ICF International, Inc.
Form 424B4
September 28, 2006
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PROSPECTUS September 28, 2006

Filed Pursuant to Rule 424(b)(4)

Registration No. 333-134018

4,670,000 Shares

ICF INTERNATIONAL, INC.

Common Stock

This is the initial public offering of our common stock. No public market currently exists for our common stock. We are offering 3,659,448 shares of our common stock and the selling stockholders identified in this prospectus are offering 1,010,552 shares of our common stock. We will not receive any proceeds from the sale of common stock by the selling stockholders. The initial public offering price is $12.00 per share.

Our common stock has been approved for listing on The Nasdaq Global Select 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	$ 12.00	$ 56,040,000
Underwriting discounts and commissions	$ 0.84	$ 3,922,800
Proceeds, before expenses, to us	$ 11.16	$ 40,839,440
Proceeds, before expenses, to the selling stockholders	$ 11.16	$ 11,277,760

The underwriters may also purchase up to an additional 700,500 shares of our common stock from us within 30 days of the date of this prospectus, solely to cover over-allotments. If the underwriters exercise this option in full, the total underwriting discounts and commissions will be $4,511,220, and our total proceeds, before expenses, will be $48,657,020.

The underwriters are offering the common stock as set forth under Underwriting. Delivery of the shares will be made on or about October 3, 2006.

UBS Investment Bank **Stifel Nicolaus**

William Blair & Company **Jefferies Quarterdeck**

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Until October 23, 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.

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

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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:

- Ø **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.
- Ø **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.
- Ø **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 $109.6 million in 2005 and the six months ended June 30, 2006, respectively. Our total backlog was $226.8 million and $309.6 million as of December 31, 2005 and June 30, 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.

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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

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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). 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.

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RISK FACTORS

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

- Ø We derived 72% of our revenue for 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.
- Ø Congress may not approve budgets in a timely manner for the federal agencies and departments we support, which could delay and reduce spending, and therefore cause us to lose revenue and profit.
- Ø Our failure to comply with complex laws, rules and regulations relating to federal government contracts could cause us to lose business and subject us to a variety of penalties.
- Ø Unfavorable government audit results could force us to adjust previously reported operating results, affect future operating results and subject us to a variety of penalties and sanctions.
- Ø Our federal government contracts contain provisions that are unfavorable to us and permit our government clients to terminate our contracts partially or completely at any time prior to completion.
- Ø The adoption of new procurement laws, rules and regulations, and changes in existing laws, rules and regulations, could impair our ability to obtain new contracts and could cause us to lose revenue and profit.

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.

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	3,659,448 shares
Common stock being offered by the selling stockholders	1,010,552 shares
Total shares of common stock being offered	4,670,000 shares
Common stock to be outstanding immediately after this offering	12,946,132 shares
Over-allotment option	700,500 shares. All of the shares covered by this option are provided by us. If the over-allotment option is exercised in full, there will be 13,646,632 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 $38.6 million, or approximately $46.5 million if the underwriters exercise their over-allotment option in full, after deducting underwriting discounts and commissions and estimated offering expenses. We intend to use up to $35.9 million of the net proceeds for repayment of a portion of our existing indebtedness under our revolving credit facility and term loan facilities, $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, if any, for general corporate purposes. See Use of proceeds. We will not receive the proceeds from any sale of common stock by the selling stockholders.
Nasdaq Global Select Market symbol	ICFI
Risk factors	Investing in our common stock involves a high degree of risk, including risks associated with the fact that we have earned 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 700,500 shares of common stock from us.

Unless otherwise specified, the number of shares of our common stock outstanding is based on 9,286,684 shares outstanding as of August 31, 2006, and excludes:

- 1,542,182 shares issuable upon exercise of options outstanding as of August 31, 2006, at a weighted average exercise price of $6.00 per share, all of which options will be exercisable upon completion of this offering;

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- Ø 30,904 shares issuable upon exercise of warrants outstanding as of August 31, 2006, at a nominal exercise price per share, all of which will be exercised upon completion of this offering; and

- Ø 2,000,000 shares available for future grant under our stock plans upon completion of this offering.

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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 six months ended July 1, 2005 and June 30, 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 June 30, 2006:

Ø on an actual basis; and

Ø on an adjusted basis to reflect our sale of common stock in this offering at the public offering price of $12.00 per share, and receipt of the net proceeds, after deducting underwriting discounts and commissions and estimated offering expenses.

Effective October 1, 2005, we consummated the acquisition of Caliber Associates, Inc. for $20.7 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)	Six months ended July 1, 2005 (unaudited)	June 30, 2006 (unaudited)
	(In thousands, except per share amounts)					
Revenue	$ 145,803	$ 139,488	$ 177,218	$ 207,794	$ 83,285	$ 109,593
Direct costs	91,022	83,638	106,078	122,192	49,415	66,462
Operating expenses						
Indirect and selling expenses	45,335	46,097	60,039 (1)	72,051 (1)	27,516	39,861 (2)
Depreciation and amortization	3,000	3,155	5,541	6,719	1,673	1,666
Earnings from operations	6,446	6,598	5,560	6,832	4,681	1,604
Other (expense) income						
Interest expense, net	(3,095)	(1,266)	(2,981)	(4,054)	(1,210)	(2,165)
Other	33	(33)	1,308	1,308		
Total other (expense) income	(3,062)	(1,299)	(1,673)	(2,746)	(1,210)	(2,165)
Income (loss) from continuing operations before income taxes	3,384	5,299	3,887	4,086	3,471	(561)
Income tax expense (benefit)	1,320	2,466	1,865	2,309	1,666	(249)
Income (loss) from continuing operations	2,064	2,833	2,022	1,777	1,805	(312)
Income from discontinued operations	308	184				
Net income (loss)	$ 2,372	$ 3,017	$ 2,022	$ 1,777	$ 1,805	$ (312)
Earnings (loss) per share from continuing operations						
Basic	$ 0.23	$ 0.31	$ 0.22	$ 0.19	$ 0.20	$ (0.03)
Diluted	$ 0.23	$ 0.30	$ 0.21	$ 0.18	$ 0.19	$ (0.03)
Earnings (loss) per share						
Basic	$ 0.26	$ 0.33	$ 0.22	$ 0.19	$ 0.20	$ (0.03)
Diluted	$ 0.26	$ 0.32	$ 0.21	$ 0.18	$ 0.19	$ (0.03)
Weighted-average shares						
Basic	9,088	9,080	9,185	9,185	9,163	9,248
Diluted	9,210	9,398	9,737	9,737	9,487	9,248