

Prospectus summary

ICF International Inc

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.

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). This program, which is being funded with approximately \$8.1 billion of Community Development Block Grant funds allocated by the Department of Housing and Urban Development, is designed to assist the population affected by Hurricanes Rita and Katrina 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.

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. The maximum amount payable to ICF EMS and its subcontractors with respect to the first four-month phase of the contract 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

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, which is by far our largest individual 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 the ability of ICF EMS and its subcontractors 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. The Road Home Contract poses substantial performance and other risks, has increased 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. (p. 3)

Risk Factors

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, required 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. (p. 13)

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.

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.

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 has increased 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 has increased our working capital needs by up to \$20 million. To meet these increased working capital needs, we and our lenders amended our revolving credit facility to increase the maximum availability under that facility from \$45 million to \$65 million.

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

Overview

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. (p. 45)

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. (p. 47)

Non Cash Compensation

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. (p. 50)

Results of Operations

Income tax expense. Our income tax rate for the six months ended June 30, 2006 was 44.4%, compared to 48.0% for the six months ended July 1, 2005. The effective tax rate decreased due to an expected increase in taxable income for the year resulting from the award of the Louisiana Road Home contract. (p. 53)

Liquidity and Capital Resources

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 were permitted only through August 31, 2006. To meet our increased working capital needs in connection with the Road Home Contract, we amended our revolving line of credit to allow us to borrow up to the lesser of \$65 million or the applicable maximum borrowing base and to provide us with a temporary increase in our borrowing base so that it equals \$10 million plus eligible receivables but in no case to exceed the total amended revolving credit facility of \$65 million, through the earlier of the completion of this offering or December 15, 2006. As of August 25, 2006, no such overadvances were outstanding. We also have due in January 2007 an \$8 million short-term term loan facility with an outstanding principal amount of \$7.7 million as of August 25, 2006. (p. 57)

Cash and Net Working Capital

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 \$41.0 million at June 30, 2006 as compared to July 1, 2005. The increase in net working capital for the six months ended June 30, 2006 was primarily due to an increase in our net contract receivables and a decrease in the current portion of our debt. Net contract receivables increased by \$26.6 million from \$41.1 million at July 1, 2005 to \$67.7 million at June 30, 2006. The increase in net contract receivables was primarily due to the acquisition of Caliber and an advance billing associated with the Louisiana Road Home Program, as well as delays in billings resulting from Caliber integration and related restructuring issues. In addition, the current portion of our debt decreased by \$27.9 million. The majority of this decrease was related to a change in the classification for our term loan facility. As of July 1, 2005, the \$20.9 million balance on the predecessor to our term loan facility was classified as current debt rather than long-term debt because the facility was scheduled to mature within one year from July 1, 2005. This facility has been replaced by our current \$22 million term loan facility, which matures in October 2010, and its balance is classified as long-term debt. The remainder of the decrease in our current debt was primarily caused by a \$6.4 million decrease in notes payable. The increase in net working capital was partially offset by an increase of \$10.0 million in deferred revenue, which was primarily due to the advance billing associated with the Louisiana Road Home Program. (p. 58)

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. We amended this agreement in August 2006 to respond to our increased working capital needs in connection with the Road Home Contract. This agreement currently provides for three credit facilities:

- a revolving line of credit for up to the lesser of \$65 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%, with respect to LIBOR spreads, or 0.25%, with respect to prime rate margins, 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.

(p. 59)

Business

Services and Solutions

Defense and Homeland Security

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 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, \$8.1 billion is being used to implement the Road Home Program. That program is 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, ICF EMS and its 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. ICF EMS and subcontractor staffing levels exceeded 400 at the end of August 2006 and are expected to eventually 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 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. (pp. 75-76)

Contract Backlog

The backlog estimates at June 30, 2006 include backlog of \$86.7 million associated with the first four-month phase of 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.” (p. 82)