As filed with the Securities and Exchange Commission on July 21, 2006

Registration No. 333-134018

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

Amendment No. 2
to
Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ICF INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware	8742	22-3661438
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(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.	Joseph A. Hall, Esq.
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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. ☐

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.

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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.

PRELIMINARY PROSPECTUS July 21, 2006

Subject to Completion

Shares

ICF INTERNATIONAL

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 have applied to have our common stock approved for listing on The Nasdaq Global 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.

UBS Investment Bank **Stifel Nicolaus**

William Blair & Company **Jefferies Quarterdeck**

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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.

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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. In recent years, we have derived 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 increasing opportunities for us to resolve issues at the intersection of the public and private sectors.

Our U.S. 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, Louisiana, Massachusetts, New York and Pennsylvania. State and local government clients generated 9% of our revenue in 2005. Revenue generated from our state and local government clients is expected to increase in 2006, due primarily to our work in connection with the Road Home Contract with the State of Louisiana (discussed below under "Road Home Contract"). 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.

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 provide advisory and management consulting services including needs and markets assessment, policy analysis, strategy and concept development, change management strategy, enterprise architecture and program design.
- **Implementation Services.** Often based on the results of our advisory services, we provide implementation services including information technology solutions, project and program management, project delivery, strategic communications and training.
- **Evaluation and Improvement Services.** In support of our advisory and implementation services, we provide evaluation and improvement services, including program evaluation, continuous improvement initiatives, performance management, benchmarking and return-on-investment analyses.

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 and $53.4 million in 2005 and the quarter ended March 31, 2006, respectively. Our total backlog was $226.8 million and $216.8 million as of December 31, 2005 and March 31, 2006, respectively. We define *total backlog* as the future revenue we expect to receive from our contracts and other engagements. 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. Some of these factors include terrorism, increasing federal budget deficits, emergency preparedness for natural disasters and national security threats, rising energy demands, environmental changes and an aging federal civilian workforce, among others. In response, government and industry stakeholders are continually evaluating, formulating and implementing new policies and modifying business processes, creating opportunities for professional services firms that understand these factors and the associated policy, technology and management implications. Our services address these opportunities primarily in the following four key markets:

Defense and Homeland Security. The U.S. Department of Defense (DoD) and the Department of Homeland Security are undergoing major transformations due to the changing nature of security threats, implications of the information age, logistics modernization requirements, emergency preparedness and the social issues associated with globally deployed armed forces. These factors, combined with a retiring federal civilian workforce, create opportunities for qualified professional services firms.

Energy. Rising global energy demands and constrained oil and gas supplies have prompted the search for alternative fuels and the implementation of energy efficiency initiatives. In addition, deregulation of utilities, capacity expansions, the emergence of emissions trading markets, and mergers and acquisitions in the energy sector are creating demand for professional services firms with knowledge of relevant economic and regulatory forces affecting the industry.

Environment and Infrastructure. Global warming, environmental degradation, depletion of natural resources, growth of city centers and underinvestment in transportation infrastructure are creating demand for professional services providers that can help reconcile the competing concerns of government and industry stakeholders in addressing these issues.

Health, Human Services and Social Programs. An aging U.S. population, continued immigration, population growth among lower income levels and rising health care costs are expected to drive an increased need for public spending in the areas of health, human services and social programs. Governments are increasingly turning to professional services firms that have strong expertise in designing and executing programs in these areas.

COMPETITIVE STRENGTHS

We possess the following key business strengths:

We have a highly educated professional staff with deep subject matter knowledge. Our institutional thought leadership and experience in areas of policy, technology and management consulting, combined with our ability to assemble multi-disciplinary teams, enable us to deliver superior client service.

We have long-standing relationships with our clients. We have performed work for many of our clients for decades. This experience, combined with our prime contractor positions and multi-level client access, gives us better visibility into our clients' upcoming requirements.

Our advisory services position us to capture a full range of engagements. We believe our advisory services position us favorably to offer our clients end-to-end services across the entire life cycle of a particular policy or program, including implementation and improvement services.

Our technology solutions are driven by our deep subject matter expertise. We combine our information technology skills with our deep subject matter expertise and thorough understanding of organizational processes to deliver differentiated technology-enabled solutions.

Our proprietary analytics and methods allow us to deliver superior solutions to clients. We have developed proprietary tools, project management methodologies and models in the areas of energy planning, air-quality analysis and carbon emissions that are used by governments and commercial entities around the world.

We are led by an experienced management team. Our senior management team has successfully grown the business organically and through acquisitions and possesses extensive industry and management experience.

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
- Grow our client base and increase scope of services provided to existing clients
- Expand into additional markets at the intersection of the public and private sectors
- Focus on high margin projects
- Capitalize on operating leverage
- Pursue strategic acquisitions

ROAD HOME CONTRACT

Through our wholly owned subsidiary, ICF Emergency Management Services, LLC, or ICF EMS, we have been awarded a contract (Road Home Contract) by the State of Louisiana's Office of Community Development, effective June 12, 2006, to serve as the manager for The Road Home Housing Program (Road Home Program). As a result of Hurricanes Rita and Katrina, more than 200,000 homes and rental units were severely damaged or destroyed, leaving 780,000 Louisiana residents displaced. In response, the Department of Housing and Urban Development allocated $11.4 billion of Community Development Block Grant funds to assist the State of Louisiana in its long-term recovery efforts. Of that amount, $8.8 billion is being used to implement the State of Louisiana's Road Home Program, which is designed to assist the affected population to repair, rebuild or relocate by making certain reimbursements to qualified homeowners and small rental unit landlords for their uninsured, uncompensated damages.

Our performance under a prior advisory contract with the Louisiana Office of Community Development was a factor in the award to ICF EMS of the Road Home Contract. This contract award illustrates how our advisory engagements can lead to larger implementation projects. Our pursuit of this contract was consistent with our emphasis on opportunities in the Defense and Homeland Security market through the use of multi-disciplinary teams, in this case combining our long-standing housing, community and economic development expertise with our growing emergency management and homeland security capabilities.

Under the contract we and our subcontractors will:

- open and operate housing assistance centers in various locations within and outside the State of Louisiana to serve displaced residents;
- develop a management information system for the program;
- develop and initiate an outreach and public education campaign designed to provide information on the Road Home Program and housing assistance centers;
- complete training sessions for home inspectors, financial institutions and building professionals;
- initiate and complete a pilot program to process a sampling of pre-registered applicants to a final award in accordance with an operational plan we develop; and
- interact with various state and federal agencies to facilitate the transmission of data necessary for program implementation.

Although the request for proposals leading to this award anticipated a five-year contract, due to limitations under Louisiana law, the Road Home Contract has a stated term of three years. During the first four-month phase of the contract, we and our subcontractors will establish centers to process applications and start to provide housing counseling and assistance to displaced residents. We currently expect ICF EMS and subcontractor staffing levels to approximate 300 by the end of August 2006 and eventually to reach a peak of 800 to 1,000 during subsequent phases.

Because the contract is in its start-up phase, it is not possible for us to predict with accuracy the level of revenue or profit we will earn during the first four-month phase or through the balance of the contract. The maximum amount payable to ICF EMS and its subcontractors with respect to the first phase will be $87.2 million, and funding levels beyond the first phase have not yet been negotiated. We do not expect the amount payable during the first phase to be indicative of future revenue levels during the balance of the contract term. In addition, our key subcontractors will perform a substantial portion, perhaps 50 to 65%, of the work under the contract, which will increase our direct costs associated with the contract.

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:

- We derived 72% of our revenue from each of 2004 and 2005 from contracts with the U.S. federal government agencies; therefore, a change in federal government spending priorities could be adverse to our business.
- 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.
- 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.
- 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.
- 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.
- 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.

As described above under “Road Home Contract”, through our subsidiary, ICF EMS, we recently entered into the Road Home Contract with the State of Louisiana. This contract is by far our largest individual contract, poses substantial performance and other risks, will increase our working capital needs, and, if we and our subcontractors are unable to perform satisfactorily, could adversely affect our reputation and our overall operating results.

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.

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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	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 $ 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." We will not receive the proceeds from any sale of common stock by the selling stockholders.
Proposed Nasdaq Global 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.”

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 March 31, 2006 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:

- shares issuable upon exercise of options outstanding as of March 31, 2006, 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 March 31, 2006, 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 March 31, 2006.

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Summary consolidated financial and other data

The following summarizes our historical consolidated financial and other information. We derived the historical financial and other information for each of the three years ended December 31, 2003, 2004 and 2005 from our audited consolidated financial statements. We derived the historical financial and other information for the quarters ended April 1, 2005 and March 31, 2006 from our unaudited financial statements appearing elsewhere in this prospectus. Results for any interim period are not necessarily indicative of the results to be expected for a full year.

We have presented the balance sheet data as of March 31, 2006:

- 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 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.

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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)	Quarter ended April 1, 2005	March 31, 2006
	(In thousands, except per share amounts)				(unaudited)	
Revenue	$ 145,803	$ 139,488	$ 177,218	$ 207,794	$ 41,212	$ 53,448
Direct costs	91,022	83,638	106,078	122,192	23,969	31,626
Operating expenses						
Indirect and selling expenses	45,335	46,097	60,039(1)	71,782(1)	13,905	17,883
Depreciation and amortization	3,000	3,155	5,541	6,706	777	772
Earnings from operations	6,446	6,598	5,560	7,114	2,561	3,167
Other (expense) income						
Interest expense, net	(3,095)	(1,266)	(2,981)	(4,054)	(473)	(1,026)
Other	33	(33)	1,308	1,308	1	—
Total other (expense) income	(3,062)	(1,299)	(1,673)	(2,746)	(472)	(1,026)
Income from continuing operations before income taxes	3,384	5,299	3,887	4,368	2,089	2,141
Income tax expense	1,320	2,466	1,865	2,420	1,002	1,047
Income from continuing operations	2,064	2,833	2,022	1,948	1,087	1,094
Income from discontinued operations	308	184	—	—	—	—
Net income	$ 2,372	$ 3,017	$ 2,022	$ 1,948	$ 1,087	$ 1,094
Earnings per share from continuing operations						
Basic						
Diluted						
Earnings per share						
Basic						
Diluted						
Weighted-average shares						
Basic						
Diluted						

Other operating data:	Year ended December 31, 2003	2004	2005	Quarter ended April 1, 2005	March 31, 2006
	(unaudited) (In thousands)				
EBITDA from continuing operations(2)	$9,446	$9,753	$11,101	$3,338	$ 3,939
Non-cash compensation charge included in EBITDA from continuing operations	—	—	2,138(1)	—	76

(footnotes on following page)

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Consolidated balance sheet data:	As of March 31, 2006 Actual	As adjusted
	(unaudited) (In thousands)	
Cash and cash equivalents	$ 1,296	$
Net working capital	19,374	
Total assets	155,953	
Current portion of long-term debt	12,400	
Long-term debt, net of current portion	53,944	
Total stockholders' equity	54,160	

(1) *Includes a non-cash compensation charge of $2.1 million in December 2005 resulting from the acceleration of the vesting of all then outstanding 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."*

(2) *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,			Quarter ended	
	2003	2004	2005	April 1, 2005	March 31, 2006
				(unaudited)	
			(In thousands)		
Net income	$2,372	$3,017	$ 2,022	$1,087	$ 1,094
Loss (income) from discontinued operations	(308)	196	—	—	—
Gain from sale of discontinued operations	—	(380)	—	—	—
Other expense (income)	(33)	33	(1,308)	(1)	—
Interest expense, net	3,095	1,266	2,981	473	1,026
Income tax expense	1,320	2,466	1,865	1,002	1,047
Depreciation and amortization	3,000	3,155	5,541	777	772
EBITDA from continuing operations	$9,446	$9,753	$11,101	$3,338	$ 3,939

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. Thus, the failure by Congress to approve budgets in a timely manner can result in either loss of revenue and profit in the event government agencies are required to cancel existing or new initiatives, or the deferral of revenue and profit to later periods due to delays in the implementation of existing or new initiatives.

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;

- 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.

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 have been dependent on contracts with U.S. federal government agencies and departments for the majority of our revenue and profit, and our business, revenue and profit levels could be materially and adversely affected if our relationships with these agencies and departments deteriorate.

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 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, 12 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.

Our increasing dependence on GSA Schedule and other Indefinite Delivery/Indefinite Quantity contracts creates the risk of increasing volatility in our revenue and profit levels.

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. However, these contracts require us to compete for each delivery order and task order rather than having a more predictable stream of activity and, therefore, revenue and profit, during the term of a contract. 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, which would negatively affect our revenue and profitability.

Our new Road Home Contract with the State of Louisiana, which we expect to be our largest contract over the next several years, involves substantial performance, pricing, legal and publicity risks, will require us to obtain additional working capital, and increases the overall risk profile of our business.

In June 2006 our subsidiary, ICF EMS, was awarded a contract by the State of Louisiana, Office of Community Development, to manage a housing grants management program designed to help the population affected by Hurricanes Rita and Katrina. The program will assist with repair, rebuilding or relocation by making certain reimbursements to qualified homeowners and small rental unit landlords for their uninsured, uncompensated damages. The contract has a stated term of three years, with phase one to be completed during the first four months of the term, and ending mid-October 2006.

We believe the Road Home Contract provides us with significant opportunities, but it also creates substantial risks, including principally those described below. If we are unable to satisfy the requirements of the Road Home Contract, our profitability could be reduced and we could suffer a loss. It is also possible that the contract could be terminated, either for cause or for convenience. Any adverse publicity surrounding this contract could damage our reputation and our ability to win future assignments.

Performance risks. The contract contemplates three phases of work. Funding has been secured only for the first phase that lasts for a period of four months. Additional funding will depend on our performance in phase one and our ability to meet the deadlines stated in the contract. There is no assurance the State of Louisiana will amend the contract to add funding for later phases if these deadlines are not met or if the State is not satisfied with our and our subcontractors' performance.

Within the first two months of the program, the following milestones, among others, are required to be achieved:

- Housing assistance centers have to be established statewide in Louisiana;
- Nearly 300 staff have to be hired and trained as housing advisors;
- A management information system to process applications has to be installed, tested and fully functional;
- A pilot program that processes and makes final awards to a sample of eligible applicants has to be completed;
- Outreach and public education campaigns have to be designed and commenced;
- Websites have to be developed and be operational;
- Training sessions have to be developed and delivered for home inspectors, financial institutions and building professionals; and
- Memoranda of understanding with state and federal agencies on data sharing have to be executed.

The deadlines imposed by the State for completing work in phase one are very aggressive, and there is no assurance they can be achieved.

Additionally, the contract requires us to manage a large number of subcontractors, including Deltha Corporation, First American Title Insurance Company, Jones, Walker, Waechter, Poiltevent, Carrere & Denegre, L.L.P., KPMG International, Microsoft, Quadel Consulting, Providence Engineering & Environmental Group, L.L.C., The Shaw Group, and STR, L.L.C. Effectively organizing and managing this number of subcontractors, particularly during the first phase of the contract, will be challenging.

Pricing and financial risks. The Road Home Contract has a substantial fixed-price component. There is no assurance that this component will yield any profit, and it could result in a loss. In addition, the State of Louisiana is compensating us for services being provided under the contract on fixed hourly rates or unit prices, and there can be no assurance that we can profitably perform these services for such rates or unit prices. In short, there is no assurance that this contract can be performed profitably. Because of its size, poor financial results from this contract would adversely affect our overall operating results and the value of our stock.

Legal liability risks.

- Homeowners or rental housing owners dissatisfied with the amount of money they have received from, or their treatment under, this program might take action against the State of Louisiana and us. There is also the possibility of class action or other litigation. These actions could disrupt the program significantly by diverting substantial amounts of management time and resources and could result in substantial liability for us.

- Although a substantial portion of the work under the contract will be performed by subcontractors, as between us and the State of Louisiana, we will remain responsible for timely, satisfactory performance of all aspects of the contract.
- We and our subcontractors will be gathering and maintaining sensitive information concerning potential and actual program participants. Failure to properly maintain and secure such information and failure to take appropriate actions to prevent fraud could result in substantial liability for us.
- Although the contract provides that we may charge as an expense under the contract reasonable costs and fees incurred in defending and paying claims brought by third parties arising out of our performance of the contract, the contract provides that we will indemnify the State of Louisiana for certain liabilities. Such liabilities could be substantial and exceed the amounts of, or may not be covered by, available insurance.

Visibility and related risks. The Road Home Contract may be the largest non-construction contract ever awarded by the State of Louisiana. As a result, it has drawn significant attention from the State Legislature and the State Attorney General's office. It is probable that the contract will be audited frequently by State and other auditors. Significant management time is likely to be spent dealing with the auditors responding to their inquiries. Despite our best efforts, there is no assurance that these audits will not yield adverse findings, in part because we have no experience dealing with State of Louisiana auditors.

The work to be performed under this contract is of a significant public interest: encouraging homeowners and rental housing landlords to rebuild in Louisiana. The media in Louisiana, especially newspapers and radio networks, have covered this program and contract award closely. Any adverse publicity associated with complaints from homeowners, rental housing owners or others is likely to harm our reputation even if we are implementing the contract consistent with contract terms and conditions. This publicity might bring increased public pressure on State officials and disrupt contract implementation while senior management deals with the effects of such publicity.

Increased working capital needs. Although the Road Home Contract includes payment provisions that we believe are favorable, the contract will increase our working capital needs. The contract provides for an initial payment promptly after contract execution, that we will provide invoices twice per month during phase one of the contract, and that the State will make every reasonable effort to make payments within 25 days after receipt of an invoice. Because of the extraordinary nature of the contract, we cannot predict whether the State will comply with these provisions. However, even with these provisions, the Road Home Contract is expected to increase our working capital needs. We are currently engaged in discussions with our lenders to amend or replace our credit facilities in a manner that will satisfy these needs. There can be no assurance that we will be able to enter into such amended or replacement facilities. If we are unable to do so, it may be necessary for us to resort to more expensive, and less certain, forms of financing and our liquidity and operating results could be adversely affected.

Our commercial business depends on the energy sector of the global economy, which is highly cyclical and can lead to substantial variations in revenue and profit from period to period.

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, which could materially and adversely affect our revenue and operating results.

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. 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 the risk of not having sufficient work for our staff, which can affect both revenue and profit.

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, particularly Sudhakar Kesavan, our Chief Executive Officer, John Wasson, our Chief Operating Officer, and Alan Stewart, our Chief Financial Officer. 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.

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.

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.”

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.

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.

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 also 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 raise additional equity by issuing additional stock, alter our business plan materially, curtail all or part of our business expansion plans, or be subject to the actions listed below in the event of default. Any of these results could have a significant adverse effect on the value of our stock.

A default under our debt could lead to a bankruptcy or other financial restructuring that would significantly adversely affect the value of our stock.

In the event of a default under our financing 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. Our senior debt is and will continue to be secured by substantially all of our assets. 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.

A default under our debt could lead to the bankruptcy, insolvency, financial restructuring or liquidation of our company. In any such event stockholders would 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 and other liabilities. There can be no assurance that, in any such bankruptcy, insolvency, financial restructuring or liquidation, stockholders would receive any distribution whatsoever.

Our existing and future debt will include covenants that restrict our activities and create the risk of defaults, which could impair the value of your stock.

Our financing arrangements contain and will continue to 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. The failure to fulfill the requirements of debt covenants, if not cured through performance or an amendment of the financing arrangements, could have the consequences of a default described in the risk factor above. At the times when we only marginally fulfill the requirements of debt covenants, our day-to-day business decisions may be affected. For example, concern over satisfying debt restrictions and covenants might cause us to forego contract bidding or acquisition opportunities or otherwise cause us to focus on short-term rather than long-term results. There is no assurance that we will be able to fulfill our debt 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 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;
- 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, leading to reduced revenue and profit.

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.

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.

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. Our internal procedure requires that, whenever a project we are pursuing may pose a potential conflict of interest or business, our Contracts Conflict of Interest Manager, or COI Manager, is notified in writing prior to initiation of work. The COI Manager is then responsible for determining the extent of any possible conflict. As a result of these actions, we may determine that no actual or potential conflict is likely and the pursuit of the project should proceed, the likelihood of actual or potential conflict is sufficiently great that we should not pursue the project at all, or there is an actual or potential conflict of interest that can be mitigated by an appropriately fashioned mitigation plan, which must then be created and implemented. However, 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 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 and financial results.

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 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.

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.

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 June 30, 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. To date, there has not been a situation in which CMEP, FSAC and we have simultaneously pursued the same acquisition target. However, 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. In the event this situation arises in the future, we plan to refer the matter to independent members of our board of directors who are neither members of management nor affiliated with either CMEP nor FSAC.

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 Global 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. We may need to hire additional accounting and financial staff with appropriate public company reporting experience and technical accounting knowledge. Other expenses associated with being a public company include increased auditing, accounting and legal fees and expenses, investor relations expenses, increased directors' fees and director and officer liability insurance costs, registrar and transfer agent fees, listing fees, as well as other miscellaneous expenses. We cannot accurately predict the amount of additional costs that we may incur or the timing of such costs, but we have estimated that such costs will exceed $2 million during our first 12 months of being a public company. We believe, but cannot be certain, that the level of such costs will be higher during the first year or two of being a public company than in later years.

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 Global 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 June 30, 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.

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 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 March 31, 2006, 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 March 31, 2006, 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:

- approximately $ of the net proceeds of this offering to repay a portion of the existing indebtedness under our revolving credit and term loan facilities;
- $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
- the balance for general corporate purposes, including working capital and potential acquisitions.

We are often engaged in preliminary discussions with acquisition candidates. As of the date of this prospectus, we have no binding commitments or agreements to enter into any acquisitions.

We expect to refinance our revolving credit facility and two term loan facilities in connection with the completion of this offering. Those facilities include:

- An $8 million short-term term loan facility that matures in January 2007 (sometimes referred to herein as the time loan facility). As of June 30, 2006, the outstanding principal amount under this facility was $8.0 million.
- A $22 million term loan facility that matures in October 2010. As of June 30, 2006, the outstanding principal amount under this facility was $19.1 million.
- A revolving credit facility that allows us to borrow up to the lesser of $45 million or the applicable borrowing base and matures in October 2010. As of June 30, 2006, the principal amount outstanding under our revolving credit facility was $38.2 million.

We expect that activities under the Road Home Contract will require us to have access to more borrowing capacity to fund working capital than the $45 million currently provided under our revolving line of credit, and will also require an extension and expansion of the provisions of our credit agreement that permit us to borrow in excess of the otherwise applicable maximum borrowing base. We are currently in discussions with our lenders concerning amendments to, or a replacement of, our revolving line of credit that would accommodate these needs. If these discussions are successful, the amounts outstanding under our revolving line of credit could be increased over the level stated above.

The indebtedness to be repaid under our short-term term loan facility, our term loan facility and our revolving credit facility 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 the short-term term loan and term loan facilities and the revolving credit loan facility are variable subject to certain leverage ratio tests. As of June 30, 2006, the base rate margin and LIBOR spread were 0.75% and 3.50%, respectively, for borrowings under the short-term term loan facility; 0.25% and 3.00%, respectively, for borrowings under the term loan facility; and 0.25% and 3.00%, respectively, for borrowings under the revolving credit facility.

A substantial amount of the debt to be repaid with the proceeds of the offering was incurred in 2005 in connection with the Synergy and Caliber acquisitions and the repayment of $6.4 million of subordinated debt due to our former parent. In connection with the Synergy acquisition in January 2005, we increased the capacity under our credit facilities by $10 million. In October 2005, in connection with the Caliber acquisition and the repayment of debt to our former parent, we increased the capacity under our credit facilities by an additional $25 million.

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.

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Capitalization

The following table sets forth our cash and cash equivalents, short-term debt and capitalization as of March 31, 2006:

- 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.

	As of March 31, 2006	
	Actual	As adjusted
	(In thousands)	
Cash and cash equivalents	$ 1,296	$
Current portion of long-term debt	$ 12,400	$
Long-term debt, net of current portion(1)	$ 53,944	$
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	51,011	
Retained earnings	4,928	
Treasury stock	(628)	
Stockholder notes receivable(2)	(1,446)	
Accumulated other comprehensive income	202	
Total stockholders' equity	54,160	
Total capitalization	$120,504	$

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 March 31, 2006, 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 March 31, 2006, 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 March 31, 2006.

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(1) *At June 30, 2006, we had approximately $52.8 million in long-term debt, net of current portion, outstanding.*

(2) *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."*

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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 March 31, 2006, 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 March 31, 2006, after giving effect to:

- the -for- stock split of our common stock to be effected immediately prior to the closing of this offering;
- 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
- 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 March 31, 2006:

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 March 31, 2006, 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 calculation

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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		
	Number	Percent	Amount	Percent	Average Price Per Share
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 March 31, 2006 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:

- shares issuable upon exercise of options outstanding as of March 31, 2006, 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 March 31, 2006, 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 March 31, 2006.

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. The statement of operations data for the quarters ended April 1, 2005 and March 31, 2006 and the balance sheet data as of April 1, 2005 and March 31, 2006 are derived from our unaudited financial statements included in this prospectus. In the opinion of management, those unaudited financial statements have been prepared on a basis substantially consistent with the audited financial statements and include all adjustments, consisting of normal and recurring adjustments, necessary for the fair presentation of the results for these periods and as of such dates. Results for any interim period are not necessarily indicative of the results to be expected for a full year.

We have presented the balance sheet data as of March 31, 2006:

- 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.

We adopted the provisions of SFAS 123(R) on January 1, 2006, and our results for the quarter ended March 31, 2006 reflect $76,359 of stock-based compensation expense.

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.

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Selected consolidated financial and other data

	Year ended December 31,						Quarter ended	
	2001	2002	2003	2004	2005	Pro forma 2005	April 1, 2005	March 31, 2006
						(unaudited)	(unaudited)	
	(In thousands, except per share amounts)							
Revenue	$ 111,733	$ 143,496	$ 145,803	$ 139,488	$ 177,218	$ 207,794	$ 41,212	$ 53,448
Direct costs	62,258	87,345	91,022	83,638	106,078	122,192	23,969	31,626
Operating expenses								
Indirect and selling expenses	41,068	47,156	45,335	46,097	60,039(1)	71,782(1)	13,905	17,883
Depreciation and amortization	5,196	3,664	3,000	3,155	5,541	6,706	777	772
Earnings from operations	3,211	5,331	6,446	6,598	5,560	7,114	2,561	3,167
Other (expense) income								
Interest expense, net	(3,688)	(2,940)	(3,095)	(1,266)	(2,981)	(4,054)	(473)	(1,026)
Other	—	—	33	(33)	1,308	1,308	1	—
Total other (expense) income	(3,688)	(2,940)	(3,062)	(1,299)	(1,673)	(2,746)	(472)	(1,026)
Income (loss) from continuing operations before income taxes	(477)	2,391	3,384	5,299	3,887	4,368	2,089	2,141
Minority interest in net loss	94	—	—	—	—	—	—	—
Income tax expense	716	1,099	1,320	2,466	1,865	2,420	1,002	1,047
Income (loss) from continuing operations	(1,099)	1,292	2,064	2,833	2,022	1,948	1,087	1,094
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	$ 1,087	$ 1,094
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,					Quarter ended	
	2001	2002	2003	2004	2005	April 1, 2005	March 31, 2006
	(unaudited) (In thousands)						
EBITDA from continuing operations(2)	$8,407	$8,995	$9,446	$9,753	$11,101	$ 3,338	$ 3,939
Non-cash compensation charge included in EBITDA from continuing operations	—	—	—	—	2,138(1)	—	76

(footnotes on following page)

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Selected consolidated financial and other data

Consolidated balance sheet data:	As of December 31, 2001	2002	2003	2004	2005	As of March 31, 2006 Actual	Adjusted
	(In thousands)					(unaudited)	
Cash and cash equivalents	$ 1,011	$ 660	$ 1,643	$ 797	$ 499	$ 1,296	$
Net working capital	10,499	10,305	6,085	5,502	18,141	19,374	
Total assets	88,311	105,945	101,842	94,057	151,124	155,953	
Current portion of long-term debt	2,750	3,750	4,235	4,235	6,767	12,400	
Long-term debt, net of current portion	33,183	27,904	20,313	16,844	54,205	53,944	
Total stockholders' equity	30,815	43,079	45,276	47,861	52,903	54,160	

(1) *Includes a non-cash compensation charge of $2.1 million in December 2005 resulting from the acceleration of the vesting of all then outstanding 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."*

(2) *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	Quarter ended April 1, 2005	March 31, 2006
	(In thousands)					(unaudited)	
Net income (loss)	$ (848)	$ 789	$2,372	$3,017	$ 2,022	$1,087	$ 1,094
Loss (income) from discontinued operations	(251)	503	(308)	196	—	—	—
Gain from sale of discontinued operations	—	—	—	(380)	—	—	—
Other expense (income)	—	—	(33)	33	(1,308)	(1)	—
Interest expense, net	3,688	2,940	3,095	1,266	2,981	473	1,026
Minority interest in net loss	(94)	—	—	—	—	—	—
Income tax expense	716	1,099	1,320	2,466	1,865	1,002	1,047
Depreciation and amortization	5,196	3,664	3,000	3,155	5,541	777	772
EBITDA from continuing operations	$8,407	$8,995	$9,446	$9,753	$11,101	$3,338	$ 3,939

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)	Pro forma adjustments	Pro forma
		(unaudited)	(unaudited)	(unaudited)
	(In thousands, except per share amounts)			
Revenue	$ 177,218	$ 30,576	$ —	$ 207,794
Direct costs	106,078	16,114	—	122,192
Operating expenses				
Indirect and selling expenses	60,039(1)	14,517	(2,505)(2)	72,051(1)
Depreciation and amortization	5,541	384	794(3)	6,719
Earnings from operations	5,560	(439)	1,711	6,832
Other (expense) income				
Interest expense, net	(2,981)	(763)	(310)(4)	(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)	1,401	4,086
Income tax expense	1,865	—	444(5)	2,309
Income (loss) from continuing operations	$ 2,022	$ (1,202)	$ 957	$ 1,777
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) *Includes a non-cash compensation charge of $2.1 million in December 2005 resulting from the acceleration of the vesting of all then outstanding 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."*

(2) *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.*

(3) *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.*

(4) *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.*

(5) *Pro forma adjustment to reflect a net increase in tax expense due to the following items (in thousands):*

Increase due to elimination of ESOP expense	*$ 991*
Increase due to amortization expense	*51*
Tax benefit of net loss of Caliber for nine months	*(476)*
Decrease for additional interest expense	*(122)*
	$ 444

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 and other 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 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, Louisiana, Massachusetts, New York and Pennsylvania. State and local government clients generated 9% of our revenue in 2005. Revenue generated from our state and local government clients is expected to increase in 2006, due primarily to our work in connection with the Road Home Contract with the State of Louisiana. 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.

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,			Quarter ended	
	2003	2004	2005	April 1, 2005	March 31, 2006
Defense and homeland security	16%	19%	28%	29%	28%
Energy	24	21	20	20	19
Environment and infrastructure	44	44	35	38	28
Health, human services and social programs	16	16	17	13	25
Total revenue	100%	100%	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,			Quarter ended	
	2003	2004	2005	April 1, 2005	March 31, 2006
U.S. federal government	72%	72%	72%	72%	75%
Domestic commercial	12	13	14	13	11
U.S. state and local government	7	8	9	8	9
International	9	7	5	7	5
Total revenue	100%	100%	100%	100%	100%

Revenue generated from our state and local government clients is expected to increase in 2006, due primarily to our work in connection with the Road Home Contract with the State of Louisiana.

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.

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,			Quarter ended	
	2003	2004	2005	April 1, 2005	March 31, 2006
Time-and-materials	40%	37%	42%	44%	44%
Cost-based	44	41	34	32	30
Fixed-price	16	22	24	24	26
Total	100%	100%	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.

Direct costs associated with subcontractors are expected to increase in 2006, due primarily to our work in connection with the Road Home Contract with the State of Louisiana.

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 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, including 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. We include all of our cash incentive compensation in this item, as well as non-cash compensation such as 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. In 2005, this stock-based compensation was comprised of a one-time non-cash compensation charge of $2.1 million resulting from the acceleration of the vesting of all then outstanding stock options in December.

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 $4.3 million as a result of these actions.

Non-cash compensation

Our results for the year ended December 31, 2005 and the quarter ended March 31, 2006 reflect non-cash compensation charges arising from stock option and restricted stock grants. As discussed below under "Significant New Accounting Pronouncement", we adopted SFAS 123(R), relating to accounting for stock-based compensation, effective January 1, 2006.

Significant factors, assumptions and methodologies used in determining fair value. The computation of non-cash compensation charges requires a determination of the fair value of our stock at various dates. Such determinations require complex and subjective judgments. The valuation as of September 30, 2005, which was used as a basis for the December 31, 2005 and March 31, 2006 valuations, and which is reflected in our non-cash compensation charges, was completed on a contemporaneous basis by an unrelated valuation firm. For the March 31, 2006 and December 31, 2005 valuations, we did not obtain a contemporaneous valuation by an unrelated valuation firm. This was because our efforts were focused on integrating our recent acquisitions, determining if we were ready to pursue strategic alternatives (such as a public offering), the efficient operation of the business, and year-end accounting issues. Thus, our financial and managerial resources for completing a detailed, contemporaneous valuation were limited. In addition, since we had recently completed a detailed, formal contemporaneous valuation by an independent valuation firm, we had available reasonable methodologies for estimating the fair value of our common stock.

The valuation firm considered several methodologies in its analysis, including guideline public company analysis, an analysis of comparable company transactions, and a discounted cash flow analysis. The results of the public company and comparable company transactions components of the analyses vary not only with factors such as our revenue, EBITDA, and income levels, but also with the performance and public market valuation of the companies and transactions used in the analyses. Although the market-based analyses did not include companies directly comparable to us, the analysis provided useful benchmarks.

The final valuation conclusion was based on a detailed discounted cash flow analysis in light of the results of the market-based analysis. The discounted cash flow analysis, an income-based approach, involves applying appropriate discount rates to estimated future free cash flows, which were based on management’s forecasts of revenue and costs. The revenue forecasts were based on expected annual growth rates of approximately 10% and normalized EBITDA (earnings before interest, taxes, depreciation and amortization) margins of 8%. There is uncertainty inherent in these estimates; however, the assumptions underlying the estimates were consistent with our business plan. The risks associated with executing our business plan were assessed in selecting the appropriate discount rate, which averaged approximately 16%. If different discount rates had been used, without adjusting other assumptions, the valuation would have been different.

Once the enterprise value of the business was determined, the result was reconciled to equity value after the consideration of any interest-bearing debt and excess cash. Since there were no other classes of stock, there was no need to allocate the equity value between common and preferred classes of equity. In determining the per share value, management divided the equity value by the number of issued and outstanding common shares. Management believes this result provided a reasonable and conservative value of the common shares.

Significant factors likely to contribute to the difference between fair value as of the date of recent grants and our public offering price. We expect the completion of our public offering to add value to our shares for a variety of reasons, such as a strengthening of our balance sheet, increased capacity to consummate acquisitions, and the increased liquidity and marketability of our shares. However, the amount of such additional value, if any, cannot be measured with either precision or certainty, and it is possible that our shares will fall in value. We also expect the recent award to ICF EMS of the Road Home Contract with the State of Louisiana, Office of Community Development, to contribute to the difference between fair value as of the date of recent grants and our public offering price. The proposal for that contract was not submitted until May 2006, and the award was made in June 2006. The Road Home Contract is anticipated to have a significant impact on our financial results.

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.

INCOME TAX EXPENSE

Our effective tax rate of 48.9% for the quarter ended March 31, 2006 was higher than the statutory tax rate for the quarter ended March 31, 2006 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 $30.5 million was generated in the nine months ended September 30, 2005 (prior to our acquisition) and approximately $9.3 million is included in our fourth quarter 2005 revenue. Our revenue derived from Caliber was principally related 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.

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 -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.

	Year ended December 31,			Quarter ended	
	2003	2004	2005	April 1, 2005	March 31, 2006
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%
Direct costs	62.4	60.0	59.9	58.2	59.2
Operating expenses					
Indirect and selling expenses	31.1	33.0	33.9	33.7	33.5
Depreciation and amortization	2.1	2.3	3.1	1.9	1.4
Earnings from operations	4.4	4.7	3.1	6.2	5.9
Other (expense) income					
Interest expense, net	(2.1)	(0.9)	(1.7)	(1.1)	(1.9)
Other	—	—	0.8	—	—
Total other expense	(2.1)	(0.9)	(0.9)	(1.1)	(1.9)
Income from continuing operations before income taxes	2.3	3.8	2.2	5.1	4.0
Income tax expense	0.9	1.8	1.1	2.5	2.0
Income from continuing operations	1.4	2.0	1.1	2.6	2.0
Income from discontinued operations	0.2	0.2	—	—	—
Net income	1.6%	2.2%	1.1%	2.6%	2.0%

Quarter ended March 31, 2006 compared to quarter ended April 1, 2005

Revenue. Revenue for the first quarter of 2006 was $53.4 million, compared to $41.2 million for the first quarter of 2005, representing an increase of $12.2 million or 29.7%. The increase in revenue was primarily due the acquisition of Caliber (approximately $10.4 million of revenue), as well as approximately $1.8 million in net contract growth, excluding Caliber, due primarily to an increase in subcontractor revenue.

Direct costs. Direct costs for the first quarter of 2006 were $31.6 million, or 59.2% of revenue, compared to $24.0 million, 58.2% of revenue, for the first quarter of 2005. This 31.9% increase resulted primarily from the corresponding increase in revenue, and included approximately $5.1 million in additional labor and related fringe benefit costs, and $2.4 million in additional subcontractor and $0.2 million in additional other direct costs. The increase in direct costs as a percentage of revenue in the first quarter of 2006 is due to Caliber's contract mix as well as an increase in subcontractor costs.

Indirect and selling expenses. Indirect and selling expenses for the first quarter of 2006 were $17.9 million, or 33.5% of revenue, compared to $13.9 million, or 33.7% for the first quarter of 2005. The 28.6% increase in indirect and selling expenses was due principally to the addition of staff and related non-labor expenses of our Caliber acquisition.

Earnings from Operations. For the first quarter of 2006, earnings from operations were $3.2 million, or 5.9% of revenue, compared to $2.6 million, or 6.2% for the first quarter of 2005. Earnings from operations increased primarily due to the increase in revenue from the Caliber acquisition. The decrease in earnings from operations as a percentage of revenue is due to an increase in direct costs resulting primarily from a change in contract mix.

Interest expense. For the first quarter of 2006, interest expense was $1.0 million, compared to $0.5 million for the first quarter of 2005. The 117.0% increase was due primarily to increased borrowings to fund the Caliber acquisition and higher interest rates.

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 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 $60.0 million, or 33.9% of revenue, compared to $46.1 million, or 33.0%, for 2004. The 30.2% increase in indirect and selling expenses was due principally to the addition of staff and related expenses of our two acquisitions. In December 2005, our board of directors accelerated the vesting of all of the 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 131.0% 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.

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.

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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.

	Quarter ended								
Consolidated statement of operations data:	**Mar. 26, 2004**	**June 25, 2004**	**Sept. 30, 2004**	**Dec. 31, 2004**	**Apr. 1, 2005**	**July 1, 2005**	**Sept. 30, 2005**	**Dec. 31, 2005**	**March 31, 2006**
					(unaudited) (In thousands)				
Revenue	$34,111	$35,862	$36,055	$33,460	$41,212	$42,073	$42,151	$51,782	$ 53,448
Direct costs	20,426	21,727	21,648	19,837	23,969	25,446	25,465	31,198	31,626
Operating expenses									
Indirect and selling expenses	11,141	11,720	11,680	11,556	13,905	13,611	14,258	18,265(1)	17,883
Depreciation and amortization	765	744	813	833	777	896	721	3,147	772
Total costs and expenses	11,906	12,464	12,493	12,389	14,682	14,507	14,979	21,412	18,655
Earnings from operations	1,779	1,671	1,914	1,234	2,561	2,120	1,707	(828)	3,167
Other (expense) income									
Interest expense, net	(334)	(309)	(298)	(325)	(473)	(737)	(628)	(1,143)	(1,026)
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)	2,141
Income tax expense (benefit)	673	632	738	423	1,002	664	1,150	(951)	1,047
Income (loss) from continuing operations	772	728	847	486	1,087	718	1,249	(1,032)	1,094
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)	$ 1,094

Other operating data:									
EBITDA from continuing operations(2)	$ 2,544	$ 2,415	$ 2,727	$ 2,067	$ 3,338	$ 3,016	$ 2,428	$ 2,319	$ 3,939
Non-cash compensation charge included in EBITDA from continuing operations								2,138(1)	76

(footnotes on following page)

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(1) *Includes a non-cash compensation charge of $2.1 million in December 2005 resulting from the acceleration of the vesting of all then outstanding 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."*

(2) *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:*

	Quarter ended								
	Mar. 26, 2004	June 25, 2004	Sept. 30, 2004	Dec. 31, 2004	April 1, 2005	July 1, 2005	Sept. 30, 2005	Dec. 31, 2005	Mar. 31, 2006
	(unaudited) (In thousands)								
Net income (loss)	$ 621	$ 959	$ 847	$ 590	$ 1,087	$ 718	$ 1,249	$ (1,032)	$ 1,094
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	1,026
Income tax expense (benefit)	673	632	738	423	1,002	664	1,150	(951)	1,047
Depreciation and amortization	765	744	813	833	777	896	721	3,147	772
EBITDA from continuing operations	$ 2,544	$ 2,415	$ 2,727	$ 2,067	$ 3,338	$ 3,016	$ 2,428	$ 2,319	$ 3,939

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.

Our short-term liquidity requirements have been met, in part, by amounts borrowed under our revolving credit facility in excess of the otherwise applicable maximum borrowing base, as allowed by a March 14, 2006 amendment to our credit facilities. Such overadvances are permitted only through August 31, 2006, and no such overadvances were outstanding as of June 30, 2006. We also have due in January 2007 an $8 million short-term term loan facility with an outstanding principal amount of $8 million as of June 30, 2006.

We expect that activities under the Road Home Contract will require us to have access to more borrowing capacity to fund working capital than the $45 million currently provided under our revolving line of credit, and will also require an extension and expansion of the provisions of our credit agreement that permit us to borrow in excess of the otherwise applicable maximum borrowing base. We are currently in discussions with our lenders concerning amendments to, or a replacement of, our revolving line of credit that would accommodate these needs.

Over the longer term, our liquidity needs include continuing financing of our operations and the reduction of our existing revolving credit and term debt, which are at heightened levels due to the incurrence of debt during 2005 in connection with the Synergy and Caliber acquisitions and the repayment of debt to our former parent, which, in the aggregate, required us to increase the availability under our credit facilities by approximately $35 million. We also require funding to pursue our acquisition strategy, which is severely constrained by our current liquidity.

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 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,			April 1, 2005	March 31, 2006
	2003	2004	2005		
			(In thousands)		
Cash and cash equivalents	$1,643	$ 797	$ 499	$ 1,074	$ 1,296
Net working capital	6,085	5,502	18,141	10,858	19,374

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.

Our net working capital increased by $8.5 million at March 31, 2006 as compared to April 1, 2005. The increase in net working capital for the first quarter 2006 was primarily due to an increase of net contract receivables of $14.7 million from $42.5 million at April 1, 2005 to $57.2 million at March 31, 2006, which more than offset an approximate $7.2 million increase in current liabilities. The increase in net contract receivables was in large part due to the growth in revenue of $12.2 million as well as delays in billings resulting from the Caliber integration. The increase in current liabilities was primarily due to an increase of $7.4 million in the current portion of debt.

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. In 2003, we received large cash advances from a commercial client. As of December 31, 2003, the balance of the cash advances was approximately $1.6 million. The criteria for payment to the third-parties were satisfied, and the payments were disbursed in 2004. The decrease in accrued expenses in 2004 was primarily attributable to a reduction of accrued subcontractor costs and liabilities related to the Arthur D. Little acquisitions.

Operating activities used cash of $4.2 million in first quarter of 2006 as compared to providing $0.3 million in the first quarter of 2005. Operating activities in the first quarter of 2006 were negatively impacted by an increase in accounts receivable of $4.3 million, due in large part to growth in revenue and delays in billings resulting from the Caliber integration, and a decrease in accounts payable of $2.6 million due to the timing of vendor payments.

Our cash flow used in investing activities in recent years 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.

Investing activities used cash of $18.9 million and $0.1 million in the first quarters of 2005 and 2006, respectively. The cash used in investing activities for the first quarter of 2006 was primarily for capital expenditures. The cash used in investing activities for the first quarter of 2005 was primarily for the acquisition of Synergy ($18.6 million).

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.

Financing activities provided cash of $18.7 million and $5.2 million in the first quarters of 2005 and 2006, respectively. For the first quarter of 2006, $6.8 million of cash flow from financing activities reflected net borrowings to finance operating activities, partially offset by $1.5 million of debt payments. For the first quarter of 2005, the $18.7 million provided in financing activities primarily reflected the increased borrowings to finance the Synergy acquisition.

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:

- 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;
- 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
- 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 $4 million plus eligible receivables through August 31, 2006, in each case not to exceed the total revolving credit facility of $45 million.

As explained above, we are currently in discussions with our lenders concerning amendments to, or a replacement of, our credit agreement to increase the overall availability of funds under our revolving line of credit to an amount greater than $45 million and to extend and enlarge the provisions that temporarily increase our borrowing base so that it equals an amount in excess of eligible receivables.

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. At the present time, these include a fixed charge coverage ratio (in general, EBITDA as defined in the credit agreement plus real property rent and operating lease expense divided by real property rent and operating lease expense, plus interest expense, plus cash taxes paid plus required principal payments on debt and capital lease payments) of not less than 1.10 to 1.00 and a maximum leverage ratio (in general, total debt divided by EBITDA as defined in the credit agreement) of 3.5 to 1.0 (4.0 to 1.0 as of the quarters ended March 31 and June 30, 2006). EBITDA as defined in the credit agreement varies significantly from the calculation of EBITDA from continuing operations as set forth herein. Our credit agreement also limits capital expenditures to 1.5% of gross revenue during the past 12 months; prohibits net operating losses; and prohibits our total senior debt from exceeding our aggregate billed and unbilled receivables. We were in compliance with these financial covenants as of March 31, 2006.

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. For the first quarters of 2005 and 2006, our net interest expense was approximately $0.5 million and $1.0 million, respectively.

The following table summarizes the amounts available and outstanding (excluding interest) under our credit facilities as of December 31, 2004 and 2005 and May 26, 2006. The amounts listed as available and outstanding prior to October 2005 below with respect to the term loan represent the amounts available and outstanding under a predecessor loan facility replaced by the term loan in October 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.

	December 31,		June 30, 2006
	2004	2005	
	(In thousands)		
Capacity (Facility A/line of credit)	$28,000	$45,000	$45,000
Capacity (term loan)	6,353	21,634	19,066
Capacity (time loan)	—	8,000	8,000
Availability (Facility A/line of credit)	20,102	37,518	45,000
Availability (term loan)	6,353	21,634	19,066
Availability (time loan)	—	8,000	8,000
Amount outstanding (Facility A/line of credit)(1)	8,965	32,019	38,857
Amount outstanding (term loan)	6,353	21,634	19,066
Amount outstanding (time loan)	—	8,000	8,000
Unused availability (Facility A/line of credit)	11,137	5,499	6,143
Unused availability (term loan)	—	—	—
Unused availability (time loan)	—	—	—
Interest rate on Facility A/line of credit	5.25%	7.25%	8.00%

(1) Includes letters of credit.

Use of proceeds

We plan to use up to $ million of the net proceeds of this offering to repay in full our term loan facilities (see "Use of Proceeds" for a more complete description of these plans) 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.

Replacement credit facilities

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. These facilities will replace our existing credit facilities. We expect the completion of this offering to enable us to put in place a more cost-effective capital structure that will provide the financing needed for our existing operations and working capital needs, as well as possible acquisitions.

In the event it is not possible to enter into the new facilities we contemplate, we would have to resort to other more expensive and less attractive forms of financing, including publicly or privately placed senior and subordinated debt and the issuance of common stock, preferred stock or other forms of equity. Such forms of financing would likely carry higher interest and other costs, thereby reducing our profitability; include covenants that would be more restrictive than those under the capital structure that we contemplate after the completion of this offering; restrict our ability to grow through acquisitions or require the use of common or preferred equity as acquisition consideration; and could dilute the holders of our common stock.

Off-balance sheet arrangements

We do not have any off-balance sheet arrangements.

Contractual obligations

The following table summarizes our contractual obligations (excluding interest in the case of debt) as of March 31, 2006 that require us to make future cash payments.

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
			(In thousands)		
Facility A/line of credit	$ —	$ —	$38,177	$ —	$ 38,177
Term loan[1]	4,400	13,200	2,567	—	20,167
Time loan[2]	8,000	—	—	—	8,000
Rent of facilities	8,988	16,254	14,910	14,192	54,344
Operating lease obligations	1,177	1,432	360	—	2,969
Purchase obligations	688	—	—	—	688
Other long-term liabilities	—	440	—	—	440
Total	$ 23,253	$31,326	$56,014	$ 14,192	$ 124,785

(1) *The term loan requires monthly principal payments of $366,667 plus interest and matures in October 2010.*

(2) *The time loan requires monthly principal payments of $333,334 plus interest commencing July 1, 2006 and matures in January 2007.*

The components of our credit facilities referred to above (Facility A/line of credit, Term loan and Time loan) provide that each component defaults upon a default of any of the other components and, therefore, may be accelerated together. The other contractual obligations referred to in the above table do not include provisions that create, increase or accelerate other obligations.

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.

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.

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), *Shared-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. 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.

Implementation of FASB 123(R)

In adopting SFAS 123(R), companies must choose among alternative valuation models and amortization assumptions. We elected to use the Black-Scholes-Merton option pricing model and straight-line amortization of compensation expense over the requisite service period of the grant. We will reconsider use of the Black-Scholes-Merton model if additional information becomes available in the future that indicates another model would be more appropriate or if grants issued in future periods have characteristics that cannot be reasonably estimated using this model.

The following assumptions were used for option grants made during the quarter ended March 31, 2006:

Expected volatility. Because we are not publicly traded, we have no history of share prices determined on the open market. Therefore, the expected volatility of our shares was estimated based upon analyzing volatilities of similar public companies. The expected volatility factor used in valuing options granted during the quarter ended March 31, 2006 was 36%.

Expected term. We do not have any history of employee exercise behavior. The expected term of five years was estimated by consideration of the contractual terms of the grants, vesting schedules, employee forfeitures and expected terms of option grants by similar public companies.

Risk-free interest rate. We base the risk-free interest rates used in the Black-Scholes-Merton valuation method on implied interest rates for U.S. Treasury securities with a term consistent with the expected life of the stock options. The risk-free interest rate used in valuing options granted during the quarter ended March 31, 2006 was 4.51%.

Dividend yield. The Black-Scholes-Merton valuation model calls for a single expected dividend yield as an input. We have not paid dividends in the past nor do we expect to pay dividends in the future. We therefore used a dividend yield percentage of zero.

During the quarter ended March 31, 2006, we granted incentive stock options to purchase shares of our common stock at an exercise price of $ per share, the fair value of the stock on the date of grant. The Black-Scholes-Merton weighted average valuation of the options granted during the quarter ended March 31, 2006 was $ per share. These options expire in ten years and vest upon the attainment of certain levels of operating income or upon certain events, including this offering. We are expensing the value of these option grants over the period of time from the date of award to the expected date of this offering.

In addition, in September 2005 we made a restricted common stock award to a key employee, 25% of which vests each January 1 thereafter, with vesting accelerating effective upon the completion of this offering. This stock award is also being expensed based on the grant date value of the stock of $ per share.

The total intrinsic value of the options outstanding and the options exercisable at March 31, 2006 was approximately $4.8 million.

We recognized stock-based compensation expense of $76,359 in the quarter ended March 31, 2006, which is included in indirect and selling expenses. All of this expense related to the options and stock awards granted in the quarter ended March 31, 2006. Net income for the quarter ended March 31, 2006 also reflects income tax benefits relating to this expense of $29,490. There was no stock-based compensation expense in the quarter ended April 1, 2005.

As of March 31, 2006, there was approximately $0.1 million of total unrecognized compensation cost related to unvested stock-based compensation agreements. This amount relates entirely to stock option grants and restricted stock grants during the quarter ended March 31, 2006. This cost is expected to be fully amortized over the next year because such grants will vest upon completion of this offering.

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, Louisiana, Massachusetts, New York and Pennsylvania. State and local government clients generated 9% of our revenue in 2005. Revenue generated from our state and local government clients is expected to increase in 2006, due primarily to our work in connection with the Road Home Contract with the State of Louisiana. 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.

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 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 and $53.4 million in 2005 and the quarter ended March 31, 2006, respectively. Our total backlog was $226.8 million and $216.8 million as of December 31, 2005 and March 31, 2006, respectively. 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 and state and local governments are also grappling with domestic and international disaster relief requirements.

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 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.

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 an increased need for 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.

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) for more than 30 years, the U.S. Department of Energy for more than 25 years, DoD for over 20 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 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 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. In light of recent oil price increases, the impact of those increases on the prices of other forms of energy, and the need for both governments and industry to react to these conditions, 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

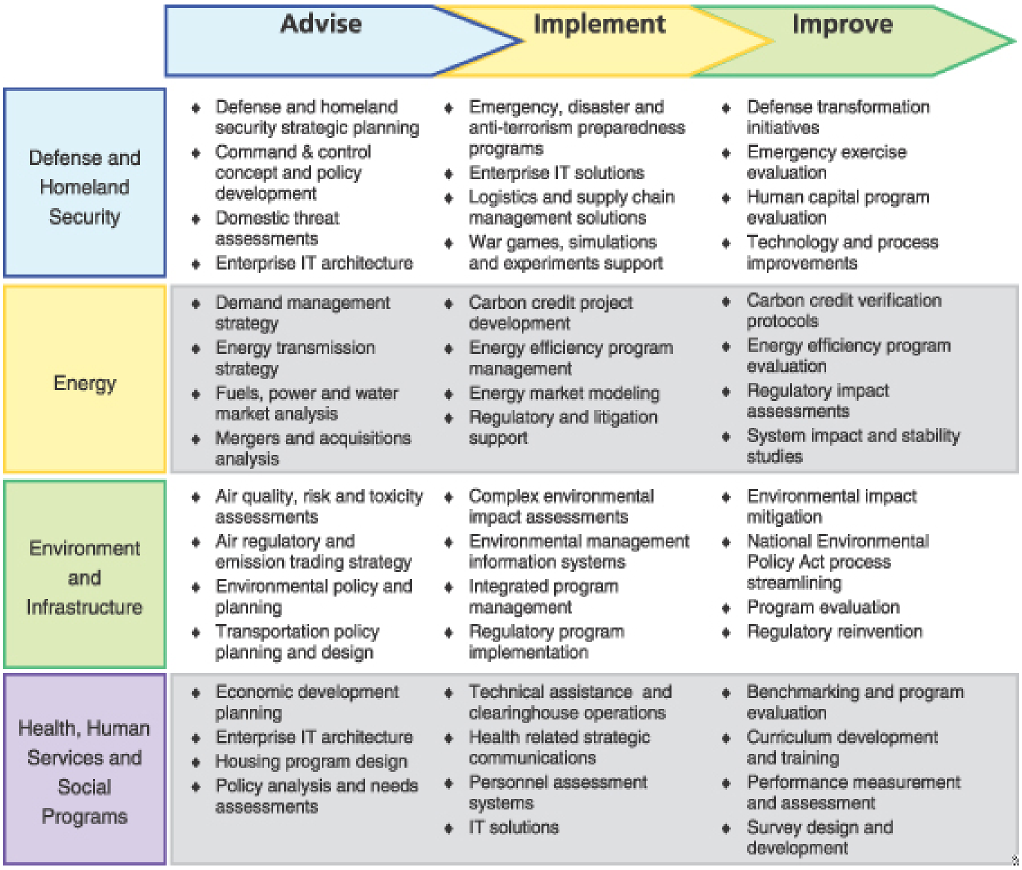
We have built a corporate infrastructure and internal systems that we believe are readily scalable and can accommodate significant growth without a proportionate increase in expense. We have invested significant time and resources in developing our accounting and financial systems and our information 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.

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.

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

- U.S. Department of Defense
  - Air Force
  - Army
  - Navy
- Commonwealth of Puerto Rico
- State of Nebraska
- U.S. Department of Homeland Security
  - Federal Emergency Management Agency
  - Secret Service
  - Transportation Security Administration
  - 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 $13.7 million in fiscal 2002, to over $500 million in fiscal 2005 and projected sales of $1 billion in fiscal 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.

The Road Home Housing Program — State of Louisiana, Office of Community Development

As a result of Hurricanes Rita and Katrina, more than 200,000 homes and rental units were severely damaged or destroyed, leaving 780,000 Louisiana residents displaced. In response, the State of Louisiana designed the Road Home Program, a housing grants management program designed to help the affected population repair, rebuild or relocate by providing reimbursements to qualified homeowners and small rental unit landlords for their uninsured, uncompensated damages. Our subsidiary, ICF EMS, was recently awarded a contract to serve as the manager of the Road Home Program for the State of Louisiana's Office of Community Development. Under the contract, we and our subcontractors will open and operate housing assistance centers in various locations within and outside the State of Louisiana to serve displaced residents; develop a management information system for the program; develop and initiate an outreach and public education campaign designed to provide information on the Road Home Program and housing assistance centers; complete training sessions for home inspectors, financial institutions and building professionals; initiate and complete a pilot program to process a sampling of pre-registered applicants to a final award in accordance with an operational plan we develop; and interact with various state and federal agencies to facilitate the transmission of data necessary for program implementation.

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

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 supported the promotion of energy efficient products and processes to thousands of 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.

Environment and infrastructure

For more than three decades, we have been providing 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
  - Federal Aviation Administration
  - Federal Highway Administration
- U.S. Environmental Protection Agency
- U.S. Federal Motor Carrier Safety Administration
- U.S. Nuclear Regulatory Commission
- Commonwealth of Pennsylvania
- U.S. Postal Service
- U.S. Department of Commerce
- U.S. Department of Interior
- U.S. Federal Trade Commission
- U.S. National Aeronautics and Space Administration
- European Commission

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.

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 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
  - Administration for Children & Families
- U.S. Department of Agriculture
- U.S. Department of Housing & Urban Development
- 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 the U.S. Department of Justice 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 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 in 2005 accounted for approximately 5% and 3% of our revenue for 2004 and 2005, respectively. Our top ten contracts in 2005 collectively accounted for approximately 32% and 22% of our revenue for 2004 and 2005, respectively. Our contract mix will likely change in 2006 as a result of revenue derived from the Road Home Contract with the State of Louisiana. 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 include any estimate of revenue relating to potential future delivery orders that might be awarded under our GSA Schedule contracts, other Indefinite Delivery/Indefinite Quantity (IDIQ) 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, however, include potential future work expected to be awarded under 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. In this case, the amount of funded backlog is limited to the amount authorized. 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 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,		March 31,
	2004	2005	2006
	(In millions)		
Funded	$ 70.6	$ 133.0	$ 112.3
Unfunded	63.8	93.8	104.5
Total	$ 134.4	$ 226.8	$ 216.8

These backlog estimates do not include backlog associated with the Road Home Contract, which was awarded in June 2006.

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, which could materially and adversely affect our revenue and operating results.”

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.

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 March 31, 2006 we had 1,284 benefits-eligible (full-time and regular part-time) employees and 402 non-benefits eligible (variable part-time) employees. On a full-time equivalents basis, our total headcount was 1,439. As of March 31, 2006, 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 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	45	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
Dr. Srikant M. Datar	52	Director
Robert Hopkins	49	Director
Joel R. Jacks	58	Director
David C. Lucien	56	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 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.

Dr. Srikant M. Datar has served as a director of ICF since July 2006. Dr. Datar is the Arthur Lowes Dickinson Professor of Business Administration at Harvard University and a Senior Associate Dean at Harvard Business School. Dr. Datar is a Chartered Accountant and has been a professor of accounting and business administration at Harvard since July 1, 1996, previously serving as a professor at Stanford University and Carnegie Mellon University. Dr. Datar is a member of the board of directors of Novartis AG, a holding company organized under Swiss law and publicly traded on the SWX Swiss Stock Exchange and, in the form of American Depositary Shares, NYSE. He has consulted with and done field-based research with many large corporations. He has presented his research to managers and executives in North and South America, Europe, Asia and Africa. Dr. Datar received gold medals upon his graduation from the Indian Institute of Management, Ahmedabad, and the Institute of Cost and Works Accountants of India. Dr. Datar received a master's degree in statistics, a master's degree in economics and a Ph.D. in accounting from Stanford University.

Management

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.

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.; Xebec Global Corporation; 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 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.

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 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 six members. William Moody and Robert Hopkins have informed us that they intend to resign from the board of directors prior to this offering. Sudhakar Kesavan will serve as the chairman of the board of directors pursuant to his employment agreement. Dr. Edward H. Bersoff, Dr. Srikant M. Datar and David C. Lucien are independent directors in accordance with the requirements of the Nasdaq Global 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 Global 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 Dr. Srikant M. Datar 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, Chairman, Dr. Srikant M. Datar, Joel R. Jacks and David C. Lucien. 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 under SEC rules and regulations by virtue of his background and experience described under "Executive Officers and Directors" above. In accordance with applicable Nasdaq Global 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. We expect the audit committee to meet not less often than four times a year.

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 Global 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. We expect the compensation committee to meet not less often than twice per year.

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, who serves as a member of the board of directors of FSAC, of which Dr. Edward H. Bersoff will become chairman and chief executive officer upon the completion of FSAC's acquisition of Advanced Technology Systems, Inc., 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. Dr. Bersoff is also a member of the board of directors of FSAC, as is Joel R. Jacks. 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.

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.

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. Non-employee members of the board upon completion of this offering, and thereafter new non-employee members of the board upon first being elected to the board of directors, will receive 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.

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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

		Annual compensation			Long-term compensation			
					Awards		Payouts	
Name and Principal Position	Year	Salary	Bonus[1]	Other annual compensation	Restricted stock awards	Securities underlying stock options (shares)[2]	LTIP payouts	All other compensation[3]
Sudhakar Kesavan	2005	$330,530	$282,000	$ —	$ —	—	$ —	$ 5,587
Chairman, President and Chief	2004	336,367	70,000	—	—	—	—	12,970
Executive Officer	2003	317,263	80,000	—	—		—	15,866
John Wasson	2005	229,142	205,000	—	—		—	8,400
Executive Vice President and Chief	2004	225,436	67,000	—	—		—	13,601
Operating Officer	2003	204,359	40,000	—	—		—	15,540
Alan Stewart	2005	209,791	140,000	—	—		—	7,744
Senior Vice President, Chief Financial	2004	213,430	40,000	—	—		—	13,436
Officer and Secretary	2003	193,184	40,000	—	—		—	15,920
Ellen Glover[4]	2005	75,967	—	—	121,110[5]		—	25,000
Executive Vice President								

(1) *The bonus amounts identified in this column were paid under our Amended and Restated Employee Annual Incentive Compensation Pool Plan.*

(2) *The share information in this column 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.*

(3) *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. With respect to Sudhakar Kesavan, amounts in this column include annual term life insurance premiums of $1,550 paid by the Company for the benefit of Mr. Kesavan.*

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

(5) *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.

Option grants in 2005

Name	Individual grants: 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): 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 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 5% and 10% appreciation are calculated by assuming that the price of $ per share in our initial public offering 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: Exercisable	Unexercisable	Value of unexercised in-the-money options at year end(1): 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.

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.

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 Sudhakar 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 June 30, 2006, there were options outstanding under the 1999 Option Plan to purchase a total of shares of our common stock. Since June 30, 2006, we have not granted any options under the 1999 Option Plan. 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. Only one issuance of shares of restricted stock has been made under the 2005 Restricted Stock Plan. 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.

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 non-employee 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 allowing 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 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 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.

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 which will be amended prior to completion of this offering. The consulting agreement 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 June 30, 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 June 30, 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 June 30, 2006 or within 60 days of June 30, 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 .

Principal and selling stockholders

Beneficial Owner	Shares beneficially owned prior to the offering		Shares offered in the offering	Shares beneficially owned after the offering	
	Number	Percentage		Number	Percentage
CM Equity Partners, L.P.(1)		32.55%			
CMEP Co-Investment ICF, L.P.(1)		38.66%			
CM Equity Partners II, L.P.(1)		16.54%			
CM Equity Partners II Co-Investors, L.P.(1)		1.56%			
CM Equity Partners, L.P. and affiliates as a group(1), (2)		89.31%	(3)		
Sudhakar Kesavan(4)		3.45%	—		
John Wasson(5)		1.71%	—		
Alan Stewart(6)		*	—		
Ellen Glover(7)		*	—		
Gerald Croan		*	—		
Dr. Edward H. Bersoff		*	—		
Dr. Srikant M. Datar		*	—		
Joel R. Jacks(1)		89.31%	—		
Robert Hopkins		*	—		
David C. Lucien		*	—		
William Moody(8)		*	—		
Peter M. Schulte(1)		89.31%	—		
Directors and officers as a group (12 persons)(1), (4), (5), (6), (7), (8)		96.46%	—		

** Represents beneficial ownership of less than 1%.*

(1) *Directors Peter M. Schulte and Joel R. Jacks are the managing members of entities that serve as the general partners 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. Messrs. Schulte and Jacks disclaim beneficial ownership of the shares of the company's common stock owned by each 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. except to the extent of their respective pecuniary interests therein. The address for each 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. is 900 Third Avenue, 33rd Floor, New York, New York 10022-4775.*

(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.*

(footnotes continued on following page)

(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

- 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 June 30, 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 June 30, 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.

WARRANTS

As of June 30, 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.

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

- 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.

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 American Stock Transfer & Trust Company.

LISTING

We have filed an application for our common stock to be listed on the Nasdaq Global 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:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after this offering; and
- the average weekly trading volume of our common stock on the Nasdaq Global 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 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, William Blair & Company, L.L.C. and Jefferies Quarterdeck, a division of Jefferies & Company, Inc. 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.	
Jefferies Quarterdeck, a division of Jefferies & Company, Inc.	
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 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.

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 have applied to have our common stock approved for listing on the Nasdaq Global 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 Global Market may engage in passive market making transactions in our common stock on the Nasdaq Global Market in accordance with Rule 103 of

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 Global 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.

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

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)

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CONSOLIDATED BALANCE SHEETS

	December 31, 2004	December 31, 2005	March 31, 2006 (unaudited)
	(in thousands, except share amounts)		
ASSETS			
Current Assets			
Cash	$ 797	$ 499	$ 1,296
Contract receivables, net	29,470	52,871	57,208
Notes receivable, current portion	600	—	—
Prepaid expenses	928	1,549	1,686
Deferred income tax	983	2,342	2,342
Total Current Assets	32,778	57,261	62,532
Property and Equipment, net	4,065	3,984	3,722
Note Receivable, net of current portion	600	—	—
Goodwill	53,287	81,182	81,174
Other Intangible Assets	2,205	4,127	3,760
Restricted Cash	—	3,500	3,617
Other Assets	1,122	1,070	1,148
Total Assets	$ 94,057	$ 151,124	$ 155,953
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts payable	$ 4,187	$ 7,062	$ 4,441
Accrued salaries and benefits	7,410	10,201	11,457
Accrued expenses	7,205	8,271	9,138
Current portion of long-term debt	4,235	6,767	12,400
Deferred revenue	4,081	6,396	5,688
Income tax payable	158	423	34
Total Current Liabilities	27,276	39,120	43,158
Long-term Debt, net of current portion	16,844	54,205	53,944
Deferred Rent	1,395	1,568	1,521
Deferred Income Tax	591	2,730	2,730
Other Liabilities	90	598	440
Total Liabilities	46,196	98,221	101,793
Commitments and Contingencies	—	—	—
Stockholders' Equity			
Common stock, $.01 par value; 20,000,000 shares authorized, 9,232,565, 9,300,685 and 9,300,685 issued, and 9,016,947, 9,164,157 and 9,212,432 outstanding as of December 31, 2004, December 31, 2005 and March 31, 2006	92	93	93
Additional paid-in capital	48,099	50,825	51,011
Retained earnings	1,812	3,834	4,928
Treasury stock	(1,383)	(918)	(628)
Stockholder notes receivable	(944)	(1,139)	(1,446)
Accumulated other comprehensive income	185	208	202
Total Stockholders' Equity	47,861	52,903	54,160
Total Liabilities and Stockholders' Equity	$ 94,057	$ 151,124	$ 155,953

The accompanying notes are an integral part of these statements.

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CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,			Quarter ended	
	2003	2004	2005	April 1, 2005	March 31, 2006
				(unaudited)	
	(in thousands, except per share amounts)				
Revenue	$ 145,803	$ 139,488	$ 177,218	$ 41,212	$ 53,448
Direct Costs	91,022	83,638	106,078	23,969	31,626
Operating Expenses					
Indirect and selling expenses	45,335	46,097	60,039	13,905	17,883
Depreciation and amortization	3,000	3,155	5,541	777	772
Earnings from Operations	6,446	6,598	5,560	2,561	3,167
Other (Expense) Income					
Interest expense, net	(3,095)	(1,266)	(2,981)	(473)	(1,026)
Other	33	(33)	1,308	1	—
Total Other Expense	(3,062)	(1,299)	(1,673)	(472)	(1,026)
Income from Continuing Operations Before Income Taxes	3,384	5,299	3,887	2,089	2,141
Income Tax Expense	1,320	2,466	1,865	1,002	1,047
Income from Continuing Operations	2,064	2,833	2,022	1,087	1,094
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	$ 1,087	$ 1,094
Earnings from Continuing Operations per Share-Basic	$ 0.23	$ 0.31	$ 0.22	$ 0.12	$ 0.12
Earnings from Continuing Operations per Share-Diluted	$ 0.23	$ 0.30	$ 0.21	$ 0.11	$ 0.11
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	$ 0.12	$ 0.12
Earnings per Share-Diluted	$ 0.26	$ 0.32	$ 0.21	$ 0.11	$ 0.11
Weighted-average Shares Outstanding — Basic	9,088	9,080	9,185	9,138	9,225
Weighted-average Shares Outstanding — Diluted	9,210	9,398	9,737	9,466	9,772

The accompanying notes are an integral part of these statements.

ICF International, Inc., and Subsidiaries

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Treasury Stock Shares	Treasury Stock Amount	Stockholder Notes Receivable	Accumulated Other Comprehensive Income (Loss)	Total
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 equity 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
Net Income				1,094					1,094
Other Comprehensive Income									
Foreign currency translation adjustment……………				—				(6)	(6)
Total Comprehensive Income				—					1,088
Non-cash equity compensation			76						76
Net payments from management stockholder issuances………………	48,275		110		(48,275)	290	(300)		100
Payments on stockholder notes……………………							14		14
Interest receivable from stockholder notes……….							(21)		(21)
March 31, 2006 (unaudited)	9,212,432	$ 93	$ 51,011	$ 4,928	$ 88,253	$ (628)	$ (1,446)	$ 202	$54,160

The accompanying notes are an integral part of these statements.

ICF International, Inc., and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Quarter ended	
	2003	2004	2005	April 1, 2005	March 31, 2006
				(unaudited)	
			(in thousands)		
Cash Flows from Operating Activities					
Net income from continuing operations	$ 2,064	$ 2,833	$ 2,022	$ 1,087	$ 1,094
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)	(11)	(21)
(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 equity compensation			2,138	—	76
Depreciation and amortization	3,000	3,155	5,541	777	772
Amortization of debt discount	913	—	—	—	—
Changes in operating assets and liabilities:					
Contract receivables, net	5,096	4,350	(4,340)	(4,849)	(4,336)
Prepaid expenses and other assets	(124)	(259)	(100)	397	(11)
Assets held for sale	(191)	—	—	—	—
Income tax receivable	177	259	—	—	—
Accounts payable	(2,434)	(179)	1,279	1,046	(2,621)
Accrued salaries and benefits	383	(1,990)	(3,170)	540	1,256
Accrued expenses	(1,365)	(2,365)	(580)	719	875
Deferred revenue	3,035	(2,163)	1,670	1,214	(708)
Income tax payable	—	158	(472)	(685)	(389)
Liabilities held for sale	(17)	—	—	—	—
Deferred rent	414	184	41	28	(47)
Other liabilities	(424)	—	133	—	(158)
Net Cash Provided by (Used in) Operating Activities	11,760	3,269	2,236	263	(4,218)
Cash Flows from Investing Activities					
Purchase of property and equipment	(1,930)	(1,155)	(1,370)	(340)	(115)
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)	(18,566)	—
Payments for Caliber acquisition	—	—	(20,058)	—	—
Capitalized software development costs	(30)	—	(70)	—	(24)
Net Cash Used in Investing Activities	(2,121)	(185)	(38,844)	(18,906)	(139)
Cash Flows from Financing Activities					
Payments on notes payable	(23,537)	(4,235)	(21,808)	(833)	(1,467)
Proceeds from notes payable	12,000	—	38,647	18,647	—
Net borrowings from working capital facilities	3,518	766	23,054	1,215	6,839
Restricted cash related to Caliber acquisition	—	—	(3,500)	—	(117)
Debt issue costs	(493)	(60)	(525)	(316)	(117)
Prepaid offering costs	—	—	—	—	(91)
Purchase of warrants	(506)	—	—	—	—
Net payments for stockholder issuances and buybacks	—	(324)	312	(18)	100
Payments received on stockholder notes	13	33	107	29	14
Net Cash Provided by (Used In) Financing Activities	(9,005)	(3,820)	36,287	18,724	5,161
Effect of Exchange Rate on Cash	349	(110)	23	196	(7)
(Decrease) Increase in Cash	983	(846)	(298)	277	(797)
Cash, beginning of year	660	1,643	797	797	499
Cash, end of year	$ 1,643	$ 797	$ 499	$ 1,074	$ 1,296

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A — Basis of Presentation and Nature of Operations

Interim Results

The financial statements as of March 31, 2006 and for the quarters ended April 1, 2005 and March 31, 2006 have been prepared by ICF International, Inc. without an audit and in accordance with accounting principles generally accepted in the United States (US GAAP) and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not contain all of the information and footnotes required by US GAAP for complete financial statements. All disclosures as of March 31, 2006 and for the quarters ended April 1, 2005 and March 31, 2006, presented in the notes to the financial statements are unaudited. In the opinion of management, all adjustments (which include only normal recurring adjustments) considered necessary to present fairly the financial condition as of March 31, 2006 and results of operations and cash flows for the quarters ended April 1, 2005 and March 31, 2006, have been made. The results of operations for the quarter ended March 31, 2006 are not necessarily indicative of the results that may be expected for the full year ended December 31, 2006.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 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 15 primary domestic regional 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 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:

	Year ended December 31,			Quarter ended	
	2003	2004	2005	April 1, 2005	March 31, 2006
				(unaudited)	
Time-and-materials	40%	37%	42%	44%	44%
Cost-based	44%	41%	34%	32%	30%
Fixed-price	16%	22%	24%	24%	26%
Total	100%	100%	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.

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.

Stock-based compensation plan

Prior to January 1, 2006, as permitted under SFAS No. 123, *Accounting for Stock-Based Compensation*, the Company accounted 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.

Historically, as a private company, the Company has disclosed pro forma SFAS No. 123 information using the minimum value method, which, in accordance with SFAS No. 123(R), is no longer presented.

Implementation of FASB 123(R)

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123 (revised 2004) (SFAS No. 123(R)), Share-Based Payment, which requires that compensation costs related to share-based payment transactions be recognized in financial statements. SFAS No. 123(R) eliminates the alternative to use the intrinsic method of accounting provided for in APB Opinion No. 25, which generally resulted in no compensation expense recorded in the financial statements related to the grant of stock options to employees if certain conditions were met.

Effective January 1, 2006, the Company adopted SFAS No. 123(R) using the prospective method. Under this method, compensation costs for all awards granted after the date of adoption and modifications of any previously granted awards outstanding at the date of adoption are measured at estimated fair value and included in operating expenses over the performance period during which an employee provides service in exchange for the award.

In adopting SFAS No. 123(R), companies must choose among alternative valuation models and amortization assumptions. The Company has elected to use the Black-Scholes-Merton option pricing model and straight-line amortization of compensation expense over the requisite service period of the grant. The Company will reconsider use of the Black-Scholes-Merton model if additional information becomes available in the future that indicates another model would be more appropriate or if grants issued in future periods have characteristics that cannot be reasonably estimated using this model.

The following assumptions were used for option grants made during the quarter ended March 31, 2006:

Expected Volatility. Because the Company is not publicly traded, it has no history of share prices determined on the open market. Therefore, the expected volatility of the Company’s shares was estimated based upon analyzing volatilities of similar public companies. The expected volatility factor used in valuing options granted during the quarter ended March 31, 2006 was 36%.

Expected Term. The Company does not have any history of employee exercise behavior. The expected term of five years was estimated by consideration of the contractual terms of the grants, vesting schedules, employee forfeitures and expected terms of option grants by similar public companies.

Risk-Free Interest Rate. The Company bases the risk-free interest rates used in the Black-Scholes-Merton valuation method on implied interest rates for U.S. Treasury securities with a term consistent with the expected life of the stock options. The risk-free interest rate used in valuing options granted during the quarter ended March 31, 2006 was 4.51%.

Dividend Yield. The Black-Scholes-Merton valuation model calls for a single expected dividend yield as an input. The Company has not paid dividends in the past nor does it expect to pay dividends in the future. The Company therefore used a dividend yield percentage of zero.

During the quarter ended March 31, 2006, the Company granted incentive stock options to purchase 15,000 shares of the Company's common stock at an exercise price of $9.05 per share, the fair value of the stock on the date of grant. The Black-Scholes-Merton weighted average valuation of the options granted during the quarter ended March 31, 2006 was $3.54 per share. These options expire in ten years and vest upon the attainment of certain levels of operating income or upon certain events, including an initial public offering. The Company is expensing the value of these option grants over the period of time from the date of award to the expected date of the initial public offering, when they will vest.

In addition, in September 2005 the Company made a restricted common stock award to a key employee of 16,500 shares, 25% of which vests each January 1 thereafter, with vesting accelerating effective upon the completion of the Company's initial public offering. This stock award is also being expensed based on the grant date value of the stock of $9.05 per share.

The total intrinsic value of the options outstanding and the options exercisable at March 31, 2006 was approximately $4.8 million.

The Company recognized stock-based compensation expense of $76,359 in the quarter ended March 31, 2006, which is included in indirect and selling expenses. All of this expense related to the options granted in the quarter ended March 31, 2006 and a single stock grant awarded in September 2005. Net income for the quarter ended March 31, 2006 also reflects income tax benefits relating to this expense of $29,490. There was no stock-based compensation expense in the quarter ended April 1, 2005.

As of March 31, 2006, there was approximately $0.1 million of total unrecognized compensation cost related to unvested stock-based compensation agreements. This amount relates entirely to stock option grants during the quarter ended March 31, 2006 and a single stock grant awarded in September 2005. This cost is expected to be fully amortized over the next year because such grants will vest in the event of the initial public offering.

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)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

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:

	Year ended December 31,			Quarter ended	
	2003	2004	2005	April 1, 2005	March 31, 2006
				(unaudited)	
			(in thousands)		
Basic weighted-average shares outstanding	9,088	9,080	9,185	9,138	9,225
Effect of potential exercise of stock options	122	318	552	328	547
Diluted weighted-average shares outstanding	9,210	9,398	9,737	9,466	9,772

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 value of the 68,120 shares of the Company's stock included in the purchase price ($0.5 million, or $7.34 per share) was estimated by the board of directors, with input from management. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 $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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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	13,794
Property and equipment	605
Total assets	30,093
Accounts payable	909
Accrued salaries and benefits	2,847
Non-compete liability	1,000
Deferred tax liability–current	2,375
Deferred tax liability–non-current	742
Other current liabilities	1,413
Total liabilities	9,286
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	$ 1,777
Net income	$ 2,698	$ 1,777
Earnings per share:		
Basic earnings per share	$ .30	$ .19
Diluted earnings per share	$ .29	$ .18

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:

- $1.3 million in cash upon closing
- $1.5 million 30-month note with quarterly payments of principal and interest at 6 percent

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- 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 *(in thousands of dollars)*:

	December 31,		March 31 2006
	2004	2005	(unaudited)
Billed	$23,975	$45,316	$ 48,910
Unbilled	7,191	9,539	10,346
Allowance for doubtful accounts	(1,696)	(1,984)	(2,048)
Contract receivables, net	$29,470	$52,871	$ 57,208

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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note F — Property and Equipment

Property and equipment consist of the following:

	December 31, 2004	December 31, 2005	March 31, 2006 (unaudited)
Leasehold improvements	$ 4,278	$ 5,404	$ 5,441
Software	3,682	5,330	5,354
Furniture and equipment	3,005	2,097	2,097
Computers	2,242	2,935	2,989
	13,207	15,766	15,881
Accumulated depreciation and amortization	(9,142)	(11,782)	(12,159)
	$ 4,065	$ 3,984	$ 3,722

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	$ 81,182
Adjustment to Caliber goodwill (Note C) (unaudited)	(8)
Balance at March 31, 2006 (unaudited)	$ 81,174

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 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	December 31, 2004	December 31, 2005	March 31, 2006 (unaudited)
Customer related intangibles	$ 5,355	$ 8,767	$ 3,411
Non-compete agreements	—	778	778
Developed technology	—	545	545
	5,355	10,090	4,734
Less: accumulated amortization	(3,150)	(5,963)	(974)
Total	$ 2,205	$ 4,127	$ 3,760

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
	$ 4,127

Note H — Accrued Salaries and Benefits

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

	December 31, 2004	December 31, 2005	March 31, 2006 (unaudited)
Accrued compensation	$ 2,442	$ 5,204	$ 6,511
Accrued vacation	2,019	3,193	3,456
Accrued profit sharing	2,032	343	—
Other	917	1,461	1,490
Total	$ 7,410	$ 10,201	$ 11,457

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note I — Accrued Expenses

Accrued expenses consist of the following *(in thousands of dollars)*:

	December 31, 2004	December 31, 2005	March 31, 2006 (unaudited)
Accrued subcontractor costs	$3,025	$3,355	$ 3,882
Pre-acquisition contingency — ADL acquisition	1,440	—	—
Accrued non-compete liability	—	560	205
Accrued insurance premiums	595	862	1,140
Accrued professional services	439	729	888
Accrued rent	501	665	538
Accrued taxes	226	358	630
Other accrued expenses/liabilities	979	1,742	1,855
Total	$7,205	$8,271	$ 9,138

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Long-term debt consists of the following *(in thousands of dollars)*:

	December 31,		March 31,
	2004	2005	2006
			(unaudited)
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, 7.25% at December 31, 2005 and 7.75% at March 31, 2006, and, or London Interbank Offered Rate (LIBOR) plus spread), payable monthly.	$ 8,284	$31,338	$ 38,177
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 and 7.75% at March 31, 2006, or LIBOR plus spread), payable monthly. Monthly principal payments of $366,667 commenced in November 2005.	—	21,634	20,167
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 and 7.75% at March 31, 2006, 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	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	—	—
	21,079	60,972	66,344
Less: current portion	(4,235)	(6,767)	(12,400)
	$16,844	$54,205	$ 53,944

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
	60,972
Less: current maturities	(6,767)
Total long-term debt	$54,205

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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
	$ 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note L — Income Taxes

Income 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
	547	2,862	3,781
Deferred:			
Federal	918	(230)	(1,578)
State	49	(50)	(338)
	967	(280)	(1,916)
	$1,514	$2,582	$ 1,865

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
Total current deferred tax asset	1,446	3,685
Non-current:		
Foreign net operating loss carryforward (NOL)	565	636
Depreciation	28	973
Deferred rent	548	682
Other	69	103
Valuation allowance	(565)	(636)
Total non-current deferred tax assets	645	1,758
Total Deferred Tax Assets	2,091	5,443
Deferred Tax Liabilities		
Current:		
Retention	(463)	(616)
Section 481(a) adjustment	—	(727)
Total current deferred liability	(463)	(1,343)
Non-current:		
Amortization	(874)	(2,994)
Section 481(a) adjustment	—	(1,455)
Installment sale	(362)	—
Other	—	(39)
Total non-current deferred tax liabilities	(1,236)	(4,488)
Total Net Deferred Tax Liabilities	(1,699)	(5,831)
Total Net Deferred Tax (Liability) Asset	$ 392	$ (388)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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)

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 and the quarter ended March 31, 2006:

		Options Outstanding	
	Options Available for Grant	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
Options granted in the first quarter of 2006	15,000	15,000	$ 9.05
Options forfeited or cancelled	2,594	2,594	6.34
As of March 31, 2006 (unaudited)	42,695	1,529,645	$ 5.89

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes additional information about stock options outstanding as of December 31, 2005:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	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

Prior to January 1, 2006, 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 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.

The following table summarizes additional information about stock options outstanding as of March 31, 2006 (unaudited):

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number of Options	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
$ 5.00-9.05	1,529,645	5.58	$ 5.89	1,514,645	$ 5.89

As discussed in Note B, effective January 1, 2006, the fair value of each option grant is established on the date of grant using the prospective method under SFAS No. 123(R) using the Black-Scholes-Merton option pricing model. The following assumptions were used under the prospective method for grants in the quarter ended March 31, 2006: expected volatility factor of 36 percent; dividend yield percentage of 0 percent; risk-free interest rate of 4.51 percent; and expected term of five years. The Black-Scholes-Merton weighted-average fair value of options granted during the quarter ended March 31, 2006 was $3.54 per share.

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 and the quarter ended March 31, 2006:

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
Activity during first quarter of 2006	—
Balance at March 31, 2006 (unaudited)	52,781.348

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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. Cash paid for interest for the quarter ended March 31, 2006 was approximately $1.0 million. Income taxes paid for the quarter ended March 31, 2006 was approximately $1.5 million.

Note Q — Supplemental Information

Valuation and qualifying accounts

Allowance for Doubtful Accounts *(in thousands of dollars)*

	December 31,			March 31, 2006
	2003	2004	2005	(unaudited)
Balance at beginning of period	$2,586	$1,672	$1,696	1,984
Addition at cost	—	274	1,167	90
Deductions	914	250	879	26
Balance at end of period	$1,672	$1,696	$1,984	2,048

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 $4.3 million as a result of these actions.

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Report of Independent Accountants

To the Board of Directors and Stockholders
of Caliber Associates, Inc.:

In our opinion, the accompanying consolidated balance sheet 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 results of their operations and their cash flows for the year 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 audit. We conducted our audit 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 audit provides a reasonable basis for the opinion expressed above.

/s/ ARGY, WILTSE & ROBINSON, P.C.

McLean, Virginia
March 6, 2005

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Caliber Associates, Inc.

CONSOLIDATED BALANCE SHEET
December 31, 2004

ASSETS	
Current assets	
Cash and cash equivalents	$ 61,684
Accounts receivable	7,604,828
Unbilled receivables	4,062,560
Income taxes receivable	0
Other current assets	451,071
Total current assets	12,180,143
Property and equipment, net	756,515
Contract rights, net	49,984
Deposits	233,161
Marketable securities — restricted	455,410
Total assets	$ 13,675,213
LIABILITIES AND STOCKHOLDERS' DEFICIT	
Current liabilities	
Accounts payable and accrued expenses	$ 739,687
Accrued payroll and related liabilities	2,097,767
Bank line-of-credit	836,678
Billings in excess of revenue recognized	499,325
Subordinated notes payable to employees	1,723,372
Deferred rent	170,230
Total current liabilities	6,067,059
Subordinated notes payable to employees	11,468,791
Deferred rent	243,367
Deferred compensation	559,586
Deferred income taxes	2,531,321
Total liabilities	20,870,124
Stockholders' deficit	
Common stock — no par value, 900,000 shares authorized	500
Retained earnings	5,791,083
Less: unallocated employee stock ownership plan shares	(12,986,494)
Total stockholders' deficit	(7,194,911)
Commitments	
Total liabilities and stockholders' deficit	$ 13,675,213

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

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CONSOLIDATED STATEMENT OF INCOME

Year ended December 31, 2004

Contract revenue	$ 36,482,610
Operating costs and expenses	
Direct labor	12,810,648
Other direct costs	6,344,747
Indirect costs	15,862,768
Unallowable costs	103,843
	35,122,006
Income from operations	1,360,604
Other income (expense)	
Interest income	12,324
Interest expense	(979,312)
Net income	$ 393,616

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

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Caliber Associates, Inc.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT

Year ended December 31, 2004

	Common Stock				
	Shares	Amount	Retained Earnings	Unallocated Employee Stock Ownership Plan Shares	Total Stockholders' Deficit
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.

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Caliber Associates, Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended December 31, 2004

Cash flows from operating activities:	
Net income	$ 393,616
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	722,722
Employee stock ownership plan expense	1,488,088
(Increase) decrease in:	
Accounts receivable	(1,904,778)
Unbilled receivables	3,330,854
Income taxes receivable	2,700
Other current assets	26,707
Marketable securities — restricted	(178,348)
Increase (decrease) in:	
Accounts payable and accrued expenses	130,276
Accrued payroll and related liabilities	(728,545)
Billings in excess of revenue recognized	(608,878)
Deferred rent	(332,114)
Deferred compensation	163,373
Total adjustments	2,112,057
Net cash provided by operating activities	2,505,673
Cash flows from investing activities:	
Purchases of property and equipment, net	(205,312)
Increase in deposits	(179,139)
Net cash used in investing activities	(384,451)
Cash flows from financing activities:	
Net (repayments) borrowings under bank line-of-credit	(855,003)
Repayments under subordinated notes payable to employees	(1,523,457)
Net cash (used in) provided by financing activities	(2,378,460)
Net decrease in cash and cash equivalents	(257,238)
Cash and cash equivalents at the beginning of the year	318,922
Cash and cash equivalents at the end of the year	$ 61,684

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 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, 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 at December 31, 2004. Amortization expense related to contract rights was $160,720 for the year ended December 31, 2004.

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.

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 year ended December 31, 2004, the securities produced unrealized capital gains of $19,378. All investment income earned during the year ended December 31, 2004 relate to marketable securities held at year end.

Note 3 — Unbilled Receivables

Unbilled receivables consists of the following at December 31, 2004:

Amounts currently billable	$ 3,160,863
Amounts billable upon completion of milestones	703,838
Rate variances	100,318
Contract retainages	97,541
	$ 4,062,560

Note 4 — Property and Equipment

Property and equipment consists of the following at December 31, 2004:

Software licenses	$ 809,709
Leasehold improvements	760,906
Computer equipment	753,855
Other equipment	615,321
Office furniture	442,969
	3,382,760
Less: accumulated depreciation and amortization	(2,626,245)
	$ 756,515

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
December 31, 2004

Depreciation and amortization expense on property and equipment totaled $562,002 for the year ended December 31, 2004.

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 for the year ended December 31, 2004.

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:

Years ending December 31,		
2005	$	1,505,148
2006		1,502,884
2007		1,280,081
2008		1,278,054
2009		1,114,971
Thereafter		6,292,801
	$	12,973,939

Interest expense resulting from subordinated notes payable to employees totaled $904,286, of which $718,924 was paid during the year ended December 31, 2004. As of December 31, 2004, the current portion of subordinated notes payable to employees includes accrued interest payable of $218,224.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
December 31, 2004

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 the year ended December 31, 2004.

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 for the year ended December 31, 2004. The Company also recorded contributions to the 401(k) Plan of $320,544, through shares acquired from the ESOP, for the year ended December 31, 2004.

The ESOP shares are as follows at December 31, 2004:

Allocated shares at the beginning of the year	147,336
Shares released for allocation	68,410
Unallocated shares at the end of the year	684,254
Total ESOP shares	900,000
Fair value of unallocated shares at the end of the year	$ 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 to the Plan for the year ended December 31, 2004. 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
December 31, 2004

performance of the selected investments. The fair value of the liability, therefore, approximates the book value as of December 31, 2004, 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.

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
	$ 3,999,000

Rent expense aggregated $1,975,424 for the year ended December 31, 2004.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
December 31, 2004

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
Total assets acquired	1,676,006
Current liabilities	(717,103)
Noncurrent liabilities	(8,903)
Net assets acquired	$ 950,000

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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
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
Total assets	$ 12,611,877	$ 14,018,820
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
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
Total liabilities	21,693,133	19,641,588
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)
Total stockholders' deficit	(9,081,256)	(5,622,768)
Commitments		
Total liabilities and stockholders' deficit	$ 12,611,877	$ 14,018,820

See the accompanying notes.

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
	26,577,954	31,015,077
Income from operations	727,657	(438,656)
Other income (expense)		
Interest income	5,150	16,828
Interest expense	(737,448)	(780,340)
Net loss	$ (4,641)	$ (1,202,168)

See the accompanying notes.

Caliber Associates, Inc.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
Nine month periods ended September 30, 2004 and 2005

	Common Stock				
	Shares	Amount	Retained Earnings	Unallocated Employee Stock Ownership Plan Shares	Total Stockholders' Deficit
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.

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.

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
	$ 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.

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
Total assets acquired	1,708,954
Current liabilities	(750,051)
Noncurrent liabilities	(8,903)
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
	$ 5,359,332	$ 4,174,650

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
	3,280,028	2,829,707
Less: accumulated depreciation and amortization	(2,504,926)	(2,224,394)
	$ 755,102	$ 605,313

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
	$ 11,846,430

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

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

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.

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
	$ 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.

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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 Global 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.

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. No underwriters were involved in the following sales of securities. 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.

(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 an aggregate of shares of our common stock to certain of our employees for aggregate consideration of $299,555.

(9) On April 3, 2006, we issued shares of our common stock to one of our employees for consideration of $45,250.

Each of the sales described under “Issuances of Common Stock” above was made in reliance upon the 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 and the rules and regulations thereunder. The purchasers or recipients of securities in each case acquired the securities for investment only and not with a view to the distribution thereof. Each of the recipients of securities in these transactions was an accredited or sophisticated person and had adequate access, through employment, business or other relationships, to information about us.

(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) In April 2006, we issued to the certain of our employees options to purchase an aggregate of shares of our common stock at an exercise price of $ per share.

(14) On May 5, 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.

(15) 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.

Each of the sales described under "Stock Option Grants and Grants of Restricted Stock" above was made in reliance upon the exemption from the registration provisions of the Securities Act set forth in Rule 701 promulgated under the Securities Act as the transactions were effected under compensatory benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of these securities were our employees and directors and received the securities under our Management Stock Option Plan. No consideration other than the continued employment or service by the employee and director recipients was received by us in connection with any of these issuances of securities. 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†	Form of 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†	Form of 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

Part II

Exhibit Number	Exhibit
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 Form of First Amendment to Consulting Agreement
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
10.14	Contract between the State of Louisiana, through the Division of Administration, Office of Community Development, and ICF Emergency Management Services, LLC dated effective June 12, 2006
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

* *To be filed by amendment.*
† *Previously filed.*

(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.

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Signatures

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Amendment No. 2 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Fairfax, Virginia, on this 21 day of July, 2006.

ICF INTERNATIONAL, INC.

By: /s/ Sudhakar Kesavan

Sudhakar Kesavan,
Chairman, President & Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 2 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Sudhakar Kesavan **Sudhakar Kesavan**	Chairman, President & Chief Executive Officer (Principal Executive Officer)	July 21, 2006
/s/ Alan Stewart **Alan Stewart**	Senior Vice President, Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)	July 21, 2006
* **Dr. Edward H. Bersoff**	Director	July 21, 2006
* **Robert Hopkins**	Director	July 21, 2006
* **Joel R. Jacks**	Director	July 21, 2006
* **David C. Lucien**	Director	July 21, 2006
* **William Moody**	Director	July 21, 2006
* **Peter M. Schulte**	Director	July 21, 2006

*By: /s/ Alan Stewart
Alan Stewart
Attorney-in-fact

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24.1†	Power of Attorney

* *To be filed by amendment.*

† *Previously filed.*

Exhibit 1.1

FORM OF

ICF INTERNATIONAL, INC.

____ Shares

Common Stock
($0.001 par value per Share)

UNDERWRITING AGREEMENT

___________, 2006

__________, 2006

UBS Securities LLC
Stifel, Nicolaus & Company, Inc.
William Blair & Company
Jefferies Quarterdeck, a division of Jefferies & Company, Inc.
as Managing Underwriters

c/o UBS Securities LLC
299 Park Avenue
New York, New York 10171-0026

Ladies and Gentlemen:

ICF INTERNATIONAL, INC., a Delaware corporation (the "Company"), proposes to issue and sell, and each stockholder (each, a "Selling Stockholder") identified as a Selling Stockholder in Schedule C annexed hereto, proposes to sell, to the underwriters named in Schedule A annexed hereto (the "Underwriters"), for whom you are acting as representatives, an aggregate of ______ shares (the "Firm Shares") of common stock, $0.001 par value per share (the "Common Stock"), of the Company, of which ______ Firm Shares are to be issued and sold by the Company (the "Company Firm Shares") and an aggregate of ______ Firm Shares are to be sold by the Selling Stockholders. The number of Firm Shares to be sold by each Selling Stockholder is the number of Firm Shares set forth opposite the name of such Selling Stockholder in Schedule C annexed hereto. In addition, solely for the purpose of covering over-allotments, the Company and the Selling Stockholders propose to grant to the Underwriters the option to purchase from the Company and the Selling Stockholders up to an additional ______ shares of Common Stock (the "Additional Shares"), of which the number of Additional Shares covered by such option granted by the Company shall be the number that bears the same proportion to the total number of Additional Shares as the number of Company Firm Shares bears to the total number of Firm Shares, and the number of Additional Shares covered by such option granted by each Selling Stockholder shall be the number that bears the same proportion to the total number of Additional Shares as the number of Firm Shares set forth opposite the name of such Selling Stockholder in Schedule C annexed hereto bears to the total number of Firm Shares, subject in each case to such adjustment as UBS Securities LLC ("UBS") may determine to avoid fractional shares. The Firm Shares and the Additional Shares are hereinafter collectively sometimes referred to as the "Shares." The Shares are described in the Prospectus which is referred to below.

The Company hereby acknowledges that, in connection with the proposed offering of the Shares, it has requested UBS Financial Services Inc. ("UBS-FinSvc") to administer a directed share program (the "Directed Share Program") under which up to ______ Firm Shares, or 5% of the Firm Shares to be purchased by the Underwriters (the "Reserved Shares"), shall be reserved for sale by UBS-FinSvc at the initial public offering price to the Company's officers, directors, employees and consultants and other persons having a relationship with the Company as designated by the Company (the "Directed Share Participants") as part of the distribution of the Shares by the Underwriters, subject to the terms of this Agreement, the applicable rules, regulations and interpretations of the National Association of Securities

Dealers, Inc. (the "NASD") and all other applicable laws, rules and regulations. The number of Shares available for sale to the general public will be reduced to the extent that Directed Share Participants purchase Reserved Shares. The Underwriters may offer any Reserved Shares not purchased by Directed Share Participants to the general public on the same basis as the other Shares being issued and sold hereunder. The Company has supplied UBS-FinSvc with the names, addresses and telephone numbers of the individuals or other entities which the Company has designated to be participants in the Directed Share Program. It is understood that any number of those so designated to participate in the Directed Share Program may decline to do so.[1]

The Company has prepared and filed, in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations thereunder (collectively, the "Act"), with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-1 (File No. 333-134018) under the Act, including a prospectus, relating to the Shares.

Except where the context otherwise requires, "Registration Statement," as used herein, means the registration statement, as amended at the time of such registration statement's effectiveness for purposes of Section 11 of the Act, as such section applies to the respective Underwriters (the "Effective Time"), including (i) all documents filed as a part thereof, (ii) any information contained in a prospectus filed with the Commission pursuant to Rule 424(b) under the Act, to the extent such information is deemed, pursuant to Rule 430A or Rule 430C under the Act, to be part of the registration statement at the Effective Time, and (iii) any registration statement filed to register the offer and sale of Shares pursuant to Rule 462(b) under the Act.

The Company has furnished to you, for use by the Underwriters and by dealers in connection with the offering of the Shares, copies of the preliminary prospectus dated ___________, 2006 relating to the Shares.[2] "Preliminary Prospectus," as used herein, means such preliminary prospectus, in the form so furnished.

Except where the context otherwise requires, "Prospectus," as used herein, means the prospectus, relating to the Shares, filed by the Company with the Commission pursuant to Rule 424(b) under the Act on or before the second business day after the date hereof (or such earlier time as may be required under the Act), or, if no such filing is required, the final prospectus included in the Registration Statement at the time it became effective under the Act, in each case in the form furnished by the Company to you for use by the Underwriters and by dealers in connection with the offering of the Shares.

"Permitted Free Writing Prospectuses," as used herein, means the documents listed in Schedule B annexed hereto and each "road show" (as defined in Rule 433 under the Act), if any, related to the offering of the Shares contemplated hereby that is a "written communication" (as defined in Rule 405 under the Act) (each such road show, an "Electronic Road Show"). The Underwriters have not offered or sold and will not offer or sell, without the Company's consent, any Shares by means of any "free writing prospectus" (as defined in Rule

[1] Directed share program TBD.

[2] Will be revised if more than one preliminary prospectus is circulated.

405 under the Act) that is required to be filed by the Underwriters with the Commission pursuant to Rule 433 under the Act, other than a Permitted Free Writing Prospectus.

"Disclosure Package," as used herein, means the Preliminary Prospectus together with any combination of one or more of the Permitted Free Writing Prospectuses, if any.

As used in this Agreement, "business day" shall mean a day on which the New York Stock Exchange (the "NYSE") is open for trading. The terms "herein," "hereof," "hereto," "hereinafter" and similar terms, as used in this Agreement, shall in each case refer to this Agreement as a whole and not to any particular section, paragraph, sentence or other subdivision of this Agreement. The term "or," as used herein, is not exclusive.

The Company has prepared and filed, in accordance with Section 12 of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (collectively, the "Exchange Act"), a registration statement (as amended, the "Exchange Act Registration Statement") on Form 8-A (File No. ______) under the Exchange Act to register, under Section 12(b) of the Exchange Act, the class of securities consisting of the Common Stock.

The Company, each of the Selling Stockholders and the Underwriters agree as follows:

1. Sale and Purchase. Upon the basis of the representations and warranties and subject to the terms and conditions herein set forth, the Company agrees to issue and sell, and each of the Selling Stockholders agrees to sell, in each case severally and not jointly, to the respective Underwriters, and each of the Underwriters, severally and not jointly, agrees to purchase from the Company and each Selling Stockholder, the respective number of Firm Shares (subject to such adjustment as UBS may determine to avoid fractional shares) which bears the same proportion to the total number of Firm Shares to be sold by the Company or by such Selling Stockholder, as the case may be, as the number of Firm Shares set forth opposite the name of such Underwriter in Schedule A annexed hereto, subject to adjustment in accordance with Section 11 hereof, bears to the total number of Firm Shares, in each case at a purchase price of $______ per Share. The Company is advised by you that the Underwriters intend (i) to make a public offering of their respective portions of the Firm Shares as soon after the effective date of the Registration Statement as in your judgment is advisable and (ii) initially to offer the Firm Shares upon the terms set forth in the Prospectus. You may from time to time increase or decrease the public offering price after the initial public offering to such extent as you may determine.

In addition, the Company and the Selling Stockholders, in each case severally and not jointly, hereby grant to the several Underwriters the option (the "Over-Allotment Option") to purchase, and upon the basis of the representations and warranties and subject to the terms and conditions herein set forth, the Underwriters shall have the right to purchase, severally and not jointly, from the Company and the Selling Stockholders, ratably in accordance with the number of Firm Shares to be purchased by each of them, all or a portion of the Additional Shares as may be necessary to cover over-allotments made in connection with the offering of the Firm Shares, at the same purchase price per share to be paid by the Underwriters to the Company and the

Selling Stockholders for the Firm Shares. The Over-Allotment Option may be exercised by UBS on behalf of the several Underwriters at any time and from time to time on or before the thirtieth day following the date of the Prospectus, by written notice to the Company and the Selling Stockholders. Such notice shall set forth the aggregate number of Additional Shares as to which the Over-Allotment Option is being exercised and the date and time when the Additional Shares are to be delivered (any such date and time being herein referred to as an "additional time of purchase"); provided, however, that no additional time of purchase shall be earlier than the "time of purchase" (as defined below), nor earlier than the second business day after the date on which the Over-Allotment Option shall have been exercised, nor later than the tenth business day after the date on which the Over-Allotment Option shall have been exercised. Upon any exercise of the Over-Allotment Option, and subject to such adjustment as UBS may determine to avoid fractional shares: (i) the number of Additional Shares to be purchased by each Underwriter, severally and not jointly, shall be the number which bears the same proportion to the aggregate number of Additional Shares being purchased (the "Option Purchased Amount") as the number of Firm Shares set forth opposite the name of such Underwriter in Schedule A annexed hereto bears to the total number of Firm Shares, subject to adjustment in accordance with Section 11 hereof; (ii) the number of Additional Shares to be purchased from the Company shall be the number which bears the same proportion to the Option Purchased Amount as the number of Company Firm Shares bears to the total number of Firm Shares; and (iii) the number of Additional Shares to be purchased from each Selling Stockholder shall be the number which bears the same proportion to the Option Purchased Amount as the number of Firm Shares set forth opposite the name of such Selling Stockholder in Schedule C annexed hereto bears to the total number of Firm Shares.

Pursuant to powers of attorney granted by each Selling Stockholder (which powers of attorney shall be satisfactory to UBS), Peter M. Schulte and Joel R. Jacks shall act as representatives of the Selling Stockholders. Each of the foregoing representatives (collectively, the "Representatives of the Selling Stockholders") is authorized, on behalf of each Selling Stockholder, among other things, to execute any documents necessary or desirable in connection with the sale of the Shares to be sold hereunder by such Selling Stockholder, to make delivery of the certificates of such Shares, to receive the proceeds of the sale of such Shares, to give receipts for such proceeds, to pay therefrom the expenses to be borne by such Selling Stockholder in connection with the sale and public offering of the Shares, to distribute the balance of such proceeds to such Selling Stockholder, to receive notices on behalf of such Selling Stockholder and to take such other action as may be necessary or desirable in connection with the transactions contemplated by this Agreement.

2. Payment and Delivery. Payment of the purchase price for the Firm Shares shall be made to the Company and to each Selling Stockholder by Federal Funds wire transfer against delivery of the certificates for the Firm Shares to you through the facilities of The Depository Trust Company ("DTC") for the respective accounts of the Underwriters. Such payment and delivery shall be made at 10:00 A.M., New York City time, on __________, 2006 (unless another time shall be agreed to by you and the Company and any Representative of the Selling Stockholders, or unless postponed in accordance with the provisions of Section 11 hereof). The time at which such payment and delivery are to be made is hereinafter sometimes called the "time of purchase." Electronic transfer of the Firm Shares shall be made to you at the time of purchase in such names and in such denominations as you shall specify.

Payment of the purchase price for the Additional Shares shall be made to the Company and each Selling Stockholder at the applicable additional time of purchase in the same manner and at the same office as the payment for the Firm Shares. Electronic transfer of the Additional Shares shall be made to you at the additional time of purchase in such names and in such denominations as you shall specify.

Deliveries of the documents described in Section 9 hereof with respect to the purchase of the Shares shall be made at the offices of Davis Polk & Wardwell at 450 Lexington Avenue, New York, New York, at 9:00 A.M., New York City time, on the date of the closing of the purchase of the Firm Shares or the Additional Shares, as the case may be.

3. Representations and Warranties of the Company. The Company represents and warrants to and agrees with each of the Underwriters that:

(a) the Registration Statement has heretofore become effective under the Act or, with respect to any registration statement to be filed to register the offer and sale of Shares pursuant to Rule 462(b) under the Act, will be filed with the Commission and become effective under the Act no later than 10:00 P.M., New York City time, on the date of determination of the public offering price for the Shares; no stop order of the Commission preventing or suspending the use of the Preliminary Prospectus or Permitted Free Writing Prospectus, or the effectiveness of the Registration Statement, has been issued, and no proceedings for such purpose have been instituted or, to the Company's knowledge, are contemplated by the Commission; the Exchange Act Registration Statement has become effective as provided in Section 12 of the Exchange Act;

(b) the Registration Statement complied when it became effective, complies as of the date hereof and, as amended or supplemented, at the time of purchase, each additional time of purchase, if any, and at all times during which a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of Shares, will comply, in all material respects, with the requirements of the Act; the Registration Statement did not, as of the Effective Time, contain 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; the Preliminary Prospectus complied, at the time it was filed with the Commission, and complies as of the date hereof, in all material respects with the requirements of the Act; at no time during the period that begins on the earlier of the date of the Preliminary Prospectus and the date such Preliminary Prospectus was filed with the Commission and ends at the time of purchase did or will any Preliminary Prospectus, as then amended or supplemented, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and at no time during such period did or will the Preliminary Prospectus, as then amended or supplemented, together with any combination of one or more of the then issued Permitted Free Writing Prospectuses, if any, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; the Prospectus will comply, as of its date, the date that it is filed with the Commission, the time of purchase, each additional time of purchase, if any, and at all times during which a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of Shares, in all material respects, with the requirements of the Act (including, without limitation, Section 10(a) of the Act); at no time during the period that begins on the earlier of the date of the Prospectus and the date the Prospectus is filed with the Commission and ends at the later of the time of purchase, the latest additional time of purchase, if any, and the end of the period during which a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of Shares did or will the Prospectus, as then amended or supplemented, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; at no time during the period that begins on the date of such Permitted Free Writing Prospectus and ends at the time of purchase did or will any Permitted Free Writing Prospectus include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company makes no representation or warranty in this Agreement with respect to any statement contained in the Registration Statement, the Preliminary Prospectus, the Prospectus or any Permitted Free Writing Prospectus in reliance upon and in conformity with information concerning an Underwriter and furnished in writing by or on behalf of such Underwriter through you to the Company expressly for use in the Registration Statement, such Preliminary Prospectus, the Prospectus or such Permitted Free Writing Prospectus;

(c) prior to the execution of this Agreement, the Company has not, directly or indirectly, offered or sold any Shares by means of any "prospectus" (within the meaning of the Act) or used any "prospectus" (within the meaning of the Act) in connection with the offer or sale of the Shares, in each case other than the Preliminary Prospectus and the Permitted Free Writing Prospectuses, if any; the Company has not, directly or indirectly, prepared, used or referred to any Permitted Free Writing Prospectus except in compliance with Rules 164 and 433 under the Act; assuming that such Permitted Free Writing Prospectus is accompanied or preceded by the most recent Preliminary Prospectus that contains a price range or the Prospectus, as the case may be, and that such Permitted Free Writing Prospectus is so sent or given after the Registration Statement was filed with the Commission (and after such Permitted Free Writing Prospectus was, if required pursuant to Rule 433(d) under the Act, filed with the Commission), the sending or giving, by any Underwriter, of any Permitted Free Writing Prospectus will satisfy the provisions of Rule 164 and Rule 433 (without reliance on subsections (b), (c) and (d) of Rule 164); the Preliminary Prospectus is a prospectus that, other than by reason of Rule 433 or Rule 431 under the Act, satisfies the requirements of Section 10 of the Act, including a price range where required by rule; neither the Company nor the Underwriters are disqualified, by reason of subsection (f) or (g) of Rule 164 under the Act, from using, in connection with the offer and sale of the Shares, "free writing prospectuses" (as defined in Rule 405 under the Act) pursuant to Rules 164 and 433 under the Act; the Company is not an "ineligible issuer" (as defined in Rule 405 under the Act) as of the eligibility determination date for purposes of Rules 164 and 433 under the Act with respect to the offering of the Shares contemplated by the Registration Statement; the parties hereto agree and understand that the content of any and all “road shows” (as defined in Rule 433 under the Act) related to the offering of the Shares contemplated hereby is solely the property of the Company; the Company has caused there to be made available at least one version of a “*bona fide* electronic road show” (as defined in Rule 433 under the Act) in a manner that, pursuant to Rule 433(d)(8)(ii) under the Act, causes the Company not to be required, pursuant to Rule 433(d) under the Act, to file, with the Commission, any Electronic Road Show;

(d) as of the date of this Agreement, the Company has an authorized and outstanding capitalization as set forth in the sections of the Registration Statement, the Preliminary Prospectus and the Prospectus entitled “Capitalization” and “Description of capital stock” (and any similar sections or information, if any, contained in any Permitted Free Writing Prospectus), and, as of the time of purchase and any additional time of purchase, as the case may be, the Company shall have an authorized and outstanding capitalization as set forth in the sections of the Registration Statement, the Preliminary Prospectus and the Prospectus entitled “Capitalization” and “Description of capital stock” (and any similar sections or information, if any, contained in any Permitted Free Writing Prospectus) (subject, in each case, to the issuance of shares of Common Stock upon exercise of stock options and warrants disclosed as outstanding in the Registration Statement (excluding the exhibits thereto), the Preliminary Prospectus and the Prospectus and the grant of options under existing stock option plans described in the Registration Statement (excluding the exhibits thereto), the Preliminary Prospectus and the Prospectus); all of the issued and outstanding shares of capital stock, including the Common Stock, of the Company have been duly authorized and validly issued and are fully paid and non-assessable, have been issued in compliance with all applicable securities laws and were not issued in violation of any preemptive right, resale right, right of first refusal or similar right; prior to the date hereof, the Company has duly effected and completed a stock split of the Common Stock in the manner described in the Registration Statement (excluding the exhibits thereto), the Preliminary Prospectus and the Prospectus; and the Amended and Restated Certificate of Incorporation of the Company and the Amended and Restated Bylaws of the Company, each in the form filed as an exhibit to the Registration Statement, have been heretofore duly authorized and approved in accordance with the Delaware General Corporation Law and shall become effective and in full force and effect at or before the time of purchase; the Shares are duly listed, and admitted and authorized for trading, subject to official notice of issuance and evidence of satisfactory distribution, on the Nasdaq Global Market (the “NASDAQ”);

(e) the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with full corporate power and authority to own, lease and operate its properties and conduct its business as described in the Registration Statement, the Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus, if any, to execute and deliver this Agreement and to issue, sell and deliver the Shares to be sold by it pursuant hereto as contemplated herein;

(f) the Company is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified and in good standing would not, individually or in the aggregate, either (i) have a material adverse effect on the business, properties, financial condition, results of operations, cash flows, management or prospects of the Company and the Subsidiaries (as defined below) taken as a whole, (ii) prevent or materially interfere with consummation of the transactions contemplated hereby or result in any liability for any Underwriter or (iii) prevent the shares of Common Stock from being accepted for listing on, or result in the delisting of shares of Common Stock from NASDAQ (the occurrence of any such effect or any such prevention or interference or any such result described in the foregoing clauses (i), (ii) and (iii) being herein referred to as a "Material Adverse Effect");

(g) the Company has no subsidiaries (as defined under the Act) other than those identified in Exhibit 21.1 to the Registration Statement (collectively, the "Subsidiaries"); the Company owns all of the issued and outstanding capital stock of each of the Subsidiaries; other than the capital stock of the Subsidiaries, the Company does not own, directly or indirectly, any shares of stock or any other equity interests or long-term debt securities of any corporation, firm, partnership, joint venture, association or other entity; complete and correct copies of the charters and the bylaws of the Company and each Subsidiary and all amendments thereto have been delivered to you, and, except as set forth in the exhibits to the Registration Statement, no changes therein will be made on or after the date hereof through and including the time of purchase or, if later, any additional time of purchase; each Subsidiary has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, with full corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement, each Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus, if any; each Subsidiary is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified and in good standing would not, individually or in the aggregate, have a Material Adverse Effect; all of the outstanding shares of capital stock of each of the Subsidiaries have been duly authorized and validly issued, are fully paid and non-assessable, have been issued in compliance with all applicable securities laws, were not issued in violation of any preemptive right, resale right, right of first refusal or similar right and are owned by the Company subject to no security interest, other encumbrance or adverse claims; no options, warrants or other rights to purchase, agreements or other obligations to issue or other rights to convert any obligation into shares of capital stock or ownership interests in the Subsidiaries are outstanding; the Company has no "significant subsidiary," as that term is defined in Rule 1-02(w) of Regulation S-X under the Act, other than ______;

(h) the Shares to be sold by the Company pursuant hereto have been duly and validly authorized and, when issued and delivered against payment therefor as provided herein, will be duly and validly issued, fully paid and non-assessable and free of statutory and contractual preemptive rights, resale rights, rights of first refusal and similar rights; the Shares to be sold by the Company pursuant hereto, when issued and delivered against payment therefor as provided herein, will be free of any restriction upon the voting or transfer thereof pursuant to the Company's charter or bylaws or any agreement or other instrument to which the Company is a party; the Shares to be sold by the Selling Stockholders pursuant hereto have been duly and validly authorized and issued and are and, after they are delivered against payment therefor as provided herein, will be fully paid, non-assessable and free of statutory and contractual preemptive rights, resale rights, rights of first refusal and similar rights; the Shares to be sold by the Selling Stockholders pursuant hereto are and, after they are delivered against payment therefor as provided herein, will be free of any restriction upon the voting or transfer thereof pursuant to the Company's charter or bylaws or any agreement or other instrument to which the Company is a party;

(i) the capital stock of the Company, including the Shares, conforms in all material respects to each description thereof, if any, contained in the Registration Statement, the Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus, if any; and the certificates for the Shares are in due and proper form;

(j) this Agreement has been duly authorized, executed and delivered by the Company;

(k) neither the Company nor any of the Subsidiaries is in breach or violation of or in default under (nor has any event occurred which, with notice, lapse of time or both, would result in any breach or violation of, constitute a default under or give the holder of any indebtedness (or a person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a part of such indebtedness under) (A) its charter or bylaws, or (B) any indenture, mortgage, deed of trust, bank loan or credit agreement or other evidence of indebtedness, or any license, lease, contract or other agreement or instrument to which it is a party or by which it or any of its properties may be bound or affected, or (C) any federal, state, local or foreign law, regulation or rule, or (D) any rule or regulation of any self-regulatory organization or other non-governmental regulatory authority (including, without limitation, the rules and regulations of the NASDAQ, or (E) any decree, judgment or order applicable to it or any of its properties, except in the case of clause (B) above as would not, individually or in the aggregate, have a Material Adverse Effect;

(l) the execution, delivery and performance of this Agreement, the issuance and sale of the Shares to be sold by the Company pursuant hereto, the sale of the Shares to be sold by the Selling Stockholders pursuant hereto and the consummation of the transactions contemplated hereby will not conflict with, result in any breach or violation of or constitute a default under (nor constitute any event which, with notice, lapse of time or both, would result in any breach or violation of, constitute a default under or give the holder of any indebtedness (or a person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a part of such indebtedness under) (or result in the creation or imposition of a lien, charge or encumbrance on any property or assets of the Company or any Subsidiary pursuant to) (A) the charter or bylaws of the Company or any of the Subsidiaries, or (B) any indenture, mortgage, deed of trust, bank loan or credit agreement or other evidence of indebtedness, or any license, lease, contract or other agreement or instrument to which the Company or any of the Subsidiaries is a party or by which any of them or any of their respective properties may be bound or affected, or (C) any federal, state, local or foreign law, regulation or rule, or (D) any rule or regulation of any self-regulatory organization or other non-governmental regulatory authority (including, without limitation, the rules and regulations of the NASDAQ), or (E) any decree, judgment or order applicable to the Company or any of the Subsidiaries or any of their respective properties;

(m) no approval, authorization, consent or order of or filing with any federal, state, local or foreign governmental or regulatory commission, board, body, authority or agency, or of or with any self-regulatory organization or other non-governmental regulatory authority (including, without limitation, the NASDAQ), or approval of the stockholders of the Company, is required in connection with the issuance and sale of the Shares to be sold by the Company pursuant hereto, the sale of the Shares to be sold by the Selling Stockholders pursuant hereto or the consummation of the transactions contemplated hereby, other than (i) registration of the Shares under the Act, which has been effected (or, with respect to any registration statement to be filed hereunder pursuant to Rule 462(b) under the Act, will be effected in accordance herewith), (ii) any necessary qualification under the securities or blue sky laws of the various jurisdictions in which the Shares are being offered by the Underwriters or (iii) under the Conduct Rules of the NASD;

(n) except as described in the Registration Statement (excluding the exhibits thereto), the Preliminary Prospectus and the Prospectus, (i) no person has the right, contractual or otherwise, to cause the Company to issue or sell to it any shares of Common Stock or shares of any other capital stock or other equity interests of the Company, (ii) no person has any preemptive rights, resale rights, rights of first refusal or other rights to purchase any shares of Common Stock or shares of any other capital stock of or other equity interests in the Company and (iii) no person has the right to act as an underwriter or as a financial advisor to the Company in connection with the offer and sale of the Shares; no person has the right, contractual or otherwise, to cause the Company to register under the Act any shares of Common Stock or shares of any other capital stock of or other equity interests in the Company, or to include any such shares or interests in the Registration Statement or the offering contemplated thereby;

(o) each of the Company and the Subsidiaries has all necessary licenses, authorizations, consents and approvals and has made all necessary filings required under any applicable law, regulation or rule, and has obtained all necessary licenses, authorizations, consents and approvals from other persons, in order to conduct their respective businesses, except where the failure to have made any such filings or obtained any such authorizations, consents and approvals would not, individually or in the aggregate, have a Material Adverse Effect; neither the Company nor any of the Subsidiaries is in violation of, or in default under, or has received notice of any proceedings relating to revocation or modification of, any such license, authorization, consent or approval or any federal, state, local or foreign law, regulation or rule or any decree, order or judgment applicable to the Company or any of the Subsidiaries, except where such violation, default, revocation or modification would not, individually or in the aggregate, have a Material Adverse Effect;

(p) there are no actions, suits, claims, investigations or proceedings pending or, to the Company's knowledge, threatened or contemplated to which the Company or any of the Subsidiaries or any of their respective directors or officers is or would be a party or of which any of their respective properties is or would be subject at law or in equity, before or by any federal, state, local or foreign governmental or regulatory commission, board, body, authority or agency, or before or by any self-regulatory organization or other non-governmental regulatory authority (including, without limitation, the NASDAQ), except any such action, suit, claim, investigation or proceeding which, if resolved adversely to the Company or any Subsidiary, would not, individually or in the aggregate, have a Material Adverse Effect;

(q) Grant Thornton LLP, whose report on the consolidated financial statements of the Company and the Subsidiaries is included in the Registration Statement, the Preliminary Prospectus and the Prospectus, are independent registered public accountants as required by the Act and by the rules of the Public Company Accounting Oversight Board; Argy, Wiltse & Robinson, P.C., whose report on the consolidated financial statements of Caliber Associates, Inc. and its subsidiaries (together, "Caliber") is included in the Registration Statement, the Preliminary Prospectus and the Prospectus, are independent public accountants as required by the Act; and while Argy, Wiltse & Robinson, P.C., are not registered with the Public Company Accounting Oversight Board, their report on the consolidated financial statements of Caliber is included in the Registration Statement 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 Commission;

(r) the financial statements included in the Registration Statement, the Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus, if any, together with the related notes and schedules, present fairly the consolidated financial position of the Company and the Subsidiaries as of the dates indicated and of Caliber as of the dates indicated and the consolidated results of operations, cash flows and changes in stockholders' equity of the Company for the periods specified and of Caliber for the periods specified and have been prepared in compliance with the requirements of the Act and Exchange Act and in conformity with U.S. generally accepted accounting principles applied on a consistent basis during the periods involved; all pro forma financial statements or data included in the Registration Statement, the Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus, if any, comply with the requirements of the Act and the Exchange Act, and the assumptions used in the preparation of such pro forma financial statements and data are reasonable, the pro forma adjustments used therein are appropriate to give effect to the transactions or circumstances described therein and the pro forma adjustments have been properly applied to the historical amounts in the compilation of those statements and data; the other financial and statistical data contained in the Registration Statement, the Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus, if any, are accurately and fairly presented and prepared on a basis consistent with the financial statements and books and records of the Company; there are no financial statements (historical or pro forma) that are required to be included in the Registration Statement, the Preliminary Prospectus or the Prospectus that are not included as required; the Company and the Subsidiaries do not have any material liabilities or obligations, direct or contingent (including any off-balance sheet obligations), not described in the Registration Statement (excluding the exhibits thereto), the Preliminary Prospectus and the Prospectus; and all disclosures contained in the Registration Statement, each Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus, if any, regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) comply with Regulation G of the Exchange Act and Item 10 of Regulation S-K under the Act, to the extent applicable;

(s) subsequent to the respective dates as of which information is given in the Registration Statement, the Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus, if any, in each case excluding any amendments or supplements to the foregoing made after the execution of this Agreement, there has not been (i) any material adverse change, or any development involving a prospective material adverse change, in the business, properties, financial condition, results of operations, cash flows, management or prospects of the Company and the Subsidiaries taken as a whole, (ii) any transaction which is material to the Company and the Subsidiaries taken as a whole, (iii) any obligation or liability, direct or contingent (including any off-balance sheet obligations), incurred by the Company or any Subsidiary, which is material to the Company and the Subsidiaries taken as a whole, (iv) any change in the capital stock or outstanding indebtedness of the Company or any Subsidiaries or (v) any dividend or distribution of any kind declared, paid or made on the capital stock of the Company or any Subsidiary;

(t) the Company has obtained for the benefit of the Underwriters the agreement (a "Lock-Up Agreement"), in substantially the form set forth as Exhibit A hereto, of (i) each of its directors and "officers" (within the meaning of Rule 16a-1(f) under the Exchange Act), (ii) each Selling Stockholder, (iii) holders, in the aggregate, of __% of the shares of Common Stock outstanding on the date hereof, including, for these purposes, the shares of Common Stock underlying any security convertible into or exercisable or exchangeable for shares of Common Stock or any warrant or other right to acquire shares of Common Stock or any such security, and (iv) each Directed Share Participant (each of the parties referred to in clauses (i) through (iv) being identified on Exhibit A-1 attached hereto);

(u) neither the Company nor any Subsidiary is, and at no time during which a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of Shares will either of them be, and, after giving effect to the offering and sale of the Shares, neither of them will be, an "investment company" or an entity "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended (the "Investment Company Act");

(v) the Company and each of the Subsidiaries have good and marketable title to all property (real and personal) described in the Registration Statement, the Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus, if any, as being owned by any of them, free and clear of all liens, claims, security interests or other encumbrances, except for liens, security interests and encumbrances described in the Registration Statement, the Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus, if any, and except as would not, individually or in the aggregate, materially and adversely affect the value of such property; all the property described in the Registration Statement, the Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus, if any, as being held under lease by the Company or a Subsidiary is held thereby under valid, subsisting and enforceable leases, with such exceptions as do not, individually or in the aggregate, materially interfere with the use made or proposed to be made of such property and buildings by the Company or such Subsidiary;

(w) each of the Company and the Subsidiaries owns or possesses all inventions, patent applications, patents, trademarks (both registered and unregistered), tradenames, service names, copyrights, trade secrets and other proprietary information described in the Registration Statement, the Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus, if any, as being owned or licensed by it or which is necessary for the conduct of, or material to, its businesses (collectively, the "Intellectual Property"), except where the failure to own or possess such Intellectual Property would not, individually or in the aggregate, have a Material Adverse Effect, and the Company is unaware of any claim to the contrary or any challenge by any other person to the rights of the Company or any of the Subsidiaries with respect to the Intellectual Property; neither the Company nor any of the Subsidiaries has infringed or is infringing the intellectual property of a third party, and neither the Company nor any Subsidiary has received notice of a claim by a third party to the contrary;

(x) neither the Company nor any of the Subsidiaries is engaged in any unfair labor practice; except for matters which would not, individually or in the aggregate, have a Material Adverse Effect, (i) there is (A) no unfair labor practice complaint pending or, to the Company's knowledge, threatened against the Company or any of the Subsidiaries before the National Labor Relations Board, and no grievance or arbitration proceeding arising out of or under collective bargaining agreements is pending or, to the Company's knowledge, threatened, (B) no strike, labor dispute, slowdown or stoppage pending or, to the Company's knowledge, threatened against the Company or any of the Subsidiaries and (C) no union representation dispute currently existing concerning the employees of the Company or any of the Subsidiaries, (ii) to the Company's knowledge, no union organizing activities are currently taking place concerning the employees of the Company or any of the Subsidiaries and (iii) there has been no violation of any federal, state, local or foreign law relating to discrimination in the hiring, promotion or pay of employees, any applicable wage or hour laws or any provision of the Employee Retirement Income Security Act of 1974 ("ERISA") or the rules and regulations promulgated thereunder concerning the employees of the Company or any of the Subsidiaries;

(y) the Company and the Subsidiaries and their respective properties, assets and operations are in compliance with, and the Company and each of the Subsidiaries hold all permits, authorizations and approvals required under, Environmental Laws (as defined below), except to the extent that failure to so comply or to hold such permits, authorizations or approvals would not, individually or in the aggregate, have a Material Adverse Effect; there are no past, present or, to the Company's knowledge, reasonably anticipated future events, conditions, circumstances, activities, practices, actions, omissions or plans that could reasonably be expected to give rise to any material costs or liabilities to the Company or any Subsidiary under, or to interfere with or prevent compliance by the Company or any Subsidiary with, Environmental Laws; except as would not, individually or in the aggregate, have a Material Adverse Effect, neither the Company nor any of the Subsidiaries (i) is the subject of any investigation, (ii) has received any notice or claim, (iii) is a party to or affected by any pending or, to the Company's knowledge, threatened action, suit or proceeding, (iv) is bound by any judgment, decree or order or (v) has entered into any agreement, in each case relating to any alleged violation of any Environmental Law or any actual or alleged release or threatened release or cleanup at any location of any Hazardous Materials (as defined below) (as used herein, "Environmental Law" means any federal, state, local or foreign law, statute, ordinance, rule, regulation, order, decree, judgment, injunction, permit, license, authorization or other binding requirement, or common law, relating to health, safety or the protection, cleanup or restoration of the environment or natural resources, including those relating to the distribution, processing, generation, treatment, storage, disposal, transportation, other handling or release or threatened release of Hazardous Materials, and "Hazardous Materials" means any material (including, without limitation, pollutants, contaminants, hazardous or toxic substances or wastes) that is regulated by or may give rise to liability under any Environmental Law);

(z) all tax returns required to be filed by the Company or any of the Subsidiaries have been timely filed, and all taxes and other assessments of a similar nature (whether imposed directly or through withholding) including any interest, additions to tax or penalties applicable thereto due or claimed to be due from such entities have been timely paid, other than those with respect to which the Company or such Subsidiary has filed for or received extensions or those being contested in good faith and for which adequate reserves have been provided, except where the failure to make such required filings and payments would not, individually or in the aggregate, have a Material Adverse Effect;

(aa) the Company and each of the Subsidiaries maintain insurance covering their respective properties, operations, personnel and businesses as the Company reasonably deems adequate; such insurance insures against such losses and risks to an extent which is adequate in accordance with customary industry practice to protect the Company and the Subsidiaries and their respective businesses; all such insurance is fully in force on the date hereof and will be fully in force at the time of purchase and each additional time of purchase, if any; neither the Company nor any Subsidiary has reason to believe that it will not be able to renew any such insurance as and when such insurance expires;

(bb) neither the Company nor any Subsidiary has sent or received any communication regarding termination of, or intent not to renew, any of the contracts or agreements referred to or described in the Preliminary Prospectus, the Prospectus or any Permitted Free Writing Prospectus, or referred to or described in, or filed as an exhibit to, the Registration Statement, and no such termination or non-renewal has been threatened by the Company or any Subsidiary or, to the Company's knowledge, any other party to any such contract or agreement;

(cc) the Company and each of the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences;

(dd) the Company has established and maintains and evaluates "disclosure controls and procedures" (as such term is defined in Rule 13a-15 and 15d-15 under the Exchange Act) and "internal control over financial reporting" (as such term is defined in Rule 13a-15 and 15d-15 under the Exchange Act); such disclosure controls and procedures are designed to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to the Company's Chief Executive Officer and its Chief Financial Officer by others within those entities, and such disclosure controls and procedures are effective to perform the functions for which they were established; the Company's independent auditors and the Audit Committee of the Board of Directors of the Company have been advised of: (i) all significant deficiencies, if any, in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data; and (ii) all fraud, if any, whether or not material, that involves management or other employees who have a role in the Company's internal controls; all material weaknesses, if any, in internal controls have been identified to the Company's independent auditors; since the date of the most recent evaluation of such disclosure controls and procedures and internal controls, there have been no significant changes in internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses; and the Company has taken all necessary actions to ensure that, upon and at all times after the filing of the Registration Statement, the Company and the Subsidiaries and their respective officers and directors, in their capacities as such, will be in compliance in all material respects with the applicable provisions of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and the rules and regulations promulgated thereunder;

(ee) each "forward-looking statement" (within the meaning of Section 27A of the Act or Section 21E of the Exchange Act) contained in the Registration Statement, the Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus, if any, has been made or reaffirmed with a reasonable basis and in good faith;

(ff) all statistical or market-related data included in the Registration Statement, the Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus, if any, are based on or derived from sources that the Company reasonably believes to be reliable and accurate, and the Company has obtained the written consent to the use of such data from such sources to the extent required;

(gg) neither the Company nor any of the Subsidiaries nor, to the Company's knowledge, any employee or agent of the Company or any Subsidiary has made any payment of funds of the Company or any Subsidiary or received or retained any funds in violation of any law, rule or regulation (including, without limitation, the Foreign Corrupt Practices Act of 1977), which payment, receipt or retention of funds is of a character required to be disclosed in the Registration Statement, the Preliminary Prospectus or the Prospectus;

(hh) no Subsidiary is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such Subsidiary's capital stock, from repaying to the Company any loans or advances to such Subsidiary from the Company or from transferring any of such Subsidiary's property or assets to the Company or any other Subsidiary of the Company, except as described in the Registration Statement (excluding the exhibits thereto), the Preliminary Prospectus and the Prospectus;

(ii) the issuance and sale of the Shares to be sold by the Company and the sale of the Shares to be sold by the Selling Stockholders as contemplated hereby will not cause any holder of any shares of capital stock, securities convertible into or exchangeable or exercisable for capital stock or options, warrants or other rights to purchase capital stock or any other securities of the Company to have any right to acquire any shares of preferred stock of the Company;

(jj) except pursuant to this Agreement, neither the Company nor any of the Subsidiaries has incurred any liability for any finder's or broker's fee or agent's commission in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby or by the Registration Statement;

(kk) neither the Company nor any of the Subsidiaries nor any of their respective directors, officers, affiliates or controlling persons has taken, directly or indirectly, any action designed, or which has constituted or might reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares;

(ll) to the Company's knowledge, there are no affiliations or associations between (i) any member of the NASD and (ii) the Company or any of the Company's officers, directors or 5% or greater security holders or any beneficial owner of the Company's unregistered equity securities that were acquired at any time on or after the 180th day immediately preceding the date the Registration Statement was initially filed with the Commission, except as disclosed in the Registration Statement (excluding the exhibits thereto), the Preliminary Prospectus and the Prospectus;

(mm) the Registration Statement, the Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus comply, and any further amendments or supplements thereto will comply, with any applicable laws or regulations of any foreign jurisdiction in which the Preliminary Prospectus, the Prospectus or any Permitted Free Writing Prospectus is distributed in connection with the Directed Share Program; and no approval, authorization, consent or order of or filing with any governmental or regulatory commission, board, body, authority or agency, other than those heretofore obtained, is required in connection with the offering of the Reserved Shares in any jurisdiction where the Reserved Shares are being offered; and

(nn) the Company has not offered, or caused the Underwriters to offer, Shares to any person pursuant to the Directed Share Program with the intent to influence unlawfully (i) a customer or supplier of the Company or any of the Subsidiaries to alter the customer's or supplier's level or type of business with the Company or any of the Subsidiaries, or (ii) a trade journalist or publication to write or publish favorable information about the Company or any of the Subsidiaries or any of their respective products or services.

In addition, any certificate signed by any officer of the Company or any of the Subsidiaries and delivered to the Underwriters or counsel for the Underwriters in connection with the offering of the Shares shall be deemed to be a representation and warranty by the Company, as to matters covered thereby, to each Underwriter.

4. Representations and Warranties of the Selling Stockholders. Each Selling Stockholder, jointly and severally with the other Selling Stockholders, represents and warrants to each of the Underwriters that:

(a) all information with respect to such Selling Stockholder included in the Registration Statement, the Preliminary Prospectus or the Prospectus complied and will comply with all applicable provisions of the Act; the Registration Statement, as it relates to such Selling Stockholder, did not, as of the Effective Time, contain 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; at no time during the period that begins on the earlier of the date of such Preliminary Prospectus and the date such Preliminary Prospectus was filed with the Commission and ends at the time of purchase did or will any Preliminary Prospectus, as then amended or supplemented, as such Preliminary Prospectus relates to such Selling Stockholder, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and at no time during such period did or will the Preliminary Prospectus, as then amended or supplemented, together with any combination of one or more of the then issued Permitted Free Writing Prospectuses, if any, in each case as they relate to the Selling Stockholder, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; at no time during the period that begins on the earlier of the date of the Prospectus and the date the Prospectus is filed with the Commission and ends at the later of the time of purchase, the latest additional time of purchase, if any, and the end of the period during which a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of Shares did or will the Prospectus, as then amended or supplemented, as the Prospectus relates to such Selling Stockholder, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; at no time during the period that begins on the date of such Permitted Free Writing Prospectus and ends at the time of purchase did or will any Permitted Free Writing Prospectus, as such Permitted Free Writing Prospectus relates to such Selling Stockholder, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(b) such Selling Stockholder has not, prior to the execution of this Agreement, offered or sold any Shares by means of any “prospectus” (within the meaning of the Act), or used any “prospectus” (within the meaning of the Act) in connection with the offer or sale of the Shares, in each case other than the then most recent Preliminary Prospectus;

(c) neither the execution, delivery and performance of this Agreement or the Custody Agreement (as defined below) to which such Selling Stockholder is a party nor the sale by such Selling Stockholder of the Shares to be sold by such Selling Stockholder pursuant to this Agreement nor the consummation of the transactions contemplated hereby or thereby will conflict with, result in any breach or violation of or constitute a default under (or constitute any event which with notice, lapse of time or both would result in any breach or violation of or constitute a default under) (i) if such Selling Stockholder is not an individual, the charter or bylaws or other organizational instruments of such Selling Stockholder, (ii) any indenture, mortgage, deed of trust, bank loan or credit agreement or other evidence of indebtedness, or any license, lease, contract or other agreement or instrument to which such Selling Stockholder is a party or by which such Selling Stockholder or any of its properties may be bound or affected, (iii) any federal, state, local or foreign law, regulation or rule, (iv) or any rule or regulation of any self-regulatory organization or other non-governmental regulatory authority (including, without limitation, the rules and regulations of the NASDAQ), or (v) any decree, judgment or order applicable to such Selling Stockholder or any of its properties;

(d) no approval, authorization, consent or order of or filing with any federal, state, local or foreign governmental or regulatory commission, board, body, authority or agency, or of or with any self-regulatory organization or other non-governmental regulatory authority (including, without limitation, the NASDAQ), is required in connection with the sale of the Shares to be sold by such Selling Stockholder pursuant to this Agreement or the consummation by such Selling Stockholder of the transactions contemplated hereby or by the Custody Agreement to which such Selling Stockholder is a party other than (i) registration of the Shares under the Act, which has been effected (or, with respect to any registration statement to be filed hereunder pursuant to Rule 462(b) under the Act, will be effected in accordance herewith), (ii) any necessary qualification under the securities or blue sky laws of the various jurisdictions in which the Shares are being offered by the Underwriters or (iii) under the Conduct Rules of the NASD;

(e) neither such Selling Stockholder nor any of its affiliates has taken, directly or indirectly, any action designed to, or which has constituted or might reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares;

(f) there are no affiliations or associations between any member of the NASD and such Selling Stockholder, except as disclosed in the Registration Statement (excluding the exhibits thereto), the Preliminary Prospectus and the Prospectus; none of the proceeds received by such Selling Stockholder from the sale of the Shares to be sold by such Selling Stockholder pursuant to this Agreement will be paid to a member of the NASD or any affiliate of (or person "associated with," as such terms are used in the Rules of the NASD) such member;

(g) such Selling Stockholder now is and, at the time of delivery of such Shares (whether the time of purchase or any additional time of purchase, as the case may be), will be the lawful owner of the number of Shares to be sold by such Selling Stockholder pursuant to this Agreement and has and, at the time of delivery of such Shares, will have valid and marketable title to such Shares, and upon delivery of and payment for such Shares (whether at the time of purchase or any additional time of purchase, as the case may be), the Underwriters will acquire valid and marketable title to such Shares free and clear of any claim, lien, encumbrance, security interest, community property right, restriction on transfer or other defect in title;

(h) such Selling Stockholder has and, at the time of delivery of the Shares to be sold by such Selling Stockholder pursuant to this Agreement (whether the time of purchase or any additional time of purchase, as the case may be), will have full legal right, power and capacity, and all authorizations and approvals required by law (other than those imposed by the Act and state securities or blue sky laws), to (i) enter into this Agreement and the Custody Agreement, (ii) sell, assign, transfer and deliver the Shares to be sold by such Selling Stockholder pursuant to this Agreement in the manner provided in this Agreement and (iii) make the representations, warranties and agreements made by such Selling Stockholder herein;

(i) this Agreement and the Power of Attorney and Custody Agreement (the "Custody Agreement"), dated __________, 2006 between American Stock Transfer & Trust Company, as custodian (the "Custodian"), and such Selling Stockholder has been duly executed and delivered by (or, in the case of this Agreement, on behalf of) such Selling Stockholder, and is a legal, valid and binding agreement of such Selling Stockholder enforceable in accordance with its terms, except as the same may be subject to or limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws relating to or affecting the rights of creditors or by general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law;

(j) such Selling Stockholder has duly and irrevocably authorized each of the Representatives of the Selling Stockholders (whether acting alone or together), on behalf of such Selling Stockholder, to execute and deliver this Agreement and any other documents necessary or desirable in connection with the transactions contemplated hereby or thereby and to deliver the Shares to be sold by such Selling Stockholder pursuant to this Agreement and receive payment therefor pursuant hereto;

(k) the sale of the Shares to be sold by such Selling Stockholder pursuant to this Agreement is not prompted by any information concerning the Company or any Subsidiary which is not set forth in the Registration Statement (excluding the exhibits thereto), the Preliminary Prospectus and the Prospectus; and, except as set forth in the Registration Statement (excluding the exhibits thereto), the Preliminary Prospectus and the Prospectus, neither such Selling Stockholder (or, if such Selling Stockholder is a trust, estate, partnership or corporation, any beneficiary, partner or other equity owner thereof) nor any immediate family member of such Selling Stockholder (or beneficiary, partner or other equity owner) is a director, officer or employee of or consultant to the Company or any of its Subsidiaries;

(l) at the time of purchase and each additional time of purchase, all stock transfer or other taxes (other than income taxes), if any, that are required to be paid in connection with the sale and transfer of the Shares to be sold by such Selling Stockholder to the several Underwriters hereunder will be fully paid or provided for by such Selling Stockholder, and all laws imposing such taxes will be fully complied with; and

(m) pursuant to the Custody Agreement to which such Selling Stockholder is a party, certificates in negotiable form for the Shares to be sold by such Selling Stockholder pursuant to this Agreement have been placed in custody for the purpose of making delivery of such Shares in accordance with this Agreement; such Selling Stockholder agrees that (i) such Shares represented by such certificates are for the benefit of, and coupled with and subject to the interest of, the Custodian, the Representatives of the Selling Stockholders, the Underwriters and the Company, (ii) the arrangements made by such Selling Stockholder for custody and for the appointment of the Custodian and the Representatives of the Selling Stockholders by such Selling Stockholder are irrevocable, and (iii) the obligations of such Selling Stockholder hereunder shall not be terminated by operation of law, whether by the death, disability or incapacity of such Selling Stockholder (or, if such Selling Stockholder is not an individual, the bankruptcy, liquidation, dissolution, merger or consolidation of such Selling Stockholder) or the occurrence of any other event (each, an "Event"); if an Event occurs before the delivery of the Shares hereunder, certificates for the Shares shall be delivered by the Custodian in accordance with the terms and conditions of the Custody Agreement to which such Selling Stockholder is a party and this Agreement, and actions taken by the Custodian and the Representatives of the Selling Stockholders pursuant to such Custody Agreement shall be as valid as if such Event had not occurred, regardless of whether or not the Custodian or the Representatives of the Selling Stockholders, or either of them, shall have received notice thereof.

In addition, any certificate signed by any Selling Stockholder (or, with respect to any Selling Stockholder that is not an individual, any officer of such Selling Stockholder or of any of such Selling Stockholder's subsidiaries) or by any Representative of the Selling Stockholders and delivered to the Underwriters or counsel for the Underwriters in connection with the offering of the Shares shall be deemed to be a representation and warranty by such Selling Stockholder, as to matters covered thereby, to each Underwriter.

5. Certain Covenants of the Company. The Company hereby agrees:

(a) to furnish such information as may be required and otherwise to cooperate in qualifying the Shares for offering and sale under the securities or blue sky laws of such states or other jurisdictions as you may designate and to maintain such qualifications in effect so long as you may request for the distribution of the Shares; provided, however, that the Company shall not be required to qualify as a foreign corporation or to consent to the service of process under the laws of any such jurisdiction (except service of process with respect to the offering and sale of the Shares); and to promptly advise you of the receipt by the Company of any notification with respect to the suspension of the qualification of the Shares for offer or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(b) to make available to the Underwriters in New York City, as soon as practicable after this Agreement becomes effective, and thereafter from time to time to furnish to the Underwriters, as many copies of the Prospectus (or of the Prospectus as amended or supplemented if the Company shall have made any amendments or supplements thereto after the effective date of the Registration Statement) as the Underwriters may request for the purposes contemplated by the Act; in case any Underwriter is required to deliver (whether physically or through compliance with Rule 172 under the Act or any similar rule), in connection with the sale of the Shares, a prospectus after the nine-month period referred to in Section 10(a)(3) of the Act, the Company will prepare, at its expense, promptly upon request such amendment or amendments to the Registration Statement and the Prospectus as may be necessary to permit compliance with the requirements of Section 10(a)(3) of the Act;

(c) if, at the time this Agreement is executed and delivered, it is necessary or appropriate for a post-effective amendment to the Registration Statement, or a Registration Statement under Rule 462(b) under the Act, to be filed with the Commission and become effective before the Shares may be sold, the Company will use its best efforts to cause such post-effective amendment or such Registration Statement to be filed and become effective, and will pay any applicable fees in accordance with the Act, as soon as possible; and the Company will advise you promptly and, if requested by you, will confirm such advice in writing, (i) when such post-effective amendment or such Registration Statement has become effective, and (ii) if Rule 430A under the Act is used, when the Prospectus is filed with the Commission pursuant to Rule 424(b) under the Act (which the Company agrees to file in a timely manner in accordance with such Rules);

(d) to advise you promptly, confirming such advice in writing, of any request by the Commission for amendments or supplements to the Registration Statement or the Exchange Act Registration Statement, the Preliminary Prospectus, the Prospectus or any Permitted Free Writing Prospectus or for additional information with respect thereto, or of notice of institution of proceedings for, or the entry of a stop order, suspending the effectiveness of the Registration Statement and, if the Commission should enter a stop order suspending the effectiveness of the Registration Statement, to use its best efforts to obtain the lifting or removal of such order as soon as possible; to advise you promptly of any proposal to amend or supplement the Registration Statement or the Exchange Act Registration Statement, the Preliminary Prospectus or the Prospectus, and to provide you and Underwriters' counsel copies of any such documents for review and comment a reasonable amount of time prior to any proposed filing and to file no such amendment or supplement to which you shall object in writing;

(e) to file promptly all reports and documents and any preliminary or definitive proxy or information statement required to be filed by the Company with the Commission in order to comply with the Exchange Act for so long as a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of Shares; and to provide you, for your review and comment, with a copy of such reports and statements and other documents to be filed by the Company pursuant to Section 13, 14 or 15(d) of the Exchange Act during such period a reasonable amount of time prior to any proposed filing; and to promptly notify you of such filing;

(f) to advise the Underwriters promptly of the happening of any event within the period during which a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of Shares, which event could require the making of any change in the Prospectus then being used so that the Prospectus would not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading, and to advise the Underwriters promptly if, during such period, it shall become necessary to amend or supplement the Prospectus to cause the Prospectus to comply with the requirements of the Act, and, in each case, during such time, to prepare and furnish, at the Company's expense, to the Underwriters promptly such amendments or supplements to such Prospectus as may be necessary to reflect any such change or to effect such compliance;

(g) to make generally available to its security holders, and to deliver to you, an earnings statement of the Company (which will satisfy the provisions of Section 11(a) of the Act) covering a period of twelve months beginning after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act) as soon as is reasonably practicable after the termination of such twelve-month period but in any case not later than the first date by which the Company is required to file with the Commission a Quarterly Report on Form 10-Q or Annual Report on Form 10-K that is required to include financial statements covering a period that includes the last month of such twelve-month period;

(h) to furnish to you five copies of the Registration Statement, as initially filed with the Commission, and of all amendments thereto (including all exhibits thereto) and sufficient copies of the foregoing (other than exhibits) for distribution of a copy to each of the other Underwriters;

(i) to furnish to you as early as practicable prior to the time of purchase and any additional time of purchase, as the case may be, but not later than two business days prior thereto, a copy of the latest available unaudited interim and monthly consolidated financial statements, if any, of the Company and the Subsidiaries which have been read by the Company's independent registered public accountants, as stated in their letter to be furnished pursuant to Section 9(c) hereof;

(j) to apply the net proceeds to the Company from the sale of the Shares in the manner set forth under the caption "Use of proceeds" in the Prospectus and to file such reports with the Commission with respect to the sale of the Shares and the application of the proceeds therefrom as may be required by Rule 463 under the Act;

(k) to comply with Rule 433(d) under the Act (without reliance on Rule 164(b) under the Act) and with Rule 433(g) under the Act;

(l) beginning on the date hereof and ending on, and including, the date that is 180 days after the date of the Prospectus (the "Lock-Up Period"), without the prior written consent of UBS, not to (i) issue, sell, offer to sell, contract or agree to sell, hypothecate, pledge, grant any option to purchase or otherwise dispose of or agree to dispose of, directly or indirectly, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act and the rules and regulations of the Commission promulgated thereunder, with respect to, any Common Stock or any other securities of the Company that are substantially similar to Common Stock, or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing, (ii) file or cause to become effective a registration statement under the Act relating to the offer and sale of any Common Stock or any other securities of the Company that are substantially similar to Common Stock, or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing, (iii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Stock or any other securities of the Company that are substantially similar to Common Stock, or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing, whether any such transaction is to be settled by delivery of Common Stock or such other securities, in cash or otherwise or (iv) publicly announce an intention to effect any transaction specified in clause (i), (ii) or (iii), except, in each case, for (A) the registration of the offer and sale of the Shares as contemplated by this Agreement, (B) issuances of Common Stock upon the exercise of options or warrants disclosed as outstanding in the Registration Statement (excluding the exhibits thereto), the Preliminary Prospectus and the Prospectus, and (C) the issuance to employees or directors of restricted stock grants or stock options not vested or exercisable during the Lock-Up Period pursuant to equity incentive plans described in the Registration

Statement (excluding the exhibits thereto), the Preliminary Prospectus and the Prospectus; provided, however, that if (a) during the period that begins on the date that is fifteen (15) calendar days plus three (3) business days before the last day of the Lock-Up Period and ends on the last day of the Lock-Up Period, the Company issues an earnings release or material news or a material event relating to the Company occurs; or (b) prior to the expiration of the Lock-Up Period, the Company announces that it will release earnings results during the sixteen (16) day period beginning on the last day of the Lock-Up Period, then the restrictions imposed by this Section 5(l) shall continue to apply until the expiration of the date that is fifteen (15) calendar days plus three (3) business days after the date on which the issuance of the earnings release or the material news or material event occurs;

(m) prior to the time of purchase or any additional time of purchase, as the case may be, to issue no press release or other communication directly or indirectly and hold no press conferences with respect to the Company or any Subsidiary, the financial condition, results of operations, business, properties, assets, or liabilities of the Company or any Subsidiary, or the offering of the Shares, without your prior consent;

(n) not, at any time at or after the execution of this Agreement, to, directly or indirectly, offer or sell any Shares by means of any “prospectus” (within the meaning of the Act), or use any “prospectus” (within the meaning of the Act) in connection with the offer or sale of the Shares, in each case other than the Prospectus;

(o) not to, and to cause the Subsidiaries not to, take, directly or indirectly, any action designed, or which will constitute, or has constituted, or might reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares;

(p) to use its best efforts to cause the Common Stock, including the Shares, to be listed on and for quotation on the NASDAQ and to maintain such listing;

(q) to maintain a transfer agent and, if necessary under the jurisdiction of incorporation of the Company, a registrar for the Common Stock; and

(r) to cause each Directed Share Participant to execute a Lock-Up Agreement and otherwise to cause the Reserved Shares to be restricted from sale, transfer, assignment, pledge or hypothecation to such extent as may be required by the NASD and its rules, and to direct the transfer agent to place stop transfer restrictions upon such Reserved Shares during the Lock-Up Period or any such longer period of time as may be required by the NASD and its rules; and to comply with all applicable securities and other laws, rules and regulations in each jurisdiction in which the Reserved Shares are offered in connection with the Directed Share Program.

6. Certain Covenants of the Selling Stockholders. Each Selling Stockholder hereby agrees:

(a) not, at any time at or after the execution of this Agreement, to offer or sell any Shares by means of any “prospectus” (within the meaning of the Act), or use any "prospectus" (within the meaning of the Act) in connection with the offer or sale of the Shares, in each case other than the Prospectus;

(b) not to take, directly or indirectly, any action designed, or which will constitute, or has constituted, or might reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares;

(c) to pay or cause to be paid all taxes, if any, on the transfer and sale of the Shares being sold by such Selling Stockholder;

(d) to advise you promptly, and if requested by you, confirm such advice in writing, so long as a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of Shares, of (i) any material change in the business, properties, financial condition, results of operations, cash flows, management or prospects of the Company and the Subsidiaries taken as a whole, which comes to the attention of such Selling Stockholder, (ii) any change in information in the Registration Statement, the Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus, if any, relating to such Selling Stockholder and (iii) any new material information relating to the Company or relating to any matter stated in the Registration Statement, the Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus, if any, which comes to the attention of such Selling Stockholder; and

(e) prior to or concurrently with the execution and delivery of this Agreement, to execute and deliver to the Underwriters a Custody Agreement and a Lock-Up Agreement.

7. Covenant to Pay Costs. The Company agrees to pay all costs, expenses, fees and taxes in connection with (i) the preparation and filing of the Registration Statement, the Preliminary Prospectus, the Prospectus, each Permitted Free Writing Prospectus and any amendments or supplements thereto, and the printing and furnishing of copies of each thereof to the Underwriters and to dealers (including costs of mailing and shipment), (ii) the registration, issue, sale and delivery of the Shares including any stock or transfer taxes and stamp or similar duties payable upon the sale, issuance or delivery of the Shares to the Underwriters, (iii) the producing, word processing and/or printing of this Agreement, any Agreement Among Underwriters, any dealer agreements, any Custody Agreements and any closing documents (including compilations thereof) and the reproduction and/or printing and furnishing of copies of each thereof to the Underwriters and (except closing documents) to dealers (including costs of mailing and shipment), (iv) the qualification of the Shares for offering and sale under state or foreign laws and the determination of their eligibility for investment under state or foreign law (including the legal fees and filing fees and other disbursements of counsel for the Underwriters) and the printing and furnishing of copies of any blue sky surveys or legal investment surveys to the Underwriters and to dealers, (v) any listing of the Shares on any securities exchange or qualification of the Shares for quotation on the NASDAQ and any registration thereof under the Exchange Act, (vi) any filing for review of the public offering of the Shares by the NASD, including the legal fees and filing fees and other disbursements of

counsel to the Underwriters relating to NASD matters, (vii) the fees and disbursements of any transfer agent or registrar for the Shares and the fees and disbursements of any Custodian, (viii) the costs and expenses of the Company and such Selling Stockholder relating to presentations or meetings undertaken in connection with the marketing of the offering and sale of the Shares to prospective investors and the Underwriters' sales forces, including, without limitation, expenses associated with the production of road show slides and graphics, reasonable fees and expenses of any consultants engaged in connection with the road show presentations, travel, lodging and other expenses incurred by the officers of the Company or by such Selling Stockholder and any such consultants, and the cost of any aircraft chartered in connection with the road show (provided that no aircraft shall be chartered without the prior consent of the Company, which consent may be the oral consent of the Chief Executive Officer or the Chief Financial Officer), (ix) the costs and expenses of qualifying the Shares for inclusion in the book-entry settlement system of the DTC, (x) the preparation and filing of the Exchange Act Registration Statement, including any amendments thereto, (xi) the offer and sale of the Reserved Shares, including all costs and expenses of UBS-FinSvc and the Underwriters, including the fees and disbursement of counsel for the Underwriters and (xii) the performance of the Company's and such Selling Stockholder's other obligations hereunder. It is understood, however, that except as provided in this Section 7 and Sections 8 and 12 hereof, the Underwriters will pay the fees and disbursements of their own counsel.

8. Reimbursement of Underwriters' Expenses. If the Shares are not delivered for any reason other than the termination of this Agreement pursuant to the fifth paragraph of Section 11 hereof or the default by one or more of the Underwriters in its or their respective obligations hereunder, the Company shall, in addition to paying the amounts described in Section 7 hereof, reimburse the Underwriters for all of their out-of-pocket expenses, including the fees and disbursements of their counsel.

9. Conditions of Underwriters' Obligations. The several obligations of the Underwriters hereunder are subject to the accuracy of the respective representations and warranties on the part of the Company and each Selling Stockholder on the date hereof, at the time of purchase and, if applicable, at the additional time of purchase, the performance by the Company and each Selling Stockholder of each of their respective obligations hereunder and to the following additional conditions precedent:

(a) The Company shall furnish to you at the time of purchase and, if applicable, at the additional time of purchase, an opinion of Squire, Sanders & Dempsey L.L.P., counsel for the Company, addressed to the Underwriters, and dated the time of purchase or the additional time of purchase, as the case may be, with executed copies for each of the other Underwriters, and in form and substance satisfactory to UBS, in the form set forth in Exhibit B hereto.

(b) The Selling Stockholders shall furnish to you at the time of purchase and, if applicable, at the additional time of purchase, an opinion of Squire, Sanders & Dempsey L.L.P., counsel for the Selling Stockholders, addressed to the Underwriters, and dated the time of purchase or the additional time of purchase, as the case may be, with executed copies for each of the other Underwriters, and in form and substance satisfactory to UBS, in the form set forth in Exhibit C hereto.

(c) You shall have received (i) from Grant Thornton LLP letters dated, respectively, the date of this Agreement, the date of the Prospectus, the time of purchase and, if applicable, the additional time of purchase, and addressed to the Underwriters (with executed copies for each of the Underwriters) in the forms satisfactory to UBS, which letters shall cover, without limitation, the various financial disclosures contained in the Registration Statement, the Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus, if any; and (ii) from Argy, Wiltse & Robinson, P.C. letters dated, respectively, the date of this Agreement, the date of the Prospectus, the time of purchase and, if applicable, the additional time of purchase, and addressed to the Underwriters (with executed copies for each of the Underwriters) in the forms satisfactory to UBS, which letters shall cover, without limitation, the various financial disclosures relating to Caliber contained in the Registration Statement, the Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus, if any.

(d) You shall have received at the time of purchase and, if applicable, at the additional time of purchase, the favorable opinion of Davis Polk & Wardwell, counsel for the Underwriters, dated the time of purchase or the additional time of purchase, as the case may be, in form and substance reasonably satisfactory to UBS.

(e) No Prospectus or amendment or supplement to the Registration Statement or the Prospectus shall have been filed to which you shall have objected in writing.

(f) The Registration Statement, the Exchange Act Registration Statement and any registration statement required to be filed, prior to the sale of the Shares, under the Act pursuant to Rule 462(b) shall have been filed and shall have become effective under the Act or the Exchange Act, as the case may be. If Rule 430A under the Act is used, the Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act at or before 5:30 P.M., New York City time, on the second full business day after the date of this Agreement (or such earlier time as may be required under the Act).

(g) Prior to and at the time of purchase, and, if applicable, the additional time of purchase, (i) no stop order with respect to the effectiveness of the Registration Statement shall have been issued under the Act or proceedings initiated under Section 8(d) or 8(e) of the Act; (ii) the Registration Statement and all amendments thereto shall not contain 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; (iii) neither the Preliminary Prospectus nor the Prospectus, and no amendment or supplement thereto, shall include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading; (iv) no Disclosure Package, and no amendment or supplement thereto, shall include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading; and (v) none of the Permitted Free Writing Prospectuses, if any, shall include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading.

(h) The Company will, at the time of purchase and, if applicable, at the additional time of purchase, deliver to you a certificate of its Chief Executive Officer and its Chief Financial Officer, dated the time of purchase or the additional time of purchase, as the case may be, in the form attached as Exhibit D hereto.

(i) The Selling Stockholders will, at the time of purchase and, if applicable, at the additional time of purchase, deliver to you a certificate signed by a Representative of the Selling Stockholders, dated the time of purchase or the additional time of purchase, as the case may be, in the form attached as Exhibit E hereto.

(j) You shall have received each of the signed Lock-Up Agreements referred to in Section 3(t) hereof, and each such Lock-Up Agreement shall be in full force and effect at the time of purchase and the additional time of purchase, as the case may be.

(k) The Company and each Selling Stockholder shall have furnished to you such other documents and certificates as to the accuracy and completeness of any statement in the Registration Statement, the Preliminary Prospectus, the Prospectus or any Permitted Free Writing Prospectus as of the time of purchase and, if applicable, the additional time of purchase, as you may reasonably request.

(l) The Shares shall have been approved for listing on and for quotation on the NASDAQ, subject only to notice of issuance and evidence of satisfactory distribution at or prior to the time of purchase or the additional time of purchase, as the case may be.

(m) The NASD shall not have raised any objection with respect to the fairness or reasonableness of the underwriting, or other arrangements of the transactions, contemplated hereby.

(n) Each Selling Stockholder shall have delivered to you a duly executed Custody Agreement, in each case in form and substance satisfactory to UBS.

10. Effective Date of Agreement; Termination. This Agreement shall become effective when the parties hereto have executed and delivered this Agreement.

The obligations of the several Underwriters hereunder shall be subject to termination in the absolute discretion of UBS, if (1) since the time of execution of this Agreement or the earlier respective dates as of which information is given in the Registration Statement, the Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus, if any, there has been any change or any development involving a prospective change in the business, properties, management, financial condition or results of operations of the Company and the Subsidiaries taken as a whole, the effect of which change or development is, in the sole judgment of UBS, so material and adverse as to make it impractical or inadvisable to proceed with the public offering or the delivery of the Shares on the terms and in the manner contemplated in the Registration Statement, the Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus, if any, or (2) since the time of execution of this Agreement, there shall have occurred: (A) a suspension or material limitation in trading in securities generally on the NYSE, the American Stock Exchange or the NASDAQ; (B) a suspension or material limitation in trading in the Company's securities on the NASDAQ; (C) a general moratorium on commercial banking activities declared by either federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (D) an outbreak or escalation of hostilities or acts of terrorism involving the United States or a declaration by the United States of a national emergency or war; or (E) any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (D) or (E), in the sole judgment of UBS, makes it impractical or inadvisable to proceed with the public offering or the delivery of the Shares on the terms and in the manner contemplated in the Registration Statement, the Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus, if any, or (3) since the time of execution of this Agreement, there shall have occurred any downgrading, or any notice or announcement shall have been given or made of: (A) any intended or potential downgrading or (B) any watch, review or possible change that does not indicate an affirmation or improvement in the rating accorded any securities of or guaranteed by the Company or any Subsidiary by any "nationally recognized statistical rating organization," as that term is defined in Rule 436(g)(2) under the Act.

If UBS elects to terminate this Agreement as provided in this Section 10, the Company, the Selling Stockholders and each other Underwriter shall be notified promptly in writing.

If the sale to the Underwriters of the Shares, as contemplated by this Agreement, is not carried out by the Underwriters for any reason permitted under this Agreement, or if such sale is not carried out because the Company or any Selling Stockholder, as the case may be, shall be unable to comply with any of the terms of this Agreement, the Company and the Selling Stockholders shall not be under any obligation or liability under this Agreement (except to the extent provided in Sections 7, 8 and 12 hereof), and the Underwriters shall be under no obligation or liability to the Company or any Selling Stockholder under this Agreement (except to the extent provided in Section 12 hereof) or to one another hereunder.

11. Increase in Underwriters' Commitments. Subject to Sections 9 and 10 hereof, if any Underwriter shall default in its obligation to take up and pay for the Firm Shares to be purchased by it hereunder (otherwise than for a failure of a condition set forth in Section 9 hereof or a reason sufficient to justify the termination of this Agreement under the provisions of Section 10 hereof) and if the number of Firm Shares which all Underwriters so defaulting shall have agreed but failed to take up and pay for does not exceed 10% of the total number of Firm Shares, the non-defaulting Underwriters (including the Underwriters, if any, substituted in the manner set forth below) shall take up and pay for (in addition to the aggregate number of Firm Shares they are obligated to purchase pursuant to Section 1 hereof) the number of Firm Shares agreed to be purchased by all such defaulting Underwriters, as hereinafter provided. Such Shares shall be taken up and paid for by such non-defaulting Underwriters in such amount or amounts as you may designate with the consent of each Underwriter so designated or, in the event no such designation is made, such Shares shall be taken up and paid for by all non-defaulting Underwriters pro rata in proportion to the aggregate number of Firm Shares set forth opposite the names of such non-defaulting Underwriters in Schedule A annexed hereto.

Without relieving any defaulting Underwriter from its obligations hereunder, the Company and each Selling Stockholder each agrees with the non-defaulting Underwriters that it will not sell any Firm Shares hereunder unless all of the Firm Shares are purchased by the Underwriters (or by substituted Underwriters selected by you with the approval of the Company or selected by the Company with your approval).

If a new Underwriter or Underwriters are substituted by the Underwriters or by the Company for a defaulting Underwriter or Underwriters in accordance with the foregoing provision, the Company or you shall have the right to postpone the time of purchase for a period not exceeding five business days in order that any necessary changes in the Registration Statement and the Prospectus and other documents may be effected.

The term "Underwriter" as used in this Agreement shall refer to and include any Underwriter substituted under this Section 11 with like effect as if such substituted Underwriter had originally been named in Schedule A annexed hereto.

If the aggregate number of Firm Shares which the defaulting Underwriter or Underwriters agreed to purchase exceeds 10% of the total number of Firm Shares which all Underwriters agreed to purchase hereunder, and if neither the non-defaulting Underwriters nor the Company shall make arrangements within the five business day period stated above for the purchase of all the Firm Shares which the defaulting Underwriter or Underwriters agreed to purchase hereunder, this Agreement shall terminate without further act or deed and without any liability on the part of the Company or any Selling Stockholder to any Underwriter and without any liability on the part of any non-defaulting Underwriter to the Company or to any Selling Stockholder. Nothing in this paragraph, and no action taken hereunder, shall relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

12. Indemnity and Contribution.

(a) The Company agrees to indemnify, defend and hold harmless each Underwriter, its partners, directors and officers, and any person who controls any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and the successors and assigns of all of the foregoing persons, from and against any loss, damage, expense, liability or claim (including the reasonable cost of investigation) which, jointly or severally, any such Underwriter or any such person may incur under the Act, the Exchange Act, the common law or otherwise, insofar as such loss, damage, expense, liability or claim arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or in the Registration Statement as amended by any post-effective amendment thereof by the Company) or arises out of or is based upon any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as any such loss, damage, expense, liability or claim arises out of or is based upon any untrue statement or alleged untrue statement of a material fact contained in, and in conformity with information concerning such Underwriter furnished in writing by or on behalf of such Underwriter through you to the Company expressly for use in, the Registration Statement or arises out of or is based upon any omission or alleged omission to state a material fact in the Registration Statement in connection with such information, which material fact was not contained in such information and which material fact was required to be stated in such Registration Statement or was necessary to make such information not misleading, (ii) any untrue statement or alleged untrue statement of a material fact included in any Prospectus (the term Prospectus for the purpose of this Section 12 being deemed to include the Preliminary Prospectus, the Prospectus and any amendments or supplements to the foregoing), in any Permitted Free Writing Prospectus, in any “issuer information” (as defined in Rule 433 under the Act) of the Company, which “issuer information” is required to be, or is, filed with the Commission, or in any Prospectus together with any combination of one or more of the Permitted Free Writing Prospectuses, if any, or arises out of or is based upon any omission or alleged omission to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except, with respect to such Prospectus or Permitted Free Writing Prospectus, insofar as any such loss, damage, expense, liability or claim arises out of or is based upon any untrue statement or alleged untrue statement of a material fact contained in, and in conformity with information concerning such Underwriter furnished in writing by or on behalf of such Underwriter through you to the Company expressly for use in, such Prospectus or Permitted Free Writing Prospectus or arises out of or is based upon any omission or alleged omission to state a material fact in such Prospectus or Permitted Free Writing Prospectus in connection with such information, which material fact was not contained in such information and which material fact was necessary in order to make the statements in such information, in the light of the circumstances under which they were made, not misleading or (iii) the Directed Share Program, except, with respect to this clause (iii), insofar as such loss, damage, expense, liability or claim is finally judicially determined to have resulted from the gross negligence or willful misconduct of the Underwriters in conducting the Directed Share Program.

Without limitation of and in addition to its obligations under the other paragraphs of this Section 12, the Company agrees to indemnify, defend and hold harmless UBS-FinSvc and its partners, directors and officers, and any person who controls UBS-FinSvc within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and the successors and assigns of all of the foregoing persons, from and against any loss, damage, expense, liability or claim (including the reasonable cost of investigation) which, jointly or severally, UBS-FinSvc or any such person may incur under the Act, the Exchange Act, the common law or otherwise, insofar as such loss, damage, expense, liability or claim (1) arises out of or is based upon (a) any of the matters referred to in clauses (i) through (iii) of the first paragraph of this Section 12(a), or (b) any untrue statement or alleged untrue statement of a material fact contained in any material prepared by or on behalf or with the consent of the Company for distribution to Directed Share Participants in connection with the Directed Share Program or caused by 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; (2) is or was caused by the failure of any Directed Share Participant to pay for and accept delivery of Reserved Shares that the Directed Share Participant has agreed to purchase; or (3) otherwise arises out of or is based upon the Directed Share Program, provided, however, that the Company shall not be responsible under this clause (3) for any loss, damage, expense, liability or claim that is finally judicially determined to have resulted from the gross negligence or willful misconduct of UBS-FinSvc in conducting the Directed Share Program. Section 12(d) shall apply equally to any Proceeding (as defined below) brought against UBS-FinSvc or any such person in respect of which indemnity may be sought against the Company pursuant to the immediately preceding sentence, except that the Company shall be liable for the expenses of one separate counsel (in addition to any local counsel) for UBS-FinSvc and any such person, separate and in addition to counsel for the persons who may seek indemnification pursuant to the first paragraph of this Section 12(a), in any such Proceeding.

(b) Each Selling Stockholder agrees to indemnify, defend and hold harmless each Underwriter, its partners, directors and officers, and any person who controls any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and the successors and assigns of all of the foregoing persons, from and against any loss, damage, expense, liability or claim (including the reasonable cost of investigation) which, jointly or severally, any such Underwriter or any such person may incur under the Act, the Exchange Act, the common law or otherwise, insofar as such loss, damage, expense, liability or claim arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or in the Registration Statement as amended by any post-effective amendment thereof by the Company), as such Registration Statement relates to such Selling Stockholder, or arises out of or is based upon any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading or (ii) any untrue statement or alleged untrue statement of a material fact included in any Prospectus, in any Permitted Free Writing Prospectus or in any Prospectus together with any combination of one or more of the Permitted Free Writing Prospectuses, if any, in each case as such document(s) relate to such Selling Stockholder, or arises out of or is based upon any omission or alleged omission to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Notwithstanding anything herein to the contrary, in no event shall the liability of any Selling Stockholder to provide for indemnity pursuant to this Section 12(b), or contribution pursuant to Section 12(e), exceed an amount equal to the aggregate initial public offering price of the Shares sold by Selling Stockholder to the Underwriters pursuant hereto.

(c) Each Underwriter severally agrees to indemnify, defend and hold harmless the Company, its directors and officers, each Selling Stockholder and any person who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and the successors and assigns of all of the foregoing persons, from and against any loss, damage, expense, liability or claim (including the reasonable cost of investigation) which, jointly or severally, the Company, such Selling Stockholder or any such person may incur under the Act, the Exchange Act, the common law or otherwise, insofar as such loss, damage, expense, liability or claim arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in, and in conformity with information concerning such Underwriter furnished in writing by or on behalf of such Underwriter through you to the Company expressly for use in, the Registration Statement (or in the Registration Statement as amended by any post-effective amendment thereof by the Company), or arises out of or is based upon any omission or alleged omission to state a material fact in such Registration Statement in connection with such information, which material fact was not contained in such information and which material fact was required to be stated in such Registration Statement or was necessary to make such information not misleading or (ii) any untrue statement or alleged untrue statement of a material fact contained in, and in conformity with information concerning such Underwriter furnished in writing by or on behalf of such Underwriter through you to the Company expressly for use in, a Prospectus or a Permitted Free Writing Prospectus, or arises out of or is based upon any omission or alleged omission to state a material fact in such Prospectus or Permitted Free Writing Prospectus in connection with such information, which material fact was not contained in such information and which material fact was necessary in order to make the statements in such information, in the light of the circumstances under which they were made, not misleading.

(d) If any action, suit or proceeding (each, a "Proceeding") is brought against a person (an "indemnified party") in respect of which indemnity may be sought against the Company, a Selling Stockholder or an Underwriter (as applicable, the "indemnifying party") pursuant to subsection (a), (b) or (c), respectively, of this Section 12, such indemnified party shall promptly notify such indemnifying party in writing of the institution of such Proceeding and such indemnifying party shall assume the defense of such Proceeding, including the employment of counsel reasonably satisfactory to such indemnified party and payment of all fees and expenses; provided, however, that the omission to so notify such indemnifying party shall not relieve such indemnifying party from any liability which such indemnifying party may have to any indemnified party or otherwise. The indemnified party or parties shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party or parties unless the employment of such counsel shall have been authorized in writing by the indemnifying party (or, in the case such indemnifying party is a Selling Stockholder, by such Selling Stockholder or by a Representative of the Selling Stockholders) in connection with the defense of such Proceeding or the indemnifying party shall not have, within a reasonable period of time in light of the circumstances, employed counsel to defend such Proceeding or such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them which are different from, additional to or in conflict with those available to such indemnifying party (in which case such indemnifying party shall not have the right to direct the defense of such Proceeding on behalf of the indemnified party or parties), in any of which events such fees and expenses shall be borne by such indemnifying party and paid as incurred (it being understood, however, that, except as provided in the second paragraph of Section 12(a), such indemnifying party shall not be liable for the expenses of more than one separate counsel (in addition to any local counsel) in any one Proceeding or series of related Proceedings in the same jurisdiction representing the indemnified parties who are parties to such Proceeding). The indemnifying party shall not be liable for any settlement of any Proceeding effected without its written consent (or, in the case such indemnifying party is a Selling Stockholder, without the written consent of either such Selling Stockholder or a Representative of the Selling Stockholders) but, if settled with its written consent (or, in the case such indemnifying party is a Selling Stockholder, with the written consent of such Selling Stockholder or of a Representative of the Selling Stockholders), such indemnifying party agrees to indemnify and hold harmless the indemnified party or parties from and against any loss or liability by reason of such settlement. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party (or, where such indemnifying party is a Selling Stockholder, requested such Selling Stockholder or any Representative of the Selling Stockholders) to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second sentence of this Section 12(d), then the indemnifying party agrees that it shall be liable for any settlement of any Proceeding effected without its written consent if (i) such settlement is entered into more than 60 business days after receipt by such indemnifying party (or, where such indemnifying party is a Selling Stockholder, receipt by such Selling Stockholder or by any Representative of the Selling Stockholders) of the aforesaid request, (ii) such indemnifying party shall not have fully reimbursed the indemnified party in accordance with such request prior to the date of such settlement and (iii) such indemnified party shall have given the indemnifying party (or, where such indemnifying party is a Selling Stockholder, given such Selling Stockholder or any Representative of the Selling Stockholders) at least 30 days' prior notice of its intention to settle. No indemnifying party shall, without the prior written consent of the indemnified party (or, where such indemnified party is a Selling Stockholder, the prior written consent of such Selling Stockholder or of any Representative of the Selling Stockholders), effect any settlement of any pending or threatened Proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such Proceeding and does not include an admission of fault or culpability or a failure to act by or on behalf of such indemnified party.

(e) If the indemnification provided for in this Section 12 is unavailable to an indemnified party under subsections (a), (b) and (c) of this Section 12 or insufficient to hold an indemnified party harmless in respect of any losses, damages, expenses, liabilities or claims referred to therein, then each applicable indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, damages, expenses, liabilities or claims (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Selling Stockholders on the one hand and the Underwriters on the other hand from the offering of the Shares or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Selling Stockholders on the one hand and of the Underwriters on the other in connection with the statements or omissions which resulted in such losses, damages, expenses, liabilities or claims, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Selling Stockholders on the one hand and the Underwriters on the other shall be deemed to be in the same respective proportions as the total proceeds from the offering (net of underwriting discounts and commissions but before deducting expenses) received by the Company and the Selling Stockholders, and the total underwriting discounts and commissions received by the Underwriters, bear to the aggregate public offering price of the Shares. The relative fault of the Company and the Selling Stockholders on the one hand and of the Underwriters on the other shall be determined by reference to, among other things, whether the untrue statement or alleged untrue statement of a material fact or omission or alleged omission relates to information supplied by the Company or the Selling Stockholders or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, damages, expenses, liabilities and claims referred to in this subsection shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with investigating, preparing to defend or defending any Proceeding.

(f) The Company, the Selling Stockholders and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 12 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in subsection (e) above. Notwithstanding the provisions of this Section 12, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by such Underwriter and distributed to the public were offered to the public exceeds the amount of any damage which such Underwriter has otherwise been required to pay by reason of such untrue statement or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to this Section 12 are several in proportion to their respective underwriting commitments and not joint.

(g) The indemnity and contribution agreements contained in this Section 12 and the covenants, warranties and representations of the Company and the Selling Stockholders contained in this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of any Underwriter, its partners, directors or officers or any person (including each partner, officer or director of such person) who controls any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, or by or on behalf of the Company or the Selling Stockholders, their respective directors or officers or any person who controls the Company or any Selling Stockholder within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and shall survive any termination of this Agreement or the issuance and delivery of the Shares to be sold by the Company pursuant hereto and the delivery of the Shares to be sold by the Selling Stockholders pursuant hereto. The Company, the Selling Stockholders and each Underwriter agree promptly to notify each other of the commencement of any Proceeding against it and, in the case of the Company or a Selling Stockholder, against any of their officers or directors in connection with the issuance and sale of the Shares, or in connection with the Registration Statement, the Preliminary Prospectus, the Prospectus or any Permitted Free Writing Prospectus.

13. Information Furnished by the Underwriters. The statements set forth in the two paragraphs immediately preceding the subheading "Underwriting—Over-Allotment Option," the

first paragraph immediately under the subheading "Underwriting—Commissions and Discounts" and the paragraphs under the subheadings "Underwriting—Price-Stabilization, Short Positions," constitute the only information furnished by or on behalf of the Underwriters, as such information is referred to in Sections 3 and 12 hereof.

14. Notices. Except as otherwise herein provided, all statements, requests, notices and agreements shall be in writing or by telegram or facsimile and, if to the Underwriters, shall be sufficient in all respects if delivered or sent to UBS Securities LLC, 299 Park Avenue, New York, NY 10171-0026, Attention: Syndicate Department and, if to the Company, shall be sufficient in all respects if delivered or sent to the Company at the offices of the Company at 9300 Lee Highway, Fairfax, VA 22031, Attention: Sudhakar Kesavan, Chairman & Chief Executive Officer (facsimile: 703-934-3740), and, if to any Selling Stockholder, shall be sufficient in all respects if delivered or sent to any Representative of the Selling Stockholders at CM Equity Partners, 900 Third Avenue, 33rd Floor, New York, NY 10022, Attention: Peter M. Schulte and Joel R. Jacks (facsimile: (212) 371-7254).

15. Governing Law; Construction. This Agreement and any claim, counterclaim or dispute of any kind or nature whatsoever arising out of or in any way relating to this Agreement ("Claim"), directly or indirectly, shall be governed by, and construed in accordance with, the laws of the State of New York. The section headings in this Agreement have been inserted as a matter of convenience of reference and are not a part of this Agreement.

16. Submission to Jurisdiction. Except as set forth below, no Claim may be commenced, prosecuted or continued in any court other than the courts of the State of New York located in the City and County of New York or in the United States District Court for the Southern District of New York, which courts shall have jurisdiction over the adjudication of such matters, and the Company and the Selling Stockholders each consent to the jurisdiction of such courts and personal service with respect thereto. The Company and the Selling Stockholders each hereby consent to personal jurisdiction, service and venue in any court in which any Claim arising out of or in any way relating to this Agreement is brought by any third party against any Underwriter or any indemnified party. Each Underwriter and the Company (on its behalf and, to the extent permitted by applicable law, on behalf of its stockholders and affiliates) and each Selling Stockholder (on its behalf and, in the case such Selling Stockholder is not an individual, to the extent permitted by applicable law, on behalf of its stockholders and affiliates) each waive all right to trial by jury in any action, proceeding or counterclaim (whether based upon contract, tort or otherwise) in any way arising out of or relating to this Agreement. The Company and the Selling Stockholders each agree that a final judgment in any such action, proceeding or counterclaim brought in any such court shall be conclusive and binding upon the Company and each Selling Stockholder and may be enforced in any other courts to the jurisdiction of which the Company or any Selling Stockholder is or may be subject, by suit upon such judgment.

17. Parties at Interest. The Agreement herein set forth has been and is made solely for the benefit of the Underwriters and the Company and the Selling Stockholders and to the extent provided in Section 12 hereof the controlling persons, partners, directors and officers referred to in such Section, and their respective successors, assigns, heirs, personal representatives and executors and administrators. No other person, partnership, association or corporation (including a purchaser, as such purchaser, from any of the Underwriters) shall acquire or have any right under or by virtue of this Agreement.

18. No Fiduciary Relationship. The Company and the Selling Stockholders each hereby acknowledge that the Underwriters are acting solely as underwriters in connection with the purchase and sale of the Company's securities. The Company and the Selling Stockholders each further acknowledge that the Underwriters are acting pursuant to a contractual relationship created solely by this Agreement entered into on an arm's length basis, and in no event do the parties intend that the Underwriters act or be responsible as a fiduciary to the Company or any Selling Stockholder, their respective management, stockholders or creditors or any other person in connection with any activity that the Underwriters may undertake or have undertaken in furtherance of the purchase and sale of the Company's securities, either before or after the date hereof. The Underwriters hereby expressly disclaim any fiduciary or similar obligations to the Company or any Selling Stockholder, either in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions, and the Company and the Selling Stockholders each hereby confirm their understanding and agreement to that effect. The Company, the Selling Stockholders and the Underwriters agree that they are each responsible for making their own independent judgments with respect to any such transactions and that any opinions or views expressed by the Underwriters to the Company or any Selling Stockholder regarding such transactions, including, but not limited to, any opinions or views with respect to the price or market for the Company's securities, do not constitute advice or recommendations to the Company or any Selling Stockholder. The Company and the Selling Stockholders each hereby waive and release, to the fullest extent permitted by law, any claims that the Company or any Selling Stockholder may have against the Underwriters with respect to any breach or alleged breach of any fiduciary or similar duty to the Company or any Selling Stockholder in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions.

19. Counterparts. This Agreement may be signed by the parties in one or more counterparts which together shall constitute one and the same agreement among the parties.

20. Successors and Assigns. This Agreement shall be binding upon the Underwriters and the Company and the Selling Stockholders and their successors and assigns and any successor or assign of any substantial portion of the Company's, any Selling Stockholder's and any of the Underwriters' respective businesses and/or assets.

21. Miscellaneous. UBS, an indirect, wholly owned subsidiary of UBS AG, is not a bank and is separate from any affiliated bank, including any U.S. branch or agency of UBS AG. Because UBS is a separately incorporated entity, it is solely responsible for its own contractual obligations and commitments, including obligations with respect to sales and purchases of securities. Securities sold, offered or recommended by UBS are not deposits, are not insured by the Federal Deposit Insurance Corporation, are not guaranteed by a branch or agency, and are not otherwise an obligation or responsibility of a branch or agency.

[The Remainder of This Page Intentionally Left Blank; Signature Pages Follow]

If the foregoing correctly sets forth the understanding among the Company, the Selling Stockholders and the several Underwriters, please so indicate in the space provided below for that purpose, whereupon this Agreement and your acceptance shall constitute a binding agreement among the Company, the Selling Stockholders and the Underwriters, severally.

Very truly yours,

ICF INTERNATIONAL, INC.

By: ______________________________

Name:
Title:

THE SELLING STOCKHOLDERS NAMED IN SCHEDULE C ANNEXED HERETO

By: [REPRESENTATIVE], Attorney-in-Fact

By: ______________________________

Name:
Title:

Accepted and agreed to as of the date
first above written, on behalf of
themselves and the other
several Underwriters named in Schedule A
annexed hereto

UBS SECURITIES LLC
STIFEL, NICOLAUS & COMPANY, INC.
WILLIAM BLAIR & COMPANY
JEFFERIES & COMPANY, INC.

By: UBS SECURITIES LLC

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

SCHEDULE A

Underwriter	Number of Firm Shares
UBS SECURITIES LLC	
STIFEL, NICOLAUS & COMPANY, INC.	
WILLIAM BLAIR & COMPANY	
JEFFERIES QUARTERDECK, A DIVISION OF JEFFERIES & COMPANY, INC.	
Total	

SCHEDULE B

[List any Permitted Free Writing Prospectuses]

SCHEDULE C

	Number of Firm Shares	Number of Additional Shares
Selling Stockholders		
CM Equity Partners, L.P.	[____]	[____]
CMEP Co-Investment ICF, L.P.	[____]	[____]
CM Equity Partners II, L.P.	[____]	[____]
CM Equity Partners II Co-Investors, L.P.	[____]	[____]
Total		

EXHIBIT A

Lock-Up Agreement

___________, 2006

UBS Securities LLC
Stifel, Nicolaus & Company, Inc.
William Blair & Company
Jefferies Quarterdeck, a division of Jefferies & Company, Inc.
As representatives of the Underwriters
named in Schedule A annexed to the
Underwriting Agreement referred to below

c/o UBS Securities LLC
299 Park Avenue
New York, New York 10171-0026

Ladies and Gentlemen:

This Lock-Up Agreement is being delivered to you in connection with the proposed Underwriting Agreement (the "Underwriting Agreement") to be entered into by ICF International, Inc., a Delaware corporation (the "Company"), the Selling Stockholders named therein and you and the other underwriters named in Schedule A annexed to the Underwriting Agreement, with respect to the public offering (the "Offering") of common stock, par value $0.01 per share, of the Company (the "Common Stock").

In order to induce you to enter into the Underwriting Agreement, the undersigned agrees that, for a period (the "Lock-Up Period") beginning on the date hereof and ending on, and including, the date that is 180 days after the date of the final prospectus relating to the Offering, the undersigned will not, without the prior written consent of UBS Securities LLC, (i) sell, offer to sell, contract or agree to sell, hypothecate, pledge, grant any option to purchase or otherwise dispose of or agree to dispose of, directly or indirectly, or file (or participate in the filing of) a registration statement with the Securities and Exchange Commission (the "Commission") in respect of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder (the "Exchange Act") with respect to, any Common Stock or any other securities of the Company that are substantially similar to Common Stock, or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Stock or any other securities of the Company that are substantially similar to Common Stock, or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing, whether any such transaction is to be settled by delivery of Common Stock or such other securities, in cash or otherwise or (iii) publicly announce an intention to effect any transaction specified in clause (i) or (ii). The foregoing sentence shall not apply to (a) the registration of the offer and sale of Common Stock as contemplated by the Underwriting Agreement and the sale of the Common Stock to the Underwriters (as defined in the Underwriting Agreement) in the Offering, (b) bona fide gifts, provided the recipient thereof agrees in writing with the Underwriters to be bound by the terms of this Lock-Up Agreement or (c) dispositions to any trust for the direct or indirect benefit of the undersigned and/or the immediate family of the undersigned, provided that such trust agrees in writing with the Underwriters to be bound by the terms of this Lock-Up Agreement. For purposes of this paragraph, "immediate family" shall mean the undersigned and the spouse, any lineal descendent, father, mother, brother or sister of the undersigned.

Notwithstanding anything herein to the contrary, the preceding paragraph shall not apply to the sale of Firm Shares or Additional Shares by any Selling Stockholder to the Underwriters pursuant to the Underwriting Agreement.

In addition, the undersigned hereby waives any rights the undersigned may have to require registration of Common Stock in connection with the filing of a registration statement relating to the Offering. The undersigned further agrees that, for the Lock-Up Period, the undersigned will not, without the prior written consent of UBS Securities LLC, make any demand for, or exercise any right with respect to, the registration of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, or warrants or other rights to purchase Common Stock or any such securities.

Notwithstanding the above, if (a) during the period that begins on the date that is fifteen (15) calendar days plus three (3) business days before the last day of the Lock-Up Period and ends on the last day of the Lock-Up Period, the Company issues an earnings release or material news or a material event relating to the Company occurs; or (b) prior to the expiration of the Lock-Up Period, the Company announces that it will release earnings results during the sixteen (16) day period beginning on the last day of the Lock-Up Period, then the restrictions imposed by this Lock-Up Agreement shall continue to apply until the expiration of the date that is fifteen (15) calendar days plus three (3) business days after the date on which the issuance of the earnings release or the material news or material event occurs.

In addition, the undersigned hereby waives any and all preemptive rights, participation rights, resale rights, rights of first refusal and similar rights that the undersigned may have in connection with the Offering or with any issuance or sale by the Company of any equity or other securities before the Offering, except for any such rights as have been heretofore duly exercised.

The undersigned hereby confirms that the undersigned has not, directly or indirectly, taken, and hereby covenants that the undersigned will not, directly or indirectly, take, any action designed, or which has constituted or will constitute or might reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of shares of Common Stock.

*   *   *

If (i) the Company notifies you in writing that it does not intend to proceed with the Offering, (ii) the registration statement filed with the Commission with respect to the Offering is withdrawn or (iii) for any reason the Underwriting Agreement shall be terminated prior to the "time of purchase" (as defined in the Underwriting Agreement), this Lock-Up Agreement shall be terminated and the undersigned shall be released from its obligations hereunder.

Very truly yours,

____

Name:

EXHIBIT A-1

LIST OF PARTIES TO EXECUTE LOCK-UP AGREEMENTS

Officers and Directors	Position
1. Sudhakar Kesavan	Chairman, President and Chief Executive Officer
2. John Wasson	Executive Vice President and Chief Operating Officer
3. Alan Stewart	Senior Vice President, Chief Financial Officer and Secretary
4. Ellen Glover	Executive Vice President
5. Gerald Croan	Executive Vice President
6. Dr. Edward H. Bersoff	Director
7. Robert Hopkins	Director
8. Joel R. Jacks	Director
9. David C. Lucien	Director
10. William Moody	Director
11. Peter M. Schulte	Director

Selling Stockholders

1. CM Equity Partners, L.P.
2. CMEP Co-Investment ICF, L.P.
3. CM Equity Partners II, L.P.
4. CM Equity Partners II Co-Investors, L.P.

EXHIBIT B

OPINION OF SQUIRE, SANDERS & DEMPSEY L.L.P.

___________, 2006

UBS Securities LLC
Stifel, Nicolaus & Company, Inc.
William Blair & Company
Jefferies Quarterdeck, a division of Jefferies & Company, Inc.
as Managing Underwriters

c/o UBS Securities LLC
299 Park Avenue
New York, New York 10171-0026

Ladies and Gentlemen:

We have acted as counsel for ICF International, Inc., a Delaware corporation (the "Company"), in connection with the offering and sale of the Company's Common Stock, par value $0.001 per share (the "Shares"). This opinion is being delivered to you at the request of the Company pursuant to Section 9(a) of the Underwriting Agreement dated as of ___________, 2006 (the "Underwriting Agreement") among the Company, the Selling Stockholders and UBS Securities LLC, as representative of the several underwriters, relating to the offering of ___________ Shares. Capitalized terms used in this opinion have the same meanings as in the Underwriting Agreement, unless otherwise defined in this opinion.

In rendering this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of all such agreements, certificates and documents, and have considered such matters of law, as we have deemed necessary or appropriate for purposes of this opinion. As to various matters of fact relevant to the opinions herein expressed, we have assumed the correctness of, and have relied upon, the statements and representations, including, without limitation, the statements and representations contained in the Underwriting Agreement, and certificates of the Company, its Subsidiaries and their respective officers, and on certificates of public officials and other persons, including governmental agencies.

We have assumed without independent verification the genuineness of all signatures on all documents reviewed by us (other than signatures by officers of the Company or its Subsidiaries), the authenticity of all documents submitted to us as originals, the conformity to authentic originals of all documents submitted to us as copies, and the due authorization, execution and delivery of all documents by all parties other than the Company or its Subsidiaries.

Based upon the foregoing and subject to the qualifications expressed below, we are of the opinion that:

1. The Company is a corporation validly existing and in good standing under the laws of the State of Delaware, with the corporate power and authority requisite to own, lease and operate its properties and conduct its business as described in the Registration Statement, the preliminary prospectus of the Company, dated ___________, 2006, relating to the Shares (the

"Preliminary Prospectus"), the Prospectus and the Permitted Free Writing Prospectuses attached hereto as Annex A, to execute and deliver the Underwriting Agreement and to perform its obligations thereunder, including, without limitation, to issue, sell and deliver the Shares to be sold by the Company as contemplated by the Underwriting Agreement.

2. Each of the Company's Subsidiaries organized under the laws of a State of the United States or the District of Columbia (each, a "Domestic Subsidiary") is a corporation validly existing and in good standing under the laws of its jurisdiction of incorporation, with the corporate power and authority requisite to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the Preliminary Prospectus, the Prospectus and the Permitted Free Writing Prospectuses attached hereto as Annex A.

3. The Company and the Domestic Subsidiaries are each duly qualified to do business as a foreign corporation and are in good standing in each jurisdiction where the ownership or leasing of their respective properties or the conduct of their respective businesses requires such qualification, except where the failure to be so qualified and in good standing would not, individually or in the aggregate, have a Material Adverse Effect.

4. The Underwriting Agreement has been duly authorized, executed and delivered by the Company.

5. The Shares to be sold by the Company pursuant to the Underwriting Agreement have been duly authorized and, when issued and delivered against payment therefor in accordance with the Underwriting Agreement, will be validly issued, fully paid and non-assessable.

6. The Company has an authorized and outstanding capitalization as set forth in the Registration Statement, the Preliminary Prospectus and the Prospectus (and any similar sections or information, if any, contained in any Permitted Free Writing Prospectus attached hereto as Annex A); all of the issued and outstanding shares of capital stock of the Company have been duly authorized and validly issued, are to our knowledge fully paid and non-assessable and are free of statutory preemptive rights and, to our knowledge, contractual preemptive rights, resale rights, rights of first refusal and similar rights; the Shares to be sold by the Company pursuant to the Underwriting Agreement are free of statutory preemptive rights and, to our knowledge, contractual preemptive rights, resale rights, rights of first refusal and similar rights; the certificates for the Shares are in due and proper form; the Amended and Restated Certificate of Incorporation of the Company and the Amended and Restated Bylaws of the Company, each in the form filed as an exhibit to the Registration Statement, have been heretofore duly adopted, have been filed as required with the Secretary of State of the State of Delaware, and are in full force and effect as of the date hereof, in each case in accordance with the Delaware General Corporation Law.

7. All of the outstanding shares of capital stock of each of the Domestic Subsidiaries have been duly authorized and validly issued, are fully paid and non-assessable and, except as otherwise disclosed in the Registration Statement (excluding the exhibits thereto), the Preliminary Prospectus and the Prospectus, are owned by the Company, in each case subject to no security interest, other encumbrance or adverse claim.

8. The Shares are duly listed, and admitted and authorized for trading, subject to official notice of issuance and evidence of satisfactory distribution, on the NASDAQ.

9. The capital stock of the Company, including the Shares, conforms in all material respects to the description thereof, if any, contained in the Registration Statement, the Preliminary Prospectus, the Prospectus and the Permitted Free Writing Prospectuses attached hereto as Annex A.

10. The Registration Statement, the Preliminary Prospectus and the Prospectus (except as to the financial statements and schedules, and other financial data derived therefrom, contained in the Registration Statement, the Preliminary Prospectus and the Prospectus, as to which we express no opinion) comply as to form in all material respects with the requirements of the Act (including, in the case of the Prospectus, Section 10(a) of the Act).

11. To our knowledge, the Company is not an "ineligible issuer" (as defined in Rule 405 under the Act) as of the eligibility determination date for purposes of Rules 164 and 433 under the Act with respect to the offering of the Shares contemplated by the Registration Statement.

12. The Registration Statement has become effective under the Act and, to our knowledge, no stop order proceedings with respect thereto are pending or threatened under the Act, and any required filing of the Prospectus and any supplement thereto pursuant to Rule 424 under the Act has been made in the manner and within the time period required by such Rule 424 and in the manner and within the time period required by Rule 430A under the Act; and the class of securities consisting of the Common Stock has become registered under Section 12(b) of the Exchange Act.

13. No approval, authorization, consent, order or filing under any federal law, the laws of the State of New York or Virginia or under the Delaware General Corporation Law or approval of the stockholders of the Company, is required in connection with the issuance and sale of the Shares to be sold by the Company pursuant to the Underwriting Agreement or the sale of the Shares to be sold by the Selling Stockholders pursuant to the Underwriting Agreement or with the consummation of the transactions contemplated by the Underwriting Agreement other than registration of such Shares under the Act, which has been effected (except that we express no opinion as to any necessary qualification under the state securities or blue sky laws of the various jurisdictions in which such Shares are being offered by the Underwriters and we express no opinion with respect to the Conduct Rules of the NASD).

14. The execution, delivery and performance of the Underwriting Agreement by the Company, the issuance and sale of the Shares to be sold by the Company pursuant to the Underwriting Agreement, the sale of the Shares to be sold by the Selling Stockholders pursuant to the Underwriting Agreement and the consummation of the transactions contemplated by the Underwriting Agreement do not and will not result in any breach or violation of or constitute a default under (nor constitute any event which, with notice, lapse of time or both, would result in any breach or violation of or constitute a default under or give the holder of any indebtedness (or a person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a part of such indebtedness under) (or result in the creation or imposition of a lien, charge or encumbrance on any property or assets of the Company or

any Subsidiary pursuant to) (i) the charter or bylaws of the Company or any of the Domestic Subsidiaries, or (ii) any indenture, mortgage, deed of trust, bank loan or credit agreement or other evidence of indebtedness, or any license, lease, contract or other agreement or instrument (collectively, "Agreements and Instruments") which is filed as an exhibit to the Registration Statement or, to our knowledge, under any other Agreement and Instrument to which the Company or any of the Domestic Subsidiaries is a party or by which any of them or any of their respective properties may be bound or affected, or (iii) federal laws, the laws of the State of New York or Virginia or the Delaware General Corporation Law, or (iv) any decree, judgment or order applicable to the Company or any of the Domestic Subsidiaries or any of their respective properties, which decree, judgment or order is known by us.

15. To our knowledge, there are no contracts, licenses, agreements, leases or documents of a character that are required to be described in the Registration Statement, the Preliminary Prospectus or the Prospectus or to be filed as an exhibit to the Registration Statement that have not been so described or filed as required.

16. To our knowledge, (i) the Company is not a party to any legal or governmental action or proceeding that challenges the validity or enforceability, or seeks to enjoin the performance, of the Underwriting Agreement; and (ii) there are no actions, suits, claims, investigations or proceedings pending, threatened or contemplated to which the Company or any of the Domestic Subsidiaries or any of their respective directors or officers is or would be a party or to which any of their respective properties is or would be subject at law or in equity, before or by any federal, state, local or foreign governmental or regulatory commission, board, body, authority or agency that are required to be described in the Registration Statement, the Preliminary Prospectus or the Prospectus but are not so described as required.

17. The Company is not and, after giving effect to the offering and sale of the Shares, will not be an "investment company" as such term is defined in the Investment Company Act.

18. The statements in the Registration Statement, the Preliminary Prospectus and the Prospectus under the headings "U.S. federal tax considerations for non-U.S. holders of common stock," "Description of capital stock" and "Shares eligible for future sale", insofar as such statements constitute summaries of documents or legal proceedings or refer to matters of law or legal conclusions, are an accurate presentation of such information in the context in which made in the Registration Statement, the Preliminary Prospectus and the Prospectus.

19. No person has the right, pursuant to the terms of any contract, agreement or other instrument described in or filed as an exhibit to the Registration Statement or otherwise known to us, to cause the Company to register under the Act any shares of Common Stock or shares of any other capital stock or other equity interest in the Company or to include any such shares or interest in the Registration Statement or the offering contemplated thereby.

20. We have participated in conferences with officers and other representatives of the Company, representatives of the independent public accountants of the Company, representatives of the Selling Stockholders and representatives of the Underwriters at which the contents of the Registration Statement, the Preliminary Prospectus, the Prospectus and the Permitted Free Writing Prospectuses were discussed and, although we have not independently verified and

are not passing upon and do not assume responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, the Preliminary Prospectus, the Prospectus or any Permitted Free Writing Prospectus (except as and to the extent stated in subparagraphs 6, 9 and 18 above), on the basis of the foregoing, nothing has come to our attention that causes us to believe that (i) the Registration Statement, at the Effective Time, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) the Disclosure Package (as defined below), as of the Applicable Time (as defined below), when taken together with the Pricing Information (as defined below), included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or (iii) the Prospectus, as of its date, or as of the date hereof, included or includes an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (it being understood that we express no opinion in this paragraph 20 with respect to the financial statements and schedules, and other financial data derived therefrom, included in the Registration Statement, the Disclosure Package or the Prospectus). As used herein, (A) "Disclosure Package" means the Preliminary Prospectus together with the Permitted Free Writing Prospectuses attached hereto as Annex A, (B) "Applicable Time" means 5:00 P.M., New York City time, on __________, 2006, and (C) "Pricing Information" means (i) the aggregate number of Shares offered for sale pursuant to the Prospectus and the number of such Shares being offered by Company and by each of the Selling Stockholders and (ii) the public offering price per Share, in the case of each of clause (C)(i) and clause (C)(ii), as reflected on the cover page of the Prospectus.

This opinion is based solely upon the federal laws of the United States of America and the laws of the States of New York and the General Corporation Law of Delaware.

This opinion speaks as of its date and we assume no obligation to advise you of any events or circumstances occurring after this date that may change any opinion or statement of belief expressed above. This opinion is rendered to you solely for your benefit in connection with the transactions described above and may not be relied upon for any other purpose or by any other person without our prior written consent.

Respectfully submitted,

EXHIBIT C

OPINION OF SQUIRE, SANDERS & DEMPSEY L.L.P.

__________, 2006

UBS Securities LLC
Stifel, Nicolaus & Company, Inc.
William Blair & Company
Jefferies Quarterdeck, a division of Jefferies & Company, Inc.
as Managing Underwriters

c/o UBS Securities LLC
299 Park Avenue
New York, New York 10171-0026

Ladies and Gentlemen:

We have acted as counsel for certain stockholders of ICF International, Inc., a Delaware corporation (the "Company"), in connection with the offering and sale of the Company's Common Stock, par value $0.001 per share (the "Shares"). This opinion is being delivered to you at the request of the Company pursuant to Section 9(b) of the Underwriting Agreement dated as of __________, 2006 (the "Underwriting Agreement") among the Company, the Selling Stockholders and UBS Securities LLC, as representative of the several underwriters, relating to the offering of __________ Shares. Capitalized terms used in this opinion have the same meanings as in the Underwriting Agreement, unless otherwise defined in this opinion.

In rendering this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of all such agreements, certificates and documents, and have considered such matters of law, as we have deemed necessary or appropriate for purposes of this opinion. As to various matters of fact relevant to the opinions herein expressed, we have assumed the correctness of, and have relied upon, the statements and representations, including, without limitation, the statements and representations contained in the Underwriting Agreement, and certificates of the Company, its Subsidiaries and their respective officers, and on certificates of public officials and other persons, including governmental agencies.

We have assumed without independent verification the genuineness of all signatures on all documents reviewed by us (other than signatures by officers of the Company or its Subsidiaries), the authenticity of all documents submitted to us as originals, the conformity to authentic originals of all documents submitted to us as copies, and the due authorization, execution and delivery of all documents by all parties other than the Company or its Subsidiaries.

Based upon the foregoing and subject to the qualifications expressed below, we are of the opinion that:

1. The Underwriting Agreement and each Custody Agreement have been duly authorized, executed and delivered by or on behalf of each Selling Stockholder; the Custody Agreement is a legal, valid and binding agreement of each Selling Stockholder enforceable against such Selling Stockholder in accordance with its

terms, except as the same may be subject to or limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws relating to or affecting the rights of creditors or by general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law.

2. The Shares to be sold by each Selling Stockholder have been duly authorized and validly issued and are fully paid and non-assessable.

3. The execution, delivery and performance by each Selling Stockholder of the Underwriting Agreement or the Custody Agreement to which such Selling Stockholder is a party and the consummation by such Selling Stockholder of the transactions contemplated by the Underwriting Agreement or the Custody Agreement to which such Selling Stockholder is a party do not and will not result in any breach or violation of or constitute a default under (nor constitute any event which, with notice, lapse of time or both, would result in any breach or violation of or constitute a default under or give the holder of any indebtedness (or a person acting on such holder’s behalf) the right to require the repurchase, redemption or repayment of all or a part of such indebtedness under) (or result in the creation or imposition of a lien, charge or encumbrance on any property or assets of such Selling Stockholder pursuant to) (i) if such Selling Stockholder is not an individual, the charter or bylaws or other organizational instruments of such Selling Stockholder, (ii) to our knowledge, any indenture, mortgage, deed of trust, bank loan or credit agreement or other evidence of indebtedness, or any license, lease, contract or other agreement or instrument to which such Selling Stockholder is a party or by which such Selling Stockholder or any of its properties may be bound or affected, (iii) federal laws, the laws of the State of New York or Virginia or the Delaware General Corporation Law, or (iv) any decree, judgment or order applicable to such Selling Stockholder or any of such Selling Stockholder’s properties, which decree, judgment or order is known by us.

4. Each Selling Stockholder has requisite legal right and power, and has obtained all authorization and approval required by law (other than those imposed by the Act and state securities or blue sky laws), to execute and perform its obligations under the Underwriting Agreement and the Custody Agreement to which such Selling Stockholder is a party and to sell, assign, transfer and deliver the Shares to be sold by such Selling Stockholder in the manner provided in the Underwriting Agreement.

5. Each Selling Stockholder has valid marketable title to the Shares to be sold by such Selling Stockholder pursuant to the Underwriting Agreement, and delivery of certificates for such Shares pursuant to the Underwriting Agreement will pass valid and marketable title thereto to the Underwriters, free and clear of any claim, lien, encumbrance, security interest, community property right, restriction on transfer or other defect in title.

6. Each of the Representatives of the Selling Stockholders has been duly authorized by each Selling Stockholder to execute and deliver on behalf of such Selling Stockholder the Underwriting Agreement and any and all other documents necessary or desirable in

connection with the transactions contemplated thereby and to deliver the Shares to be sold by such Selling Stockholder.

7. The statements included in the Registration Statement, the preliminary prospectus of the Company, dated __________, 2006, relating to the Shares (the "Preliminary Prospectus") and the Prospectus under the caption "Principal and selling stockholders" (the "Selling Stockholder Statements"), insofar as such Selling Stockholder Statements constitute summaries of documents or legal proceedings or refer to matters of law or legal conclusions, are an accurate and fair presentation of such information in the context in which made in the Registration Statement, the Preliminary Prospectus and the Prospectus.

8. Although we have not independently verified and are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, the Preliminary Prospectus, the Prospectus or any Permitted Free Writing Prospectus (except as and to the extent stated in subparagraph 7 above), nothing has come to our attention that causes us to believe that (i) the Selling Stockholder Statements included in the Registration Statement, at the Effective Time, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) the Selling Stockholder Statements included in the Preliminary Prospectus, as of 5:00 P.M., New York City time, on __________, 2006, included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or (iii) the Selling Stockholder Statements included in the Prospectus, as of the date of the Prospectus or the date hereof, included or include an untrue statement of a material fact or omitted or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

9. The Selling Stockholder Statements included in the Registration Statement, the Preliminary Prospectus or the Prospectus comply as to form in all material respects with the requirements of the Act.

This opinion is based solely upon the federal laws of the United States of America and the laws of the States of New York and the General Corporation Law of Delaware.

This opinion speaks as of its date and we assume no obligation to advise you of any events or circumstances occurring after this date that may change any opinion or statement of belief expressed above. This opinion is rendered to you solely for your benefit in connection with the transactions described above and may not be relied upon for any other purpose or by any other person without our prior written consent.

Respectfully submitted,

EXHIBIT D

OFFICERS' CERTIFICATE

Each of the undersigned, Sudhakar Kesavan, Chairman & Chief Executive Officer of ICF International, Inc., a Delaware corporation (the "Company"), and Alan Stewart, Chief Financial Officer of the Company, on behalf of the Company, does hereby certify pursuant to Section 9(h) of that certain Underwriting Agreement dated __________, 2006 (the "Underwriting Agreement") among the Company, the Selling Stockholders named therein and, on behalf of the several Underwriters named therein, UBS Securities LLC, Stifel, Nicolaus & Company, Inc., William Blair & Company and Jefferies Quarterdeck, a division of Jefferies & Company, Inc., that as of __________, 2006:

1. He has reviewed the Registration Statement, the Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus.
2. The representations and warranties of the Company as set forth in the Underwriting Agreement are true and correct as of the date hereof and as if made on the date hereof.
3. The Company has performed all of its obligations under the Underwriting Agreement as are to be performed at or before the date hereof.
4. The conditions set forth in paragraph (g) of Section 9 of the Underwriting Agreement have been met.

Capitalized terms used herein without definition shall have the respective meanings ascribed to them in the Underwriting Agreement.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands on this ____ day of __________, 2006.

____
Name: Sudhakar Kesavan
Title: Chairman & Chief Executive Officer

____
Name: Alan Stewart
Title: Chief Financial Officer

EXHIBIT E

CERTIFICATE OF A REPRESENTATIVE OF THE SELLING STOCKHOLDERS

The undersigned, ______, on behalf of each Selling Stockholder (as defined in the Underwriting Agreement referred to below), does hereby certify pursuant to Section 9(i) of that certain Underwriting Agreement dated ______, 2006 (the "Underwriting Agreement") among ICF International, Inc., a Delaware corporation (the "Company"), the Selling Stockholders named therein and, on behalf of the several Underwriters named therein, UBS Securities LLC, Stifel, Nicolaus & Company, Inc., William Blair & Company and Jefferies Quarterdeck, a division of Jefferies & Company, Inc., that as of ______, 2006:

1. Each Selling Stockholder has reviewed the Registration Statement, each Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus.
2. The representations and warranties of each Selling Stockholder as set forth in the Underwriting Agreement are true and correct as of the date hereof and as if made on the date hereof.
3. Each Selling Stockholder has performed all of its obligations under the Underwriting Agreement as are to be performed at or before the date hereof.

Capitalized terms used herein without definition shall have the respective meanings ascribed to them in the Underwriting Agreement.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand on this ____ day of __________, 2006 on behalf of each Selling Stockholder.

THE SELLING STOCKHOLDERS NAMED IN SCHEDULE C ANNEXED TO THE UNDERWRITING AGREEMENT

By: [REPRESENTATIVE], Attorney-in-Fact

Name:
Title:

CONTRACT

STATE OF LOUISIANA

CONTRACT

Effective the 12th day of June, 2006, the State of Louisiana, through the Division of Administration, Office of Community Development (hereinafter sometimes referred to as the "State" or "OCD") and ICF Emergency Management Services, LLC, 9300 Lee Highway, Fairfax, VA 22031 (hereinafter sometimes referred to as the "Contractor" or "ICF") do hereby enter into a contract under the following terms and conditions (the "Contract").

1.0 SCOPE OF SERVICES

1.1 CONCISE DESCRIPTION OF SERVICES

ICF agrees to serve as Louisiana's Road Home Housing Manager, acting as the State's agent to operate Housing Assistance Centers, conduct outreach, accept and process applications for financial assistance, verify applicants' eligibility, determine amounts of assistance in accordance with State guidelines, provide advisory services to property owners, negotiate purchases and sales of properties, assist the State in handling land title issues, create/maintain a comprehensive management information system, develop and provide a process for mediation of disputes between vendors and homeowners, and perform other duties as required to manage the program and comply with all federal, state and local laws, regulations, and contractual requirements (the "Project").

1.2 STATEMENT OF WORK

1.2.1 INTRODUCTION

The Statement of Work attached hereto as **Exhibit A** defines the full scope of services that are to be provided as Phase One under this Contract. The State and ICF expect to amend this Contract over its three-year term to provide for subsequent phases. The amendments will identify the specific tasks to be performed, the deliverables, the completion criteria, estimated completion dates, estimated costs and each party's respective responsibilities for accomplishing the tasks required in each subsequent phase. Upon execution of this Contract and each subsequent amendment, the Contractor will be authorized to perform work specified in this Contract and each amendment. All work will be performed on an hourly fee or unit price basis, as set forth in this Contract unless specified otherwise. **Exhibit B** sets forth the deliverables and completion date requirements.

1.2.2 GOALS AND OBJECTIVES

The goals and objectives of this Contract are as follows:

- Opening of Housing Assistance Centers in various locations within and outside the State to serve displaced residents.
- Development of a MIS system which meets State specifications and internal control requirements.
- Development and initiation of an outreach and public education campaign designed to provide information on the Road Home Program and Housing Assistance Centers.
- Successful completion of training sessions developed for home inspectors, financial institutions, and building professionals.
- Initiation and completion of a pilot program which processes a sample of preregistered applicants to a final award in accordance with the operational plan developed by the Contractor.
- Execution of Memoranda of Understanding with state and federal agencies to facilitate the transmission of data necessary for program implementation.

1.2.3 PERFORMANCE MEASURES

The performance of this Contract will be measured by the State Project Manager (the "SPM"), who shall be the Director of OCD or her designee as appointed in writing, authorized on behalf of the State, to evaluate the Contractor's performance pursuant to the requirements of the Contract, including without limitation, the requirements of the Statement of Work.

1.2.4 MONITORING PLAN

The Commissioner of Administration or his designee (the "Commissioner") as appointed in writing will monitor the services provided by Contractor and the expenditure of funds under this Contract. The Director of the OCD will be primarily responsible for the day-to-day contact with Contractor and day-to-day monitoring of Contractor's performance. The monitoring plan is the following:

- Meetings as specified in the Statement of Work will be held with Contractor's team to discuss time schedule, deliverables due, progress on deliverables, weekly work flow, challenges, etc.

- The SPM will ensure all deliverables are delivered on or before the time scheduled for completion. The SPM will be responsible for review and acceptance of deliverables in accordance with Section 1.2.6 below.
- The SPM will provide guidance to the Contractor and provide the oversight of the implementation of the Statement of Work to ensure quality, efficiency and effectiveness in fulfilling the goals and objectives of the Road Home Program, including providing guidance and oversight to the Contractor on all financial transactions. Guidance will be provided in a timely manner.

1.2.5 CONTRACTOR TASKS AND RESPONSIBILITIES

The Statement of Work attached as **Exhibit A** describes the services to be performed pursuant to this Contract. Changes in the scope or schedule of the services, either by the State's request or necessitated by other events or conditions (including, without limitation, changes in law or regulation), that would increase the cost or alter the time needed to perform the services may be cause for an equitable increase in the Contract fees and/or extension of the Contract schedule past the anticipated termination date. Such changes to the Contract shall be made in accordance with the process specified in Section 10 below.

1.2.6 ACCEPTANCE OF DELIVERABLES

Should the SPM determine that all or part of any deliverable delivered by Contractor does not satisfy the requirements established by the Contract, the SPM shall promptly deliver to Contractor written notice of his or her rejection of the deliverable and reasons therefor. Each deliverable that is not rejected in writing by the State within twenty (20) days of delivery in accordance with the preceding sentence shall be deemed accepted.

1.2.7 SUBSTITUTION OF KEY PERSONNEL

ICF's key personnel assigned to this Contract are listed in **Exhibit C** attached hereto and may not be replaced without the written consent of the SPM. Such consent shall not be unreasonably withheld or delayed, provided an equally qualified replacement is offered. In the event that any State or Contractor personnel become unavailable due to resignation, illness, or other factors, excluding assignment to projects outside this Contract, outside of the State's or Contractor's reasonable control, as the case may be, the State or the Contractor, as the case may be, shall be responsible for providing an equally qualified replacement acceptable to the other party in time to avoid delays in completing tasks.

1.2.8 SUBCONTRACTORS

ICF may, with prior written permission from the SPM, enter into subcontracts with third parties for the performance of any part of the Contractor's duties and obligations. In no event shall the existence of a subcontract operate to release or reduce the responsibility of the Contractor to the State and/or State Agency for the performance of the requirements of the Contract.

The following subcontractors are accepted by the State:

Shaw Environmental & Infrastructure, Inc.
The First American Corporation
KPMG LLP
Quadel Consulting Corporation
Microsoft Corporation
STR, L.L.C.
Providence Engineering and Environmental Group LLC
Deltha Corporation
Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P.

2.0 ADMINISTRATIVE REQUIREMENTS

2.1 TERM OF CONTRACT

This Contract shall begin on June 12, 2006, and shall end on June 11, 2009.

2.2 STATE FURNISHED RESOURCES

Notwithstanding the Contractor's responsibility for management during the performance of this Contract, the assigned SPM shall be the principal point of contact on behalf of the State and will be the principal point of contact for Contractor concerning Contractor's performance under this Contract. The State will provide Contractor with reasonable facilities (to the extent available) and timely access to data, information, and personnel of the State.

Contractor shall make reasonable efforts to notify the SPM of meetings and conference calls with HUD, Louisiana Recovery Authority, or other governmental agencies concerning the implementation or operation of the Road Home Program. SPM and Contractor will determine whether Contractor's participation in such meetings or conference calls is appropriate. Additionally, Contractor shall make reasonable efforts to provide SPM with copies of any correspondence or e-mails with HUD, Louisiana Recovery Authority, or other governmental agencies concerning the implementation or operation of the Road Home Program.

2.3 TAXES

Contractor is responsible for payment of all applicable taxes from the funds to be received under this Contract. Contractor's federal tax identification number is 68-0551646.

3.0 COMPENSATION AND MAXIMUM AMOUNT OF CONTRACT

3.1 PAYMENT TERMS

In consideration of the services required by this Contract during the first four months (“Phase One”), State hereby agrees to pay to Contractor a maximum fee of $87.18 million.

In consideration of the services performed under this Contract on an hourly fee basis, payments will be made on the basis of invoices submitted by Contractor to the SPM, documenting hours expended multiplied by the applicable hourly rate. The labor categories and rates for hourly fee services are as specified in **Exhibit D**, attached hereto and incorporated herein by reference.

In consideration of the services performed under this Contract on a unit price basis, payments will be made on the basis of invoices submitted by Contractor to the SPM, documenting the number of unit price tasks performed multiplied by the applicable unit price per task.

The unit prices are as specified in **Exhibit E**, attached hereto and incorporated herein by reference.

In consideration of the other direct costs (“ODC’s”) incurred under this Contract, the State shall pay the Contractor on a fixed price basis. The fixed price for ODC’s during Phase One of the Contract is Forty-three million eight hundred eighty-eight thousand dollars ($43,880,000).

The list of the ODC’s to be acquired during Phase One are as specified in **Exhibit F**, attached hereto and incorporated herein by reference. Due to the expedited time requirements for deliverables under Phase One, compliance by the Contractor or subcontractors with the State travel regulations is not required hereunder.

Any revisions or additions to the labor categories, rates, unit prices, or ODC’s must be approved by the SPM.

Upon execution of this Contract, receipt of Contractor’s initial invoice and HUD’s approval of such advance payment, the State shall pay to the Contractor an initial payment of Eight million one hundred seventy thousand dollars ($8,170,000) to cover the portion of the fixed price specified above which must be paid out by Contractor immediately.

For subsequent invoices, the State will make every reasonable effort to make payments within 25 days of the receipt of an invoice.

The Contractor shall provide invoices two times per month (on or about the first and fifteenth day of each month) for hourly fee services and unit price tasks performed and the remainder of the Phase One fixed price (pro-rated equally in the invoices to be sent during Phase One). Payment shall be made upon approval of the Commissioner.

In accomplishing the work during a phase of the Contract, the Contractor may acquire, subject to SPM approval, obligations such as office leases, whose costs extend beyond the term of Phase One. Any reasonable costs and expenses incurred by Contractor related to such obligations will be paid by State.

Contractor shall notify the SPM when 75 percent (75%) of the maximum fee for Phase One has been expended in order to maximize the effective use of the remaining authorized funds.

4.0 TERMINATION

4.1 TERMINATION FOR CAUSE

State may terminate this Contract for cause based upon the failure of Contractor to comply with the terms of the Contract; provided that the State shall give the Contractor written notice specifying the reasons for termination. If within thirty (30) days after receipt of such notice, the Contractor shall not have either corrected such failure or, in the case of failure which cannot be corrected in thirty (30) days, begun in good faith to correct said failure and thereafter proceeded diligently to complete such correction, then the State may, at its option, place the Contractor in default and the Contract shall terminate on the date specified in such notice. Unless caused by a force majeure event or other causes beyond Contractor’s reasonable control, failure to perform within the time specified in Section 1.2.1 of this Contract or as subsequently agreed to by the parties will constitute a default and may cause cancellation of the Contract.

Contractor shall be entitled to payment for deliverables in progress, to the extent work has been performed satisfactorily; obligations that have been incurred that extend beyond the date of termination; and reasonable contract close-out costs.

Contractor may exercise any rights available to it under Louisiana law to terminate for cause upon the failure of the State to comply with the terms of this Contract provided that the Contractor shall give the State written notice specifying the State’s failure and a reasonable opportunity for the State to cure the defect.

4.2 TERMINATION FOR CONVENIENCE

State may terminate the Contract at any time without penalty by giving ninety (90) days written notice to the Contractor of such termination or negotiating with the Contractor an effective date. Contractor shall be entitled to payment for deliverables in progress, to the extent work has been performed satisfactorily; obligations that have been incurred that extend beyond the date of termination; and reasonable contract close-out costs.

4.3 TERMINATION FOR NON-APPROPRIATION OF FUNDS

The continuation of this Contract is contingent upon the appropriation of funds by the legislature to fulfill the requirements of the Contract by the legislature. If the legislature fails to appropriate sufficient monies to provide for the continuation of the Contract, or if such appropriation is reduced by the veto of the Governor or by any means provided in the appropriations act of Title 39 of the Louisiana Revised Statutes of 1950 to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the Contract, the Contract shall terminate on the date of the beginning of the first fiscal year for which funds have not been appropriated. Contractor shall be entitled to payment for deliverables in progress, to the extent work has been performed satisfactorily; obligations that have been incurred that extend beyond the date of termination; and reasonable contract close-out costs.

5.0 INDEMNIFICATION & LIMITATION OF LIABILITY

Neither party shall be liable for any delay or failure in performance beyond its control resulting from acts of God or force majeure. The parties shall use reasonable efforts to eliminate or minimize the effect of such events upon performance of their respective duties under the Contract.

Contractor shall be fully liable for the actions of its agents, employees, partners or subcontractors and shall fully indemnify and hold harmless the State from suits, actions, damages and costs of every name and description relating to personal injury and damage to real or personal tangible property caused by Contractor, its agents, employees, partners or subcontractors, without limitation provided, however, that the Contractor shall not indemnify for that portion of any claim, loss or damage arising hereunder due to the negligent act or failure to act of the State.

Contractor will indemnify, defend and hold the State harmless, without limitation, from and against any and all damages, expenses (including reasonable attorneys' fees), claims, judgments, liabilities and costs which may be finally assessed against the State in any action for infringement of a United States Letter Patent with respect to the Products furnished, or of any copyright, trademark, trade secret or intellectual property right, provided that the State shall give the Contractor: (i) prompt written notice of any action, claim or threat of infringement suit, or other suit, (ii) the opportunity to take over, settle or defend such action, claim or suit at Contractor's sole expense, and (iii) assistance in the defense of any such action at the expense of Contractor. Where a dispute or claim arises relative to a real or anticipated infringement, the State may require Contractor, at its sole expense, to submit such information and documentation, including formal patent attorney opinions, as the Commissioner of Administration shall require.

The Contractor shall not be obligated to indemnify that portion of a claim or dispute based upon: i) the State's unauthorized modification or alteration of a Product; ii) the State's use of the Product in combination with other products not furnished by Contractor; iii) the State's use in other than the specified operating conditions and environment.

In addition to the foregoing, if the use of any item(s) or part(s) thereof shall be enjoined for any reason or if Contractor believes that it may be enjoined, Contractor shall have the right, at its own expense and sole discretion as the State's exclusive remedy to take action in the following order of precedence: (i) to procure for the State the right to continue using such item(s) or part(s) thereof, as applicable; (ii) to modify the component so that it becomes non-infringing equipment of at least equal quality and performance; (iii) to replace said item(s) or part(s) thereof, as applicable, with non-infringing components of at least equal quality and performance, or (iv) if none of the foregoing is commercially reasonable, then provide monetary compensation to the State up to the dollar amount of the Contract.

For any deliverable or service which is not accepted pursuant to Section 1.2.6 above, upon request from the State, the Contractor shall re-perform the Services at no additional charge. If Contractor is unable to re-perform the Services in an acceptable manner, the State shall be entitled to recover the fees paid to Contractor for that portion of the Services which failed to be accepted.

Neither Contractor nor any of its subcontractors shall have any responsibility and/or liability for any claim brought by any third party arising out of or relating to the design, development, and/or validity of the Louisiana Road Home Housing Recovery Program.

Except as provided above in the second and third paragraphs of this Section 5, Contractor shall be allowed to charge as an expense under this Contract, all reasonable costs and fees incurred by it in defending and/or paying any claim brought by any third party against it arising out of, directly or indirectly, Contractor's performance of its obligations under this Contract.

The parties agree that: (i) this Contract is not a "public contract" as defined in La. R.S. 38:2211(A)(10); (ii) the scope of work hereunder is not "public work" as defined in La. R.S. 38:2211(A)(12); and (iii) the prohibitions of La. R.S. 38:2195 are not applicable to any matters or claims arising out of Contractor's performance of its obligations under this Contract.

For all other claims against the Contractor where liability is not otherwise set forth in this Contract as being "without limitation," and regardless of the basis on which the claim is made, Contractor's liability for direct damages, shall be the greater of $100,000, or the dollar amount of the specific portion of the Contract in dispute. Neither party shall be liable to the other for special, indirect or consequential damages, including lost data or records (unless the Contractor is required to back-up the data or records as part of the work plan), even if the party has been advised of the possibility of such damages. Neither party shall be liable for lost profits, lost revenue or lost institutional operating savings.

6.0 CONTRACT CONTROVERSIES

Any claim or controversy arising out of the Contract shall be resolved by the provisions of Louisiana Revised Statute 39:1524-26.

7.0 FUND USE

Contractor agrees not to use Contract proceeds to urge any elector to vote for or against any candidate or proposition on an election ballot nor shall such funds be used to lobby for or against any proposition or matter having the effect of law being considered by the Louisiana Legislature or any local governing authority. This provision shall not prevent the normal dissemination of factual information relative to a proposition on any election ballot or a proposition or matter having the effect of law being considered by the Louisiana Legislature or any local governing authority.

8.0 ASSIGNMENT

No contractor shall assign any interest in this Contract by assignment, transfer, or novation, without prior written consent of the SPM. This provision shall not be construed to prohibit the Contractor from assigning to a bank, trust company, or other financial institution any money due or to become due from approved contracts without such prior written consent. Notice of any such assignment or transfer shall be furnished promptly to the State.

9.0 RIGHT TO AUDIT

The State Legislative auditor, federal auditors and internal auditors of the Division of Administration, or others so designated by the Commissioner, shall have the option to audit all accounts directly pertaining to the Contract for a period of five (5) years from the date of the last payment made under this Contract. Records shall be made available during normal working hours for this purpose.

10.0 CONTRACT MODIFICATION

No amendment or variation of the terms of this Contract shall be valid unless made in writing, signed by the parties and approved as required by law. No oral understanding or agreement not incorporated in the Contract is binding on any party.

11.0 CONFIDENTIALITY OF DATA

All of the reports, information, data, etc., prepared or assembled by the Contractor under this Contact are confidential and the Contractor agrees that they shall not be made available to any individual or organization without the prior written approval of the State.

All financial, statistical, personal, technical and other data and information relating to the State’s operation that are designated confidential by the State and made available to the Contractor in order to carry out this Contract, or that become available to the Contractor in carrying out this Contract, shall be protected by the Contractor from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as are applicable to the State. The identification of all such confidential data and information as well as the State's procedural requirements for protection of such data and information from unauthorized use and disclosure shall be provided by the State in writing to the Contractor. If the methods and procedures employed by the Contractor for the protection of the Contractor's data and information are deemed by the State to be adequate for the protection of the State's confidential information, such methods and procedures may be used, with the written consent of the State, to carry out the intent of this paragraph. The Contractor shall not be required under the provisions of the paragraph to keep confidential any data or information that is or becomes publicly available, is already rightfully in the Contractor's possession, is independently developed by the Contractor outside the scope of the Contract, or is rightfully obtained from third parties.

12.0 NOTICES

All notices to be given to either Party under this Agreement shall be written and addressed to the State and to the Contractor at the contact information provided below:

TO THE STATE:
Ms. Susan Elkins, Director
Office of Community Development

Louisiana Division of Administration
Claiborne Building, Suite 7-270
Baton Rouge, Louisiana 70802
Phone: 225-342-7412
Facsimile: 225-342-1947
E-mail: suzie.elkins@la.gov

TO CONTRACTOR:
Mr. Michael Byrne
ICF Emergency Management
Services LLC
9300 Lee Highway
Fairfax, Virginia 22031-1207
Phone: 703-934-3480
Facsimile: 703-934-3675
E-mail: mbyrne@icfi.com

13.0 OWNERSHIP

No materials, to include but not limited to reports, maps, or documents produced as a result of this Contract, in whole or in part, shall be available to Contractor for copyright purposes. Any such materials produced as a result of this Contract that might be subject to copyright shall be the property of the State and all such rights shall belong to the State.

All records, reports, documents and other material delivered or transmitted to Contractor by State shall remain the property of State, and shall be returned by Contractor to State, at Contractor's expense, at termination or expiration of this Contract. All records, reports, documents, or other material related to this Contract and/or obtained or prepared by Contractor in connection with the performance of the services contracted for herein shall become the property of State, and shall, upon request, be returned by Contractor to State, at Contractor's expense, at termination or expiration of this Contract.

Notwithstanding the preceding paragraphs, the term "Contractor Property" shall mean all pre-existing material, including, but not limited to, any products, software, materials and methodologies proprietary to Contractor or provided by Contractor or its suppliers and any trade secrets, know-how, methodologies and processes related to Consultant's products or services, all of which shall remain the sole and exclusive property of Contractor or its suppliers. Subject to the terms of this Contract, Contractor grants to the State a non-exclusive, non-transferable, perpetual license to use the Contractor Property contained in the deliverables provided hereunder for the purposes of this Contract.

14.0 COMPLIANCE WITH CIVIL RIGHTS LAWS

The Contractor agrees to abide by the requirements of the following as applicable: Title VI and Title VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246 and all rules and regulations by the Secretary of Labor in Section 201 of E.O. 11246, the Federal Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and Contractor agrees to abide by the requirements of the Americans with Disabilities Act of 1990. Contractor agrees not to discriminate in its employment practices, and will render services under this Contract without regard to race, color, religion, sex, national origin, sexual orientation, veteran status, political affiliation, or disabilities. Any act of discrimination committed by Contractor, or failure to comply with these statutory obligations when applicable, shall be grounds for termination of this Contract.

15.0 INSURANCE

Insurance shall be placed with insurers with an A.M. Best's rating of no less than A-:VI. This rating requirement shall be waived for Worker's Compensation coverage only.

Contractor's Insurance: The Contractor shall not commence work under this Contract until it has obtained all insurance required herein. Certificates of Insurance, fully executed by an authorized representative of the Insurance Company, shall be filed with the State of Louisiana. The Contractor shall not allow any sub-contractor to commence work on his subcontract until all similar insurance required for the subcontractor has been obtained and approved. Said policies shall not hereafter be canceled, permitted to expire, or be changed without the insurance companies endeavoring to provide thirty (30) days' notice in advance to the State of Louisiana.

Compensation Insurance: Before any work is commenced, the Contractor shall maintain during the life of the Contract, Workers' Compensation Insurance for all of the Contractor's employees employed at the site of the project. In case any work is sublet, the Contractor shall require the subcontractor similarly to provide Workers' Compensation Insurance for all the latter's employees, unless such employees are covered by the protection afforded by the Contractor. In case any class of employees engaged in work under the Contract at the site of the project is not protected under the Workers' Compensation Statute, the Contractor shall provide for any such employees, and shall further provide or cause any and all subcontractors to provide Employer's Liability Insurance for the protection of such employees not protected by the Workers' Compensation Statute.

Commercial General Liability Insurance: The Contractor shall maintain during the life of this Contract such Commercial General Liability Insurance that shall protect the Contractor, the State, and any subcontractor during the performance of work covered by the Contract from claims or damages for personal injury, including accidental death, as well as for claims for property damages, which may arise from operations under the Contract, whether such operations be by himself or by a subcontractor, or by anyone directly or indirectly employed by either or them, or in such a manner as to impose liability to the State. Such insurance shall include the State as additional insured for claims, arising from or as the result of the operations of the Contactor or his subcontractors. In the absence of specific regulations, the amount of coverage shall be as follows: Commercial General Liability Insurance, including bodily injury, property damage and contractual liability, with combined single limits of $5,000,000.

Licensed Motor Vehicles: The Contractor shall maintain during the life of the Contract, Automobile Liability Insurance in an amount not less than combined single limits of $2,000,000 per occurrence for bodily injury/property damage. Such insurance shall cover the use of any licensed motor vehicles engaged in operations within the terms of the Contract on the site of the work to be performed there under, unless such coverage is included in insurance elsewhere specified.

16.0 APPLICABLE LAW

This Contract shall be governed by and interpreted in accordance with the laws of the State of Louisiana. Venue of any action brought with regard to this Contract shall be in the Nineteenth Judicia1 District Court, Parish of East Baton Rouge, State of Louisiana.

17.0 CODE OF ETHICS

The Contractor acknowledges that Chapter 15 of Title 42 of the Louisiana Revised Statutes (R.S. 42:1101 et. seq., Code of Governmental Ethics) applies to the Contractor and subcontractors in the performance of services called for in this Contract. The Contractor agrees to immediately notify the State if potential violations of the Code of Governmental Ethics arise as to the Contractor or subcontractors at any time during the term of this Contract.

No member, officer, or employee of the Contractor, or its designees, or agents, no consultant, no member of the governing body of the Contractor or the locality in which the program is situated, and no other public official of the Contractor or such locality or localities, who exercises or has exercised any functions or responsibilities with respect to the Project during his or her tenure, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the Project or in any activity or benefit, which is part of this Project.

Contractor will disclose, within fifteen days of the time they arise, any related party affiliations between any Louisiana elected official or employee of the Office of Community Development or the Louisiana Recovery Authority.

Upon written request of the Contractor, the State may agree in writing to waive a conflict otherwise prohibited by this provision whenever there has been full public disclosure of the conflict of interest, and the State determines that undue hardship will result either to the Contractor or the person affected by applying the prohibition and that the granting of a waiver is in the public interest. No such request for waiver shall be made by Contractor which would, in any way, permit a violation of State or local law or any charter provision of the Contractor.

18.0 SEVERABILITY

If any term of this Contract or the application thereof is held invalid, such invalidity shall not affect other terms or applications which can be given effect without the invalid term or application; to this end the terms of this Contract are declared severable.

19.0 COMPLETE CONTRACT

This is the complete Contract between the parties with respect to the subject matter and all prior discussions and negotiations are merged into this Contract. This Contract is entered into with neither party relying on any statement or representation made by the other party not embodied in this Contract and there are no other agreements or understandings changing or modifying the terms. This Contract shall become effective upon final approval by the Division of Administration, Office of Contractual Review.

20.0 ORDER OF PRECEDENCE

This Contract shall, to the extent possible, be construed to give effect to all of its provisions; however, where provisions are in conflict, first priority shall be given to the provisions of the Contract, excluding the SF0 its amendments and the Contractor's Proposal in response thereto; second priority shall be given to the provisions of the SF0 and its amendments; and third priority shall be given to the provisions of the Contractor's Proposal.

21.0 SECTION 109 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

No person in the United States shall on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title. Section 109 further provides that discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973, as amended, is prohibited.

22.0 "SECTION 3" COMPLIANCE IN THE PROVISION OF TRAINING, EMPLOYMENT AND BUSINESS OPPORTUNITIES

(a) The work to be performed under this Contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

(b) The parties to this Contract agree to comply with HUD's regulations in 24 CFR. Part 135, which implement section 3. As evidenced by their execution of this Contract, the parties to this Contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

(c) The Contractor agrees to send to each labor organization or representative of workers with which the Contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each, and the name and location of the person(s) taking applications for each of the positions, and the anticipated date the work shall begin.

(d) The Contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The Contractor will not subcontract with any subcontractor where the Contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

(e) The Contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the Contractor is selected but before the Contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the Contractor's obligations under 24 CFR part 135.

(f) Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this Contract for default, and debarment or suspension from future HUD assisted contracts.

(g) With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Contract Section 7(b) requires that to the greatest extent feasible
(i) preference and opportunities for

training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

23.0 DRAFTING PARTY

Each party has participated in the drafting of this Agreement and any question of interpretation shall not be resolved by any rule of interpretation providing for interpretation against the drafting party. This Agreement shall be construed as though drafted by both parties.

24.0 CHANGES

The State may, from time to time, request changes in the Statement of Work to be performed. Such changes, including any increase or decrease in the amount of the compensation, which are mutually agreed upon by and between the Contractor and the State, shall be incorporated in written amendments to the Contract.

25.0 COMPLIANCE WITH FEDERAL, STATE AND LOCAL GUIDELINES

The Contractor hereby binds itself, certifies, and gives its assurance that it will comply with all federal and State regulations, policies, guidelines and requirements, as they relate to the application, acceptance and use of state and federal resources for the State assisted project. The Contractor further agrees to comply with applicable laws, ordinances, and codes of the State and federal and local governments.

26.0 COVENANT AGAINST CONTINGENT FEES AND CONFLICT OF INTEREST

The Contractor warrants that no person or selling agency or other organization has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee. For breach or violation of this warrant the State shall have the right to annul this contract without liability or, in its discretion, to deduct from the Contract or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee, or to seek such other remedies as legally may be available.

THUS DONE AND SIGNED on the date(s) noted below:

/s/ Kennth B. Kolsky	/s/ Jerry Luke LeBlanc
CONTRACTOR’S SIGNATURE	STATE’S SIGNATURE Jerry Luke LeBlanc, Division of Administration
6/30/2006	6/30/2006
DATE	DATE

Exhibit A

Statement of Work
Scope of Services

The selected Program Manager will act as the State's agent to operate Housing Assistance Centers, conduct outreach, accept and process applications for financial assistance, verify applicants' eligibility, determine amounts of assistance in accordance with State guidelines, provide advisory services to property owners, negotiate purchases and sales of properties (or assignments or options), assist owners in clearing land titles, create/maintain a comprehensive management information system, provide for a process for mediation of disputes between vendors and homeowners, and perform other duties as required to manage the program and comply with all federal, state and local laws, regulations and contractual requirements.

PHASE 1 - START-UP OF HOMEOWNER AND SMALL-SCALE RENTAL PROGRAM

1.1 Complete operational plan and cash flow projections in coordination with the State, complete the operational plan and cash flow projections for the expenses of the program and assistance payments, using both Community Development Block Grant (CDBG) funds and FEMA Hazard Mitigation (HM) funds for expected program operations, but also including operational plan amendments and cash flow projections that address situations that may arise if certain programmatic assumptions and conditions are not fulfilled; to include controls to avoid fraud, waste and mismanagement of funds, controls to eliminate duplication of benefits from insurance companies, Federal Emergency Management Agency, etc., and identify methods for verifying other sources of funds, processes for determining damage assessment and value of homes, methods for ensuring that titles are free and clear, review legal covenants, and a process for monitoring compliance with the agreed upon covenants. All procedures and systems shall be in accordance with federal and state regulations and in conformance with the State's contractual agreement with HUD. All procedures shall anticipate a full integration with internal financial monitoring staff allowing them easy access to all required systems and documents.

1.2 Create a management information system (MIS) based on requirements developed by the State, and to which designated personnel of the State will have full access during the entire term of the contract. Tasks for developing the MIS are as follows:

1.2.1. Contractor will review, recommend modifications and accept the draft software requirements for:

1.2.1.1. Workflow processes, data fields, data collection and data verification requirements, both at a rudimentary level for accepting and processing a pilot group of applications during Phase 1, and for Phase 2.

1.2.1.2. Business rules for automated determination of eligibility and calculation of assistance amounts.

1.2.1.3. Financial accounting of program financial activities, including contractor and subcontractor billing and payments.

1.2.1.4. Data security, backup and privacy features;

1.2.1.5. All necessary interfaces with the relevant State MIS systems, in particular, the MIS systems for tracking payments to property owners. The system must be compatible with the State's Advantage Financial System (AFS) for making disbursements. All necessary interfaces with the relevant federal MIS systems for the purposes of evaluating non-duplication of benefits (such as the NEMIS, SBA and NFIP systems).

1.2.1.6. Reports that will be produced by the automated system for the benefit of applicants for assistance, program personnel, program managers, the State, and all federal agencies that require reports.

1.2.1.7. Business rules for tracking applications and cases for whom eligibility and assistance amounts calculation cannot be automated (cases that are under appeal or represent special cases that are exceptions to regular business rules).

l.2.1.8. Business rules for making all necessary data spatially enabled to allow for the integration of necessary data elements into a geographic information system.

1.2.2. Complete software development and/or purchase for Phases 1 and 2.

1.3 Secure building leases and equipment for all front- office and back-office operations. There will be approximately 20 Housing Assistance Centers through the initial application phase, and approximately 15 thereafter, unless otherwise directed by the State. The Contractor will propose strategies for mobile outreach as well as outreach to out-of-state homeowners seeking to participate in the homeowner assistance program. Contractor will be responsible for all costs of operating the Centers, including lease payments, maintenance costs, and program operations costs of the centers. During the start-up phase, Contractor may enter into leases that are conditional upon State receiving sufficient funding from HUD. Secure temporary housing if needed for program staff of the offeror firm and subcontractors.

1.4 Secure the necessary personnel, equipment and telecommunications services to be able to take applications in-person and over the phone.

1.5 Develop procedures for obtaining privacy releases, both in-person at Housing Assistance Centers and from applicants who reside in remote locations.

1.6 Complete the hiring of at least 40% of the personnel (including personnel of subcontractors) required to operate the programs. These personnel must include one or more Mitigation Advisors that are experts in the implementation of hazard mitigation methodologies and can advise homeowners that are confronted with mitigating their structures.

1.7 Enter into contracts which are approved by the State with all subcontractors required to operate the program and ensure that subcontractors are in compliance with Section 2.15 of **Exhibit D**.

1.8 Establish and maintain for the life of the contract a web-based Rebuilding Professional Registry that provides applicants with contact information for the following: architects, home inspectors, surveyors, renovation contractors, homebuilders, manufactured and modular housing dealers, and lending institutions offering Rebuilding Escrow Accounts.

1.9 Conduct at least five orientation meetings in different locations to familiarize design and building professionals with the policies and procedures of the program.

1.10 Conduct at least five one-day training sessions for home inspectors who are willing to write biddable repair specifications and offer bidding and contract management services to homeowners who receive assistance from the program. Such sessions should be concluded with a written test to determine competency of inspectors to perform such tasks. Home inspectors who pass the test will be given a Certificate of Completion, which will be a requirement for each home inspector who wishes to be listed in the Rebuilding Professional Registry. Inspectors brought on by the contractor should have necessary training and be able to write biddable specifications, which is a key and required deliverable of the Contractor to the homeowners as well as inspections of these repairs according to the bid specifications before payment is made to homeowner.

1.11 Conduct at least five training sessions of at least three hours each with personnel of financial institutions that offer, or are willing to offer, Rebuilding Escrow Accounts to owners that are part of the program. The training will cover the standard terms and fees associated with escrow accounts that are approved by the State as Rebuilding Escrow Accounts. (The State will encourage industry associations to have developed these standard terms and fees before the program is launched.)

1.12 Design and launch a public education and outreach campaign which will begin within 10 working days after the start of the program and continue actively for six months, for the purpose of encouraging all eligible homeowners and qualified small rental property owners to apply for assistance. The outreach campaign must reach out into national markets wherever there is a concentration of displaced Louisiana citizens.

1.13 Through a new website or subsidiary pages of an existing State website, provide information about the programs (posting any major changes within two working days) and automated application forms for both homeowners and small rental property owners.

1.14 Make ready all paper forms and paper filing capacity for physical recordkeeping, with necessary protections of privacy. Provide for an electronic imaging system to scan and keep track of all documents related to each application. Maintain a secure offsite location for storing all electronic files.

1.15 Develop, or where procedures have already been drafted by the State, review, recommend modifications and approve the State's proposed methods for verifying other sources of funds, processes for determining damage assessment and value of homes, procedures for safeguarding assets and managing assets, procedures for property disposition, procedures for mitigation grants, procedures for affordable loans, methods for ensuring that titles are free and clear, developing legal covenants, a process for monitoring compliance with the agreed upon covenants, and processes for ensuring compliance with NEPA and other laws to further NEPA, Davis Bacon, etc.

1.16 Make available senior managers of the offeror firm or subcontractor firms for media interviews, meetings with federal officials, and other necessary external meetings, each instance of which must be approved by a designated representative of the State.

1.17 Begin taking full applications from applicants that have pre-registered through the state's call center and web site.

1.18 Begin evaluating eligibility, calculating assistance payments, and making awards for a sample pilot program.

1.19. As necessary, sign memorandums of understanding in coordination with the State with all relevant partners (FEMA, banks, private insurers, other federal agencies, other state agencies etc. . .) to facilitate the transmission of necessary data required for program implementation.

PHASE 2(a) – FULL-SCALE OPERATION OF HOMEOWNER ASSISTANCE PROGRAM

Take applications from homeowners via web forms, telephone and face-to-face interviews.

2(a)1. Provide applicants with technical assistance from qualified Rebuilding Advisors, who will advise owners on the following:

2(a)1.1. The implications of choosing the various options under the program.

2(a)1.2. How to understand and manage financial matters such as insurance payments, FEMA payments, outstanding secured loans, liens, etc.

2(a)1.3. If the repair, replace or buyout/relocate options are selected, an initial advisory session about the tasks involved for the owner will be conducted addressing issues such as: how to avoid being defrauded, professional design and survey services that may be required, how to identify services providers and building contractors through the Rebuilding Professional Registry, and how to manage engagements with those service providers and contractors.

2(a)2. Through personnel acting as Rebuilding Advisors or Intake Specialists, provide information about the program and answer applicants' questions.

2(a)3. Verify the ownership of each property subject to the application. Assure that the owner has right title and interest to the property, identify all lien holders, and assist the owner in preparing a plan of action to satisfy all lien holders.

2(a)4. Verify sources of funds that were paid to applicant as compensation or other settlements or write-offs in connection with the applicant’s disaster related property losses, which must be deducted from the amount of the State’s assistance, namely: property and hazard insurance payments, flood insurance payments, and the portion of any FEMA Individual (household) Assistance Payments received by applicants to compensate for real property losses.

2(a)5. Calculate the amounts of assistance due to qualified applicants, including incentive grants, mitigation grants, and affordable loans, prepare all documents related to the commitment and disbursement of this assistance by the State, and forward this documentation to the State agency responsible for making commitments of funds and disbursements.

2(a)6. For some or all assistance transactions, file documents in the public records as instructed by the State.

2(a)7. Provide applicants with technical assistance from qualified Rebuilding Advisors, who will advise owners on the following:

2(a)7.1. The implications of choosing the various options under the program.

2(a)7.2. How to understand and manage financial matters such as insurance payments, FEMA payments, outstanding secured loans, liens, etc.

2(a)7.3. If the repair, replace or rebuild/relocate options are selected, an initial advisory session about the tasks involved for the owner will be conducted addressing issues such as: how to avoid being defrauded, professional, design and survey services that may be required, how to identify services providers and building contractors through the Rebuilding Professional Registry, and how to manage engagements with those service providers and contractors.

2(a)7.4. Establishment of escrow accounts with financial institutions for holding the owner’s available funds for repairing, building or buying a home and paying the costs of professional service providers.

2(a)7.5. If a client is seeking to obtain a new mortgage loan, or to refinance, in order to carry out a rebuilding plan, Rebuilding Advisors will obtain credit reports (with the client’s permission) and assist clients in determining their eligibility and likely amount of the loan by using standard automated pre-qualifying software packages used in connection with first-time homebuyer programs around the country.

2(a)7.6. In accordance with protocols and time limits that are part of the operational plan, Rebuilding Advisors will offer continuing assistance to qualified homeowners as they continue through the repair, rebuilding and relocation options. It is assumed that Rebuilding Advisors will spend an average of 2 hours per client advising an applicant whose qualifications and property ownership have not been determined, and an average of 20 more hours with an applicant who has been determined to be eligible for financial assistance from the program. It is the responsibility of the Contractor to develop management systems that limit the time that Rebuilding Advisors spend in the aggregate providing services to program clients.

2(a)7.7. If a client is required to undertake mitigation methods during the course of the repair of their home, the Rebuilding Advisor with the assistance of the Mitigation Advisor will provide assistance and guidance to the client on what are the best mitigation techniques and how to acquire the necessary services to conduct the appropriate mitigation.

2(a)8. If the “buyout/relocate” or “sell” options are chosen by an applicant, the case will be assigned to a Property Disposition Specialist, who will advise the owner on the steps involved in selling the property, demolishing any existing structures as necessary, receiving compensation from the State, and negotiating with secured lenders and other lien holders to clear liens on the property. Property Disposition Specialists are expected to spend an average of 2 hours advising clients and as much additional time as necessary to conclude the transfer of the property to the State or its designee.

2(a)9. Provide legal services as necessary to determine the amount of compensation to be provided to the homeowner in accordance with the processes and systems described above. Provide legal opinions as needed relative to eligibility and funding decisions or compensations made to homeowners, and if needed, to attest that the processes utilized were in conformance with state and federal law.

2(a)10. Develop and manage internal quality control processes to ensure consistency among a large number of Rebuilding Advisors.

2(a)1l. Develop and manage processes to protect against possible fraud, waste and mismanagement.

2(a)12. Report regularly to OCD on data and trends requested by OCD, and as requested by the OCD to other agencies such as LRA and HUD.

2(a)l3. Develop a mediation process to resolve disputes between vendors participating in the program and homeowners.

2(a)14. Develop an “ombudsman” type program that will receive and deal with any complaints homeowners may have regarding the program implementation.

2(a)15. Provide the State with activity, financial and progress reports as required to support billing for services and preparation of reports for State monitoring agencies and HUD.

PHASE 2(b) — FULL-SCALE OPERATION OF SMALL RENTAL PROPERTY REPAIR PROGRAM

2(b)1. Conduct a series of at least 6 applications rounds for owners of small-scale rental properties who will apply for assistance in a competitive process under criteria to be determined by the State.

2(b)2. Provide technical assistance to applicants via a staff of qualified Rental Rehab Advisors. Advice and assistance will be offered for:

2(b)2.1. Completing the application form;

2(b)2.2. Determining which income-rent category and accompanying second mortgage funding amounts are most suitable for particular units;

2(b)2.3. Completing iterations of pro formas for sources and uses of capital and a cash flow projection for 10 years of project revenues and operating costs;

2(b)2.4. The owners' completion of or retaining professionals for competing construction plans and specifications, construction budgets, bids;

2(b)2.5. The owners' retaining professional assistance to certify that there is clear and marketable title to the properties; and

2(b)2.6. Compliance with federal requirements for lead hazard abatement, historic preservation requirements, and other requirements that will be tied to the funding of the second mortgages.

2(b)3. Select applications that conform to program rules and forward recommended packages to the appropriate State agency for approval of commitment letters and funding the second mortgages, as follows:

2(b)3.l. Complete underwriting;

2(b)3.2. Determine that other sources of funds needed for repair (owner cash, insurance payments, additional senior debt, etc.) are escrowed or otherwise firmly committed;

2(b)3.3. Calculate the allowed amount of second mortgage funding; and

2(b)3.4. Prepare draft closing documents including deeds of trust and promissory notes;

2(b)4. Post-approval tasks will be performed as follows:

2(b)4.1. Upon receiving the State's approval of a closing package, notify the owner of the steps involved in closing the second mortgage loan and receiving disbursements from the state;

2(b)4.2. Monitor the construction work to assure completion of the scope of repair work committed to in owners' applications and to assure compliance with program requirements;

2(b)4.3. Approve draws from escrow accounts of the State's funding;

2(b)4.4. Provide technical assistance to owners regarding compliance with the program's marketing and occupancy requirements, including limitations on rents and incomes of occupants throughout the compliance period; and

2(b)4.5. Upon completion of the construction work and initial occupancy of the rental units, provide the State with a close-out package for each project indicating and documenting compliance with program requirements.

2(b)4.6. Monitor compliance of rent requirements until the end of close-out phase.

Phase 3-CLOSE-OUT OF HOMEOWNER AND SMALL-SCALE RENTAL PROGRAM

3.1. Complete post-award rebuilding advisory services to homeowners continuing to repair or rebuild their homes (up to Month 44).

3.2. Complete monitoring of owner-occupancy requirements and turn over remaining responsibilities to the State (Month 47).

3.3. Close out files for all applications and closed transactions, including electronic and paper files related to all stages of processing applications for assistance from the Homeowner Assistance and Small Rental Property Repair programs, documenting:

3.3.1. Contractor and assisted property owners' compliance with all requirements pertaining to the contract as well as slate and federal regulations governing the compensation;

3.3.2. The fulfillment of all obligations by owners that were conditions of receiving assistance;

3.3.3. Applications that were denied and the reasons for denial; and

3.3.4. All referrals to the state of appeals by owners.

3.4. Provide final program activity and financial reports.

3.5. Provide all other documentation and certifications required by the contract and terms of the federal funding.

Exhibit B

Start-up of Homeowner and Small Scale Rental Program

1. Prepare operational plan and cash flow projections in coordination with State to include all processes included in the Scope of Services Section 1.1 and Section 1.15 to include FEMA Hazard Mitigation funds.

   Deliverable: Operational Plan for rental and home ownership programs will be due two (2) weeks from the signature date of the contract Cash Flow projections commencing within four (4) weeks of contract signature on a bi-weekly basis.

2. Development of MIS system based on the agreed upon operational plan to include all items identified in the Scope of Services under Section 1.2 and 2(a).

   Deliverable: MIS specifications shall be completed within two (2) weeks upon receipt of the final draft modifications. Beta version of MIS system shall be brought on line throughout the pilot for the Home Ownership program, Final and fully functional version of the MIS system shall be ready at the end of 2 months after contract signature. Final and fully functional version of the MIS system for the Rental Program shall be ready within 120 days from contract signature. Certification that the MIS system meets internal control requirements shall be provided at the start of Phase 2.

3. Establish Housing Assistance Centers for building advisors and staff in order to take and process rental and homeowner applications. The Contractor shall consider mobile outreach centers as appropriate to reach the displace homeowners.

   Deliverable: Within ten (10) days of the contract signature date, the Contractor must submit a plan on the locations and staffing of the Housing Assistance Centers. Within sixty (60) days of the contract signature date, the Housing Assistance Centers are to become operational.

4. Subcontractor contracts prepared and approved by the State. A minimum of 40% of personnel must be hired including the staff of subcontractors. These personnel must include one or more Mitigation Advisors that are experts in the implementation of hazard mitigation methodologies and can advise homeowners that are confronted with mitigating their structures.

   Deliverable: Contracts submitted to State for approval within ten (10) days of contract signature date. A listing of personnel hired should also be submitted with each contract. An assurance that all subcontractors meet Section 14.0 of exhibit D in the SFO must be submitted to the State at the same time.

5. Establish and maintain a web-based Rebuilding Professional Registry that provides applicants with contact information on the professions listed in Section 1.8.

Deliverable: State approved website up and running within sixty (60) days of the contract signature date.

6. Five training sessions for home inspectors and financial institutions.

   Deliverable: Agenda for the five sessions must be submitted for approval by the State within fifteen (15) days of the contract signature date.

   Two of the five trainings completed within sixty (60) days of the contract signature date and a summary of the evaluations received, a listing of the attendees, and how many attendees received certifications of completion must be submitted to the State within seventy-five (75) days of the contract signature date. The remaining three trainings shall be scheduled based on project demand.

7. Five (5) meetings should be held to ensure that the building professionals are adequately familiar with the design, policies and procedures of the Road Home Program.

   Deliverables: ICF should submit agendas and locations of the meetings for State approval within fifteen (15) days of the contract signature date. Two of the five meetings shall be completed within sixty (60) days of the contract signature date. The remaining three meetings shall be scheduled based on project demand.

   The Contractor should submit a summary of the evaluation by attendees and a listing of the attendees within seventy-five (75) days of contract signature date.

8. For Home Ownership Program, design and commence outreach and public education campaign ten (10) days prior to the start-up of the housing centers. This campaign will continue for six (6) months from that date.

   Deliverables: Summary of media campaign and copies of brochures produced for outreach shall be submitted to the state for approval at least fifteen (15) days prior to the opening of the centers.

   Development of a State approved website with information on the program for homeowners. Major changes in homeowner program must be posted within two (2) working days of the change.

   Website shall be designed, developed and online within twenty (20) days of the contract signature date.

9. For small rental properties, design and commence outreach and public education campaign fifty (50) days form contract signature date. This campaign will continue for six (6) months from that date.

Deliverables: Summary of media campaign and copies of brochures produced for outreach shall be submitted to the state for approval forty-five (45) days from the contract signature date.

Development of a State approved website with information on the program for landlords of small rental properties. Major changes in rental program must be posted within two (2) working days of the change.

Website shall be designed, developed and online within fifty (50) days of the contract signature date.

10. **Preparation** and development of paper and electronic forms and a system of record retention and security to ensure the protection of applicant privacy and conformity to the business processes developed.

    Deliverables: For the Home Ownership Program, forms such as homeowner applications, verification, covenants, title, etc. shall be submitted to the State for approval. The package of forms shall be submitted by twenty (20) days from the contract signature date.

    For small rental properties program, forms such as rental applications, verification, covenants, title, etc. shall be submitted to the State for approval. The package of forms shall be submitted by ninety (90) days from the contract signature date.

11. Begin evaluating eligibility, calculating assistance payments and making **awards** for a pilot Home Ownership Program program. Full applications received from applicants who have pre-registered through call centers and the State's website shall be processed through the final award stage in accordance with the operational plan. This pilot project must begin no later than thirty (30) days from the contract signature date.

    Deliverables: Submittal of a State approved pipeline report from the Contractor on a weekly basis providing information on number of applications taken, verified, options selected, compensation assistance granted, dates of title clearance, biddable specs, resolution cases, inspections, amount of loan, etc.

    Contractor shall submit within seventy-five (75) days from the contract signature date an evaluation of the pilot program with suggested changes relative to quality, efficiency and effectiveness of meeting the program's goals and objectives made a part of this Contract. This report shall include an evaluation of the locations and options selected by homeowners.

12. In coordination with the State, signed Memorandums of Understanding with all relevant partners (FEMA, SBA, private insurers, other federal agencies and other state agencies, etc.) in order to facilitate the transmission of necessary data required for program implementation.

Deliverables: Arrangements to share data, which may be evidenced by signed Memoranda of Understanding (MOUs) are due thirty (30) days from the contract signature date.

EXHIBIT C

Key Personnel

Mike Byrne (Chief Program Executive): Ultimately responsible to OCD for the successful conduct of the project. Duties include providing corporate support; ensuring that program receives the highest level of attention and priority; allocating and dedicating sufficient resources; conducting necessary media interviews, meeting with federal officials, and other high-level meetings.

Susan Hughes (Communications Director): Responsible for development of the communications plan to generate applications, developing outreach materials to assist homeowners and rental unit owners make informed decisions in the program, and maintain internal communications within the project team.

Dave Cogar (MIS Manager): Responsible for designing and implementing the Management Information Systems (MIS) including the e-grants and case management software, achieving necessary interfaces with relevant State MIS systems, particularly as related to tracking payments to property owners; and ensuring that the implemented system is compatible with the State's Advantage Financial System

Anita Rechler (Policy and Plans Director): Responsible for developing all policies, plans, and procedures to ensure smooth and effective implementation of both the homeowner and rental programs. Work closely with OCD to ensure key CDBG and HMGP requirements are reflected in all aspects of program implementation

Kris Guido (Human Resources Director): Responsible for coordinating project HR requirements among team members. Responsible for establishing hiring profiles, reviewing resumes, and supporting the program management office in determining the qualified staff to hire. Provides the framework for performance appraisals of project personnel, and attends to all personnel issues to include disciplinary actions up to and including dismissal of the individual.

George Lowden (Administrative Officer): Responsible for managing all administrative functions for the project including facilities and IT support, human resources, training, legal support and budget and finance.

Perry Franklin (Community Outreach and Government Liaison): Responsible for building relationships with community and parish leaders to provide an ongoing link to the program and secure their support to ensure program success.

Scott Ball (Professional Services Registry Director): Responsible for development of the building professionals registry, including raising awareness among the building industry of the registry and providing information on how to participate. Develop and maintain a website to house the Registry.

Carol Hector-Harris (Public Information Officer): Provides senior program management with a daily report of media reporting and events involving or impacting the program. Serves as direct liaison with media representatives. Drafts and issues press releases. Schedules media interviews for project senior management. Provides media interview training and rehearsal for senior program managers in preparation for media interviews.

John Casbon: Manage the title clearance process for all properties as required.

Carl Bauchle: Manage the title clearance process for all properties as required.

Peter Keenan: Manage the title clearance process for all properties as required.

Michael Schwartz (Anti Fraud Manager): Responsible for overall anti fraud program, oversight of policies, procedures, and controls to avoid fraud, waste, and management of funds; and eliminate duplication of benefits from insurance companies. Will ensure that all procedures developed are in accordance with federal and state regulations, and in conformance with the State’s contractual agreement with HUD.

Fred Tombar (Homeowner Assistance Program Manager): Responsible for overall operation of homeowner program. Manages the follow-up process of full applications from pre-registered applicants, and evaluates eligibility, calculates assistance payments, and makes awards.

Kathy Trainor (Homeowner Assistance Program Deputy Manager): Assist the Homeowner Assistance Program Manager in implementing the program and coordinate with rental program, MIS, and communications. Lead planning and operation of advisory services activities of the program on an end-to-end basis and provide input to and approval of the training program for advisory personnel working in the Homeowner Assistance Centers.

Scott Myer (Grants Processing Manager): Directs a team of developers involved in the analysis, design, development and implementation of software applications. Determines user requirements, leads application design, plans projects, establishes priorities and monitors progress. Generates applications development policies, standards and procedures. Advises MIS Manager on system requirements.

EXHIBIT D

Louisiana Road Home

Labor Category

On-Site Rates	Rates ($/HR)
Administrative Assistant 1	20
Administrative Assistant 2	35
Administrative Assistant 3	50
Analyst 1	40
Analyst 2	50
Analyst 3	70
Analyst 4	85
Application Analyst 1	75
Application Analyst 2	90
Billing/AR Specialist	50
Budget and Financial Manager	125
Budget/Finance Specialist 1	50
Budget/Finance Specialist 2	60
Chief Program Executive	300
Communications Graphic Artist	70
Director 1	100
Director 2	125
Director 3	150
Facilities and Office Manager	90
Human Resource Manager 1	80
Human Resource Manager 2	100
Human Resource Professional 1	60
Human Resource Professional 2	75
Marketing Specialist 1	50
Marketing Specialist 2	65
Marketing Specialist 3	80
Program Manager 1	180
Program Manager 2	200
Program Manager 3	225
Program Manager 4	250
Program Manager 5	300
Project Administrator 1	75
Project Administrator 2	85
Public Relations 1	60
Public Relations 2	70
Recruiter 1	75
Recruiter 2	100
Report Specialist 1	70
Report Specialist 2	85
Requirements Analyst	70
Research Analyst	60
Safety and Security Manager	75
Subcontract Specialist 1	75
Subcontract Specialist 2	85
Supervisor 1	75
Supervisor 2	100
Supervisor 3	110
Supervisor 4	125
Systems Integrator	100
Tester 1	75
Tester 2	100

Off-Site Rates	Rate ($/HR)
KPMG	
Executive Consultant/Project Director/Principal	$ 295.00
Senior Consultant/Technical Expert	$ 295.00
Staff	$ 275.00
Jones Walker	
Senior Partner	$ 375.00
Partner	$ 320.00
Special Counsel	$ 350.00
Senior Associates	$ 260.00

Associate	$ 225.00
Paralegal	$ 150.00
ICF and all other subcontractors	
Executive Consultant	$ 280.00
Project Director	$ 247.00
Senior Consultant	$ 200.00
Technical Expert	$ 175.00
Consultant	$ 129.00
Junior Consultant	$ 117.00
Research Assistant	$ 75.00

EXHIBIT E

Per Unit Price List

Real Estate, Title and Inspections

Activity	Cost per Unit ($)
Real Estate Solutions Parcel Data	$ 0.35
Flood Data Services	$ 8.05
First American CREDCO Tax Return Verification	$ 28.75
Real Estate Solutions Automated Valuation Methodology	$ 11.50
Broker Price Opinion	$ 86.25
CREDCO Property/Real Estate Appraisal	$ 460.00
Inspection and Biddable Specifications	$ 750.00

Exhibit F – Phase One – Other District Costs (ODCs)

Facility

HQ

- Real Estate
- Modular Furniture
- Space Improvements (e.g., Carpet, Paint, Refinishing, Public Bathrooms, etc.)
- Facility Operating Costs (Janitorial Services, Repair/Maintenance, Etc.)
- Facility Labor for Set up & Administration

Anchor Center 1

- Real Estate
- Modular Furniture
- Space Improvements (e.g., Carpet, Paint, Refinishing, Public Bathrooms, etc.)
- Facility Operating Costs (Janitorial Services, Repair/Maintenance, Etc.)
- Facility Labor for Set up & Administration

Anchor Center 2

- Real Estate
- Modular Furniture
- Space Improvements (e.g., Carpet, Paint, Refinishing, Public Bathrooms, etc.)
- Facility Operating Costs (Janitorial Services, Repair/Maintenance, Etc.)
- Facility Labor for Set up & Administration

Anchor Center 3

- Real Estate
- Modular Furniture
- Space Improvements (e.g., Carpet, Paint, Refinishing, Public Bathrooms, etc.)
- Facility Operating Costs (Janitorial Services, Repair/Maintenance, Etc.)
- Facility Labor for Set up & Administration

Anchor Center 4

- Real Estate
- Modular Furniture
- Space Improvements (e.g., Carpet, Paint, Refinishing, Public Bathrooms, etc.)
- Facility Operating Costs (Janitorial Services, Repair/Maintenance, Etc.)
- Facility Labor for Set up & Administration

8 Satellite Centers

- Real Estate
- Modular Furniture
- Space Improvements (e.g., Carpet, Paint, Refinishing, Public Bathrooms, etc.)
- Facility Operating Costs (Janitorial Services, Repair/Maintenance, Etc.)
- Facility Labor for Set up & Administration

Facility IT Support

- Anchor Center and Satellite Center Hardware (servers, networks, etc.)
- Anchor Center and Satellite Center Monthly Cost
- Computer Purchases & Leases (Desktops, Laptops, etc.)
- Equipment Leases (copiers, scanners, fax machines)
- Phone Equipment Purchases
- Phone Monthly Cost (local and long distance)
- Microsoft Software

MIS

- EGrantsPlus License & Mains
- EGrantsPlus Configuration
- EGrantsPlus Enhancements

Communications

- Media Buys
- Outreach Materials and Community Outreach
  - Includes: Meeting rooms, audiovisual equipment, signage, supplies, exhibit booth, shipping, direct mail, postage, direct mail, educational materials, stationery, research

Relocation and Travel (includes relocation and travel expenses for start up team, and mobile center staff)

- Startup Travel
- Mobile Units

Permanent Relocation
Local Travel

Insurance

Taxes

Training – non labor costs (space, manuals, materials, etc.) training for Professional Registry Contractors, members of the financial community, etc.). 15 sessions total.

Includes: meeting rooms, binders, audiovisual equipment,
certificates, name badges, signage, educational materials, postage

Call Center

Data Center

Miscellaneous (i.e., copying, ES&H plans supplies, security assessments)

Exhibit 23.1

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 (Form S-1 No. 333-134018) and Prospectus. We consent to the use of the aforementioned report in Amendment No. 2 to 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
July 20, 2006

Exhibit 23.2

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
July 21, 2006

[Squire Sanders Letterhead OMITTED]

July 21, 2006

Karen J. Garnett, Assistant Director
Paul Fischer, Attorney-Advisor
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: ICF International, Inc.
Registration Statement on Form S-1/A
Amended June 23, 2006
File No. 333-134018

Dear Ms. Garnett and Mr. Fischer:

Thank you for your letter dated July 6, 2006 setting forth comments on Amendment No. 1 to the above-referenced Registration Statement on Form S-1.

On behalf of ICF International, Inc. ("ICF" or the "Company"), we are filing herewith Amendment No. 2 to the Registration Statement ("Amendment No. 2"). We are also providing to the Staff three unmarked copies of Amendment No. 2 and three copies of Amendment No. 2 that are marked to show changes from the original Registration Statement. Unless otherwise indicated, all references to page numbers in this letter are to the marked version of Amendment No. 2 provided herewith.

This response letter has been filed via EDGAR, tagged as "CORRESP." The attachments to this letter have not been provided via EDGAR. Instead, we are delivering an original of this letter, together with all attachments, by hand.

We look forward to working with you in connection with your ongoing review of the Registration Statement and its ultimate acceleration. We are not requesting acceleration at this time.

General

1. We note your response to Comment 1. Based on the support materials provided, it appears that EMALL's sales for 2003, as referenced on page 71, were approximately $233 million, as opposed to approximately $13 million. Please advise or revise.

Response: The sales references referred to in this comment have been corrected to refer to the appropriate fiscal years. See page 76 of Amendment No. 2.

2. We note your response to Comment 3 and the reference to Rule 134(a)(10), but we continue to believe that the reference to “sole book-running manager” on the prospectus cover page is not consistent with Item 501 of Regulation S-K and Item 421(d) of Regulation C. Please remove this language from the cover page. We would not object to the relocation of the reference to the back cover page of the prospectus.

Response: The language referred to in this comment has been removed from the cover page of Amendment No. 2.

<u>Selected consolidated financial and other data—page 38</u>

3. We note your disclosure that you incurred $76,359 in non-cash compensation expense during the quarter ended March 31, 2006. Explain to us why this amount has not been disclosed as “Non-cash compensation charge included in EBITDA from continuing operations” in your selected financial data table similar to your presentation for fiscal year 2005. Additionally, we note that footnote 1 to the table describes non-cash compensation as a “one-time” charge. As non-cash compensation is a recurring charge, please revise your disclosure to characterize it as such.

Response: The amount of non-cash compensation during the quarter ended March 31, 2006 has been added to the disclosure in the selected data table and the reference to “one-time” has been deleted from the footnote to the table. See pages 9-10,42-43 and 56-57 of Amendment No. 2.

<u>Underwriting—page 109</u>

4. We note your response to Comment 44. Upon reviewing your underwriting agreement, we may have comments. In the interest of time, please consider providing to us a draft copy of the underwriting agreement before you are prepared to file it as an exhibit to the registration statement.

Response: A draft of the underwriting agreement has been filed with Amendment No. 2.

<u>Financial Statements—ICF International, Inc. and Subsidiaries</u>

<u>Revenue Recognition, page F-8</u>

5. We have considered your response to our prior comment 48. It is still unclear from your response whether estimable fees recognized under fixed fee contracts are billable at the time they are recognized. Reference is made to paragraph 16 in Chapter 11 of ARB 43.

Response: ICF has considered paragraph 16 in Chapter 11 of ARB 43, and estimable fees recognized under fixed fee contracts are billable at the time recognized in accordance with the contract.

6. Reference is made to your response to our previous comment 49. Please quantify the amount of revenue recognized for each period in advance of a formal executed contract as well as the amount of revenue that has been reversed for each period. In addition, further explain your policy and compliance under SAB Topic 13A2. Based on your statement that formal agreements are generally executed within a few weeks after authorization, it appears your business practice *is* to require a formal agreement. As such, it is unclear why other forms of authorization, especially oral, are a basis for recognizing revenue. Are the terms finalized at the time of the authorization or the time of a formal agreement?

Response: The amounts of revenue recognized for the years ended December 31, 2003, 2004, 2005 and the three months ended March 31, 2006 for which a formal executed contract was not executed at the time revenue was recognized were $0, $139,825, $287,553 and $120,584, respectively. There was no subsequent period reversal of revenue for the amount of revenue recognized as to which a formal contract was not executed at the time revenue was recognized for the year ended December 31, 2004. For the year ended December 31, 2005 and the three months ended March 31, 2006, the amount of revenue recognized during these periods, as to which a formal contract was not executed at the time revenue was recognized and that was reversed in subsequent periods, was $23,445, cumulatively.

In regard to SAB Topic 13A2, “Persuasive Evidence of an Arrangement”, ICF has a customary business practice of relying on written contracts to document substantially all of its sales arrangements. This customary business practice can vary for a small number of projects, on a case-by-case basis, depending on the class of customer, nature of the service and other distinguishing factors (such as an abbreviated period of performance). In these exceptional cases, ICF seeks a purchase order or an email authorization (including the terms of sale, statement of work and specific fixed price or hourly rates) so the arrangement is binding on the customer and collectibility is reasonably assured. In such cases, the material terms have been finalized at the time of authorization.

Oral authorizations are quite rare and almost always followed up by a written agreement.

<u>Stock-based compensation plan, page F-11</u>

7. We have considered your response to our prior comment 50. Explain to us how you determined it would be appropriate to use a valuation performed on September 30, 2005 to value your stock as of December 31, 2005.

Response: The valuation of ICF as of December 31, 2005 was based on the valuation as of September 30, 2005, which was based on a contemporaneous valuation performed by an unrelated, independent valuation specialist. The valuation as of September 30, 2005 was performed on a pro forma basis to include the then recent Caliber acquisition.

Although the Company did not receive an updated contemporaneous valuation from an independent third party as of December 31, 2005, management determined that an increase to the Company's per share valuation was not warranted. Management considered various factors in reaching this conclusion, including, but not limited to, the following:

- During the fourth quarter of 2005, ICF did not have any significant operational changes to its business. No acquisitions were made, the employee base stayed relatively constant, and the Company had no new significant contract wins. In addition, revenue and profits, pro forma for the acquisition of Caliber Associates, Inc., were flat.
- Valuations in the public market, as indicated by a sample of guideline public companies, decreased during the fourth quarter of 2005.
- The macro-economic environment was not improving, as the Federal Reserve continued to raise interest rates and fears of inflation loomed with increasing oil prices.

These factors, together with the data set forth below, indicated to management that an increase to the Company's per share valuation was not warranted.

	Valuation by Board as of 12/31/05	Valuation by Independent Firm as of 9/30/05
Per Share Value	$ 9.05	$ 9.05
Number of Shares, FD	9,736,866	9,164,157
Implied Equity Value	$ 88,118,637	$ 82,935,621
Plus Debt	$ 60,972,000	$ 62,019,000
Implied Enterprise Value	$ 149,090,637	$ 144,954,621

Financial Results[1]

ICF Trailing Revenues	$ 207,794,000	$ 204,918,000
ICF Trailing EBITDA	$ 15,958,000	$ 16,309,000
Trailing Revenue Multiple	0.7 x	0.7 x
Trailing EBITDA Multiple	9.3 x	8.9 x

Note C—Acquisitions, page F-14

8. We are still unclear how you have complied with the disclosure requirements of paragraph 51(d) of SFAS 141 as it relates to the number of shares issued in connection with the Synergy, Inc. acquisition and how you determined the fair value of those shares. Please tell us where this disclosure is located within your footnote or revise your document accordingly.

Response: The value of the 68,120 shares of the Company's stock included in the purchase price ($0.5 million, or $7.34 per share) was estimated by the board of directors, with input from management. The Company did not obtain a contemporaneous valuation by an unrelated valuation firm because its efforts were focused on completing the Synergy acquisition, which closed in January 2005, as well as on the efficient operation of the business and year-end issues. Thus, the financial and managerial resources of the Company for completing a detailed, contemporaneous valuation were limited.

At that time management and members of the board regularly received informal research reports and other indications of value from various investment banks and valuation professionals, and they monitored the public market for comparable companies, as well as merger and acquisition activity. Such sources refer to various valuation analyses, including guideline public company analysis and reviews of comparable company transactions. Such factors were considered in connection with the Company's valuation as of December 31, 2004, which was affected by the Company's flat revenue and EBITDA as compared to revenue and EBITDA for the year ended December 31, 2003. The valuation as of December 31, 2004 used for purposes of the stock included in the Synergy purchase price assumed an enterprise value of $90 million based on a trailing 12 month revenue multiple of 0.6x, and a trailing 12 month EBITDA multiple of 9.2x., as set forth below:

---

1 The financial results as of September 30, 2005 and December 31, 2005 represent pro forma results, which include the annualized results of the Caliber acquisition. EBITDA excludes any non-cash compensation charges.

	Valuation as of 12/31/04	Valuation as of 12/31/03
Per Share Value	$ 7.34	$ 7.34
Number of Shares, FD	9,390,685	9,204,449
Implied Equity Value	$ 68,927,628	$ 67,560,656
Plus Debt	$ 21,079,000	$ 24,548,000
Implied Enterprise Value	$ 90,006,628	$ 92,108,656
Financial Results[2]		
ICF Trailing Revenues	$ 139,488,000	$ 145,803,000
ICF Trailing EBITDA	$ 9,753,000	$ 9,446,000
Trailing Revenue Multiple	0.6 x	0.6 x
Trailing EBITDA Multiple	9.2 x	9.8 x

ICF has added language to Note C to address the items required by SFAS 141, paragraph 51(d), specifically the per share value assigned to the shares. See page F-14 of Amendment No. 2 See also the revised MD&A at pages 49-50 of Amendment No. 2, discussed in response to comment 9.

Note N—Stockholders' Equity, page F-26

9. Tell us what consideration was given to providing the following information in your MD&A since you did not obtain a contemporaneous valuation by an unrelated valuation specialist for your revaluation at December 31, 2005 and for your subsequent option issuances in 2006:

- A discussion of the significant factors, assumptions and methodologies used in determining fair value
- A discussion of each significant factor contributing to the difference between the fair value as of the date of your revaluation and subsequent grants and the estimated IPO price once determined
- The valuation alternative selected and the reason management chose not to obtain a contemporaneous valuation by an unrelated valuation specialist.

2 The financial results for the years ending December 31, 2003 and 2004 are based on audited results. The financial results as of September 30, 2005 represent pro forma results, which include the annualized results of the Caliber acquisition.

Response: In response to this comment, ICF has added disclosure to the MD&A as to the matters referred to in the comment. This additional disclosure is incorporated herein by reference.

By way of further response to this comment, the valuations of ICF as of March 31, 2006 and December 31, 2005 were based on the valuation as of September 30, 2005, which in turn was based on a contemporaneous valuation performed by an unrelated, independent valuation specialist. The valuation as of September 30, 2005 was performed on a pro forma basis to include the then recent Caliber acquisition.

For the March 31, 2006 and December 31, 2005 valuations, ICF did not obtain a contemporaneous valuation by an unrelated valuation specialist because the Company's efforts were focused on integrating its recent acquisitions, determining if the Company was ready to pursue strategic alternatives (such as a public offering), the efficient operations of the business, and year-end accounting issues; thus, the financial and managerial resources of the Company for completing a detailed, contemporaneous valuation were limited. In addition, the Company had just completed a detailed, formal contemporaneous valuation by an independent valuation specialist in the prior quarter, and therefore had available reasonable methodologies for estimating the fair value of its common stock.

Management continued to stay abreast of the market. Management received informal research reports and other indications of value from various investment banks and valuation professionals. Management considered various factors, including, but not limited to, the following:

- During the fourth quarter of 2005 and the first quarter of 2006, ICF's business did not have any significant operational changes to the business. No acquisitions were made, the employee base stayed relatively constant, and the Company had no new significant contract wins. Annual revenues on a trailing, pro forma basis grew 1.4%, and pro forma profits decreased slightly.
- Valuations in the public market, as indicated by a sample of guideline public companies, decreased in the fourth quarter of 2005, and rebounded in the first quarter of 2006. However, guideline relevant public companies showed no significant growth in their values from September 30, 2005. In total, such values were up 5% from September 30, 2005 through March 31, 2006, but they underperformed the performance of the S&P 500. In addition, the number of acquisitions of privately-held government contractors also decreased in the first quarter of 2006.
- The macro-economic environment condition also remained uncertain, as the Federal Reserve continued to raise interest rates to combat fears of inflation.

The per share value of ICF as of December 31, 2005 and March 31, 2006, as determined by the Company, is summarized below:

	Valuation as of 3/31/06	Valuation as of 12/31/05	Valuation by Independent Firm as of 9/30/05
Per Share Value	$ 9.05	$ 9.05	$ 9.05
Number of Shares, FD	9,771,947	9,736,866	9,164,157
Implied Equity Value	$ 88,436,120	$ 88,118,637	$ 82,935,621
Plus Debt	$ 66,344,000	$ 60,972,000	$ 62,019,000
Implied Enterprise Value	154,780,120	$ 149,090,637	$ 144,954,621
Financial Results [3]			
ICF Trailing Revenues	$ 210,625,000	$ 207,794,000	$ 204,918,000
ICF Trailing EBITDA	$ 15,813,000	$ 15,958,000	$ 16,309,000
Implied Valuation Multiples			
Trailing Revenue Multiple	0.7 x	0.7 x	0.7 x
Trailing EBITDA Multiple	9.8 x	9.3 x	8.9 x

It is also important to note that, in February 2006, the average estimated multiple of enterprise value to trailing EBITDA provided to the Company from prospective underwriters was 9.0x.

Based on the foregoing, ICF believes the Company was fairly valued based on the analysis set forth above, and that the resulting per share valuation was reasonable.

If the Staff has any further questions in this area, representatives of the Company and its valuation specialists would welcome the opportunity discuss these matters with the Staff in greater detail, either by telephone or in person.

10. In connection with the above comment, please clearly address why changes in your business from September 2005 through the latest balance sheet date does not result in a change in the value of your common stock for those periods. It appears that you have used a fair value of $9.05 for each period even though there were significant changes in

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3 The financial results as of September 30, 2005, December 31, 2005, and March 31, 2006 represent pro forma results, which include the annualized results of the Caliber acquisition. EBITDA excludes any non-cash compensation charges.

your business such as a material acquisition, changes in revenue and contemplation of an initial public offering. Please advise.

Response: See response to comment 9 above, including the disclosure added to MD&A at pages 49-50 of Amendment No. 2. Please note that the valuation as of September 30, 2005 was performed on a pro forma basis and included the effect of the acquisition of Caliber.

Exhibit 5.1—Draft Opinion of Squire, Sanders & Dempsey L.L.P.

11. Please confirm to us in writing that counsel concurs with our understanding that the reference and limitation to the “General Corporation Law of the State of Delaware” includes the statutory provisions as well as all applicable provisions of the Delaware Constitution and reported judicial decisions interpreting these laws. Please file counsel’s written confirmation as correspondence on the EDGAR.

Response: The understanding referred to in this comment is confirmed, and Squire, Sanders & Dempsey L.L.P. has separately confirmed this understanding as requested in this comment.

We appreciate the Staff’s attention to the Registration Statement and the opportunity to provide the foregoing responses to the Staff’s comments. If you wish to discuss any of the foregoing comments, please call me at (703) 720-7890.

Consistent with the response to comment 9, if the Staff has any further questions concerning the foregoing responses, representatives of the Company and its advisors would welcome the opportunity to respond to such questions either by telephone or in person.

Very truly yours,

/s/ James J. Maiwurm

James J. Maiwurm*

cc: Sudhakar Kesavan, ICF International, Inc.
Robert Telewicz, Securities and Exchange Commission

* Admitted only in D.C., Maryland, New York and Ohio.

July 21, 2006

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549
Attention: Karen J. Garnett, Assistant Director
Paul Fischer, Attorney-Advisor

Re: ICF International, Inc.
Registration Statement on Form S-1/A
Amended June 23, 2006
File No. 333-134018

Dear Ladies and Gentlemen:

On behalf of ICF International, Inc., we are providing separate written confirmation in response to comment 11 of the Staff's comment letter dated July 6, 2006 regarding the above-referenced registration statement. Comment 11 provides:

Exhibit 5.1—Draft Opinion of Squire, Sanders & Dempsey L.L.P.

11. Please confirm to us in writing that counsel concurs with our understanding that the reference and limitation to the "General Corporation Law of the State of Delaware" includes the statutory provisions as well as all applicable provisions of the Delaware Constitution and reported judicial decisions interpreting these laws. Please file counsel's written confirmation as correspondence on the EDGAR.

Squire, Sanders & Dempsey L.L.P. hereby confirms to the Staff that the reference and limitation to the "General Corporation Law of the State of Delaware" to be made in its opinion includes the statutory provisions as well as all applicable provisions of the Delaware Constitution and reported judicial decisions interpreting these laws. As requested, this written confirmation has been filed via EDGAR, tagged as "CORRESP."

We appreciate the Staff's attention to the Registration Statement. If you wish to discuss the foregoing confirmation, please call me at (703) 720-7890.

Very truly yours,

/s/ James J. Maiwurm

James J. Maiwurm*

cc: Sudhakar Kesavan, ICF International, Inc.
Robert Telewicz, Securities and Exchange Commission

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* Admitted only in D.C., Maryland, New York and Ohio.