (less applicable direct costs) on the resulting project(s) that would be attributed to Caliber. If there is a dispute regarding the portion of revenue that would be attributed to Caliber that cannot be resolved between the Shareholder's Representative and the lead manager of such Business Unit, then the ICF Chief Operating Officer will make the final determination. ICF agrees that any such revenue during the Earn Out Period agreed to be allocated to Caliber pursuant to the preceding sentence shall be included in Caliber's gross revenues for purposes of determining Caliber's Gross Profits.

(ii) The amounts, if any, due the Shareholder for the Earn Out shall be computed by ICF within thirty (30) days following the completion of ICF's financial audit for the calendar year 2006 and such computation, together with reasonably detailed support, will be provided to the Shareholder's Representative. If within thirty (30) days following delivery of such computation and support, the Shareholder's Representative has not given ICF notice of his objection to the computation (which notice must contain a statement in reasonable detail of the basis of any such objection), then such computation shall be final. If the Shareholder's Representative gives notice of an objection, the parties shall use their respective best efforts to resolve any dispute by negotiation. If such dispute cannot be settled by negotiation within thirty (30) days after ICF's receipt of the Shareholder's Representative's notice, the dispute shall be resolved in accordance with the Financial Issue Resolution Process set forth in Section 2.4. The payments, if any, of any Earn Out shall be made by the Escrow Agent from the Earn Out Escrow within five (5) business days after the finalization of the computation referred to in this Section 2.2(b). Any amounts remaining in the Earn Out escrow at the time the amount of the Earn Out payment is finalized and paid to the Shareholder shall be paid to ICF. All earnings on the Earn Out Escrow Funds, net of escrow expenses, shall be paid to ICF at least annually.

(c) Re-Award Payment.

(i) For purposes of this Section, the following terms shall have the meanings set forth in the table and definitions below:

<u>Selected Contracts</u>	<u>Maximum Re-Award Payment</u>
Children's Bureau Clearinghouse (internal Caliber contract number C763; government contract number GS23F8062H 01Y00156301D)	\$ 800,000
National Child Care Information Clearinghouse (internal Caliber contract number C950; government contract number #####-##-#####)	\$ 500,000
Victims of Crime (internal Caliber contract number C790; government contract number GS23F8062H OJP-2002-BF-014/007 Order No 2004TO092)	\$ 500,000
Office of Juvenile Justice and Delinquency Prevention National Training & Technical Assistance Center (internal Caliber contract number C795; government contract number GS23F8062H OJP BPA No.2002BF024)	\$ 200,000

"Base Period Value" means (i) for a contract based primarily on option year funding and issued to succeed a Selected Contract (other than the Children's Bureau Clearinghouse Contract, the contract first listed in the table above), the funded value for the initial period of performance of the contract as awarded (annualized based on the length of the initial period of performance), (ii) for a contract based primarily on task order funding and issued to succeed a Selected Contract, the revenues Caliber, ICF and/or an ICF Affiliate receives during

the first twelve months after contract award from that contract, (iii) for a contract issued to succeed the Children's Bureau Clearinghouse Contract, the revenues Caliber, ICF, and/or an Affiliate receives during calendar year 2007 from that contract or, if the contract is Re-Awarded during 2007, the first twelve months after contract award, and (iv) for the purposes of determining whether an extension of a Selected Contract shall permit a later award of a successor contract to be considered a Re-Award, the value of the extension as determined pursuant to clause (i), (ii) or (iii) of this definition, as applicable, as if the extended period were a successor contract to such Selected Contract, provided the funded value or revenues received from the extension, as applicable, shall be annualized based on the length of the period of the extension.

"Current Value" of a Selected Contract means the revenues Caliber received in calendar year 2005 from that contract.

"Maximum Re-Award Payment" for a Selected Contract means the Re-Award Payment for that Selected Contract as shown on the table above.

"NCCIC Contract" means the National Child Care Information Clearinghouse contract, listed second in the table above.

"Re-Award" and "Re-Awarded" shall mean, with respect to a particular Selected Contract, the award in calendar year 2006 (A) by the entity that awarded that Selected Contract, (B) to Caliber, ICF or one of ICF's Affiliates of a successor contract (or the direction of an award of a subcontract) that (x) is on terms (including, but not limited to, price, but excluding period of performance and value) substantially similar to the applicable Selected Contract, (y) has a period of performance (including option periods) equal to or longer than the period of performance (including option periods) of the applicable Selected Contract (provided, a period of performance of not less than three years, including option periods, shall be deemed to satisfy this clause (y)), and (z) in the case of each Selected Contract other than the NCCIC Contract has a Base Period Value to Caliber, ICF, or one of ICF's Affiliates equal to at least seventy-five percent (75%), or more, of the Current Value of the applicable Selected Contract (and in the case that the applicable Selected Contract is the NCCIC Contract, has a Base Period Value to Caliber, ICF, or one of ICF's Affiliates equal to at least forty-five percent (45%), or more, of the Current Value of the NCCIC Contract). A Selected Contract shall also be considered to have been Re-Awarded if it is first extended for up to a year beyond the current scheduled end date of the Selected Contract, on the same terms as and for a Base Period Value equal to or greater than seventy-five percent (75%) of the Current Value of the Selected Contract, and is thereafter Re-Awarded to Caliber at or prior to the expiration of the extended term.

"Re-Award Payment" has the meaning set forth in Section 2.2(c)(ii) below.

"Re-Award Payment Percentage" has the meaning set forth in Section 2.2(c)(ii)(B) below.

"Selected Contract" means any one of the Selected Contracts set forth in the table above.

(ii) Based upon whether Caliber is Re-Awarded any of the Selected Contracts, the Shareholder shall be entitled to receive payment as calculated below from the Re-Award Escrow pursuant to this Section 2.2(c) (the "Re-Award Payment").

(A) If the Base Period Value of the Re-Awarded contract is equal to at least one hundred percent (100%) of the Current Value of the applicable Selected Contract, then the Re-Award Payment with respect to that Re-Awarded contract shall be the applicable Maximum Re-Award Payment for the applicable Selected Contract.

(B) If the Base Period Value of the Re-Awarded contract to Caliber, ICF, or one of its Affiliates is equal to at least seventy-five percent (75%) (or forty-five percent (45%) in the case of the NCCIC Contract), but less than one hundred percent (100%) of the Current Value of that contract (in each case the "Re-Award Payment Percentage"), then the Re-Award Payment with respect to that Re-Awarded contract shall be an amount equal to the product of the applicable Maximum Re-Award Payment for the applicable Selected Contract multiplied by the Re-Award Payment Percentage (between seventy-five percent (75%) and one hundred percent in the case of each Selected Contract other than the NCCIC Contract and between forty-five percent (45%) and one hundred percent in the case of the NCCIC Contract). For any Re-Award Payment to be made, the proposal to obtain the Re-Awarded Selected Contract must be prepared and approved in advance of submission pursuant to ICF's applicable policies and procedures, and the Re-Awarded Selected Contract must be approved in advance of execution pursuant to ICF's applicable policies and procedures. If (x) the Base Period Value of any successor Selected Contract to Caliber, ICF, or one of its Affiliates is less than seventy five percent (75%) (or forty-five percent (45%) in the case of the NCCIC Contract) of the Current Value of that Selected Contract, or (y) Caliber, ICF, or one of its Affiliates is not Re-Awarded the Selected Contract in 2006, or (z) the Selected Contract is extended, as described above, and Caliber, ICF, or one of its Affiliates is not Re-Awarded the Selected Contract at or prior to the expiration of the extended term, then there shall be no Re-Award Payment with respect to that contract.

(iii) The amounts, if any, due the Shareholder for any Re-Award Payment shall be computed within thirty (30) days following the (a) later of the actual start of work by Caliber on the Re-Awarded Selected Contract or the expiration of the applicable time period for the filing of a protest or any other applicable challenge with respect to the Re-Awarded Selected Contract in the case of the Selected Contracts where the Base Period Value is calculated based on the level of funding in the initial period of performance of the contract as awarded, or (b) the closing of the financial books of ICF for the twelfth month following the award of the Re-Awarded Selected Contract in the case of the Selected Contracts where the Base Period Value is calculated based on the revenues generated under the contract for Caliber during the first twelve months after contract award, or (c) the closing of the financial books of ICF for 2007 where revenues for calendar year 2007 are used to determine the Base Period Value. Such computation, together with reasonably detailed support, will be provided to the Shareholder's Representative. If within thirty (30) days following delivery of such computation and support, the Shareholder's Representative has not given ICF notice of his objection to the computation (which notice must contain a statement in reasonable detail of the basis of any such objection), then such computation shall be final. If the Shareholder's Representative gives notice of an objection, the parties shall use their respective best efforts to resolve any dispute by negotiation.

If such dispute cannot be settled by negotiation within thirty (30) days after ICF's receipt of the Shareholder's Representative's notice, the dispute shall be resolved in accordance with the Financial Issue Resolution Process set forth in Section 2.4. The payment, if any, of any Re-Award Payment shall be made by the Escrow Agent from the Re-Award Escrow within five (5) business days after the finalization of the computation referred to in this Section 2.2(c). All amounts remaining in the Re-Award Escrow as of March 31, 2007 shall be returned to ICF, unless:

(x) one or more Selected Contracts have been extended beyond the current scheduled end date of the Selected Contract, on the same terms as and for a Base Period Value equal to or greater than seventy-five percent (75%) of the Current Value of the Selected Contract, but such Selected Contract has not yet been Re-Awarded, in which case an amount equal to the maximum Re-Award Payment for that Selected Contract shall remain in the Re-Award Escrow until the earlier of the date any Re-Award Payment is made with respect to that Selected Contract or March 31, 2008, at which time all amounts remaining in the Re-Award Escrow shall be returned to ICF except with respect to Re-Award Payments relating to Selected Contracts as provided in clause (y) of this sentence; or

(y) a successor contract to one or more of the Selected Contracts has been awarded to Caliber, ICF, or its Affiliates for which the Base Period Value depends on the revenues generated in 2007 or the first twelve months after contract award, but the period for calculating the Re-Award Payment has not yet run, in which case an amount equal to the maximum Re-Award Payment for that Selected Contract shall remain in the Re-Award Escrow until the earlier of the date any Re-Award Payment is made with respect to that Selected Contract or 90 days after the end of that twelve-month period, at which time all amounts remaining in the Re-Award Escrow shall be returned to ICF except with respect to Re-Award Payments relating to Selected Contracts as provided in clause (x) of this sentence.

Notwithstanding the preceding sentence, undisputed amounts payable as a result of one or more Re-Awarded Selected Contracts but not yet paid as of the date or dates remaining amounts in the Re-Award Escrow are to be returned to ICF, shall be distributed to the Shareholder on such date or dates, as applicable. All earnings on the Re-Award Escrow Funds, net of escrow expenses, shall be paid to ICF.

2.3 Estimated Closing Cash Purchase Price and Net Working Capital Adjustments.

(a) Estimated Closing Cash Purchase Price. The estimated cash portion of the Purchase Price (the "Estimated Closing Cash Purchase Price") payable to the Shareholder at Closing shall be an amount equal to Nineteen Million Dollars (\$19,000,000) as adjusted upward or downward pursuant to Sections 2.3(b) and (c) below and as reduced by the Scheduled Transaction Costs. The Estimated Closing Cash Purchase Price shall be paid by ICF to the Shareholder.

(b) Not less than two (2) Business Days prior to the Closing Date, the Shareholder shall deliver to ICF an estimated, unaudited balance sheet (the "Estimated Closing Balance Sheet") of Caliber as of the Closing Date, together with all supporting documentation. The Estimated Closing Balance Sheet shall include cash/accrual taxes of Caliber and shall be

prepared by Caliber's controller and reviewed by Caliber's external auditors, in accordance with GAAP and in a manner consistent with the December 2004 Balance Sheet except that the Estimated Closing Balance Sheet shall include a calculation of the "Adjusted Closing Net Working Capital" (hereinafter defined). For purposes of this Agreement, the terms "Adjusted Closing Net Working Capital" and "Closing Net Working Capital" shall have the following meanings.

(i) The term "Adjusted Closing Net Working Capital" shall mean the "Closing Net Working Capital" (as hereinafter defined and as adjusted pursuant to Section 2.3(d) below) of Caliber as shown on the Estimated Closing Balance Sheet as reduced to reflect, to the extent not otherwise reflected in the Closing Net Working Capital or the calculation of Closing Cash: (A) the payment in full of any and all outstanding indebtedness of Caliber and the Acquired Subsidiaries, including, but not limited to, any indebtedness that Caliber or the Acquired Subsidiaries may have to the Caliber ESOP, the ESOP Sponsor, or any third party; (B) the payment of the Transaction Costs other than the Scheduled Transaction Costs (including (1) any payments due Caliber employees resulting from the Contemplated Transactions and (2) the accrual or full funding, through the Effective Date, of all qualified or unqualified Pension Plans); (C) payment of the Subsidiary Capitalization Amount; and (D) the Accrued Bonuses.

(ii) The term "Closing Net Working Capital" shall mean the amount as of the Closing Date and as shown by the Closing Balance Sheet by which Caliber's current assets (exclusive of cash and inclusive of accounts receivable, unbilled receivables, income taxes and other current assets) exceed current liabilities (exclusive of the line of credit and current portions of subordinated notes payable to employees, which will be repaid at Closing, and inclusive of accounts payable and accrued expenses, accrued payroll and related liabilities, billings in excess of revenue recognized and deferred rent), all calculated in accordance with GAAP in a manner consistent with the December 31, 2004 Financial Statements.

(iii) The term "Closing Cash" shall mean Caliber's cash on the Closing Date, as reduced to reflect (A) the payment in full of any and all outstanding indebtedness of Caliber and the Acquired Subsidiaries, including, but not limited to, any other indebtedness that Caliber or the Acquired Subsidiaries may have to the Caliber ESOP, the ESOP Sponsor, or any third party; and (B) payment of the Subsidiary Capitalization Amount.

(c) Adjustments to Estimated Closing Cash Purchase Price. The Estimated Closing Cash Purchase Price will be adjusted (i) downwards on a dollar-for-dollar basis to the extent that the Adjusted Closing Net Working Capital, as shown on the Estimated Closing Balance Sheet, is below the Base Net Working Capital Range and (ii) upwards on a dollar-for-dollar basis to the extent that the Adjusted Closing Net Working Capital is above the Base Net Working Capital Range. The Estimated Closing Cash Purchase Price will be further adjusted (i) downwards on a dollar-for-dollar basis to the extent that the Closing Cash is less than zero and (ii) upwards on a dollar-for-dollar basis to the extent that the Closing Cash is greater than zero.

(d) Closing Balance Sheet and Adjusted Closing Net Working Capital. Promptly following the Closing, ICF will cause Grant Thornton LLP to review the Estimated Closing Balance Sheet, including the Adjusted Closing Net Working Capital, the Closing Net Working Capital and the Closing Cash as reflected thereon. Based on such review, ICF will

deliver a proposed Closing Balance Sheet, prepared in a manner consistent with Section 2.3(b) above together with all related work papers, to the Shareholder's Representative within fifteen (15) Business Days after the later of (i) the Closing Date, or (ii) the date of receipt by ICF of all information sufficient for ICF to complete its review of all aspects of the Estimated Closing Balance Sheet (the "Proposed Closing Balance Sheet"). If within fifteen (15) Business Days following delivery of the Proposed Closing Balance Sheet, the Shareholder's Representative has not given ICF notice of his objection to the Proposed Closing Balance Sheet (which notice must contain a statement in reasonable detail of the basis of any such objection), then such Proposed Closing Balance Sheet shall constitute the "Closing Balance Sheet," and the Adjusted Closing Net Working Capital, Closing Net Working Capital and Closing Cash amounts included therein shall constitute the "Adjusted Closing Net Working Capital," "Closing Net Working Capital" and "Closing Cash." If the Shareholder's Representative gives notice of an objection, the parties shall use their respective best efforts to resolve any dispute by negotiation. If such dispute cannot be settled by negotiation within thirty (30) days after receipt by ICF of the Shareholder's Representative's notice, the dispute shall be resolved in accordance with the Financial Issue Resolution Process set forth in Section 2.4.

(e) Final Adjustment to the Estimated Closing Cash Purchase Price. If the Adjusted Closing Net Working Capital and the Closing Cash are such that Sections 2.3(d) and/or 2.4 do not require an adjustment to the Estimated Closing Cash Purchase Price, then the Escrow Agent shall disburse to the Shareholder the Balance Sheet Escrow within five (5) days after the finalization of the Closing Balance Sheet pursuant to Sections 2.3(d) and/or 2.4. If the Adjusted Closing Net Working Capital or the Closing Cash are such that Sections 2.3(d) or 2.4 require an adjustment to the Estimated Closing Cash Purchase Price, any amount due to the Shareholder by ICF in excess of the Balance Sheet Escrow shall be paid by ICF to the Shareholder, and any amount due to ICF from the Shareholder shall be paid to ICF by the Escrow Agent from the Escrow and, if the amount due ICF is in excess of the Balance Sheet Escrow, then such excess shall be paid to ICF by the Shareholder, all payments to be made within five (5) days after the finalization of the Closing Balance Sheet pursuant to Sections 2.3(d) and/or 2.4. In the event that the Shareholder for any reason fails to make the payment contemplated in the previous sentence, then ICF may bring an indemnification claim under Article IX and the Shareholder and the Founders shall be jointly and severally liable for that payment in accordance with Article IX. Any earnings on the Balance Sheet Escrow Funds, net of escrow expenses and taxes, shall be paid, pro rata, to the parties receiving distributions from the Balance Sheet Escrow Account.

2.4 Financial Issue Resolution Process.

Disputes between ICF and the Shareholder's Representative that cannot be resolved by negotiation within thirty (30) days after receipt by ICF of the Shareholder's Representative's notice in accordance with Sections 2.2(b) or 2.3(d) shall be referred no later than such 30th day for decision to RSM McGladrey, provided if at such time they serve as the independent public accountants of ICF or are otherwise unavailable for any reason, then to a nationally-recognized independent public accounting firm mutually selected by the Shareholder's Representative and ICF (which firm shall not be either (a) the independent public accountants of ICF or (b) the independent public accountants used by Caliber prior to the Closing Date) (the "Auditor") who shall act as arbitrator and determine, based solely on presentations by the Shareholder's Representative and ICF and only with respect to the

remaining differences so submitted. If RSM McGladrey is ineligible to serve or is otherwise unavailable and such an alternate accounting firm cannot be identified within ten (10) business days after the identification of the need for dispute resolution, the dispute shall be resolved in accordance with Section 11.11. The Auditor shall deliver its written determination to ICF and the Shareholder's Representative no later than the 30th day after the remaining differences underlying the dispute are referred to the Auditor, or such longer period of time as the Auditor determines is necessary. The Auditor's determination shall be conclusive and binding upon the parties. The fees and disbursements of the Auditor shall be allocated equally between ICF and the Shareholder's Representative. ICF and the Shareholder shall make readily available to the Auditor all relevant information, books and records and any work papers relating to the dispute and all other items reasonably requested by the Auditor. In no event may the Auditor's resolution of any difference be for an amount that is outside the range of ICF's and the Shareholder's Representative's disagreement.

2.5 Shareholder's Representative.

(a) Croan is hereby appointed as the Shareholder's and the Founders' true and lawful representative, proxy, agent and attorney-in-fact (the "Shareholder's Representative") for a term that shall be continuing and indefinite and without a termination date except as otherwise provided herein, to act for and on behalf of the Shareholder and the Founders in connection with or relating to the Transaction Documents and the Contemplated Transactions, including, without limitation, to give and receive notices and communications, to receive and accept service of legal process in connection with any proceeding arising under the Transaction Documents or in connection with the Contemplated Transactions, to authorize delivery of cash from each of the Escrow Accounts, to object to or accept any claims against or on behalf of the Shareholder and/or the Founders pursuant to Article IX, to agree to, negotiate, enter into settlements and compromises of, and demand arbitration and comply with orders of courts and awards of arbitrators with respect to such amounts or claims, and to take all actions necessary or appropriate in the sole opinion of the Shareholder's Representative for the accomplishment of the foregoing. Until all amounts in each of the Escrow Accounts have been fully and finally been distributed by the Escrow Agent, the Shareholder may remove and replace any Shareholder's Representative. At such time as all amounts in each of the Escrow Accounts have been fully and finally distributed by the Escrow Agent, the Shareholder shall cease to have the authority to remove and replace the Shareholder's Representative and Croan shall have the authority to remove and replace any Shareholder's Representative. Any change in the Shareholder's Representative shall become effective only upon delivery of written notice of such change to ICF. The Shareholder's Representative shall not receive compensation for his or her services. Notices, deliveries or communications to or from the Shareholder's Representative by or to any of the parties to the Transaction Documents shall constitute notices, deliveries or communications to or from the Shareholder.

(b) The Shareholder's Representative shall not be liable for any act done or omitted hereunder in his capacity as Shareholder's Representative in the absence of gross negligence or willful misconduct on his or her part. The Shareholder and the Founders (so long as the Shareholder has the authority to remove and replace the Shareholder's Representative) and the Founders, but not the Shareholder (commencing at the time Croan has the authority to remove and replace the Shareholder's Representative) shall protect and indemnify the

Shareholder's Representative and hold the Shareholder's Representative harmless from and against any and all damages, actions, proceedings, demands, liabilities, losses, taxes, fines, penalties, costs, claims and expenses (including, without limitation, reasonable fees of counsel) ("Damages") of any kind or nature whatsoever (whether or not arising out of third-party claims and including all amounts paid in investigation, defense or settlement of the foregoing) that may be sustained or suffered by the Shareholder's Representative in connection with the administration of its duties hereunder, except where such Damages arise from or are the result of the Shareholder's Representative's gross negligence or willful misconduct.

(c) Any decision, act, consent or instruction taken or given by the Shareholder's Representative pursuant to this Agreement shall be and constitute a decision, act, consent or instruction of the Shareholder and/or the Founders, as the case may be, and shall be final, binding and conclusive upon the Shareholder and the Founders. The Escrow Agent and ICF may rely upon any such decision, act, consent or instruction of the Shareholder's Representative as being the decision, act, consent or instruction of the Shareholder and/or the Founders and shall have no duty to inquire as to the acts and omissions of the Shareholder's Representative. The Escrow Agent and ICF are hereby relieved from any liability to any Person for any acts done by them in accordance with such decision, act, consent or instruction of the Shareholder's Representative.

(d) Notices given to the Shareholder's Representative in accordance with Section 11.2 shall constitute notice to the Shareholder and the Founders for all purposes under this Agreement.

(e) This Section 2.5 shall survive the termination or expiration of this Agreement or any one or more of the Escrow Agreements.

ARTICLE III

Representations and Warranties of the Shareholder, Caliber and Founders

Except as set forth in the Disclosure Schedule, the Shareholder, Caliber and the Founders jointly and severally represent and warrant to ICF as follows:

3.1 Organization and Power.

(a) Shareholder. The Shareholder is a duly organized and existing trust under the laws of the Commonwealth of Virginia and the trustees thereunder have the full power and authority to execute, deliver and perform this Agreement and the other Transaction Documents to which it is a party and to consummate the Contemplated Transactions.

(b) Caliber. Caliber (i) is a corporation duly incorporated, validly existing and in good standing under the laws of the Commonwealth of Virginia, (ii) has full power and authority to execute, deliver and perform this Agreement, (iii) has all requisite corporate power to own or lease and to operate its properties and carry out the businesses in which it is engaged, and (iv) is duly qualified or licensed to do business as a foreign corporation in good standing in every jurisdiction where its ownership of property, or the conduct of its business, requires such qualification, other than jurisdictions in which the failure to so qualify, individually or in the

aggregate, would not have a material adverse effect on Caliber. Section 3.1(b) of the Disclosure Schedule lists each of the jurisdictions in which Caliber is qualified or licensed to do business as a foreign corporation. Caliber is in good standing in each jurisdiction listed on Section 3.1(b) of the Disclosure Schedule.

(c) Acquired Subsidiaries. Each of the Acquired Subsidiaries (i) is a corporation duly incorporated, validly existing and in good standing under the laws of its respective jurisdiction of incorporation, (ii) has all requisite corporate power to own or lease and to operate its properties and carry out the businesses in which it is engaged, and (iii) is duly qualified or licensed to do business as a foreign corporation in good standing in every jurisdiction where such corporation's ownership of property, or the conduct of such corporation's business, requires such qualification, other than jurisdictions in which the failure to so qualify, individually or in the aggregate, would not have a material adverse effect on Caliber or such Acquired Subsidiary. Section 3.1(c) of the Disclosure Schedule lists each of the Acquired Subsidiaries and the jurisdictions in which each of the Acquired Subsidiaries is qualified or licensed to do business as a foreign corporation. Each Acquired Subsidiary is in good standing in each jurisdiction listed for such Acquired Subsidiary on Section 3.1(c) of the Disclosure Schedule.

3.2 Authorization and Enforceability.

This Agreement has been, and each of the other documents, agreements and instruments to be executed and delivered at Closing by the Shareholder and Caliber (together with this Agreement, the "Transaction Documents") will be, duly authorized, executed and delivered by Caliber and the Shareholder and each of the Founders, as the case may be, and constitutes, or as of the Closing Date will constitute, a valid and legally binding agreement of each of Caliber, the Shareholder or the Founders, as the case may be, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles. The Contemplated Transactions have been duly authorized by (i) the Trustee(s) of the Shareholder in accordance with all applicable Law and the Shareholder's Trust Agreement and (ii) the Board of Directors of Caliber in accordance with all applicable Law and the Articles of Incorporation and Bylaws of Caliber.

3.3 No Violation.

The execution and delivery of this Agreement by Caliber and the Shareholder, the consummation of the Contemplated Transactions and compliance with the terms of the Transaction Documents will not:

(a) conflict with or violate any provision of the Caliber Associates Employee Stock Ownership Trust Agreement or other document of Shareholder;

(b) conflict with or violate any provision of the Articles of Incorporation, any bylaw or any corporate charter or document of Caliber or the Acquired Subsidiaries;

(c) result in the creation of, or require the creation of, any Lien upon any (i) Shares or (ii) property of Caliber or any of the Acquired Subsidiaries;

(d) result in (i) the termination, cancellation, modification, amendment, violation, or renegotiation of any contract, agreement, indenture, instrument, or commitment pertaining to the business of Caliber, or any of the Acquired Subsidiaries, or (ii) the acceleration or forfeiture of any term of payment;

(e) give any Person the right to (i) terminate, cancel, modify, amend, vary, or renegotiate any contract, agreement, indenture, instrument, or commitment pertaining to the business of Caliber or any of the Acquired Subsidiaries, or (ii) to accelerate or forfeit any term of payment; or

(f) violate any Law applicable to Caliber or any of the Acquired Subsidiaries or the Shareholder or by which their properties are bound or affected.

3.4 Consents.

Except as set forth on Section 3.4 of the Disclosure Schedule, neither the execution and delivery of this Agreement by the Shareholder and Caliber, nor the consummation of the Contemplated Transactions or compliance with the terms of the Transaction Documents, will require (a) the consent or approval under any agreement or instrument or (b) the Shareholder, Caliber, or any of the Acquired Subsidiaries to obtain the approval or consent of, or make any declaration, filing (other than administrative filings with Taxing Authorities, foreign companies registries and the like) or registration with, any Governmental Authority and all such consents or approvals have been obtained or waived.

3.5 Financial Statements.

(a) In General. The Audited Financial Statements were prepared in accordance with GAAP applied consistently and the Interim Financial Statement and the Estimated Closing Balance Sheet were internally prepared by Caliber, in a manner consistent with past practices for such internally prepared unaudited financial statements. Throughout the periods involved, the Financial Statements fairly and accurately present in all material respects the consolidated financial position of Caliber and the Acquired Subsidiaries, as of the dates thereof, and the consolidated statements of operations, changes in shareholders' equity, and cash flows for the periods then ended.

(b) Financial Books and Records. The financial books and records of Caliber and the Acquired Subsidiaries fairly and accurately reflect, in accordance with applicable Law and GAAP and on a basis consistent with past periods and throughout the periods involved, (i) the financial position of Caliber and the Acquired Subsidiaries and (ii) all transactions of Caliber and the Acquired Subsidiaries. Neither Caliber nor any of the Acquired Subsidiaries has received any advice or notification from its independent certified public accountants that Caliber or any of the Acquired Subsidiaries has used any improper accounting practice that would have the effect of not reflecting or incorrectly reflecting in the books and records of Caliber or any of the Acquired Subsidiaries any properties, assets, liabilities, revenues, or expenses.

(c) No Undisclosed Liabilities; Etc. Except as set forth on Section 3.5(c) of the Disclosure Schedule, neither Caliber nor any of the Acquired Subsidiaries has any liabilities or obligations of any nature (whether known or unknown and whether absolute, accrued, contingent, or otherwise), except for amounts of liabilities or obligations reflected or reserved against in the Financial Statements.

(d) Accounts Receivable. All receivables (including intercompany and unbilled receivables) reflected in the Financial Statements or recorded on the books of Caliber and each of the Acquired Subsidiaries resulted from the ordinary course of business, have been properly recorded in the ordinary course of business, and, to the Knowledge of Caliber and subject to the reserves reflected in the Financial Statements, which reserves are determined in accordance with GAAP applied on a basis consistent with prior periods and throughout the periods involved, are good and collectible in full without any discount, setoff or valid counterclaim (net of recovery from vendors or subcontractors), in amounts equal to not less than the aggregate face amounts thereof.

(e) No Letters of Credit or Guarantees. Except as reflected in the Financial Statements or as set forth on Section 3.5(e) of the Disclosure Schedule, neither Caliber nor any of the Acquired Subsidiaries (i) has any letters of credit outstanding as to which Caliber or the Acquired Subsidiaries has any actual or contingent reimbursement obligations, and (ii) is a party to or bound, either absolutely or on a contingent basis, by any agreement of guarantee, indemnification or any similar commitment with respect to the liabilities or obligations of any other Person (whether accrued, absolute, or contingent).

(f) Contingent or Deferred Acquisition Expenses or Payments. Except as otherwise disclosed on Section 3.5(f) of the Disclosure Schedule, neither Caliber, nor any of the Acquired Subsidiaries are obligated, or otherwise liable for the payment of any contingent or deferred acquisition payments relating to the direct or indirect acquisition of any business, enterprise, or combination.

3.6 Relationships with Affiliates.

Except as set forth on Section 3.6 of the Disclosure Schedule, no Shareholder or any Affiliate of any Shareholder, Caliber or any of the Acquired Subsidiaries has, or has had, any interest in any property (real, personal, or mixed and whether tangible or intangible), used in or pertaining to the business of Caliber or any of the Acquired Subsidiaries. No Shareholder or any Affiliate of any Shareholder, Caliber or any of the Acquired Subsidiaries is, or has owned (of record or as a beneficial owner) an equity interest or any other financial or a profit interest in, a Person that has (a) had business dealings or a material financial interest in any transaction with Caliber or any Acquired Subsidiary or (b) engaged in competition with Caliber or any Acquired Subsidiary with respect to any line of the products or services of Caliber or any Acquired Subsidiary in any market presently served by Caliber or any of the Acquired Subsidiaries. Except as set forth on Section 3.6 of the Disclosure Schedule, no Shareholder or any Affiliate of any Shareholder, Caliber or any of the Acquired Subsidiaries is a party to any contract or agreement with, or has any claim or right against, Caliber or any of the Acquired Subsidiaries.

3.7 Indebtedness to/from Officers, Directors, Shareholder and Employees.

Except as set forth on Section 3.7 of the Disclosure Schedule, neither Caliber nor any of the Acquired Subsidiaries is indebted, directly or indirectly, to any Person who

immediately prior to the Closing was a Shareholder, officer or director of either Caliber or any of the Acquired Subsidiaries in any amount whatsoever, other than for salaries for services rendered or reimbursable business expenses. No Shareholder, officer, director, or employee is indebted to either Caliber or any of the Acquired Subsidiaries except for advances made to employees of either Caliber or any of the Acquired Subsidiaries in the ordinary course of business to meet reimbursable business expenses anticipated to be incurred by such obligor.

3.8 No Adverse Change.

Since December 31, 2004, there has not been any material adverse change in the businesses, operations, properties or condition, financial or otherwise, or prospects of either Caliber or any of the Acquired Subsidiaries, nor has any event, condition or contingency occurred that is reasonably likely to result in such an adverse change.

3.9 Conduct of the Business.

(a) Cooperative Business Arrangements. Except as set forth on Section 3.9(a) of the Disclosure Schedule, none of the business of Caliber or the Acquired Subsidiaries is, or since December 31, 2004 has been, conducted through any (i) joint venture, teaming agreement or relationship, partnership or other entity, or (ii) any subcontract, agreement or other arrangement pursuant to which a third party manufactures or processes products for Caliber or the Acquired Subsidiaries, or performs services for customers of Caliber or the Acquired Subsidiaries. Neither Caliber nor any of the Acquired Subsidiaries (nor to the knowledge of Caliber, any other party to such agreements) is in breach of any term of any such agreement.

(b) Letters of Intent, Non-Competition and Non-Disclosure Arrangements. Except as set forth in Section 3.9(b) of the Disclosure Schedule, neither Caliber, nor any of the Acquired Subsidiaries, is party to any letters of intent, memoranda of understanding, non-competition arrangements, non-disclosure agreements or confidentiality agreements that remain in effect.

3.10 Corporate and Capital Structure.

(a) Capital Structure. Section 3.10(a) of the Disclosure Schedule sets forth the capitalization and record owners of all of the Capital Stock of each of Caliber and the Acquired Subsidiaries. All Capital Stock of Caliber and the Acquired Subsidiaries previously issued and now cancelled was duly authorized, and issued and cancelled in compliance with the applicable Virginia law, the Securities Act of 1933, as amended, and any applicable state "Blue Sky" laws or exemptions therefrom. All outstanding Capital Stock of Caliber and the Acquired Subsidiaries is duly authorized, has been validly issued and is fully paid and non-assessable, owned beneficially and of record by the Shareholder, free and clear of any Lien, and was issued in compliance with the Securities Act of 1933, as amended, and any applicable state "Blue Sky" laws or exemptions therefrom. Caliber has good and valid title to all of the issued and outstanding shares of Capital Stock of the Acquired Subsidiaries registered in its name, in each case free and clear of any Lien. The holders of Caliber's Capital Stock have no preemptive rights with respect to securities of Caliber. None of the holders of Caliber's Capital Stock has granted any proxy, or entered into any voting trust, voting agreement or similar arrangement,

with respect to his or her Shares. Neither Caliber nor any Acquired Subsidiary (i) has any outstanding securities convertible into or exchangeable or exercisable for any shares of its Capital Stock, or (ii) has outstanding any rights to subscribe for or to purchase, or any options for the purchase, or any agreements providing for the issuance (contingent or otherwise), of, or any calls against, commitments by or claims against them of any character relating to, any shares of their Capital Stock or any securities convertible into or exchangeable or exercisable for any shares of their Capital Stock.

(b) Interests In Other Persons. Except as set forth on Section 3.10(b) of the Disclosure Schedule, neither Caliber, nor any of the Acquired Subsidiaries owns, directly or indirectly, any shares of Capital Stock or any other equity interest in any other Person.

3.11 Title to Shares.

At the completion of the Closing, ICF will own all of the issued and outstanding Capital Stock of Caliber, and Caliber will own all of the issued and outstanding Capital Stock of the Acquired Subsidiaries, in each case free and clear of any Liens.

3.12 Charter, Bylaws and Corporate Records.

True and complete copies of the Charter and Bylaws of Caliber and each of the Acquired Subsidiaries, as currently in effect, and the minute books and stock record books thereof have been provided to ICF. The minute books of Caliber and each of the Acquired Subsidiaries contain accurate and complete records of all meetings held of, and corporate actions taken by, the shareholders, the Boards of Directors, and committees of the Boards of Directors of Caliber and the Acquired Subsidiaries, and no meeting of any such shareholders, Board of Directors or committee has been held for which minutes have not been prepared and are not contained in such minute books. The aforesaid Charter, Bylaws and minutes (including written consents or other actions) are true, correct and complete as of the date hereof.

3.13 Assets – In General.

Except as set forth on Section 3.13 of the Disclosure Schedule, the assets and rights of Caliber and the Acquired Subsidiaries include (a) all of the assets and rights of Caliber and the Acquired Subsidiaries that were used in the conduct of their businesses as conducted prior to December 31, 2004, subject to such changes as have occurred in the ordinary course of business since December 31, 2004, and (b) all assets reflected in the December 2004 Financial Statements, subject to such changes as have occurred in the ordinary course of business since December 31, 2004. Except as set forth on Section 3.13 of the Disclosure Schedule, Caliber and each of the Acquired Subsidiaries, has good and marketable title to all of their respective assets, free and clear of any Lien. Except as set forth on Section 3.13 of the Disclosure Schedule, all assets necessary for the conduct of the business of Caliber and the Acquired Subsidiaries in accordance with past practice are (i) in good operating condition and repair, ordinary wear and tear excepted, (ii) not in need of maintenance or repair, except for ordinary routine maintenance or repairs that are not material in nature or cost, and (iii) adequate and sufficient for the continuing conduct of the businesses of Caliber and the Acquired Subsidiaries as conducted prior to the date hereof.

3.14 Real Property Interests.

Except as set forth on Section 3.14 of the Disclosure Schedule, neither Caliber nor any of the Acquired Subsidiaries now owns, or has ever owned, any real property. Section 3.14 of the Disclosure Schedule sets forth a list and summary description of all leases, subleases, or other occupancies used by Caliber or any of the Acquired Subsidiaries or to which any of them is a party (the “Real Property Interests”). Except as set forth on Section 3.14 of the Disclosure Schedule, each of the Real Property Interests listed and described on Section 3.14 of the Disclosure Schedule is in full force and effect, and there is no default by Caliber or any of the Acquired Subsidiaries under any such Real Property Interests.

3.15 Personal Property.

Set forth on Section 3.15 of the Disclosure Schedule is a list of all material equipment, machinery, motor vehicles, and other material tangible personal property owned or leased by Caliber and the Acquired Subsidiaries (the “Personal Property”). Caliber and each of the Acquired Subsidiaries has good title to all of their respective Personal Property, free and clear of any Lien.

3.16 Intellectual Property Rights.

(a) Section 3.16(a) of the Disclosure Schedule includes a true and complete list of all Commercial Software used by or in connection with the businesses of Caliber and each of the Acquired Subsidiaries. Section 3.16(a) of the Disclosure Schedule also includes a true and complete list of (i) all Copyrights, Patents and Trademarks (other than those comprising or reflected in Commercial Software) used by or in connection with the businesses of Caliber and each of the Acquired Subsidiaries and (ii) all pending applications for Copyrights, Patents and Trademarks filed by or on behalf of Caliber or the Acquired Subsidiaries and used by or in connection with the businesses of Caliber or the Acquired Subsidiaries as presently conducted. None of such rights has been opposed or held unenforceable. Each of the aforesaid Intellectual Property Rights (other than those comprising or reflected in Commercial Software) is valid, subsisting and enforceable. Each of the registered Intellectual Property Rights (other than those comprising or reflected in Commercial Software) is duly registered in the name of Caliber or an Acquired Subsidiary, as appropriate.

(b) Except as set forth on Section 3.16(b) of the Disclosure Schedule, the business of Caliber and the Acquired Subsidiaries as presently conducted does not require or use any Intellectual Property Rights (including without limitation those comprising or reflected in Commercial Software) not owned by or licensed to Caliber or the Acquired Subsidiaries. Caliber and the Acquired Subsidiaries are the owners or have the right to use the Commercial Software and the Intellectual Property Rights listed on Section 3.16(a) of the Disclosure Schedule without making any payment to others or granting rights to others in exchange therefor.

(c) Except as set forth on Section 3.16(c) of the Disclosure Schedule, no Person (other than Caliber or the Acquired Subsidiaries) has any right to use any Intellectual Property Rights owned by Caliber or the Acquired Subsidiaries. No shareholder, director, officer or employee of, or Consultant to, Caliber or the Acquired Subsidiaries has any right to use, other than in connection with the business activities of Caliber or the Acquired Subsidiaries as presently conducted, any of the Intellectual Property or Intellectual Property Rights.

(d) The operation of the business of Caliber and each of the Acquired Subsidiaries in the normal course of business prior to the Effective Date does not infringe in any respect upon the Intellectual Property Rights of any Person, and, to the Knowledge of Caliber, no Person who does not have the right to use the Intellectual Property Rights has claimed or threatened to claim the right to use any Intellectual Property Rights or to deny the right of Caliber or any of the Acquired Subsidiaries to use same. No proceeding alleging infringement of the Intellectual Property Rights of any Person is pending or, to the Knowledge of Caliber, threatened against Caliber or any of the Acquired Subsidiaries.

(e) With respect to each Trade Secret of Caliber or of an Acquired Subsidiary, the documentation relating to such Trade Secret is current, accurate and in sufficient detail and content to identify and explain it and allow its full and proper use without reliance on the knowledge or memory of any individual. Caliber and the Acquired Subsidiaries have taken all reasonable precautions to protect the secrecy, confidentiality, and value of their respective Trade Secrets. Such Trade Secrets are not part of the public knowledge or literature, and have not been used, divulged, or appropriated either for the benefit of any Person (other than Caliber and the Acquired Subsidiaries) or to the detriment of Caliber or the Acquired Subsidiaries.

(f) Section 3.16(f) of the Disclosure Schedule includes a true and complete list of any rights (e.g. unlimited, limited, restrictive, government purpose license rights, and march-in) that any Governmental Authority has in any copyrights, patents, trademarks, Technology, or Software (other than Commercial Software) that Caliber or any of the Acquired Subsidiaries use in their respective businesses. Except as set forth in Section 3.16(f) of the Disclosure Schedule, neither Caliber nor any of the Acquired Subsidiaries has developed any item, component, process or software as a requirement of any Government Contract, or for which any Governmental Authority paid some or all of the cost of development.

3.17 Scheduled Contracts and Proposals.

(a) Scheduled Contracts. Section 3.17(a) of the Disclosure Schedule is a true and complete description of all “Scheduled Contracts” (as hereinafter defined) to which either Caliber or an Acquired Subsidiary is a party, by which its assets are bound, or which otherwise pertain to the businesses of Caliber and the Acquired Subsidiaries. For the purposes of this Section 3.17(a), the term “Scheduled Contracts” shall mean the following written or oral contracts, agreements, indentures, instruments, commitments and amendments thereof with suppliers, customers, producers, consumers, lenders of Caliber and the Acquired Subsidiaries and other third parties that are currently in effect, but excluding any agreement, contract or other document listed or required to be listed in any of Sections 3.18(b) through (f) of the Disclosure Schedule:

(i) loan and credit agreements, revolving credit agreements, security agreements, guarantees, notes, agreements evidencing any lien, conditional sales agreements, factoring agreements, leasing agreements, sale and leaseback and synthetic lease agreements, or title retention agreements;

(ii) hedging and similar agreements;

(iii) sales orders and other contracts and commitments for the future sale by Caliber or the Acquired Subsidiaries of goods, materials, supplies, services or equipment (other than Government Contracts) providing for annual payments greater than \$10,000;

(iv) purchase orders and other contracts and commitments providing for annual payments greater than \$10,000 for the future purchase of materials, supplies, services or equipment by Caliber or any of the Acquired Subsidiaries in excess of the requirements for normal operating inventories or for business now booked;

(v) agreements (other than “shrink wrap” licenses) relating to Intellectual Property Rights listed on Section 3.17(a) of the Disclosure Schedule;

(vi) contracts, agreements, indentures, instruments or commitments by and between Caliber or any of the Acquired Subsidiaries and Persons with whom Caliber or any of the Acquired Subsidiaries is not dealing at arm’s length;

(vii) agreements listed on Section 3.9(a) of the Disclosure Schedule;

(viii) franchise, distribution, license or consignment contracts or agreements;

(ix) sales, agency or advertising contracts or agreements commitments providing for annual payments greater than \$10,000;

(x) leases under which Caliber or any Acquired Subsidiary is the lessor or lessee other than operating leases that require future payments by Caliber or any Acquired Subsidiary of less than \$10,000 per annum;

(xi) management or service contracts or agreements, and contracts and agreements with Consultants, independent contractors and sub-contractors commitments providing for annual payments greater than \$10,000;

(xii) agreements of any kind with any Affiliate of Caliber or any of the Acquired Subsidiaries;

(xiii) agreements of any kind relating to the business of Caliber or any of the Acquired Subsidiaries to which employees of Caliber or any Acquired Subsidiary, or entities controlled by them, are parties; and

(xiv) discount policies and practices.

(b) Status of Scheduled Contracts. Except as otherwise disclosed on Section 3.17(b) of the Disclosure Schedule, (x) each of the Scheduled Contracts is in full force and effect; (y) a true and complete copy of each written Scheduled Contract (and all amendments thereto) and a true and accurate summary of all provisions of each oral Scheduled Contract has been

delivered or made available to ICF; and (z) there are no oral modifications or amendments to any of the Scheduled Contracts. In addition:

(i) All of the Scheduled Contracts have been legally awarded and are binding on the parties thereto, and Caliber or the applicable Acquired Subsidiary, as the case may be, is in material compliance with all terms and conditions in such Scheduled Contracts;

(ii) Neither Caliber nor any of the Acquired Subsidiaries has received any written notice of deficient performance or administrative deficiencies relating to any Scheduled Contract;

(iii) Neither Caliber nor any of the Acquired Subsidiaries has received any notice of any stop work orders, terminations, cure notices, show cause notices or notices of default or breach under any of the Scheduled Contracts, nor, to the Knowledge of Caliber, has any such action been threatened or asserted;

(iv) Each Scheduled Contract was entered into in the ordinary course of business and, based upon assumptions that Caliber's or the applicable Acquired Subsidiaries' management believes to be reasonable and subject to such assumptions being fulfilled, should be capable of being performed in accordance with its terms and conditions without a loss. There is no Scheduled Contract for which the most recent estimated total costs of completing, including any unexercised options, as estimated in good faith by Caliber or the applicable Acquired Subsidiaries, indicates that such Scheduled Contract will be completed at a loss;

(v) There are no Scheduled Contracts for the provision of goods or services by Caliber or any of the Acquired Subsidiaries that include a liquidated damages clause or unlimited liability by Caliber or any of the Acquired Subsidiaries, or liability for consequential damages;

(vi) There are no Scheduled Contracts for the provision of goods or services by Caliber or any of the Acquired Subsidiaries that require Caliber or the applicable Acquired Subsidiaries to post a surety, performance or other bond or to be an account party to a letter of credit or bank guarantee;

(vii) There are no written claims of any type, or requests for equitable adjustments outstanding or, to the Knowledge of Caliber, threatened under any Scheduled Contracts in process and no money presently due to Caliber or to any Acquired Subsidiary on any Scheduled Contract has been withheld or set off or subject to attempts to withhold or setoff; and

(viii) No party to a Scheduled Contract has notified either Caliber, or any of the Acquired Subsidiaries that Caliber or any of the Acquired Subsidiaries has breached or violated any Law or any certification, representation, clause, provision or requirement of any Scheduled Contract.

(c) Proposals. Section 3.17(c) of the Disclosure Schedule sets forth a true and accurate summary of all bids, proposals, offers, or quotations (other than a "Bid" as defined in Section 3.18(a)) made by Caliber or any of the Acquired Subsidiaries that were outstanding as of

the date of this Agreement (collectively the “Proposals”), true and complete copies of which have been made available to ICF. Section 3.17(c) of the Disclosure Schedule identifies each Proposal by number and the party to whom such bid, proposal, or quotation was made, the subject matter of such bid, proposal, or quotation and the proposed price. In addition:

(i) As estimated in good faith by Caliber or the applicable Acquired Subsidiaries (and based upon assumptions that Caliber’s or the applicable Acquired Subsidiaries’ management believes to be reasonable and subject to such assumptions being capable of being performed), each Proposal can be performed in accordance with its terms and conditions without a loss; and

(ii) None of the Proposals requires Caliber or the applicable Acquired Subsidiaries to post a surety, performance or other bond or to be an account party to a letter of credit or bank guarantee.

3.18 Government Contracting.

(a) Definitions. The following capitalized terms, when used in this Section 3.18, shall have the respective meanings set forth below:

(i) “Active”, whether or not capitalized, (1) when used to modify any Government Contract, Government Subcontract or Subcontract, means that final payment has not been made on such Government Contract, Government Subcontract or Subcontract, and (2) when used to modify any Teaming Agreement, “active” means that such Teaming Agreement has not terminated or expired.

(ii) “Bid” means any bid, proposal, offer or quotation made by Caliber or by a contractor team or joint venture, in which Caliber is participating, that, if accepted, would result in the award of a Government Contract or a Government Subcontract.

(iii) “Government Contract” means any prime contract, multiple award schedule contract, basic ordering agreement, letter contract, purchase order, delivery order or other commitment of any kind between Caliber and either the U.S. Government or a State Government.

(iv) “Government Subcontract” means any subcontract, basic ordering agreement, letter subcontract, purchase order, delivery order, or other commitment of any kind between Caliber and any prime contractor to either the U.S. Government or a State Government or any subcontractor with respect to a Government prime contract.

(v) “State Government” means any state, territory or possession of the United States or any department or agency of any of the above with statewide jurisdiction and responsibility.

(vi) “Subcontract” means any subcontract, basic ordering agreement, letter subcontract, purchase order, delivery order, consulting agreement or other commitment of any kind issued by Caliber to any Person in support of Caliber’s performance of a Government Contract or Government Subcontract.

(vii) “Teaming Agreement” has the same meaning as the term, “Contractor team arrangement,” as defined in Federal Acquisition Regulation (“FAR”) 9.601.

(viii) “U.S. Government” means the United States Government or any department, agency or instrumentality thereof.

(b) Government Contracts and Subcontracts. Schedule 3.18(b) separately lists and identifies:

(i) Each Government Contract and Government Subcontract on which final payment was received after December 31, 2001 with a contract value in excess of \$50,000, identified by contract number, customer and date of award (true and complete copies of which, including all modifications and amendments thereto, have been provided to Buyer);

(ii) Each active Government Contract and Government Subcontract with a contract value in excess of \$50,000, identified by contract number, customer and date of award (true and complete copies of which, including all modifications and amendments thereto, have been provided to Buyer);

(iii) Each Government Contract and Government Subcontract on which final payment was received after December 31, 2001, that was negotiated (or modification thereto was negotiated) based on cost and pricing data that Caliber certified as being current, complete and accurate pursuant to the Truth in Negotiations Act (10 U.S.C. § 2306a; 41 U.S.C. § 256b).

(iv) Each active Government Contract and Government Subcontract that was negotiated (or modification thereto was negotiated) based on cost and pricing data that Caliber certified as being current, complete and accurate pursuant to the Truth in Negotiations Act (10 U.S.C. § 2306a; 41 U.S.C. § 256b).

(c) Bids. Section 3.18(c) of the Disclosure Schedule separately lists and identifies each outstanding Bid, identified by the Person to whom such Bid was made, the date submitted, the subject matter of such Bid, the anticipated award date and whether any such Bid is dependent, in whole or in part, on the “small business” or other status of Caliber under Applicable Law (true and complete copies of which, including all modifications and amendments thereto, have been provided to Buyer).

(d) Teaming Agreements. Section 3.18(d) of the Disclosure Schedule separately lists and identifies each active Teaming Agreement to which Caliber is a party (true and complete copies of which, including all modifications and amendments thereto, have been provided to Buyer);

(e) Subcontracts. Section 3.18(e) of the Disclosure Schedule separately lists and identifies each active Subcontract (true and complete copies of which, including all modifications and amendments thereto, have been provided to Buyer); and

(f) Marketing Agreements. Section 3.18(f) of the Disclosure Schedule separately lists and identifies each sales representation, consulting and other agreement regarding

marketing and selling Caliber's products and services to the U.S. Government, any State Government or any foreign government (or department, agency or instrumentality thereof), to which Caliber is (or has been at any time since December 31, 2001) a party (true and complete copies of which, including all modifications and amendments thereto, have been provided to Buyer).

(g) Status. Except as set forth on Section 3.18(g) of the Disclosure Schedule:

(i) Each active Government Contract, Government Subcontract and Subcontract is in full force and effect, has been legally awarded and is binding on Caliber and, to the Knowledge of Caliber, the other party thereto, and no active Government Contract, Government Subcontract or Subcontract is subject to any oral modifications or amendments.

(ii) Each active Teaming Agreement is in full force and effect and is binding on Caliber and, to the Knowledge of Caliber, the other party thereto, and no active Teaming Agreement is subject to any oral modifications or amendments.

(iii) Caliber has substantially complied with all material terms and conditions of each active Government Contract, Government Subcontract, Subcontract and Teaming Agreement, including all clauses, provisions and requirements incorporated therein expressly, by reference or by operation of Applicable Law.

(iv) All representations and certifications executed, acknowledged or set forth in or pertaining to any Bid submitted by Caliber or to any Government Contract or Government Subcontract awarded to Caliber, in each case since December 31, 2001, were current, accurate and complete in all material respects as of their respective effective dates, and Caliber has complied in all material respects with all such representations and certifications.

(v) Neither the U.S. Government, any State Government nor any prime contractor, subcontractor or other person has notified Caliber that Caliber has breached or violated any Applicable Law or any certification or representation pertaining to any Bid, Government Contract or Government Subcontract.

(vi) No active Government Contract was awarded to Caliber pursuant to the Small Business Innovative Research ("SBIR") program or any set-aside program (small business, small disadvantaged business, 8(a), woman owned business, etc.) or as a result of Caliber's "small business" or other status under Applicable Law.

(vii) To the Knowledge of Caliber, no active Government Subcontract was awarded to Caliber as a result of Caliber's "small business" or other preferred status.

(viii) No active Government Contract was awarded to Caliber on a sole source basis and/or without competition.

(ix) No active Government Contract or Government Subcontract or outstanding Bid includes a liquidated damages clause or any requirement to post a surety, performance or other bond or to be an account party to a letter of credit or bank guarantee.

(x) The cost accounting practices that Caliber is using (and has used since December 31, 2001) to estimate and record costs in connection with the submission of Bids and performance of Government Contracts and Government Subcontracts are (and have been) in substantial compliance with Applicable Law, including but not limited to, the FAR Cost Principles (48 C.F.R. Part 31) and Cost Accounting Standards (48 C.F.R. Chap. 99), and have been properly disclosed to the U.S. Government (if required to be disclosed by Applicable Law).

(xi) Neither Caliber, nor any of its directors, officers or employees or any of them, is (or has been at any time since December 31, 2001) subject to a negative contractor performance assessment report, suspended or debarred from doing business with the U.S. Government or any State Government, or nonresponsible or ineligible for U.S. Government or State Government contracting; and to the Knowledge of Caliber, there are no circumstances that would warrant in the future the institution of suspension or debarment proceedings, criminal or civil fraud or other criminal or civil proceedings or a determination of nonresponsibility or ineligibility against Caliber or any of its directors, officers or employees.

(xii) Since December 31, 2001, no Government Contract or Government Subcontract has been terminated for convenience or default, no stop work order, cure notice, show cause notice or other notice threatening termination or alleging noncompliance with any material term has been issued to Caliber with respect to any Government Contract or Government Subcontract, and to the Knowledge of Caliber, no event, condition or omission has occurred or exists that would constitute grounds for any such action with respect to any active Government Contract or Government Subcontract.

(xiii) No money presently due to Caliber on any active Government Contract or Government Subcontract has been, or to the Knowledge of Caliber threatened or likely to be, withheld or set off or subject to attempts to withhold or setoff.

(xiv) Caliber has not begun performance of any anticipated Government Contract or Government Subcontract or any anticipated option exercise or modification thereof prior to award, option exercise or modification or made any expenditures or incurred costs or obligations in excess of any applicable limitation of government liability, limitation of cost, limitation of funds or similar clause limiting the U.S. Government's liability on any active Government Contract or Government Subcontract (including without limitation, any work being performed "at risk" in advance of receipt of funding).

(xv) Caliber and its respective employees hold such security clearances as are required to perform Government Contracts and Government Subcontracts of the type performed prior to the date of this Agreement by Caliber; to Caliber's Knowledge, there are no facts or circumstances that could reasonably be expected to result in the suspension or termination of such clearances or that could reasonably be expected to render Caliber ineligible for such security clearances in the future; and Caliber has complied in all respects with all security measures required by Government Contracts, Government Subcontracts or Applicable Law.

(xvi) Each active Government Contract and Government Subcontract was entered into in the ordinary course of business and, based upon assumptions that Caliber's

management believes to be reasonable and subject to such assumptions being fulfilled, should be capable of being performed in accordance with its terms and conditions without a loss. There is no active Government Contract or Government Subcontract, for which the most recent estimated total costs of completing, including any unexercised options, as estimated in good faith by Caliber, indicates that such Government Contract or Government Subcontract will be completed at a loss.

(xvii) As estimated in good faith by Caliber (and based upon assumptions that Caliber's management believes to be reasonable and subject to such assumptions being fulfilled), each outstanding Bid can be performed in accordance with its terms and conditions without a loss.

(h) Investigations.

(i) Neither Caliber nor any of its directors, officers or employees or, to the Knowledge of Caliber, any of its agents or consultants is (or has been since January 1, 2000) under administrative, civil (including, but not limited to, claims made under the False Claims Act, 18 U.S.C. § 287) or criminal investigation, indictment or information, audit or internal investigation with respect to any alleged irregularity, misstatement, act or omission arising under or relating to any Government Contract or Government Subcontract;

(ii) Caliber has not made a voluntary disclosure to the U.S. Government or any State Government with respect to any alleged irregularity, misstatement or omission arising under or relating to a Government Contract or Government Subcontract; and

(iii) To the Knowledge of Caliber, there is no irregularity, misstatement, act or omission arising under or relating to any Government Contract or Government Subcontract that has led or could reasonably be expected to lead, either before or after the Closing Date, to any of the consequences set forth in (i)-(ii) above, or to any other damage, penalty assessment, recoupment of payment, or disallowance of cost.

(i) Audits.

(i) Section 3.18(i) of the Disclosure Schedule lists and identifies each audit report, including without limitation reports issued by the Defense Contract Audit Agency and any inspector general, and each notice of cost disallowance received by Caliber since January 1, 2000 relating to any Bid, Government Contract or Government Subcontract (true and complete copies of which have been provided to Buyer).

(ii) Since January 1, 2000, no cost in excess of \$10,000 or group, type or class of cost in excess of \$25,000 in the aggregate and which was incurred or invoiced by Caliber on any active Government Contract or Government Subcontract has been questioned or disallowed or otherwise has been the subject of a formal dispute.

(iii) Caliber has not incurred any material costs on any active cost-reimbursable Government Contract or Government Subcontract that are not "allowable" costs pursuant to FAR § 31.201-2 (48 CFR § 31.201-2) and any other applicable law or regulation and that have not been properly recorded as such in Caliber's cost accounting books and records.

(iv) The reserves established by Caliber with respect to possible adjustments to the indirect and direct costs incurred by Caliber on any active Government Contract or Government Subcontract are reasonable and are adequate to cover any potential adjustments resulting from audits of any such Government Contract or Government Subcontract.

(j) Financing Arrangements. Except as set forth on Schedule 3.18(j), there exist no financing arrangements (e.g., an assignment of moneys due or to become due) with respect to any active Government Contract or Government Subcontract.

(k) Protests. Except as set forth on Section 3.18(k) of the Disclosure Schedule, no outstanding Bid or active Government Contract or Government Subcontract is subject to any protest to a procuring agency, the United States Government Accountability Office, the United States Small Business Administration or any other agency or court (whether Caliber is the protestor, an interested party or neither), and Caliber has no reason to believe that any outstanding Bid or active Government Contract or Government Subcontract may become subject to such a protest.

(l) Claims. Except as set forth on Section 3.18(l) of the Disclosure Schedule:

(i) Caliber has no interest in any pending or potential claim or request for equitable adjustment against the U.S. Government, any State Government or any prime contractor, subcontractor or vendor arising under or relating to any Government Contract, Government Subcontract, Bid or Teaming Agreement.

(ii) There are no outstanding claims against Caliber, either by the U.S. Government, any State Government or any prime contractor, subcontractor, vendor or other third party, arising out of or relating to any Government Contract, Government Subcontract, Subcontract, Bid or Teaming Agreement, and to the Knowledge of Caliber, there are no facts that could reasonably be expected to give rise to or result in such a claim.

(iii) There exist no disputes between Caliber and the U.S. Government, any State Government, or any prime contractor, subcontractor, vendor or other third party, arising out of or relating to any active Government Contract, Government Subcontract, Subcontract or Teaming Agreement or outstanding Bid, and to the Knowledge of Caliber, there are no facts that could reasonably be expected to give rise to or result in such a dispute.

(m) Multiple Award Schedules.

(i) With respect to each active multiple award schedule Government Contract, Caliber (1) provided to the U.S. Government all information required by the applicable solicitation or otherwise requested by the Government; (2) submitted information that was current, accurate, and complete as of fourteen (14) calendar days prior to the date such information was submitted; and (3) disclosed all changes in Caliber's commercial pricelist(s), discounts or discounting policies which occurred after the original submission of such information to the Government and prior to the completion of negotiations.

(ii) With respect to each active multiple award schedule Government Contract Section 3.18(m) of the Disclosure Schedule identifies the basis of award customer (or

category of customers) and the Government's price or discount relationship to the identified customer (or category of customers) agreed to by General Services Administration and Caliber at time of award of such Government Contract.

(iii) Except as set forth on Section 3.18(m) of the Disclosure Schedule, Caliber has complied with the notice and pricing requirements of the Price Reduction Clause in each active multiple award schedule Government Contract, and there are no facts or circumstances that could reasonably be expected to result in a demand by the U.S. Government for a refund based upon Caliber's failure to comply with the Price Reductions Clause.

(iv) Caliber has filed all reports related to and paid all industrial funding fees required to be paid by Caliber under any active multiple award schedule Government Contract.

(v) All active orders issued to Caliber pursuant to each active multiple award schedule Government Contract are within the scope of such Government Contract.

(n) Government Furnished Property. Section 3.18(n) of the Disclosure Schedule identifies all personal property, equipment and fixtures loaned, bailed or otherwise furnished to Caliber by or on behalf of the U.S. Government for use in the performance of a Government Contract or Government Subcontract ("Government-Furnished Property") and the Government Contracts or Government Subcontracts to which each item of Government-Furnished Property relates. Caliber has complied in all material respects with all of its obligations relating to the Government-Furnished Property.

(o) Former Government Officials. Except as set forth on Section 3.18(o) of the Disclosure Schedule, Caliber does not employ any former government officials in key management positions or as consultants.

(p) Ethics Policy. Attached hereto at Section 3.18(p) of the Disclosure Schedule is Caliber's "ethics compliance" policy regarding how its employees are required to conduct themselves and perform work under Government Contracts and Government Subcontracts. Each of Caliber's employees has been provided a copy of that policy and instructed to comply with it. To the Knowledge of Caliber, each of its employees has conducted himself or herself in accordance with that policy.

(q) Timekeeping. Attached hereto at Section 3.18(q) of the Disclosure Schedule is Caliber's policy regarding how its employees are to record their time and complete their time cards. Each of Caliber's employees has been provided a copy of that policy and instructed to comply with it. To the Knowledge of Caliber, each of its employees has recorded his or her time and completed his or her time cards in accordance with that policy.

3.19 Clients.

No supplier, producer, consumer, financial institution or other party to any Scheduled Contract has threatened to, or notified Caliber of any intention to terminate its relationship with Caliber or any Acquired Subsidiary prior to a scheduled termination date or materially alter its relationship with Caliber or any Acquired Subsidiary.

3.20 Backlog.

Section 3.20 of the Disclosure Schedule sets forth the contract backlogs of Caliber and each of the Acquired Subsidiaries, as of July 31, 2005. Section 3.20 of the Disclosure Schedule includes with respect to each Government Contract (a) the name of each customer, (b) an indication whether Caliber or the applicable Acquired Subsidiary is acting as the prime contractor or a subcontractor, (c) a reference as to whether the applicable Government Contract is for a fixed price or other type of contract, (d) the periods of performance, (e) the activity of the applicable Government Contract, (f) the contract revenue for 2004, (g) the dollar value of the contract, (h) the contract revenue from inception of the applicable Government Contract, (i) the dollar amount of the backlog, (j) the funding for the applicable Government Contract, (k) the funded portion of the backlog, (l) the unfunded portion of the backlog, and (m) adjustments to backlog.

3.21 Compliance with Laws.

Caliber and each of the Acquired Subsidiaries has been and is in compliance with each Law that is or was applicable to it or the conduct or operation of its business or the ownership or use of any of its assets, except where any such failure to be in compliance with such Law would not reasonably be expected to have a material adverse effect on Caliber or any of the Acquired Subsidiaries. No event has occurred or circumstance exists that (with or without notice or lapse of time) (a) would constitute or result in a material violation by Caliber or any of the Acquired Subsidiaries of (or failure on the part of Caliber or any of the Acquired Subsidiaries to comply in all material respects with) any such applicable Law, or (b) would give rise to any obligation on the part of Caliber or any of the Acquired Subsidiaries to undertake, or to bear all or any portion of the cost of, any material remedial action of any nature under any such applicable Law. Neither Caliber nor any of the Acquired Subsidiaries has received, at any time during the past three years, any notice or other communication (whether oral or written) from any Governmental Authority regarding (a) any actual, alleged, or potential violation of, or failure to comply with, any such applicable Law, or (b) any actual, alleged, or potential obligation on the part of Caliber or any of the Acquired Subsidiaries to undertake, or to bear all or any portion of the cost of, any remedial action of any nature under any such applicable Law. Notwithstanding anything to the contrary contained in this Section 3.21, Caliber, the Founders and ICF (a) acknowledge that (i) the Department of Labor, Office of Federal Contract Compliance Programs, is currently conducting an audit of Caliber's affirmative action practices and (ii) Caliber has not filed certain Form 5500s with respect to certain Plans and (b) agree that all Form 5500s for all Plans through the date of Closing (regardless of whether then due or not) be filed and (c) further agree that to the extent not fully and finally resolved as of the Closing Date, any and all costs, expenses, fees, penalties, remunerative action and or amendments to previously filed forms or documents that are or may be required to be filed in connection with the foregoing Department of Labor audit and/or the late filing of the Form 5500s are the responsibility of the Shareholder for which ICF shall be entitled to indemnification pursuant to Article IX below.

3.22 Environmental Matters.

Caliber and each of the Acquired Subsidiaries has complied in all material respects with, and is in material compliance with, all applicable Environmental Laws and has no Environmental Liabilities.

3.23 Licenses and Permits.

(a) Caliber and each of the Acquired Subsidiaries has all licenses, permits and other authorizations from Governmental Authorities necessary for the conduct of their respective business as conducted in the normal course of business prior to and as of the date hereof (collectively "Permits"), except for where the failure to obtain such Permits would not have a material adverse effect on them. Section 3.23(a) of the Disclosure Schedule sets forth a list of all Permits held by Caliber and each of the Acquired Subsidiaries.

(b) Except as set forth on Section 3.23(a) of the Disclosure Schedule, (i) each of the Permits is in full force and effect, (ii) Caliber and each of the Acquired Subsidiaries is in full compliance with the terms, provisions and conditions thereof, (iii) there are no outstanding violations, notices of noncompliance, judgments, consent decrees, orders or judicial or administrative actions, investigations or proceedings adversely affecting any of said Permits, and (iv) no condition (including, without limitation, this Agreement and the Contemplated Transactions) exists and no event has occurred that (whether with or without notice, lapse of time or the occurrence of any other event) would reasonably be expected to result in the suspension or revocation of any of said Permits other than by expiration of the term set forth therein, except in each case where such a suspension or revocation would not reasonably be expected to have a material adverse effect on Caliber or any of the Acquired Subsidiaries.

3.24 Absence of Certain Business Practices.

None of Caliber or the Acquired Subsidiaries, any officer, employee or agent of Caliber or the Acquired Subsidiaries, or any other Person acting on their behalf has, directly or indirectly, since the formation of Caliber and the Acquired Subsidiaries, given, offered, solicited or agreed to give, offer or solicit any contribution, gift, bribe, rebate, payoff, influence payment, kickback or other payment, regardless of form and whether in money, property or services, to any customer, supplier, governmental employee or other Person who is or may be in a position to help or hinder Caliber or any of the Acquired Subsidiaries in connection with the design, development, manufacture, distribution, marketing, use, sale, acceptance, maintenance or repair of their respective products and services (or assist Caliber or any of the Acquired Subsidiaries in connection with any actual or proposed transaction relating to the products and services of Caliber or any of the Acquired Subsidiaries) (a) that subjected or might have subjected Caliber or any of the Acquired Subsidiaries to any damage or penalty in any civil, criminal or governmental litigation or proceeding, (b) that, if not given in the past, might have had a material adverse effect on the business of Caliber or any of the Acquired Subsidiaries as it relates to the products and services of Caliber or any of the Acquired Subsidiaries, (c) that, if not continued in the future, might have a material adverse effect on Caliber or any of the Acquired Subsidiaries, or subject Caliber or any of the Acquired Subsidiaries to suit or penalty in any private or governmental litigation or proceeding, (d) for any purposes described in Section 162(c) of the Code, or (e) for the purpose of establishing or maintaining any concealed fund or concealed bank account.

3.25 Litigation.

(a) Except as set forth on Section 3.25(a) of the Disclosure Schedule, there are no:

(i) actions, suits, claims, trials, written demands, investigations, arbitrations, or other proceedings (whether or not purportedly on behalf of the businesses of Caliber or any of the Acquired Subsidiaries) pending or, to the Knowledge of Caliber, threatened against or with respect to Caliber or any of the Acquired Subsidiaries, or their respective properties or businesses; or

(ii) outstanding judgments, orders, decrees, writs, injunctions, decisions, rulings or awards against or with respect to Caliber or any of the Acquired Subsidiaries, or their respective properties or businesses.

(b) Neither Caliber nor any of the Acquired Subsidiaries (nor the businesses of any of them) are in default with respect to any judgment, order, writ, injunction, decision, ruling, decree or award of any Governmental Authority. To the Knowledge of Caliber, except as set forth on Section 3.25(b) of the Disclosure Schedule, there is no reasonable basis for a claim against Caliber or any of the Acquired Subsidiaries relating to defective design, material, or performance.

(c) Section 3.25(c) of the Disclosure Schedule contains a true and complete description of all indemnification obligations of Caliber and each of the Acquired Subsidiaries, other than those ordinary and/or customary indemnification obligations included in Government Contracts or Government Subcontracts (except for Government Contracts and Subcontracts with Governmental Authorities other than the United States government or agencies thereof), including a description in reasonable detail of any such obligation for which the indemnitee has given notice of a claim or in connection with which, to the Knowledge of Caliber, there exists any facts that would reasonably cause it to believe an indemnification claim will be made.

3.26 Personnel Matters.

(a) True, accurate, and complete lists of all of the directors, officers, and employees of Caliber and each of the Acquired Subsidiaries, as of September 12, 2005 collectively, "Personnel") and their positions are included on Section 3.26(a) of the Disclosure Schedule. True and complete information concerning the respective salaries, wages, and other compensation paid by Caliber, or the applicable Acquired Subsidiary, as the case may be, during 2002, 2003 and 2004 as well as dates of employment, and date and amount of last salary increase, of such Personnel has been provided previously to ICF.

(b) Except for amounts due under the Executive Deferred Compensation Plan, all bonuses and other compensation owed by Caliber and the Acquired Subsidiaries to their respective employees and consultants for periods prior to January 1, 2005, have been paid in full. Except for amounts due under the Executive Deferred Compensation Plan, a true and accurate

list of the employees of Caliber or any applicable Acquired Subsidiaries that are eligible to bonuses or other compensation of any kind for periods from January 1, 2005 through the Closing Date (the “Accrued Bonuses”) are shown on Section 3.26(b) of the Disclosure Schedule; provided, however, that in no event shall the Accrued Bonuses in the aggregate exceed \$566,000. The Interim Financial Statements, the Estimated Closing Balance Sheet and the Closing Balance Sheet shall include reserves sufficient to pay in full the Accrued Bonuses.

(c) Various Persons are entitled to receive deferred compensation under the Executive Deferred Compensation Plan (the “Executive Deferred Compensation”) shown on Section 3.26(c) of the Disclosure Schedule. The Interim Financial Statements, the Estimated Closing Balance Sheet and the Closing Balance Sheet shall accurately reflect the Employee Bonuses and the Executive Deferred Compensation and their payment.

(d) There are no disputes, grievances, or disciplinary actions pending, or, to the Knowledge of Caliber, threatened, by or between Caliber or any of the Acquired Subsidiaries and any Personnel.

(e) All personnel policies and manuals of Caliber and the Acquired Subsidiaries are listed on Section 3.26(e) of the Disclosure Schedule, and true, accurate, and complete copies of all such written personnel policies and manuals have been provided to ICF.

(f) Except for the Employee Bonuses or as otherwise listed on Section 3.26(f) of the Disclosure Schedule, neither Caliber nor any of the Acquired Subsidiaries is a party to any:

(i) management, employment, consulting, or other agreement with any Personnel or other person providing for employment or payments over a period of time or for termination or severance benefits, whether or not conditioned upon a change in control of Caliber or any of the Acquired Subsidiaries;

(ii) bonus, incentive, deferred compensation, severance pay, profit-sharing, stock purchase, stock option, benefit, or similar plan, agreement, or arrangement, whether written or unwritten;

(iii) collective bargaining agreement or other agreement with any labor union or other Personnel organization (and no such agreement is currently being requested by, or is under discussion by management with, any Personnel or others); or

(iv) other employment contract, non-competition agreement, or other compensation agreement or arrangement affecting or relating to Personnel or former Personnel of Caliber or any of the Acquired Subsidiaries, whether written or unwritten.

(g) To the Knowledge of Caliber, there do not exist any facts that would give reasonable cause to believe that there will occur a discontinuation after the Closing Date of any currently existing employment situation of any executive and managerial Personnel with respect to either Caliber or any of the Acquired Subsidiaries on the currently existing terms.

(h) To the Knowledge of Caliber, no officer, director, agent or employee of, or Consultant to, Caliber or any of the Acquired Subsidiaries is bound by any contract or

agreement that purports to limit the ability of such officer, director, agent, employee, or Consultant to (i) engage in or continue in any conduct, activity, or practice relating to the business of Caliber or any of the Acquired Subsidiaries or (ii) assign to Caliber or the appropriate Acquired Subsidiary or to any other Person any rights to any Intellectual Property or any Intellectual Property Right.

(i) Except as set forth on Section 3.26(i) of the Disclosure Schedule, no leased employee, as defined in Code Section 414(n), or independent contractor performs service for Caliber or any Acquired Subsidiary.

3.27 Labor Matters.

(a) Neither Caliber nor any of the Acquired Subsidiaries is obligated by, or subject to, any order of the National Labor Relations Board or other labor board or administration, or any unfair labor practice decision.

(b) Neither Caliber nor any of the Acquired Subsidiaries is a party or subject to any pending or, to the Knowledge of Caliber, threatened labor or civil rights dispute, controversy or grievance or any unfair labor practice proceeding with respect to claims of, or obligations of, any employee or group of employees. Neither Caliber nor any of the Acquired Subsidiaries has received any notice that any labor representation request is pending or is threatened with respect to any employees of Caliber or any of the Acquired Subsidiaries.

(c) Caliber and each of the Acquired Subsidiaries is in compliance in all material respects with all applicable Laws and affirmative action programs respecting employment and employment practices, terms and conditions of employment and wages and hours, including but not limited to Executive Order 11246, as amended, the Workers' Adjustment Retraining Notification Act and the Service Contract Act. This Section 3.27 does not extend to "ERISA" as defined in Section 3.28.

(d) No present or former employee of Caliber or any of the Acquired Subsidiaries has made or, to the Knowledge of Caliber threatened, any claim against Caliber or any of the Acquired Subsidiaries (whether under Federal or state law, pursuant to any employment agreement, or otherwise) on account of, or for: (i) overtime pay, other than for the current payroll period; (ii) wages or salary (excluding bonuses and amounts accruing under any pension or profit-sharing plan, including but not limited to any Pension Plan or Welfare Plan (as such terms are defined in Section 3.28)) for a period other than the current payroll period; (iii) vacation, time off or pay in lieu of vacation or time off, other than vacation or time off (or pay in lieu thereof) earned in respect of the current or past fiscal year or accrued on the most recent balance sheet for Caliber and the Acquired Subsidiaries, or (iv) payment under any applicable workers' compensation law.

3.28 ERISA.

(a) Capitalized terms used in this Section 3.28 that are not otherwise defined in this Agreement shall have the meanings set forth below:

(i) “Benefit Arrangement” means any compensation or employment program (other than a Pension Plan or Welfare Plan), including but not limited, to any fringe benefit, incentive compensation, bonus, severance, deferred compensation and supplemental executive compensation plan.

(ii) “ERISA” means the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time, as well as any rules and regulations promulgated thereunder by any Governmental Authority, as from time to time in effect.

(iii) “ERISA Affiliate” means a corporation that is a member of a controlled group of corporations with Caliber within the meaning of Code Section 414(b), a trade or business that is under common control with Caliber within the meaning of Code Section 414(c), or a member of an affiliated service group with Caliber within the meaning of Code Sections 414(m) or (o), including any such Entity that was an ERISA Affiliate at any time.

(iv) “PBGC” means the Pension Benefit Guaranty Corporation.

(v) “Pension Plan” means any employee pension benefit plan (as defined in ERISA Section 3(2)) that is or was maintained by Caliber or any ERISA Affiliate as of the date of this Agreement.

(vi) “Plan” means any Pension Plan, any Welfare Plan, and any Benefit Arrangement.

(vii) “Welfare Plan” means any employee welfare benefit plan (as defined in ERISA Section 3(1)) that is or was established or maintained by Caliber or any ERISA Affiliate.

(b) Section 3.28(b) of the Disclosure Schedule sets forth a list of: (i) each Pension Plan; (ii) each Welfare Plan; and (iii) each Benefit Arrangement, that Caliber or an ERISA Affiliate maintains or to which Caliber or an ERISA Affiliate contributes or has any obligation to contribute, or with respect to which Caliber or an ERISA Affiliate has any liability.

(c) Caliber and the Acquired Subsidiaries have delivered to ICF true, accurate and complete copies of (i) the documents comprising each Plan (or, with respect to any Plan that is unwritten, a detailed written description of eligibility, participation, benefits, funding arrangements, assets and any other matters that relate to the obligations of Caliber or any ERISA Affiliate); (ii) all trust agreements, insurance contracts or any other funding instruments related to the Plans; (iii) all rulings, determination letters, no-action letters or advisory opinions from the IRS, the U.S. Department of Labor, the PBGC or any other Governmental Authority that pertain to each Plan and any open requests therefor; (iv) the most recent actuarial and financial reports (audited and/or unaudited) and the annual reports filed with any Governmental Authority with respect to the Plans during the most recent three years; and (v) all summary plan descriptions, summaries of material modifications and memoranda, employee handbooks and other written communications regarding the Plans.

(d) Neither Caliber nor any ERISA Affiliate has, at any time within six (6) years prior to the Effective Date, sponsored, maintained or contributed to a Pension Plan subject to Title IV of ERISA, a multiemployer plan (as defined in ERISA Section 3(37)), or a voluntary employees' beneficiary association, as defined in Code Section 501(c)(9) (a "VEBA").

(e) Full payment has been made of all amounts that are required under the terms of each Plan to be paid as contributions with respect to all periods prior to the Effective Date and any such amounts that are not required to be so paid under any Welfare Plan have been accrued on the Financial Statements.

(f) No prohibited transaction within the meaning of ERISA Section 406 or Code Section 4975 has occurred with respect to any Pension Plan as of the date of this Agreement, other than a transaction to which a statutory or administrative exemption has been granted.

(g) The form of each Pension Plan and Welfare Plan is in compliance with the applicable terms of ERISA, the Code, and any other applicable laws, including, but not limited to, the Americans with Disabilities Act of 1990, the Family Medical Leave Act of 1993, the Health Insurance Portability and Accountability Act of 1996, the Uruguay Round Agreements Act, the Small Business Job Protection Act of 1996, the Uniformed Services Employment and Reemployment Rights Act of 1994, the Taxpayer Relief Act of 1997, the Internal Revenue Service Restructuring and Reform Act of 1998, the Community Renewal Tax Relief Act of 2000, and the Economic Growth and Tax Relief Reconciliation Act of 2001, and except as set forth on Section 3.28(g) of the Disclosure Schedule, such plans have been operated in compliance in all material respects with such laws and the written Plan documents. Neither Caliber nor any of the Acquired Subsidiaries, nor any fiduciary of a Pension Plan has violated the requirements of Section 404 of ERISA. Except as set forth on Section 3.28(g) of the Disclosure Schedule, all required reports and descriptions of the Plans (including Internal Revenue Service Form 5500 Annual Reports, Summary Annual Reports and Summary Plan Descriptions and Summaries of Material Modifications) have been (when required) timely filed with the IRS, the U.S. Department of Labor or other Governmental Authority and distributed as required, and all notices required by ERISA or the Code or any other Laws with respect to the Pension Plans and Welfare Plans have been appropriately given. Notwithstanding anything to the contrary contained in this Section 3.28(g), Caliber, the Founders and ICF agree that to the extent not fully and finally resolved as of the Closing Date, any and all costs, expenses, fees, penalties, remunerative action and or amendments to previously filed forms or documents that are or may be required to be filed in connection with the late filing of the Form 5500s disclosed on Section 3.28(g) to the Disclosure Schedule are the responsibility of the Shareholder for which ICF shall be entitled to indemnification pursuant to Article IX below.

(h) Each Pension Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the IRS, and to the Knowledge of Caliber there are no circumstances that will or could reasonably be expected to result in revocation of any such favorable determination letter. Each trust created under any Pension Plan

has been determined to be exempt from taxation under Section 501(a) of the Code, and, to the Knowledge of Caliber, there is no circumstance that will or could reasonably be expected to result in a revocation of such exemption.

(i) No charge, complaint, action, suit, proceeding, hearing, investigation, claim or demand with respect to a Plan or to the administration or the investment of the assets of any Plan that Caliber or any ERISA Affiliate maintains or has maintained, or to which Caliber or any ERISA Affiliate contributes or has contributed, for the benefit of any current or former employee (other than routine claims for benefits) is pending or, to the Knowledge of Caliber, threatened that could reasonably be expected to result in a material liability to Caliber or any ERISA Affiliate or to such Plan or a fiduciary of such Plan.

(j) All contributions (including all employer contributions and employee contributions) that have been required to have been paid with respect to each Plan have been paid within the time required by such Plan or applicable Laws.

(k) Except as required by the Code or as set forth on Section 3.28(k) of the Disclosure Schedule, the consummation of the transactions contemplated by this Agreement will not accelerate the time of vesting or the time of payment, or increase the amount, of compensation due to any director, employee, officer, former employee or former officer of Caliber or an ERISA Affiliate.

(l) No written or oral representations have been made to any employee, former employee, or director of Caliber or any ERISA Affiliate at any time promising or guaranteeing any employer payment or funding for the continuation of medical, dental, life or disability coverage for any period of time (except to the extent of coverage required under COBRA or other applicable Law).

3.29 Tax Matters.

Except as set forth Section 3.29 of the Disclosure Schedule:

(a) Caliber has been a validly electing S corporation within the meaning of Section 1361 of the Code (an "S Corporation") at all times from and after January 1, 2002. The Shareholder represents that all requirements for making the election to treat Caliber as an S Corporation (the "S Election") were satisfied at the time the election was made and that the election was timely filed and in effect for all taxable years of Caliber for which federal and state income tax returns were filed based upon the continued validity of such S Election. The Shareholder represents that it is a permitted shareholder of an S Corporation under Section 1361 of the Code and that the Shareholder is and has been at all times during which the S Election has been in effect, the sole shareholder of Caliber. Caliber has, and at all times during which the S Election has been in effect, has had, only one class of common stock and does not have any outstanding options, contracts or other instruments that would constitute a second class of stock within the meaning of Section 1361(b)(1)(D) of the Code and the Treasury Regulations issued thereunder;

(b) Caliber is not the successor by merger or consolidation to any other entity;

(c) Caliber and the Shareholder (and any former shareholder of Caliber) have made all elections and filings necessary for the Subchapter S election and Subchapter S treatment of Caliber to be recognized at all times from and after January 1, 2002 for state income tax purposes in each state where it files income Tax Returns and where such Tax treatment is available, and Caliber has not at any time since January 1, 2002 made any election or filing to be treated as a Subchapter C corporation for state income Tax purposes in any of those states. Caliber has no liability or obligation to any state to pay income Tax upon any of Caliber's taxable income that is, or has been, properly allocated to the Shareholder as a result of Caliber's election to be treated as an S Corporation at any state or local level. Caliber has not at any time filed a group or composite Tax Return in the name or on behalf of any present or former shareholder for state income Tax purposes in any state where it has elected to be treated as an S Corporation;

(d) Caliber and the Acquired Subsidiaries, and every member of an affiliated group (as defined in Section 1504 of the Code) (and any comparable group for state, local or foreign Tax purposes) that has included Caliber or any of the Acquired Subsidiaries (for taxable periods in which Caliber or any of the Acquired Subsidiaries was included in such group) (each such corporation, including Caliber and each of the Acquired Subsidiaries, a "Taxpayer," and collectively, the "Taxpayers"), have timely filed all Tax Returns required to have been filed by them, and have paid all Taxes required to be paid with such Tax Returns required to have been paid by them on or prior to the date hereof. The Tax Returns filed with respect to the Taxpayers are true, correct and complete in all material respects;

(e) None of such Tax Returns contains a disclosure statement with respect to Caliber or any of the Acquired Subsidiaries under Section 6662 of the Code (or any predecessor statute) or any similar provision of state, local or foreign law;

(f) No Taxpayer has received notice that the IRS or any other Taxing Authority has asserted against a Taxpayer any deficiency or claim for Taxes, and no issue has been raised by any Taxing Authority in any audit that would result in a proposed deficiency of any Taxpayer for any period not so examined. No claim has ever been made by a Taxing Authority with which any Taxpayer does not file Tax Returns that such Taxpayer is or may be subject to taxation by that Taxing Authority, nor, to the Knowledge of Caliber, is there any factual basis or legal basis for such claim;

(g) All Tax deficiencies asserted or assessed against the Taxpayers have been paid or finally settled with no remaining amounts owed;

(h) There is no pending or, to the Knowledge of Caliber, threatened action, audit, proceeding, or investigation with respect to the Taxpayers involving: (i) the assessment or collection of Taxes, or (ii) a claim for refund made by a Taxpayer with respect to Taxes previously paid;

(i) All amounts that are required to be collected or withheld by a Taxpayer, or with respect to Taxes of a Taxpayer, have been duly collected or withheld, and all such amounts that are required to be remitted to any Taxing Authority have been duly remitted;

(j) Neither Caliber nor any of the Acquired Subsidiaries (i) has been included in an affiliated group (as defined in Section 1504 of the Code) with a Person other than Caliber or an Acquired Subsidiary and (ii) has any liability for the Taxes of any Person (other than members of Caliber's affiliated group as defined in Section 1504 of the Code) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise;

(k) There are no outstanding waivers of any statute of limitations with respect to the assessment of any Tax;

(l) Accruals or reserves for current taxes and deferred tax liabilities as stated in the Audited Financial Statements, and the Interim Financial Statements are all in accordance with GAAP and fairly reflect current and deferred liabilities for Taxes as of their respective dates;

(m) There are no Liens for Taxes due and payable upon the assets of any Taxpayer;

(n) No Taxpayer has participated in, or cooperated with, an international boycott within the meaning of Section 999 of the Code;

(o) None of the Taxpayers has made nor become obligated to make, nor will any of the Taxpayers, as a result of any event connected with any transaction contemplated herein and/or any termination of employment related to such transaction, make or become obligated to make, any "excess parachute payment," as defined in Section 280G of the Code (without regard to subsection (b)(4) thereof);

(p) There are no outstanding balances of deferred gain or loss accounts related to deferred intercompany transactions as described in Treasury Regulation Section 1.1502-13 (or predecessor regulations) or excess loss accounts described in Treasury Regulation Sections 1.1502-32 or 1.1502-19 (or predecessor regulations) or similar items, among any of the Taxpayers that will be recognized or otherwise taken into account as a result of the Contemplated Transactions;

(q) There are no outstanding requests for extensions of time within which to file returns and reports in respect of any Taxes owed by any Taxpayers;

(r) There are no elections, consents, or agreements as to Taxes in effect with respect to Caliber or any of the Acquired Subsidiaries that will remain in effect following the Closing Date and that have had a material effect on the taxable income of Caliber or any of the Acquired Subsidiaries prior to the Closing Date;

(s) Neither Caliber nor any of the Acquired Subsidiaries is a party to any tax-sharing agreement, or similar arrangement (whether express or implied), including any terminated agreement as to which it could have any continuing liabilities;

(t) No Taxpayer has applied for a ruling relating to Taxes from any Taxing Authority or entered into any closing agreement with any Taxing Authority;

(u) None of the assets of Caliber or any of the Acquired Subsidiaries is or will be required to be treated as (i) owned by another person pursuant to the safe harbor leasing provisions of the Code or (ii) property subject to Section 168(f) or (g) of the Code;

(v) Neither Caliber nor any of the Acquired Subsidiaries is or has ever been a “United States real property holding corporation” within the meaning of Section 897 of the Code;

(w) Caliber has delivered to ICF correct and complete copies of Federal income Tax Returns and has made available to ICF state income Tax Returns filed on behalf of Caliber and the Acquired Subsidiaries for the three previous taxable years;

(x) No Person has been treated as an independent contractor of Caliber or any of the Acquired Subsidiaries for Tax purposes who should have been treated as an employee for such purposes;

(y) None of the Capital Stock of Caliber or of the Acquired Subsidiaries is subject to a “substantial risk of forfeiture” within the meaning of Section 83 of the Code;

(z) The Contemplated Transactions, either by themselves or in conjunction with any other transaction that any of the Taxpayers may have entered into or agreed to, will not give rise to any federal income tax liability under Section 355(e) of the Code for which any of the Taxpayers may in any way be held liable;

(aa) None of the Taxpayers is a party to any “Gain Recognition Agreements” as such term is used in the Treasury Regulations promulgated under Section 367 of the Code;

(bb) There are no joint ventures, partnerships, limited liability companies, or other arrangements or contracts to which any of the Taxpayers is a party and that could be treated as a partnership for federal income tax purposes;

(cc) None of the Taxpayers has, nor has any of them ever had, a “permanent establishment” in any foreign country, as such term is defined in any applicable Tax treaty or convention between the United States and such foreign country, nor has any of them otherwise taken steps that have exposed, or will expose, it to the taxing jurisdiction of a foreign country; and

(dd) Neither Caliber, nor any Acquired Subsidiary has agreed, nor is required, to make any adjustment under Section 481 of the Code by reason of a change in accounting method, or otherwise, that will affect the liability of Caliber or any Acquired Subsidiary for Taxes for any taxable period after the Closing Date.

(ee) Caliber has never been liable for any Tax under section 1374 or 1375 of the Code.

3.30 Insurance.

Caliber and the Acquired Subsidiaries maintain the general liability, professional liability, product liability, fire, casualty, motor vehicle, workers’ compensation, and other types

of insurance shown on Section 3.30 of the Disclosure Schedule. A list of all claims against such insurance since January 1, 2001 that individually exceed \$5,000 in amount and the outcomes or status of such claims is set forth on Section 3.30 of the Disclosure Schedule.

3.31 Bank Accounts.

Section 3.31 of the Disclosure Schedule sets forth (i) the name of each Person with whom Caliber or any Acquired Subsidiary maintains an account or safety deposit box, (ii) the address where each such account or safety deposit box is maintained, and (iii) the names of all Persons authorized to draw thereon or to have access thereto.

3.32 Powers of Attorney.

Neither the Shareholder, Caliber, the Founders, nor any of the Acquired Subsidiaries has given any irrevocable power of attorney (other than pursuant to Section 2.5 hereof or other than such powers of attorney given in the ordinary course of business with respect to routine matters or as may be necessary or desirable in connection with the consummation of the Contemplated Transactions) to any Person for any purpose whatsoever with respect to Caliber or any of the Acquired Subsidiaries.

3.33 No Broker/Windsor Agreement.

Except for Windsor, which was retained by Caliber under a fee agreement dated December 21, 2004 (the "Windsor Agreement"), neither the Shareholder, Caliber, the Founders, nor any of the Acquired Subsidiaries (or any of their respective directors, officers, employees or agents) has employed or incurred any liability to any broker, finder or agent for any brokerage fees, finder's fees, commissions or other amounts with respect to this Agreement or the Contemplated Transactions. On or before the Closing Date, Caliber will pay in full all fees and cost due Windsor now or at anytime under the Windsor Agreement and shall deliver a receipt signed by Windsor to such effect.

3.34 No Unusual Transactions.

Except as expressly contemplated by this Agreement or as set forth on Section 3.34 of the Disclosure Schedule, since December 31, 2004, Caliber and each of the Acquired Subsidiaries has conducted its business in the ordinary course and in a manner consistent with past practice and, without limiting the generality of the foregoing, neither Caliber, nor any of the Acquired Subsidiaries has:

(a) incurred or discharged any secured or any unsecured liability or obligation (whether accrued, absolute or contingent) other than liabilities and obligations disclosed in the December 2004 Balance Sheet or the Estimated Closing Balance Sheet and liabilities and obligations incurred since December 31, 2004 in the ordinary course of business and in a manner consistent with past practices;

(b) waived or cancelled any claim, account receivable or trade account involving amounts in excess of \$25,000 in the aggregate;

(c) made any capital expenditures in excess of \$25,000 in the aggregate;

(d) sold or otherwise disposed of or lost any capital asset or used any of its assets other than, in each case, for proper corporate purposes and in the ordinary course of business and in a manner consistent with past practices;

(e) issued any options to purchase any shares of its Capital Stock, or sold or otherwise disposed of any shares of its Capital Stock or any warrants, rights, bonds, debentures, notes or other corporate security;

(f) entered into any transaction, contract, agreement, indenture, instrument or commitment involving amounts in excess of \$25,000 in the aggregate other than in the ordinary course of business and in a manner consistent with past practices or in connection with the Contemplated Transactions;

(g) suffered any extraordinary losses whether or not covered by insurance;

(h) modified its charter, bylaws or capital structure;

(i) reserved, declared, made or paid any dividend or redeemed, retired, repurchased, purchased, or otherwise acquired shares of its Capital Stock, options to purchase such stock, or any of its other corporate securities;

(j) suffered any material shortage or any material cessation or interruption of inventory shipments, supplies or ordinary services;

(k) entered into an employment agreement or made (i) (A) any increase in the rate or change in the form of compensation or remuneration payable to or to become payable to any of its directors or officers, or (B) any increase in the rate or change in the form of compensation or remuneration payable to or to become payable to any of its employees, licensors, licensees, franchisors, franchisees, distributors, agents, or suppliers, other than such increases or changes in the ordinary course of business and consistent with past practices, or (ii) any bonus or other incentive payments or arrangements with any of its, directors, officers, employees, licensors, licensees, franchisors, franchisees, distributors, agents, suppliers, or customers;

(l) removed any director or terminated any officer except those directors and officers who will resign in accordance with Section 7.6;

(m) entered into, terminated, cancelled, amended or modified any material contract, other than in the ordinary course of business or in connection with the Contemplated Transactions;

(n) made any change in its accounting policies, practices and calculations as utilized in the preparation of the December 2004 Financial Statements;

(o) voluntarily permitted any Person to subject the Shares or the properties of Caliber to any additional Lien;

- (p) (i) made any loan or advance to, or (ii) assumed, guaranteed, endorsed or otherwise become liable with respect to the liabilities or obligations of, any Person;
- (q) purchased or otherwise acquired any corporate security or other equity interest in any Person;
- (r) changed its pricing, credit, or payment policies;
- (s) incurred any indebtedness other than to trade creditors and financial institutions in the ordinary course of business and in a manner consistent with past practices;
- (t) except as otherwise required by Law, entered into, amended, modified, varied, altered, or otherwise changed any of the Plans;
- (u) changed its banking arrangements and signatories or granted any powers of attorney;
- (v) purchased, sold, leased, or otherwise disposed of any of its properties or any right, title or interest therein other than in the ordinary course of business;
- (w) failed to maintain its books in a manner that fairly and accurately reflects its income, expenses and liabilities in accordance with applicable accounting standards, including, without limitation, GAAP, and using accounting policies, practices and calculations applied on a basis consistent with past periods and throughout the periods involved;
- (x) failed to maintain in full force and effect insurance policies on all of its properties providing coverage and amounts of coverage comparable to the coverage and amounts of coverage provided under its policies of insurance in effect through the Closing Date;
- (y) [intentionally omitted];
- (z) failed to maintain and keep its properties in good condition and working order, except for ordinary wear and tear;
- (aa) materially modified or changed its business organization or materially and adversely modified or changed its relationship with its suppliers, customers and others having business relations with it; or
- (bb) authorized, agreed or otherwise committed to any of the foregoing.

3.35 Full Disclosure.

Neither this Agreement nor any Schedule, agreement, document or certificate delivered pursuant hereto contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which such statements were made.

ARTICLE IV
Representations and Warranties of ICF

As of the date of this Agreement, ICF represents and warrants to Caliber, the Shareholder and the Founders as follows:

4.1 Organization and Power.

(a) ICF is a corporation duly organized, validly existing and in good standing under the laws of Delaware and has full corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Contemplated Transactions.

(b) ICF has all requisite corporate power to own or lease and operate its properties.

4.2 Corporate Authorization.

As of the Closing Date, ICF will have duly authorized the execution and delivery of this Agreement and the performance of its obligations hereunder. This Agreement constitutes the legal, valid and binding obligation of ICF and is enforceable against ICF in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

4.3 No Violation.

Neither the execution and delivery of this Agreement nor the performance by ICF of its obligations hereunder will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in the violation of, or result in the creation of any Lien upon any of the assets of ICF, pursuant to the charter or bylaws of ICF or any material agreement, order, award, judgment, decree, Law, or any other material instrument to which ICF is a party or by which its properties may be bound.

4.4 Consents.

Neither the execution and delivery of this Agreement by ICF, nor consummation of the Contemplated Transactions or compliance with the terms of the Transaction Documents will require (a) the consent or approval under any agreement or instrument or (b) ICF to obtain the approval or consent of, or make any declaration, filing (other than administrative filings with Taxing Authorities, foreign companies registries and the like) or registration with, any Governmental Authority.

4.5 Litigation.

There is no claim, action, suit, proceeding or governmental investigation pending, or, to the Knowledge of ICF, threatened against or involving ICF that questions the validity of this Agreement or seeks to prohibit, enjoin or otherwise challenge the Contemplated Transactions.

4.6 Investment Intent.

ICF is purchasing the Shares for its own account for investment and not with a view to, or for sale in connection with, any distribution of any of the Shares. ICF acknowledges that the sale of the Shares has not been registered under the Securities Act of 1933, as amended, or any applicable state securities laws and that such Shares may only be sold or otherwise disposed of under an effective registration statement under the Securities Act of 1933, as amended, or under an exemption therefrom. ICF has no contract, undertaking, agreement or arrangement with any person to sell, hypothecate, pledge, donate, or otherwise transfer (with or without consideration) to any such person any of the Shares, and ICF has no present plans or intention to enter into any such contract, undertaking, agreement, or arrangement.

4.7 Financial Ability.

To the Knowledge of ICF, and other than as referenced in Section 6.2(g), no condition of ICF exists that could reasonably be expected to prevent ICF from (i) obtaining a bank commitment letter satisfactory to ICF in respect of the funds necessary to finance the Contemplated Transactions or (ii) acquiring the funds necessary to finance the Contemplated Transactions.

ARTICLE V **Covenants**

5.1 Conduct of Caliber.

Except as contemplated by this Agreement, during the period from the Effective Date to the Closing Date, the Shareholder will cause Caliber and the Acquired Subsidiaries to conduct their business and operations in the ordinary course and, to the extent consistent therewith, to use reasonable efforts to preserve their respective current relationships with customers, employees, suppliers and others having business dealings with them. Accordingly, and without limiting the generality of the foregoing, during the period from the date of this Agreement to the Closing Date, without the prior written consent of ICF, Caliber and the Founders will not take, and the Shareholder will not permit Caliber to take, any action that would cause the representations set forth in Section 3.34 not to be true as of the Closing Date, except as expressly contemplated by this Agreement.

5.2 Access to Information Prior to the Closing; Confidentiality.

(a) During the period from the Effective Date through the Closing Date, the Shareholder and the Founders will cause Caliber to give ICF and its authorized representatives reasonable access during regular business hours to all offices, facilities, books and records of Caliber and the Acquired Subsidiaries as ICF may reasonably request; provided, however, that (i) ICF and its representatives shall take such action as is deemed necessary in the reasonable judgment of the Shareholder, Caliber and the Founders to schedule such access and visits through a designated officer of Caliber and in such a way as to avoid disrupting the normal business of Caliber, (ii) Caliber shall not be required to take any action that would constitute a

waiver of the attorney-client or other privilege and (iii) Caliber need not supply ICF with any information that, in the reasonable judgment of the Shareholder, Caliber, or the Founders, Caliber is under a contractual or legal obligation not to supply, including, without limitation, as a result of any governmental or defense industrial security clearance requirement or program requirements of any Governmental Authority prohibiting certain persons from sharing information; provided, however, the Shareholder and the Founders will use their reasonable efforts to enable ICF to receive such information.

(b) ICF will hold and will cause its employees, agents, affiliates, consultants, representatives and advisors to hold any information that it or they receive in connection with the activities and transactions contemplated by this Agreement in strict confidence in accordance with and subject to the terms of the Confidentiality Agreement dated as of October 26, 2004 between ICF and Caliber (the "Confidentiality Agreement").

5.3 Best Efforts.

Subject to the terms and conditions of this Agreement, each of the parties hereto will use its best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate the transactions contemplated by this Agreement at the earliest practicable date.

5.4 Consents.

Without limiting the generality of Section 5.3 hereof, each of the parties hereto will use its best efforts to obtain all licenses, permits, authorizations, consents and approvals of all third parties and governmental authorities necessary in connection with the consummation of the transactions contemplated by this Agreement prior to the Closing. Each of the parties hereto will make or cause to be made all filings and submissions under laws and regulations applicable to it as may be required for the consummation of the transactions contemplated by this Agreement. ICF, the Shareholder, Caliber, and the Founders will coordinate and cooperate with each other in exchanging such information and assistance as any of the parties hereto may reasonably request in connection with the foregoing.

5.5 Access to Books and Records Following the Closing.

Following the Closing, ICF shall permit the Shareholder, the Founders, and their authorized representatives, during normal business hours and upon reasonable notice, to have reasonable access to, and examine and make copies of, all books and records of Caliber, the Acquired Subsidiaries and/or ICF that relate to transactions or events occurring prior to the Closing or transactions or events occurring subsequent to the Closing that are related to or arise out of transactions or events occurring prior to the Closing; provided, however, (a) that the Shareholder and the Founders, and their representatives shall take such action as is deemed necessary in the reasonable judgment of ICF and Caliber to schedule such access and visits through a designated officer of Caliber and in such a way as to avoid disrupting the normal business of ICF and/or Caliber, (b) neither ICF nor Caliber shall be required to take any action that would constitute a waiver of the attorney-client or other privilege and (c) neither ICF nor Caliber need supply the Shareholder, the Founders, or their representatives with any information

which, in the reasonable judgment of ICF or Caliber, ICF or Caliber (as the case may be) is under a contractual or legal obligation not to supply, including, without limitation, as a result of any governmental or defense industrial security clearance requirement or program requirements of any Governmental Authority prohibiting certain persons from sharing information. ICF agrees that it shall retain and shall cause Caliber to retain all such books and records for a period of seven years following the Closing, or for such longer period following the Closing as may be required by applicable Law.

5.6 Shareholder's and Founders' Post-Closing Confidentiality Obligation.

Following the Closing, except as otherwise expressly provided in this Agreement or in other agreements delivered in connection herewith, the Shareholder and each of the Founders shall, and shall cause their respective Affiliates, officers agents and representatives, as applicable to, (a) maintain the confidentiality of, (b) not use, and (c) not divulge, to any Person all confidential or proprietary information of Caliber, except with the prior written consent of ICF or to the extent that such information is required to be divulged by legal process, except as may reasonably be necessary in connection with the performance of any indemnification obligations under this Agreement or except as may be required by Law; provided, however, that the foregoing limitations shall not apply to information that (i) otherwise becomes lawfully available to the Shareholder or the Founders or their respective Affiliates, officers agents and representatives after the Closing Date on a nonconfidential basis from a third party who is not under an obligation of confidentiality to ICF or Caliber or (ii) is or becomes generally available to the public without breach of this Agreement by the Shareholder or the Founders or their respective Affiliates, officers agents and representatives.

5.7 Expenses.

(a) The Shareholder, Caliber, and the Founders shall bear all expenses incurred by each of them and ICF shall bear all expenses incurred by ICF, in connection with the negotiation of this Agreement and in the consummation of the Contemplated Transactions and the preparation therefor including but not limited to the Windsor Fee, and any fees costs and expenses with respect to attorneys, accountants, and other professional and consulting fees of Persons retained by Caliber, or the Shareholder, or the Founders (collectively, the "Transaction Costs").

(i) The Shareholder has identified on Exhibit D the Windsor Fees, the Shareholder's legal fees and all other third party consulting and professional fees related to the Contemplated Transactions and certain other Transaction Costs that it wishes to have ICF pay on its behalf at Closing (collectively the "Scheduled Transaction Costs"). The Estimated Cash Closing Price shall be reduced on a dollar-for-dollar basis for every dollar of the Scheduled Transaction Costs.

(ii) If and to the extent that there are any Transaction Costs that are (i) not included in the Scheduled Transaction Costs and (ii) are obligations and the responsibility of Caliber, or any of the Acquired Subsidiaries, then the Shareholder, at or prior to Closing, shall cause those obligations of Caliber and/or the Acquired Subsidiaries to be assumed by the Shareholder or the Founders and cause Caliber or the Acquired Subsidiaries, as the case may be,

to be released from all such obligations and liabilities. Any release(s), each a "Transaction Costs Release" of Caliber, or any Acquired Subsidiary, shall be in a form reasonably satisfactory to ICF.

(b) Notwithstanding the foregoing, the obligation to pay Taxes shall be allocated pursuant to Section 5.11 rather than this Section 5.7.

5.8 Non-Competition and Non-Solicitation of Founders.

(a) For a period of four (4) years after the Closing Date (the "Non-Competition Period"), neither of the Founders shall participate, directly or indirectly, as principal, agent, employee, employer, consultant, stockholder, partner or in any other individual capacity whatsoever, and shall not permit any of his or her Affiliates to, engage in any business activities competitive with the business activities of Caliber as being conducted on, or prior to the Closing Date (collectively "Competitive Business Activities"). The foregoing (i) shall not prevent either of the Founders from owning for investment purposes up to 5% of the outstanding securities of a publicly traded company engaged in a Competitive Business Activity (provided, that in no event shall either of the Founders in the aggregate own more than (5%) of the outstanding securities of a publicly traded company engaged in a Competitive Business Activity); and (ii) shall not prevent Croan, after termination of employment with ICF, from participating, directly or indirectly, in any business activities of an entity or organization described in Section 501(c)(3) of the Code, provided Croan gives ten (10) business days' prior written notice to ICF of any such business activities that would otherwise be deemed Competitive Business Activities but for this clause (ii) and either (a) ICF consents to such activities in writing or (b) fails to respond to the notice by the tenth (10th) business day following such notice.

(b) For a period of five (5) years after the Closing Date (the "Non-Solicitation Period"), neither of the Founders will (for his or her own benefit or for the benefit of any Person other than ICF) hire, or assist any Person to hire, any Person who is at any time during the Non-Solicitation Period an officer, director, executive or employee of ICF (or any Affiliate of ICF), or solicit, or assist any Person or Entity other than ICF to solicit, any such officer, director, executive, or employee to leave his or her employment; provided, however, that the foregoing shall not apply to any such Person who is terminated by ICF (or any of its Affiliates) after the Closing Date or terminates his or her employment with ICF (or any of its Affiliates) after the Closing Date without any solicitation from any Founder, and six (6) months have elapsed since such termination.

(c) During the Non-Solicitation Period, each of the Founders agrees that he or she will not, either individually for him or herself, or for the benefit of any other entity, either as employee, consultant, investor or in any other capacity whatsoever: (i) solicit to perform for any Customer or Prospective Customer, or (ii) to sell to any Customer or Prospective Customer any products that are similar and/or competitive with any products offered for sale by Caliber as of the Closing Date, or (iii) to perform for any Customer or Prospective Customer, any services of a nature or kind similar to and/or competitive with services provided by (or proposed to be provided by) Caliber as of the Closing. For purposes of this Agreement, "Customer" means any entity that has purchased services or goods from Caliber at any time within two (2) years prior to the Closing Date and "Prospective Customer" means any entity either identified by Caliber for solicitation (as evidenced by Caliber's written corporate records), or solicited by Caliber as of the Closing Date.

(d) Each of the Founders hereby acknowledges that (i) the markets served by Caliber and ICF are not dependent on the geographic location of executive personnel or the businesses by which they are employed, (ii) the length of the Non-Competition Period, or the Non-Solicitation Period, as applicable and the scope of this Section 5.8 were negotiated in the context of the Contemplated Transactions, and (iii) the above covenants are manifestly reasonable on their face and have been designed to be reasonable and no greater than is required for the protection of ICF.

(e) Each of the Founders hereby agrees that ICF's remedies at law for any breach or threat of breach by him of any of the provisions of this Section 5.8 will be inadequate, and that ICF shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Section 5.8 and to enforce specifically the terms and provisions thereof, in addition to any other remedy to which ICF may be entitled at law or equity.

(f) Should any provision of this Section 5.8 be determined to be unenforceable or prohibited by any applicable law, such provision shall be ineffective to the extent, and only to the extent, of such unenforceability or prohibition without invalidating the balance of such provision or any other provision of this Section 5.8, and any such unenforceability or prohibition in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(g) In consideration of the Founders agreeing to this Section 5.8, ICF agrees to make those payments to the Founders at those times shown on Exhibit C. In addition, under the terms of the Key Employee Offer Letters, each of the Key Employees is required to agree to certain non-compete and non-solicitation covenants for which each Key Employee will receive compensation as provided therein. All payments due under this Section 5.8 are hereinafter collectively referred to as the "Non-Compete/Non-Solicitation Payments."

5.9 No Solicitation of Competitive Transactions.

During the period from the date hereof through the earlier to occur of (a) the Closing Date and (b) the termination of this Agreement in accordance with Article X, the Shareholder shall not permit Caliber or the Acquired Subsidiaries, and Caliber and the Founders will not (nor shall any of them permit any of their respective officers, directors, representatives, subsidiaries, or Affiliates (or the officers, directors, representatives, subsidiaries, or Affiliates of Caliber or any of the Acquired Subsidiaries) to), directly or indirectly, (i) initiate contact with, solicit, encourage or respond to any inquiries or proposals by, (ii) enter into any discussions, negotiations, agreements, arrangements or understandings with, (iii) disclose, directly or indirectly, any non-public information concerning Caliber's business or properties to, or (iv) afford any access to Caliber's properties, books and records to, any Person in connection with any possible proposal for the acquisition, directly or indirectly, of all or any substantial portion of the Shares, other Capital Stock of Caliber, or the assets or business of Caliber.

5.10 Personnel.

(a) For purposes of this Agreement, Caliber's Personnel as of the Closing Date shall be categorized sometimes as (i) the Founders, (ii) the "Key Employees" (which shall mean and refer to those employees listed on Exhibit E), (iii) the "Non-Key Employees" (which shall refer to all employees of Caliber as of the Closing Date other than the Founders and the Key Employees), and (iv) "Non-Key Billable Employees" (which shall refer to those Non-Key Employees who are billable to customers of Caliber or an Acquired Subsidiary, as applicable).

(b) The Founders shall be required to sign employment agreements in the form attached hereto as Exhibit F (the "Croan / Bishop Employment Agreements").

(c) Prior to the Closing each of the Key Employees will receive and shall be required, as a condition of employment, to countersign where appropriate and return to ICF the documents contained in an offer package that shall be comprised of (i) the Standard Employee Documents and (ii) an offer letter (the "Key Employee Offer Letter") setting forth (A) the non-compete provisions that each Key Employee is expected to abide by and on which their employment with ICF is contingent (and the Non-Compete / Non-Solicitation Payments that the Key Employee is entitled to) and (B) the performance bonus that the Key Employee may earn, subject to management's evaluation of the Key Employee's contributions.

(d) Each Non-Key Employee shall receive and, as a condition of employment, be required to sign and return a confirmation accepting continued employment, ICF's standard agreements, ICF's Code of Ethics and a Degree Verification form, all in the form attached hereto and incorporated herein as Exhibit G (hereinafter collectively the "Standard Employee Documents").

(e) From and after the Closing Date, any Key or Non-Key Employee who signs the documents contained in the Key Employee Offer Letter and/or the Standard Employee Documents, as applicable, and chooses to become an employee of ICF shall be given (to the extent he or she elects to participate and it is permitted by Law), credit for past service with Caliber for purposes of participation and vesting in any employee benefit plan offered by ICF.

5.11 Certain Tax Matters.

(a) Tax Periods Ending on or Before the Effective Date. ICF shall prepare, or cause to be prepared, and file, or cause to be filed, on a timely basis (in each case, at its sole cost and expense) and on a basis reasonably consistent with past practice (unless ICF is advised otherwise by its outside tax consultants), all Tax Returns with respect to Caliber and the Acquired Subsidiaries for taxable periods ending on or prior to the Effective Date and required to be filed thereafter (the "Prior Period Returns"). ICF shall provide a draft copy of such Prior Period Returns to the Shareholder's Representative for its review at least fifteen (15) Business Days prior to the due date thereof. The Shareholder's Representative shall provide its comments to ICF at least five Business Days prior to the due date of such returns, and ICF shall make all changes requested by the Shareholder's Representative in good faith (unless ICF is advised in writing by its independent outside accountants or attorneys that such changes (i) are contrary to applicable Law, or (ii) will or are likely to have a material adverse effect on ICF or any of its

Affiliates). Except as provided in Section 5.11(c), and only to the extent such Taxes have not been accrued or otherwise reserved for on the Closing Balance Sheets, all Taxes with respect to Caliber and the Acquired Subsidiaries shown to be due on such Prior Period Returns shall be the responsibility of the Shareholder. In the event that the Shareholder for any reason fails to make the payment contemplated in the previous sentence, then ICF may bring an indemnification claim under Article IX and the Shareholder and the Founders shall be jointly and severally liable for that payment.

(b) Tax Periods Beginning Before and Ending After the Effective Date.

(i) ICF shall prepare or cause to be prepared and file or cause to be filed, on a basis reasonably consistent with past practice, any Tax Returns of Caliber and the Acquired Subsidiaries for Tax periods that begin before the Effective Date and end after the Effective Date ("Straddle Periods"). ICF shall permit the Shareholder's Representative to review and comment on each such Tax Return described in the preceding sentence at least fifteen (15) Business Days prior to the due date thereof, and ICF shall make all changes reasonably requested by the Shareholder's Representative in good faith (unless ICF is advised in writing by its independent outside accountants or attorneys that such changes (i) are contrary to applicable Law, or (ii) will, or are likely to have a material adverse effect on ICF or any of its Affiliates). Within fifteen (15) days after the date on which ICF pays any Taxes of Caliber and the Acquired Subsidiaries with respect to any Straddle Period, the Shareholder shall, to the extent such Taxes have not been accrued or otherwise reserved for on the Closing Balance Sheets, pay to ICF the amount of such Taxes that relates to the portion of such Straddle Period ending on the Effective Date (the "Pre-Closing Tax Period"). In the event that the Shareholder for any reason fails to make the payment contemplated in the previous sentence, then ICF may bring an indemnification claim under Article IX and the Shareholder and the Founders shall be jointly and severally liable for that payment.

(ii) For purposes of this Agreement:

(1) In the case of any gross receipts, income, or similar Taxes that are payable with respect to a Straddle Period, the portion of such Taxes allocable to (A) the Pre-Closing Tax Period and (B) the portion of the Straddle Period beginning on the day next succeeding the Effective Date (the "Post-Closing Tax Period") shall be determined on the basis of a deemed closing at the end of the Effective Date of the books and records of Caliber.

(2) In the case of any Taxes (other than gross receipts, income, or similar Taxes) that are payable with respect to a Straddle Period, the portion of such Taxes allocable to the portion of the Straddle Period prior to the Effective Date shall be equal to the product of all such Taxes multiplied by a fraction the numerator of which is the number of days in the Straddle Period from the commencement of the Straddle Period through and including the Effective Date and the denominator of which is the number of days in the entire Straddle Period; provided, however, that appropriate adjustments shall be made to reflect specific events that can be identified and specifically allocated as occurring on or prior to the Effective Date (in which case the Shareholder shall be responsible for any Taxes related thereto) or occurring after the Effective Date (in which case, ICF shall be responsible for any Taxes related thereto).

(iii) ICF shall be responsible for (1) any and all Taxes with respect to the Pre-Closing Tax Period of each Straddle Period to the extent such Taxes have been accrued or otherwise reserved for on the Closing Balance Sheet and (2) any Taxes with respect to the Post-Closing Tax Period of each Straddle Period.

(c) Cooperation on Tax Matters.

(i) ICF, the Shareholder, and the Founders shall cooperate fully, as and to the extent reasonably requested by any party, in connection with the filing of Tax Returns pursuant to this Section and any audit, litigation, or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information reasonably relevant to any such audit, litigation, or other proceeding and making their respective employees, outside consultants and advisors available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. ICF, the Shareholder, and the Founders agree (A) to retain all books and records with respect to Tax matters pertinent to Caliber and the Acquired Subsidiaries relating to any taxable period beginning before the Effective Date until the expiration of the statute of limitations (and, to the extent notified by ICF or the Shareholder's Representative, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority, and (B) to give the others reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other so requests, ICF, the Shareholder, or the Founders, as the case may be, shall allow one of the others to take possession of such books and records.

(ii) ICF, the Shareholder and the Founders further agree, upon request, to use their best efforts to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the transactions contemplated hereby).

(iii) ICF, the Shareholder and the Founders further agree, upon request, to provide the other party with all information that either party may be required to report pursuant to Section 6043 of the Code and all Treasury Department Regulations promulgated thereunder.

(d) Certain Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with the Contemplated Transactions (including any transfer or similar tax imposed by any governmental authority) shall be shared equally between ICF on the one hand and the Shareholder and the Founders on the other, and each shall be responsible for one-half of such Taxes. The party required by Law to do so will file all necessary Tax Returns and other documentation with respect to all such transfer, documentary, sales, use, stamp, registration and other Taxes and fees, and, if required by applicable Law, the other parties will join in the execution of any such Tax Returns and other documentation.

5.12 Public Announcements.

No one of ICF, Caliber, any of the Acquired Subsidiaries, the Shareholder, or either of the Founders will issue any press release or make any public statement with respect to this Agreement or the Contemplated Transactions, or disclose the existence of this Agreement to any Person or entity, prior to the Closing and, after the Closing, will not issue any such press release or make any such public statement without the prior consent of the other parties (which consent shall not be unreasonably withheld or delayed), subject to any applicable disclosure obligations pursuant to Applicable Law, provided that the party proposing to issue any press release or similar public announcement or communication in compliance with any such disclosure obligations shall use commercially reasonable efforts to consult in good faith with the other party before doing so.

5.13 Communications with Customers and Suppliers.

The Shareholder and ICF will mutually agree upon all communications with suppliers and customers of Caliber relating to this Agreement and the Contemplated Transactions prior to the Closing Date.

5.14 [Intentionally Omitted].

5.15 Assumption of Caliber ESOP.

Prior to the Closing the Shareholder shall cause the following to occur: (i) Caliber shall make a contribution to the capital of the ESOP Sponsor Subsidiary in the amount of \$409,100.00 (the "Subsidiary Capitalization Amount"), (ii) the ESOP Sponsor Subsidiary shall adopt and assume the Caliber ESOP and shall succeed to all rights and obligations of Caliber thereunder, (iii) Caliber shall transfer all of its right, title, and interest in the issued and outstanding shares of capital stock of the ESOP Sponsor Subsidiary to one or more persons or entities designated by the trustee of the Caliber ESOP, and (iv) the ESOP Sponsor Subsidiary's board of directors shall adopt a resolution terminating the Caliber ESOP effective upon completion of the Closing.

5.16 Post-Closing Covenants Relating to Caliber ESOP.

At the Closing, Caliber shall cause the ESOP Subsidiary to deliver to ICF a completed Form 5310 determination letter application with a written statement (in a form satisfactory to ICF's legal counsel) that discloses the pre-Closing assumption of the Caliber ESOP by the ESOP Sponsor Subsidiary (the "Form 5310 Letter"). No later than thirty (30) days after the Closing Date, the Shareholder shall cause the ESOP Sponsor Subsidiary to file the Form 5310 Letter. In the event the Internal Revenue Service responds to such determination letter application with a proposal to disqualify the Caliber ESOP's tax qualification solely on the basis of the ESOP Sponsor Subsidiary's pre-Closing assumption of the sponsorship of the Caliber ESOP from Caliber, and such proposed disqualification cannot (after exhaustion of all available appeals) successfully be eliminated by the joint efforts of legal counsel for the ESOP Sponsor Subsidiary, the Caliber ESOP and ICF, ICF shall cause Caliber to re-assume sponsorship of the Caliber ESOP in order to prevent disqualification of the Caliber ESOP solely due to the ESOP Sponsor Subsidiary's pre-Closing assumption of the Caliber ESOP (the "Resumption of

Sponsorship”). ICF shall (i) cause Caliber to pay all expenses solely relating to Caliber’s Resumption of Sponsorship, including any Internal Revenue Service Employee Plans Compliance Resolution System (“EPCRS”) sanctions or fees, (ii) in the event there is a final determination (after the exhaustion of all available appeals) that the Caliber ESOP is irremediably disqualified solely as a result of the ESOP Sponsor Subsidiary’s pre-Closing assumption of the Caliber ESOP, indemnify, or cause Caliber to indemnify, the ESOP Sponsor Subsidiary and the Caliber ESOP for all damages incurred by either or both relating to such irremediable disqualification.

5.17 Life Insurance.

Croan and ICF hereby agree that if ICF’s lender requires a life insurance policy to be obtained on Croan’s life as a condition to, or otherwise as a requirement for financing then each shall use their respective best efforts to cause such a life insurance policy to be obtained and issued in the amount and for the benefit of the beneficiary (ies) designated by the lender; provided, however, that the premium(s) payable with respect to the life insurance policy shall be payable and paid by ICF.

5.18 Termination of Qualified Pension Plans.

Prior to the Closing, Caliber shall terminate each of its tax-qualified Pension Plans and cause the distribution of participant accounts thereunder pursuant to the provisions of such plans. Prior to the Closing, Caliber shall provide ICF with copies of Plan documents effectuating such plan terminations. ICF shall take any necessary actions with respect to its plan to permit the rollover of eligible rollover distributions from the Caliber’s terminated Pension Plans to an ICF plan.

5.19 Termination and Amendment of Nonqualified Plan.

Prior to the Closing, Caliber shall: (a) obtain the written consent of all participants in the Caliber Excess Plan to the termination of such plan prior to the Closing and the distribution of all plan assets as soon as practicable thereafter; and (b) amend such plan to so provide for the plan’s termination prior to Closing and the distribution of all assets thereunder as soon as practicable.

5.20 Filing of Annual Reports.

Prior to the Closing, Caliber shall file all annual reports (Form 5500) with respect to all Plans as required by ERISA. Caliber shall provide ICF with copies of such filing prior to the Closing.

5.21 Post-Closing Operation of Caliber.

ICF hereby covenants and agrees that, during the Earn Out Period, ICF shall use commercially reasonable efforts to continue the business and operations of Caliber and the Acquired Subsidiaries in the ordinary course and, to the extent consistent therewith, to use commercially reasonable efforts to preserve (a) Caliber’s respective relationships with customers, employees, suppliers, and others having business dealings with Caliber and the Acquired

Subsidiaries, and (b) Caliber's ability to achieve the Target Gross Profit and be Re-Awarded the Selected Contracts. Without limiting the generality of the preceding sentence, ICF shall, during the Earn Out Period, permit Caliber to bid on proposals for re-competition of the Selected Contracts at competitive indirect labor rates comparable to the existing indirect labor rates on each Selected Contract, as long as those indirect labor rates are consistent with the employee utilization rates and costs involved in performing those contracts. Notwithstanding the foregoing, Shareholder, Caliber, and the Founders understand that ICF intends to (and Shareholder, Caliber and the Founders hereby acknowledge and agree that ICF and its Affiliates may) (a) remove Caliber's current information technology staff from Caliber immediately after Closing and combine them with other businesses of ICF or its Affiliates, (b) terminate some of Caliber's non-billable staff after Closing (upon mutual agreement with Croan and/or Bishop during the first three (3) months after Closing and after discussion with Croan and/or Bishop thereafter), and (c) if utilization of Caliber's staff is less than 5% below plan at any time during 2006, as calculated on ICF's standard reports, and after discussing possible remedies for such shortfall with Croan and Bishop, take appropriate actions, up to and including instructing Croan, Bishop, or others to terminate sufficient Caliber staff to increase utilization to within 5% of plan. During the Earn Out Period, Business Units (excluding Caliber or the Acquired Subsidiaries) shall only use Caliber employees on projects pursuant to Section 2.2(b)(i). In addition, prior to the use by Caliber of any employee of any Business Unit during the Earn Out Period, the Shareholder's Representative and the lead manager of such Business Unit shall negotiate in good faith and agree as to the portion of revenue generated by such employee that will be attributed to Caliber. ICF agrees that any such revenue during the Earn Out Period agreed to be allocated to Caliber pursuant to the preceding sentence shall be included in Caliber's gross revenues for purposes of determining Caliber's Gross Profits.

5.22 Bonuses.

Following the completion of the Closing, ICF shall cause Caliber (i) to pay fifty percent (50%) of the Accrued Bonuses to those employees eligible to receive Accrued Bonuses on or before March 15, 2006 and (ii) to pay the remaining 50% of the Accrued Bonuses no later than November 15, 2006. The parties agree that (a) the Accrued Bonuses are only payable to Persons that were employees of Caliber or the Acquired Subsidiaries as of the Closing Date and at all times between the Closing Date and the date of payment and (b) the amount of the Accrued Bonuses payable to each eligible employee shall be determined by Croan and Bishop, subject to approval, not to be unreasonably withheld, of ICF's Chief Executive Officer and the Compensation and Distribution Committee of the Board of Directors of ICF. The parties agree that the entirety of the Accrued Bonuses shall be allocated. Notwithstanding anything herein to the contrary, the parties agree that senior Caliber employees shall remain eligible for 2006 ICF bonuses payable in 2007, consistent with ICF's Incentive Compensation Plan practices.

5.23 Financing and Bank Commitment Letter.

Subject to the terms and conditions of this Agreement, ICF covenants and agrees to use its best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to obtain the financing necessary to consummate the Contemplated Transactions, including, without limitation, obtaining a bank commitment letter in respect of such financing. Upon ICF's receipt of a bank

commitment letter satisfactory to ICF (the “Commitment Letter”) in respect of the funds necessary to finance the Contemplated Transactions, ICF shall promptly provide a copy of such letter to Caliber and the Shareholder’ Representative.

5.24 Director and Officer Liability and Indemnification.

(a) For the 3 year period commencing on the Closing Date, Caliber shall, and ICF shall cause Caliber to maintain, pay all premiums due under and shall not permit to lapse or terminate, a Directors and Officers insurance policy with coverage and dollar amount limits substantially similar to Caliber’s Directors and Officers insurance in effect as of the date hereof.

(b) Prior to the Closing Date, Caliber shall take all proper corporate actions to amend, and shall amend, its Articles of Incorporation to add the indemnification provision set forth on Exhibit L attached hereto.

ARTICLE VI

Deliveries by All Parties at Closing

6.1 Conditions to All Parties Obligations.

The obligations of the parties to consummate the Contemplated Transactions are subject to the fulfillment prior to or at the Closing of each of the following conditions (any or all of which may be waived by the parties):

(a) No Injunction. On the Closing Date, there shall not be in effect any order issued by a court of competent jurisdiction restraining or prohibiting consummation of the transactions contemplated by this Agreement.

(b) Consents and Approvals. The Shareholder, Caliber or the Founders as the case may be, shall have obtained the (i) material consents and approvals, or waivers thereof, of third parties, including, without limitation, those consents identified on Section 3.4 of the Disclosure Schedule and consents otherwise required from governmental regulatory entities and (ii) material permits, in each case as set forth on Section 6.1(b) of the Disclosure Schedule.

(c) Escrow Agreements. Each of the parties hereto, together with the Escrow Agent, shall have entered into the Escrow Agreements.

(d) Litigation. No litigation regarding this Agreement or the Contemplated Transactions shall have commenced or be pending or threatened.

6.2 Conditions to the Shareholder Obligations.

The obligations of the Shareholder to consummate the Contemplated Transactions are subject to the fulfillment at or prior to the Closing of each of the following conditions (any or all of which may be waived in whole or in part by the Shareholder):

(a) Representations and Warranties. The representations and warranties of ICF in this Agreement shall be true and correct in all material respects as of the date when made

and at and as of the Closing Date as though such representations and warranties were made at and as of the Closing Date, except for changes permitted under or contemplated by this Agreement.

(b) Performance. ICF shall have performed and complied with all agreements, obligations, covenants and conditions required by this Agreement to be so performed or complied with by ICF at or prior to the Closing.

(c) Deliveries. The Shareholder shall have received the deliveries contemplated by Article VIII.

(d) Release of Guarantees. The Founders shall have been released in writing from or indemnified by ICF for their personal guarantees with respect to Caliber's Rosehaven Street office lease, and ICF shall indemnify and hold harmless the Founders from and against any Losses relating to such guarantees.

6.3 Conditions to ICF's Obligations.

The obligations of ICF to consummate the Contemplated Transactions are subject to the fulfillment at or prior to the Closing of each of the following conditions (any or all of which may be waived in whole or in part by ICF):

(a) Representations and Warranties. The representations and warranties of the Shareholder, Caliber and the Founders in this Agreement shall be true and correct in all material respects as of the date when made and at and as of the Closing Date as though such representations and warranties were made at and as of the Closing Date, except for changes permitted under or contemplated by this Agreement.

(b) Performance. The Shareholder, Caliber and the Founders shall have performed and complied with all agreements, obligations, covenants and conditions required by this Agreement to be so performed or complied with by the Shareholder, Caliber and the Founders at or prior to the Closing.

(c) No Material Adverse Change. From December 31, 2004 until the Closing Date, there shall have been no material adverse change, or the occurrence of an event that has resulted or can reasonably be expected to result in such a change, in the business, operations, properties, contracts, customer relations or condition, financial or otherwise, of Caliber, other than changes expressly permitted under or contemplated by this Agreement.

(d) Deliveries. ICF shall have received the deliveries contemplated by Article VII.

(e) Due Diligence. ICF shall be satisfied with the results of its due diligence investigation of Caliber (including, without limitation, ICF's review of the Acquired Business, contracts, assets, financial condition, prospects, customer relations, and operations), all as determined by ICF in its sole discretion.

(f) Matters Referred to in Disclosure Schedule. All matters, if any, referred to in the Disclosure Schedule as being taken, in process, or intended to be taken shall have been completed to the reasonable satisfaction of ICF.

(g) Financing. Approval of the Contemplated Transactions by ICF's lenders; provided that upon execution of the Commitment Letter, the foregoing condition shall be applicable only to those approvals, consents, requirements and conditions of the lender(s) under the terms of the Commitment Letter.

(h) No Outstanding Options, Warrants etc. There shall be no outstanding subscriptions, options, warrants, conversion rights or other rights, securities, agreements or commitments obligating Caliber to issue, sell or otherwise dispose of shares of its capital stock, or any securities or obligations convertible into, or exercisable or exchangeable for, any shares of its capital stock.

(i) Windsor Fees. The Shareholder shall have provided a written receipt from Windsor acknowledging payment of all fees payable in connection with the consummation of the Contemplated Transactions pursuant to the Windsor agreement.

(j) Assumption of Caliber ESOP. Caliber shall have formed the ESOP Sponsor Subsidiary, made the Subsidiary Capitalization Amount to the ESOP Sponsor Subsidiary and otherwise satisfied and caused the ESOP Sponsor Subsidiary and Caliber to satisfy all of their respective obligations under Section 5.15 above.

(k) Retirement Plans. Caliber shall have terminated (i) the Caliber Associates, Inc. 401(k) Profit Sharing Plan, (ii) the Collins Management Consulting 401(k) Plan and (iii) the Fried and Sher 401(k) Plan.

(l) Termination of Executive Deferred Compensation Plan. Caliber shall have terminated the Executive Deferred Compensation Plan and paid in full all Executive Deferred Compensation and obtained releases satisfactory to ICF from each of the Founders (jointly the "Executive Deferred Compensation Releases").

(m) Termination of Certain Employment Agreements. Caliber shall have terminated those employment agreements indicated on Exhibit Hand obtained releases satisfactory to ICF from each of the affected employees (collectively, the "Employment Agreement Release").

ARTICLE VII

Deliveries by Shareholder, Caliber, and/or the Founders at Closing

On the Closing Date, the Shareholder, Caliber, and/or the Founders shall deliver or cause to be delivered to ICF:

7.1 Shareholder's and Caliber's Closing Certificate.

A certificate in the form attached hereto as Exhibit I, dated as of the Closing Date, signed by the Shareholder and Caliber certifying that:

(i) the Shareholder, Caliber, and all of the Acquired Subsidiaries respectively have performed and complied with all agreements, obligations, covenants and conditions required by this Agreement to be so performed or complied with by each of them, as applicable at or prior to the Closing;

(ii) from December 31, 2004 until the Closing Date, there has been no material adverse change, or the occurrence of an event that has resulted or can reasonably be expected to result in such a change, in the business, operations, properties, contracts, customer relations or condition, financial or otherwise, or prospects of Caliber and each of the Acquired Subsidiaries, other than changes expressly permitted under or contemplated by this Agreement;

(iii) no suit, action, investigation or other proceeding is pending or threatened before any Governmental Authority that seeks to restrain, prohibit or obtain damages or other relief in connection with this Agreement or consummation of the Contemplated Transactions or that questions the validity or legality of such transactions; and

(iv) this Agreement, the execution and delivery of all of the Transaction Documents and the consummation of the Contemplated Transactions have been approved by all necessary shareholders and corporate actions on the part of Caliber and all necessary consents required by the trustee of the Caliber ESOP (with copies of all resolutions to be attached to the certificate and to be certified as true and correct in the certificate).

7.2 Estimated Closing Balance Sheet.

The Estimated Closing Balance Sheet not less than two (2) Business Days prior to the Closing Date pursuant to Section 2.3(b).

7.3 Key Employee Agreements.

Those documents contained in the Key Employee Offer Letters required to be countersigned and/or signed prior to Closing.

7.4 Non-Key Billable Employees.

Standard Employee Documents signed by not less than ninety-five percent (95%) of the Non-Key Billable Employees.

7.5 Croan / Bishop Employment Agreements.

The execution and delivery by each of the Founders of their respective Croan/Bishop Employment Agreements.

7.6 Resignations of Directors and Officers.

Written resignations, dated as of the Effective Date, of all directors and officers of Caliber and each of the Acquired Subsidiaries.

7.7 Termination of Credit Facility/Facilities.

Evidence satisfactory to ICF that all amounts outstanding under any credit or loan agreements between Branch Banking and Trust Company and related agreements and notes have been paid in full or will be paid in full from proceeds of the Contemplated Transaction and that documentation providing for the release of all Liens on the assets of Caliber and the Acquired Subsidiaries is available for filing immediately after the Closing.

7.8 Release of Liens.

Evidence satisfactory to ICF that all Liens on Caliber's and each of the Acquired Subsidiaries' assets have been released or terminated, as the case may be.

7.9 Windsor Receipt.

Delivery of a receipt, in a form reasonably acceptable to ICF, signed by the Shareholder, Caliber and Founders that to their knowledge no claim for indemnification by Windsor under the terms of the Windsor Agreement exists or is pending and that no facts or circumstances exist as of the Closing Date that could give rise to such an indemnification claim acknowledging payment of all fees payable in connection with the consummation of the Contemplated Transactions pursuant to the Windsor agreement.

7.10 ESOP Sponsor Subsidiary; Assumption of Obligations.

Delivery to ICF of copies of all documents, in a form reasonably acceptable to ICF, evidencing the completion of all required actions described in Section 5.15.

7.11 Form 5310 Letter.

Delivery of the Form 5310 Letter.

7.12 Executive Deferred Compensation Releases.

Delivery of the Executive Deferred Compensation Releases.

7.13 Employment Agreement Releases.

Delivery of the Employment Agreement Releases.

7.14 Fairness Opinion.

Delivery of the opinion relied upon by the Shareholder (and which by its terms will not permit reliance by any other Person) issued by the Shareholder's financial advisor that the Contemplated Transaction is fair from a financial point of view.

7.15 Transaction Costs Releases.

Delivery of any required Transaction Costs Releases.

7.16 Promissory Notes.

The original of each of those promissory notes (including the Founders' Promissory Notes) listed on Exhibit J all marked "Paid and Cancelled."

7.17 Further Instruments.

Such further instruments of assignments, conveyance or transfer or other documents of further assurance as ICF may reasonably request.

ARTICLE VIII

Deliveries by ICF at Closing

On the Closing Date, ICF shall deliver or cause to be delivered to the Shareholder, or to the Escrow Agent, as applicable:

8.1 Officer's Certificate.

A certificate in the form attached hereto as Exhibit K, dated as of the Closing Date, signed by a senior officer of ICF certifying that:

(i) ICF has performed its obligations and complied to the extent applicable with all agreements, obligations, covenants and conditions required by this Agreement to be so performed or complied with by ICF at or prior to the Closing;

(ii) no suit, action, investigation or other proceeding is pending or threatened before any Governmental Authority that seeks to restrain, prohibit or obtain damages or other relief in connection with this Agreement or consummation of the Contemplated Transactions or that questions the validity or legality of such transactions; and

(iii) this Agreement, the execution and delivery of all of the Transaction Documents and the consummation of the Contemplated Transactions have been approved by ICF's board of directors (with copies of all resolutions to be attached to the certificate and to be certified as true and correct in the certificate).

8.2 Closing Cash Consideration and Escrow Deposits.

Pursuant to Section 2.2, the Closing Cash Consideration shall be delivered to the Shareholder and the Escrow Deposits shall be delivered to the Escrow Agent.

8.3 Founders Employment Agreements.

Execution and delivery by ICF of the Croan/Bishop Employment Agreements.

8.4 Further Instruments.

Such documents of further assurance as the Shareholder may reasonably request.

ARTICLE IX **Survival and Indemnification**

9.1 Survival of Representations and Warranties.

(a) Except for the Surviving Representations, the representations and warranties of the Shareholder, Caliber and the Founders on the one hand, and ICF, on the other hand, in this Agreement or in any certificate or document delivered on or before the Closing Date shall survive any due diligence investigation by or on behalf of the parties hereto and the Closing and shall remain effective until eighteen (18) months following the Closing (the "Survival Date"). After the expiration of such period, such representations and warranties and the provisions of this Section 9.1(a) shall expire and be of no further force and effect except to the extent that a claim or claims shall have been asserted by ICF or the Shareholder, as the case may be, with respect thereto on or before the expiration of such period, provided however that the following representations and warranties (collectively the "Surviving Representations") shall survive the Survival Date until the date specified below.

(i) Claims for indemnification based on breaches of representations and warranties of the Shareholder in Section 3.11 (Title to Shares) shall survive the Survival Date and claims for indemnification based on breaches of such representations and warranties may be made at any time following the Closing.

(ii) Claims for indemnification based on breaches of representations and warranties of the Shareholder in Sections 3.21 (Compliance with Laws), 3.22 (Environmental Matters), 3.24 (Absence of Certain Business Practices), 3.28 (ERISA), 3.29 (Tax Matters) pursuant to Section 9.2(b)(i)(C) shall survive the Survival Date and claims for indemnification based on breaches of such representations and warranties may be made up to the date that is three (3) months after the expiration of the applicable statute of limitations.

(iii) Claims for indemnification based on breaches of representations and warranties of the Shareholder in Section 3.18 (Federal and State Government Contracts) with respect to cost reimbursable Government Contracts shall survive the Survival Date and claims based on breaches of such representations and warranties may be made up to the date thirty (30) days after the applicable Governmental Authority has agreed on final indirect cost rates for any fiscal year that began prior to the Closing.

(b) The undersigned acknowledge and agree that the covenants contained in this Agreement, including, but not limited to the covenants contained in ARTICLE V above shall survive Closing and are unaffected by this Section 9.1.

(c) Any claim for indemnification under Sections 9.2(a)(i)(A) or 9.2(b)(i)(A) after the expiration of the applicable survival period above, shall be null and void.

9.2 Indemnification.

(a) By ICF.

(i) Subject to Section 9.2(g), following Closing, ICF shall protect, defend, indemnify and hold harmless the Shareholder, the Founders and their respective agents, representatives, successors, assigns, estates and heirs (“Shareholder Indemnitees”) from and against any losses, damages and expenses (including, without limitation, except as provided in Section 9.2(d), reasonable counsel fees, costs and expenses incurred in investigating and defending against the assertion of such liabilities) (collectively, “Losses”) that may be sustained, suffered or incurred by the Shareholder Indemnitees, and that are related to (A) any breach by ICF of its representations and warranties in this Agreement, (B) any breach by ICF of its covenants, agreements or obligations in or under this Agreement, including payments of the purchase price for the Shares, (C) Taxes as provided in paragraph (ii) of this Section 9.2(a) or (D) any liabilities of Caliber or the Acquired Subsidiaries following the Closing other than those liabilities for which the Shareholder and/or Founders have agreed to indemnify ICF pursuant to Section 9.2(b) of this Agreement.

(ii) The obligations of ICF under paragraph (i) of this Section 9.2(a) shall extend to (A) all Taxes with respect to taxable periods beginning after the Closing Date (including any Taxes with respect to transactions properly treated as occurring on the day after the Closing Date pursuant to Treasury Regulations Section 1.1502-76(b)(1)(ii)(B) or any similar provision of state, local or foreign law) and (B) all Taxes with respect to Straddle Periods to the extent that such Taxes are allocable to the period after Closing pursuant to Section 5.11(b) or to the extent such Taxes are allocable to the period ending on or prior to the Closing Date and have been accrued or otherwise reserved for on the Closing Balance Sheet.

(b) By the Shareholder and the Founders.

(i) Subject to Sections 9.2(e), 9.2(f), 9.2(h), 9.2(i) and 9.3, following Closing, the Shareholder and the Founders jointly and severally shall protect, defend, indemnify and hold harmless ICF, Caliber, the Acquired Subsidiaries and their respective Affiliates, and their officers, directors, employees, agents, representatives, successors and assigns (“ICF Indemnitees”) from and against any Losses that may be sustained, suffered or incurred by ICF Indemnitees and that are related to (A) any breach by the Shareholder, Caliber or the Founders of their respective representations and warranties in this Agreement, (B) any breach by the Shareholder or Caliber or the Founders of covenants and obligations in or under this Agreement, including, but not limited to the Shareholder’s obligations to make payments to ICF pursuant to Section 2.3(e) and the Shareholder’s, Caliber’s or the Founders’ obligations pursuant to Article V (including but not limited to Shareholder’s obligations under Sections 5.8 and 5.9 and obligations to make payments to ICF pursuant to Section 5.11(a) and 5.11(b)), (C) Taxes as provided in paragraph (ii) of this Section 9.2(b), to the extent such Taxes have not been accrued or otherwise reserved for on the Closing Balance Sheet) and (D) the Transaction Costs incurred by the Shareholder, Caliber or the Founders (excluding the Scheduled Transaction Costs), it

being the intent of the parties that all of the provisions of this Agreement shall be interpreted to avoid requiring the Shareholder or the Founders to pay (or receive a reduction in purchase price) twice for the same item.

(ii) The obligations of the Shareholder and the Founders under paragraph (i) of this Section 9.2(b) shall extend to (A) all Taxes with respect to taxable periods ending on or prior to the Closing Date and (B) all Taxes with respect to Straddle Periods to the extent that such Taxes are allocable to the period prior to Closing pursuant to Section 5.11(b) to the extent such Taxes have not been accrued or otherwise reserved for on the Closing Balance Sheet. Such obligations shall be without regard to whether there was any breach of any representation or warranty under Article III with respect to such Tax or any disclosures that may have been made with respect to Article III or otherwise. The indemnification obligations under this paragraph (ii) shall apply even if the additional Tax liability results from the filing of a return or amended return with respect to a pre-Closing Date transaction or period (or portion of a period) by ICF. ICF shall not cause or permit Caliber or any Acquired Subsidiary to file an amended Tax Return with respect to any taxable period ending on or prior to the Closing Date or any Straddle Period unless (y) the Shareholder's Representative consents in its sole discretion or (z) ICF obtains an unqualified legal opinion in form and substance reasonably acceptable to the Shareholder's Representative from counsel reasonably acceptable to the Shareholder's Representative that such amendment is legally required to be filed (provided, further, that such legal opinion may not assume any facts that are disputed in good faith by the Shareholder's Representative). In the event of any conflict between the provisions of this Section 9.2(b)(ii) and any other provision of this Agreement, the provisions of this Section shall control.

(c) Procedure for Third-Party Claims.

(i) If any Third-Party Claims shall be commenced, or any claim or demand shall be asserted (other than audits or contests with Taxing Authorities relating to Taxes), in respect of which the Indemnified Party proposes to demand indemnification by Indemnifying Party under Sections 9.2(a) or 9.2(b), the Indemnified Party shall notify the Indemnifying Party in writing of such demand and the Indemnifying Party shall have the right to assume the entire control of the defense, compromise or settlement thereof (including the selection of counsel), subject to the right of the Indemnified Party to participate (with counsel of its choice), but the fees and expenses of such additional counsel shall be at the expense of the Indemnified Party. The Indemnifying Party will not compromise or settle any such action, suit, proceeding, claim or demand (other than, after consultation with Indemnified Party, an action, suit, proceeding, claim or demand to be settled by the payment of money damages and/or the granting of releases, provided that no such settlement or release shall acknowledge the Indemnified Party's liability or obligate ICF with respect to activities of Caliber) without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed.

(ii) Notwithstanding anything to the contrary contained in this Section 9.2(c), ICF shall have the sole right to control and make all decisions regarding interests in any Tax audit or administrative or court proceeding relating to Taxes, including selection of counsel and selection of a forum for such contest, provided, however, that in the event such audit or proceeding relates to Taxes for which the Shareholder and/or the Founders are responsible and have agreed to indemnify ICF, (A) ICF, Caliber, the Shareholder, and the Founders shall

cooperate in the conduct of any audit or proceeding relating to such period, (B) the Shareholder, and the Founders acting through the Shareholder's Representative, shall have the right (but not the obligation) to materially participate in such audit or proceeding at the Shareholder's and/or the Founders' expense, (C) ICF shall not enter into any agreement with the relevant taxing authority pertaining to such Taxes without the written consent of the Shareholder's Representative, which consent shall not unreasonably be withheld, and (D) ICF may, without the written consent of the Shareholder or the Founders, enter into such an agreement provided that ICF shall have agreed in writing to accept responsibility and liability for the payment of such Taxes and to forego any indemnification under this Agreement with respect to such Taxes.

(iii) The parties will keep each other informed as to matters related to any audit or judicial or administrative proceedings involving Taxes for which indemnification may be sought hereunder, including, without limitation, any settlement negotiations. Refunds of Tax relating to periods ending prior to the Closing Date (or to that portion of a Straddle Period that is prior to Closing under the principles of Section 5.11(b)) shall be the property of the Shareholder, but only to the extent that such refunds are not attributable to (A) net operating loss or other carrybacks from periods ending after the Closing Date, or (B) refund claims that are initiated by ICF (provided that ICF gives the Shareholder's Representative prior notice of such possible claim and the Shareholder and the Founders decline to pursue such refund at its or their own expense); provided, however, that ICF shall in no event have an obligation to file or cause to be filed a claim for refund with respect to any Taxes relating to any period. All other refunds of Tax are the property of ICF.

(iv) Any indemnity payment or payment of Tax by the Shareholder or the Founders or its or their Affiliates as a result of any audit or contest shall be reduced by the present value of the correlative amount, if any, by which any Tax of ICF or its Affiliates is or will be reduced for periods ending after the Closing Date as a result thereof. (computed at the highest effective marginal tax rates at which ICF is then paying Taxes and limited to the extent that the Tax Benefits can be utilized by ICF.

(v) The Indemnified Party shall cooperate fully in all respects with the Indemnifying Party in any defense, compromise or settlement, subject to this Section 9.2(c) including, without limitation, by making available all pertinent books, records and other information and personnel under its control to the Indemnifying Party.

(d) Procedure for Direct Claims.

(i) Any Direct Claim shall be asserted by written notice given by the Indemnified Party to the Indemnifying Party (each a "Direct Claim Notice"). The Indemnifying Party shall have a period of twenty (20) Business Days from the date of receipt (the "Direct Claim Notice Period") within which to respond to a Direct Claim Notice. If the Indemnifying Party does not respond in writing within the Direct Claim Notice Period, then the Indemnifying Party shall be deemed to have accepted responsibility for the claimed indemnification and shall have no further right to contest the validity of that claim. If the Indemnifying Party does respond in writing within the Direct Claim Notice Period, and rejects the claim in whole or in part, the Indemnified Party shall be free to pursue all remedies under Section 11.11. To the extent that any ICF Indemnitees prevail in a Direct Claim (or the Shareholder's Representative concedes (on

behalf of the Shareholder and/or the Founders), or otherwise does not timely respond to a Direct Claim Notice made by ICF) then the Direct Claim shall be satisfied from the General Indemnity Escrow (and the Escrow Agent shall pay to ICF from the General Indemnity Escrow the amount of the Direct Claim) with no further action required by the Shareholder, the Shareholder's Representative, or the Founders. In the event that a Direct Claim is in excess of the General Indemnity Escrow, the Founders (but not the Shareholder) shall be and remain jointly and severally liable for any or all of such excess, subject to the limitations of this Article IX, including, without limitation, Sections 9.2(e) and 9.2(f).

(ii) Costs Related to Direct Claims. Notwithstanding anything in this Section 9.2 to the contrary, except as otherwise may be ordered by a court of competent jurisdiction, the Shareholder Indemnitees and ICF Indemnitees shall each bear their own costs, including counsel fees and expenses, incurred in connection with Direct Claims against ICF and the Shareholder and the Founders, respectively, hereunder that are not based upon claims asserted by third parties.

(e) Calculation of Amount of Claims and Losses. The amount of any claims or losses subject to indemnification under Section 9.2(b) shall be calculated net of any amounts recovered by ICF or its Affiliates (including Caliber after the Closing) under applicable insurance policies held by ICF or its Affiliates, and ICF agrees to make or cause to be made all reasonable claims for insurance under such policies that may be applicable to the matter giving rise to the indemnification claim hereunder. The amount of any claims or losses subject to indemnification under Section 9.2(b) shall be calculated net of the present value of any Tax benefits to ICF or its Affiliates (including Caliber and the Acquired Subsidiaries after the Closing) resulting from the matter giving rise to the indemnification claim hereunder (computed at the highest effective marginal tax rates at which ICF is then paying Taxes and limited to the extent that the Tax Benefits can be utilized by ICF).

(f) Limitations on Rights of ICF Indemnitees.

(i) Rights of ICF Indemnitees to indemnification by the Shareholder and the Founders under Section 9.2(b)(i)(A) shall be subject to the limitations that ICF Indemnitees shall not be entitled to indemnification with respect to a claim or claims made thereunder unless the aggregate amount of all such claims exceeds \$150,000, in which event the indemnity provided for in Section 9.2(b)(i)(A) shall be effective with respect to the total amount of such damages in excess of the first \$150,000. Notwithstanding the foregoing, the \$150,000 limitation shall not apply to an indemnification claim made under (A) Section 9.2(b)(i)(A) based on the breach of the representations or warranties in Section 3.11 (Title to Shares) or (B) Section 3.29 (Taxes).

(ii) Notwithstanding anything to the contrary contained in this Agreement, the Shareholder's maximum liability to ICF Indemnitees under this Section 9.2 shall be limited exclusively to and shall not exceed the General Indemnity Escrow, and ICF Indemnitees' sole recourse against the Shareholder shall be the General Indemnity Escrow.

(iii) Except as otherwise provided in this Section 9.2(f)(iii), the Founders' aggregate maximum liability to ICF Indemnitees under this Section 9.2 shall be

limited exclusively to and shall not exceed the General Indemnity Escrow, and ICF Indemnitees' recourse against the Founders shall be limited to the General Indemnity Escrow. Notwithstanding the foregoing, the Founders shall be jointly and severally liable to the ICF Indemnitees' for claims (A) made under Section 9.2(b)(i)(A) based on the breach of the representations and warranties in Section 3.11 (Title to Shares), Section 3.28 (ERISA) and Section 3.29 (Taxes); (B) made under clauses (B), (C) or (D) of Section 9.2(b)(i); and (C) based on fraud, intentional misrepresentation or criminal acts on the part of the Shareholder, Caliber, the Acquired Subsidiaries and their respective officers, directors, agents, representatives and trustees.

(g) Limitations on Rights of Shareholder Indemnitees. Rights of Shareholder Indemnitees to indemnification by ICF under Section 9.2(a)(i)(A) shall be subject to the limitation that Shareholder Indemnitees shall not be entitled to indemnification with respect to a claim or claims made thereunder unless the aggregate of damages with respect to all such claims exceeds \$50,000, in which event the indemnity provided for in Section 9.2(a)(i)(A) shall be effective with respect to the amount of such damages which exceeds \$50,000; provided however that ICF's maximum liability to the Shareholder Indemnitees under Section 9.2(a)(i)(A) shall not exceed \$1,500,000. The aforementioned limitations in this paragraph shall not apply to the indemnification liabilities of ICF with respect to claims based on fraud, intentional misrepresentations, or criminal acts on the part of ICF

(h) Limitation on Rights of Shareholder and Founders. Notwithstanding anything to the contrary, the Shareholder and the Founders each acknowledge and agree that they shall have no right to make a claim against Caliber or any Acquired Subsidiaries pursuant to any indemnity provision or agreement or otherwise in respect of Claims of ICF Indemnitees pursuant to Section 9.2(b).

(i) Limitations on Remedies. No party hereto shall be liable to the other for indirect, special, incidental, consequential or punitive damages claimed by such other party resulting from such first party's breach of its obligations, agreements, representations or warranties hereunder, provided that nothing hereunder shall preclude any recovery by an Indemnitee against an Indemnitor for third party claims.

9.3 Escrow Account; Withholding of Earn Out and Re-Award Escrows.

Pursuant to Section 2 and the General Indemnity Escrow Agreement, at the Closing, ICF shall deliver to the Escrow Agent the General Indemnity Escrow Deposit and the Escrow Agent shall set up an escrow account pursuant to the terms of the General Indemnity Escrow Agreement to secure the Shareholder's indemnification obligations under this Article IX. Within thirty (30) days following the expiration of the Survival Date, the Escrow Agent will cause any amounts remaining in the General Indemnity Escrow (less any amount which has been or shall be offset or is subject to a pending dispute and interest thereon) to be delivered to the Shareholder.

9.4 Effect of Investigation.

The right to indemnification or other remedies based on any representation, warranty, covenant or obligation of the Shareholder, Caliber or the Founders contained in or made pursuant to this Agreement or the Transaction Documents shall not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the Closing Date occurs, with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant or obligation. The waiver of any condition to the obligation of ICF to consummate the Contemplated Transactions, where such condition is based on the accuracy of any representation or warranty, or on the performance of or compliance with any covenant or obligation, shall not affect the right to indemnification or other remedies based on such representation, warranty, covenant or obligation.

ARTICLE X

Termination

10.1 Termination.

This Agreement may be terminated and the transactions contemplated hereby may be abandoned:

(a) at any time, by mutual written agreement of the Shareholder and ICF;

(b) at any time after October 3, 2005 by either the Shareholder or ICF upon five business days' prior written notice to the other party, if the Closing shall not have occurred for any reason other than a breach of this Agreement by the terminating party;

(c) by ICF, if there has been a material violation or breach by the Shareholder of any agreement, representation or warranty contained in the Agreement, that has rendered the satisfaction of any condition to the obligations of ICF impossible and such violation or breach has not been waived by ICF;

(d) by the Shareholder, if there has been a material violation or breach by ICF of any agreement, representation or warranty contained in the Agreement, that has rendered the satisfaction of any condition to the obligations of the Shareholder impossible and such violation or breach has not been waived by the Shareholder;

(e) by either ICF or the Shareholder if a court of competent jurisdiction shall have issued an order permanently restraining or prohibiting the transactions contemplated by the Agreement, and such order shall have become final and nonappealable;

(f) by ICF, at any time prior to Closing Date, if ICF is not reasonably satisfied in good faith with the results of its discussions with the top eight (8) customers of Caliber and the Acquired Subsidiaries; or

(g) by the Shareholder, at any time prior to the Closing Date, if the Shareholder is unable to satisfy Section 7.14 (Fairness Opinion) upon its good faith best efforts.

10.2 Procedure and Effect of Termination.

In the event of the termination of this Agreement and the abandonment of the transactions contemplated hereby, written notice thereof shall be given by a terminating party to the other parties and this Agreement shall terminate and the transactions contemplated hereby shall be abandoned without further action by the Shareholder or ICF. If this Agreement is terminated pursuant to Section 10.1:

(a) ICF shall upon written request from the Shareholder return all documents, work papers and other materials (and all copies thereof) obtained from the Shareholder or Caliber relating to the transactions contemplated hereby, whether so obtained before or after the execution hereof, to the party furnishing the same, and all confidential information received by ICF with respect to Caliber shall be treated in accordance with Section 5.2 and the Confidentiality Agreement referred to in such Section;

(b) At the option of the Shareholder, all filings, applications and other submissions made pursuant to Sections 5.3 and 5.4 shall, to the extent practicable, be withdrawn from the agency or other Person to which made;

(c) The obligations provided for in this Section 10.2, Sections 5.2 and 5.7, and in the Confidentiality Agreement shall survive any such termination of this Agreement; and

(d) Notwithstanding anything in this Agreement to the contrary, the termination of this Agreement shall not relieve any party from liability for willful breach of this Agreement.

ARTICLE XI

Miscellaneous

11.1 Further Assurances.

At any time and from time to time after the Closing Date, the Shareholder, the Shareholder's Representative, Caliber, any or all of the Acquired Subsidiaries, and/or the Founders will, upon the request of ICF, and ICF will, upon the request of the Shareholder or the Shareholder's Representative perform, execute, acknowledge and deliver all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably required by any of them, to effect or evidence the Contemplated Transactions.

11.2 Notices.

All necessary notices, demands and requests required or permitted to be given hereunder shall be in writing and addressed as follows:

If to
Shareholder: William Morrill, Trustee
Caliber Associates, Inc. Employee
Stock Ownership Trust
36 Dispatch Drive
Washington Crossing, Pennsylvania 18977
Fax: (215) 321-8691

With a copy to: Luis Granados
McDermott, Will and Emery, LLP
600 13th Street NW
Washington, D.C. 20005-3096
Fax: (202) 756-8087

If to Shareholder's
Representative Gerald Croan
5144 Pleasant Forest Drive
Centreville, Virginia 20120
Fax: (703) 631-4182

If to Founders Gerald Croan
5144 Pleasant Forest Drive
Centreville, Virginia 20120
Fax: (703) 631-4182

and Sharon Bishop
11655 Mediterranean Court
Reston, Virginia 20190
Fax: None

With a copy to: Jeffrey R. Houle
Greenberg Traurig, LLP
1750 Tysons Boulevard
McLean, Virginia 22102
Fax: (703) 714-8336

If to ICF: ICF Consulting Group, Inc.
9300 Lee Highway
Fairfax, Virginia 22031
Attn: President
Fax: (703) 934-3675

With copies to: ICF Consulting Group, Inc.
9300 Lee Highway
Fairfax, Virginia 22031
Attn: Chief Financial Officer
Fax: (703) 934-3045

and

James J. Maiwurm
Squire, Sanders & Dempsey L.L.P.
8000 Towers Crescent Drive, Suite 1400
Tysons Corner, VA 22182-2700
Fax: (703) 720-7801

Notices shall be delivered by a recognized courier service or by facsimile transmission and shall be effective upon receipt, provided that notices shall be presumed to have been received:

(a) if given by courier service, on the second Business Day following delivery of the notice to a recognized courier service before the deadline for delivery on or before the second Business Day following delivery to such service, delivery costs prepaid, addressed as aforesaid; and

(b) if given by facsimile transmission, on the next Business Day, provided that the facsimile transmission is confirmed by answer back, written evidence of electronic confirmation of delivery, or oral or written acknowledgment of receipt thereof by the addressee.

From time to time, either party may designate a new address or facsimile number for the purpose of notice hereunder by notice to the other party in accordance with the provisions of this Section 11.2.

11.3 Governing Law.

This Agreement shall in all respects be governed by, and construed in accordance with, the laws (excluding conflict of laws rules and principles) of the Commonwealth of Virginia applicable to agreements made and to be performed entirely within the Commonwealth of Virginia, including all matters of construction, validity and performance.

11.4 Entire Agreement.

This Agreement, together with the Exhibits and Schedules hereto and the other Transaction Documents, constitutes the entire agreement of the parties relating to the subject matter hereof and supersedes all prior contracts or agreements, whether oral or written. There are no representations, agreements, arrangements or understandings, oral or written, between or among the parties relating to the subject matter of this Agreement that are not fully expressed in this Agreement.

11.5 Severability.

Should any provision of this Agreement or the application thereof to any person or circumstance be held invalid or unenforceable to any extent: (a) such provision shall be ineffective to the extent, and only to the extent, of such unenforceability or prohibition and shall be enforced to the greatest extent permitted by Law; (b) such unenforceability or prohibition in any jurisdiction shall not invalidate or render unenforceable such provision as applied (i) to other persons or circumstances or (ii) in any other jurisdiction; and (c) such unenforceability or prohibition shall not affect or invalidate any other provision of this Agreement.

11.6 Amendment.

Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented or modified orally, but only by an instrument in writing signed by the party against which the enforcement of the termination, amendment, supplement, or modification shall be sought.

11.7 Effect of Waiver or Consent.

No waiver or consent, express or implied, by any person to or of any breach or default by any party in the performance by such party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such party of the same or any other obligations of such party hereunder. No single or partial exercise of any right or power, or any abandonment or discontinuance of steps to enforce any right or power, shall preclude any other or further exercise thereof or the exercise of any other right or power. Failure on the part of a party to complain of any act of any party or to declare any party in default, irrespective of how long such failure continues, shall not constitute a waiver by such person of its rights hereunder until the applicable statute of limitation period has run.

11.8 Rights and Remedies Cumulative.

Indemnification under Article IX shall constitute the sole remedy for Losses identifiable pursuant to Sections 9.2(a)(i) or 9.2(b)(i), except with respect to fraud or intentional misconduct by a party and except where other remedies are expressly provided herein, in which case such other remedies and indemnification under Article IX shall be cumulative, and the use of any one such right or remedy by any party shall not preclude or waive the right to use any or all other such remedies.

11.9 Parties in Interest; Limitation on Rights of Others.

The terms of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective legal representatives, successors and assigns. Nothing in this Agreement, whether express or implied, shall be construed to give any person (other than the parties hereto and their respective legal representatives, successors and assigns and as expressly provided herein, and to the extent provided in Article IX, the Indemnified Parties) any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenants, conditions or provisions contained herein, as a third party beneficiary or otherwise.

11.10 Assignability.

This Agreement shall not be assigned by any party hereto without the prior written consent of the other party hereto, provided, however, that the prior written consent of the Shareholder's Representative shall not be required with respect to (a) any assignment by ICF of its rights and obligations under this Agreement to an Affiliate of ICF so long as such assignment does not relieve ICF of its obligations hereunder; or (b) any collateral assignment of ICF's rights and remedies under this Agreement to any lender under credit and collateral agreements, as such agreements may be amended, modified or replaced from time to time, so long as such lender does not have the right to exercise any of ICF's rights and remedies under this Agreement in the absence a default by ICF under the applicable credit and collateral documents. The Shareholder and the Founder hereby agree to execute and deliver (and authorize the Shareholder's Representative to execute and deliver) such documents, instruments and agreements as such lender may reasonably require to confirm, reaffirm or perfect such collateral assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

11.11 Dispute Resolution and Arbitration.

In the event that any dispute arises among the parties pertaining to the subject matter of this Agreement, and the parties, through the senior management of ICF and the Shareholder's Representative, are unable to resolve such dispute within a reasonable time through negotiations and mediation efforts, such dispute shall be resolved as set forth in this Section 11.11.

(a) The procedures of this Section 11.11 may be initiated by a written notice ("Dispute Notice") given by one party ("Claimant") to the other, but not before thirty (30) days have passed during which the parties have been unable to reach a resolution as described (unless any party would be materially prejudiced by such delay). The Dispute Notice shall be accompanied by (i) a statement of the Claimant describing the dispute in reasonable detail and (ii) documentation, if any, supporting the Claimant's position on the dispute. Within twenty (20) days after the other party's ("Respondent") receipt of the Dispute Notice and accompanying materials, the parties shall submit the dispute to mediation in the Washington, D.C. area under the rules of the American Arbitration Association. All negotiations and mediation procedures pursuant to this paragraph (a) shall be confidential and treated as compromise and settlement negotiations and shall not be admissible in any arbitration or other proceeding.

(b) If the dispute is not resolved as provided in paragraph (a) within sixty (60) days after the Respondent's receipt of the Dispute Notice, the dispute shall be resolved by binding arbitration. Within the sixty-day period referred to in the immediately preceding sentence, the parties shall agree on a single arbitrator to resolve the dispute. If the parties fail to agree on the designation of an arbitrator within said sixty-day period, the American Arbitration Association in the Washington, D.C. area shall be requested to designate the single arbitrator. If the arbitrator becomes disabled, resigns or is otherwise unable to discharge the arbitrator's duties, the arbitrator's successor shall be appointed in the same manner as the arbitrator was appointed.

(c) Except as otherwise provided in this Section 11.11, the arbitration shall be conducted in accordance with the Commercial Rules of the American Arbitration Association, which shall be governed by the United States Arbitration Act.

(d) Any resolution reached through mediation and any award arising out of arbitration (i) shall be binding and conclusive upon the parties; (ii) shall be limited to a holding for or against a party, and affording such monetary remedy as is deemed equitable, just and within the scope of this Agreement; (iii) may not include special, incidental, consequential or punitive damages; (iv) may in appropriate circumstances include injunctive relief; and (v) may be entered in court in accordance with the United States Arbitration Act.

(e) Arbitration shall not be deemed a waiver of any right of termination under this Agreement, and the arbitrator is not empowered to act or make any award other than based solely on the rights and obligations of the parties prior to termination in accordance with this Agreement.

(f) The arbitrator may not limit, expand, or otherwise modify the terms of this Agreement.

(g) The laws of the Commonwealth of Virginia shall apply to any mediation, arbitration, or litigation arising under this Agreement.

(h) Each party shall bear its own expenses incurred in any mediation, arbitration or litigation, but any expenses related to the compensation and the costs of any mediator or arbitrator shall be borne equally by the parties to the dispute.

(i) A request by a party to a court for interim measures necessary to preserve a party's rights and remedies for resolution pursuant to this Section 11.11 shall not be deemed a waiver of the obligation to mediate or of the agreement to arbitrate.

(j) The parties, their representatives, other participants and the mediator or arbitrator shall hold the existence, content and result of mediation or arbitration in confidence.

11.12 Jurisdiction; Court Proceedings; Waiver of Jury Trial.

Subject to the provisions of Section 11.11, any suit, action or proceeding against any party to this Agreement arising out of or relating to this Agreement shall be brought in any Federal or state court located in the Commonwealth of Virginia and each of the parties hereby submits to the exclusive jurisdiction of such courts for the purpose of any such suit, action or proceeding. A final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. To the extent that service of process by mail is permitted by applicable Law, each party irrevocably consents to the service of process in any such suit, action or proceeding in such courts by the mailing of such process by registered or certified mail, postage prepaid, at its address for notices provided for herein. Each party irrevocably agrees not to assert (a) any objection that it may ever have to the laying of venue of any such suit, action or proceeding in any Federal or state court located in the Commonwealth of Virginia and (b) any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Each party waives any right to a trial by jury, to the extent lawful.

11.13 No Other Duties.

The only duties and obligations of the parties are as specifically set forth in this Agreement, and no other duties or obligations shall be implied in fact, law or equity, or under any principle of fiduciary obligation.

11.14 Reliance on Counsel and Other Advisors.

Each party has consulted such legal, financial, technical or other expert as it deems necessary or desirable before entering into this Agreement. Each party represents and warrants that it has read, knows, understands and agrees with the terms and conditions of this Agreement.

11.15 Counterparts.

This Agreement may be executed in several counterparts, all of which taken together shall be deemed one and constitute a single instrument. Any manual signature upon this Agreement that is faxed, scanned or photocopied shall for all purposes have the same validity, effect and admissibility in evidence as an original signature and the parties hereby waive any objection to the contrary.

11.16 Action Taken as Trustee.

This Agreement is executed by William Morrill solely in his capacity as trustee of the Caliber ESOP Trust, a party to this Agreement. William Morrill and his successors as trustee of the Caliber ESOP Trust do not undertake and shall not have any personal or individual liability or obligation of any nature whatsoever by virtue of the execution and delivery hereof.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered in its name and on its behalf, all as of the day and year first above written.

ICF CONSULTING GROUP, INC.,
a Delaware corporation

By: /s/ ALAN STEWART

Name: Alan Stewart

Title: Chief Financial Officer

CALIBER ASSOCIATES, INC. EMPLOYEE
STOCK OWNERSHIP TRUST

By: /s/ WILLIAM MORRILL

Name: William Morrill

Title: Trustee

CALIBER ASSOCIATES, INC.,
a Virginia corporation

By: /s/ GERALD CROAN

Name: Gerald Croan

Title: President

FOUNDERS:

/s/ GERALD CROAN

Gerald Croan

/s/ SHARON BISHOP

Sharon Bishop

AGREEMENT OF SUBLEASE

AGREEMENT OF SUBLEASE (this "Sublease") made this __ day of June, 1999 by and between ICF Kaiser International, Inc., a Delaware corporation, (referred to herein as "Sublessor"), and ICF Consulting Group, Inc., a Virginia corporation duly qualified to do business in the Commonwealth of Virginia ("Sublessee").

WITNESSETH

WHEREAS, ICF Kaiser Hunters Branch Leasing, Inc. ("ICF-HB") is the tenant under certain Consolidated, Amended and Restated Deed of Lease agreements by and between HMCE Associates Limited Partnership, R.L.L.P., as landlord, and ICF-HB, as tenant, dated as of November 12, 1997, for space in that building known as "Hunter's Branch-Phase I" and located at 9300 Lee Highway, Fairfax, Virginia (the "9300 Lease") and for space in that building known as "Hunter's Branch-Phase I, Building 2, located at 9302 Lee Highway (the "9302 Lease"), (together, the "Leases");

WHEREAS, ICF-HB sublet the entire "Leased Premises" (as that term is defined in each of the Leases) to Sublessor pursuant to those certain Agreements of Sublease by and between ICF-HB, as Sublessor, and Sublessee, as sublessee, dated as March 24, 1998, and as of November 12, 1997 respectively, (the "9300 ICF-International Sublease" and the "9302 ICF International Sublease"), (together, the "ICF-International Subleases").

WHEREAS, HMCE Associates Limited Partnership, R.L.L.P., assigned all of its rights, title and interest in and to the Leases to Hunters Branch Partners, L.L.C., a Virginia limited liability company (hereinafter referred to as "Lessor"), and Lessor assumed all of the obligations of HMCE Associates Limited Partnership, R.L.L.P., as landlord under the Leases, pursuant to certain agreements entitled "Assignment and Assumption of Certain Tenancies and Written Contracts" dated as of March 24, 1998 for the 9300 Lease, and as of November 12, 1997 for the 9302 Lease, each by and between HMCE Associates Limited Partnership, R.L.L.P., and Lessor;

WHEREAS, Sublessee desires to occupy a portion of the space covered by the ICF-International Subleases (as defined herein), as hereinafter set forth.

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1. Subleased Premises

Sublessor hereby sublets to Sublessee, and Sublessee hereby hires and takes from the Sublessor the premises shown on Exhibit A-1 attached hereto and made a part hereof, and consisting of approximately One Hundred and Fifty Nine Thousand One Hundred and Twenty One (159,121) total rentable square feet, located at 9300 Lee Highway, Fairfax, Virginia 22031 ("9300 Building"), as well as the premises consisting of the auditorium and "break-out room" shown on Exhibit A-2 attached hereto and made a part hereof, and consisting of approximately Six Thousand and One Hundred (6,100) total rentable square feet, located at 9302 Lee Highway, Fairfax, Virginia 22031 ("9302 Building") (collectively, the "Subleased Premises").

Section 2. Term of Sublease

This Sublease and all of the parties' respective rights, obligations and liabilities hereunder shall commence on the date of full execution hereof by both Sublessor and Sublessee (the "Commencement Date"). The period of the sublease will commence on the Commencement Date and end on October 29, 2012 (the "Term").

Section 3. Base Rent

Sublessee covenants and agrees to pay to Sublessor, in currency, which at the time of payment is legal tender for public and private debts in the United States of America. Commencing on the Commencement Date and continuing for a period of one year, the fixed base rent ("Base Rent") will be in the sum of Three Million Eight Hundred Sixty Eight Thousand and One Hundred Eighty Six dollars, (\$3,868,186) per annum payable in equal monthly installments, subject to adjustment as hereinafter provided. Commencing on the second year of this Sublease and continuing throughout the Term, the fixed base rent ("Base Rent") during this period will be in the sum of Four Million, One Hundred Ninety Thousand and Five dollars (\$4,190,005) per annum payable in equal monthly installments, subject to adjustment as hereinafter provided. Each monthly installment following the first shall be due and payable not later than the first (1st) day of each month during the Term. If the Commencement Date is not on the first of the month, the Base Rent shall be pro-rated for the initial partial month of the Term (if necessary).

Section 4. Base Rental Adjustment

Beginning November 1, 2003 and each year thereafter during the Term, Base Rent shall be the amount equal to the Base Rent for the immediately preceding sublease year, increased by the "Inflation Adjustment" (as hereinafter defined) for the sublease year in which the computation is made. The Inflation Adjustment for these purposes shall be as defined in the 9300 Lease, being the lesser of 2.5% of the Base Rent for the immediately preceding sublease year or 225% of the percentage (if any) by which the CPI (as defined in the 9300 Lease) for the Comparison Month in the immediately preceding sublease year exceeds the CPI for the Comparison Month in 1998.

Section 5. Additional Rent

(a) Notwithstanding the provisions of Sections 3 and 4 above, Sublessee agrees for each year during the Term, commencing on the first anniversary of the Commencement Date, and continuing each year thereafter, to pay Sublessor, as additional rent under this Sublease, an amount equal to Sublessee's "Percentage" (as hereinafter defined) of the amount by which "Operating Expenses" and "Real Estate Taxes" (under and as defined in the 9300 ICF-International Sublease) exceed Operating Expenses and Real Estate Taxes under the 9300 ICF-International Sublease during the 1999 calendar year. Sublessee's Percentage for this purpose shall be deemed to be eighty percent (80%).

(b) In addition, Sublessee agrees for each month during the Term, to pay, as additional rent under this Sublease, all other operating expenses which are excluded from the aforesaid definition of Operating Expenses for the entire Subleased Premises, specifically including, but without limitation, the cost of electricity, cleaning, security, and additional shuttle bus hours. Copies of all relevant statements and bills received by Sublessee or Sublessor will be provided pursuant to the applicable provisions of the ICF-International Sublease and pursuant hereto, together with a statement of the amount of additional rent, if any, which Sublessee or Sublessor are required to pay under this Section.

(c) Sublessee's proportionate share of the additional rent payments described in Section 5(a) and 5(b) shall be paid on an estimated basis in accordance with the procedures described in Section 3(b) of the Leases and shall be reconciled in accordance with Section 3(b) of the Leases; provided that Sublessee shall make all payment of additional rent in the same manner of payment of rent, on the first day of each month during the Term. Upon the request of Sublessee, Sublessor shall take all steps possible to cause ICF-HB to cause an audit of the statement of Operating Expense Increases pursuant to Section 3(b) of the Leases; provided, however, that Sublessee shall pay all costs and expenses related to any such audit, and any such audit shall be performed in accordance with the Leases. Sublessor shall deliver to Sublessee, within ten (10) business days after receipt thereof, Sublessee's proportionate share of any refunds of any overpayments of additional rent for purposes of payment of Operating Expenses or Real Estate Taxes received by Sublessor. Sublessee shall also pay to Sublessor, as additional rent, all reasonable and customary charges for any additional services provided to Sublessee hereunder in accordance with the provisions hereof, including, without limitation, charges and fees for alterations; and after-hours heating and air-conditioning services. Sublessee's obligation to pay additional rent and to receive refunds of additional rent overpayments, if any, shall survive until reconciliation of such costs for the last year of the Term is complete. For purposes of this Sublease, all Base Rent and additional rent shall be referred to collectively as "Rental."

Section 6. The Leases and the ICF-International Subleases

(a) Sublessee acknowledges that it has reviewed and is familiar with all of the terms, covenants, and conditions of the Leases and the ICF-International Subleases, complete copies of which Sublessor represents are attached hereto as Exhibit B and which are made a part hereof. Except as otherwise expressly provided in or otherwise inconsistent with the Sublease, or to the extent not applicable to the Subleased Premises, all of the terms, covenants, conditions, stipulations, rights, obligations, remedies and agreements of the Leases and the ICF-International Subleases are incorporated herein and made a part hereof as if set forth herein at length. The parties hereby specifically acknowledge and agree that, without limitation whatsoever to the foregoing: (i) the term "Basic Rent" in the Leases, and (ii) Section 3(i) of the 9300 Lease and Section 3(j) of the 9302 Lease related to Lease Restructuring Fees are inconsistent with this Sublease. Sublessee assumes and agrees, except as otherwise provided herein, to perform, observe, and comply with all of the terms, covenants and conditions to be performed, observed, and complied with by the tenant under the Leases and on the part of the Sublessor to be performed, observed and complied with under the ICF-International Subleases, as the same may or shall relate to the occupancy of the Subleased Premises, and except as modified by this Sublease. Sublessee hereby makes all waivers and grants all rights, for the benefit of Sublessor, ICF-HB and Lessor, made or granted by Sublessor, as tenant under the ICF-International Subleases.

(b) This Sublease is expressly made subject to all of the terms, covenants, and conditions of the Leases and the ICF-International Subleases, except as otherwise expressly provided herein. Subject to the Consent to Sublease and Recognition Agreement annexed hereto as Exhibit C, this Sublease shall terminate upon the expiration or termination of either of the Leases, whereupon all covenants and agreements made by Sublessor herein shall cease without prejudice to the right of Sublessor to recover all Rental accrued to the latter of termination or recovery of the Subleased Premises.

(c) The time limits set forth in the Leases and ICF-International Subleases for the giving of notices, making demands, performance of any act, condition or covenant, or the exercise of any right, remedy or option, are changed for the purpose of this Sublease, by lengthening or shortening the same in each instance, as appropriate, so that notices may be given, demand made, or any act, condition or covenant performed or any right, remedy or option hereunder exercised, by Sublessor or Sublessee, as the case may be, (and each party covenants that it will do so) within three (3) days prior to the expiration of the time limit, taking into account the maximum grace period, if any, relating thereto contained in the Leases and ICF-International Subleases.

Section 7. Occupancy

(a) Sublessee shall use and occupy the Subleased Premises solely for the purposes permitted under Section 6(a) of the Leases.

(b) Sublessee covenants that it will occupy the Subleased Premises in accordance with the provisions hereof (including the provisions of the Leases and the ICF-International Subleases), and will not do or omit to do any act which results in a default under any of the terms hereof or of any of the Leases or the ICF-International Subleases. Sublessee shall pay to Sublessor, as additional rent, any and all sums, which Sublessor is required to pay to the ICF-HB or Lessor as the result of Sublessee's failure to comply with the provisions hereof, of the Leases, and/or the ICF-International Subleases as they pertain to the Subleased Premises. Without limitation to the foregoing whatsoever, or to Sublessee's obligations pursuant to Section 7(c) below, if Sublessee is a holdover tenant under this Sublease and causes Sublessor to be deemed a holdover by the ICF-HB under either ICF-International Sublease, Sublessor, at its option, may remove Sublessee and all its possessions from the Subleased Premises without any liability whatsoever to the Sublessor.

(c) In the event Sublessee continues to occupy the Subleased Premises after the termination of its right of possession pursuant to the terms of this Sublease, then, in addition to other liabilities as set forth herein, Sublessee shall, throughout the entire holdover period, in addition to otherwise applicable additional rent, pay Base Rent equal to 150% of the Base Rent applicable during the last year of the Term. No holding over by Sublessee or payments of money by Sublessee to Sublessor after expiration of the Term of this Sublease shall be construed to extend the Term of this Sublease or to prevent the recovery of immediate possession of the

Subleased Premises by summary proceedings or otherwise as permitted pursuant to applicable law, unless Sublessor has sent written notice to Sublessee that Sublessor has elected to extend the Term of the Sublease.

(d) Notwithstanding anything to the contrary contained in this Sublease, Sublessor shall not be required to perform any of the covenants and obligations of the Lessor under the Leases (a "Landlord Obligation") including, but without limitation whatsoever, to provide any of the services that Lessor has agreed to provide, whether or not specified in Section 5 of the Leases (or required by law), or furnish the electricity to the Subleased Premises that Lessor has agreed to furnish pursuant to the ICF-International Subleases or the Leases (or required by law), or make any of the repairs or restorations that Lessor has agreed to make pursuant to the ICF-International Subleases or the Leases (or required by law), or to comply with any law or requirement of any governmental authorities, or take any action that Lessor has agreed to provide, furnish, make, comply with, or take under the ICF International Subleases or the Leases, but Sublessor agrees to use all diligent efforts at Sublessee's sole cost and expense, obtain the same from the ICF-HB and/or to cause ICF-HB to obtain the same from Lessor, (provided, however, that Sublessor shall not be obligated to use such efforts or take any action which might give rise to a default under the Sublease), and Sublessee shall rely upon and look solely to, ICF-HB or Lessor for the provision, furnishing, or making thereof or compliance therewith. If ICF-HB or Lessor shall default in the performance of any of its obligations under any of the ICF-International Subleases or the Leases, as applicable, Sublessor shall, upon request and at the expense of Sublessee, institute and prosecute any action or proceeding which Sublessee in its reasonable judgment, deems meritorious, in order to have ICF-HB make such repairs, furnish such services, or comply with any other obligations of ICF-HB under the ICF-International Subleases or as required by law. Sublessee shall indemnify and hold Sublessor harmless from and against any and all such claims arising from or in connection with such request, action or proceeding, except to the extent of gross negligence or willful misconduct on the part of Sublessor, and its agents, employees, contractors, licensees, and invitees including indemnity from and against any and all liability, fines, suits, damage, costs and expenses of any kind or nature, including without limitation, reasonable attorneys' fees and disbursements, incurred in connection therewith. Sublessee shall not make any claim against Sublessor for any damage which may arise, nor shall Sublessee's obligations hereunder be diminished, by reason of (i) the failure of Lessor to keep, observe, or perform any of its obligations pursuant to any of the Leases, as applicable, unless such failure is due to Sublessor's gross negligence or willful misconduct, or (ii) the acts or omissions of Lessor, or its agents, contractors, servants, employees, invitees or licensees, except to the extent of the gross negligence or willful misconduct of Sublessor.

(e) If any Event of Default described in Section 16 (Default Provisions) of the Leases shall occur in respect of Sublessee or Sublessee's property, or if Sublessee shall default in the payment of Base Rent or other Rental hereunder, or in the performance or observance of any of the terms, covenants, and conditions of this Sublease or of the ICF-International Subleases or the Leases on the part of Sublessee to be performed or observed, which default continues uncured following written notice to Sublessee and the expiration of all applicable cure periods specified in Section 16 (it being the parties' intention that such cure periods shall apply in respect of breaches by and notices to Sublessee), Sublessor shall be entitled to the rights, remedies, and

indemnifications herein provided and/or reserved by the Lessor and ICF-HB in the Leases and the ICF-International Subleases, as applicable. In addition to all other said rights, remedies, and indemnifications, Sublessor shall have the right to suspend payments to Sublessee pursuant to Section 11(c), and to offset any sums due thereunder against Sublessee's liability for damages to Sublessor.

Section 8. Leasehold Improvements and Allowances

(a) Sublessor subleases the Subleased Premises to Sublessee and Sublessee accepts the Subleased Premises in "as-is" condition. Sublessor has not made and does not make any representations or warranties as to the physical condition of the Subleased Premises, the use to which the Subleased Premises may be put, or any other matter or thing affecting or relating to the Subleased Premises, except as specifically set forth in this Sublease. Sublessor shall have no obligation whatsoever to alter, improve, decorate or otherwise prepare the Subleased Premises for Sublessee's occupancy. Sublessor represents and warrants that to the best of its actual knowledge, without inquiry or investigation, all alterations to the Subleased Premises which it has performed to date have been in compliance with applicable law and the Leases.

(b) Sublessee shall not make any alterations, installations, improvements, additions, or other physical changes in or about the Subleased Premises, or any part thereof, structural or otherwise, or any change whatsoever in the use of the Subleased Premises, or any part thereof, without the prior written approvals and consents required in accordance with the Leases and the ICF-International Subleases, and without the prior written consent of Sublessor, which consent shall not be unreasonably withheld. Sublessor's sole obligation in respect of requested approvals and consents shall be to cause ICF-HB to request diligently on Sublessee's behalf that Lessor comply with the terms of the Leases.

Section 9. Security Deposit

(a) Upon execution of this Sublease, Sublessee shall provide Sublessor a security deposit in the sum of One Hundred Thousand Dollars (\$100,000.00) in cash or by letter of credit drawn on a bank as well as in form approved by Sublessor (the "Letter of Credit") or other form acceptable to Sublessor as security for the prompt, full and faithful performance by Sublessee of each and every provision of this Sublease and of all obligations of Sublessee hereunder (the "Security Deposit"). Said Security Deposit may not be commingled with other funds of Sublessor and all interest or income from said Security Deposit shall be due Sublessee. At any time during the Term, Sublessee shall have the right to deliver to Sublessor the Letter of Credit in the amount of, and as replacement for, the original Security Deposit given upon execution of this Sublease, and upon such replacement, the original Security Deposit shall be promptly returned to Sublessee. In the event of a default which continues beyond any applicable notice and cure period, Sublessor may use, apply, or retain all or any part of the Security Deposit for payment of any: (i) Base Rent or other Rental; (ii) any sum expended by Sublessor on Sublessee's behalf in accordance with the provisions of this Sublease; and/or (iii) any sum which Sublessor may expend or be required to expend by reason of Sublessee's default, including damages or deficiency in the reletting of the Subleased Premises. The use, application, or retention of the Security Deposit, or any portion thereof, by Sublessor shall not prevent Sub lessor from exercising any other right or remedy provided by this Agreement of Sublease or by

law; and, shall not operate as a limitation on any recovery to which Sublessor may otherwise be entitled. If any portion of the Security Deposit is used, applied, or retained by Sublessor for a purpose set forth above, Sublessee agrees that within five (5) business days after a written demand therefor is made by Sublessor, Sublessee will deposit with the Sublessor an amount sufficient to restore the Security Deposit to its original amount.

(b) Unless otherwise applied in accordance with the provisions of this Sublease, the Security Deposit, or any balance thereof, shall be returned to Sublessee within thirty (30) days after the expiration of the Term. Upon return of the Security Deposit or balance thereof to the Sublessee, the Sublessor shall be completely relieved of liability under this Section.

Section 10. Domain; Loss by Casualty

Notwithstanding any contrary provision of this Sublease or the provisions of the ICF-International Subleases or the Leases herein incorporated by reference, Sublessee shall not have the right to terminate this Sublease as to all or any part of the Subleased Premises, or be entitled to any abatement of Base Rent, additional rent or any other item of Rental, by reason of a casualty or condemnation affecting the Subleased Premises unless Sublessor is entitled to terminate the applicable ICF-International Sublease or be entitled to a corresponding abatement with respect to its corresponding obligation under the applicable ICF-International Sublease. If Sublessor is entitled to terminate the applicable ICF-International Sublease for all or any portion of the Subleased Premises by reason of casualty or condemnation, Sublessee may terminate this Sublease as to any corresponding part of the Subleased Premises by written notice to Sublessor given at least five (5) business days prior to the date(s) Sublessor is required to give notice to ICF-HB of such termination under the terms of the applicable ICF-International Sublease. In the event of any damage by fire or other casualty to the Subleased Premises rendering the Subleased Premises wholly or in part untenable, Sublessee shall acquiesce in and be bound by any action taken by or agreement with respect thereto entered into by Lessor pursuant to Section 13 of the Leases, and Sublessee shall be entitled to its proportionate share of (i) damages to the extent actually received and/or (ii) the rent abatement to the extent conclusively determined by Sublessor for the Subleased Premises, as described therein.

Section 11. Assignment, Subletting, and Subleased Premises in 9302 Building

(a) Except as specified in this Sublease, Sublessee shall not assign, sell, transfer (whether by operation of law or otherwise), pledge, mortgage or otherwise encumber this Sublease or any portion of its interest in the Subleased Premises, nor sublet all or any portion of the Subleased Premises, or permit any other person or entity to use or occupy all or any portion of the Subleased Premises, without the prior written consent of Sublessor and Lessor. It is further agreed that any sale, assignment or other disposition of a majority of the capital stock, a controlling interest in the Company, and/or all or substantially all of the assets of the Sublessee to any person or entity shall constitute a transfer for purposes hereof, which shall require the prior written consent of Sublessor pursuant hereto. Provided that Sublessee shall comply with the provisions of this Sublease, the ICF-International Subleases and the Leases with respect to subletting, Sublessor agrees that it shall not unreasonably withhold, condition or delay its consent to a subletting of all or any portion of the Subleased Premises, provided that ICF-HB and

Lessor shall consent to such subletting. Upon the written request of Sublessee, Sublessor, at Sublessee's sole cost and expense, shall request the consent of the ICF-HB and Lessor, and shall use commercially reasonable efforts to cooperate with Sublessee in obtaining any such consents.

(b) If this Sublease shall be assigned, or, if the Subleased Premises or any part thereof be sublet or occupied by any person, firm, or corporation other than Sublessee in breach of Section (a) above, Sublessor may, after default by Sublessee in its obligations hereunder, collect rent from the assignee, subtenant, or occupant and apply the net amount collected to the rent payments and additional rent payable hereunder; but, no such assignment, subletting, occupancy, or collection shall be deemed a waiver of this covenant or the acceptance of the assignee, sublessee, or occupant as tenant, or a release of Sublessee from the future performance by it of the covenants on the part of it herein contained. The consent by Sublessor to an assignment or a subletting shall not, in any way, be construed to relieve Sublessee from obtaining the express consent in writing of Sublessor to any further assignment or subletting. Any attempt to mortgage, or encumber this Sublease, or to sublet, or to suffer or permit the Subleased Premises or any part thereof to be used by others, without the prior written consent of Sublessor, ICF-HB and Lessor will constitute a default under this Sublease. To do so will subject Sublessee to all remedies and liabilities set forth herein.

(c) Notwithstanding anything to the contrary in this Section 11 or elsewhere in this Sublease, Sublessee hereby acknowledges that Sublessor has granted or intends to grant to certain other subtenants in the 9302 Building listed in Exhibit E annexed hereto a non-exclusive license and right to use the auditorium forming part of the Subleased Premises in that Building ("Auditorium") on a first come, first serve basis. Sublessee hereby agrees to sublease the Subleased Premises in the 9302 Building subject to said licenses, and to comply fully with the terms of said licenses and agreements. Sublessee further agrees that throughout the Term hereof, Sublessor, its sublessees and assigns, and the tenants and subtenants of the 9302 Building shall have the right, on a first come, first serve basis, equal with Sublessee, and free of charge by Sublessee, except as hereinafter specified, to use the Subleased Premises located in the 9302 Building. Sublessee hereby irrevocably so grants to Sublessor and all other said persons listed in Exhibit E annexed hereto a non-exclusive license to use said Subleased Premises. Sublessee shall have the obligation to schedule and coordinate the use of said Subleased Premises with all users and licensees, on a first come, first serve basis, in consultation and coordination with Sublessor. Sublessee shall also collect, on behalf of Sublessor, as its agent, the payments for the use of the Auditorium made by the parties listed in Exhibit E, and remit such payments to Sublessor promptly after collection. In consideration for all of the foregoing grants, rights, and obligations, Sublessor shall pay to Sublessee a sum equal to twenty percent (20%) of the direct, out of pocket costs to Sublessee of subleasing and maintaining and operating the audiovisual and related equipment in the 9302 Building Subleased Premises on an annual basis. Sublessor shall pay such sum in equal monthly installments, within thirty (30) days of receipt of: (1) an appropriate invoice therefor, evidencing in reasonable detail the total costs incurred by Sublessee and stating Sublessor's percentage payment due, and (2) the payments for auditorium use collected by Sublessee for the benefit of Sublessor as described herein. In the event of a default by Sublessor of its payment obligation pursuant to the preceding sentence, which continues uncured for more than five (5) days after Sublessee shall have given Sublessor a written notice specifying such default, provided that this Sublease is in full force and effect, there is no default

hereunder on the part of Sublessee, and Sublessee provides prior written notice to Sublessor, Sublessee shall have the right to offset the sums due from Sublessor and hereunder against its obligations to pay Rental hereunder. From the date hereof, Sublessee shall have the exclusive right to grant to tenants and subtenants of the 9302 building, non-exclusive licenses to use the Subleased Premises in the 9302 building, subject to, and accordance with, all rights and licenses (including those rights and licenses contained in any leases or subleases in connection with the 9302 building) of Sublessor and the other parties listed on Exhibit E.

(d) Notwithstanding anything herein to the contrary, Sublessee shall have no rights (i) with respect to Tenant's Roof Use pursuant to Section 10(e) of the Leases, provided that Sublessee shall have a right to access and use the roof for emergency or regular maintenance and repair, subject to the consent of Sublessor (which consent shall not be unreasonably withheld) and subject to the terms of the Leases or (ii) to extend the term of the Leases pursuant to Section 30 thereof.

Section 12. Quiet Enjoyment

Sublessor covenants and agrees with Sublessee that upon Sublessee's paying the Base Rent and additional rent as required hereunder, and observing and performing all of the terms, covenants, and conditions of this Sublease on Sublessee's part to be observed and performed, Sublessee may peaceably and quietly enjoy the Subleased Premises, subject, nevertheless, to the terms and conditions of this Sublease, the ICF-International Subleases, the Leases.

Section 13. "Sublessor"

The term "Sublessor" as used in this Sublease means only the lessee under the ICF-International Subleases at the time in question, so that if the ICF-International Subleases shall be assigned, such assignor shall be thereupon released and discharged from all covenants, conditions, and agreements of Sublessor hereunder, provided that such covenants, conditions, and agreements shall be binding upon each successor assignee until thereafter assigned.

Section 14. Insurance

Sublessee, at its sole expense, shall insure the Subleased Premises throughout the Term hereof against all risks and in such amounts as set forth below and with carriers reasonably acceptable to Sublessor, ICF-HB and/or Lessor. Such policies shall afford protection to the limit of \$5,000,000 with respect to bodily injury or death to any one person, to the limit of \$5,000,000 with respect to bodily injury or death to any number of persons in any one accident, and to the limit of \$5,000,000 with respect to damage to the property of any one owner from one occurrence. To the extent required by law, Sublessee shall also, at its sole expense, maintain in full force and effect throughout the Term hereof, worker's compensation or similar insurance in form and amounts required by law. All such insurance policies must name each of Sublessor, ICF-HB and Lessor as additional insureds and loss payees, and must provide that such insurance policies may not be canceled or altered without at least thirty (30) days prior written notice to Sublessor. This Sublease is not effective unless and until Sublessee delivers copies of certificates of all such insurance to Sublessor. The waivers of subrogation contained in Section 12(c) of the Leases shall be expressly applicable to Sublessee and Sublessor under this Sublease. Sublessor agrees to carry all insurance required of it by the ICF-HB Sublease.

Section 15. Indemnity

(a) In addition to all other indemnities hereunder, Sublessee agrees to indemnify and hold harmless Sublessor and Lessor from and against any and all claims, losses, actions, damages, liabilities, and expenses (including reasonable attorneys' fees) that (i) arise from Sublessee's possession, use, occupancy, management, repair, maintenance, or control of the Subleased Premises, or any portion thereof, or (ii) arise from any willful or negligent act or omission of Sublessee or Sublessee's agents, employees, subtenants, contractors, licensees, and/or invitees, or (iii) arise from injury or death to persons of damage to property sustained on or about the Subleased Premises ("Indemnified Liabilities"). Sublessee shall, at its own cost and expense, defend any and all actions, suits, and proceedings which may be brought against Sublessor and/or Lessor and which arise from Indemnified Liabilities. Sublessee shall pay, satisfy, and discharge any and all money judgments, which may be recovered against Sublessor and/or Lessor for an Indemnified Liability. Sublessee's obligations hereunder shall survive the expiration of this Sublease with respect to acts or events occurring or alleged to have occurred prior to the end of the Term, to the extent not caused by the gross negligence or willful misconduct of Sublessor.

(b) Sublessor hereby agrees to defend, indemnify and hold harmless Sublessee against any claim, proceeding, liability, cost or expense (including reasonable attorneys' fees) arising from a breach of the Leases by the "Tenant" thereunder or a breach of the ICF-International Subleases by the "Sublessee" thereunder, except to the extent that any such claim, proceeding, liability, cost or expense arises directly or indirectly from any breach or default hereunder by Sublessee, or is an Indemnified Liability hereunder.

Section 16. Parking

At no additional expense to Sublessee, Sublessor will provide Sublessee the right to the use of up to five hundred sixty (560) unreserved parking spaces in the structured parking facility located adjacent to the 9300 Building for the Term of the Sublease.

Section 17. Signage

Sublessor, at Sublessor's expense, shall provide directory listings of Sublessee's name in the building directory of the 9300 Building in a reasonable number as determined by Sublessor. Sublessee shall have the right to install (i) 9300 Building standard suite entry signage on the Subleased Premises in the 9300 Building, and (ii) signage with Sublessee's name on the exterior of the 9300 Building; however, signage must be approved by Sublessor and ICF-HB (which approval shall not be unreasonably withheld), and by Lessor in accordance with the 9300 ICF-International Sublease and the 9300 Lease. Sublessor shall use commercially reasonable efforts, at Sublessee's expense, to assist Sublessee in placing signage in Sublessee's name on the exterior of the 9300 Building, including assisting Sublessee in obtaining Lessor's consent and complying with applicable zoning laws. Any such signs approved by Sublessor, ICF-HB and Lessor shall be installed at Sublessee's sole cost, expense, and risk.

Section 18. Consent of Lessor Under Lease and Sublessor Under Sublease

Sublessee hereby acknowledges and agrees that this Sublease is subject to and conditioned upon Sublessor obtaining the written Consent to Sublease and Recognition Agreement annexed hereto as Exhibit C ("Consent") of ICF-HB and Lessor as provided in the Leases and ICF-International Subleases respectively. Promptly following the execution and delivery hereof, Sublessor shall submit this Sublease and this Consent to ICF-HB and Lessor. Sublessee hereby agrees that it shall cooperate in good faith with Sublessor in the procurement of the Consent. In no event shall Sublessor or Sublessee be obligated to make any payment to ICF-HB or Lessor in order to obtain the Consent or the consent to any provision hereof, other than as expressly set forth in this Sublease. In the event that (a) ICF-HB shall not have executed and delivered the Consent within five (5) business days after the date of the full execution hereof and (b) Lessor shall not have executed and delivered the Consent within sixteen (16) days after the date of the full execution hereof, Sublessee shall have the right to cancel this Sublease by giving five (5) business days prior written notice given to the other at any time thereafter prior to the execution and delivery of the Consent, and with the expiration of such notice period (except if such Consent is obtained prior thereto) this Sublease shall be deemed canceled and of no further force or effect, and neither party shall have any liability or obligation to the other in respect thereof.

Section 19. Notices

Any notice or demand required or permitted to be given by the provisions hereof must be in writing and will be conclusively deemed to have been given by a party hereto on the day it is delivered to such party at the address indicated below or, if sent by registered or certified U.S. mail, on the fifth business day after the day on which mailed, or if sent by recognized commercial courier service, on the second day after the day delivered to the service, addressed to such party at such address:

If to Sublessor: ICF Kaiser International, Inc.
9300 Lee Highway
Fairfax, VA 22031-1207
ATTN: Facility Manager

with a copy to: Squire, Sanders & Dempsey L.L.P.
1201 Pennsylvania Avenue, NW
Suite 500
Washington, DC 20004
ATTN: Susan Bierman

If to Sublessee: ICF Consulting Group, Inc.
9300 Lee Highway
Fairfax, Virginia 22031
ATTN: Kenneth Kolsky

The person to receive notices or the address for such notices may be changed from time to time by written notice in accordance with this Section.

Section 20. Binding Effect

The covenants, conditions, and agreements contained herein shall be binding upon and inure to the benefit of Sublessor and Sublessee and their respective heirs, executors, administrators, successors, and/or assigns, as permitted hereby.

Section 21. Applicable Law/Severability

This Sublease is entered into in the Commonwealth of Virginia, and its validity and interpretation shall be construed in accordance with the laws of that state (without giving effect to the doctrine of conflict of laws). Any provision of this Sublease prohibited by, or unlawful or unenforceable under any applicable law shall be ineffective only to the extent invalid without invalidating the remaining provisions of this Sublease. For purposes of Virginia law, this Sublease shall be deemed to be a deed of lease executed under seal. Neither this Sublease nor any memorandum thereof shall be recorded without the prior written consent of Sublessor, ICF-HB and Lessor.

Section 22. Priority

In the event of conflict or ambiguity with the Leases or the ICF-International Subleases, the terms this Sublease shall control the rights and obligations of the parties hereto.

Section 23. Brokerage

Sublessor and Sublessee represent and warrant each to the other that each has dealt with no broker, agent or other person in connection with this transaction. Sublessee and Sublessor each agrees to indemnify and hold harmless the other from and against any claim by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Sublessee or Sublessor, as applicable, with regard to this leasing transaction. The provisions of this Section shall survive the termination of this Sublease.

Section 24. Entire Agreement

Sublessor and Sublessee acknowledge that there are no agreements or understandings, written or oral, between Sublessor and Sublessee with respect to the Subleased Premises, other than as set forth in this Sublease, including the Exhibits hereto, which Exhibits (including the ICF-International Subleases and the Leases), are incorporated herein by reference, and in the Transition Services Agreement between the parties hereto of even date, a copy of which is attached hereto as Exhibit D and is also incorporated herein by this reference. This Sublease and the Exhibits hereto may not be altered, modified, terminated or discharged except by a writing signed by the party against whom such alteration, modification or discharge is sought. Except as otherwise defined herein, all capitalized terms used in this Sublease shall have the same meanings as set forth in the Leases. This Sublease is offered to Sublessee for signature with the

express understanding and agreement that this Sublease shall not be binding upon Sublessor unless and until ICF-HB and Lessor shall have executed and delivered a fully executed copy of the Consent to Sublessor and Sublessee.

Section 25. Transmittal of Notices and Demands

Sublessor shall promptly transmit to Lessor and ICF-HB any material written notice or demand received from Sublessee related to this Sublease or the Subleased Premises, and shall promptly transmit to Sublessee any material written notice or demand related to this Sublease, the Subleased Premises, or Sublessee's occupancy of the Subleased Premises received from Lessor or ICF-HB. Sublessee shall promptly transmit to Sublessor any notice or demand received from Lessor or ICF-HB or any other party relating to this Sublease, the Subleased Premises, or Sublessee's occupancy of the Subleased Premises (other than notices which are not material to the terms of this Sublease, received in the ordinary course of Sublessee's business).

IN WITNESS WHEREOF, Sublessor and Sublessee have caused this Sublease to be executed by their duly authorized representatives all as of the day and year first above written.

WITNESS:

/s/ HEATHER M. BOALS

WITNESS

/s/ SANDRA D. LITTLE

SUBLESSOR:

ICF KAISER INTERNATIONAL, INC.

By: /s/ TIMOTHY P. O' CONNOR
Title: SVP

SUBLEESSEE:

ICF CONSULTING GROUP, INC.

By: /s/ SUDHAKAR KESAVAN
Title: Chairman

AGREEMENT TO SUBLEASE

This Agreement of Sublease ("Sublease") is made and entered into as of the 24th day of March 1998, effective for all purposes as of the 1st day of January, 1997, by and between ICF KAISTER HUNTERS BRANCH LEASING, INC., a Delaware corporation with offices at 9300 Lee Highway, Fairfax, Virginia 22031 ("Sublessor") and ICF KAISER INTERNATIONAL INC., a Delaware corporation with offices at 9300 Lee Highway, Fairfax, Virginia 22031 ("Sublessee").

WITNESSETH:

WHEREAS, Sublessor represents and warrants that it has leased approximately 199,959 square feet of rentable floor space on the first through penthouse floors of a commercial office building with a street address of 9300 Lee Highway, Fairfax, Virginia 22031 (the "Leased Premises"), pursuant to a lease dated even date herewith, between Sublessor, as tenant, and HMCE Associates Limited Partnership, R.L.L.P., as landlord ("Landlord"), a copy of which lease (the "Lease") has been reviewed by Sublessee and is annexed hereto as Exhibit "A".

WHEREAS, Sublessee desires to sublease the entire Leased Premises from Sublessor upon terms hereinafter set forth:

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, it is hereby mutually covenanted and agreed as follows:

1. Term. Sublessor hereby subleases the Leased Premises to Sublessee and Sublessee hereby subleases the Leased Premises from the Sublessor upon and subject to the terms, covenants, rentals and conditions herein set forth, for a term (the "Term") of approximately fifteen (15) years and ten (10) months, commencing on January 1, 1997 (the "Commencement Date") and expiring on October 30, 2012; provided, however, that if the Lease shall be terminated for any reason prior to October 30, 2012, then this Sublease shall expire on the termination date of the Lease.

The period commencing with the Commencement Date and ending on the last day of the twelfth calendar month thereafter shall constitute the first "Lease Year" as such term is used herein. Each successive full twelve (12) month period during the Term shall constitute a "Lease Year" and any portion of the Term remaining after the last twelve (12) month period during said Term shall constitute the last "Lease Year" for the purposes of this Sublease.

2. Delivery and Acceptance of Leased Premises. Sublessee shall retain possession of the Leased Premises in its "as is" condition. It is understood and agreed that Sublessor has made no representations or warranties with respect to the condition of the Leased Premises.

3. Rent. Commencing on the Commencement Date, Sublessee covenants and agrees to pay to Sublessor, at Sublessor's address (hereinabove set forth), as rent for the Leased Premises:

(a) Basic Annual Rent. A Basic Annual Rent of Five Million One Hundred Ninety-eight Thousand Nine Hundred Thirty-four and No/100 Dollars (\$5,198,934.00), payable in equal monthly installments of Four Hundred Thirty-three Thousand Two Hundred Forty-four and 50/100 Dollars (\$433,244.50). Sublessee shall pay the monthly installments of Basic Annual Rent in advance without prior demand, and without deduction or set-off of any kind, upon the first day of each and every calendar month throughout the term.

On November 12, 1997, the Basic Annual Rent shall be increased to Five Million Two Hundred Ninety-eight Thousand Nine Hundred Thirteen and 50/100 Dollars (\$5,298,913.50), payable in equal monthly installments of Four Hundred Forty-one Thousand Five Hundred Seventy-six and 13/100 Dollars (\$441,576.13).

On the first day of the sixth (6th) Lease Year, and on the first day of each Lease Year thereafter during the Term (including any Renewal Period), the Basic Annual Rent (then in effect) shall be increased by the dollar of the increase, on such date, in the Basic Rent payable under the Lease.

(b) Additional Rent: Additional Rent, upon demand therefor by Sublessor, consisting of:

(i) All operating Expense Increases (as defined in Section 1 of the Lease) payable under the Lease, which Operating Expense increases shall be billed by Sublessor and payable by Sublessee in the same manner as set forth in Section 3(b) of the Lease; and

(ii) The actual cost to Sublessor of electricity supplied to the Leased Premises, which amounts shall be payable by Sublessee to Sublessor within ten (10) days after delivery to Sublessee of a bill therefor; and

(iii) Any other payment (other than Basic Annual Rent) required to be paid by Sublessor to the Landlord under the terms of the Lease, or required to be paid by Sublessee to Sublessor under the terms of this Sublease.

For default in payment of Additional Rent, Sublessor shall have the same remedies as for a default in payment of Basic Annual Rent.

4. Use. Sublessee shall use and occupy the Leased Premises for general office and storage use, and for no other purpose unless consented to in writing by Sublessor and Landlord.

5. Incorporation of Lease: Except as herein otherwise expressly provided, all of the terms of the Lease are hereby incorporated into and made a part of this Sublease as if stated at length herein, and Sublessee accepts this Sublease subject to, and hereby, during the Term of this Sublease, assumes all of the terms, covenants, conditions and agreements contained in the Lease to be performed by Sublessor thereunder. The parties hereto agree that subject to the provisions of this Sublease, wherever the words "Landlord" and "Tenant" appear in the Lease, the words shall be deemed to refer to Sublessor and Sublessee respectively, so that, subject to the provisions of this Sublease, Sublessor shall have the rights and powers of the Landlord under the

Lease, and Sublessee shall have and does hereby agree to bound by and accepts all the rights, powers, duties and obligations of the Tenant under the Lease; provided, however, that notwithstanding the foregoing, Sublessor shall have no obligation to perform or furnish any of the work, services, repairs or maintenance undertaken to be made by Landlord under the Lease, or any other term, covenant or condition required to be performed by Landlord under the Lease. Sublessee covenants and agrees that is shall do nothing which shall have the effect of creating a breach of any of the terms, covenants and conditions of the Lease. Sublessee shall have the benefit of each and every covenant and agreement made by Landlord to Sublessor under the Lease. In the event that Landlord shall fail or refuse to comply with any of the respective provisions of the Lease, Sublessor shall have no liability on account of any such failure or refusal, provided that the Sublessee shall have the right to exercise in the name of the Sublessor all the rights to enforce compliance on the part of Landlord as are available to the Sublessor. Sublessor hereby agrees to cooperate with and execute, all at Sublessee's expense, all instruments and supply information reasonably required by Sublessee in order to enforce such compliance. Sublessee hereby agrees to indemnify and hold Sublessor harmless of and from any and all damages, liabilities, obligations, costs, claims, losses, demands, and expenses, including reasonable attorney's fees, which may be incurred by Sublessor in or as a result of such cooperation and execution. In amplification and not in limitation of the foregoing and without any allowance to Sublessee or other reduction or adjustment of rent, Sublessor shall not be responsible for furnishing electrical, elevator, heating, air conditioning, cleaning, window washing, or other services, nor for any maintenance repairs in or to the Leased Premises or the building of which it is a part or to any of the facilities or equipment therein.

6. Transmittal of Notices and Demand: Sublessor shall promptly transmit to Landlord any notice or demand received from Sublessee and shall promptly transmit to Sublessee any notice or demand received from Landlord. Sublessee shall promptly transmit to Sublessor any notice or demand received from Landlord or any other party relating to the Leased Premises (other than in the ordinary course of Sublessee's business).

7. Landlord's Consent to Certain Acts: Sublessee agrees that in any case where the provisions of the Lease or this Sublease require the consent or approval of Landlord or Sublessor prior to the taking of any action, it shall be a condition precedent to the taking of such action that the prior consent or approval of Landlord shall have been obtained if Landlord's consent must be obtained under the Lease in such cases. Sublessee agrees that Sublessor shall not have any duty or responsibility with respect to obtaining the consent or approval of Landlord when the same is required under the terms of the Lease, other than the transmission by Sublessor to Landlord of Sublessee's request for such consent or approval.

8. Sublessor's Right to Cure Sublessee's Default: Sublessee shall not do or suffer or permit anything to be done which would cause the Lease to be terminated or forfeited by virtue of any rights of termination or forfeiture reserved or vested in Landlord or by law or in equity. If Sublessee shall default in the performance of any of its obligations under this Sublease or under the Lease, Sublessor, without being under any obligation to do so and without thereby waiving such default, may remedy such default for the account and at the expense of Sublessee upon prior notice. If Sublessor makes any expenditures or incurs any obligation for the payment of money in connection therewith, such sums paid or obligations incurred shall be deemed to be Additional Rent hereunder and shall be paid to Sublessor by Sublessee on demand.

9. Eminent Domain, Loss by Casualty: In the event of any taking by eminent domain or damage by fire or other casualty to the Leased Premises thereby rendering the Leased Premises wholly or in part untenantable, Sublessee shall acquiesce in and be bound by any action take by or agreement entered into between Landlord and Sublessor with respect thereto.

10. Notice and Demands: All notices or demands under this Sublease shall be in writing and shall be sent by registered or certified mail, return receipt requested, or hand delivered, to Sublessor at its address set forth above, and to Sublessee at its address set forth above, or such other address as either of the parties may designate by written notice. All notices hereunder shall be effective on the date of personal delivery or mailing, as the case may be.

11. Renewal of Term: Provided that this Sublease shall be in full force and effect, Sublessee shall have the right, at Sublessee's sole option, to extend this Sublease for one (1) consecutive additional period of five (5) years (such additional period being hereinafter referred to as the "Renewal Period", if exercised, and included in the definition of the Term). Such option to extend shall be exercised by Sublessee giving written notice of the exercise to Sublessor at least thirteen (13) months prior to the expiration of the initial Term of this Sublease. The Renewal Period shall be for the same Basic Rent payable during the last Lease Year of the initial Term, escalated at the commencement of the Renewal Period and at the commencement of each Lease Year thereafter by the Inflation Adjustment, and upon the same terms, covenants and conditions set forth in this Sublease with respect to the initial Term, and Sublessee's obligations to pay Operating Expense Increases pursuant to Section 3(b) shall continue without interruption during the Renewal Period. In the event Sublessee defaults beyond any applicable cure period under this Sublease after providing notice of exercise of its renewal option but prior to the expiration of the initial Term, such exercise shall, at the Sublessor's option exercised by written notice to Sublessee, be void ab initio.

12. Surrender of Leased Premises: Upon the expiration or other termination of the Term of this Sublease, Sublessee covenants to quit and surrender to Sublessor or Landlord, as the case may be, the Leased Premises, broom clean, in good order and condition, ordinary wear and tear damage by fire or other casualty excepted, and at Sublessee's expense to remove all property of Sublessee. Any property not so removed shall be deemed to have been abandoned by Sublessee and may be retained or disposed of at Sublessee's expense by Sublessor or Landlord, as either may desire.

13. Quiet Enjoyment: So long as Sublessee shall observe and perform all of the covenants and agreements binding on it hereunder, (i) Sublessee shall at all times during the Term hereof peacefully and quietly have and enjoy possession of the Leased Premises without hindrance by Sublessor, and (ii) Sublessor shall not default under the Lease, and (iii) Sublessor shall maintain the Lease in full force and effect throughout the Term hereof, unless a termination is caused by factors beyond Sublessor's control.

IN WITNESS WHEREOF, the parties hereto have duly executed this instrument the day and year first above written.

ATTEST/WITNESS:

[ILLEGIBLE]

ATTEST/WITNESS:

/s/ ELAINE S. YANKEY

SUBLESSOR:

ICF KAISER HUNTERS BRANCH LEASING, INC.

By: /s/ TIMOTHY P. O'CONNOR (SEAL)

SUBLESSEE:

ICF KAISER INTERNATIONAL, INC.

By: /s/ REX C. AKINS (SEAL)

EXHIBIT A

LEASE

DEED OF LEASE

between

**HMCE ASSOCIATES LIMITED PARTNERSHIP, R.L.L.P.
(as Landlord)**

and

**ICF KAISER HUNTERS BRANCH LEASING, INC.
(as Tenant)**

Effective as of January 1, 1997

CONSOLIDATED, AMENDED AND RESTATED DEED OF LEASE

THIS CONSOLIDATED, AMENDED AND RESTATED DEED OF LEASE is made and entered into as of the 12th day of November, 1997, effective for all purposes as of the 1st day of January, 1997, by and between (i) HMCE ASSOCIATES LIMITED PARTNERSHIP, R.L.L.P., a Virginia registered limited partnership, successor in interest to HMCE Associates Limited Partnership (hereinafter referred to as "Landlord"), and (ii) ICF KAISER HUNTERS BRANCH LEASING, INC., a Delaware corporation, successor in interest to ICF International, Inc. (hereinafter referred to as "Tenant"), and referred to by singular pronouns of the neuter gender, regardless of the number and gender of the parties involved.

WHEREAS, the Landlord and Tenant are parties to a certain Lease Agreement dated January 30, 1987 (the "Lease"), pursuant to which Landlord leased to Tenant certain office space containing approximately 196,749 square feet of net rentable area in the office building known as "Hunter's Branch – Phase I" and located in Fairfax, Virginia (the "Building"); and

WHEREAS, Landlord and Tenant entered into a First Amendment to Lease Agreement dated August 31, 1987 (the "First Amendment"), wherein Landlord leased to Tenant certain additional space in the Building containing, in the aggregate, approximately 3,210 square feet of net rentable area; and

WHEREAS, Landlord and Tenant entered into a Second Amendment to Lease Agreement dated September 23, 1987 (the "Second Amendment"), for the purpose of complying with the requirements of Landlord's first Mortgagee; and

WHEREAS, Landlord and Tenant entered into a Third Amendment to Lease Agreement dated February 12, 1990 (the "Third Amendment"), which modified certain provisions of the Lease relating to Basic Rent and Operating Expense increases; and

WHEREAS, Landlord and Tenant now desire to consolidate, amend and restate the Lease, the First Amendment, the Second Amendment and the Third Amendment in this Consolidated, Amended and Restated Lease Agreement.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Leased Premises, for the Term (as defined below), except that Landlord reserves and Tenant shall have no right in and to (a) the use of the exterior faces of all perimeter walls of the Building, (b) except as otherwise provided in Section 10(d), the use of the roof of the Building, or (c) the use of the air space above the Building.

1. Definitions.

- (a) General Interpretive Principles. For purposes of this Lease, except as otherwise expressly provided or unless the context otherwise requires, (i) the teams

defined in this Section have the meanings assigned to them in this Section and include the plural as well as the singular, and the use of any gender herein shall be deemed to include the other genders; (ii) accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; (iii) references herein to "Sections," "subsections," "paragraphs" and other subdivisions without reference to a document are so designated. Sections, subsections, paragraphs and other subdivisions of this Lease; (iv) a reference to a subsection without further reference to a Section is a reference to such subsection as contained in the same Section in which the reference appears, and this rule shall also apply to paragraphs and other subdivisions; (v) the words "herein", "hereof", "hereunder" and other words of similar import refer to this Lease as a whole and not to any particular provision; and (vi) the word "including" means "including, but not limited to."

(b) Special Lease Definitions. As used in this Lease the following words and phrases shall have the meanings indicated:

Basic Rent: For each Lease Year, an amount equal to the product obtained by multiplying the Rentable Area of the Leased Premises by the Rent per Square Foot for such Lease Year.

Building: The office building known as the "ICF Kaiser Building," located at 9300 Lee Highway, Fairfax, Virginia 22031, on the land described in Exhibit A to this Lease, including Tenant's non-exclusive right in and to the parking deck and Landlord's leasehold estate in the underlying land.

Building Rentable Area: 201,929 square feet.

Comparison Month: The calendar month of March.

CPI: The Consumer Price Index for All Urban Consumers (CPI-U) - All items (1982-84 = 100) for the Washington, DC - MD - VA metropolitan area currently prepared by the Bureau of Labor Statistics of the United States Department of Labor and published bi-monthly. If, during the Term, the CPI ceases to be published, then Landlord and Tenant shall mutually agree upon a substitute index, it being understood and agreed that such substitute index shall be similar index generally recognized as authoritative, and the parties shall reconcile the base thereof with the base of the CPI. If the parties cannot agree upon a substitute index, then the matter shall be submitted to arbitration under the rules of the American Arbitration Association.

First Rental Period: As defined in §4.2(b) of the Ground Lease.

Inflation Adjustment: For the sixth Lease Year (i.e. commencing November 1, 2003) and each Lease Year thereafter during the Term (including any Renewal Period), the lesser of (i) 2.5% of the Rent per Square Foot for the immediately preceding Lease Year or (ii) 225% of the percentage (if any) by

which (x) the CPI for the Comparison Month in the immediately preceding Lease Year exceeds (y) the CPI for the Comparison Month in 1998. Exhibit C contains an illustration of the operation of the Inflation Adjustment.

Initial Term: The period commencing on the Lease Commencement Date and ending on October 31, 2012, but in any event the Initial Term shall end on any date when this Lease is sooner terminated pursuant to its terms.

Land: The land described in Exhibit A.

Landlord's Notice Address: 1355 Piccard Drive, Suite 470, Rockville, Maryland 20850.

Lease Commencement Date: January 1, 1997.

Leased Premises: The space containing 199,959 square feet of Rentable Area, consisting of the part of the Second Floor outlined on the floor plans of the Building attached hereto as Exhibit B, the entire First Floor, the entire Third through Twelfth Floors inclusive, and the Penthouse.

Leasing Broker: The Carey Winston Company, which broker shall be paid by Tenant.

Office Park: The project consisting of the Building, the office building known as 9302 Lee Highway, Fairfax, Virginia 22031, and the common areas and facilities serving both such buildings.

Office Space: The portion of the Building consisting of the First through Twelfth Floors, inclusive.

Operating Expense Base: The quotient obtained by dividing (i) \$1,162,899.00, by (ii) the Building Rentable Area.

Operating Expense Commencement Date: January 1, 1998.

Operating Expense Increases: For the calendar year in which the Operating Expense Commencement Date occurs and each calendar year thereafter during the Term, an amount equal to Tenant's Proportionate Share of the excess of Landlord's Operating Expenses for such calendar year over the product obtained by multiplying the Operating Expense Base by the Building Rentable Area.

Renewal Period: The additional period of five years for which Tenant is permitted to extend the Initial Term of this Lease pursuant to Section 30.

Rent Commencement Date: January 1, 1997.

Rent per Square Foot: \$24.00 during the period from January 1, 1997 through November 11, 1997 (i.e., total Basic Rent for such period shall be \$4,141,616.55). \$24.50 for the period from November 12, 1997 through December 31, 1997, and for each of the second, third, fourth and fifth Lease Years (i.e., Basic Rent for such period shall be \$4,898,995.50 per Lease Year). For the sixth Lease Year, the Rent per Square Foot shall be an amount equal to \$24.00, increased by the Inflation Adjustment for the sixth Lease Year. For the seventh Lease Year, and for each Lease Year thereafter during the Term, the Rent per Square Foot shall be an amount equal to the Rent per Square Foot for the immediately preceding Lease Year, increased by the Inflation Adjustment for the Lease Year for which the computation is being made. The foregoing amounts are net of the cost of electricity for the Leased Premises, which shall be billed to and paid by Tenant.

Rentable Area: The net rentable area (in square feet) of all or any part of the Leased Premises from time to time. The net rentable area of the Leased Premises is agreed to be 199,959 square feet.

Second Rental Period: As defined in §4.2(c) of the Ground Lease.

Security Deposit: \$125,000.

Storage Space: The area, containing 4,855 square feet of Rentable Area, located in the Penthouse, which is shown on the floor plans attached as Exhibit B to this Lease.

Tenant's Notice Address: 9300 Lee Highway, Fairfax, Virginia 22031-1207, Attn: Lease Administrator, with a copy to the same address, Attn: General Counsel.

Tenant's Proportionate Share: The percentage from time to time which the Rentable Area of the Leased Premises is of the Building Rentable Area, which percentage is acknowledged and agreed to be ninety-nine percent (99%) as of the date of this Lease.

Term: The Initial Term and the Renewal Period, if any, as to which Tenant shall have effectively exercised its right to extend, but in any event the Term shall end on any date when this Lease is sooner terminated pursuant to the terms hereof.

(c) General Definitions. As used in this Lease the following words and phrases shall have the meanings indicated:

Additional Charges: All amounts payable by Tenant to Landlord under this Lease other than Basic Rent. All Additional Charges shall be deemed to be additional rent and all remedies applicable to the non-payment of Basic Rent shall be applicable thereto.

Alterations: As defined in Section 9(a).

Business Days: All days except Saturdays, Sundays and the following legal holidays: New Years Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day and Christmas Day.

Default Interest Rate: A rate per annum equal to the lesser of (a) the sum of (i) the base rate of interest from time to time established and publicly announced by NationsBank, N.A., Washington, D.C., in its sole discretion, as its then-applicable base rate of interest to be used in determining actual interest rates to be charged to certain of its borrowers, said base rate to change from time to time as and when the change is announced as being effective, plus (ii) two percent (2%), or (b) ten percent (10%) per annum.

Event of Default: Any of the events set forth in Section 16(a) as an event of default.

Floor: A floor of the Building located above the foundation slab or above an area below grade level which is designated as a basement or cellar. The term "Floor" preceded by a number shall mean the indicated floor of the Building.

Ground Lease: The Lease Agreement dated May 29, 1986, between The First Union National Bank of Virginia, as Trustee, as successor by merger so First American Bank of Virginia, Trustee, as lessor, and Landlord, as lessee, as amended by a First Amendment to Ground Lease, dated August 18, 1987, and as further amended by a Second Amendment to Ground Lease dated September 22, 1987, pursuant to which Landlord leases the land described in Exhibit A to this Lease.

Landlord: The landlord named herein or any subsequent owner or lessee, from time to time, of the Landlord's interest in the Building.

Lease: This Deed of Lease, as amended from time to time, and all Exhibits attached hereto.

Lease Year: The period of 12 months commencing on the Lease Commencement Date and ending on the last day of the month which completes 12 full calendar months after the Lease Commencement Date, and each 12 month period thereafter commencing on the first day after the end of the immediately preceding Lease Year, except that the Lease Year shall end on the last day of the Term.

Legal Requirements: All laws, statutes, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments, and the appropriate agencies, officers, departments, boards and commissions thereof, and the board of fire underwriters and/or the fire insurance rating organization or similar organization performing the same or similar functions, whether now or hereafter in force, applicable to the Building or any part thereof and/or the Leased Premises, and notices from Landlord's Mortgagee, as to the manner of use or occupancy or the maintenance, repair or condition of the Leased Premises and/or the Building, and the usual and customary requirements of the carriers of all fire insurance policies maintained by Landlord on the Building.

Mortgage: Any mortgage, deed of trust or other security instrument of record creating an interest in or affecting title to the Building or the land on which it is constructed, or both, or any part thereof, including a leasehold mortgage or subleasehold mortgage, and any and all renewals, modifications, consolidations, or extensions of any such instrument; **Mortgagee** shall mean the holder or beneficiary of any Mortgage.

Operating Expenses: The aggregate of all costs and expenses reasonably and customarily paid or incurred on an accrual basis by Landlord in connection with the management, operation, servicing and maintenance of the Leased Premises, the Building, the Building parking facility and the land on which the Building is constructed including, but not limited to, employees' wages, salaries, welfare and pension benefits and other fringe benefits; payroll taxes; Real Estate Taxes; the Net Annual Rental payable by Landlord under (and as defined in) the Ground Lease; electricity charges for the main lobby, service areas and other common areas of the Building and the operation of the Building elevators; telephone service; painting of public or other common areas of the Building; exterminating service; detection and security services; trash removal; sewer and water charges; premiums for fire and casualty, liability, rent, workers' compensation, sprinkler, water damage and other insurance; repairs and maintenance to the Building; building, janitorial and cleaning supplies; uniforms and dry cleaning; snow removal; landscaping maintenance; window cleaning; service contracts for the maintenance of elevators, boilers, HVAC and other mechanical, plumbing and electrical equipment; legal fees (other than legal fees relating to the negotiation of leases with present or prospective tenants of the Building or the enforcement of Landlord's rights under leases with tenants for space in the Building); accounting fees; advertising; management fees of four percent (4%) of gross Building rents (exclusive of Operating Expense payments), whether or not paid to any Person having an interest in or under common ownership with Landlord; one-half of all costs and expenses of providing the shuttle bus services required by Section 31 (reduced by all amounts received by Landlord or its affiliates for after-hours shuttle bus service); dues and assessments to any property owners' association in which the Building is a member, window glass replacement, repair and cleaning; repair and maintenance of the grounds, including costs of landscaping, gardening and planting; service contracts with

independent contractors, including but not limited to security and energy management service contractors; compensation (including employment taxes, fringe benefits, salaries, wages, medical, surgical and general welfare benefits [including health, accident and group life insurance]) for all personnel employed by Landlord or its property company who perform duties in connection with the operation, management, maintenance and repair of the Building (in each case, allocated among all properties served by such employees on a reasonable basis, if such employees are utilized by more than one property); including a proportionate share of the salary and benefits of the property manager assigned to the Building, based upon the number of properties served by such property manager, but in no event more than one-fourth (1/4) of such salary and benefits; and all other expenses now or hereafter reasonably and customarily incurred in connection with the operation, maintenance, and management of first class office buildings in the Tysons Corner area of Northern Virginia. If Landlord makes an expenditure for a capital improvement to the Building to reduce Operating Expenses or to comply with Legal Requirements now in effect at the time the Building was constructed, and if, under generally accepted accounting principles, such expenditure is not a current expense, the cost thereof shall be amortized over a period equal to the useful life of such improvements, determined in accordance with generally accepted accounting principles, and the amortized cost allocated to each calendar year during the Term shall be treated as an Operating Expense. Except as provided in the preceding sentence, capital expenditures, depreciation and amortization shall not be included in Operating Expenses. Refunds of Real Estate Taxes (reduced by Landlord's reasonable expenses in obtaining such refunds), amounts received by Landlord from tenants of the Building for after-hours heating and air conditioning service and other special services and (to the extent that Operating Expenses include the cost of any repair or reconstruction work) the amount of any insurance recoveries, shall be credited against Operating Expenses in computing the amount thereof. Operating Expenses shall also be reduced as provided in Section 3(b). Operating Expenses shall not include financing or mortgage costs; depreciation expense; advertising for vacant space or building promotion; leasing commissions; executive salaries or compensation to any employee of Landlord or its property management company above the rank of the property manager assigned to the Building; more than one-fourth (1/4) of the salary and benefits of the property manager assigned to the Building; the cost of tenant improvements; legal fees for leasing vacant space in the Building or enforcing Landlord's rights under leases with tenants for space in the Building; or charges for electricity used directly by Tenant or by other tenants of the Building. Operating Expenses also shall not include: costs of additional insurance premiums for the Building due to any tenant's operations within such tenant's demised premises, which are payable by such tenant under such tenant's lease; the cost of repairs or replacements incurred by reason of fire or other casualty; or any other costs or expenses for which Landlord actually receives reimbursement from any source (other than amounts paid by tenants of the Building with respect to Operating Expenses), including, without limitation, insurance proceeds, condemnation awards or warranties.

Penthouse: The Floor immediately above the Twelfth Floor.

Person: A natural person, a partnership, a corporation, a limited liability company and any other form of business or legal association or entity.

Real Estate Taxes: All taxes, assessments, vault rentals, water and sewer rents, if any, and other charges, if any, general, special or other wise, including all assessments for schools, public betterments and general or local improvements, levied or assessed upon or with respect to the ownership of and/or all other taxable interests in the Building and the land on which it is built imposed by any public or quasi-public authority having jurisdiction and personal property taxes levied or assessed on Landlord's personal property used in connection with the operation, maintenance and repair of the Building. Real Estate Taxes shall not include any inheritance, estate, succession, transfer, recordation, gift, franchise, corporation, income or profit tax or capital levy. If at any time during the Term the methods of taxation shall be altered so that in addition to or in lieu of or as a substitute for the whole or any part of any Real Estate Taxes levied, assessed or imposed there shall be levied, assessed or imposed (i) a tax, license fee, excise or other charge on the rents received by Landlord, or (ii) any other type of tax or other imposition (except those excluded from Real Estate Taxes in the preceding sentence) in lieu of, or as a substitute for, or in addition to, the whole or any portion of any Real Estate Taxes, then, the same shall be included as Real Estate Taxes. A tax bill or true copy thereof, together with any explanatory or detailed statement of the area or property covered thereby, submitted by Landlord to Tenant shall be conclusive evidence of the amount of taxes assessed or levied, as well as of the items taxed. If any real property, tax or assessment levied against the Land, buildings or improvements covered thereby or the rents reserved therefrom, shall be evidenced by improvement or other bonds, or in other form, which may be paid in annual installments, only the amount paid or payable in any Lease Year shall be included as Real Estate Taxes for that Lease Year.

Taking: A taking of property or any interest therein or right appurtenant or accruing thereto, by condemnation or eminent domain or by action, proceedings, or agreement in lieu thereof, pursuant to governmental authority.

Tenant: The tenant named herein and any permitted assignee under Section 15.

Tenant's Special Installations: As defined in Section 9(d).

Unavoidable Delays: Delays caused by strikes, acts of God, lockouts, labor difficulties, riots, explosions, sabotage, accidents, inability to obtain labor or materials, governmental restrictions, enemy action, civil commotion, fire, unavoidable casualty or similar causes beyond the reasonable control of the Landlord or the Tenant, as the case may be. No payment of any monetary

amounts required of, or the obtaining or delivery of any required insurance policies by, either Landlord or Tenant shall be delayed or excused by acts of Unavoidable Delay.

2. Condition of Premises.

Tenant accepts the Leased Premises in their as-is, where-is condition as of the date of this Lease, subject to any and all deficiencies and defects therein, and without any express or implied warranties of habitability, fitness, fitness for a particular purpose or otherwise.

3. Rent and Additional Charges.

(a) Payment of Rent and Additional Charges. Tenant shall pay the Basic Rent for each Lease Year in equal monthly installments in advance on the first (1st) day of each month during the Term. The Basic Rent and all Additional Charges shall be paid promptly when due, in lawful money of the United States, without notice or demand and without deduction, diminution, abatement, counterclaim or setoff of any amount or for any reason whatsoever, except as otherwise expressly provided in subsections (b) and (g) and Sections 13 and 14, to Landlord by wire transfer to such bank account as Landlord may from time to time designate. If Tenant makes any payment to Landlord by check (which, for any payment other than by wire transfer, shall require Landlord's consent), such payment shall be by check of Tenant and Landlord shall not be required to accept the check of any other person, and any check received by Landlord shall be deemed received subject to collection. If any check is mailed by Tenant, Tenant shall post such check in sufficient time prior to the date when payment is due so that such check will be received by Landlord on or before the date when payment is due. Tenant shall assume the risk of lateness or failure of delivery of the mails, and no lateness or failure of the mails will excuse Tenant from its obligation to have made the payment in question when required under this Lease. All bank service charges resulting from any bad checks shall be borne by Tenant. The rent reserved under this Lease shall be the total of all Basic Rent and Additional Charges, increased and adjusted as elsewhere herein provided, payable during the entire Term and, accordingly, the methods of payment provided for herein, namely, annual and monthly rental payments, are for convenience only and are made on account of the total rent reserved hereunder.

(b) Payment of Operating Expense Increases. Tenant shall pay as additional rent Operating Expense Increases for each calendar year, commencing with the calendar year in which the Operating Expense Commencement Date occurs. Landlord shall make a reasonable estimate of Tenant's Operating Expense interests for each calendar year (based on the projected Real Estate Taxes payable for the real estate tax fiscal years included in such calendar year, the other Operating Expenses for the preceding calendar year and known increases in other Operating Expenses for the current calendar year), and Tenant shall pay to Landlord 1/12th of the amount so estimated on the first day of each month in advance, beginning on January 1, 1998 and continuing thereafter throughout the Term. If Landlord's estimate of Tenant's Operating Expense increases for any calendar year is received by Tenant after January 1 of the calendar year, Tenant shall pay to

Landlord in a lump sum, within 15 days after receipt of the estimate, the arrearages in the monthly estimates for each month in the calendar year before receipt of the estimate and shall pay the remaining monthly installments on the first day of each month in advance during the balance of the calendar year. Within 150 days after the end of each calendar year, Landlord shall submit to Tenant a statement prepared by an independent certified public accountant setting forth in reasonable detail the Operating Expenses for such calendar year and the amount of Tenant's Operating Expense Increases for such calendar year. If Tenant's Operating Expense Increases so stated are more than the amount theretofore paid by Tenant for Operating Expense Increases based on Landlord's estimate, Tenant shall pay to Landlord the deficiency within 15 days after the submission of such statement. If Tenant's Operating Expense Increases so stated are less than the amount theretofore paid by Tenant for Operating Expense Increases based on Landlord's estimate, Landlord shall refund to Tenant the excess within 15 days after submission of such statement or Landlord, at its option, shall credit the excess against the next monthly installment of Basic Rent thereafter payable by Tenant under this Lease. Tenant, at its sole cost and expense, shall have the right, at reasonable times and upon reasonable notice given within 90 days after receipt of a statement for Tenant's Operating Expense Increases for any calendar year, to audit the statements furnished to Tenant for such calendar year. If either the Operating Expense Commencement Date shall not coincide with the beginning of a calendar year or the last day of the Term shall not coincide with the end of a calendar year, then the amount of Operating Expense increases payable for the calendar year in which the Operating Expense Commencement Date or the last day of the Term occurs, as the case may be, shall be pro-rated on a daily basis between Landlord and Tenant based on the number of days in such calendar year after the Operating Expense Commencement Date or before the last day of the Term. Tenant's obligations under this subsection to pay Operating Expense increases and Landlord's obligation to reimburse Tenant for an overpayment of Operating Expenses shall survive the expiration of the Term.

(c) Interest. If Tenant fails to make any payment of Basic Rent or Additional Charges by the earlier to occur of (i) 5 business days after the due date thereof or (ii) 7 days after the due date thereof, interest shall, at Landlord's option, accrue on the unpaid portion thereof from the due date at the Default interest Rate, but in no event at a rate higher than the maximum rate allowed by law, and shall be payable on demand.

(d) Accord and Satisfaction. No payment by Tenant or receipt by Landlord of any lesser amount than the amount stipulated to be paid hereunder shall be deemed other than on account of the earliest stipulated Basic Rent or Additional Charges; nor shall any endorsement or statement on any check or letter be deemed an accord and satisfaction, and Landlord may accept any check or payment without prejudice to Landlord's right to recover the balance due or to pursue any other remedy available to Landlord.

(e) Late Payment Charge. If Tenant fails to pay any Basic Rent or Additional Charges by the earlier to occur of: (i) 5 business days after the due date thereof or (ii) 7 days after the due date thereof, Tenant shall pay to Landlord on demand a

late payment service charge (to cover Landlord's administrative and overhead expenses of processing late payments) equal to the greater of \$100.00 or 5% of such unpaid sum for each and every calendar month or part thereof after the due date that such sum has not been paid to Landlord. Such payment shall be deemed liquidated damages and not a penalty, but shall not excuse the untimely payment of rent.

(f) Reduction of Real Estate Taxes. Landlord shall give Tenant a copy of any tax assessment notice with respect to the Building within 15 days after receipt thereof. Landlord will use reasonable efforts to obtain a reduction of Real Estate Taxes, provided Tenant makes a written request to Landlord so to do and, in such request, agrees to pay its proportionate share of the costs thereof as hereinafter provided, and Landlord receives such request not less than 20 days prior to the last day on which Real Estate Tax reduction proceedings for the particular real estate tax year in question may be commenced. The method and manner of conducting proceedings for such reduction, including the selection of counsel, shall be solely within the judgment and determination of Landlord, and Landlord may cancel, discontinue or settle such proceedings if, in Landlord's judgment, such cancellation, discontinuance or settlement is advisable. Landlord shall keep Tenant informed of the status of any such proceeding. If Landlord determines to cancel or discontinue such proceeding, Tenant shall have the right, either alone or with other tenants of the Building, to continue such proceeding at its or their own expense. To the extent that the reasonable costs and expenses, including legal fees of such proceedings instituted and conducted by Landlord, requested by Tenant and others, exceed the amount of any tax refund, Tenant shall pay that proportion of such excess cost and expense which the Rentable Area of the Leased Premises bears to the total rentable area leased to all tenants making such request at the time it is made.

(g) Abatement of Basic Rent. If, because of Landlord's failure to provide any of the services referred to in Sections 5(h), all or substantially all of the Leased Premises becomes untenantable and Tenant is unable to and does not, in fact, use all or substantially all of the Leased Premises for the uses permitted by Section 6(a) for a continuous period of 10 Business Days, then provided the cause of such cessation of services is not the result, in whole or in principal part, of Tenant's negligence or intentional misconduct, Tenant shall be entitled to an abatement of Basic Rent for the period of time in which Tenant is unable to use, and does not, in fact, use all or substantially all of the Leased Premises for the uses permitted by Section 6(a). Any dispute between Landlord and Tenant as to Tenant's entitlement to an abatement of Basic Rent shall be submitted to mediation pursuant to Section 28.

(h) Retroactive Rent Adjustment. Subject to the availability of Net Cash Flow, as defined in Section 2.2 of the Limited Liability Company Agreement of Hunters Branch Partners, L.L.C., reduced only by the Retroactive Rent Adjustments described herein and in Tenant's Lease for premises in 9302 Lee Highway, Vienna, Virginia ("Available Cash Flow"), Tenant shall receive Retroactive Rent Adjustments in the following amounts for the following 12-month periods ("Adjustment Years") during the Term:

<u>Adjustment Year</u>	<u>Amount of Rent Adjustment</u>
11/1/97 – 10/31/98	\$ 269,455.00
11/1/98 – 10/31/99	274,042.00
11/1/99 – 10/31/00	287,035.00
11/1/00 – 10/31/01	307,856.00
11/1/01 – 10/31/02	319,547.00
11/1/02 – 10/31/03	206,425.00
11/1/03 – 10/31/04	216,051.00
11/1/04 – 10/31/05	236,776.00
11/1/05 – 10/31/06	240,617.00
11/1/06 – 10/31/07	153,560.00
11/1/07 – 10/31/08	262,733.00
11/1/08 – 10/31/09	263,676.00
11/1/09 – 10/31/10	298,457.00
11/1/10 – 10/31/11	351,375.00
11/1/11 – 10/31/12	379,037.00

Subject to Available Cash Flow, the Retroactive Rent Adjustment shall be paid by Landlord to Tenant in equal monthly installments in arrears. If the monthly installment of the Retroactive Rent Adjustment for any month is not fully paid because of the lack of Available Cash Flow, then the unpaid portion shall be paid in a later month of the Term (if any) when there is sufficient Available Cash Flow to pay such unpaid portion. Landlord agrees that it will not pay, and Tenant agrees that it will not accept, a Retroactive Rent Adjustment for any month during any Adjustment Year unless the Annual Priority Return (as defined in Section 2.2 of the Limited Liability Company Agreement of Hunters Branch Partners, L.L.C.) for such month (together with accrued interest, if any) has been paid by Hunters Branch Partners, L.L.C. to the Person entitled to receive such payment.

(i) Lease Restructuring Fee. Upon execution of this Lease, Tenant has paid Landlord a Lease Restructuring Fee in the amount of \$660,767.80, receipt of which is hereby acknowledged by Landlord.

4. Common Areas.

Throughout the Term, Tenant and its agents, employees and business invitees shall have the non-exclusive right, in common with other tenants of the Building and the adjacent office building, to use the public lobbies, elevators, corridors, stairways, parking garage, sky walk, patios, sidewalks, roadways and other common areas in the Building and the Land, and the toilet rooms in public areas of multi-tenant floors in the Building. Landlord shall have the right to rent parking spaces in the parking garage to persons other than tenants of the Building and the adjacent office building with Tenant's prior written approval, which approval shall not be unreasonably withheld, and which approval shall be deemed given provided that (i) no third party parking contract shall be for a period of more than one (1) month, (ii) access to the parking garage shall be controlled by access or key cards, and (iii) reasonable security shall be provided

with respect to the parking garage area. Landlord shall have the right at any time, without the Tenant's consent, to change the arrangement or location of entrances, passageways, doors, doorways, corridors, stairs, toilet rooms or other public portions of the Building, provided any such change does not unreasonably obstruct Tenant's access to the Leased Premises. The balconies on the tenth, eleventh and twelfth floors of the Building shall be reserved for Tenant's exclusive use. Notwithstanding anything to the contrary in this Lease, tenants of the other building in the Office Park (9302 Lee Highway), their agents, employees and business invitees will not have any right to use the internal lobbies, elevators, corridors, stairways and toilet rooms in the Building.

5. Services and Utilities.

(a) Building Services. Throughout the Term, Landlord agrees that the Building will be managed and maintained in accordance with generally accepted industry practices and in a manner befitting a modern, first class rental office building in Fairfax County, Virginia, and that, subject to Legal Requirements, it will furnish to Tenant the following services:

(1) Subject to the provisions of subsection (b), normal and usual electricity for lighting purposes and the operation of ordinary office equipment;

(2) Adequate supplies for toilet rooms located in public areas of the Building;

(3) Normal and usual cleaning and janitorial services after business hours on Business Days in accordance with the standards set forth in Exhibit D attached hereto and made a part hereof, provided, however, that Landlord shall not provide cleaning and janitorial services to the double-secured areas of the Leased Premises;

(4) Hot and cold running water in the toilet rooms located in public areas of the Building and at valved outlets at the locations in the Leased Premises shown on Tenant's Space Layout;

(5) Subject to the provisions of subsections (c) and (e), heating and air-conditioning to the Leased Premises when required for the comfortable occupancy of the Leased Premises, at reasonable temperatures, pressures and degrees of humidity, and in reasonable volumes and velocities, between the hours of 8:00 A.M. and 7:00 P.M. on Business Days and between the hours of 9:00 AM. and 1:00 P.M. on Saturdays unless Saturday is a legal holiday;

(6) Automatically operated elevator facilities 24 hours a day, seven days a week throughout the Term;

(7) All electric bulbs and fluorescent tubes in permanently installed light fixtures in the Leased Premises and in the public areas of the Building;

(8) Five (5) keys for the suite entry door to each portion of the Leased Premises located on a separate Floor at no cost to Tenant, but all additional keys, including replacements for lost keys, shall be issued only upon the payment of a reasonable cost for each additional key;

(9) An electronic card security access system for the public areas of the Building and the garage and a reasonable number of access cards for use by Tenant's employees; and

(10) A fully-operational structured parking facility for use by tenants of the Building with access limited to Persons authorized by Tenant or Landlord.

(b) Electricity. Landlord shall not be liable in any way to Tenant for any failure or defect in the supply or character of electrical energy furnished to the Leased Premises by reason of any requirement, act or omission of the public utility serving the Building with electricity. Tenant's use of electrical energy in the Leased Premises shall not at any time exceed the capacity of any of the electrical conductors and equipment in or otherwise serving the Leased Premises as shown on Landlord's Building Plans. Tenant shall not install or operate in the Leased Premises any electrically operated equipment which uses electric current in excess of the capacity of the feeders and panel boards serving the Leased Premises as shown on Landlord's Building Plans without Landlord's written consent, which consent may be conditioned upon Tenant's agreement to pay the cost of any additional wiring which may be required for the operation of such equipment in order to insure that such capacity is not exceeded and to avert a possible adverse effect upon the Building electrical service. Tenant shall give notice to Landlord whenever Tenant shall connect to the Building electrical distribution system any electrically operated equipment other than lamps, typewriters and similar small office machines. Any feeders or risers to supply Tenant's electrical requirements in addition to those originally installed, and all other equipment proper and necessary in connection with such feeders or risers, shall be installed by Landlord upon Tenant's request, at the sole cost and expense of Tenant, provided that, in Landlord's reasonable judgment, such additional feeders or risers are permissible under applicable laws and insurance regulations and the installation of such feeders or risers will not cause permanent damage or injury to the Building or cause or create a dangerous condition or unreasonably interfere with other tenants of the Building. All Floors occupied entirely by Tenant shall be separately metered or sub-metered for electricity and all other parts of the Leased Premises, may, at Landlord's option, be separately metered or sub-metered for electricity. Tenant shall pay (or reimburse Landlord for) the cost of purchasing and installing separate electric meters or sub-meters for each whole Floor and each part of a Floor included in the Leased Premises, and for any other part of the Leased Premises which Landlord elects to have metered or sub-metered. Tenant shall pay directly to the public utility company all charges for electricity used by Tenant in all parts of the Leased Premises which are separately metered, or Tenant shall reimburse Landlord directly for its electrical usage in all parts of the Leased Premises which are sub-metered. Landlord shall have the right from time to time to have a survey made by an independent electrical

engineer or electrical consulting firm to be selected and paid for by Landlord to determine the amount of electricity consumed by Tenant in the parts of the Leased Premises which do not consist of an entire Floor. Tenant shall pay to Landlord, as monthly intervals upon receipt of an invoice therefor, the cost of electricity it consumes in the parts of the Leased Premises which do not consist of an entire Floor as determined by such electrical engineer or consulting firm.

(c) Heating and Air-Conditioning. Landlord shall provide heat and air-conditioning at times in addition to those specified in paragraph (5) of subsection (a) at Tenant's expense, provided Tenant gives Landlord notice prior to 3:00 P.M. (in the case of after-hours service on weekdays) and prior to 3:00 P.M. on Fridays or the day preceding a holiday (in the case of after-hours service on Saturdays, Sundays or holidays).

(d) Maintenance of Pipes, Conduits, etc. Landlord reserves the right to erect, use, maintain and repair pipes, conduits, cables, plumbing, vents and wires in, to and through the Leased Premises as and to the extent that Landlord may now or hereafter deem to be necessary or appropriate for the proper operation and maintenance of the Building, or other tenants' installations in the Building, and the right at all times to transmit water, heat, air-conditioning and electric current through such pipes, conduits, cables, plumbing, vents and wires, provided that Landlord, in the exercise of such rights, shall not unreasonably inconvenience Tenant or unreasonably interfere with Tenant's use of the Leased Premises.

(e) HVAC Specifications. Landlord agrees that the air-conditioning system in the portion of the Leased Premises consisting of Office Space will be capable of providing, and (unless otherwise ordered by federal, state or local governmental authorities) the system shall provide, temperatures of not more than 77°F dry bulb and a relative humidity not in excess of 50% with outside conditions of 95°F dry bulb and 78°F wet bulb, except as otherwise provided in this subsection. Landlord agrees that the heating system in the portion of the Leased Premises consisting of Office Space will be capable of providing, and (unless otherwise ordered by federal, state or local governmental authorities) the system shall provide, temperatures of not less than 70°F whenever the outdoor dry bulb temperature is lower than 65°F but no lower than 0°F, with indoor relative humidity at such level as not to permit the formation of condensation on the windows. Landlord shall not be responsible if the normal operation of the Building air-conditioning system shall fail to provide conditioned air at reasonable temperatures, pressures or degrees of humidity or in reasonable volumes or velocities in any portions of the Leased Premises consisting of Office Space which (i) shall have a connected electrical load in excess of three watts per square foot of Rentable Area of the Leased Premises for all purposes (including lighting and power) or which shall have a human occupancy factor in excess of one person for each 100 square feet of Rentable Area of the portion of the Leased Premises consisting of Office Space (the average electrical load and human occupancy factors for which the Building air-conditioning system is designed), or (ii) because of rearrangement of partitioning or other Alterations made by or on behalf of Tenant or any Person claiming, through or under Tenant (excepting work performed by Landlord for Tenant prior to Tenant's initial occupancy of the Leased Premises).

(f) Access to HVAC Facilities. Landlord shall have unrestricted access to any and all air-conditioning facilities in the Leased Premises for the purposes of repairs, maintenance, alterations and improvements, but in exercising its rights under this subsection Landlord shall use its best efforts to minimize interference with Tenant's business in the Leased Premises. Notwithstanding anything to the contrary herein or in Section 5(d), except in the event of an emergency, Landlord may obtain access to the double-secured areas of the Leased Premises only with the permission and assistance of Tenant's Director of Facilities or his designee. Tenant shall provide Landlord with keys to the double-secured areas of the Leased Premises. Tenant's Director of Facilities, or his designee, shall be available to provide access to the double-secured areas of the Leased Premises on a non-emergency basis promptly after Landlord's request for permission to enter the same, and in any event no later than 24 hours after such request.

(g) Reduction of Air-Conditioning Use. Tenant agrees to use reasonable efforts to keep or cause to be kept closed all window draperies or venetian blinds in the Leased Premises as and when necessary because of the sun's position whenever the air-conditioning system is in operation, and Tenant agrees at all times to cooperate fully with Landlord and to abide by all the reasonable regulations and requirements which Landlord may prescribe for the proper functioning and protection of the Building air-conditioning system.

(h) Cessation of HVAC and Mechanical Services. Landlord reserves the right to stop the service of heating, air-conditioning, ventilating, elevator, plumbing, electricity or other mechanical systems or facilities in the Building, if necessary by reason of accident or emergency, or for repairs, alterations, replacements, additions or improvements which, in the reasonable judgment of Landlord, are desirable or necessary, until said repairs, alterations, replacements, additions or improvements shall have been completed. The exercise of such right by Landlord shall not constitute an actual or constructive eviction, in whole or in part, or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord or its agents by reason of inconvenience or annoyance to Tenant, or injury to, or interruption of Tenant's business, or otherwise, or entitle Tenant to any abatement or diminution of rent except as provided in Section 3(i). Except in cases of emergency repairs, Landlord will give Tenant reasonable advance notice of any contemplated stoppage of any such systems or facilities pursuant to the foregoing. In all cases, Landlord will use due diligence to complete any such repairs, alterations, replacements, additions or improvements promptly. Landlord shall also perform any such work in a manner designed to minimize interference with Tenant's normal business operations.

6. Use of Leased Premises.

(a) Permitted Uses. Tenant shall use and occupy the portion of the Leased Premises consisting of Office Space solely for general office purposes, and shall use and

occupy the portion of the Leased Premises consisting of Storage Space solely for storage, all in accordance with the applicable zoning regulations and consistent with the character and dignity of the Building, and shall not use, permit or suffer the use of the Leased Premises for any other purpose whatsoever without the prior written consent of the Landlord. Tenant shall not use, or permit the Leased Premises to be used, for the sale of food, beverages or tobacco products, except that Tenant may operate on the Leased Premises vending machines for the sale of food, beverages and tobacco products to the employees. Tenant shall not permit or suffer the Leased Premises to be occupied by anyone other than Tenant except as provided by Section 15. Tenant shall at all times have access to the Leased Premises 24 hours a day, seven days a week, subject, however, in all respects to all the terms, covenants and conditions contained in this Lease. However, Landlord may regulate and restrict access to Building at times other than normal business hours on Business Days for security purposes so long as Tenant's employees and agents have reasonable access to the Leased Premises without unreasonable inconvenience.

(b) Restrictions on Use. Throughout the Term, Tenant covenants and agrees: (i) to pay 10 days before delinquency any and all taxes, assessments and public charges levied, assessed or imposed upon Tenant's business conducted in the Leased Premises, upon the leasehold estate created by this Lease or upon Tenant's fixtures, furnishings or equipment in the Leased Premises; (ii) not to use or permit or suffer the use of any portion of the Leased Premises for any unlawful purpose; (iii) not to use the plumbing facilities for any purpose other than that for which they were constructed, or dispose of any foreign substances therein; (iv) not to place a load on any floor exceeding the floor load per square foot which such floor was designed to carry in accordance with Landlord's Building Plans, and not to install, operate or maintain in the Leased Premises any heavy item of equipment except in such manner as to achieve a proper distribution of weight; (v) not to strip, overload, damage or deface the Leased Premises, or the hallways, stairways, elevators, parking facilities or other public areas of the Building, or the fixtures therein or used therewith, (vi) not to move any furniture or equipment into or out of the Leased Premises except at such times as Landlord may from time to time reasonably designate; (vii) not to use any floor adhesive in the installation of any carpeting, (viii) not to install any other equipment of any kind or nature which will or may necessitate any changes, replacements or additions to, or in the use of, the water system, heating system, plumbing system, air-conditioning system or electrical system of the Leased Premises or the Building, without first obtaining the written consent of Landlord; and (ix) at all times to comply with all Legal Requirements.

(c) Compliance with Legal Requirements. Tenant will not use or occupy the Leased Premises in violation of any Legal Requirements. If any governmental authority, after the commencement of the Term, shall contend or declare that the Leased Premises are being used for a purpose which is in violation of any Legal Requirements, then Tenant shall, upon five days' notice from Landlord, immediately discontinue such use of the Leased Premises. If thereafter the governmental authority asserting such violation threatens, commences or continues criminal or civil proceedings against Landlord for Tenant's failure to discontinue such use, in addition to any and all rights, privileges and

remedies given to Landlord under this Lease for default therein, Landlord shall have the right to terminate this Lease forthwith. Tenant shall indemnify and hold Landlord harmless from and against any and all liability for any such violation or violations.

(d) Compliance with Insurance Requirements. Tenant shall not do any act, matter, thing or failure to act in respect of the Leased Premises and/or the Building that will invalidate or be in conflict with fire insurance policies covering the Building or any part thereof, and shall not do, or permit anything to be done, in or upon the Leased Premises and/or the Building, or bring or keep anything therein, which shall increase the rate of fire insurance on the Building or on any property located therein. If, by reason of the failure of Tenant to comply with the provisions of this subsection, the fire insurance rate shall at any time be higher than it otherwise would be, then Tenant shall reimburse Landlord and any other tenant of the Building, on demand, for that part of all premiums for any insurance coverage that shall have been charged because of such violation by Tenant and which Landlord or such other tenant, or both, shall have paid on account of an increase in the rate or rates in its own policies of insurance. Tenant shall not be responsible for any increase in fire insurance rates generally applicable to office space in Fairfax County, Virginia, and not resulting from the particular manner in which Tenant uses the Leased Premises.

(e) No Flammable Substances. Tenant shall not bring or permit to be brought or kept in or on the Leased Premises any flammable combustible or explosive fluid, material, chemical or substance except standard cleaning fluid, standard equipment and materials (including magnetic tape) customarily used in conjunction with business machines and equipment of the type used from time to time by Tenant in reasonable quantities.

7. Care of Leased Premises.

(a) By Tenant. Tenant shall act with care in its use and occupancy of the Leased Premises and the fixtures therein and, at Tenant's sole cost and expense, shall make all repairs and replacements to the Leased Premises, structural or otherwise, necessitated or caused by the acts, omissions or negligence of Tenant or any Person claiming through or under Tenant or by the use or occupancy or manner of use or occupancy of the Leased Premises by Tenant or any such Person; however the foregoing provisions of this subsection shall be subject to the provisions of Section 13. Without affecting Tenant's obligations set forth in the preceding sentence, Tenant, at Tenant's sole cost and expense, shall also (i) make all repairs and replacements, as and when necessary, to Tenant's Special Installations and to any Alterations made or performed by or on behalf of Tenant or any Person claiming through or under Tenant, (ii) perform all maintenance and make all repairs and replacements, as and when necessary, to any air-conditioning equipment, private elevators, escalators, conveyors or mechanical systems (other than the standard equipment and systems serving the Building) which may be installed in the Leased Premises, or elsewhere in the Building and serving the Leased Premises, by Landlord, Tenant or others, (iii) perform all maintenance and make all repairs and replacements, as and when necessary, to the antennas and satellite dishes

installed by Tenant on the roof of the Building and make all repairs to the roof caused by such installation, and (iv) perform regular cleaning and janitorial services in the double-secured areas of the Leased Premises. However, except as otherwise provided in this Lease, Tenant shall not have any right to install air-conditioning equipment, elevators, escalators, conveyors or mechanical systems. In addition to the foregoing, all damage or injury to the Leased Premises and to its fixtures, appurtenances and equipment or to the Building or to its fixtures, appurtenances and equipment caused by Tenant moving property in or out of the Building or by installation or removal of furniture, fixtures or other property by Tenant shall be repaired, restored or replaced promptly by Tenant, at its sole cost and expense, to the reasonable satisfaction of Landlord. All such aforesaid repairs, restoration and replacements shall be in quality and class equal to the original work or installation but in no event need exceed Building standards.

(b) By Landlord. Except as otherwise provided in subsection (a), Landlord shall perform the following maintenance and repairs as and when necessary (the costs of which shall be Operating Expenses hereunder, to the extent included in the definition of Operating Expenses in Section 1(c)): (i) structural repairs to the Leased Premises and Building; (ii) maintenance and repairs required in order to provide the elevator, plumbing, electrical, heating and air-conditioning services to be furnished by Landlord pursuant to this Lease; (iii) maintenance of and repairs to exterior portions of the Building, including the windows, balconies and roof thereof; (iv) maintenance of and repairs to the toilet room in the Building, and to the public lobbies, elevators, corridors, stairways, parking garage, sky walk, patios, sidewalks, roadways and other common areas in the Building and the Land; and (v) other repairs to the Leased Premises and the Building necessary for Tenant's use and enjoyment of the Leased Premises. Landlord's obligations to make repairs to the Leased Premises under the preceding sentence shall not accrue until after notice to Landlord of the necessity for any specific repair.

8. Rules and Regulations.

Tenant and its agents and employees shall comply with and observe all reasonable rules and regulations concerning the use, management, operation, safety and good order of the Leased Premises and the Building which may from time to time be promulgated by Landlord, provided that such rules and regulations are not inconsistent with the provisions of this Lease and do not materially interfere with Tenant's use of the Leased Premises. Initial rules and regulations, which shall be effective until amended by Landlord, are attached to this Lease as Exhibit E hereto and made a part hereof. Tenant shall be deemed to have received notice of any amendment to the rules and regulations when a copy of such amendment has been delivered to Tenant at the Leased Premises or has been mailed to Tenant in the manner prescribed for the giving of notices. If Tenant disputes the reasonableness of any additional rule or regulation hereafter made or adopted by Landlord, the parties agree to submit the question of the reasonableness of such rule or regulation for decision to the governing board for the time being of the Building Owners and Managers Association of Washington, D.C., or to such impartial person or persons as it or the parties hereto may designate, whose determination shall be final and conclusive upon the parties hereto. Tenant may not dispute the reasonableness of any additional rule or regulation unless Tenant's intention to do so shall be asserted by notice given

to Landlord within 15 days after notice is given to Tenant of the adoption of any such additional rule or regulation. Landlord shall not be responsible to Tenant for any violation of the rules and regulations, or the covenants or agreements contained in any other lease, by any other tenant of the Building, or such tenant's agents or employees, and Landlord may waive in writing, or otherwise, any or all of the rules or regulations in respect of any one or more tenants.

9. Tenant's Alterations and Installments.

(a) Restrictions on Alterations. Tenant shall not make or perform or permit the making or performance of, any alterations, installations, improvements, additions or other physical changes in or about the Leased Premises (referred to collectively as "Alterations") without Landlord's prior consent. Landlord agrees not unreasonably to withhold or delay its consent to any nonstructural Alterations proposed to be made by Tenant to adapt the Leased Premises for Tenant's business purposes or the business purposes of any other permitted occupant of the Leased Premises, except that Landlord shall have no obligation to consent to any Alteration which will reduce the value or utility of the Building or affect the outside appearance of the Building or the color or style of any venetian blinds supplied by Landlord (except that Tenant may remove any such venetian blinds provided Tenant promptly replaces such venetian blinds with venetian blinds of a similar type and color). Notwithstanding the foregoing provisions of this subsection or Landlord's consent to any Alterations, all Alterations, whether made prior to or during the Term, shall be made and performed in conformity with and subject to the following provisions: (i) all Alterations shall be made and performed at Tenant's sole cost and expense and at such time and in such manner as Landlord may reasonably from time to time designate; (ii) Alterations shall be made only by contractors or mechanics approved by Landlord, such approval not to be unreasonably withheld or delayed; (iii) no Alteration shall materially affect any part of the Building other than the Leased Premises or adversely affect any service required to be furnished by Landlord to Tenant or to any other tenant or occupant of the Building; (iv) all business machines and mechanical equipment shall be placed and maintained by Tenant in settings sufficient in Landlord's reasonable judgment to absorb and prevent vibration, noise and annoyance to other tenants or occupants of the Building; (v) Tenant shall submit to Landlord reasonably detailed plans and specifications for each proposed alteration and shall not commence any such Alteration without first obtaining Landlord's approval of such plans and specifications, which approval will not be unreasonably withheld or delayed; (vi) all Alterations in or to the electrical facilities in or serving the Leased Premises shall be subject to the provisions of Section 5 relating to exceeding electrical capacity; (vii) notwithstanding Landlord's approval of plans and specifications for any Alteration, all Alterations shall be made and performed in full compliance with all Legal Requirements and in accordance with the Rules and Regulations; (viii) all materials and equipment to be incorporated in the Leased Premises as a result of all Alterations shall be of good quality; and (ix) Tenant shall require any contractor performing Alterations to carry and maintain at all times during the performance of the work, at no expense to Landlord, (i) a policy of comprehensive public liability insurance, including contractors' liability coverage, contractual liability coverage, completed operations coverage contractor's protective liability coverage and a broad form property damage endorsement, naming Landlord and (at Landlord's request) any Mortgagee of the Building

and any management agent as additional named insureds), with such policy to afford protection to the limit of not less than \$2,000,000 with respect to bodily injury or death to any number of persons in any one accident and to the limit of not less than \$1,000,000 to damage to the party of any one owner from one occurrence, and (ii) workers' compensation or similar insurance in the form and amounts required by the laws of the State of Virginia. In the event that estimated cost of an Alteration (which shall include the aggregate cost of a series of Alterations which are reasonably aggregated into a single project) is in excess of \$100,000.00, or in the event of an Alteration to a structural member of, or mechanical system in, the Leased Premises, Landlord shall have the right to place other and further restrictions and conditions thereon prior to Tenant being authorized to commence such Alteration. Such additional conditions may include, by way of illustration and not of limitation, the requirement that the contractor be bonded or bondable. In the event of any dispute between the parties as to whether or not Landlord has acted reasonably in any case with respect to which Landlord is required, pursuant to the provisions of this subsection (a), to do so, Tenant's sole remedy shall be to submit such dispute to mediation pursuant to Section 28. If the determination in any such mediation shall be adverse to Landlord, Landlord nevertheless shall not be liable to Tenant for breach of Landlord's covenant to act reasonably, and Tenant's sole remedy in such event shall be to proceed with the proposed Alterations. However, if the parties are unable to settle such matter by mediation, and such matter is submitted to Litigation, Landlord's liability and Tenant's remedies shall not be so limited.

(b) Tenant's Right to Cure. If Tenant shall be in default under this Section by reason of the making of any Alteration not hereby authorized or by reason of failure to give any notice or to obtain any approval required herein, Tenant may cure such default within the applicable grace period provided in this Lease for curing such default by removing such Alteration and restoring the Leased Premises to their former condition, as provided in Section 7.

(c) Fixtures Become Landlord's Property. Except to the extent specifically provided in subsection (e), all appurtenances, fixtures, improvements, additions and other property attached to or installed in the Leased Premises, whether by Landlord or Tenant or others, and whether at Landlord's expense, or Tenant's expense, or the joint expense of Landlord and Tenant, which are of a permanent nature or which cannot be removed without structural damage to the Building, shall be and remain the property of Landlord. Any replacements of any property of Landlord, whether made at Tenant's expense or otherwise, shall be and remain the property of Landlord.

(d) Tenant's Special Installations. All furniture, furnishings and trade fixtures, excepting lighting fixtures and equipment, but including, without limitation, murals, carpets, rugs, business machines and equipment, vaults, vault doors and door frames, and vault equipment, if any, safe deposit equipment, counterscreens, grillwork, cages, partitions which are moveable, railings, raised floors, escalators, conveyors, stairs, elevators, paneling, equipment relating to food preparation, food storage and serving, dishwashing and cleaning devices and air-conditioning equipment, and any other

moveable property installed by, or at the expense of Tenant, including any such property paid for with any allowance provided by Landlord to Tenant, shall remain the property of Tenant and are referred to herein as "Tenant's Special Installations". Tenant may at its expense remove any part of said property at any time during the Term, and shall at its expense remove all of said property at the expiration or other termination of the Term unless Landlord shall otherwise consent in writing. Upon removal of any or all of said property Tenant shall then repair all damage caused by such removal. Any of Tenant's Special installations which are not removed from the Leased Premises at the expiration of the Term shall be deemed to have been abandoned by Tenant and may be disposed of by Landlord without liability to Tenant.

(e) Mechanics' Liens. Notice is hereby given that Landlord shall not be liable for any labor or materials furnished or to be furnished to Tenant upon credit, and that no mechanic's, materialman's or other lien for any such labor or materials shall attach to or affect the reversion or other estate or interest of Landlord in and to the Leased Premises or the Building. Whenever and as often as any mechanic's lien or materialman's lien shall have been filed against the Leased Premises or the Building based upon any act or interest of Tenant or of anyone claiming through Tenant or of any lien or security interest with respect thereto shall have been filed after any materials, machinery or fixtures used in the construction, repair or operation thereof of annexed thereto by Tenant or its successors in interest, Tenant shall forthwith take such action by bonding, deposit or payment as will remove or satisfy the lien or other security interest and in default thereof after the expiration of 20 days after notice to Tenant, Landlord, in addition to any other remedy under this Lease, may pay the amount secured by such lien or security interest or discharge the same by deposit and the amount so paid or deposited shall be collectible as additional rent. The provisions of this subsection shall not be applicable to liens filed with respect to work done for Tenant's account by Landlord.

10. Name of Building; Tenant's Signs.

(a) Name. Provided that no Event of Default (as defined in Section 16) or Event of Bankruptcy (as defined in Section 17) has occurred and is continuing, throughout the Term, the Building shall be designated as the "ICF Kaiser Building", and Landlord shall use that name in all advertising prepared by, or at the direction of, Landlord in connection with the leasing of space in the Building to the public. Notwithstanding the foregoing, if Tenant shall change its corporate name, then Tenant shall have the right, by written notice to Landlord, to require Landlord to re-designate the Building with a name incorporating all or part of Tenant's new name, provided the same is not in violation of any rule, regulation or statute having jurisdiction over the Building or Landlord. In such event, Tenant shall bear all costs of changing the signage on the Building, and Tenant shall, within fifteen (15) days after receipt of an invoice therefor, reimburse Landlord for Landlord's reasonable costs incurred in connection with the Building name change, including costs incurred to change Landlord's advertising and costs of any required notices to any governmental agencies. Landlord expressly reserves the right to have the Building designated by a street number or numbers and to affix to the Building at locations designated by Landlord, signs indicating any such number or numbers and the name of the Building (if any) as selected from time to time by Tenant in accordance with the provisions of this subsection.

(b) Restrictions on Exterior Signs. Except as otherwise provided in subsection (d), Landlord has not granted to Tenant any rights in or to the roof or the outer side of the outside walls of the Building, control of which is hereby reserved by Landlord. Tenant shall not display or erect any lettering, signs, advertisements, awnings or other projections on the exterior of the Leased Premises or in the interior of the Leased Premises if visible from a public way, except for customary hallway door lettering.

(c) Directory Tablets. Landlord, at its expense, shall maintain the existing directory tablets (i) in the main lobby of the other building in the Office Park, (ii) in the skywalk between the Building and the other building in the Office Park (located at 9302 Lee Highway), and (iii) on the walkway between the Building and the other building in the Office Park, upon each of which Landlord, at Tenant's expense, will affix Tenant's name and a reasonable number of names of its officers, partners or employees. The size, color and style of such directories and names affixed thereto shall be selected by Landlord.

(d) Tenant's Permitted Signs. Subject to Section 10(a) above, Landlord shall permit Tenant throughout the Term to install and maintain, subject to Legal Requirements, two suitable signs on the exterior of the Building. The location, size, color and style of Tenant's exterior signs shall be subject to Landlord's approval, such approval not to be unreasonably withheld or delayed. Landlord hereby approves Tenant's signs which are currently on the Building, and agrees that, if the name of the Building is changed pursuant to Section 10(a), Tenant, at its expense, may replace such signs with similar signs displaying the new name.

(e) Access to Roof. Throughout the Term, Landlord shall permit Tenant to install and maintain, subject to Legal Requirements and the provisions of this Section 10(e), not more than three (3) satellite or antenna dishes on the roof of the Building ("Tenant's Roof Use").

(i) Landlord shall make available to Tenant access to and locations mutually acceptable to Landlord and Tenant on the roof for the construction, installation, maintenance, repair, operation and use of such satellite or antenna dishes. Tenant shall screen such installations in a manner mutually acceptable to Landlord and Tenant. Tenant shall have the right to remove such satellite or antenna dishes and any related equipment from the Building at the expiration or other termination of the Term of this Lease, provided that Tenant repairs any damage occasioned by such removal. Tenant shall pay all costs associated with the installation, maintenance, repair, use, insurance and removal of such satellite or antenna dishes and any related equipment.

(ii) Tenant shall give Landlord's Building manager reasonable telephonic notice before any entry onto the roof of the Building by Tenant's

agents, employees or contractors, and shall permit Landlord's Building manager to accompany Tenant's agents, employees or contractors on any such entry onto the roof. Except as otherwise hereinafter set forth in this Section 10(e), Landlord shall not be liable for any claims, losses, actions, damages, liabilities or expenses arising from any satellite or antenna dishes or related equipment installed by Tenant on the roof of the Building, or the installation, maintenance, repair, use or removal of such dishes and related equipment, unless caused by the negligence or willful misconduct of Landlord, its agents, employees or contractors.

(iii) If Landlord permits any other party to install satellite or antenna dishes on the roof of the Building, and such equipment interferes with the operation of Tenant's equipment, then Landlord, at its expense, shall take whatever measures may be necessary to eliminate such interference.

(iv) If the rate of any insurance carried by Landlord is increased as a result of Tenant's Roof Use, then Tenant will pay to Landlord within ten (10) days before the date Landlord is obligated to pay a premium on the insurance (or within ten (10) days after Landlord delivers to Tenant a certified statement from Landlord's insurance carrier stating that the rate increase was caused by Tenant's Roof Use, whichever date is later), a sum equal to the difference between the original premium and the increased premium resulting from Tenant's Roof Use.

(v) Landlord has not made any representations or promises pertaining to the suitability of the Building's roof for Tenant's Roof Use. Tenant, solely for the purpose of this Section 10(e) and its right to rooftop access hereunder, accepts the rooftop in its "as is" condition.

(vi) Tenant will obtain prior to installation, any and all governmental licenses, approvals necessary for the installation, maintenance and use of any equipment installed pursuant to this Section 10(e), Tenant's Roof Use shall not in any way conflict with any applicable Legal Requirements. Tenant shall indemnify and hold Landlord harmless from and against any and all loss, cost (including reasonable attorney's fees incurred in defending Landlord), damage or liability arising out of any violation by Tenant's Roof Use of any applicable Legal Requirements.

(vii) Tenant's Roof Use shall be exercised: (1) in such manner as will not create any hazardous condition or interfere with or impair the operation of the heating, ventilation, air conditioning, plumbing, electrical, fire protection, life, safety, public utilities or other systems or facilities in the Building; (2) in compliance with all applicable Legal Requirements; (3) in such a manner as will not unreasonably interfere with Landlord's operation or maintenance of the Building; (4) at Tenant's cost, including the cost of repairing any damage to the Building and any personal injury and/or property damage caused by the installation, inspection, adjustment, maintenance, removal or replacement of any of Tenant's equipment on the roof and (5) in a manner which will not void or

invalidate any roof warranty then in effect with respect to the roof of the Building. Tenant's Roof Use shall be used solely in the ordinary course of Tenant's business operations (and not for resale by Tenant), and any use of the roof outside of the ordinary course of Tenant's business operations (such as, but not limited to, subleasing portions of the roof for profit to third parties, in order for such third parties to establish communications transmission facilities) shall be subject to Landlord's consent, which consent shall not be unreasonably withheld, but may be conditioned, inter alia, upon the payment by Tenant to Landlord of any net revenues paid to Tenant in respect thereof.

11. Liability Insurance.

(a) Required Coverage. Tenant, at Tenant's sole cost and expense, shall obtain and maintain in effect at all times during the Term, a policy of comprehensive general public liability insurance with broad form property damage endorsement, naming Landlord and (at Landlord's request) any Mortgages of the Building and any management agent as additional insured(s), protecting Landlord, Tenant and any such Mortgagee and management agent against any liability for bodily injury, death or property damage occurring upon, in or about any part of the Building, including the roof, or the Land, the Leased Premises or any appurtenances thereto, with such policies to afford protection to the limit of \$5,000,000 with respect to bodily injury or death to any one person, to the limit of \$5,000,000 with respect to bodily injury or death to any number of persons in any one accident, and to the limit of \$5,000,000 with respect to damage to the property of any one owner from one occurrence. Such comprehensive liability insurance may be effected by a policy or policies of blanket insurance which cover other property in addition to the Leased Premises, provided that the protection afforded thereunder shall be not less than that which would have been afforded under a separate policy or policies relating only to the Leased Premises and provided further that in all other respects any such policy shall comply with the other provisions of this Section.

(b) Policy Requirements. The insurance policy required to be obtained by Tenant under this Section: (i) shall be issued by insurance companies rated A- or better in the most current issue of Best's Insurance Reports, licensed to do business in the state in which the Building is located and domiciled in the United States; and (ii) shall be written as primary policy coverage and not contributing with or in excess of any coverage which Landlord may carry. Neither the issuance of any insurance policy required under this Lease, nor the minimum limits specified herein with respect to Tenant's insurance coverage, shall be deemed to limit or restrict in any way Tenant's liability arising under or out of this Lease. With respect to each insurance policy required to be obtained by Tenant under this Section, on or before the Lease Commencement Date, and at least 30 days before the expiration of the expiring policy or certificate previously furnished, Tenant shall deliver to Landlord a certificate of insurance therefor, together with evidence of payment of all applicable premiums. Each insurance policy required to be carried hereunder by or on behalf of Tenant shall provide (and any certificate evidencing the existence of each such insurance policy shall certify) that such insurance policy shall not be canceled unless Landlord shall have received 20 days' prior written notice of cancellation.

(c) Indemnification of Landlord. Except for the willful or negligent acts or omissions of Landlord or its agents or employees, Tenant hereby agrees to indemnify and hold harmless Landlord from and against any and all claims, losses, actions, damages, liabilities and expenses (including attorneys' fees) that (i) arise from or are in connection with Tenant's possession, use, occupancy, management, repair, maintenance or control of the Leased Premises, or any portion thereof, or (ii) arise from or are in connection with any willful or negligent act or omission of Tenant or Tenant's agents, employees or subtenants, or (iii) result from any default, breach, violation or nonperformance of this Lease or any provision therein by Tenant, or (iv) arise from injury or death to persons or damage to property sustained on or about the Leased Premises, or (v) arise from Tenant's installation, maintenance, repair, use or removal of any rooftop satellite or antenna dishes or related equipment. Tenant shall, at its own cost and expense, defend any and all actions, suits and proceedings which may be brought against Landlord with respect to the foregoing or in which Landlord may be impleaded. Tenant shall pay, satisfy and discharge any and all money judgments which may be recovered against Landlord in connection with the foregoing.

(d) Indemnification of Tenant. Except for the willful or negligent acts or omissions of Tenant or its agents or employees, Landlord hereby agrees to indemnify and hold harmless Tenant from and against any and all claims, losses, actions, damages, liabilities and expenses (including attorneys' fees) that (i) arise from or are in connection with Landlord's possession, use, occupancy, management, repair, maintenance or control of the common areas of the Building located on any Floor not wholly occupied by Tenant, or (ii) arise from or are in connection with any willful or negligent act or omission of Landlord or Landlord's agents or employees, or (iii) result from any default, breach, violation or nonperformance of this Lease or any provision therein by Landlord, or (iv) arise from injury or death to persons or damage to property sustained on or about the common areas of the Building located on any Floor not wholly occupied by Tenant. Landlord shall, at its own cost and expense, defend any and all actions, suits and proceedings which may be brought against Tenant with respect to the foregoing or in which Tenant may be impleaded. Landlord shall pay, satisfy and discharge any and all money judgments which may be recovered against Tenant in connection with the foregoing.

12. Fire Insurance.

(a) Required Coverage. Landlord shall, throughout the Term, at its expense, keep the Building, but not Tenant's Special Installations, Alterations or Tenant's furniture, furnishings, trade fixtures or property removable by Tenant under the provisions of this Lease (including any rooftop satellite or antenna dishes and related equipment), insured against all loss or damage by fire with extended coverage in such amount as any first Mortgagee of the Building may from time to time require. Tenant shall, throughout the Term, at its expense, keep Tenant's Special Installations and

Alterations and Tenant's personal property, including any rooftop satellite or antenna dishes and related equipment, insured against all loss or damage by fire with extended coverage in an amount sufficient to prevent Tenant from becoming a co-insurer. Tenant's policies of insurance shall contain, if available from the insurer, an appropriate clause or endorsement under which the insurer agrees that such policy shall not be canceled without at least 30 days notice to Landlord.

(b) Notice of Insurance Coverage. Landlord and Tenant will (i) if requested, advise the other as to the provisions of fire and extended coverage insurance policies obtained pursuant to this Section, and (ii) notify the other promptly of any change in the terms of any such policy which would affect such provisions.

(c) Mutual Waiver of Subrogation.

(i) Notwithstanding anything to the contrary in this Lease, whether the loss or damage is due to the negligence of Landlord or Landlord's agents or employees, or any other cause, Tenant hereby releases Landlord and Landlord's agents and employees from responsibility for and waives its entire claim of recovery for (i) any and all loss or damage to the personal property of Tenant located in the Building (excluding any personal property required to be insured by Landlord pursuant to the provisions hereof), arising out of any of the perils which are covered by Tenant's property insurance policy, with extended coverage endorsements which Tenant is required to obtain under the applicable provisions of this Lease, whether or not actually obtained.

(ii) Notwithstanding anything to the contrary in this Lease, whether the loss or damage is due to the negligence of Tenant or Tenant's agents or employees, or any other cause, Landlord hereby releases Tenant and Tenant's agents and employees from responsibility for and waives its entire claim of recovery for any and all loss or damage to the Building or any personal property of Landlord located about the Building and the Building generally and all property attached thereto (excluding any such property required to be insured by Tenant hereunder), arising out of any of the perils which are covered by Landlord's property insurance policy which Landlord is required to obtain under the applicable provisions of this Lease, whether or not actually obtained.

(iii) Landlord and Tenant shall each cause its respective property insurance carrier(s) to consent to such waiver of all rights of subrogation against the other, and to issue an endorsement to all policies of property insurance obtained by such party confirming that the foregoing release and waiver will not invalidate such policies.

13. Damage by Fire or Other Casualty.

In the event of loss of, or damage to, the Leased Premises or the Building by fire or other casualty, the rights and obligations of the parties hereto shall be as follows:

(a) Repair of Damage. If the Leased Premises or any part thereof shall be damaged by fire or other casualty, Tenant shall give prompt notice thereof to Landlord, and Landlord, upon receiving such notice, shall proceed promptly and with reasonable diligence, subject to Unavoidable Delays, to repair, or cause not to be repaired, such damage in a manner designed to minimize interference with Tenant's occupancy (but with no obligation to employ labor at overtime or other premium pay rates). If the Leased Premises or any part thereof shall be rendered untenantable by reason of such damage, whether to the Leased Premises or the Building, the Basic Rent and Additional Charges shall proportionately abate, with respect thereto for the period from the date of such damage to the date when such damage shall have been repaired for the portion of the Leased Premises rendered untenantable. However, if, prior to the date when all of such damage shall have been repaired, any part of the Leased Premises is damaged shall be rendered tenantable and shall be used or occupied by Tenant or any Person or Persons claiming through or under Tenant, then the amount by which the Basic Rent and Additional Charges shall abate shall be equitably apportioned for the period from the date of any such use.

(b) Termination of Lease by Landlord or Tenant. If as a result of fire or other casualty more than one-half (1/2) of the Building Rentable Area is rendered untenantable, Landlord within 60 days from the date of such fire or casualty may terminate this Lease by notice to Tenant, specifying a date, not less than 20 nor more than 40 days after the giving of such notice, on which the Term shall expire as fully and completely as if such date were the date herein originally fixed for the expiration of the Term. If the Lease Premises are damaged as a result of fire or other casualty and if the damage to the Leased Premises (but not including Tenant's Special Installations or Alterations) is so extensive that such damage cannot be substantially repaired within 240 days from the date of the fire or other casualty (except for Unavoidable Delays), either Landlord or Tenant within 30 days from the date of such fire or other casualty may terminate this Lease by notice to the other, specifying a date, not less than 20 nor more than 40 days after the giving of such notice on which the Term shall expire as fully and completely as if such date were the date originally fixed for the expiration of the Term. If either Landlord or Tenant terminate this Lease, the Basic Rent and Additional Charges shall be apportioned as of the date of such fire or other casualty. If neither Landlord nor Tenant so elects to terminate this Lease, then Landlord shall proceed to repair the damage to the Building and the damage to the Leased Premises (but not Tenant's Special Installations or Alterations), if any shall have occurred, and the Basic Rent and Additional Charges shall meanwhile be apportioned and abated all as provided in subsection (a). However, if such damage is not repaired and the Leased Premises and the Building restored to reasonably the same condition as they were prior to such damage within 240 days from the date of such damage (such 240 day period to be extended by the period of any Unavoidable Delays), Tenant, within 30 days from the expiration of such 240-day period (as the same may be extended), may terminate this Lease by notice to Landlord, specifying a date not more than 60 days after the giving of such notice on which the Term shall expire as fully and completely as if such date were the date herein originally fixed for the expiration of the Term.

(c) Termination of Lease by Landlord. If the Leased Premises shall be rendered untenantable to the extent of eighty percent (80%) or more by fire or other casualty during the last six months of the Term, Landlord or Tenant may terminate this Lease upon notice to the other party given within 90 days after such fire or other casualty specifying a date, not less than 20 days nor more than 40 days after the giving of such notice, on which the Term shall expire as fully and completely as if such date were the date originally fixed for the expiration of the Term. If either Landlord or Tenant terminates this Lease pursuant to this subsection, the Basic Rent and Additional Charges shall be apportioned as of the date of such fire or casualty.

(d) Limitation on Landlord's Repair Obligation. Landlord shall not be required no repair or replace any of Tenant's Special Installations or Alterations or any other personal property of Tenant and no damages, compensation or claim shall be payable by Landlord for inconvenience, loss of business or annoyance arising from any repair or restoration of any portion of the Leased Premises or of the Building, but the foregoing shall not be deemed to relieve Landlord of liability for its breach of any covenant of this Lease.

(e) Inapplicability of Other Laws. The provisions of this Section shall be considered an express agreement governing any instance of damage or destruction of the Building or the Leased Premises by fire or other casualty, and any law now or hereafter in force providing for such a contingency in the absence of express agreement shall have no application.

(f) Landlord Released from Liability. Notwithstanding any other provision of this Lease, Landlord shall not be liable or responsible for, and Tenant hereby releases Landlord and its partners, officers, directors, agents and employees from, any and all liability or responsibility to Tenant or any Person claiming by, through or under Tenant, by way of subrogation or otherwise, for any injury, loss or damage to Tenant's property caused by any of the perils insured against by the fire insurance policy with extended coverage endorsement which is customarily issued in Fairfax County, Virginia, and Tenant shall require its insurer(s) to include in all of Tenant's insurance policies which could give rise to a right of subrogation against Landlord a clause or endorsement whereby the insurer(s) shall waive any right of subrogation against Landlord.

(g) Tenant Released from Liability. Notwithstanding any other provision of this Lease, Tenant shall not be liable or responsible for, and Landlord hereby releases Tenant and its partners, officers, directors, agents and employees from, any and all liability or responsibility to Landlord or any Person claiming by, through or under Landlord by way of subrogation or otherwise; for any injury, loss or damage to Landlord's property caused by any of the perils insured against by the fire insurance policy with extended coverage endorsement which is customarily issued in Fairfax County, Virginia, and Landlord shall require its insurer(s) to include in all of Landlord's insurance policies which could give rise to a right of subrogation against Tenant a clause or endorsement whereby the insurer(s) shall waive any rights of subrogation against Tenant.

(h) Insurance Proceeds. The proceeds payable under all fire and other hazard insurance policies maintained by Landlord on the Building shall belong to and be the property of Landlord, and Tenant shall not have any interest in such proceeds. Tenant agrees to look to its own fire and hazard insurance policies in the event of damage to Tenant's Special Installations or Alterations or its personal property.

14. Condemnation.

(a) Effect of Taking. In the event of a Taking of the whole of the Leased Premises, this Lease shall terminate as of the date of such Taking. If only a part of the Leased Premises shall be so taken then, except as otherwise provided in this subsection, this Lease shall continue in force and effect but, from and after the date of the Taking, the Basic Rent and Additional Charges shall be reduced on the basis of the square footage of the portion of the Leased Premises so taken. If a part of the Building shall be taken, and if either (i) the part of the Building so taken contains more than twenty-five percent (25%) of the Rentable Area of the Leased Premises, immediately prior no such Taking, or (ii) in Landlord's reasonable opinion, it shall be impracticable to continue to operate the Building, then Landlord, at Landlord's option, may give to Tenant within 60 days after Building, then Landlord, at Landlord's option, may give to Tenant within 60 days after the date upon which Landlord shall have received notice of the Taking, a 30 days' notice of termination of this Lease. If a part of the Building shall be taken, and if either (i) the part of the Building taken contains more than thirty-five percent (35%) of the Rentable Area of the Leased Premises immediately prior to such Taking, or (ii) by reason of such Taking, all or substantially all of the Leased Premises becomes untenable and Tenant is unable and does not, in fact use all or substantially all of the Leased Premises for the uses permitted by Section 6(a), then Tenant, at Tenant's option, may give to Landlord within 60 days after the date upon which Tenant shall have received notice of such Taking, a 30 days' notice of termination of this Lease. If a 30 days' notice of termination is given by Landlord or Tenant, this Lease shall terminate upon the expiration of the 30-day period. If this Lease is terminated pursuant to the foregoing provisions of this subsection, then, to the extent permitted by applicable law and such Taking, Tenant shall have access to the Leased Premises in order to remove Tenant's Special Installations and any other personal property then owned by Tenant and which Tenant is entitled to remove pursuant to this Lease during the period of 30 days from the date Tenant is permitted access therefor. If a Taking occurs which does not result in the termination of this Lease, Landlord shall repair, alter and restore the remaining portions of the Leased Premises to their former condition to the extent that the same may be feasible.

(b) Award. Landlord shall have the exclusive right to receive any and all awards made for damages to the Leased Premises and the Building accruing by reason of a Taking or by reason of anything lawfully done in pursuance of public or other authority. Tenant hereby releases and assigns to Landlord all of Tenant's rights to such awards, and covenants to deliver such further assignments and assurances thereof as Landlord may

from time to time request, hereby irrevocably designating and appointing Landlord as its attorney-in-fact to execute and deliver in Tenant's name and behalf all such further assignments thereof. However, Tenant shall have the right to make its own claim against the condemning authority for a separate award for the value of any of Tenant's Special Installations and Alterations, for moving and relocation expenses and for such business damages and/or consequential damages as may be allowed by law which do not constitute part of the compensation for the Building and do not diminish the amount of the award to which Landlord would otherwise be entitled.

15. Assignment and Subletting.

(a) Subletting to ICF Kaiser International, Inc. It is understood and agreed that Tenant will sublet the entire Leased Premises to its affiliate, ICF Kaiser International, Inc., for a basic rent in excess of the Basic Rent payable hereunder. Upon the written request of Landlord or any Mortgagee following an event of default under any loan secured by a Mortgage, Tenant shall pay to Landlord one hundred percent (100%) of the amount of such excess, monthly as received by Tenant from ICF Kaiser International, Inc.

(b) Assignment and Subletting Prohibited. Tenant shall not mortgage, pledge, encumber, sell, assign or transfer this Lease, in whole or in part, by operation of law or otherwise, or sublease all or any part of the Leased Premises, without Landlord's written consent, which consent may be withheld for any reason whatsoever except as provided in subsection (a) and subsection (d). In connection with any request by Tenant for such consent to assign or sublet, Tenant shall submit to Landlord, in writing, a statement containing the name of the proposed assignee or subtenant, such information as to its financial responsibility and standing as Landlord may reasonably require, and all of the terms and provisions upon which the proposed assignment or subletting is to be made, and, unless the proposed sublet area shall constitute the entire Leased Premises, such statement shall be accompanied by a floor plan delineating the proposed sublet area. Any attempted transfer, assignment, subletting, mortgaging or encumbering of this Lease in violation of the provisions of this Section shall be void and confer no rights upon any third person. No permitted assignment or subletting shall relieve Tenant of any of its obligations under this Lease.

(c) Merger and Consolidation. Notwithstanding the provisions of subsection (b), Tenant shall have the privilege, without the consent of Landlord, to assign its interest in this Lease to any corporation which is a successor to Tenant, either by merger or consolidation, or to any corporation which controls, is controlled by, or is under common control with, the Tenant. However, no such assignment shall be valid unless, within 10 days after the consummation thereof, Tenant shall deliver to Landlord (i) a duplicate original instrument of assignment in form reasonably satisfactory to Landlord, duly executed by Tenant, and (ii) an instrument in form and substance reasonably satisfactory to Landlord, duly executed by the assignee, in which such assignee shall agree to observe and perform, and to be personally bound by, all of the terms, covenants and conditions of this Lease on Tenant's part to be observed and performed, whether or not accruing prior to or after the date of such assignment and whether or not relating to matters arising prior to such assignment.

(d) Permitted Subletting. Unless an Event of Default has occurred and is continuing, Landlord shall not unreasonably withhold or delay Landlord's consent to sublettings by Tenant of a part or parts of the Leased Premises, but Landlord shall not be obligated to consent to a subletting for a use prohibited by Section 6(a). Each such subletting shall be for undivided occupancy by the subtenant of that part of the Floor affected thereby for the use permitted under this Lease. Landlord may, however, withhold such consent if; in Landlord's reasonable judgment, the proposed subtenant is not engaged in a business consistent with the character and dignity of the Building, or will impose any additional material burden upon Landlord in the operation of the Building (to an extent greater than the burden to which Landlord would have been put if Tenant continued to use, or used, such part of the Leased Premises for its own purpose). In the event of any dispute between Landlord and Tenant as to the reasonableness of Landlord's refusal to consent to any subletting such dispute shall be submitted to mediation pursuant to Section 28. Except as otherwise set forth in subsection (a) if any portion of the Leased Premises is sublet at any time, and if the rent received by Tenant on account of such subletting exceeds the Basic Rent, _____ allocated to the space subject to the sublease in the proportion of the area of such space to the Rentable Area of the Leased Premises; plus actual out-of-pocket expenses incurred by Tenant in connection with Tenant's subleasing of such space, including advertising, advertising, attorneys' fees, brokerage commissions and the unamortized cost of preparing such space for occupancy by the subtenant, then, except as otherwise provided in the next sentence, Tenant shall pay to Landlord fifty percent (50%) of such excess, monthly as received by Tenant from the subtenant. Except as otherwise set forth in subsection (a), Landlord shall not share in any profit derived by Tenant from the permitted subletting of all or any part of the space located on the Floor designated by Tenant as its "Sublet Floor" in a notice given to Landlord before Tenant enters into its first permitted sublease pursuant to this subsection. Notwithstanding anything to the contrary in this Section 15(d), Tenant shall have the right to sublet space in the Leased Premises to Tenant's affiliates (hereinafter defined), subcontractors or consultants without notice to or the consent of Landlord, and, except as set forth in Section 15(a), without paying any portion of the profits of such subletting to Landlord. As used herein, a "Tenant's affiliate" shall mean a corporation or other entity which controls, is controlled by or is under common control with Tenant, or which is a joint venture partner of Tenant.

(e) Collection of Rent from Assignee. If Tenant's interest in this Lease is assigned, whether or not in violation of the provisions of this Section, Landlord may collect rent from the assignee; if the Leased Premises or any part thereof are sublet to, or occupied by, or used by, any Person other than Tenant, whether or not in violation of this Section, Landlord, after default by Tenant under this Lease, may collect rent from the subtenant, user or occupant. In either case, Landlord shall apply the amount collected to the rents reserved in this Lease, but neither any such assignment, subletting, occupancy or use, whether with or without Landlord's prior consent, nor any such collection or application, shall be deemed a waiver of any term, covenant or condition of this Lease or

the acceptance by Landlord of such assignee, subtenant, occupant or user as tenant. The consent by Landlord to any assignment or subletting shall not relieve Tenant from its obligation to obtain the express prior consent of Landlord to any further assignment or subletting. The listing of any name other than that of Tenant on any door of the Leased Premises or on any directory in the Building, or otherwise, shall not operate to vest in the Person so named any right or interest in this Lease or in the Leased Premises or be deemed to constitute, or serve as a substitute for, any prior consent of Landlord required under this Section, and it is understood that any such listing shall constitute a privilege extended by Landlord which shall be revocable at Landlord's will by notice to Tenant. Neither an assignment of Tenant's interest in this Lease nor a subletting, occupancy or use of the Leased Premises or any part thereof by any Person other than Tenant, nor the collection of rent by Landlord from any Person other than Tenant as provided in this subsection, nor the application of any such rent as provided in this subsection shall, in any circumstances, relieve Tenant from its obligation fully to observe and perform the terms, covenants and conditions of this Lease on Tenant's part to be observed and performed.

16. Default Provisions.

(a) Events of Default. Each of the following events shall be deemed to be, and is referred to in this Lease as, an "Event of Default":

(1) A default by Tenant in making any payment of Basic Rent or Additional Charges on the date such payment is due and payable which continues for more than five days after Landlord shall have given Tenant a written notice specifying such default.

(2) If, within any period of 12 consecutive months, Landlord has given two written notices to Tenant pursuant to paragraph (1), a further default by Tenant, within the 12-month period after the giving of the second such notice, in making any payment of Basic Rent or Additional Charges on the date such payment is due which continues for more than 10 days after such payment is due; or

(3) The neglect or failure of Tenant to perform or observe any of the terms, covenants or conditions contained in this Lease on Tenant's part to be performed or observed (other than those referred to in paragraph (1) above) which is not remedied by Tenant (i) within 20 days after Landlord shall have given to Tenant written notice specifying such neglect or failure, or (ii) in the case of any such neglect or failure which cannot with due diligence and in good faith be cured within 20 days, within such additional period, if any, as may be reasonably required to cure such default with due diligence and in good faith provided that Tenant commences the curing of the same within the 20-day period (it being intended that, in connection with any such default which is not susceptible of being cured with due diligence and in good faith within 20 days, the time within which the Tenant is required to cure such default shall be extended (or such additional period as may be necessary for the curing thereof with due diligence and in good faith); or

(4) The assignment, transfer, mortgaging or encumbering of this Lease or the subletting of the Leased Premises in a manner not permitted by Section 15; or

(5) The taking of this Lease or the Leased Premises, or any part thereof, upon execution or by other process of law directed against Tenant, or upon or subject to any attachment at the instance of any creditor of or claimant against Tenant, which execution or attachment shall not be discharged or disposed of within 30 days after the levy thereof.

(b) Landlord's Rights Upon Event of Default. Upon the occurrence of an Event of Default, Landlord shall have the right, at its election, then or at any time thereafter while such Event of Default shall continue, either:

(1) To give Tenant written notice that this Lease will terminate on a date to be specified in such notice, which date shall not be less than three days after such notice if such notice is sent by registered or certified mail, but which date may be the date of such notice or any date thereafter if such notice is delivered in person, and on the date specified in such notice Tenant's right to possession of the Leased Premises shall cease and this Lease shall thereupon be terminated, but Tenant shall remain liable as provided in subsection (c); or

(2) Without demand or notice, to reenter or take possession of the Leased Premises, or any part thereof, and repossess the same as of Landlord's former estate and expel Tenant and those claiming through or under Tenant and remove the effects of both or either, either by summary proceedings, or by action at law or in equity, without being deemed guilty of any manner of trespass and without prejudice to any remedies for arrears of rent or preceding breach of covenant.

If Landlord elects to re-enter under paragraph (2), Landlord may terminate this Lease, or, from time to time, without terminating this Lease, may relet the Leased Premises, or any part thereof, as agent for Tenant for such term or terms and at such rental or rentals and upon such other terms and conditions as Landlord may deem advisable, with the right to make alterations and repairs to the Leased Premises. No such re-entry or taking of possession of the Leased Premises by Landlord shall be construed as an election on Landlord's part to terminate this Lease unless a written notice of such intention is given to Tenant under paragraph (1) or unless the termination thereof be decreed by a court of competent jurisdiction. Tenant waives any right to the service of any notice of Landlord's intention to reenter provided for by any present or future law.

(c) Tenant's Liability for Damages. If Landlord terminates this Lease pursuant to subsection (b), Tenant shall remain liable (in addition to accrued liabilities) to

the extent legally permissible for (i) the sum of (A) all Basic Rent and Additional Charges provided (or in this Lease until the date this Lease would have expired had such termination not occurred, and (B) any and all reasonable expenses incurred by Landlord in reentering the Leased Premises, repossessing the same, making good any default of Tenant, painting, altering or dividing the Leased Premises, combining the same with any adjacent space for any new tenants, putting the same in proper repair, reletting the same (including any and all reasonable attorney's fees and disbursements and reasonable brokerage fees incurred in so doing), and any and all expenses which Landlord may incur during the occupancy of any new tenant (other than expenses of a type that are Landlord's responsibility under the terms of this Lease); less (ii) the proceeds of any reletting. Tenant agrees to pay to Landlord the difference between items (i) and (ii) above with respect to each month during the Term, at the end of such month. Any suit brought by Landlord to enforce collection of such difference for any one month shall not prejudice Landlord's right to enforce the collection of any difference for any subsequent month. In addition to the foregoing, Tenant shall pay to Landlord, whether or not the Lease is terminated, such sums as the court which has jurisdiction thereover may adjudge reasonable as attorney's fees with respect to any successful law suit or action instituted by Landlord to enforce the provisions of this Lease. Landlord shall have the right, at its sole option, to relet the whole or any part of this Leased Premises for the whole of the unexpired Term, or longer, or from time to time for shorter periods, for any rental then obtainable, giving such concessions of rent and making such special repairs, alterations, decorations and paintings for any new tenant as Landlord, in its sole and absolute discretion, may deem advisable. Tenant's liability as aforesaid shall survive the institution of summary proceedings and the issuance of any warrant thereunder. Landlord shall be under no obligation to relet the Leased Premises, but agrees to use its best efforts to do so.

(d) Liquidated Damages. If Landlord terminates this Lease pursuant to subsection (b), Landlord shall have the right, at any time, at its option, to require Tenant to pay to Landlord, on demand, as liquidated and agreed final damages in lieu of Tenant's liability under subsection (c), an amount equal to the difference discounted to the date of such demand at an annual rate of interest equal to the then-current yield on actively traded U.S. Treasury bonds with 10-year maturities, as published in the Federal Reserve Statistical Release for the week prior to the date of such termination, between (i) the Basic Rent and Additional Charges, computed on the basis of the then current annual rate of Basic Rent and Additional Charges, which would have been payable from the date of such demand to the date when this Lease would have expired, if it had not been terminated, and (ii) the then fair rental value of the Leased Premises for the same period. Upon exercise of this option by Landlord and payment of such liquidated and agreed final damages, Tenant shall be released from all further liability under this Lease with respect to the period after the date of such demand. If, after the Event of Default giving rise to the termination of this Lease, but before presentation of proof of such liquidated damages, the Leased Premises, or any part thereof, shall be relet by Landlord for a term of one year or more, the amount of rent reserved upon such reletting shall be deemed to be the fair rental value for the part of the Leased Premises so relet during the term of such reletting.

(e) Rights and Remedies Cumulative. The rights and remedies herein conferred are cumulative and not exclusive of any other rights or remedies, and shall be in addition to every other right, power and remedy that Landlord may have, whether specifically granted herein, or presently or hereafter existing at law, in equity, or by statute.

17. Bankruptcy.

(a) Events of Bankruptcy. The following shall be Events of Bankruptcy under this Lease: (i) Tenant's becoming insolvent, as that term is defined in Title 11 of the United States Code (the "Bankruptcy Code") or under the insolvency laws of any state, district, commonwealth or territory of the United States (the "Insolvency Laws"); (ii) the appointment of a receiver or custodian for any or all of Tenant's property or assets, or the institution of a foreclosure action upon any of Tenant's real or personal property; (iii) the filing of a voluntary petition under the provisions of the Bankruptcy Code or insolvency Laws; (iv) the filing of an involuntary petition against Tenant as the subject debtor under the Bankruptcy Code or insolvency Laws, which either (A) is not dismissed within sixty (60) days of filing, or (B) results in the issuance of an order for relief against the debtor or (iv) Tenants making or consenting to an assignment for the benefit of creditors or a common law composition of creditors.

(b) Landlord's Rights Upon Event of Bankruptcy. Upon the occurrence of an Event of Bankruptcy, Landlord shall have all rights and remedies available no Landlord pursuant no Section 16; provided, however, that while a case in which Tenant is the subject debtor under the Bankruptcy Code is pending, Landlord shall not exercise its rights and remedies pursuant to Section 16 so long as (1) the Bankruptcy Code prohibits the exercise of such rights and remedies, and (2) Tenant or its Trustee in Bankruptcy (hereinafter referred to as "Trustee") (i) cures all defaults under this Lease, (ii) compensates Landlord for monetary damages incurred as a result of such defaults, (iii) provides adequate assurance of future performance on the part of Tenant as debtor in possession or on the part of the assignee tenant, and (iv) complies with all other requirements of the Bankruptcy Code.

18. Either Party May Perform the Other's Obligations.

If Tenant shall fail to keep or perform any of its obligations as provided in this Lease in respect to (a) maintenance of insurance, (b) repairs and maintenance of the Leased Premises, (c) compliance with Legal Requirements, or (d) the making of any other payment or performance of any other obligation, then Landlord may (but shall not be obligated to do so) upon the continuance of such failure on Tenant's part for 10 days after written notice to Tenant (or after such additional period, if any, as Tenant may reasonably require to cure such failure if of a nature which cannot be cured within said 10 day period), or without notice in the case of an emergency, and without waiving or releasing Tenant from any obligation, and as an additional but not exclusive remedy, make any such payment or perform any such obligation and all sums so paid by Landlord and all necessary incidental costs and expenses, including attorney's fees, incurred by Landlord in making such payment or performing such obligation,

together with interest thereon from the date of payment at the Default Interest Rate, shall be deemed additional rent and shall be paid to Landlord on demand, or at Landlord's option may be added to any installment of Basic Rent thereafter falling due, and if not so paid by Tenant, Landlord shall have the same rights and remedies as in the case of a default by Tenant in the payment of Basic Rent. If Landlord shall fail to keep or perform any of its obligations as provided in this Lease in respect to (a) maintenance of insurance, (b) repairs and maintenance of the Leased Premises, the Building or the common areas, or (c) the making of any other payment or performance of any other obligation, then Tenant may (but shall not be obligated to do so) upon the continuance of such failure on Landlord's part for 10 days after written notice to Landlord (or after such additional period, if any, as Landlord may reasonably require to cure such failure if of a nature which cannot be cured within said 10 day period), or without notice in the case of an emergency, and without waiving or releasing Landlord from any obligation, and as an additional but not exclusive remedy, make any such payment or perform any such obligation and all sums so paid by Tenant and all necessary incidental costs and expenses, including-attorney's fees, incurred by Tenant in making such payment or performing such obligation, together with interest thereon from the date of payment at the Default Interest Rate, shall be paid by Landlord to Tenant on demand.

19. Security Deposit.

(a) Use and Application. Tenant has deposited with Landlord the Security Deposit, as security for the prompt, full and faithful performance by Tenant of each and every provision of this Lease and of all obligations of Tenant hereunder. Landlord has invested the Security Deposit and shall keep the same invested, in (i) prime commercial paper, banker's acceptances or certificates of deposit in United States commercial banks (having net assets in excess of \$100,000,000) in each case having a maturity of not more than 30 days, or (ii) obligations of the United States Government having a maturity of not more than 90 days, or (iii) one or more mutual funds which invest their assets primarily in investment of the type described in clauses (i) and (ii), or (iv) one or more interest-bearing accounts in financial institutions the deposits in which are insured by an agency of the United States. If an Event of Default occurs, Landlord may use, apply or retain the whole or any part of the Security Deposit for the payment of (i) any Basic Rent or Additional Charges which Tenant may not have paid or which may become due after the occurrence of such Event of Default, (ii) any sum expended by Landlord on Tenant's behalf in accordance with the provisions of this Lease, or (iii) any sum which Landlord may expend or be required to expend by reason of Tenant's default, including damages or deficiency in the reletting of the Leased Premises as provided in Section 16. The use, application or retention of the Security Deposit, or any portion thereof, by Landlord shall not prevent Landlord from exercising any other right or remedy provided by this Lease or by law and shall not operate as a limitation on any recovery to which Landlord may otherwise be entitled. If any portion of the Security Deposit is used, applied or retained by Landlord for the purpose set forth above, Tenant agrees, within 10 days after a written demand therefor is made by Landlord, to deposit cash with the Landlord in an amount sufficient to restore the Security Deposit to its original amount.

(b) Return of Security Deposit. Provided that Tenant is not then in default, the Security Deposit, or any balance thereof, and all accrued interest or gains thereon, shall be returned to Tenant within thirty (30) days after the expiration of the Term. In the absence of evidence satisfactory to Landlord of any permitted assignment of the right to receive the Security Deposit, or the remaining balance thereof, Landlord may return the same to the original Tenant, regardless of one or more assignments of Tenant's interest in this Lease or the Security Deposit. In such event, upon the return of the Security Deposit (or balance thereof) to the original Tenant, Landlord shall be completely relieved of liability under this Section.

(c) Return of Accrued Interest on Security Deposit. Within thirty (30) days after the execution of this Lease by both parties hereto, Landlord will return all accrued interest on the Security Deposit to Tenant.

(d) Transfer of Security Deposit. In the event of a transfer of Landlord's interest in the Leased Premises, Landlord shall have the right to transfer the Security Deposit to the transferee thereof. In such event, upon the delivery by Landlord to Tenant of such transferee's written acknowledgment of its receipt of the Security Deposit, Landlord shall be deemed to have been released by Tenant from all liability or obligation for the return of the Security Deposit, and Tenant agrees to look solely to such transferee for the return of the Security Deposit and the transferee shall be bound by all provisions of this Lease relating to the return of the Security Deposit.

(e) Restrictions on Encumbering. The Security Deposit shall not be mortgaged, assigned or encumbered in any manner whatsoever by Tenant without the prior written consent of Landlord.

(f) Letter of Credit. At any time during the Term, Tenant shall have the right to deliver to Landlord a letter of credit in the amount of the Security Deposit, to be held by Landlord as security for the performance by Tenant of all of the obligations to be performed by it under this Lease. In such event, Landlord shall refund the cash Security Deposit and all accrued interest thereon to Tenant within fifteen (15) days after receipt of such letter of credit. The letter of credit (and each replacement or renewal thereof) shall (i) be irrevocable, (ii) be issued by NationsBank, N.A. or another national bank having an office in Washington, D.C. or Fairfax County, Virginia, which has net assets of \$50,000,000 or more, (iii) be for a term of not less than 12 months after the date of issuance, and (iv) authorize Landlord to draw thereon by a sight draft delivered to the issuing bank accompanied by an affidavit of a general partner, or executive officer, of Landlord that an Event of Default has occurred and is continuing or that Tenant has failed to deliver a replacement letter of credit within the time required by this subsection. Tenant shall, on or before the 30th day before the expiration date of the letter of credit then being held by Landlord under this subsection, deliver to Landlord an extension or renewal of the letter of credit for a period of not less than 12 months. Tenant shall extend or renew the letter of credit, or any extension or renewal thereof, for successive periods of at least 12 months each throughout the Term. Upon the occurrence of an Event of Default or the Tenant's failure to deliver a replacement letter of credit within the time

required by this subsection, Landlord shall be authorized to draw on the letter of credit then being held by it. Landlord shall receive, hold and apply the proceeds of the letter of credit in the same manner and on the same terms as the Security Deposit. All references in this Lease to the "Security Deposit" shall be deemed to include the proceeds of the letter of credit.

20. Subordination.

(a) Mortgages. This Lease and Tenant's interest hereunder shall have priority over, and be senior to, the lien of any Mortgage made by Landlord after the date of this Lease. However, if at any time or from time to time during the Term, a Mortgagee or prospective Mortgagee requests that this Lease be subject and subordinate to its Mortgage, this Lease and Tenant's interest hereunder shall be subject and subordinate to the lien of such Mortgage and to all renewals, modifications, replacements consolidations and extensions thereof and to any and all advances made thereunder and the interest thereon. Tenant agrees that, within 10 days after receipt of a written request therefor from Landlord, it will, from time to time, execute and deliver any instrument or other document required by any such Mortgagee to subordinate this Lease and its interest in the Leased Premises to the lien of such Mortgage. If, at any time or from time to time during the Term, a Mortgagee of a Mortgage made prior to the date of this Lease shall request that this lease have priority over the lien of such Mortgage, and if Landlord consents thereto, this Lease shall have priority over the lien of such Mortgage and all renewals, modifications, replacements, consolidations and extensions thereof and all advances made thereunder and the interest thereon, and Tenant shall, within 10 days after receipt of a written request therefor from Landlord, execute, acknowledge and deliver any and all documents and instruments confirming the priority of this Lease. In any event, however, if this Lease shall have priority over the lien of a Mortgage, this Lease shall not become subject or subordinate to the lien of any subordinate Mortgage, and Tenant shall not execute any subordination documents or instruments for any subordinate Mortgage, without the written consent of the prior Mortgagee.

(b) Ground Leases. This Lease and Tenant's interest hereunder shall be subject and subordinate to each and every ground or underlying lease hereafter made of the Building or the land on which it is constructed, or both, and to all renewals, modifications, replacements and extensions thereof. Tenant agrees that, within 10 days after receipt of written request therefor from Landlord, it will, from time to time, execute, acknowledge and deliver any instrument or other document required by any such lessor to subordinate this Lease and its interest in the Leased Premises to such ground or underlying lease.

(c) First Mortgagee's Right of Cure. If (i) the Building, or any part thereof, or the land on which the Building is constructed, or the Landlord's leasehold estate in the Building, is at any time subject to a first Mortgage, and (ii) this Lease, or the Basic Rent and Additional Charges payable under this Lease is assigned to the first Mortgagee; and (iii) the Tenant is given written notice of such assignment, including the name and address of the assignee, then, in that event, Tenant shall not terminate this Lease or make

any abatement in the Basic Rent payable hereunder for any default on the part of the Landlord without first giving written notice, in the manner provided, elsewhere in this Lease for the giving of notices, to such first Mortgagee, specifying the default in reasonable detail, and affording such first Mortgagee a reasonable opportunity to make performance, as its election, for and on behalf of the Landlord.

(d) Non-Disturbance Agreement. Notwithstanding the provisions of subsections (a) and (b), neither this Lease nor any right, title or interest of Tenant in the Leased Premises shall be subordinate to the lien of any ground or underlying lease or any Mortgage made or placed after the date of this Lease, and Tenant shall not be required to subordinate this Lease or Tenant's interest in the Leased Premises to any such ground or underlying lease or any such Mortgage, unless such lease or Mortgage contains an express provision (or the lessor or the Mortgagee or other party secured by the Mortgage agrees in writing) to the effect that so long as this Lease has not been terminated by reason of the occurrence of an Event of Default, the lessor or the Mortgagee (or other party secured by the Mortgage) will be bound by all of the terms and provisions of this Lease (except as otherwise set forth in such agreement), a default by the Landlord under such lease or by the mortgagor under such Mortgage shall not have any effect upon Tenant's right to occupy the Leased Premises in accordance with all of the terms and conditions of this Lease, and the term, estate and options of Tenant under this Lease shall not be terminated or otherwise effected by a termination of such ground or underlying lease or a foreclosure and sale or other action instituted under or in connection with such Mortgage. Contemporaneously with the execution of this Lease, Landlord shall deliver to Tenant a non-disturbance agreement, in form reasonably satisfactory to Tenant, from the Mortgagee under any existing Mortgage, to the effect that so long as this Lease has not been terminated by reason of the occurrence of an Event of Default, the Mortgagee (or other party secured by the Mortgage) will be bound by all of the terms and provisions of this Lease, a default by the mortgagor under such Mortgage shall not have any effect upon Tenant's right to occupy the Leased Premises in accordance with all of the terms and conditions of this Lease, and the term, estate and options of Tenant under this Lease shall not be terminated or otherwise affected by a foreclosure and sale or other action instituted under or in connection with such Mortgage. Contemporaneously with the execution of this Agreement, Landlord shall deliver to Tenant a non-disturbance agreement, its form reasonably satisfactory to Tenant, from the lessor under the Ground Lease, to the effect that so long as this Lease has not been terminated by reason of the occurrence of an Event of Default, the lessor will be bound by all of the terms and provisions of this Lease, a default by the Landlord under such Ground Lease shall not have any effect upon Tenant's right to occupy the Leased Premises in accordance with all of the terms and conditions of this Lease, and the term, estate and options of Tenant under this Lease shall not be terminated or otherwise affected by a termination of such Ground Lease.

21. Attornment.

In the event of (a) a transfer of Landlord's interest in the Leased Premises, (b) the termination of any ground or underlying lease of the Building or the land on which it is

constructed, or both, or (c) the purchase of the Building or Landlord's interest therein in a foreclosure sale or by deed in lieu of foreclosure under any Mortgage or pursuant to a power of sale contained in any Mortgage, then in any of such events Tenant shall, at Landlord's request, attorn to and recognize the transferee or purchaser of Landlord's interest or the lessor under the terminated ground or underlying lease, as the case may be, as Landlord under this Lease for the balance then remaining of the Term, and thereafter this Lease shall continued as a direct lease between such person, as "Landlord" and Tenant, as "Tenant," except that such lessor, transferee or purchase shall not be liable for any act or omission of Landlord prior to such lease termination or prior to such person's succession to title, nor be subject to any offset, defense or counterclaim accruing prior to such lease termination or prior to such person's succession to title, nor be bound by any payment of Basic Rent or Additional Charges prior to such lease termination or prior to such person's succession to title for more than one month in advance. Tenant shall, upon request by Landlord or the transferee or purchaser of Landlord's interest or the lessor under the terminated ground or underlying lease, as the case may be, execute and delivery an instrument or instruments confirming the foregoing provisions of this Section. Tenant hereby waives the provisions of any present or future law or regulation which gives or purports to give Tenant any right to terminate or otherwise adversely affect this Lease, or the obligations of Tenant hereunder, upon or as a result of the termination of any such ground or underlying lease or the completion of any such foreclosure and sale.

22. Quiet Enjoyment.

Landlord covenants that Tenant, upon paying the Basic Rent and the Additional Charges provided for in this Lease, and upon performing and observing all of the terms, covenants, conditions and provisions of this Lease on Tenant's part to be kept, observed and performed, shall quietly hold, occupy and enjoy the Leased Premises during the Term without hindrance, ejection or molestation by Landlord or any party lawfully claiming through or under Landlord.

23. Landlord's Right of Access to Leased Premises.

(a) Right of Entry. Landlord and its agents shall have the following rights in and about the Leased Premises; (i) to enter the Leased Premises at all reasonable times to examine the Leased Premises or for any of the purposes set forth in this Section or for the purpose of performing any obligation of Landlord under this Lease or exercising any right or remedy reserved to Landlord in this Lease, and if Tenant, its officers, partners, agents or employees shall not be personally present or shall not open and permit an entry into the Leased Premises at any time when such entry shall be necessary or permissible, to use a master key or forcibly to enter the Leased Premises; (ii) to erect, install, use and maintain pipes, ducts and conduits in and through the Leased Premises which, when completed, will not substantially interfere with the use or appearance or materially reduce the space afforded to Tenant in the Leased Premises; (iii) to exhibit the Leased Premises to others at reasonable times and for reasonable purposes, (iv) to make such repairs, alterations or improvements, or to perform maintenance of all heating, air-conditioning, elevator, plumbing, electrical and other mechanical facilities installed by Landlord, as may be required from time to time by this Lease to be made or performed by Landlord; (v) to take all materials into and upon the Leased Premises that may be required in

connection with any such repairs, alterations, improvements or maintenance; and (vi) to alter, renovate and decorate the Leased Premises at any time during the Term if Tenant shall have removed all or substantially all of Tenant's property from the Leased Premises. Landlord agrees to give prior notice before it exercises its rights under this subsection, except that Landlord may enter the Leased Premises without notice in the case of an emergency. In making such an entry, Landlord agrees to use reasonable efforts to avoid interfering with the regular amid usual conduct of the Tenant's business. Notwithstanding anything to the contrary herein, Landlord may obtain access to the double-secured areas of the Leased Premises only with the permission and assistance of Tenant's Director of Facilities, except in the event of an emergency posing a threat of immediate injury to persons or property.

(b) Rights in Adjacent Areas. Except as otherwise provided in Section 10, all parts (except surfaces facing the interior of the Leased Premises) of all walls, windows and doors bounding the Leased Premises (including exterior Building walls, corridor walls, doors and entrances), all balconies, terraces and roofs adjacent to the Leased Premises, all space in or adjacent to the Leased Premises used for shafts, stacks, stairways, chutes, pipes, conduits, ducts, fan rooms, heating, air-conditioning, plumbing, electrical and other mechanical facilities installed by Landlord, service closets and other Building facilities, and the use thereof, as well as access thereto through the Leased Premises for the purposes of operation, maintenance, alteration and repair, are hereby reserved to Landlord. Nothing contained in this Section shall impose any obligation upon Landlord with respect to the operation, maintenance, alteration or repair of the Leased Premises or the Building.

(c) Effect of Landlord's Entry. The exercise by Landlord or its agents of any right reserved to Landlord in this Section shall not constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of rent, or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord, or its agents, or upon any lessor under any ground or underlying lease, by reason of inconvenience or annoyance to Tenant, or injury to or interruption of Tenant's business, or otherwise. Landlord agrees to exercise its rights under this Section in a manner designed to minimize interference with Tenant's normal business operations, without any obligation, however, to employ labor at overtime or other premium pay rates.

24. Limitation on Landlord's Liability.

(a) Accidents, etc. Except for damages resulting from the willful or negligent act or omission of Landlord, its agents, employees or contractors, Landlord shall not be liable to Tenant, its employees, agents, business invitees, licensees, customers, guests or trespassers, for any damage or loss to the property of Tenant or others located on the Leased Premises, or in the Building or the land on which it is built, or for any accident or injury to Persons in the Leased Premises or the Building, resulting from the necessity of repairing any portion of the Building; the use or operation (by Tenant or any other Person or Persons whatsoever) of any elevators, or heating, cooling, electrical or plumbing equipment or apparatus; the termination of this Lease by reason of the destruction of the

Building or the Leased Premises; any fire, robbery, theft, and/or any other casualty; any leaking in any part or portion of the Leased Premises or the Building; any water, wind, rain, or snow that may leak into, or flow from any part of the Leased Premises or the Building; any acts or omissions of any occupant of any space adjacent to or adjoining all or any part of the Leased Premises, any water, gas, steam, fire, explosion, electricity or falling plaster, the bursting, stoppage or leakage of any pipes, sewer pipes, drains, conduits, appliances or plumbing works; or any other cause whatsoever.

(b) Unavoidable Delays. Neither Landlord nor Tenant shall be required to perform any of its obligations under any provision of this Lease, or be liable for loss or damage for failure to do so, nor shall the other party be released from any of its obligations under this Lease because of such party's failure to perform, where such failure arises from or through Unavoidable Delays or Legal Requirements. If Landlord or Tenant is so delayed or prevented from performing any of its obligations during the Term, the period of such delay or such prevention shall be deemed added to the time herein provided for the performance of any such obligation. Lack of funds shall not be deemed an Unavoidable Delay for purposes of this Section 24(b), and nothing in this Section 24(b) shall excuse Tenant's failure to promptly pay any Basic Rent or Additional Charges due under this Lease, or Landlord's or Tenant's failure to maintain policies or deliver certificates of insurance required hereunder.

(c) Building Services. If Landlord shall fail to supply, or be delayed in applying, any service expressly or impliedly to be supplied under this Lease, or shall be unable to make, or be delayed in making, any repairs, alterations, additions, improvements or decorations, or shall be unable to supply, or be delayed in supplying, any equipment or fixtures, and if such failure, delay or inability shall result from Unavoidable Delays, such failure, delay or inability shall not constitute an actual or constructive eviction, in whole or in part, or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord or its agents by reason of inconvenience to Tenant, or injury to, or interruption of, Tenant's business, or otherwise, or entitle Tenant to any abatement or diminution of rent except as provided in Section 3(i).

(d) Liability Limited to Landlord's Estate. Notwithstanding any provision to the contrary, Tenant shall look solely to the estate and property of Landlord in and to the Building (or the proceeds received by Landlord on a sale of such estate and property but not the proceeds of any financing or refinancing thereof) in the event of any claim against Landlord arising out of or in connection with this Lease, the relationship of Landlord and Tenant or Tenant's use of the Leased Premises, and Tenant agrees that the liability of Landlord arising out of or in connection with this Lease, the relationship of Landlord and Tenant or Tenant's use of the Leased Premises, shall be limited to such estate and property of Landlord (or sale, insurance or condemnation proceeds in connection therewith). No other properties or assets of Landlord shall be subject to levy, execution or other enforcement procedures for the satisfaction of any judgment (or other judicial process) or for the satisfaction of any other remedy of Tenant arising out of or in connection with this Lease, the relationship of Landlord and Tenant or Tenant's use of

the Leased Premises, and if Tenant shall acquire a lien on or interest in any other properties or assets by judgment or otherwise, Tenant shall promptly release such lien on or interest in such other properties and assets by executing, acknowledging and delivering to Landlord an instrument to that effect prepared by Landlord's attorneys.

25. Estoppel Certificates.

Tenant and Landlord each agrees, from time to time, within 15 days after written request therefor by the other party, to execute, acknowledge and deliver to the other party a statement in writing certifying to the other party, any Mortgagee, assignee of a Mortgagee, or any purchaser, of the Building or the land on which it is constructed, or both, or any other Person designated by the other party, as of the date of such statement, (i) that Tenant is in possession of the Leased Premises; (ii) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified and setting forth such modifications); (iii) whether or not there are then existing any set-offs or defenses known to such party against the enforcement of any right or remedy of the other party, or any duty or obligation of such party, hereunder (and, if so, specifying the same in detail); (iv) the dates, if any, to which any Basic Rent or Additional Charges have been paid in advance; (v) that such party has no knowledge of any uncured defaults on the part of the other party under this Lease (or, if such party has knowledge of any such uncured defaults, specifying the same in detail); (vi) that such party has no knowledge of any event having occurred that authorizes the termination of this Lease by such party (or, if such party has such knowledge, specifying the same in detail); (vii) the amount of any Security Deposit held by Landlord; and (viii) any additional facts reasonably requested by any such Mortgagee, assignee of a Mortgagee, purchaser or other Person.

26. Surrender of Leased Premises.

(a) Possession. Tenant shall, on or before the last day of the Term, except as otherwise expressly provided elsewhere in this Lease, remove all of its property and peaceably and quietly leave, surrender and yield up to the Landlord the Leased Premises, free of subtenancies, broom clean and in good order and condition except for reasonable wear and tear, damage by fire or other casualty, or conditions requiring repair by Landlord hereunder at Landlord's expense.

(b) Inspection of Leased Premises. At the time Tenant surrenders the Leased Premises at the end of the Term, or within twenty (20) days thereafter, Landlord and Tenant, or their respective agents shall inspect the Leased Premises and shall prepare and sign an inspection form to describe the condition of the Leased Premises at the time [ILLEGIBLE]

If Tenant shall hold over possession of the Leased Premises after the end of the Term, Tenant shall be deemed to be occupying the Leased Premises as a Tenant from month-to-month, at one hundred fifty percent (150%) of the Basic Rent, adjusted to a monthly basis, and subject to all the other conditions, provisions and obligations of this Lease insofar as the same are applicable, or as the same shall be adjusted, to a month-to-month tenancy.

28. Mediation.

In any case in which it is provided by the terms of this Lease that any matter shall be determined by mediation, then such mediation shall be in accordance with the Commercial Mediation Rules then in effect of the American Arbitration Association ("AAA"). The mediation proceeding shall be conducted in Washington, D.C., by one mediator selected by the AAA. The cost of the mediation, including filing fees with the AAA and the cost of the mediator, shall be borne equally by the parties. In the mediation sessions, the parties shall endeavor in good faith to resolve the claim or controversy at issue. Any party or the mediator shall have the right to terminate the mediation at any time after the first mediation session. Neither party may make any disclosure of the existence or results of the mediation without the prior written consent of the other party. The mediator may not make any disclosure of the existence or results of the mediation without the prior written consent of both parties. No discussions in the mediation shall be admissible in any litigation between the parties, and the mediator shall not be subject to subpoena to testify to any communication between the mediator and either party. If the parties are unable to settle the matter by mediation, then either party may submit such matter to litigation.

29. Parking.

Throughout the Term, Tenant shall be entitled to the use of 675 parking spaces in the structured parking facility for the Office Park (the "Parking Spaces"), without additional charge therefor. The Parking Spaces shall be available to Tenant and/or its employees on an unreserved basis, in common with the other tenants of the Office Park.

30. Renewal of Term.

Provided that this Lease shall be in full force and effect and that Tenant shall not then be in default, Tenant shall have the right, at Tenant's sole option, to extend the Lease for one (1) consecutive additional period of five (5) years (such additional period being hereinafter referred to as the "Renewal Period", if exercised, and included in the definition of the Term). Such option to extend shall be exercised by Tenant giving written notice of the exercise to Landlord at least twenty-four (24) months prior to the expiration of the Initial Term of this Lease. The Renewal Period shall be for the same Basic Rent payable during the last Lease Year of the Initial Term, escalated at the commencement of the Renewal Period and at the commencement of each Lease Year thereafter by the inflation Adjustment, and upon the same terms, covenants and conditions set forth in this Lease with respect to the Initial Term, and Tenant's obligations to pay Operating Expense Increases pursuant to Section 3(b) shall continue without interruption during the Renewal Period. In the event Tenant defaults beyond any applicable cure period under this Lease after providing notice of exercise of its renewal option but prior to the expiration of the Initial Term, such exercise shall, at Landlord's option exercised by written notice to Tenant, be ab initio.

31. Shuttle Service.

Landlord shall provide for Tenant's employees, other tenants of the Building and other adjacent buildings owned by Landlord or affiliates, and the employees of such other tenants a private shuttle bus service between the Building and the Vienna Metro Station. Subject to Unavoidable Delays, the shuttle bus service shall be provided throughout the Term and continuously during the hours between 7:00 a.m. and 8:00 p.m. on Business Days. Landlord shall use shuttle buses which have reasonably adequate seating capacity taking into account average passenger usage from time to time. Landlord shall provide private shuttle bus service for Tenant's employees at times in addition to those specified in this Section, at Tenant's expense, as mutually agreed upon by Landlord and Tenant. Landlord shall charge Tenant for after-hours service at an hourly rate from time to time established by Landlord, in its sole discretion, but in no event will the rate per hour charged to Tenant be more than an amount per hour which represents Landlord's reasonable estimate of its actual cost of providing such after-hours service, including labor, cost of fuel, and wear and tear on equipment, plus an allowance of 10% thereof to cover general overhead. In the event the same after-hours service is also requested by other tenants of the Building (or any other building owned by Landlord or its affiliates) in addition to Tenant, the charge therefor to each tenant requesting such after-hours service shall be a pro-rated amount based upon the net rentable area of the leased premises of all tenants requesting such after-hours service. Payment for such charges shall be due and payable to Landlord within 15 days after Tenant's receipt of an invoice therefor. Any dispute between Landlord and Tenant with respect to the adequacy of Landlord's shuttle bus service shall be submitted to mediation pursuant to Section 28.

32. Leasing Commission.

Landlord and Tenant each represent and warrant to the other that neither of them has employed any broker, other than The Carey Winston Company, in carrying on the negotiations relative to this Lease. Tenant shall pay any commission due The Carey Winston Company in connection with this Lease. Landlord and Tenant shall each indemnify and hold harmless the other from and against any claim or claims for brokerage or other commission arising from or out of any breach of the foregoing representation and warranty.

33. Telephone Switch.

Tenant intends, at its expense, to install a telephone switch in the Office Space to provide telephone service to the Leased Premises. Subject to agreement by Landlord and Tenant on marketing arrangements and other matters, Tenant shall have the right to use its telephone switch to provide telephone service to other tenants of the Building and any adjacent office building located in the Office Park. Tenant hereby agrees to indemnify and hold harmless Landlord from and against any and all claims, cases, actions, damages, liabilities and expenses (including attorneys' fees) that arise from or are in connection with Tenant's provision of telephone services to other tenants.

34. General Provisions.

(a) Binding Effect. The covenants, conditions, agreements, terms and provisions herein contained shall be binding upon, and shall inure to the benefit of, the parties hereto and, subject to the provisions of Section 15, each of their respective personal representatives, successors and assigns.

(b) Governing Law. It is the intention of the parties hereto that this Lease (and the terms and provisions hereof) shall be construed and enforced in accordance with the laws of the State of Virginia.

(c) Waivers. No failure by Landlord to insist upon the strict performance of any term, covenant, agreement, provision, condition or limitation of this Lease or to exercise any right or remedy consequent upon a breach thereof, and no acceptance by the Landlord of full or partial rent during the continuance of any such breach, shall constitute a waiver of any such breach or of any such term, covenant, agreement, provision, condition or limitation. No term, covenant, agreement, provision, condition or limitation of this Lease to be kept, observed or performed by Landlord or by Tenant, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by Landlord or by Tenant, as the case may be. No waiver of any breach shall affect or alter this Lease, but each and every term, covenant, agreement, provision, condition and limitation of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

(d) Notices. No notice, request, consent, approval, waiver or other communication which may be or is required or permitted to be given under this Lease shall be effective unless the same is in writing and is delivered in person or sent by registered or certified mail, return receipt requested, first-class postage prepaid, (1) if to Landlord, at Landlord's Notice Address, or (2) if to Tenant, at Tenant's Notice Address, or as any other address that may be given by one party to the other by notice pursuant to this subsection. Such notices, if sent by registered or certified mail, shall be deemed to have been given at the time of mailing.

(e) Entire Agreement. It is understood and agreed by and between the parties hereto that this Lease contains the final and entire agreement between said parties, and that they shall not be bound by any terms, statements, conditions or representations, oral or written, express or implied, not herein contained. It is understood and agreed, however, that the terms hereof shall be modified, if so required, for the purposes of complying with or fulfilling the requirements of any Mortgagee secured by a first Mortgage that may now be or hereafter become a lien on the Building, provided, however, that such modification shall not be in substantial derogation or diminution of any of the rights of the parties hereunder, nor increase any of the obligation or liabilities of the parties hereunder.

(f) Jury Trial. Landlord and Tenant each hereby waives all right to trial by jury in any claim, action, proceeding or counterclaim by either Landlord or Tenant against the other on any matters arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant and/or Tenant's use or occupancy of the Leased Premises.

(g) Venue. Tenant hereby waives any objection to the venue of any action filed by Landlord against Tenant in any state or federal court in the jurisdiction in which the Building is located, and Tenant further waives any right, claim or power, under the doctrine of *forum non conveniens* or otherwise, to transfer any such action filed by Landlord to any other court.

(h) Corporate Authority. Concurrently with the signing of this Lease, Tenant shall furnish to Landlord certified copies of the resolutions of its Board of Directors (or of the executive committee of its Board of Directors) authorizing Tenant to enter into this Lease; and Tenant shall also furnish to Landlord evidence (reasonably satisfactory to Landlord and its counsel) that Tenant is a duly organized corporation in good standing under the laws of the jurisdiction of its incorporation, is qualified to do business in good standing in the State of Virginia, has the power and authority to enter into this Lease, and that all corporate action requisite to authorize Tenant to enter into this Lease has been duly taken.

(i) Time of the Essence. Time is of the essence in the performance of Landlord's and Tenant's obligations under this Lease.

(j) Gender. Wherever appropriate herein, the singular includes the plural and the plural includes the singular.

(k) Invalidity. If any provision of this Lease shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected thereby.

(l) Captions. The captions in this Lease are for convenience only and shall not affect the interpretation of the provisions hereof.

(m) No Partnership. This Lease is not intended to create a partnership or joint venture between Landlord and Tenant in the conduct of their respective businesses.

(n) Counterparts. This Lease has been executed in several counterparts, but all counterparts shall constitute one and the same instrument.

(o) Deed of Lease. To the extent required under applicable law to make this Lease legally effective, this Lease shall constitute a deed of lease.

35. Approval of Building Food Service Tenants.

Throughout the Lease Term, Landlord shall not lease any space in the Building to a food service tenant, or approve the transfer of any lease of space in the Building to a food service tenant, without Tenant's prior written approval of such food service tenant, which approval shall not be unreasonably withheld, conditioned or delayed.

36. Termination of Prior Lease.

This Lease entirely supersedes the Lease Agreement dated January 30, 1987, as amended by the First Amendment, the Second Amendment and the Third Amendment, and the Lease Agreement dated January 30, 1987, as amended, is hereby terminated.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be signed by their duly authorized partners or officers as of the day and year first above written.

Landlord

HMCE ASSOCIATES LIMITED
PARTNERSHIP, R.L.L.P.

By /s/ [ILLEGIBLE] _____

Tenant

ICF KAISER HUNTERS BRANCH LEASING,
INC.

By /s/ TIMOTHY P. O'CONNOR _____

ASSIGNMENT AGREEMENT

This Assignment Agreement dated as of October 7, 2005 ("Assignment Agreement") among B2TECS ("Assignor"), Hunters Branch Leasing, LLC ("Landlord") and ICF Consulting Group, Inc. ("Assignee").

WHEREAS, the Assignor and Landlord are parties to the Deed of Lease dated May 2003 concerning the fifth floor of the building located at 9302 Lee Highway (together with all attachments thereto, the "Lease"), pursuant to which Landlord agreed to provide to the Assignor a leasehold interest in the Premises;

WHEREAS, (i) the Assignor intends to assign all of its rights and obligations under the Lease to the Assignee, (ii) Landlord is willing to agree to the assignment by the Assignor and the assumption by the Assignee of such rights and obligations, and (iii) the Assignee is willing to agree to such assignment and to assume such rights and obligations;

NOW, THEREFORE, in consideration of the foregoing premises and the covenants and agreements contained herein and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

Section 1. Definitions. Except as otherwise defined in this Assignment, terms defined in the Lease are used herein as defined therein.

Section 2. Assignment. As of the date hereof, (i) the Assignor hereby agrees to transfer and assign to the Assignee all of the Assignor's rights and obligations under the Lease, effective on December 15, 2005 ("Effective Date") (ii) the Assignee hereby accepts such assignment and assumes all such rights and obligations on the Effective Date, and (iii) except as otherwise provided in the Assignment Agreement, after the Effective Date, the Assignor shall have no further obligations under the Lease.

Section 3. Consent. Landlord hereby consents to (i) the assignment by the Assignor to the Assignee of all of the Assignor's rights and obligations under the Lease, and (ii) the acceptance by the Assignee of all such rights and obligations.

Section 4. On-Going Obligations. The Assignor would be liable to the Landlord for all Base Rent, Additional Rent, Operating Costs, Real Estate Taxes, and any other fees which are due under the Lease based on the Assignor's occupancy prior to the Effective Date.

Section 5. Surrender of Possession. On the Effective Date, the Assignor agrees to surrender the Premises to the Assignee pursuant to the terms of the Lease, with the terms of the Lease being modified so that the Assignee shall be substituted for the Landlord.

Section 6. Security Deposit. The Assignee shall return to the Assignor the amount of the Security Deposit being held by the Landlord within fifteen (15) days of the Assignee taking possession of the Premises. The Assignee shall reduce from this payment any expenses

reasonably incurred to restore the Premises to an appropriate condition for business use. After the Assignee's payment to the Assignor pursuant to this Section 6, both the Landlord and the Assignor shall then consider the Assignor's Security Deposit to be the property of the Assignee.

Section 7. Miscellaneous.

(a) Headings. Captions and headings in this Assignment are for ease of reference only and do not constitute part of this Assignment of Agreement.

(b) Counterparts. This Assignment Agreement may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument and any of the parties hereto may execute this Assignment Agreement by signing any such counterpart.

(c) Successors and Assigns. This Assignment Agreement shall inure to the benefit of, be binding upon, and be enforceable by and against the parties hereto and their respective successors and permitted assigns.

(d) Governing Law. This Assignment shall be governed by, and construed in accordance with, the laws of the Commonwealth of Virginia (without regard to its conflict of law provisions).

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be duly executed as of the day and year first written above.

B2TECS

By: /s/ Sunil Bala

Name: Sunil Bala

Title: Chairman

ICF Consulting Group, Inc.

By: /s/ Kenneth Kolsky

Name: Kenneth Kolsky

Title: Director of Administration &
Contracts

Acknowledged and Agreed:

Hunters Branch Leasing, LLC

By: /s/ Richard Perlmutter

Name: Richard Perlmutter

Title: Manager

DEED OF LEASE

BY AND BETWEEN

HUNTERS BRANCH LEASING, LLC

(“LANDLORD”)

AND

B2TECS, a Virginia Corporation

(“TENANT”)

TABLE OF CONTENTS

1. <u>TERMS.</u>	1
2. <u>PAYMENT OF BASE RENT & ADDITIONAL RENT</u>	4
3. <u>SECURITY DEPOSIT</u>	4
4. <u>USES; TENANT COVENANTS</u>	5
5. <u>ENVIRONMENTAL PROVISIONS; RECYCLING</u>	5
6. <u>LATE CHARGES; INTEREST</u>	9
7. <u>REPAIRS AND MAINTENANCE</u>	10
8. <u>UTILITIES AND SERVICES</u>	11
9. <u>OPERATING COSTS</u>	12
10. <u>REAL ESTATE TAXES</u>	16
11. <u>ADDITIONAL PROVISIONS; OPERATING COSTS AND REAL ESTATE TAXES</u>	18
12. <u>TENANT'S INSURANCE</u>	19
13. <u>LANDLORD'S INSURANCE</u>	20
14. <u>DAMAGE OR DESTRUCTION</u>	20
15. <u>MACHINERY AND EQUIPMENT; ALTERATIONS AND ADDITIONS; REMOVAL OF FIXTURES</u>	23
16. <u>ACCEPTANCE OF PREMISES</u>	24
17. <u>TENANT IMPROVEMENTS</u>	24
18. <u>ACCESS</u>	24
19. <u>MUTUAL WAIVER OF SUBROGATION</u>	25
20. <u>INDEMNIFICATION</u>	26
21. <u>ASSIGNMENT AND SUBLETTING</u>	26

22. <u>ADVERTISING</u>	28
23. <u>LIENS</u>	28
24. <u>DEFAULT</u>	28
25. <u>SUBORDINATION</u>	32
26. <u>SURRENDER OF POSSESSION</u>	33
27. <u>NON-WAIVER</u>	33
28. <u>HOLDOVER</u>	33
29. <u>CONDEMNATION</u>	33
30. <u>NOTICES</u>	34
31. <u>MORTGAGEE PROTECTION</u>	35
32. <u>COSTS AND ATTORNEYS' FEES</u>	35
33. <u>BROKERS</u>	35
34. <u>LANDLORD'S LIABILITY</u>	35
35. <u>ESTOPPEL CERTIFICATES</u>	36
36. <u>FINANCIAL REPRESENTATIONS AND INFORMATION</u>	36
37. <u>TRANSFER OF LANDLORD'S INTEREST</u>	37
38. <u>RIGHT TO PERFORM</u>	37
39. <u>COMMON AREAS</u>	37
40. <u>SALES AND AUCTIONS</u>	37
41. <u>ACCESS TO ROOF</u>	38
42. <u>ACCESS</u>	38
43. <u>AUTHORITY OF LANDLORD AND TENANT</u>	38

44. <u>NO ACCORD OR SATISFACTION</u>	38
45. <u>LEGAL REQUIREMENTS</u>	38
46. <u>PARKING</u>	39
47. <u>GENERAL PROVISIONS</u>	39
48. <u>RULES AND REGULATIONS</u>	41
49. <u>ARBITRATION</u>	41
50. <u>WAIVER OF JURY TRIAL</u>	42

EXHIBIT A	Location and Dimensions of Premises
EXHIBIT B	Description of Land
EXHIBIT C	Intentionally Deleted
EXHIBIT D	Rules and Regulations
EXHIBIT E	Declaration of Lease Commencement
EXHIBIT F	Form of Estoppel Certificate

DEED OF LEASE

THIS DEED OF LEASE ("Lease") is made as of the ___ day of May, 2003, by and between **HUNTERS BRANCH LEASING, LLC**, a Delaware limited liability company ("Landlord") and **B2TECS**, a Virginia corporation ("Tenant"), and is joined in by **HUNTERS BRANCH PARTNERS, L.L.C.**, a Virginia limited liability company ("Prime Landlord"), for the purposes set forth in the Joinder appended hereto.

R E C I T A L S:

Landlord is the tenant under a certain lease agreement dated November 12, 1997 (the "Prime Lease") by and between Landlord (as successor to ICF Kaiser Hunters Branch Leasing, Inc.), as tenant, and Prime Landlord (as successor in interest to HMCE Associates Limited Partnership, R.L.L.P.), as landlord, pursuant to which Prime Lease Landlord leased from Prime Landlord various space in the Building (as defined below), including, but not limited to, the Premises (also as defined below). Prime Landlord is joining in the execution hereof for those purpose as are set forth in the Joinder hereto.

Landlord, for and in consideration of the rents and all other charges and payments hereunder and of the covenants, agreements, terms, provisions and conditions to be kept and performed hereunder by Tenant grants and conveys to Tenant, and Tenant hereby hires and takes from Landlord, a leasehold interest in the premises described below ("Premises"), subject to all matters hereinafter set forth and upon and subject to the covenants, agreements, terms, provisions and conditions of this Lease for the term hereinafter stated.

NOW THEREFORE Landlord and Tenant hereby agree to the following:

1. TERMS.

1.1 Premises. The premises demised by this Lease will consist of approximately 15,875 rentable square feet of space (the "Premises") measured in accordance with the (January) 1995 Greater Washington, D.C. Commercial Association of Realtors ("GWCAR") Standard Method of Measurement, and located on the fifth (5th) floor in that building at the Hunters Branch Office Park, Fairfax County, Virginia and known as 9302 Lee Highway, Fairfax, Virginia (the "Building"), together with the right to the use of not more than three and six-tenths (3.6) unreserved parking permits for each one thousand (1,000) square feet of space within the Premises, located or in the adjacent surface parking and parking structure, and the non-exclusive use of various Common Areas (as defined in Section 39 hereof), as more particularly set forth herein. The land upon which the Building is situated, which is generally depicted on the diagram attached hereto as Exhibit B (the "Site Plan") and incorporated herein by reference, shall be referred to hereinafter as the "Land". The Land and the Building are collectively referred to herein as the "Project". The location and dimensions of the Premises are shown on the conceptual floor plans attached hereto as Exhibit A and incorporated herein by reference. No easement for light or air is incorporated in or intended to be conveyed with the Premises.

1.2 Tenant's Share. "Tenant's Share" shall mean a fraction, the numerator of which is the total rentable square footage of the Premises as determined in accordance with Section 1.1 hereof, and the denominator of which is the total rentable square footage of the Building. No adjustment shall be made for space within the Building occupied by any building engineer(s) or similar on-site property management or operational personnel, provided any such space will be located within a core area location to be determined within the reasonable judgment of Landlord. The number comprising such denominator shall be changed if and to the extent of any addition of space to the Building or the deletion of space from the Building or in the amount of space leased by tenants (retail or otherwise) who pay by separate meter for their electrical and/or janitorial, cleaning, or other utilities or services so that Tenant actually pays its fair, accurate and proportionate share of Operating Costs (as defined in Section 9) and Real Estate Taxes (as defined in Section 10). The numerator shall be adjusted from time to time to reflect additions to or reductions in the total rentable square footage of space beyond the initial Premises that is leased to Tenant pursuant to this Lease and any addenda as a result of the exercise of any options in this Lease or otherwise.

1.3 Lease Term. The term of this Lease (the "Term" or "Lease Term") shall commence on the Commencement Date and shall expire on October 31, 2012 (the "Lease Expiration Date").

1.4 Commencement Date.

1.4.1 The "Commencement Date" shall be June 1, 2003, provided only that the existing tenant located within the Premises has terminated its lease and vacated the Premises. In the event such tenant has not vacated the Premises as of the Commencement Date, the Commencement Date shall be the first day of the first full calendar month after the date that such existing tenant has vacated the Premises; provided that if the Commencement Date does not occur within one hundred eighty (180) days after the date hereof, this Lease shall be null and void *ab initio*.

1.5 Base Rent. The base rent payable by Tenant hereunder ("Base Rent") is set forth in this Section 1.5.1, below. The Base Rent is in addition to (and not to be reduced by) any payment of Additional Rent (as hereinafter defined) hereunder. Commencing as of the Commencement Date, and thereafter throughout the Term, Base Rent shall be payable monthly, in equal monthly installments, in advance, on the first day of each calendar month of the Term, without prior notice, demand, deduction or offset of any kind.

1.5.1 Subject to the provisions of Section 1.5.2 below, the annual Base Rent for the Premises (monthly installments of which may be referred to herein as "Monthly Base Rent") for the initial Lease Year of the Term shall be Twenty Three Dollars and 50/100 (\$23.50) per square foot of the Premises. The annual Base Rent for the Premises for the second Lease Year of the Term shall be Twenty Four Dollars (\$24.00) per square foot of the Premises. Thereafter, as of the first day of the third Lease Year and on the first day of each and every Lease Year thereafter during the Lease Term, the Base Rent shall be increased to an amount equal to one hundred three percent (103%) of the Base Rent for the immediately preceding Lease Year.

1.6 Additional Rent. Tenant's Share (as hereinafter defined) of increases in Real Estate Taxes (as defined in Section 10), Operating Costs (as defined in Section 9) and any other sum owed or reimbursable by Tenant to Landlord under this Lease (excluding Base Rent) shall be considered additional rent hereunder (collectively "Additional Rent"), and, except for items of Additional Rent for which demand is required pursuant to the express terms of this Lease, shall be payable without demand, set-off or deduction. Commencing on the first day of the second Lease Year, estimates of those items of Additional Rent described in Section 9 and Section 10 of this Lease shall be payable monthly, in advance, on the first day of each calendar month of the Term, together with Tenant's monthly payment of Base Rent, without demand, set-off or deduction.

1.7 Notice and Payment Addresses. Any notices under this Lease shall be governed by the terms of Section 30, below. The notice addresses of the parties are as follows:

If to Landlord: c/o Argo Investment Company
9600 Blackwell Road
Suite 300
Rockville, Maryland 20850
Attention: Mr. Richard L. Perlmutter

And a copy to: J. Richard Saas, Esq.
Tenenbaum & Saas, P.C.
4330 East West Highway
Suite 1150
Bethesda, Maryland 20814

If to Tenant: At the Premises
Attention: Dr. Sunil K. Bala

Either party may, by ten (10) days' prior written notice to the other, designate a new address to which all notices hereunder shall be directed.

1.8 Rent Payment Address. Tenant shall send payments of Base Rent and Additional Rent hereunder to Landlord at the following address, or to such other address of which Landlord may advise Tenant in writing:

c/o FB Argo Management LC
9600 Blackwell Road
Suite 300
Rockville, Maryland 20850

1.9 Lease Year. The first "Lease Year" shall commence on the Commencement Date and terminate on the last day of the twelfth full calendar month after the Commencement Date. Each subsequent Lease Year shall commence on the date immediately following the last day of the preceding Lease Year and shall continue for a period of twelve (12) full calendar months, except that the last Lease Year of the Lease Term shall terminate on the date this Lease expires or is otherwise terminated.

1.10 Deed of Lease. To the extent required under applicable law to make this Lease legally effective, this Lease shall constitute a deed of lease.

2. PAYMENT OF BASE RENT & ADDITIONAL RENT.

Tenant shall pay Landlord the Base Rent and Additional Rent due under this Lease without prior notice, demand, deduction or offset, except as otherwise specifically and expressly set forth herein, in lawful money of the United States. Base Rent and Additional Rent shall be paid at the address noted in Section 1.8, or to such other party or at such other place as Landlord may hereafter from time to time designate in writing. Base Rent and Additional Rent under this Lease for any partial month at the beginning or end of the Lease Term shall be prorated. Except for monthly installments of estimated Additional Rent as set forth in Sections 9 and 10 of this Lease, or as otherwise provided in this Lease, all payments of Additional Rent shall be paid no later than thirty (30) business days after the date Landlord notifies Tenant in writing of the amount thereof in the event of any dispute concerning the computation of the amount of any Additional Rent due, Tenant shall pay the amount specified by Landlord pending the resolution of the dispute, and, subject to Section 9.4 hereof, such payment shall be without prejudice to Tenant's right to continue to challenge the disputed computation. In the event Tenant prevails in any dispute concerning the amount of any Additional Rent due hereunder, Landlord shall promptly refund to Tenant the amount of such overpayment, together with interest thereon at the Prime Rate (as hereinafter defined) from the date such payment was made.

3. SECURITY AND ADVANCE DEPOSITS.

3.1 Security Deposit.

(a) Simultaneously with the execution of this Lease by Tenant, Tenant shall provide Landlord with a cash security deposit in an amount equal to \$38,168.00 (the "Security Deposit").

(b) The Security Deposit shall constitute security for payment of Base Rent and Additional Rent and for any and all other obligations of Tenant under this Lease. If Tenant defaults, beyond any applicable cure period, with respect to any covenant or condition of this Lease, including but not limited to the payment of Base Rent, Additional Rent or any other payment due under this Lease, and the obligation of Tenant to maintain the Premises and deliver possession thereof back to Landlord at the expiration or earlier termination of the Lease Term in the condition required herein, then Landlord may (without any waiver of Tenant's default being deemed to have occurred) apply all or any part of the Security Deposit to the payment of any sum in default beyond any applicable cure period, or any other sum which Landlord may be required or deem necessary to spend or incur by reason of Tenant's default, or to satisfy in part or in whole any damages suffered by Landlord as a result of Tenant's default which continues to exist beyond any applicable cure period. In the event of such application, Tenant shall promptly deposit with Landlord, in cash, the amount necessary to restore the Security Deposit to the full amount set forth above. The parties expressly acknowledge and agree that the Security Deposit

is not an advance payment of Base Rent or Additional Rent, nor a measure of Landlord's damages in the event of any default by Tenant. If Tenant shall have fully complied with all of the covenants and conditions of this Lease, but not otherwise, the amount of the Security Deposit then held by Landlord shall be repaid to Tenant within thirty (30) days after the expiration or sooner termination of this Lease. In the event of a sale or transfer of Landlord's estate or interest in the Building, Landlord shall transfer the Security Deposit to the purchaser or transferee, and upon such transfer, provided such transferee acknowledges receipt of the Security Deposit, Landlord shall be considered released by Tenant from all liability for the return of the Security Deposit.

3.2 [Intentionally Deleted]

3.3 No Separate Account. Landlord shall not be obligated to hold the Security Deposit in a separate account from other Building or Project funds.

4. USES; TENANT COVENANTS.

4.1 Permitted Uses. The Premises are to be used for general office and administration purposes and such other uses incidental to general office use and consistent with the operation of a first class office building as may be permitted by applicable law, provided such uses shall not include any retail, industrial or manufacturing use.

4.2 Other General Use Covenants. Tenant shall not commit or allow to be committed any waste upon the Premises, or any public or private nuisance. Tenant, at its expense, shall comply with all laws relating to its use and occupancy of the Premises and shall observe the Rules and Regulations attached hereto as Exhibit D. No act shall be done in or about the Premises that is unlawful, or which will increase the existing rate of insurance on the Building. In the event of a breach of the covenant set forth in the immediately preceding sentence regarding insurance rates, Landlord shall provide Tenant ten (10) days prior written notice thereof and Tenant shall cease the activity giving rise to such increase and, to the extent any increased insurance premiums were in fact paid by Landlord as a result of such activity, Tenant shall pay to Landlord any and all such increases in insurance premiums resulting from such breach, *provided* that so long as Tenant continues to pay such increases in premiums, and provided that the activity giving rise to such increased premiums is an activity permitted under Section 4.1, above, the continuation of such activity by Tenant shall not be prohibited or constitute a breach of this Lease. Landlord represents and warrants that, to the best of its knowledge, Tenant's permitted use of the Premises as provided in Section 4.1 above will not, as of the Commencement Date, increase Landlord's insurance costs.

5. ENVIRONMENTAL PROVISIONS; RECYCLING.

5.1 General. Tenant agrees to comply (and to cause its agents, employees, contractors and, while within the Premises, invitees to comply) with any and all applicable Environmental Laws (as defined below) in connection with (1) Tenant's use and occupancy of the Premises, (2) any use and occupancy of the Premises arising in connection with any assignment of this Lease, or sublease or license of the Premises or any part thereof, and (3) any

other fact or circumstance the existence of which legally imposes on Tenant the obligation to so comply therewith. Tenant shall provide all information within Tenant's control requested by Landlord and/or governmental authorities in connection with Environmental Laws or Hazardous Materials (defined below) relating to the matters contemplated in the preceding sentence.

5.2 Tenant's Warranties and Covenants

During the Term and any Renewal Term (as hereafter defined) of the Lease, Tenant warrants, represents and covenants to and with Landlord as follows:

5.2.1 Tenant will not introduce, or permit or suffer the introduction, within the Premises or the Project of (A) asbestos in any form, (B) urea formaldehyde foam insulation, (C) transformers or other equipment which contain dielectric fluid containing polychlorinated biphenyls, or (D) except as permitted below, any flammable explosives, radioactive materials or other substance constituting "hazardous materials" or "hazardous wastes" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 9601 et seq.) and the regulations adopted and promulgated pursuant thereto, the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), the Clean Air Act (42 U.S.C. Section 7401 et seq.), and in the regulations adopted and publications promulgated pursuant thereto, or successor legislation thereto, or any other Federal, state or local environmental law, ordinance, rule, regulation and/or other statute of a governmental or quasi-governmental authority relating to pollution or protection of the environment (collectively, "Environmental Laws"). The substances described in (A), (B), (C) or (D) above are hereinafter collectively referred to herein as "Hazardous Materials".

5.2.2 Except as expressly permitted hereby, the Premises will never be used by Tenant for any activities involving, directly or indirectly, the use, generation, treatment, transportation, storage or disposal of any Hazardous Materials, or to refine, produce, store, handle, transfer, process or transport Hazardous Materials.

5.2.3 Tenant (A) shall comply with the Environmental Laws and all other applicable laws, rules and regulations or orders pertaining to health, the environment or Hazardous Materials, in so far as such laws pertain to Tenant's use and occupancy of the Premises or the need for such compliance arises due to the acts or omissions of Tenant, its agents, employees, contractors, invitees (while within the Premises), subtenants or assignees, (B) shall not, except as specifically permitted hereby, store, utilize, generate, treat, transport or dispose of (or permit or acquiesce in the storage, utilization, generation, transportation, treatment or disposal of) any Hazardous Materials on or from the Premises, (C) shall cause its agents, employees, licensees, contractors, invitees (while within the Premises), subtenants and assignees to comply with the representations, warranties and covenants herein contained and be responsible for any non-compliance by any such party(ies), (D) agrees that no portion of the Premises will be used by Tenant or any assignee or subtenant of Tenant as a landfill or a dump, and (B) will not install any underground tanks of any type.

5.2.4 In the event of any future storage, presence, utilization, generation, transportation, treatment or disposal of Hazardous Materials in, on or about the Premises, or in the event of any Hazardous Materials Release (as hereinafter defined) which in either case is attributable, in whole or in part, to the presence of Hazardous Materials existing in, on or about on the Project subsequent to the Commencement Date and is caused, directly by Tenant or Tenant's agents, employees, contractors, licensees, invitees (while within the Premises), sub-tenants or assignees, or is otherwise Tenant's responsibility under the terms of this Lease, Tenant shall, at the direction of Landlord or any federal, state, or local authority or other governmental authority, remove or cause the removal of any such Hazardous Materials and rectify any such Hazardous Materials Release, and otherwise comply or cause compliance with the laws, rules, regulations or orders of such authority, all at the expense of Tenant, including without limitation, the undertaking and completion of all investigations, studies, sampling and testing and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials, on, from or affecting the Premises. If, under such circumstances, Tenant shall fail to proceed with such removal or otherwise comply with such laws, rules, regulations or orders within the cure period permitted under the applicable regulation or order, the same shall constitute a Default under this Lease (without any notice to Tenant required), and Landlord may, but shall not be obligated to, take such action as may be reasonably necessary under the circumstance to eliminate such Hazardous Materials from the Premises or otherwise comply with the applicable law, rule, regulation or order, acting either in its own name or in the name of Tenant pursuant to this Section, and the cost thereof shall be borne by Tenant and thereupon become due and payable as Additional Rent hereunder, provided, however, that Landlord shall not exercise its self-help rights hereunder, nor exercise any right otherwise provided herein to terminate this Lease or Tenant's right of possession due to Tenant's failure or inability to correct such problem within a time certain as long as Tenant is at all times using its best efforts to correct the problem (provided however, that if Landlord determines, in its reasonable discretion, that there exists a substantial risk of governmental enforcement action against Landlord, or governmental or third party civil liability to Landlord, if Landlord fails to take independent action immediately to remediate an environmental problem which is otherwise Tenant's responsibility under this Section 5, then Landlord shall, notwithstanding Tenant's continuing best efforts to correct the problem, be entitled to take such independent action, and to recover the reasonable and actual costs associated therewith from Tenant) Tenant shall give to Landlord and its authorized agents and employees access to the Premises for such purposes and hereby specifically grants to Landlord a license to remove the Hazardous Materials and otherwise comply with such applicable laws, rules, regulations or orders, acting either in its own name or in the name of the Tenant pursuant to this Section.

5.2.5 Landlord represents, warrants and covenants that to the best of its current actual knowledge, as of the date of execution hereof, the Premises, Building and Land do not contain asbestos or any other Hazardous Materials in violation of any Environmental Laws, nor will the use of any such materials knowingly be permitted by Landlord. In the event Landlord is advised, or it shall come to Landlord's attention, that Hazardous Materials exist in the Premises in violation of any Environmental Laws that were not introduced therein by Tenant or Tenant's agents, employees, contractors, licensees, subtenants, assignees or invitees, Landlord shall take all commercially reasonable steps necessary to promptly remove or remediate (or cause to be removed or remediated) at Landlord's expense (and not as an Operating Cost), all such Hazardous Materials, and in doing so, Landlord shall use its reasonable efforts not to interfere with the conduct of Tenant's business.

5.2.6 Each of Tenant and Landlord hereby indemnifies and holds the other and their respective shareholders, constituents, subsidiaries, affiliates, officers, directors, partners, employees, agents and trustees harmless from, against, for and in respect of, any and all damages, losses, settlement payments, obligations, liabilities, claims, actions or causes of actions, encumbrances, fines, penalties, and costs and expenses suffered, sustained, incurred or required to be paid by any such indemnified party (including, without limitation, reasonable fees and disbursements or attorneys, engineers, laboratories, contractors and consultants) because of, or arising out of or relating to a violation of any of the indemnifying party's representations, warranties and covenants under this Section, including any Environmental Liabilities (as hereinbelow defined) arising therefrom. For purposes of this indemnification clause, "Environmental Liabilities" shall include all costs and liabilities with respect to the presence, removal, utilization, generation, storage, transportation, disposal or treatment of any Hazardous Materials or any release, spill, leak, pumping, pouring, emitting, emptying, discharge, injection, escaping, leaching, dumping or disposing into the environment (air, land or water) of any Hazardous Materials (each a "Hazardous Materials Release"), including without limitation, cleanups, remedial and response actions, remedial investigations and feasibility studies, permits and licenses required by, or undertaken in order to comply with the requirements of, any federal, state or local law, regulation, or agency or court, any damages for injury to person, property or natural resources, claims of governmental agencies or third parties for cleanup costs and costs of removal, discharge, and satisfaction of all liens, encumbrances and restrictions on the Premises relating to the foregoing. The foregoing notwithstanding, the foregoing indemnifications shall not encompass indirect losses or consequential damages or damages related to loss of business or business interruption which may arise on account of the presence of any Hazardous Materials on or about the Project. The foregoing indemnification and the responsibilities of Tenant and Landlord under this Section shall survive the termination or expiration of this Lease.

5.2.7 Tenant shall promptly notify Landlord in writing of the occurrence of any Hazardous Materials Release or any pending or threatened regulatory actions, or any claims made by any governmental authority or third party, relating to any Hazardous Materials or Hazardous Materials Release on or from the Premises, and shall promptly furnish Landlord with copies of any correspondence or legal pleadings or documents in connection therewith. Landlord shall have the right, but shall not be obligated, to notify any governmental authority of any state of facts which may come to its attention with respect to any Hazardous Materials or Hazardous Materials Release on or from the Premises following consultation with Tenant.

5.2.8 Tenant agrees that Landlord shall have the right (but not the obligation) to conduct, or to have conducted by its agents or contractors, such periodic environmental inspections of the Project as Landlord shall reasonably deem necessary or advisable from time to time. Landlord agrees that it shall limit such inspection to not more than once in each twelve (12) month period (except in the event of the sale, financing or refinancing of the Project, or in the event Landlord has reasonable evidence that there are any violations of any Environmental Laws, in any of which events Landlord shall be entitled to conduct such inspection(s) even if another inspection has occurred during the current twelve (12)-month period). Landlord shall provide

Tenant with no less than seventy-two (72) hours prior notice of any such inspection within the interior of the Premises, except in case of an emergency, in which case only such notice as may be practicable under the circumstance shall be required. The cost of any such inspection shall be borne by Tenant in the event such inspection determines that Tenant has breached the covenants set forth in Section 5.2.3 above.

5.3 Permitted Materials. Notwithstanding the foregoing, Tenant and its assignees, subtenants and licensees shall be permitted to store reasonable amounts of Hazardous Materials that are typically used in an ordinary general office use environment such as ordinary cleaners, printer and duplication supplies and similar materials (the "Permitted Materials") provided such Permitted Materials are properly used, stored and disposed of in a manner and location meeting all Environmental Laws. Any such use, storage and disposal shall be subject to all of the terms of this Section (except for the terms prohibiting same), and Tenant shall be responsible for obtaining any required permits and paying any fees and providing any testing required by any governmental agency with respect to the Permitted Materials. If Landlord in its reasonable opinion determines that said Permitted Materials are being improperly stored, used or disposed of, then Tenant shall immediately take such corrective action as requested by Landlord. Should Tenant fail to take such corrective action within twenty-four (24) hours, Landlord shall have the right to perform such work on Tenant's behalf and at Tenant's sole expense, and Tenant shall promptly reimburse Landlord for any and all costs associated with said work.

5.4 Recycling Regulations. Landlord shall, as an Operating Cost hereunder, provide receptacles and containers as necessary for Tenant to comply with all orders, requirements and conditions now or hereafter imposed by any ordinances, laws, orders and/or regulations (hereinafter collectively called "regulations") of any governmental body having jurisdiction over the Premises or the Building regarding the collection, sorting, separation and recycling of waste products, garbage, refuse and trash (hereinafter collectively called "waste products").

6. LATE CHARGES; INTEREST.

6.1 Tenant hereby acknowledges that late payment to Landlord of Base Rent or Additional Rent will cause Landlord to incur administrative costs and loss of investment income not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. If any Base Rent or Additional Rent due from Tenant is not received by Landlord or Landlord's designated agent within five (5) days after the date due, then Tenant shall pay to Landlord a late charge equal to five percent (5%) of such overdue amount. The parties hereby agree that such late charges represent a fair and reasonable estimate of the administrative cost that Landlord will incur by reason of Tenant's late payment. Landlord's acceptance of such late charges shall not constitute a waiver of Tenant's Default with respect to such overdue amount or otherwise estop Landlord from exercising any of the other rights and remedies granted hereunder.

6.2 In addition to the administrative late charge provided for under Section 6.1, above, if any Base Rent or Additional Rent or any other sum due hereunder from Tenant to Landlord is not paid as and when due under this Lease, and such amount remains unpaid five (5) days after such due date, then the unpaid amount shall bear interest from the date originally due until the date paid at an annual rate of interest equal to the "prime rate" of interest as published in the

Wall Street Journal (or, if not published, as established by the then largest national banking association in the United States of America) from time to time (the "Prime Rate") plus three percent (3%) (the "Default Rate").

7. REPAIRS AND MAINTENANCE.

7.1 Landlord's Obligations. Landlord shall maintain, repair, replace and keep in good operating condition, comparable to similar properties in the Fairfax, Virginia area, the Common Areas (as defined in Section 39 below) (including, without limitation, the lobbies, elevators, stairs, grounds, loading areas and corridors), the roofs, foundations, load-bearing elements, conduits and structural walls and other structural elements of the Building, the underground utility and sewer pipes of the Building, all base building mechanical, electrical, plumbing, HVAC system and the sprinkler system and other fire and life-safety systems, and the adjacent parking structure and connector, the cost of which shall be included within Operating Costs except to the extent set forth in Section 9.6, hereof, provided that, to the extent the need for any such repairs or replacements arise as a the result of the gross negligence or willful misconduct of Tenant (or Tenant's agents, employees, contractors, invitees (while within the Premises), assignees or sub-tenants) and the same is not covered under the policies of casualty insurance which are required to be carried by the parties pursuant to this Lease (in which case the proceeds of such insurance will be utilized to satisfy the cost thereof), the cost of such repairs or replacements shall be reimbursable by Tenant to Landlord as Additional Rent under this Lease, and such reimbursement shall be due not later than thirty (30) days after Landlord's written demand therefore. Landlord, at its cost and expense (or at the expense of Landlord's contractor, but in any event not as an Operating Cost), upon prior notice from Tenant shall promptly repair or replace all materials, workmanship, fixtures or equipment incorporated by Landlord in the Premises that shall prove to be defective during any applicable warranty period. In performing any warranty work pursuant to this Section 7.1, Landlord and its contractors and subcontractors shall use reasonable efforts to minimize disruption to Tenant. Subject to reimbursement as an Operating Cost pursuant to Section 9 hereof (if applicable), Landlord shall comply or cause compliance with all notices it receives of violation of Legal Requirements (as hereinafter defined) that are applicable to the operation of the common and public areas in the Building and to the machinery and equipment provided by Landlord or used by its agents or contractors in the design, construction, or operation of the Building, including those portions of the base Building systems that are contained in or serve the Premises. "**Legal Requirements**" are all present and future laws, ordinances (including zoning ordinances and land use requirements), regulations, and orders of the Commonwealth of Virginia, Fairfax County, the United States of America and any other public or quasi-public authority having jurisdiction over the Project, including, but not limited to the Americans with Disabilities Act and regulations promulgated from time to time thereunder to the extent the same are applicable to Landlord and/or any portion of the Project.

7.2 Repair Standards. All repairs and maintenance required of Landlord pursuant to this Section or elsewhere in this Lease shall be performed in accordance with standards applicable to comparable office buildings in Fairfax, Virginia, and performed in a timely and diligent fashion. Landlord agrees to diligently attend to any routine repairs or maintenance needs brought to its attention by Tenant as soon as reasonably practicable and in a manner calculated to minimize to the extent possible disruption of Tenant's business activities.

7.3 Tenant's Obligations. Subject to Landlord's obligations as set forth in Section 7.1 above and its right of access pursuant to Section 18, and except for janitorial and cleaning services (to the extent provided for under Section 8.1, below), Tenant shall be exclusively responsible for all repairs and maintenance to the interior non-structural portions of the Premises. Tenant shall promptly report in writing to Landlord any defective condition in the Premises known to Tenant which Landlord is required to repair, and failure to so report such defects shall excuse any delay by Landlord in commencing and completing such repair to the extent the same would otherwise be Landlord's responsibility under this Lease, provided that (i) Landlord shall not be so excused if Landlord had actual knowledge of the need for such repair independent of Tenant's notification, and (ii) once Landlord is notified or has actual knowledge of the need for such repair, Landlord's repair obligation under Section 7.1, above, shall be fully effective as to such item (and, to the extent any delay in reporting such defects results in the otherwise avoidable need to perform a capital repair or replacement which under Section 9.5 is excluded from Operating Costs, in lieu of an ordinary repair which under Section 9.5 would be included within Operating Costs, Tenant shall be responsible for the reasonable and actual cost of such capital repair or replacement unless Tenant can demonstrate that a capital repair or replacement to such item would in any event have been necessary within twelve (12) months thereafter, even if the defective condition had been reported to Landlord or known by Landlord in a timely fashion). Landlord's obligation to make repairs shall be Limited to the express obligations stated herein.

8. UTILITIES AND SERVICES.

8.1 Services. Landlord shall furnish Tenant with the following services and facilities consistent with the level of services provided in comparable office buildings in the Fairfax, Virginia area; (i) at least one elevator in the Building subject to call at all times, including Sundays and holidays; (ii) zoned heating, ventilation and air conditioning at all times during business hours, within the temperature and humidity ranges usually furnished in comparable office buildings in the Fairfax, Virginia area, (iii) balancing of the HVAC system when necessary in an effort to provide reasonably uniform air temperatures throughout the zones within the Premises, (iv) hot and cold running water sufficient for needs attributable to a general office use, (v) public lavatory facilities and supplies and janitorial and char services, including trash removal and recycling, Monday through Friday, excepting holidays, in accordance with the cleaning specifications promulgated by Landlord from time to time, (v) replacement of light bulbs (in fixed lighting fixtures only) and lighting fixtures throughout the Premises, and (vi) access to the Project 24 hours a day, 365 days a year, including holidays, and the cost of which shall be deemed an Operating Cost hereunder unless otherwise provided above. For purposes hereof, "holidays" shall be; New Year's Day, Memorial Day, July 4th, Labor Day, Thanksgiving, and Christmas, and business hours shall be 7:00 a.m. to 6:00 p.m. Monday through Friday, excluding holidays, and 9.00 a.m. to 1.00 p.m. on Saturdays, excluding holidays. Landlord agrees to provide an access-control system in the Building comparable to the system in first-class office buildings in the Fairfax, Virginia area, which shall permit Tenant to have, and shall provide Tenant with, access LO the Premises and the parking areas of the garage on a 24-hour, seven-days-a-week basis Landlord shall, at its cost, provide an initial set of security access cards to the Building and garage, which initial set shall contain 3 6 access cards for each one thousand

(1,000) square feet of rentable area in the Premises and shall be supplemented by additional access cards in the same ratio in the event of any expansion of the Premises. If Tenant requests replacement access cards from Landlord, such replacement cards shall be provided by Landlord, and Tenant shall reimburse Landlord Eight and 50/100 Dollars (\$8 50) for each such replacement card.

8.2 Additional Services. If Tenant requires cleaning services, light bulb or fixture replacement or other services on weekends or holidays, Landlord shall make reasonable efforts to provide such additional service after reasonable prior written request therefor from Tenant, and Tenant shall reimburse Landlord for such additional service within thirty (30) days of request therefore, at the actual direct out-of-pocket cost to Landlord. Additionally, if Tenant desires HVAC services at any time beyond normal business hours, Landlord shall provide such additional services provided that Tenant shall pay 100% of the cost thereof as Additional Rent hereunder; such cost to include the actual cost of the service plus Landlord's reasonable estimate of the additional repair and maintenance as well as the diminution of the useful life of such Building system, as a result of any excessive use.

8.3 Additional Provisions. Except as specifically and expressly set forth hereinbelow, in no event shall Landlord be liable to Tenant for (a) any damage to the Premises, or (b) any loss, damage or injury to any property therein or thereon, or (c) any claims for the interruption of or loss to Tenant's business or for any damages or consequential losses occasioned by bursting, rupture, leakage or overflow of any plumbing or other pipes or other similar cause in, above, upon or about the Premises or the Building, unless such loss, damage or injury is the result of the gross negligence or willful misconduct of Landlord, and is not covered by the insurance required to be carried by Tenant hereunder. If any public utility or governmental body shall require Landlord or Tenant to restrict the consumption of any utility or reduce any service to the Premises or the Building, Landlord and Tenant shall comply with such requirements, without any abatement or reduction of the Base Rent, Additional Rent or other sums payable by Tenant hereunder.

9. OPERATING COSTS.

9.1 Defined. Commencing as of the first day of the second Lease Year and thereafter during each calendar year or portion thereof during the Term, Tenant shall pay as Additional Rent to Landlord, without diminution, set-off or deduction, Tenant's Share of Increases in "Operating Costs" (as defined below) for each calendar year.

9.2 Estimated Payments. Commencing as of the first day of the second Lease Year Tenant shall make monthly installment payments toward Tenant's Share of Increases in Operating Costs on an estimated basis, based on Landlord's reasonable estimate of Operating Costs for such calendar year Tenant shall pay Landlord, as Additional Rent, commencing on the first day of the second Lease Year and on the first day of each month thereafter throughout the Term (and any extension thereof), one-twelfth (1/12th) of Landlord's estimate of Tenant's Share of Increases in Operating Costs for the then-current calendar year. If at any time or times during such calendar year it appears to Landlord that Tenant's Share of Increases in Operating Costs for such calendar year will vary from Landlord's estimate by more than five percent (5%) on an annualized basis, Landlord may, by written notice to Tenant, revise its estimate for such calendar year and Tenant's estimated payments hereunder for such calendar year shall thereupon be based on such revised estimate.

9.3 Annual Reconciliation. Within one hundred twenty (120) days after the end of each calendar year, Landlord shall provide to Tenant a detailed, itemized statement (the "Expense Statement"), calculated in accordance with Section 9.1, above, setting forth the total actual Operating Costs for such calendar year and Tenant's Share of Increases in Operating Costs. The Expense Statement shall be certified by Landlord as being true and correct in all material respects. Landlord shall respond to any inquiries and requests for invoices or other information with respect to Operating Costs within ten (10) days of any written request therefore by Tenant. Within thirty (30) days after the delivery of such Expense Statement, to the extent of any overpayment in the amount of estimated payments paid by Tenant, Landlord shall pay to Tenant such overpayment within thirty (30) days of the delivery of the Expense Statement to Tenant. To the extent of any underpayment in the amount of estimated payments paid by Tenant, Tenant shall pay to Landlord the amount of any shortfall in the amount of estimated payments made to Landlord pursuant to Section 9.2 on account of Tenant's Share of Increases in Operating Costs for such calendar year, and the actual amount shown as Tenant's Share of Increases in Operating Costs for such calendar year, but such payment shall not prejudice Tenant's right to object to the same pursuant to the provisions of Section 9.4, below. In the event the Expense Statement reflects an overpayment of Tenant's Share of Increases in Operating Costs for such year, such overpayment shall be credited against the next due Base Rent hereunder.

9.4 Operating Costs. The term "Operating Costs" shall mean all third-party, reasonable and customary expenses incurred by Landlord in connection with the operation, management, maintenance and repair of the Building, Common Areas and the Land in accordance with the standards applicable to comparable first class office properties in the Fairfax, Virginia, subject to the qualifications set forth below. All Operating Costs shall be determined according to generally accepted accounting principles which shall be consistently applied. Operating Costs include, but are not limited to, the following items: (a) the cost of the personal property used in conjunction with the Building and the Project; (b) except as set forth in Section 9.6 with respect to capital repairs and replacements costs to repair and maintain the Building and the Common Areas; (c) all expenses paid or incurred by Landlord for water, gas, electric, sewer and oil services for the Building; (d) the costs and expenses incurred in connection with the provision of the services set forth in Section 8, above; (e) subject to Section 9.6(1) below with respect to matters of a capital nature, building supplies and materials used in connection with repairs to the Project, (f) cleaning and janitorial services in or about the Premises, the Building (including without limitation Common Areas) and the land, (g) window glass replacement, repair and cleaning, (h) repair and maintenance of the grounds, including costs of landscaping, gardening and planting, including service or management contracts with independent contractors, including but not limited to security and energy management services and costs, (i) operational costs to achieve compliance with any governmental laws, rules, orders or regulations ("Laws") promulgated after the Commencement Date and excluding capital expenses associated therewith except to the extent specifically set forth below, and excluding capital expenses associated therewith except to the extent specifically set forth below, (j) utility taxes; (k) compensation (including employment taxes, fringe benefits, salaries, wages, medical, surgical, and general welfare benefits (including health, accident and group life insurance), pension payments, payroll

taxes for all personnel employed by Landlord or its management company who perform duties in connection with the operation, management, maintenance and repair of the Building (allocated among all properties served by such employees as determined by Landlord in its reasonable discretion, if such employees are utilized by more than one property) plus the salary and benefits of the property manager assigned to the Project; (1) any (i) capital expenditures incurred to reduce Operating Costs, to the extent of such reduction (and with any amount remaining unrecovered by virtue of such limitation to carry forward to subsequent calendar years, to the extent of any such continuing reduction achieved in each such subsequent calendar year, until recovered in full), (ii) capital expenditures incurred to comply with any Law which is enacted or becomes effective after the Commencement Date, and (iii) capital expenditures made for the replacement of items (the repair of which would be included within Operating Costs) in lieu of repairs thereto, provided (A) replacement of the item in lieu of repair is either less costly on an annual basis than repair of the item in question, or is necessary given the non-functioning condition of the item in question, as determined by Landlord in good faith, (B) this provision shall not apply to general renovations, as opposed to needed repairs, of the Building or any elements therein, and (C) any expenditure shall be recoverable only over the useful life of the item in question (as determined in accordance with GAAP) by amortizing such expenditure over such useful life at an annual interest rate equal to the Prime Rate at the time of such expenditure, and only the sum of all amortization payments payable during the year in question shall be included in Operating Costs in each year during such recovery period; (m) cost of premiums for casualty and liability insurance policies required to be maintained by Landlord hereunder and any other insurance carried by Landlord with respect to the Project that are consistent with the limitations set forth in Section 13.1 below; (n) license, permit and inspection fees; (o) management fees based upon a percentage of gross rental receipts, Operating Costs, Real Estate Taxes and utility costs; (p) consulting fees in connection with the provision of common area maintenance services, (q) personal property taxes; (r) trash removal, including all costs incurred in connection with waste product recycling, (s) snow and ice removal or prevention; (t) maintenance, repair and striping of all parking areas used by tenants of the Building, and any other cost or assessment payable in connection with the maintaining of such parking areas, (u) uniforms and dry cleaning for personnel below the grade of Building Manager; (v) telephone, cellular phone, paging, telegraph, postage, stationery supplies and other materials and expenses required for the routine operation of the Building; (w) association assessments for maintenance of offsite improvements serving or benefiting the Building or the Land, (x) ground rent and/or ground lease payments required to be paid by Owner for the Land on which the Building is located; and (y) other association assessments for common area services provided to owners in the Hunters Branch complex.

9.5 Exclusions. Except as otherwise provided in this Lease, Operating Costs shall not include any of the following: (1) capital expenditures, except those specifically set forth above; (2) costs of any special services rendered to individual tenants (including Tenant); (3) painting, redecorating or other work which Landlord performs for specific tenants; (4) Real Estate Taxes (as defined in Section 10), (5) depreciation or amortization of costs required to be capitalized in accordance with generally accepted accounting practices (except as set forth in Section 9.4, above), (6) interest and amortization of funds borrowed by Landlord, (7) leasing commissions, and advertising, legal, space planning and construction expenses incurred in procuring tenants for the Building; (8) salaries, wages, or other compensation paid to officers or executives of

Landlord or its property management company in their capacities as officers and executives; (9) any other expenses for which Landlord actually receives direct reimbursement from insurance, condemnation awards, warranties, other tenants or any other source but excluding general payments of Operating Costs pursuant to this Section 9 by Tenant and other tenants of the Building, (10) all costs incurred in the initial construction of the Project; (11) costs directly resulting from the willful misconduct of Landlord, its employees, agents, contractors or employees, (12) legal fees and other expenses incurred by Landlord except in administering, contracting for services which are a part of, and disputing Operating Costs; (13) costs or fees relating to the defense of Landlord's title or interest in the Land; (14) costs incurred due to violation by Landlord of violation of any Laws or in existence as of the Commencement Date the terms and conditions of this Lease; (15) renovation of the Project made necessary by casualty or the exercise of eminent domain, (16) costs arising from the presence of Hazardous Materials in, about or below the Project, (17) costs incurred for any items to the extent of Landlord's recovery under a manufacturer's, materialmen's, vendor's or contractor's warranty (except to the extent of costs incurred in such recovery); (18) income, excess profits, franchise taxes or other such taxes imposed on or measured by the net income of Landlord from the operation of the Building (other than business professional occupational license tax); (19) reserves for repairs, maintenance and replacements; (20) Landlord's general overhead expenses; (21) costs incurred to achieve compliance with any governmental laws, ordinances, rules, regulations or orders, except to the extent recoverable under Section 9.4(i) and 9.4(l), above; (22) any penalties or interest expenses incurred because of Landlord's failure timely to pay any Operating Costs (unless the same is the result of Tenant's failure to timely make any payment in respect thereof required hereunder); (23) accounting fees other than those attributable to reviewing and preparing operating statements for the Building; (24) rental or similar payments made in connection with the leasing of any equipment deemed to be capital in nature except to the extent the acquisition of such item would have been recoverable under Section 9.4(1), above, (25) principal or interest payments on and any other charges (including, but not limited to, late charges, default interest or other penalties) paid by Landlord in connection with any mortgages, deeds of trust or other financing or refinancing encumbrances; (26) deductions for depreciation for the Building, except to the extent expressly included in Section 9.4(1) above; (27) the costs of special services, tenant improvements and concessions, repairs, maintenance items or utilities separately chargeable to, or specifically provided for, individual tenants of the Building, including, without limitation, the cost of preparing any space in the Building for occupancy by any tenant and/or for altering, renovating, repainting, decorating, planning and designing spaces (other than Common Areas) for any tenant in the Building in connection with the renewal of its lease and/or costs of preparing or renovating any vacant space for lease in the Building (including permit, license and inspection fees); (28) attorney's fees and disbursements, accounting fees, recording costs, mortgage recording taxes, title insurance premiums, title closer's gratuity and other similar costs, incurred in connection with any mortgage financing or refinancing or execution, modification or extension of any ground lease; loan prepayment penalties, premiums, fees or charges; (29) fees, costs and expenses incurred by Landlord in connection with or relating to claims against or disputes with tenants of the Building or the negotiation of leases with tenants or prospective tenants, including, without limitation, legal fees and disbursements, (30) costs incurred by Landlord in curing, repairing or replacing any structural portion of the Building made necessary as a result of defects in design, workmanship or materials; (31) costs and expenses incurred by Landlord for services which are duplicative of or are normally included in any management fees

paid by Landlord; (32) that portion of any Annual Operating Cost that is paid to any entity affiliated with Landlord that is in excess of the amount that would otherwise be paid to an entity that is not affiliated with Landlord for the provision of the same service; (33) rental for personal property leased to Landlord except for rent for personal property leased to Landlord the purchase price for which, if purchased, would be included (in whole or part) in Operating Costs in the year of purchase; (34) attorney's fees and disbursements, brokerage commissions, transfer taxes, recording costs and taxes, title insurance premiums, title closer's fees and gratuities and other similar costs incurred in connection with the sale or transfer of an interest in Landlord (including any restructuring, recapitalization or similar events or activities) or the Building; (35) all costs and expenses attributable to any testing, investigation, management, maintenance, remediation, or removal of Hazardous Materials (other than any testing or monitoring customarily conducted by owners of similar office buildings in the ordinary course of operating and managing a building) or the resolution of Y2000 issues; (36) the costs of all sculptures, paintings, and other works of art, and any costs and expenses related to the display or maintenance thereof; and (37) costs of increases in insurance premiums to the extent such increase is solely attributable to the use, occupancy or act of another tenant.

9.6 Further Adjustment. Operating Costs for each calendar year shall be adjusted to include all costs, expenses and disbursements that Landlord reasonably determines would have been incurred if Landlord had provided all utilities and services within the definition of Operating Costs to tenants and occupants in the Building had the Building been ninety five percent (95%) occupied throughout such year.

9.7 Multi-Project Operating Costs. The Building is a part of a larger project or development and as such, Landlord shall have the right (but not the obligation) to allocate to the Building an appropriate portion of those Operating Costs which are incurred with respect to the project as a whole. By way of example, landscaping costs for a multi-building project shall be allocated on an appropriate basis between all tenantable buildings in the project.

9.8 Increases in Operating Costs. For purposes hereof, "Increases in Operating Costs" shall be deemed to mean the increase (if any) in Operating Costs incurred in operating the Building for the Lease Year in question compared to the Operating Costs for the Building incurred in calendar year 2004 (the "Base Year").

10. REAL ESTATE TAXES

10.1 Defined. Commencing as of the first day of the second Lease Year and thereafter during each calendar year or portion thereof during the Term, Tenant shall pay as Additional Rent to Landlord, without diminution, set-off or deduction, Tenant's Share of Increases in "Real Estate Taxes" (as defined in Section 10.3, below) paid in such calendar year.

10.2 Estimated Payment. Commencing on the first day of the second Lease Year, Tenant shall make monthly installment payments toward Tenant's Share of Increases in Real Estate Taxes on an estimated basis, based on Landlord's reasonable estimate of Real Estate Taxes for such calendar year. Tenant shall pay Landlord, as Additional Rent, commencing on the first day of the second Lease Year and on the first day of each month thereafter throughout

the Term (and any extension thereof), one-twelfth (1/12th) of Landlord's estimate of Tenant's Share of Increases in Real Estate Taxes for the then-current calendar year. If at any time or times during such calendar year it appears to Landlord that Tenant's Share of Increases in Real Estate Taxes for such calendar year will vary from Landlord's estimate by more than five percent (5%) on an annualized basis, Landlord may, by written notice to Tenant, revise its estimate for such calendar year and Tenant's estimated payments hereunder for such calendar year shall thereupon be based on such revised estimate.

10.3 Real Estate Taxes. For purposes of this Lease, "Real Estate Taxes" shall mean all taxes and assessments, general or special, ordinary or extraordinary, foreseen or unforeseen, assessed, levied or imposed upon the Building or the Land, or assessed, levied or imposed upon the fixtures, machinery, equipment or systems in, upon or used in connection with the operation of the Building or the Land under the current or any future taxation or assessment system or modification of, supplement to, or substitute for such system Real Estate Taxes shall include all reasonable expenses (including, but not limited to, attorneys' fees, disbursements and actual costs) incurred by Landlord in obtaining or attempting to obtain a reduction of such taxes, rates or assessments, including any legal fees and costs incurred in connection with contesting or appealing the amounts or the imposition of any Real Estate Taxes. In the event Real Estate Taxes (including special assessments) may be paid in installments, they may be paid in installments or in lump sum, at Landlord's election (and in such event Real Estate Taxes shall include such installments and interest paid on the unpaid balance of the assessment, or the entirety thereof, as applicable). The foregoing notwithstanding, Real Estate Taxes shall not include: (i) any franchise, corporation, income, excess profits taxes or, grantor's and recordation net profits tax which may be assessed against Landlord or the Project or both, (ii) transfer, grantor's and recordation taxes assessed against Landlord or the Project or both, (iii) penalties or interest on any late payments of Landlord, (iv) personal property taxes of Tenant, (v) any rental or other charges or fee imposed upon Landlord in connection with the lease or use of any vault space, (vi) estate taxes, inheritance taxes, succession taxes, (vii) gift taxes, (viii) unincorporated business tax, or (ix) taxes on personal property of Landlord not used in connection with the operation, repair or maintenance of the Project Real Estate Taxes also shall exclude any interest or penalties arising by reason of the late payment of same, provided Tenant has timely made all payments of Tenant's Share of Increases in Real Estate Taxes as required hereunder.

10.4 Annual Reconciliation. Within one hundred twenty (120) days after the end of each calendar year, Landlord shall provide to Tenant Landlord's calculation of Tenant's Share thereof (the "Tax Statement"). Within thirty (30) days after the delivery of the Tax Statement, Tenant shall pay to Landlord the amount of any shortfall in the amount of estimated payments made to Landlord pursuant to Section 10.2 on account of Tenant's Share of Increases in Real Estate Taxes for such calendar year, and the actual amount shown as Tenant's Share of Increases in Real Estate Taxes for such calendar year. In the event the Tax Statement reflects an overpayment of Tenant's Share of Increases in Operating Costs for such year, such overpayment shall be credited against the next due Base Rent hereunder.

10.5 Increases in Real Estate Taxes. For purposes hereof, "Increases in Real estate Taxes" shall be deemed to mean the increase (if any) in Real Estate Taxes incurred for the Building for the Lease Year in question compared to the Real Estate Taxes for the Building incurred in the Base Year.

11. ADDITIONAL PROVISIONS; OPERATING COSTS AND REAL ESTATE TAXES.

11.1 Partial Year; End of Term. To the extent that a more accurate method of allocating same cannot be implemented by Landlord, Tenant's Share of Operating Costs and Real Estate Taxes for any partial calendar year shall be determined by multiplying the amount of Tenant's Share thereof for the full calendar year by a fraction, the numerator of which is the number of days during such partial year falling within the Term and the denominator of which is 365. If this Lease terminates on a day other than the last day of a calendar year, the amount of any adjustment to Tenant's Share of Real Estate Taxes with respect to the year in which such termination occurs shall be prorated on the basis which the number of days from January 1 of such year to and including such termination date bears to 365, and any amount payable by Landlord to Tenant or Tenant to Landlord with respect to such adjustment shall be payable within thirty (30) days after delivery by Landlord to Tenant of the applicable Expense Statement and Tax Statement with respect to such year.

11.2 Other Taxes. In addition to Tenant's Share of Operating Costs and Real Estate Taxes, Tenant shall pay, prior to delinquency, all personal property taxes payable with respect to all property of Tenant located in the Premises or the Building, and shall provide promptly, upon request of Landlord, written proof of such payment.

11.3 Covenant Regarding Timely Payment of Operating Costs and Real Estate Taxes. Landlord covenants to pay all Operating Costs and Real Estate Taxes before the same become delinquent, subject to Tenant's obligation to make the payments contemplated by Article 9 and Article 10, above, in a timely fashion.

11.4 Contesting Real Estate Taxes. Landlord will have the right to employ a tax consulting firm to attempt to assure a fair tax burden on the Project, provided Landlord will use reasonable efforts to minimize the cost of such service. The reasonable cost of such service shall be included in the Real Estate Taxes hereunder in the year same were incurred or paid, at Landlord's election. Additionally, during any such period, Landlord shall have the right, in its reasonable judgment, to contest any tax assessment, valuation or levy against the Project, and to retain legal counsel and expert witnesses to assist in such contest and otherwise to incur expenses in such contest, and any reasonable fees, expenses and costs incurred by Landlord in contesting any assessments, levies or tax rate applicable to the Project, whether or not such contest is successful, shall be included in Real Estate Taxes as set forth above.

11.5 Arbitration. Disputes regarding Operating Costs, Real Estate Taxes, and any audit thereof, shall be subject to arbitration in accordance with the provisions of Section 49 hereof.

12. TENANT'S INSURANCE.

12.1 Coverage Requirements. Tenant shall during the Term of this Lease, procure at its expense and keep in force the following insurance:

Commercial general liability insurance naming the Landlord and Landlord's managing agent as additional insureds against any and all claims for bodily injury and property damage occurring in or about the Premises or any appurtenances thereto covering the operation of the Tenant and any subtenants, licensees and concessionaires of the Tenant. Such insurance shall be written on an "Occurrence Form" and shall include, without limitation, blanket contractual liability recognizing provisions of this Lease, broad form property damage, coverage for independent contractors, personal injury liability and coverage for hired auto and non-ownership auto liability. Such insurance shall be primary and not contributing to any insurance available to Landlord and Landlord's insurance shall be in excess thereto. Such insurance shall have a limit of not less than One Million Dollars (\$1,000,000.00) per occurrence with a Two Million Dollars (\$2,000,000.00) general aggregate with an excess (umbrella) liability insurance in the amount of Two Million Dollars (\$2,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) annually in the aggregate; provided, however that no such limits shall be deemed limitation of the liability of Tenant hereunder. If Tenant has other locations that it owns or leases, the policy shall include an aggregate limit per location endorsement. Such liability insurance shall be primary and not contributing to any insurance available to Landlord and Landlord's insurance shall be in excess thereto. In no event shall the limits of such insurance be considered as limiting the liability of Tenant under this Lease;

Personal property insurance insuring all equipment, trade fixtures, inventory, fixtures and personal property located within the Premises (excluding leasehold improvements, which shall be insured by and remain the property of Landlord). Such insurance shall be written on a replacement cost basis in an amount equal to one hundred percent (100%) of the full replacement value of the aggregate of the foregoing.

Workers' compensation and occupational disease insurance, employee benefit insurance and any other insurance in the statutory amounts required by the laws of the State where the operations are to be performed with broad-form all-states endorsement Employer's liability insurance with a limit of Five Hundred Thousand Dollars (\$500,000.00) for each accident.

Business income insurance in an amount equal to at least to twelve (12) months Rent.

12.2 Rating; Certificates; Cancellation. The policies required to be maintained by Tenant shall be with companies rated A-III or better in the most current issue of Best's Insurance Reports. Insurers shall be licensed to do business in the Commonwealth of Virginia and domiciled in the USA. Any deductible amounts under any insurance policies required hereunder shall be commercially reasonable Certificates of insurance and certified copies of the policies shall be delivered to Landlord prior to the Commencement Date and annually thereafter at least

thirty (30) days prior to the expiration date of the old policy. Tenant shall have the right to provide insurance coverage which it is obligated to carry pursuant to the terms hereof in a blanket policy, provided such blanket policy expressly affords coverage to the Premises and to Landlord as required by this Lease. Each policy of insurance shall provide notification to Landlord and any mortgagee(s) of Landlord at least thirty (30) days prior to any cancellation or modification to reduce the insurance coverage.

12.3 Other. In the event Tenant does not purchase the insurance required by this Lease or keep the same in full force and effect, and the same is not corrected within one (1) business day following written notice thereof from Landlord to Tenant, then Landlord may, but shall not be obligated to, purchase the necessary insurance and pay the premium therefore. Tenant shall repay to Landlord, as Additional Rent, any and all reasonable expenses (including attorneys' fees) and damages which Landlord may sustain by reason of the failure of Tenant to obtain and maintain insurance.

13. LANDLORD'S INSURANCE.

13.1 Coverage. At all times during the Lease Term, Landlord will maintain, the cost of which shall be reimbursable as an Operating Cost hereunder, (a) fire and extended coverage insurance covering the Project, in an amount equal to one hundred percent (100%) of the replacement value thereof, (b) primary and non-contributory public liability and property damage insurance in such amounts as Landlord deems reasonable from time to time, and (c) rent loss insurance for all Rent hereunder for a period of twelve (12) months. Landlord shall also have the right to obtain such other types and amounts of insurance coverage on the Building (including loss of rental insurance) and Landlord's liability in connection with the Building as are customary or advisable for a comparable office project in the Fairfax, Virginia area, as determined by Landlord in Landlord's reasonable judgment. Any dispute regarding the appropriateness of such additional insurance coverage shall be subject to arbitration pursuant to Section 49 of this Lease.

13.2 Rating; Certificates; Cancellation. The policies required to be maintained by Landlord shall be with companies rated A-X or better in the most current issue of Best's Insurance Reports Insurers shall be licensed to do business in the Commonwealth of Virginia and domiciled in the USA. Any deductible amounts under any insurance policies required hereunder shall be commercially reasonable, in Landlord's reasonable judgment. Landlord shall have the right to provide insurance coverage which it is obligated to carry pursuant to the terms hereof in a blanket policy, provided such blanket policy expressly affords coverage to the Project and to Tenant as required by this Lease.

14. DAMAGE OR DESTRUCTION.

14.1 Damage Repair.

14.1.1 If the Premises shall be destroyed or rendered untenable, either wholly or in part, by fire or other casualty, then Landlord shall, within thirty (30) days after the date of such casualty, provide Tenant with Landlord's good faith written estimate (the "Estimate") of how long it will take to repair or restore the Premises.

14.1.2 If neither party elects to terminate this Lease in accordance with the terms hereof following any casualty, then Landlord shall commence promptly and diligently prosecute to completion the restoration of the Premises to their previous condition, subject to Force Majeure as defined herein and delays caused by Tenant; and pending substantial completion of such restoration, the Base Rent and Additional Rent shall be abated in the same proportion as the untenantable portion of the Premises bears to the whole thereof, and this Lease shall continue in full force and effect.

14.1.3 If Landlord estimates within the Estimate that it will require in excess of one hundred eighty (180) days after the date Tenant's right of termination hereunder expires to fully repair or restore the Premises in accordance herewith, then, within thirty (30) days after Landlord delivers Tenant the Estimate, Tenant and Landlord shall each have the right to terminate this Lease by written notice to the other, which termination shall be effective as of the date of such notice of termination, and all liabilities and obligations of Landlord and Tenant thereafter accruing shall terminate and be of no legal force and effect except as otherwise specifically set forth herein. Notwithstanding the foregoing, Tenant shall not have the right to terminate this Lease if the fire or other casualty was the result of Tenant's gross negligence or willful misconduct.

14.1.4 If neither party elects to terminate the Lease and Landlord fails or declines to exercise any other termination right pursuant to this Section 14, Landlord will use all reasonable efforts to commence and complete its restoration of the affected portions of the Premises promptly, and in the event Landlord is unable to complete such restoration within one hundred eighty (180) days after the date Tenant's right of termination hereunder expires (or such longer period as was referenced in the Estimate, if applicable), as such period may be extended due to Force Majeure (not to exceed ninety (90) days) or due to any delays caused by Tenant (and not limited as to the number of days) then within thirty (30) days after the expiration of such period (but in all events prior to the date Landlord completes its restoration of the Premises), Tenant shall again have the right to terminate this Lease upon thirty (30) days prior written notice to Landlord, provided, however, that if Landlord substantially completes such restoration prior to the end of the thirty (30) day notice period, Tenant's notice of termination shall be deemed rescinded and ineffective for all purposes, and this Lease shall continue in full force and effect. The provisions of this Section are in lieu of any statutory termination provisions allowable in the event of casualty damage.

14.1.5 If at any time in the course of its restoration of damaged portions of the Premises, Landlord believes in good faith that its original Estimate is no longer accurate for reasons other than Force Majeure (in which event the provisions of Section 14.1 4 shall control), Landlord shall have the right to deliver a revised Estimate to Tenant of the additional time period which Landlord believes will be required to fully repair or restore the Premises in accordance herewith, and, unless Tenant terminates this Lease by written notice to Landlord within ten (10) business days after its receipt of such revised Estimate from Landlord, Tenant shall be deemed to have agreed that, for all purposes of this Section 14.1, the one hundred eighty (180) day time

limit otherwise imposed upon completion of Landlord's restoration of the damaged portions of the Premises shall be extended by the number of additional days needed to complete estimated by Landlord within such revised Estimate. If Tenant elects to terminate this Lease as to the damaged Building after receiving such a revised Estimate from Landlord, as aforesaid, such termination shall be effective as of the date of such notice of termination, and all liabilities and obligations of Landlord and Tenant thereafter accruing hereunder with respect to such Building shall terminate and be of no legal force and effect except as otherwise specifically set forth herein.

14.2 Reconstruction. If all or any portion of the Premises is damaged by fire or other casualty and this Lease is not terminated in accordance with the provisions hereof; then all insurance proceeds under the policy referred to in Section 13.1 hereof that are recovered by Landlord on account of any such damage by fire or casualty shall be made available for the payment of the cost of repair, replacing and rebuilding.

14.3 Business Interruption. Other than rental abatement as and to the extent provided in Section 14.1, no damages, compensation or claim shall be payable by Landlord for inconvenience or loss of business arising from interruption of business, repair or restoration of the Building or Premises.

14.4 Repairs. Landlord's repair obligations, should it elect to repair, shall be limited to the base Building, Common Areas and all interior improvements to and property within the Premises which are covered or required to be covered hereunder by Landlord's insurance. Landlord shall use reasonable efforts to commence such repairs and restorations within a reasonable period after Landlord elects to restore the Premises, and to complete such repairs within the time frames referenced in Section 14.1, above. Tenant acknowledges that any such repairs or restorations shall be subject to applicable laws and governmental requirements, any disbursement requirements imposed by Landlord's mortgagee (if any), and to delay in the process of adjusting any insurance claim associated therewith, and delays resulting from any of the foregoing shall constitute a "Force Majeure" hereunder, shall not in any event constitute a breach of this Lease by Landlord, and shall extend the time for completing such restoration as long as Landlord uses reasonable efforts to commence and complete such repairs and restorations in a timely fashion.

14.5 End of Term Casualty. Anything herein to the contrary notwithstanding, if more than thirty (30%) of the Premises is destroyed or damaged during the last eighteen (18) months of the Lease Term, then either Landlord or Tenant shall have the right to terminate this Lease (in whole if the damage extends to all of the Premises or otherwise as to the affected portion of the Premises within the Building) upon thirty (30) days prior written notice to the other, which termination shall be effective on the thirtieth (30th) day after the other party's receipt of such notice. Such notice must be delivered within thirty (30) days after such casualty, or shall be deemed waived; provided, however, that Tenant may revoke such termination notice, and require Landlord to restore the Premises, by exercising any renewal option provided herein, if any.

15. MACHINERY AND EQUIPMENT ALTERATIONS AND ADDITIONS; REMOVAL OF FIXTURES.

15.1 Tenant shall not place a load upon the floor of the Premises which exceeds the maximum live load per square foot which Landlord (or Landlord's architect or engineer) reasonably determines is appropriate for the Building without Landlord's prior written consent. Tenant will not install or operate in the Premises any electrical or other equipment requiring any changes, replacements or additions to any base building system, without Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed (and if such consent is granted Tenant shall be responsible for the costs of such changes, replacements or additions).

15.2 Tenant shall not make or allow to be made any alterations, additions or improvements to or on the Premises which affect any structural or building system components of the Premises or which, under applicable codes, rules and/or regulations require any building electrical, plumbing or other permit, without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall have the right to make any other alterations, repairs, additions or improvements in or to the Premises without Landlord's prior written consent provided Tenant provides Landlord with prior written notice thereof; provided, however that no exterior modification shall be made in any event without Landlord's prior written consent in all cases. Any such alterations, additions or improvements, including, but not limited to, wall covering, paneling and built-in cabinet work, shall be made at Tenant's sole expense (and, with respect to structural alterations, according to plans and specifications approved in writing by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed), in compliance with all applicable laws, by a licensed contractor, and in a good and workmanlike manner conforming in quality and design with the Premises existing as of the Commencement Date, and shall at once become a part of the realty and shall be surrendered with the Premises (except as provided in Section 15.3, below). Tenant shall have the right to use its own vendors to perform alterations to the Premises, subject to Landlord's reasonable prior approval in cases where the underlying alteration requires Landlord's consent hereunder.

15.3 Upon the expiration or sooner termination of the Lease Term, Tenant shall, at Tenant's sole expense, with due diligence, remove any alterations, additions, or improvements made by Tenant which are designated by Landlord to be removed at the time its consent to the installation thereof is granted, and repair any damage to the Premises caused by such removal; provided, however, that Landlord may only require that Tenant remove any improvements if in Landlord's reasonable professional judgment such improvements (i) are not customarily found in comparable office buildings in the Fairfax, Virginia area, or (ii) would make it difficult for Landlord to re-lease the Premises without removing or altering such improvements. Tenant shall remove any of its movable property, trade fixtures and roof devices. Tenant shall pay Landlord any damages for injury to the Premises or Building resulting from such removal. All items of Tenant's personal property that are not removed from the Premises or the Building by Tenant at the termination of this Lease shall be deemed abandoned and become the exclusive property of Landlord, without further notice to or demand upon Tenant. If the Premises are not surrendered as and when aforesaid, Tenant shall indemnify Landlord against all claims, losses, costs, expenses (including reasonable attorneys' fees) and liabilities resulting from the delay by Tenant

in so surrendering the same, including without limitation any claims made by any succeeding occupant founded on such delay. Tenant's obligations under these Sections 15.2 and 15.3 shall survive the expiration or termination of this Lease.

16. ACCEPTANCE OF PREMISES.

Landlord shall tender, and Tenant shall accept possession of; the Premises in it's as-is condition.

17. TENANT IMPROVEMENTS.

Landlord shall not be required to provide or construct any improvements or other alterations to the premises. Tenant shall be entitled to make such improvements to the Premises as it shall deem advisable, subject in all events to the reasonable prior approval of Landlord and compliance with the terms of Section 15 hereof. Any such improvements shall be undertaken in a first class lien free manner, at the sole cost and expense of Tenant. Provided that Tenant is not in default hereunder, Landlord shall provide an allowance in the amount of \$317,505.00 (the "Allowance") to Tenant to fund a portion of the cost of the improvements to be undertaken by Tenant in the Premises. The Allowance shall be funded as follows: \$106,615.00 on the Commencement Date, \$6,615.00 on the first day of each month for the following eleven (11) months, \$75,000.00 on the first day of the second Lease Year, and \$63,125.00 on the first day of the second calendar month of the third Lease Year. The foregoing notwithstanding, in the event Tenant has in place contracted gross revenue of not less than \$8,000,000.00 for the Base Year, and provides reasonable evidence to Landlord to such effect, the final payment of the Allowance as is set forth above shall be paid simultaneously with the \$75,000.00 payment from the Allowance to be paid on the first day of the second Lease Year.

18. ACCESS.

18.1 Subject to the restrictions set forth below, Tenant shall permit Landlord and its agents to enter the Premises at all reasonable times (provided such access does not interfere with Tenant's permitted use of the Premises) to inspect the same; to show the Premises to prospective tenants, or interested parties such as prospective lenders and purchasers; to exercise its rights under Section 48; to clean, repair, alter or improve the Premises or the Building; to discharge Tenant's obligations when Tenant has failed to do so within a reasonable time after written notice from Landlord, to post notices of non-responsibility and similar notices and "For Sale" signs and during the last twelve (12) months of the Lease Term, to place "For Lease" signs upon or adjacent to the Building or the Premises. Tenant shall permit Landlord and its agents to enter the Premises at any time in the event of an emergency. When reasonably necessary, Landlord may temporarily close entrances, doors, corridors, elevators or other facilities without liability to Tenant by reason of such closure. In exercising the foregoing rights, Landlord shall use reasonable efforts to minimize any disruption to Tenant's business. Landlord shall coordinate any entry into the Premises with Tenant's facilities supervisor at least 24 hours in advance (except in cases of emergency involving fire or other casualty, or other risk of injury or death to persons), and Landlord acknowledges that Tenant may require Landlord and its agents to be accompanied by a representative of Tenant for security purposes upon Landlord's entry to

certain limited portions of the Premises (other than in cases of emergency involving fire or other casualty, or other risk of injury or death to persons) for legitimate, documented security purposes. Tenant shall supply Landlord with telephone numbers for Tenant's facilities supervisor so that Landlord will be able to comply with established security procedures to the extent feasible under the circumstances in the event Landlord requires immediate access to the Premises to cure any emergency situation. In the event Tenant, though no act or omission of its own, is deprived of access to the Premises as a result of Landlord's closure of all access to the Building or Premises for a period exceeding five (5) consecutive business days, and as a result thereof Tenant is unable to and does not in fact occupy or conduct business from any portion of the Premises, then from and after such fifth (5th) business day and until the restoration of access to the Building and/or Premises, as applicable, Tenant shall be entitled to abate its Rent obligations hereunder.

18.2 Landlord shall be excused from such of its obligations under this Lease as are directly and materially impacted by the inability of Landlord to access the Premises or any applicable part thereof due to Tenant's security restrictions, if and to the extent the performance of such obligations was in fact hindered, frustrated, or rendered impossible or impracticable due to the effect of such restrictions on access.

19. MUTUAL WAIVER OF SUBROGATION.

19.1 Tenant. Notwithstanding anything to the contrary in this Lease, whether the loss or damage is due to the negligence of Landlord or Landlord's agents or employees, or any other cause, Tenant hereby releases Landlord and Landlord's agents and employees from responsibility for and waives its entire claim of recovery for (i) any and all loss or damage to the personal property of Tenant located in the Project, arising out of any of the perils which are covered by Tenant's property insurance policy, with extended coverage endorsements which Tenant is required to obtain under the applicable provisions of this Lease, whether or not actually obtained, or (ii) loss resulting from business interruption at the Premises, arising out of any of the perils which may be covered by any business interruption insurance policy which may be carried by Tenant.

19.2 Landlord. Notwithstanding anything to the contrary in this Lease, whether the loss or damage is due to the negligence of Tenant or Tenant's agents or employees, or any other cause, Landlord hereby releases Tenant and Tenant's agents and employees from responsibility for and waives its entire claim of recovery for any and all loss or damage to the Building or any personal property of Landlord located about the Project and the Building generally and all property attached thereto (excluding any such property required to be insured by Tenant hereunder), arising out of any of the perils which are covered by Landlord's property insurance policy which Landlord is required to obtain under the applicable provisions of this Lease, whether or not actually obtained.

19.3 Carriers. Landlord and Tenant shall each cause its respective insurance carrier(s) to consent to such waiver of all rights of subrogation against the other, and to issue an endorsement to all policies of insurance obtained by such party confirming that the foregoing release and waiver will not invalidate such policies.

20. INDEMNIFICATION.

20.1 Subject to the provisions of Section 19 hereof and other provisions of this Lease, Tenant shall indemnify and hold harmless Landlord, its agents, employees, officers, directors, partners and shareholders from and against any and all third party claims, liabilities, judgments, demands, causes of action, claims, losses, damages, costs and expenses, including reasonable attorneys' fees and costs, arising out of such third party claims, to the extent arising out of (i) the use and occupancy of the Premises by Tenant, its officers, contractors, licensees, agents, servants, employees, guests, invitees, visitors, assignees or subtenants, (ii) the gross negligence or willful misconduct of Tenant, its officers, contractors, licensees, agents, servants, employees, guests, invitees, visitors, assignees or subtenants, in or about the Project; and/or (iii) any breach or Default by Tenant under this Lease; provided that this indemnity shall not apply to any loss, damage, liability or expense resulting from injuries to third parties caused by the gross negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees (while within the Premises) Tenant shall not be responsible or liable for any claims for the interruption of or loss to Landlord's business, nor any other consequential or indirect damages on account of or in connection with the indemnifications set forth above.

20.2 The indemnifications set forth in this Section 20 shall survive termination of this Lease.

21. ASSIGNMENT AND SUBLETTING.

21.1 Consent Required. Except as specifically set forth herein to the contrary, Tenant shall not assign, encumber, mortgage, pledge, license, hypothecate or otherwise transfer the Premises or this Lease, or sublease all or any part of the Premises, or permit the use or occupancy of the Premises by any party other than Tenant, without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Upon any permitted assignment or sublease (other than as set forth in subsection 21.4 hereof, in which event this sentence does not apply), Landlord and Tenant shall share equally in any rent, additional rent or other payments made by the assignee or subtenant which are in excess of the Base Rent, Tenant's Share of Increases in Operating Costs, Tenant's Share of Increases in Real Estate Taxes, and other additional rent payable by Tenant hereunder (calculated after Tenant has recovered in full from such consideration its "Transaction Expenses" (as hereafter defined)). The term "Transaction Expenses" shall mean all reasonable and actual out-of-pocket expenses incurred by Tenant in procuring such assignment or sublease, including broker fees and legal fees (if any) paid by Tenant, any improvements which Tenant makes to the applicable portion of the Premises at Tenant's expense in connection with such assignment or sublease, and any buy-out of the assignee's or sublessee's existing lease paid for by Tenant as a part of such transaction.

21.2 Procedure. Tenant must request Landlord's consent to such assignment or sublease in writing at least fifteen (15) business days prior to the commencement date of the proposed sublease or assignment, which written request must include (a) the name and address of the proposed assignee or subtenant, (b) the nature and character of the business of the proposed assignee or subtenant, (c) financial information (including financial statements) of the proposed assignee or subtenant, and (d) a copy of the proposed sublet or assignment agreement. Tenant

shall also provide any additional information Landlord reasonably requests regarding such proposed assignment or subletting. Within ten (10) days after Landlord receives Tenant's request (with all required information included), Landlord shall, by written notice to Tenant, elect either: (i) to grant its consent to such proposed assignment or subletting, or (ii) to deny its consent to such proposed assignment or subletting, setting forth with specificity the reason for such denial. If Landlord does not exercise either of the above options within fifteen (15) business days after Landlord receives Tenant's request, then Tenant may assign or sublease the Premises upon the terms stated in Tenant's request.

21.3 Conditions. Any subleases and/or assignments hereunder are also subject to all of the following terms and conditions:

21.3.1 No consent to any assignment or sublease shall constitute a further waiver of the provisions of this Section, and all subsequent assignments or subleases may be made only with the prior written consent of Landlord. In no event shall any consent by Landlord be construed to permit reassignment or resubletting by a permitted assignee or sublessee, nor shall any assignment or sublease effectuate a release of Tenant from its obligations hereunder.

21.3.2 Tenant shall remain liable for all Lease obligations, all of which shall be unaffected by any such sublease or assignment, and which Lease obligations shall remain in full force and effect for all purposes. An assignee of Tenant, at the option of Landlord, shall become directly liable to Landlord for all obligations of Tenant hereunder, but no sublease or assignment by Tenant shall relieve Tenant of any liability hereunder.

21.3.3 Any assignment or sublease without Landlord's prior written consent shall be void, and shall, at the option of the Landlord, constitute a Default under this Lease.

21.3.4 The term of any such assignment or sublease shall not extend beyond the Lease Term. In no event will any assignee or subtenant (other than pursuant to a transfer of the Lease within the scope of Section 21.4, below) have the right to renew or extend the term of this Lease pursuant to Section 51, below.

21.3.5 Without limitation, it shall not be unreasonable for Landlord to deny its consent to any proposed assignment or sublease if the proposed assignee or subtenant fails to satisfy any one or more of the following criteria: (1) if the proposed assignee or sublessee has a net worth less than that of Tenant's at the time Tenant and Landlord execute this Lease and Landlord determines in its reasonable judgment that the proposed assignee or subtenant may be unable to meet its financial and other obligations under this Lease after such assignment or sublease; (2) if the proposed assignee or subtenant proposes to use the Premises for a purpose which is not a general office use or administrative use; (3) if the proposed assignee or subtenant has a history of landlord/tenant or debtor/creditor problems (such as, but not limited to, defaults, evictions, or other disputes) with Landlord, other landlords or other creditors, or (4) Landlord determines, in its reasonable judgment, that the proposed assignment/sublease documentation is not acceptable.

22. ADVERTISING.

Except with respect to building directory signage provided in Landlord's standard directory format, Tenant shall not display any sign, graphics, notice, picture, or poster, or any advertising matter whatsoever, anywhere in or about the Premises or the Building at places visible from anywhere outside or at the entrance to the Premises without first obtaining Landlord's written consent thereto, which Landlord may grant or withhold .in its sole discretion Tenant shall be responsible to maintain any permitted signs and remove the same at Lease termination. If Tenant shall fail to do so, Landlord may do so at Tenant's cost Tenant shall be responsible to Landlord for any damage caused by the installation, use, maintenance or removal of any such signs.

23. LIENS.

Tenant shall keep the Premises and the Building free from any liens arising out of any work performed, materials ordered or obligations incurred by or on behalf of Tenant, and Tenant hereby agrees to indemnify and hold Landlord, its agents, employees independent contractors, officers, directors, partners, and shareholders harmless from any liability, cost or expense (including attorneys' fees and defense costs) for or arising from such liens. Tenant shall cause any such lien imposed to be released of record by payment or posting of the proper bond acceptable to Landlord within twenty (20) days after written request by Landlord. Tenant shall give Landlord written notice of Tenant's intention to perform work on the Premises which might result in any claim of lien at least ten (10) days prior to the commencement of such work to enable Landlord to post and record a Notice of Nonresponsibility or other notice deemed proper before commencement of any such work. If Tenant fails to remove any lien within the prescribed twenty (20) day period, then Landlord may do so at Tenant's expense and Tenant's reimbursement to Landlord for such amount, including reasonable attorneys' fees and costs, shall be deemed Additional Rent hereunder.

24. DEFAULT.

24.1 Tenant's Default. A "Default" under this Lease by Tenant shall exist if any of the following occurs (taking into account the expiration of the notice and cure periods provided for below):

24.1.1 If Tenant fails to pay Base Rent, Additional Rent or any other sum required to be paid hereunder within five (5) days after written notice from Landlord that such payment was due, but was not paid as of the due date (provided, however, if Landlord has delivered two (2) such notices to Tenant within the prior twelve (12) month period, any subsequent failure to pay Base Rent, Additional Rent or any other sum required to be paid to Landlord hereunder on or before the due date for such payment occurring shall constitute a Default by Tenant without requirement of such five (5) day notice and opportunity to cure, but in the event a full year elapses between such failures then Tenant shall again have the right to such cure period), or

24.1.2 If Tenant fails to perform any term, covenant or condition of this Lease except those requiring the payment of money to Landlord as set forth in Section 24.11 above, and Tenant fails to cure such breach within thirty (30) days after written notice from Landlord where such breach could reasonably be cured within such thirty (30) day period, provided, however, that where such failure could not reasonably be cured within the thirty (30) day period, that Tenant shall not be in Default if it commences such performance promptly after its receipt of Landlord's written notice and diligently thereafter prosecutes the same to completion, provided that no such grace period to be permitted in the event of any one or more of the following: (i) the Default relates to the maintenance of insurance obligations, (ii) the Default relates to the assignment and subletting provisions, (iii) the Default relates to a violation of Section 5.2 of this Lease, (iv) the Default is of a nature as set forth in Section 24.1.3, in which event the periods set forth therein shall control, or Section 24.1.4, in which event there shall be no applicable cure period, or (v) there exists a reasonable possibility of danger to the health or safety of the Landlord, the Tenant, Tenant's invitees, or any other occupants of, or visitors to, the Building, or

24.1.3 If Tenant shall (i) make an assignment for the benefit of creditors, (ii) acquiesce in a petition in any court in any bankruptcy, reorganization, composition, extension or insolvency proceedings, (iii) seek, consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Tenant and of all or substantially all of Tenant's property, (iv) file a petition seeking an order for relief under the Bankruptcy Code, as now or hereafter amended or supplemented, or by filing any petition under any other present or future federal, state or other statute or law for the same or similar relief, or (v) fail to win the dismissal, discontinuation or vacating of any involuntary bankruptcy proceeding within sixty (60) days after such proceeding is initiated, or

24.1.4 If Tenant shall have abandoned the Premises or any material (i.e., in excess of 70%) portion thereof.

24.2 Remedies. Upon a Default, Landlord shall have the following remedies, in addition to all other rights and remedies provided by law or available in equity or otherwise provided in this Lease, any one or more of which Landlord may resort to cumulatively, consecutively, or in the alternative.

24.2.1 Landlord may continue this Lease in full force and effect, and this Lease shall continue in full force and effect as Long as Landlord does not terminate this Lease, and Landlord shall have the right to collect Base Rent, Additional Rent and other charges when due.

24.2.2 Landlord may terminate this Lease, or may terminate Tenant's right to possession of the Premises, at any time by giving written notice to that effect, in which event Landlord covenants to use commercially reasonable efforts to relet the Premises or any part thereof and mitigate its damages, as more fully set forth herein. Upon the giving of a notice of the termination of this Lease, this Lease (and all of Tenant's rights hereunder) shall immediately terminate, provided that, without limitation, Tenant's obligation to pay Base Rent, Additional Rent, and any damages otherwise payable under this Section 24, shall survive such termination and shall not be extinguished thereby. Upon the giving of a notice of the termination of Tenant's right of possession, all of Tenant's rights in and to possession of the Premises shall terminate but

this Lease shall continue subject to the effect of this Section 24. Upon either such termination, Tenant shall surrender and vacate the Premises in the condition required by Section 26, and Landlord may re-enter and take possession of the Premises and all the remaining improvements or property and eject Tenant or any of the Tenant's subtenants, assignees or other person or persons claiming any right under or through Tenant or eject some and not others or eject none. This Lease may also be terminated by a judgment specifically providing for termination. Any termination under this Section shall not release Tenant from the payment of any sum then due Landlord or from any claim for damages or Base Rent, Additional Rent or other sum previously accrued or thereafter accruing against Tenant, all of which shall expressly survive such termination. Reletting may be for a period shorter or longer than the remaining Lease Term. No act by Landlord other than giving written notice to Tenant shall terminate this Lease. Acts of maintenance, efforts to relet the Premises or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this Lease shall not constitute a constructive or other termination of Tenant's right to possession or of this Lease, either of which may be effected solely by an express written notice from Landlord to Tenant. On termination, Landlord shall have the right to remove all Tenant's personal property and store same at Tenant's cost, and to recover from Tenant as damages:

(A) The worth at the time of award of unpaid Base Rent, Additional Rent and other sums due and payable which had been earned at the time of termination; plus

(B) The worth at the time of award of the amount by which the unpaid Base Rent, Additional Rent and other sums due and payable which would have been payable after termination for the balance of the Lease Term exceeds the fair rental value of the Premises for the balance of the Term; plus

(C) Any other amount necessary to compensate Landlord for all of the reasonable, actual out-of-pocket costs incurred on account of Tenant's failure to perform Tenant's obligations under this Lease, including, without limitation, any costs or expenses reasonably incurred by Landlord; (i) in retaking possession of the Premises; (ii) in maintaining, repairing, preserving, restoring, replacing, cleaning, altering or rehabilitating the Premises or a portion thereof including such acts for reletting to a new tenant or tenants; (iii) for the unamortized portion of the leasing commissions; or (iv) for any other costs necessary or appropriate to relet the Premises. To the extent any of such costs are incurred in connection with a lease transaction having a term in excess of the remaining Term hereof, all of the foregoing costs incurred in connection therewith shall be amortized on a straight-line basis over the term of such new lease, assuming equal monthly installments of principal and interest, at an interest rate of twelve percent (12%), and Tenant's liability shall be limited to the amortized portion of the same (i.e., the monthly payments as so determined) falling within the Term hereof.

(D) The "worth at the time of award" of the amounts referred to in Section 24.2.2.1 is computed by allowing interest at the Default Rate through the date of payment. The "worth at the time of award" of the amounts referred to in Section 24.2.2.2 shall be computed by discounting the same to present value using the Discount Rate. In lieu of the amounts recoverable by Landlord pursuant to Section 24.2.2.2, above, but in addition to the amounts specified in Section 24.2.2.1 and 24.2.2.3 (or any other portion of this Section 24),

Landlord may, at its sole election, recover "Indemnity Payments," as defined hereinbelow, from Tenant For purposes of this Lease "Indemnity Payments" means an amount equal to the Base Rent, Additional Rent and other payments provided for in this Lease which would have become due and owing hereunder from time to time during the unexpired Lease Term after the effective date of the termination, but for such termination, less the Base Rent, Additional Rent and other payments, if any, actually collected by Landlord and allocable to the Premises. If Landlord elects to pursue Indemnity Payments as set forth above, Tenant shall, on demand, make Indemnity Payments monthly, and Landlord may sue for all Indemnity Payments at any time after they accrue, either monthly, or at less frequent intervals Tenant further agrees that Landlord may bring suit for Indemnity Payments and/or any other damages recoverable herein at or after the end of the Lease Term as originally contemplated under this Lease, and Tenant agrees that, in such event, Landlord's cause of action to recover the Indemnity Payments shall be deemed to have accrued on the last day of the Lease Term as originally contemplated. In seeking any new tenant for the Premises, Landlord shall be entitled to grant any concessions it deems reasonably necessary. In no event shall Tenant be entitled to any excess of any rental obtained by reletting over and above the rental herein reserved. To the fullest extent permitted by law, Tenant waives redemption or relief from forfeiture under any other present or future law, in the event Tenant is evicted or Landlord takes possession of the Premises by reason of any Default of Tenant hereunder.

24.2.3 Landlord may, with or without terminating this Lease, re-enter the Premises pursuant to judicial process (except in the event of Tenant's abandonment of the Premises in which event no judicial process shall be required) and remove all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant. No re-entry or taking possession of the Premises by Landlord pursuant to this Section shall be construed as an election to terminate this Lease unless a written notice of such intention is given to Tenant.

24.2.4 Tenant, on its own behalf and on behalf of all persons claiming through or under Tenant, including all creditors, does hereby specifically waive and surrender any and all rights and privileges, so far as is permitted by law, which Tenant and all such persons might otherwise have under any present or future law (1) except as may be otherwise specifically required herein, to the service of any notice to quit or of Landlord's intention to re-enter or to institute legal proceedings, which notice may otherwise be required to be given, (2) to redeem the Premises, (3) to re-enter or repossess the Premises, (4) to restore the operation of this Lease, with respect to any dispossession of Tenant by judgment or warrant of any court or judge, or any re-entry by Landlord, or any expiration or termination of this Lease, whether such dispossession, re-entry, expiration or termination shall be by operation of law or pursuant to the provisions of this Lease, (5) to the benefit of any law which exempts property from liability for debt or for distress for rent or (6) to a trial by jury in any claim, action proceeding or counter-claim arising out of or in any way connected with this Lease.

24.2.5 In the event of termination of this Lease or repossession of the Premises after a Default, Landlord agrees to use commercially reasonable efforts to mitigate its damages and relet the Premises after any termination of this Lease or Tenant's right to possession of the Premises hereunder, provided that (i) (if applicable) Landlord shall not be obligated to show

preference for reletting the Premises over any other vacant space in the Project, (ii) Landlord shall have the right (but not the obligation) to divide the Premises, or to consolidate portions of the Premises with other spaces, in order to facilitate such reletting, as Landlord deems appropriate, (iii) Landlord shall not have any obligation to use efforts other than commercially reasonable efforts under the circumstances to collect rental after any such reletting, and (iv) Landlord may relet the whole or any portion of the Premises for any period, to any tenant, and for any use and purpose, upon such terms as it deems appropriate, and may grant any rental or other lease concessions as it deems advisable, including free rent. In any dispute regarding whether Landlord has met its obligation to use commercially reasonable efforts to mitigate its damages hereunder, Tenant shall have the burden of proving, by clear and convincing evidence, that Landlord has failed to do so. In no event shall Tenant be entitled to any excess of any rental obtained under this Section 24.2.5 by reletting over and above the Base Rent and Additional Rent herein reserved.

24.2.6 Notwithstanding anything herein to the contrary, except as specifically set forth in Section 24.2.3, in no event shall Landlord be entitled to take possession of the Premises except pursuant to legal proceedings.

25. SUBORDINATION.

This Lease shall at all times be and remain subject and subordinate to the lien of any mortgage, deed of trust, ground lease or underlying lease now or hereafter in force against the Premises, and to all advances made or hereafter to be made upon the security thereof Tenant shall execute and return to Landlord any customary documentation requested by Landlord in order to confirm the foregoing subordination within ten (10) days after Landlord's written request. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by the Landlord covering the Premises, Tenant shall attorn to the purchaser at any such foreclosure, or to the grantee of a deed in lieu of foreclosure, and recognize such purchaser or grantee as the Landlord under this Lease. Tenant agrees that no mortgagee or successor to such mortgagee shall be (i) bound by any payment of Base Rent or Additional Rent for more than one (1) month in advance, (ii) bound by any amendment or modification of this Lease made without the consent of Landlord's mortgagee or such successor in interest, (iii) liable for damages for any breach, act or omission of any prior landlord, or (iv) subject to any claim of offset or defenses that Tenant may have against any prior landlord; provided that such mortgagee or successor shall not be relieved of the obligation to comply with all of the Landlord's obligations under the Lease accruing from and after the date such mortgagee or successor takes title to the Project, irrespective of whether the original noncompliance with any such obligation arose prior to and is continuing as of such date, or arose on or after such date (provided however that if such obligation arose prior to the date such mortgagee or successor took title to the Project, such mortgagee or successor shall not be deemed in default until after the provision of any notice of default required by this Lease to such mortgagee or successor, and its failure to cure same within the cure period provided for herein).

26. SURRENDER OF POSSESSION.

Upon expiration of the Lease Term, Tenant shall promptly and peacefully surrender the Premises to Landlord in as good condition as when received by Tenant from Landlord or as thereafter improved, reasonable use and wear and tear and damage by fire, casualty and condemnation excepted. If the Premises are not surrendered in accordance with the terms of this Lease, Tenant shall indemnify Landlord and its agents, employees, independent contractors, officers, directors, partners, and shareholders against any loss or liability including reasonable attorneys' fees and costs, and including liability to succeeding tenants, resulting from delay by Tenant in so surrendering the Premises. This indemnification shall survive termination of this Lease.

27. NON-WAIVER.

Waiver by Landlord of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition(s), or any subsequent breach of the same or any other term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Base Rent.

28. HOLDOVER.

If Tenant shall, without the written consent of Landlord, hold over after the expiration of the Lease Term, Tenant shall be deemed a tenant at sufferance, which tenancy may be terminated as provided by applicable state law. During any holdover tenancy (whether or not consented to by Landlord), unless Landlord has otherwise agreed in writing, Tenant agrees to pay to Landlord, a per diem occupancy charge equal to one hundred fifty percent (150%) of the per diem Base Rent and Additional Rent as was in effect under this Lease for the last month of the Lease Term. Such payments shall be made within five (5) business days after Landlord's demand, and in no event less often than once per month (in advance). In the case of a holdover which has been consented to by Landlord, unless otherwise agreed to in writing by Landlord and Tenant, Tenant shall give to Landlord thirty (30) days prior written notice of any intention to quit the Premises, and Tenant shall be entitled to thirty (30) days prior written notice to quit the Premises, except in the event of non-payment of Base Rent or Additional Rent in advance or the breach of any other covenant or the existence of a Default. Upon expiration of the Lease Term as provided herein, Tenant shall not be entitled to any notice to quit, the usual notice to quit being hereby expressly waived under such circumstances, and Tenant shall surrender the Premises on the last day of the Lease Term as provided in Section 26, above.

29. CONDEMNATION.

29.1 Definitions. The terms "eminent domain", "condemnation", and "taken", and the like in this Section 29 include takings for public or quasi-public use, and sales under threat of condemnation and private purchases in place of condemnation by any authority authorized to exercise the power of eminent domain.

29.2 Taking. If the whole of the Premises is taken, either permanently or temporarily, by eminent domain or condemnation, this Lease shall automatically terminate as of the date title vests in the condemning authority, and Tenant shall pay all Base Rent, Additional Rent, and other payments up to that date. If twenty percent (20%) or more of the Premises is permanently taken, or if access to the by Tenant is, by virtue of a taking, permanently denied, by eminent domain or condemnation, then Landlord or Tenant shall have the right (to be exercised by written notice to the other within sixty (60) days after receipt of notice of said taking) to terminate this Lease from the date when possession is taken thereunder pursuant to such proceeding or purchase. If neither party elects to terminate this Lease, as aforesaid, then Landlord shall within a reasonable time after title vests in the condemning authority, repair and restore, at Landlord's expense, the portion not taken so as to render same into an architectural whole to the fullest extent reasonably possible, and, if any portion of the Premises is taken, thereafter the Base Rent and Additional Rent shall be reduced (on a per square foot basis) in proportion to the portion of the Premises taken. If there is a temporary taking involving the Premises or Building, if a taking of other portions of the Building or Common Areas does not deny Tenant access to the Building and Premises, or if less than twenty percent (20%) of the Premises is permanently taken by eminent domain or condemnation, then this Lease shall not terminate, and Landlord shall repair and restore, at its own expense, the portion not taken so as to render same into an architectural whole to the fullest extent reasonably possible, and, if any portion of the Premises was taken, thereafter the Base Rent and Additional Rent shall be reduced (on a per square foot basis) in proportion to the portion of the Premises taken.

29.3 Award. Except as set forth below, Landlord reserves all rights to damages to the Premises or arising out of the loss of any leasehold interest in the Premises created hereby, arising in connection with any partial or entire taking by eminent domain or condemnation. Tenant hereby assigns to Landlord any right Tenant may have to such damages or award, and Tenant shall make no claim against Landlord or the condemning authority for damages for termination of Tenant's leasehold interest or for interference with Tenant's business as a result of such taking. The foregoing notwithstanding, Tenant shall have the right to claim and recover from the condemning authority compensation for any loss which Tenant may incur for Tenant's moving expenses, business interruption or taking of Tenant's personal property, trade fixtures and other improvements within the Premises (but specifically excluding any leasehold interest in the Building or Premises and any such fixtures or improvements funded by the Allowance) under the then applicable law provided that Tenant shall not make any claim that will detract from or diminish any award for which Landlord may make a claim.

30. NOTICES.

All notices and demands which may be required or permitted to be given to either party hereunder shall be in writing, and shall be delivered personally or sent by United States certified mail, postage prepaid, return receipt requested, or by Federal Express or other reputable overnight carrier, to the addresses set out in Section 1.7, and to such other person or place as each party may from time to time designate in a notice to the other Notice shall be deemed given upon the earlier of actual receipt or refusal of delivery.

31. MORTGAGEE PROTECTION.

Tenant agrees to give any mortgagee(s) and/or trust deed holder(s), by registered mail, a copy of any notice of default served upon the Landlord, provided that prior to such notice Tenant has been notified in writing (by way of notice of assignment of rents and leases, or otherwise) of the addresses of such mortgagee(s) and/or trust deed holder(s). Tenant further agrees that if Landlord shall have failed to cure such default within the time provided for in this Lease, then the mortgagee(s) and/or trust deed holder(s) shall have an additional thirty (30) days within which to cure such default or if such default cannot be cured within that time, then such additional time as may be necessary if within such thirty (30) days any mortgagee and/or trust deed holder(s) has commenced and is diligently pursuing the remedies necessary to cure such default, during which time Tenant shall not have the right to pursue any claim against Landlord, such mortgagee and/or such trust deed holder(s), including but not limited to any claim of actual or constructive eviction.

32. COSTS AND ATTORNEYS' FEES.

In any litigation between the parties arising out of this Lease, and in connection with any consultations with counsel and other actions taken or notices delivered, in relation to a default by any party to this Lease, the non-prevailing party shall pay to the prevailing party all reasonable expenses and court costs including attorneys' fees incurred by the prevailing party, in preparation for and (if applicable) at trial, and on appeal. Such attorney's fees and costs shall be payable upon demand.

33. BROKERS.

Tenant represents and warrants to Landlord that neither it nor its officers or agents nor anyone acting on its behalf has dealt with any real estate broker other than Transwestern Commercial Services, LLC in the negotiating or making of this Lease, both of which shall be paid a fee by Landlord pursuant to separate written agreement upon the consummation of this Lease. Tenant and Landlord each agree to indemnify the other, and its respective agents, employees, partners, directors, shareholders and independent contractors harmless from all liabilities, costs, demands, judgments, settlements, claims and losses, including reasonable attorney's fees and costs, incurred in conjunction with any such claim or claims of any other broker or brokers claiming to have interested Tenant in the Building or Premises or claiming to have procured or claim to have represented such party late Lease. Landlord and Tenant each represents that it has not dealt with any brokers other than the parties listed above in negotiating and entering into this Lease, and shall indemnify, defend and hold the other harmless from any breach of the foregoing representation and warranty.

34. LANDLORD'S LIABILITY.

Anything in this Lease to the contrary notwithstanding, covenants, undertakings and agreements herein made on the part of the Landlord are made and intended not for the purpose of binding Landlord personally or the assets of Landlord but are made and intended to bind only the Landlord's interest in the Premises and Building, as the same may, from time to time, be

encumbered, and no personal liability shall at any time be asserted or enforceable against Landlord or its stockholders, officers or partners or their respective heirs, legal representatives, successors and assigns on account of the Lease or on account of any covenant, undertaking or agreement of Landlord in this Lease. In addition, in no event shall Landlord be in default of this Lease unless Tenant notifies Landlord in writing of the precise nature of the alleged breach by Landlord, and Landlord fails to cure such breach within fifteen (15) days after the date of Landlord's receipt of such notice (provided that if the alleged breach is of such a nature that it cannot reasonably be cured within such fifteen (15) day period, then Landlord shall not be in default if Landlord commences a cure within such fifteen (15) day period and diligently thereafter prosecutes such cure to completion). In no event shall Tenant have any right to terminate this Lease by virtue of any uncured default by Landlord.

35. ESTOPPEL CERTIFICATES.

Tenant shall, from time to time, within ten (10) business days of Landlord's written request, execute, acknowledge and deliver to Landlord or its designee a written statement stating: the date the Lease was executed and the date it expires, the date the Tenant entered occupancy of the Premises, the amount of Base Rent, Additional Rent and other charges due hereunder and the date to which such amounts have been paid, that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way (or specifying the date and terms of any agreement so affecting this Lease); that this Lease represents the entire agreement between the parties as to this leasing; that all conditions under this Lease to be performed by the Landlord have been satisfied (or specifying any such conditions that have not been satisfied); that all required contributions by Landlord to Tenant on account of Tenant's improvements have been received (or specifying any such contributions that have not been received); that to Tenant's knowledge, following reasonable investigation and inquiry, there are no existing defenses or offsets which the Tenant has against the enforcement of this Lease by the Landlord; that no Base Rent or Additional Rent has been paid more than one (1) month in advance; that no security has been deposited with Landlord (or, if so, the amount thereof) other than the Security Deposit, or any other customary factual matters evidencing the status of the Lease, as may be reasonably required either by a lender making a loan to Landlord to be secured by a deed or trust or mortgage against the Building, or a purchaser of the Building, which written statement shall, to the extent the certifications required to be made therein are true and correct as of such time, be in substantially the same form as Exhibit F attached hereto and made a part hereof by this reference. It is intended that any such statement delivered pursuant to this paragraph may be relied upon by a prospective purchaser of Landlord's interest or a mortgagee of Landlord's interest or assignee of any mortgage upon Landlord's interest in the Building. If Tenant fails to respond within ten (10) business days after receipt by Tenant of a written request by Landlord as herein provided, Tenant shall be deemed to have given such certificate as above provided without modification and shall be deemed to have admitted the accuracy of any information supplied by Landlord to a prospective purchaser or mortgagee consistent with the terms of the estoppel so requested.

36. FINANCIAL REPRESENTATIONS AND INFORMATION.

Tenant shall from time to time deliver to Landlord updated financial information, certified by Tenant's chief financial officer as true, correct and complete as of the close of the

Tenant's most recent fiscal year for which financial statements have been completed, within ten (10) business days after Landlord's written request (which shall be limited to one (1) request per calendar year during the Lease Term).

37. TRANSFER OF LANDLORD'S INTEREST.

In the event of any transfer(s) of Landlord's interest in the Premises or the Building to a bona-fide third-party purchaser, other than a transfer for security purposes only, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer, and Tenant agrees to attorn to the transferee.

38. RIGHT TO PERFORM.

If Tenant shall fail to pay any sum of money, other than Base Rent and Additional Rent, required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder, and (except in the event of emergency in which case no grace or cure period shall be applicable or required) such failure shall continue for ten (10) days (or such longer cure period as may be provided for herein) after written notice thereof, Landlord may, but shall not be obligated so to do, and without waiving or releasing Tenant from any obligations of Tenant, make any such payment or perform any such other act on Tenant's part to be made or performed as provided in this Lease. Landlord shall have (in addition to any other right or remedy of Landlord) the same rights and remedies in the event of the nonpayment of sums due under this section as in the case of Default by Tenant in the payment of Base Rent. All sums paid by Landlord and all penalties, interest and costs in connection therewith, shall be due and payable by Tenant upon written demand within ten (10) business days after such payment by Landlord, together with interest thereon at the Default Rate from such date to the date of payment.

39. COMMON AREAS.

For purposes hereof, the term "Common Areas" shall mean (i) all portions of the Land other than portions upon which the Building is situated, including landscaped areas and the like, as the same may be modified from time to time by Landlord; (ii) all loading docks, corridors, lobbies, elevator cabs, stairs and other portions of the Building that would customarily be made available to tenants of the Building, as the same may be modified from time to time by Landlord; (iii) any parking deck, parking structure, or surface parking facility, and any connector from the Building thereto; and (iv) any areas which are common areas for, on, or utilized in general by tenants, owners and/or occupants of the Hunters Branch complex, including both current and any future phases thereof.

40. SALES AND AUCTIONS.

Tenant may not display or sell merchandise outside the exterior walls and doorways of the Premises and may not use such areas for storage. Tenant shall not conduct or permit to be conducted any sale by auction in, upon or from the Premises whether said auction be voluntary, involuntary, pursuant to any assignment for the payment of creditors or pursuant to any bankruptcy or other insolvency proceedings.

41. ACCESS TO ROOF.

Tenant shall have no access to, or the right to use, the roof of the Building for any purpose, without Landlord's prior written consent, given or withheld in Landlord's sole and absolute discretion.

42. ACCESS.

Tenant shall have access to the Premises twenty four (24) hours per day, seven (7) days per week.

43. AUTHORITY OF LANDLORD AND TENANT.

Each of Landlord and Tenant shall furnish the other with appropriate partnership and/or corporate resolutions, as applicable, confirming that the individual executing this Lease on behalf of each has been duly authorized to execute and deliver this Lease on behalf of such party and that this Lease is binding upon such party.

44. NO ACCORD OR SATISFACTION.

No payment by Tenant or receipt by Landlord of a lesser amount than the Base Rent, Additional Rent and other sums due hereunder shall be deemed to be other than on account of the earliest Base Rent or other sums due, nor shall any endorsement or statement on any check or accompanying any check or payment be deemed an accord and satisfaction; and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Base Rent, Additional Rent or other sum and to pursue any other remedy provided in this Lease.

45. LEGAL REQUIREMENTS.

Tenant shall, as part of Tenant's Work, cause the Premises to comply as of the Commencement Date with all laws, orders, ordinances and regulations of Federal and local authorities and with directions of public rules, recommendations, requirements and regulations of the Board of Fire Underwriters, Landlord's insurance companies and any other organization establishing insurance rates in the geographical area where the Project is located and all applicable building codes, to the extent the same are applicable to the Premises or the Building, respecting all matters pertaining to the use and occupancy of the Premises by Tenant, including, without limitation, the accessibility requirements of the Americans with Disabilities Act ("ADA"), all zoning and other land use laws, and all Environmental Laws.

46. PARKING.

Tenant shall have the right (together with Landlord and its agents, employees and contractors, and together with the rights of other tenants in the Building and the Project) to use, from the parking areas available to the Project in the parking structure and surface parking on the Project and Common Areas an amount of parking as set forth in Section 1.1 hereof. Such parking right shall be non-exclusive, and on an unreserved basis, and Tenant agrees not to overburden the Building's parking facilities.

47. GENERAL PROVISIONS.

47.1 Acceptance. This Lease shall only become effective and binding upon full execution hereof by Landlord and Tenant and delivery of a signed copy by Landlord to Tenant.

47.2 Joint Obligation. If there be more than one Tenant, the obligations hereunder imposed shall be joint and several.

47.3 Marginal Headings, Etc. The marginal headings, Table of Contents, lease summary sheet and titles to the sections of this Lease are not a part of the Lease and shall have no effect upon the construction or interpretation of any part hereof.

47.4 Choice of Law. This Lease shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia (without regard to the choice of law and/or conflict of law principles applicable in such State).

47.5 Successors and Assigns. The covenants and conditions herein contained, subject to the provisions as to assignment, inure to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

47.6 Recordation. Except to the extent otherwise required by law, neither Landlord nor Tenant shall record this Lease or a memorandum hereof.

47.7 Quiet Possession. Upon Tenant's paying the Base Rent and Additional Rent reserved hereunder and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession and enjoyment of the Premises for the Lease Term hereof free from any disturbance or molestation by Landlord, or anyone claiming by, through or under Landlord, but in all events subject to all the provisions of this Lease.

47.8 Inability to Perform; Force Majeure. This Lease and the obligations of the Tenant hereunder shall not be affected or impaired because either Landlord or Tenant is unable to fulfill any of its obligations hereunder or is delayed in doing so, to the extent such inability or delay is caused by reason of war, civil unrest, strike, labor troubles, unusually inclement weather, governmental delays, inability to procure services or materials despite reasonable efforts, third party delays, acts of God, or any other cause(s) beyond the reasonable control of the Landlord (which causes are referred to collectively herein as "Force Majeure"). Any time specified

obligation of Landlord in this Lease shall be extended one day for each day of delay suffered by Landlord as a result of the occurrence of any Force Majeure. The foregoing notwithstanding in no event will an event of Force Majeure extend the time within which Tenant or Landlord must perform any of its monetary obligations under this Lease.

47.9 Partial Invalidity. Any provision of this Lease which shall prove to be invalid, void, or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provision(s) shall remain in full force and effect.

47.10 Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, whenever possible, be cumulative with all other remedies at law or in equity.

47.11 Entire Agreement. This Lease contains the entire agreement of the parties hereto and no representations, inducements, promises or agreements, oral or otherwise, between the parties, not embodied herein, shall be of any force or effect.

47.12 Survival. All indemnities set forth in this Lease shall survive the expiration or earlier termination of this Lease.

47.13 Consents. If any provision of this Lease subjects any action, inaction, activity or other right or obligation of any party to the prior consent or approval of the other, such consent shall not be unreasonably withheld, conditioned or delayed unless otherwise specifically provided herein.

47.14 Saving Clause. In the event (but solely to the extent) the limitations on Landlord's liability set forth in Section 8.3 of this Lease would be held to be unenforceable or void in the absence of a modification holding the Landlord liable to Tenant or to another person for injury, loss, damage or liability arising from Landlord's omission, fault, negligence or other misconduct on or about the Premises, or other areas of the Building appurtenant thereto or used in connection therewith and not under Tenant's exclusive control, then such provision shall be deemed modified as and to the extent (but solely to the extent) necessary to render such provision enforceable under applicable law. The foregoing shall not affect the application of Section 34 of this Lease to limit the assets available for execution of any claim against Landlord.

47.15 Rule Against Perpetuities. In order to ensure the compliance of this Lease with any rule against perpetuities that may be in force in the state in which the Premises are located, and without limiting or otherwise affecting either Landlord's or Tenant's obligations under this Lease, as stated in the other sections hereof, or modifying any other termination rights which may be set forth herein, Landlord and Tenant agree that, irrespective of the reasons therefor (other than a Default by Tenant), in the event Tenant fails to take possession of the Premises and commence paying Base Rent and Additional Rent hereunder within ten (10) years after the date of execution of this Lease, then this Lease, and the obligations of the parties hereunder, shall be deemed to be null and void and of no further force and effect. Without affecting the specific timing requirements otherwise applicable thereto under this Lease, any and all options granted to Tenant under this Lease (including, without limitation, expansion, renewal, right of first refusal, right of first offer, and like options) must be exercised by Tenant, if at all, during the term of this Lease.

48. RULES AND REGULATIONS.

Tenant agrees to comply with the Rules and Regulations attached hereto as Exhibit D. Notwithstanding the foregoing, Landlord shall use reasonable efforts to enforce all such rules and regulations, including any exceptions thereto, uniformly and in a manner which does not unreasonably discriminate against Tenant, or increase Tenant's monetary obligations under this Lease, although it is understood that Landlord may grant exceptions to such rules and regulations in circumstances in which it reasonably determines such exceptions are warranted. In the event of any conflict between the rules and regulations attached to the Lease (or provided separately to Tenant as reasonably modified from time to time) and the terms of the main body of the Lease, the terms of the main body of the Lease shall govern and control.

49. ARBITRATION.

49.1 If arbitration is specifically agreed upon hereunder as a dispute resolution procedure, the arbitration shall be conducted as provided in this Section. All proceedings shall be conducted according to the Commercial Arbitration Rules of the American Arbitration Association, except as hereinafter provided. No action at law or in equity in connection with any such dispute shall be brought until arbitration hereunder shall have been waived, either expressly or pursuant to this Section. The judgment upon the award rendered in any arbitration hereunder shall be final and binding on both parties hereto and may be entered in any court having jurisdiction thereof. During any arbitration proceeding pursuant to this Section, the parties shall continue to perform and discharge all of their respective obligations under this Lease, except as otherwise provided in this Lease.

49.2 All disputes that are required to be arbitrated in accordance with this Lease shall be raised by notice to the other party, which notice shall state with particularity the nature of the dispute and the demand for relief, making specific reference by article number and title of the provisions of this Lease alleged to have given rise to the dispute. The notice shall also refer to this Section and shall state whether or not the party giving the notice demands arbitration under this Section.

49.3 Within thirty (30) days of any demand for arbitration, each of Tenant and Landlord shall appoint one (1) arbitrator, and within ten (10) days of their appointment, the two (2) arbitrators thus selected shall jointly select a third (3rd) arbitrator. All arbitrators shall have at least ten (10) years' experience in commercial real estate matters and, in particular, the subject matter of the dispute, to act as arbitrator hereunder. If either party fails to select an arbitrator within the initial thirty (30) day period, or if the two (2) arbitrators are unable to agree upon a third (3rd) arbitrator, then, upon the request of either party, the remaining arbitrator(s) shall be appointed by The American Arbitration Association. The arbitration proceedings shall take place in a mutually acceptable location in the Washington, D C. area.

49.4 The right of Landlord and Tenant to submit a dispute to arbitration is limited to issues specifically agreed in this Lease to be submitted to arbitration, and specifically does not apply to any remedial action undertaken by Landlord pursuant to the provisions of Section 24 hereof. When resolving any dispute, the arbitrator shall apply the pertinent provisions of this Lease without departure therefrom in any respect. The arbitrator shall not have the power to change any of the provisions of this Lease, but this Section shall not prevent in any appropriate case the interpretation, construction and determination by the arbitrator of the applicable provisions of this Lease to the extent necessary in applying the same to the matters to be determined by arbitration.

50. WAIVER OF JURY TRIAL.

Landlord and Tenant hereby waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other on all matters arising out of this Lease, or the use and occupancy of the Premises. If Landlord commences any summary proceeding for non-payment of Base Rent or Additional Rent, Tenant will not interpose (and waives the right to interpose) any non-mandatory counterclaim in any such proceeding.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Deed of Lease, or have caused this Deed of Lease to be executed on their respective behalves by their duly authorized officers, as of the day and year first above written.

LANDLORD:

HUNTERS BRANCH LEASING, LLC

By: Nutley Partners, LLC, its Managing Member

By: FP-Argo Hunters Branch, LC, its manager

By: Argo Investment Company, LC, its manager

By: /s/ RICHARD L. PERLMUTTER

Richard L. Perlmutter
Manager

TENANT:

B2TECS

a Virginia corporation

By: /s/ SUNIL K. BALA

Dr. Sunil K. Bala
President

JOINDER

The undersigned Hunters Branch Partners, L.L.C. joins in the execution hereof to (i) evidence its consent to the terms, conditions and existence hereof, and (ii) to agree with Tenant that, in the event of the termination of the Prime Lease for any reason, this Lease shall automatically become a direct lease between Tenant and Hunters Branch Partners, L.L.C., and each hereby irrevocably and unconditionally agree that in such event, each of Hunters Branch Partners, L.L.C. and Tenant shall execute a declaration evidencing the continuation hereof as a direct lease between Tenant and Hunters Branch Partners, L.L.C.

HUNTERS BRANCH PARTNERS, L.L.C.

By: IFA Nutley Partners, LLC, its Managing Member

By: Hunters Branch Manager, Inc.

By: /s/ RICHARD L. PERLMUTTER

Richard L. Perlmutter
Manager

JOINDER OF GUARANTOR

The undersigned **Sunil K. Bala** ("Guarantor) joins in the execution hereof for the purpose of guaranteeing the timely, complete, continuous, and strict performance and observance by the Tenant of any and all of the terms, covenants, agreements, and conditions contained in the foregoing Lease, both monetary and non-monetary, and any existing or future documents, instruments, agreements, and writings of every kind, nature, type, and variety which evidence, reflect, embody, or secure the Lease, and all amendments, modifications, and restatements thereof, as though such Guarantor was a signatory thereto.

/s/ SUNIL K. BALA (SEAL)

Name: Dr. Sunil K. Bala

SS # (Intentionally Deleted).

**SUBSIDIARIES OF
ICF INTERNATIONAL, INC.**

NAME	JURISDICTION OF INCORPORATION/ ORGANIZATION
ICF Consulting Pty, Ltd.	Australia
ICF Consultoria do Brasil, Ltda.	Brazil
ICF Consulting Canada, Inc.	Canada
CommentWorks.Com Company, L.L.C.	Delaware
ICF Associates, L.L.C. (d/b/a ICF Consulting Associates in Washington)	Delaware
ICF Biomedical Consulting, LLC	Delaware
ICF Consulting Group, Inc.	Delaware
ICF Consulting Services, L.L.C.	Delaware
ICF Emergency Management Services, LLC	Delaware
ICF Incorporated, L.L.C. (d/b/a ICF Incorporated in Alabama) (d/b/a ICF (Delaware), L.L.C. in Arizona) (d/b/a ICF Consulting, LLC in California) (d/b/a ICF in Michigan) (d/b/a ICF Minnesota, L.L.C. in Minnesota) (d/b/a ICF (Delaware), L.L.C. in Missouri) (d/b/a ICF Delaware in New York) (d/b/a ICF, L.L.C. in Texas)	Delaware
ICF Information Technology, L.L.C.	Delaware
ICF Program Services, L.L.C.	Delaware
ICF Resources, L.L.C.	Delaware
Systems Applications International, L.L.C.	Delaware
ICF Services Company, L.L.C.	Delaware
The K.S. Crump Group, L.L.C.	Delaware
ICF Consulting India Private Ltd.	India
ICF/EKO	Russia
ICF Consulting Limited	U.K.
Caliber Associates, Inc. (d/b/a Caliber Associates (Fairfax Co) in Virginia) (d/b/a Caliber Associates, Inc of Virginia in Washington)	Virginia
Collins Management Consulting, Inc.	Virginia
Fried & Sher, Inc.	Virginia
Simulation Support, Inc.	Virginia
Synergy, Inc. (d/b/a Synergy Defense Systems, Inc. in Alabama, Nevada, Virginia and Wisconsin) (d/b/a DC Synergy, Inc. in California, Florida and New Jersey) (d/b/a Synergy Systems Inc. in Oklahoma) (d/b/a Synergy, Inc. (DC) in Utah)	Washington, D.C.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated April 4, 2006, except for Note R, as to which the date is April 14, 2006, accompanying the consolidated financial statements of ICF International, Inc., and Subsidiaries contained in the Registration Statement and Prospectus. We consent to the use of the aforementioned report in the Registration Statement and Prospectus, and to the use of our name as it appears under the caption "Experts."

/s/ Grant Thornton LLP

Vienna, Virginia
May 10, 2006

CONSENT OF INDEPENDENT ACCOUNTING FIRM

We have issued our report dated March 6, 2005, accompanying the consolidated financial statements of Caliber Associates, Inc., contained in the Registration Statement on Form S-1 and related Prospectus of ICF International, Inc. We consent to the use of the aforementioned report in the Registration Statement on Form S-1 and related Prospectus of ICF International, Inc. and to the reference to our firm under the headings "Selected consolidated financial data" and "Experts" in the Prospectus.

/s/ ARGY, WILSTE & ROBINSON, P.C.

Argy, Wilste & Robinson, P.C.
Tysons Corner, Virginia
May 2, 2006