

ICF International, Inc.  
Form DEF 14A  
April 26, 2013  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

(Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

**ICF INTERNATIONAL, INC.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.



## Edgar Filing: ICF International, Inc. - Form DEF 14A

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

**Table of Contents**

**ICF INTERNATIONAL, INC.**

**9300 Lee Highway**

**Fairfax, Virginia 22031**

**Notice of Annual Meeting of Stockholders**

**to be held on June 7, 2013**

Notice is hereby given that the annual meeting of stockholders of ICF International, Inc. ( *ICF International* ) will be held at ICF International, 9300 Lee Highway, Fairfax, Virginia 22031, on June 7, 2013, at 9:00 a.m., local time, for the following purposes:

1. To elect three (3) directors for a term expiring in 2016 (Proposal 1);
2. To ratify the selection of Grant Thornton LLP as our independent registered public accounting firm for fiscal year 2013 (Proposal 2);
3. To amend the 2010 Omnibus Incentive Plan to increase the number of shares available for issuance by 1,750,000 (Proposal 3);
4. To provide an advisory vote regarding ICF International's overall pay-for-performance executive compensation program (Proposal 4); and
5. To transact any other business that is properly brought before the meeting or any adjournment or postponement.

Pursuant to the Delaware General Corporation Law and ICF International's Bylaws, stockholders of record at the close of business on April 8, 2013 are entitled to notice of and to vote at the meeting. This notice of annual meeting, proxy statement, and form of proxy are being distributed and made available on or about April 26, 2013.

We are pleased to utilize the U.S. Securities and Exchange Commission rule that allows companies to furnish their proxy materials to stockholders over the Internet. As a result, we are mailing to many of our stockholders a notice instead of a paper copy of this proxy statement and our 2012 Annual Report. This notice contains instructions on how to access those documents over the Internet. We direct your attention to the attached proxy statement for more information, including instructions on how stockholders can receive a paper copy of our proxy materials, including this proxy statement, our 2012 Annual Report and a form of proxy or voting instruction form. All stockholders who do not receive a notice, including stockholders who have previously requested to receive paper copies of proxy materials, will receive a paper copy of the proxy materials by mail unless they have previously requested delivery of proxy materials electronically. Employing an electronic distribution process will conserve natural resources and reduce the costs of printing and distributing our proxy materials.

We cordially invite you to attend this year's meeting. It is important that your shares of ICF International's common stock be represented at this meeting in order to help ensure the presence of a quorum. Even if you plan to attend the annual meeting of stockholders in person, please vote your shares of ICF International common stock by mailing your completed proxy or voting instruction form, or voting electronically or telephonically, as doing so will ensure your representation at the annual meeting regardless of whether you attend in person. Thank you for your cooperation and continued support of ICF International.

By Order of the Board of Directors,

Edgar Filing: ICF International, Inc. - Form DEF 14A

Sudhakar Kesavan  
*Chairman and Chief Executive Officer*

Fairfax, Virginia

April 26, 2013

**Table of Contents**

**YOUR VOTE IS IMPORTANT**

**Your vote is important. To ensure your representation at the meeting, please vote by using the Internet or by telephone or, if you received a paper copy of the proxy form by mail, by signing and returning the enclosed proxy form. Instructions for your voting options are described on the Notice of Internet Availability of Proxy Materials or proxy form.**

**Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting to be held on June 7, 2013: A copy of the proxy statement and 2012 Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).**

**Table of Contents**

**PROXY STATEMENT**  
**for the**  
**ANNUAL MEETING OF STOCKHOLDERS**  
**of**  
**ICF INTERNATIONAL, INC.**  
**TABLE OF CONTENTS**

	<b>Page</b>
<u>Voting and Meeting Information</u>	1
<u>Proposal 1 Election of Directors</u>	5
<u>Proposal 2 Ratification of Independent Registered Public Accountant</u>	10
<u>Proposal 3 Amendment to the 2010 Omnibus Incentive Plan to Increase the Number of Shares Available for Issuance</u>	12
<u>Proposal 4 Advisory Vote Regarding ICF International's Overall Pay-For-Performance Executive Compensation Program</u>	21
<u>Corporate Governance and Board Matters</u>	22
<u>The Board of Directors</u>	22
<u>Corporate Governance Guidelines</u>	22
<u>Director Independence</u>	22
<u>Board Leadership Structure: Lead Independent Director</u>	22
<u>Risk Oversight</u>	23
<u>Board Committees</u>	23
<u>Compensation Committee Interlocks and Insider Participation</u>	25
<u>Process for Selecting and Nominating Directors</u>	25
<u>Board Stock Ownership Guidelines</u>	26
<u>Director Continuing Education</u>	26
<u>Derivatives Trading and Hedging Policy</u>	27
<u>Stockholder Communications with the Board</u>	27
<u>Director Compensation</u>	27
<u>Code of Ethics</u>	28
<u>Certain Relationships and Transactions with Related Persons</u>	29
<u>Other Transactions Considered for Independence Purposes</u>	29
<u>Executive Officers of the Company During 2012</u>	30
<u>Security Ownership of Directors, Executive Officers and Certain Beneficial Owners</u>	32
<u>Executive Compensation</u>	35
<u>Compensation Discussion and Analysis</u>	35
<u>Implementing Our Objectives</u>	37
<u>Effect of 2012 Say on Pay Vote</u>	39
<u>Executive Compensation Components</u>	39
<u>Compensation Practices and Risk</u>	44
<u>Summary Compensation Table</u>	45
<u>Grants of Plan-Based Awards in 2012</u>	47
<u>Outstanding Equity Awards at 2012 Fiscal Year-End</u>	48
<u>Option Exercises and Stock Vested During 2012</u>	49
<u>Deferred Compensation Plan</u>	49
<u>Potential Payments upon Termination or Change in Control</u>	50
<u>Payments Pursuant to Employment Agreement</u>	50
<u>Payments Pursuant to Severance Letter Agreements</u>	51
<u>Payments in the Event of Death or Disability</u>	52
<u>Payments in the Event of a Change in Control</u>	53
<u>Compensation Committee Report</u>	56
<u>Audit Committee Report</u>	57

Edgar Filing: ICF International, Inc. - Form DEF 14A

<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	58
<u>Stockholders' Proposals for the 2014 Annual Meeting</u>	58
<u>Solicitation by Board; Expenses of Solicitation</u>	59

**Table of Contents**

**ICF INTERNATIONAL, INC.**

**PROXY STATEMENT**

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of ICF International, Inc. ( *ICF International*, the *Company*, *we*, or *us* ) to be used at the annual meeting of stockholders of the Company. The annual meeting will be held at our principal executive office, 9300 Lee Highway, Fairfax, Virginia 22031, on June 7, 2013, at 9:00 a.m., local time. This proxy statement and enclosed proxy form are being made available over the Internet or delivered by mail on or about April 26, 2013, to stockholders of record.

**VOTING AND MEETING INFORMATION**

**What is the purpose of the annual meeting?**

At our annual meeting, you will be asked to:

elect three (3) directors to serve for a term expiring at our annual meeting in 2016 (Proposal 1);

ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm (Proposal 2);

amend the 2010 Omnibus Incentive Plan (the *Omnibus Plan* ) to increase the number of shares available for issuance by 1,750,000 (Proposal 3);

provide an advisory vote regarding ICF International's overall pay-for-performance executive compensation program (the *say on pay vote* ) (Proposal 4); and

transact any other business that properly comes before the meeting or any adjournment or postponement.

**How does the Board recommend that I vote?**

Our Board of Directors recommends that you vote your shares **FOR**: (i) the nominees for election to the Board; (ii) the ratification of our independent registered public accounting firm for the 2013 fiscal year; (iii) the amendment to the Omnibus Plan to increase the number of shares available for issuance; and (iv) the approval of the say on pay vote.

**Who is entitled to vote?**

Holders of record of our common stock as of the close of business on April 8, 2013, are entitled to vote at the annual meeting. At that time, we had 19,718,246 outstanding shares of common stock. We have no other outstanding classes of stock that are entitled to vote at the annual meeting. Voting stockholders are entitled to one vote per share.

**Why did I receive a notice in the mail regarding the Internet availability of the proxy materials instead of a paper copy of the proxy materials?**

We are pleased to utilize the U.S. Securities and Exchange Commission (the *SEC* ) rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to many of our stockholders a notice about the Internet availability of the proxy materials instead of a paper copy of the proxy materials. All stockholders receiving the notice will have the ability to access the proxy materials over the Internet and to request a paper copy of the proxy materials by mail.

## Edgar Filing: ICF International, Inc. - Form DEF 14A

To reduce the expenses of delivering duplicate notices to stockholders, we are relying upon SEC rules that permit us to deliver only one notice about the Internet availability of the proxy materials to multiple stockholders who share an address, unless we receive contrary instructions from any stockholder at that address. Upon request,

## **Table of Contents**

whether oral or written, we will deliver a separate copy of the notice about the Internet availability of the proxy materials to any stockholder at a shared address who requests his or her own copy. Requests should be made to MBS Value Partners, LLC, at 424 Madison Avenue, Suite 400, New York, New York 10017, Attention: Lynn Morgen, ICF Investor Relations, or by telephoning Ms. Morgen at: (212) 750-5800.

### **How can I access the proxy materials over the Internet?**

Your notice about the Internet availability of the proxy materials, proxy form, or voting instruction form will contain instructions on how to view our proxy materials for the annual meeting on the Internet. **Our proxy materials are also publicly available, free of charge, at [www.proxyvote.com](http://www.proxyvote.com).** Our proxy materials will be available at this website through the conclusion of the annual meeting.

Your notice of Internet availability of proxy materials, proxy form, or voting instruction form will contain instructions on how you may request access to proxy materials electronically on an ongoing basis. Choosing to access your proxy materials electronically will help us conserve natural resources and reduce the costs of printing and distributing our proxy materials.

### **How may I obtain a paper copy of the Company's proxy materials, 2012 Annual Report, and/or other financial information?**

Stockholders receiving a notice about the Internet availability of the proxy materials will find instructions regarding how to obtain a paper copy of the proxy materials on their notice. Stockholders also may request a free copy of our proxy statement and/or 2012 Annual Report, which includes our Form 10-K, by writing to: MBS Value Partners, LLC, 424 Madison Avenue, Suite 400, New York, New York 10017, Attention: Lynn Morgen, ICF Investor Relations. Alternatively, stockholders can access the 2012 Annual Report, which includes our Form 10-K, on our Investor Relations website at: <http://investor.icfi.com>. We will also furnish any exhibit to the 2012 Form 10-K if specifically requested.

### **How do I vote?**

You may vote in person at the meeting, on the Internet, by telephone, or through a proxy or voting instruction form. Stockholders who have received a notice of the availability of the proxy materials by mail may submit proxies over the Internet by following the instructions on the notice. Stockholders who have received a paper copy of a proxy form or a voting instruction form by mail may either:

- (i) submit their proxy over the Internet or by telephone by following the instructions on the proxy form or voting instruction form; or
- (ii) submit their proxy by mail by signing and dating the proxy form or voting instruction form received and returning it in the prepaid envelope.

### **What if I hold shares indirectly?**

If you hold shares in a stock brokerage account or through a bank or other nominee, you are considered to be the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by your broker or nominee. As the beneficial owner, you have the right to direct your broker how to vote. If you do not direct your broker how to vote, your broker is permitted to vote your shares on the appointment of the independent registered public accounting firm, even if you do not furnish voting instructions. However, your broker will not be able to vote on other matters.

If your shares are held in street name, your broker or other nominee may have procedures that will permit you to vote by telephone or electronically through the Internet.

## **Table of Contents**

### **Can I change my vote?**

You have the right to revoke your proxy at any time before votes are counted at the meeting by:

notifying us in writing at our corporate offices by writing to ICF International, Inc., 9300 Lee Highway, Fairfax, Virginia 22031, Attention: Corporate Secretary, Mollie Roy;

entering a new vote by using the Internet or the telephone, or by mailing a new proxy form or new voting instruction form bearing a later date, which will automatically revoke your earlier voting instructions; or

voting in person at the meeting.

Attendance at the meeting will not in itself constitute revocation of your proxy.

### **Attending the Meeting**

Attendance at the meeting is limited to stockholders who are:

stockholders of record;

beneficial holders of ICF International common stock held by a broker, bank, or other nominee (*i.e.*, in street name ); or

authorized representatives of entities who are record or beneficial holders.

A stockholder of a class noted above must present, in addition to a valid photo identification or other satisfactory proof of identification, the following materials in order to be admitted to the meeting:

stockholders of record must present the top portion of their proxy card, which will serve as an admission ticket;

beneficial holders will need proof of ownership. A recent brokerage statement or letter from a bank or broker is an example of proof of ownership. If you want to vote your shares of ICF International common stock held in street name in person at the meeting, you must obtain a written proxy in your name from the broker, bank, or other nominee who is the record holder of your shares; and

in addition to any evidence required above for record or beneficial holders, authorized representatives must present a letter from the entity certifying as to their status as an authorized representative.

Cameras (including cellular phones or personal digital assistants ( *PDA*s ) with photographic capabilities), recording devices and other electronic devices, and the use of cellular phones or PDAs will not be permitted at the meeting. Representatives will be at the entrance to the meeting and these representatives will have the authority, on the Company's behalf, to determine whether the admission policies and procedures are being followed and whether you will be granted admission to the meeting.

### **What are the requirements and procedures for a quorum, abstentions, and broker non-votes?**

## Edgar Filing: ICF International, Inc. - Form DEF 14A

Your shares are counted as present at the meeting if you attend the meeting, if you properly return a proxy by mail, or you vote by telephone or electronically. In order for us to vote on matters at the meeting, a majority of our outstanding shares of common stock as of April 8, 2013 must be present in person or by proxy at the meeting. This is referred to as a quorum. Abstentions will be counted for purposes of establishing a quorum at the meeting and will be counted as voting (but not for or against) on the affected proposal. Broker non-votes will be counted for purposes of establishing a quorum but will not be counted as voting. A broker non-vote occurs when a broker, bank, or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and/or has not received voting instructions from the beneficial owner. Broker non-votes may arise with respect to the proposal for the election of directors, the amendment to the Omnibus Plan and the say on pay vote, because such proposals are considered non-routine matters under applicable rules that govern banks and brokers, and brokers are not allowed to vote your shares on such proposals if you do not furnish voting instructions. If a quorum is not present, the meeting will be adjourned until a quorum is present.

## **Table of Contents**

### **How many votes are needed to approve each item?**

At this year's annual meeting, stockholders will elect three (3) directors to serve a term of three years. In voting on the election of the directors, you may vote in favor of the nominees or withhold votes as to the nominees. There is no cumulative voting for the election of directors. Directors must be elected by a plurality of the votes entitled to be cast in the election of directors. This generally means that the nominee(s) receiving the greatest number of votes cast at the meeting will be elected. Abstentions and broker non-votes will have no effect on the outcome of the election.

In voting on the ratification of the appointment of Grant Thornton LLP as the independent registered public accounting firm, you may vote in favor of the proposal, vote against the proposal, or abstain from voting. The ratification of Grant Thornton LLP as the independent registered public accounting firm will be decided by the affirmative vote of a majority of the shares entitled to vote thereon present in person or by proxy at the annual meeting. Abstentions and broker non-votes will have no effect on determining whether the affirmative vote constitutes a majority of the shares entitled to vote thereon present or represented by proxy, although no broker non-votes are expected to exist in connection with this vote as ratification of the independent registered public accounting firm is considered a routine matter under applicable rules.

In voting to approve the amendment of the Omnibus Plan to increase the number of shares available for issuance by 1,750,000, you may vote in favor of the proposal, against the proposal, or abstain from voting. This proposal will be decided by the affirmative vote of a majority of the shares present or represented by proxy at the annual meeting and entitled to vote on the matter. Abstentions and broker non-votes will have no effect on determining whether the affirmative vote constitutes a majority of the shares entitled to vote thereon present or represented by proxy.

The say on pay vote is only an advisory vote to the Board regarding the compensation of the Company's top executives. You may vote in favor of or vote against the Company's compensation system or you may abstain from voting. Approval of the Company's compensation system requires the affirmative vote of a majority of the shares entitled to vote thereon present in person or by proxy at the annual meeting. Abstentions and broker non-votes will have no effect on determining whether the affirmative vote constitutes a majority of the shares entitled to vote thereon present or represented by proxy. The Board will strongly consider the outcome of this vote in determining the compensation of top executives.

In order to minimize the number of broker non-votes, the Company encourages you to provide voting instructions to the organization that holds your shares by carefully following the instructions provided in the Notice of Internet Availability of Proxy Materials.

### **How will voting on any other business be conducted?**

We currently do not know of any business to be considered at the annual meeting other than the four proposals described in this proxy statement. If any other business is properly presented at the meeting, your signed proxy form gives authority to the named proxies to vote your shares on such matters, including any adjournment or postponement of the meeting, in their discretion.

### **Who will count the vote?**

Representatives of Broadridge Financial Solutions, Inc. will tabulate the votes and act as inspectors of election.

### **Where can I find the voting results of the annual meeting?**

The preliminary voting results will be announced at the annual meeting. The final voting results will be tallied by the inspector of election and published within four business days via a Form 8-K current event filing following the conclusion of the annual meeting.

---

**Table of Contents**

**PROPOSAL 1 ELECTION OF DIRECTORS**

Our authorized number of directors is presently fixed at eight (8), divided into three classes of three members in two classes and two members in the other class. Our directors are elected to serve three-year terms, so that the term of office of one class of directors expires at each annual meeting.

The Board of Directors has nominated the following individuals, each of whom is currently a director, for election as directors for terms expiring at our annual meeting in 2016 or until their respective successors have been elected and qualified:

Dr. Srikant M. Datar

Eileen O Shea Auen

Peter M. Schulte

If any of these nominees becomes unavailable for election, the accompanying proxy may be voted for a substitute, or in favor of holding a vacancy to be filled by the directors. We have no reason to believe that any nominee will be unavailable. The director nominees will be elected by a plurality of the votes entitled to be cast at the annual meeting. A plurality is generally defined as the excess of the votes cast in favor of a director nominee over those cast in favor of any other nominee. You may vote for up to the number of nominees named, and the nominees receiving the largest number of FOR votes will be elected to the director positions to be filled.

Each of our nominees and continuing directors is a seasoned business leader who contributes an array of experience, qualifications, attributes, and skills to the Board. The following information regarding each nominee and continuing director provides background information and a summary of some of each person's key qualifications to serve as a director. Please also see the chart below summarizing how each nominee and continuing director reflects Board selection criteria adopted by our Governance and Nominating Committee. The age indicated for each individual is as of December 31, 2012.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE **FOR** THE NOMINEES.

**Nominees for Election as Director for a Term Expiring in 2016 Class I Directors**

**Dr. Srikant M. Datar**, age 59, has served as a director of ICF International since July 2006. Dr. Datar is the Arthur Lowes Dickinson Professor 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 the NYSE, in the form of American Depositary Shares; of HCL Technologies Limited, a public company under Indian Law whose shares are publicly traded on the Mumbai Stock Exchange; and of Stryker Corporation, the shares of which are publicly traded on the NYSE. He has published papers in several leading academic journals and is the co-author of *Rethinking the MBA: Business Education at a Crossroads*. He has consulted with and done field-based research with many corporations and has presented his research to managers and executives in North and South America, Europe, Asia, Australia 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 Masters in Statistics and Economics and a Ph.D. in Business from Stanford University.

*Selected Director Qualifications:*

Service on boards of other international businesses, including as director of a leading global pharmaceutical company, director of a leading global medical technology company, and director of an Indian high-technology company

---

**Table of Contents**

Substantial teaching and practical experience in strategy, implementation, accounting and related issues, having been a senior associate dean and a current professor of a leading U.S. university

Both academic and broad-based experience in strategy, finance, management and accounting

**Eileen O Shea Auen**, age 50, has served as a director of ICF International since March 2008. Ms. Auen has been the Chairman and Chief Executive Officer of PMSI, Inc. since December 2008. In 2007, she was the head of Healthcare Management for Aetna. From 2005 to 2007, Ms. Auen was the Chief Executive Officer of APS Healthcare, Inc. ( *APS Healthcare* ). Prior to her role at APS Healthcare, Ms. Auen was a managing partner of Chapterhouse, LLC from 2004 to 2005; the President of Health Net of the Northeast from 2003 to 2004; and the President of the Southeast Region of Cigna Healthcare from 2000 to 2003. Ms. Auen received a Bachelor of Arts degree from Towson University and a Masters in Business Administration from the University of Virginia.

*Selected Director Qualifications:*

Current and prior experience as a chief executive officer

Substantial expertise in healthcare

Meaningful experience in the services sector

**Peter M. Schulte**, age 55, has served as a director of ICF International since June 1999. Mr. Schulte is a Managing Partner, and was a founder in 1995, of the private equity firm CM Equity Partners, which invests in established middle market companies and manages private equity funds and investments through its management company, CM Equity Management, L.P. In addition, Mr. Schulte served as the President, Secretary, Chief Financial Officer and as a director of Federal Services Acquisition Corporation, a public special purpose acquisition company, and predecessor of ATS Corporation ( *ATS* ), which was a publicly traded information technology services firm serving U.S. federal, state, and local government agencies, from April 2005 until January 2007. Mr. Schulte continued to serve as a director of ATS Corporation until its merger with Salient Federal Solutions, Inc., a Delaware corporation, effective March 30, 2012. Related to his private equity investing activities, Mr. Schulte is a director of several companies, including: RGS Associates, Inc.; Preferred Systems Solutions, Inc.; Citizant, Inc.; and Xebec Global Corporation. Mr. Schulte received a Bachelor of Arts degree in Government from Harvard College and a Masters in Public and Private Management from the Yale School of Management.

*Selected Director Qualifications:*

Managing partner of the private equity firm that joined with management to purchase the Company in 1999

Significant participation in the oversight of the Company's growth and development since 1999

Substantial experience in leading and financing acquisitions in the government services sector

Experience on boards of other publicly held companies within the government services sector

**Directors Whose Term of Office Expires in 2014 Class II Directors**

**Dr. Edward H. Bersoff**, age 70, has served as a director of ICF International since October 2003. Dr. Bersoff served as the Chairman of ATS Corporation, a former publicly traded information technology services firm located in Northern Virginia serving U.S. federal, state, and local government agencies until its merger with Salient Federal Solutions, Inc., a Delaware corporation, effective March 30, 2012. Dr. Bersoff previously served as the President and Chief Executive Officer of ATS from January 2007 until January 2011, during which time ATS

## Edgar Filing: ICF International, Inc. - Form DEF 14A

completed three acquisitions in the federal services industry. Previously, he was chairman and founder of Greenwich Associates, a business advisory firm located in Northern Virginia that 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

**Table of Contents**

forwarding and address correction services. From February 1982 until November 2001, Dr. Bersoff was Chairman, President, and Chief Executive Officer of BTG, Inc. ( *BTG* ), a publicly traded information technology firm he founded in 1982. Under Dr. Bersoff's leadership, BTG completed six acquisitions in the federal services industry. In November 2001, BTG was acquired by The Titan Corporation ( *Titan* ), a NYSE listed company. Dr. Bersoff served as a director of Titan from February 2002 until August 2005 when Titan was sold. He also serves on the boards of a number of private companies. 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 former Rector of the Board of Visitors of Virginia Commonwealth University; a former Trustee of the VCU Medical Center; and a former Trustee of New York University. He currently serves as a Trustee and Chairman of Holy Cross Hospital.

*Selected Director Qualifications:*

Chief executive officer position with several publicly held companies

Very substantial experience in the government and commercial services sector

Experience on boards of other publicly held companies

Experience in leading acquisitions in the government services sector

**Dr. Ernest J. Moniz**, age 68, has served as a director of ICF International since June 2011. Dr. Moniz is the Cecil and Ida Green Professor of Physics and Engineering Systems, Director of the Energy Initiative, and Director of the Laboratory for Energy and Environment at the Massachusetts Institute of Technology, where he has served on the faculty since 1973. Dr. Moniz served as Under Secretary of the Department of Energy ( *DOE* ) from October 1997 until January 2001. He is a member of President Obama's Council of Advisors on Science and Technology ( *PCAST* ) and of the Department of Defense Threat Reduction Advisory Committee. He recently served on the DOE Blue Ribbon Commission on America's Nuclear Future. Dr. Moniz is a member of the board of directors of American Science & Engineering, Inc., a public company provider of x-ray inspection systems, the shares of which are publicly traded on Nasdaq. Dr. Moniz received a Bachelor of Science degree summa cum laude in physics from Boston College, a doctorate in theoretical physics from Stanford University, and honorary doctorates from the University of Athens, the University of Erlangen-Nuremberg, and Michigan State University. Dr. Moniz is a Fellow of the American Association for the Advancement of Science, the Humboldt Foundation, and the American Physical Society and a member of the Council on Foreign Relations.

*Selected Director Qualifications:*

Substantial expertise in the energy field

Extensive experience within the government, particularly with regard to energy policy

Service on boards of other public companies

**Directors Whose Term of Office Expires in 2015 - Class III Directors**

**Cheryl W. Grisé**, age 60, has served as a director of ICF International since September 2012. Prior to joining the Board, Ms. Grisé was executive vice president of Northeast Utilities, a public utility holding company, from December 2005 until her retirement in July 2007. Ms. Grisé served in various senior management positions at Northeast Utilities, after her employment in 1980, including President-Utility Group and chief executive officer of all Northeast Utilities operating subsidiaries. Ms. Grisé was a director of Dana Corporation (now known as Dana Holding Corporation) from December 2002 until January 2008 and she currently serves on the boards of MetLife, Inc., a major multi-line insurance carrier (where she is lead director), PulteGroup, Inc. (formerly known as Pulte Homes, Inc.), a large commercial home builder, and

## Edgar Filing: ICF International, Inc. - Form DEF 14A

Pall Corporation, a manufacturer of fluid purification devices. She is also a member of the board of Kingswood-Oxford School and a trustee emeritus of the University of Connecticut Foundation. Ms. Grisé received her B.A. in Education from the

**Table of Contents**

University of North Carolina and her J.D. from Thomas Jefferson School of Law and completed the Executive Management Program at Yale University School of Organization and Management.

*Selected Director Qualifications:*

Director experience serving on boards of other public companies

Demonstrated business and financial acumen and experience

Extensive management experience in the electric and natural gas utility industry

**Sudhakar Kesavan**, age 58, has served as a director of ICF International since June 1999 and serves as the Chairman and Chief Executive Officer of ICF International and its wholly owned subsidiary, ICF Consulting Group, Inc. ( **ICF Consulting** ). In 1997, Mr. Kesavan was named President of ICF Consulting when it was a subsidiary of ICF Kaiser ( **Kaiser** ). In 1999, ICF Consulting was divested from Kaiser and became a wholly owned subsidiary of the Company through a joint effort of the management of ICF Consulting and CM Equity Partners. Mr. Kesavan also currently serves on the board of directors of ABM Industries, Inc., a NYSE listed company. 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 is the Executive Vice Chair of the Northern Virginia Technology Council. He also serves as Board Member Emeritus on the Board of the Rainforest Alliance, a New York-based non-profit environmental organization.

*Selected Director Qualifications:*

Chief Executive Officer since the Company was purchased in 1999

Chief Executive Officer who has overseen the Company's very substantial growth while maintaining a stable, professional workforce

Experience leading both organic growth and acquisition activities

**S. Lawrence Kocot**, age 53, is currently a Visiting Fellow in the Economic Studies Program and the Deputy Director of the Engelberg Center for Health Care Reform at the Brookings Institution. Mr. Kocot is also Senior Counsel at Dentons, US LLP. From 2004 to 2007, Mr. Kocot served as a Senior Advisor to the Administrator at the Centers for Medicare & Medicaid Services at the U.S. Department of Health and Human Services. In this capacity, Mr. Kocot was involved in a wide range of health care policy issues and operations related to Medicare and Medicaid. Notably, he was a key member of the management and operations team responsible for the national launch and operation of the Medicare Prescription Drug Benefit (Part D). Prior to his federal government service, Mr. Kocot served for nearly a decade as senior vice president and general counsel at the National Association of Chain Drug Stores ( **NACDS** ). Before joining NACDS, Mr. Kocot was active in the management of small businesses, including a startup pharmacy benefits management company. Additionally, Mr. Kocot was a Fellow in International Security Studies at the Center for Strategic and International Studies ( **CSIS** ), and an adjunct fellow at CSIS for several years thereafter. From 2002 to 2012, Mr. Kocot served as a Member of Virginia's Commonwealth Health Research Board (Chairman, 2005 to 2008; Vice Chairman, 2003 to 2005). Mr. Kocot was interim President and CEO and is currently a member of the board of directors of the Partnership for a Healthier America. Mr. Kocot received his Bachelor's and M.P.A. degrees from the University of Massachusetts at Amherst and his J.D. and LL.M. degrees from the Georgetown University Law Center.

*Selected Director Qualifications:*

Substantial experience in advising and representing both private and governmental entities

Significant expertise in the healthcare sector

Current and prior experience as a Board member

**Table of Contents**

The Governance and Nominating Committee maintains, and periodically updates, non-exclusive Board selection guidelines to assist the committee in evaluating candidates for the Board. These guidelines, and an indication of which of the guideline criteria are particularly satisfied by each nominee and continuing director, are summarized below:

<b>Guideline Criteria</b>	<b>Eileen O Shea Auen</b>	<b>Edward H. Bersoff</b>	<b>Srikant M. Datar</b>	<b>Cheryl W. Grisé</b>	<b>Sudhakar Kesavan</b>	<b>S. Lawrence Kocot</b>	<b>Ernest J. Moniz</b>	<b>Peter M. Schulte</b>
Reputation for integrity, honesty and adherence to high ethical standards	X	X	X	X	X	X	X	X
Demonstrated business and financial acumen and experience	X	X	X	X	X	X	X	X
Willingness and ability to contribute positively to the collegial decision-making process of the Board	X	X	X	X	X	X	X	X
Other professional experience/familiarity within the government contracting industry		X			X	X	X	X
Prominence within professional discipline and/or industry	X	X	X	X	X	X	X	X
Commitment to attend and participate in Board and Board Committee meetings regularly	X	X	X	X	X	X	X	X
No conflict of interest that would impair ability to represent the interests of all Company stockholders and fulfill responsibilities of a director	X	X	X	X	X	X	X	X
Contribute to Board diversity (in terms of race, gender, national origin, etc.)	X		X	X	X			
Strengths and experience that contribute to ability to serve effectively on one or more Board Committees (audit, compensation, governance and nominating)	X	X	X	X	X	X	X	X
Operational experience serving as the CEO, COO, CFO or in a similar position with a significant services business	X	X		X	X			X
Experience in leading mergers and acquisitions	X	X		X	X			X
Experience in integrating acquired businesses after mergers and acquisitions		X		X	X			
Familiarity with capital markets, financing transaction strategy, and investor relations	X	X	X	X	X			X
Experience identifying, evaluating and managing corporate risk	X	X	X	X	X			X
Director experience serving on boards of other public companies		X	X	X	X		X	X

**Table of Contents****PROPOSAL 2 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANT**

The Audit Committee has appointed Grant Thornton LLP ( *Grant Thornton* ) to serve as our independent registered public accounting firm for fiscal year 2013 and requests that stockholders confirm such appointment. Grant Thornton audited our consolidated financial statements for 2012. Representatives of Grant Thornton will be present at the annual meeting, will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions by stockholders. Ratification of the appointment of Grant Thornton as our independent registered public accounting firm requires a majority of the votes entitled to vote thereon present in person or by proxy at the annual meeting. If our stockholders do not ratify Grant Thornton as our independent registered public accounting firm, the Audit Committee will reconsider its decision. The Audit Committee may, in its discretion, retain Grant Thornton or another independent registered public accounting firm without re-submitting the matter to the Company's stockholders. Even if stockholders vote in favor of the appointment, the Audit Committee may, in its discretion, direct the appointment of different independent auditors at any time during the year if it determines that such a change would be in the best interests of the Company and stockholders.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE **FOR** THE RATIFICATION OF THE APPOINTMENT OF GRANT THORNTON LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2013.

**DESCRIPTION OF PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The following table sets forth the fees incurred for services provided by Grant Thornton for the fiscal years ended December 31, 2011 and 2012:

	2012	2011
Audit Fees	\$ 959,700	\$ 933,873
Audit-Related Fees		
Tax Fees	8,677	21,204
All Other Fees		7,709
<b>Total</b>	<b>\$ 968,377</b>	<b>\$ 962,786</b>

**Audit Fees**

These are fees for professional services rendered by Grant Thornton for the audits of our annual consolidated financial statements, the audit of internal controls over financial reporting, the review of consolidated financial statements included in our quarterly reports on Form 10-Q, and the audit of our compliance with OMB Circular A-133.

**Audit-Related Fees**

Audit-related fees comprise fees for professional services rendered by Grant Thornton that are reasonably related to the performance of the audit or review of our consolidated financial statements and internal controls over financial reporting that are not reported in Audit Fees. There were no audit-related fees rendered by Grant Thornton in 2012 or 2011 that meet the above category description.

**Tax Fees**

These are fees for professional services rendered by Grant Thornton with respect to tax compliance, tax advice and tax planning. Additional professional services with respect to tax compliance, tax advice and tax planning were performed by other tax services providers.

**Table of Contents**

**All Other Fees**

These are fees for professional services rendered by Grant Thornton for transaction related issues. There were no fees rendered by Grant Thornton in 2012 that meet the above category description.

**Pre-Approval of Audit and Non-Audit Services**

The Audit Committee is authorized by its charter to pre-approve all audit and permitted non-audit services to be performed by our independent registered public accounting firm. The Audit Committee reviews and approves the independent registered public accounting firm's retention to perform audit services, including the associated fees. The Audit Committee also evaluates other known potential engagements of the independent registered public accounting firm, including the scope of the proposed work and the proposed fees, and approves or rejects each service, taking into account whether the services are permissible under applicable law and the possible impact of each non-audit service on the independent registered public accounting firm's independence from management. At subsequent meetings, the Audit Committee will receive updates on the services actually provided by the independent registered public accounting firm, and management may present additional services for approval. The Audit Committee has delegated to the Chair of the Audit Committee the authority to evaluate and approve engagements on behalf of the Audit Committee in the event that a need arises for pre-approval between Audit Committee meetings. If the Chair so approves any such engagements, he will report that approval to the full Audit Committee at its next meeting.

Our Audit Committee has reviewed all of the fees described above, and believes that such fees are compatible with maintaining the independence of Grant Thornton.

---

**Table of Contents**

**PROPOSAL 3 AMENDMENT TO THE 2010 OMNIBUS INCENTIVE PLAN TO INCREASE THE NUMBER OF SHARES AVAILABLE FOR ISSUANCE**

**Proposed Amendment**

On March 1, 2013, the Company's Board of Directors adopted an amendment (the *Amendment*) to the Omnibus Plan, subject to stockholder approval at the Company's 2013 annual meeting. The proposed Amendment would adjust Section 4.1 of the Omnibus Plan to increase the shares available for issuance under the plan by 1,750,000 shares. The other material terms of the Omnibus Plan would not change.

**Reasons for the Amendment**

The Board believes that in order to attract and retain qualified non-employee directors and senior management personnel, it is necessary for the Company to have the ability to grant shares of the Company's common stock in the form of stock options, restricted stock, restricted stock units and any other stock awards permitted under the Omnibus Plan. It is the judgment of the Board that the Amendment is in the best interests of the Company and our stockholders.

As approved by our stockholders at the Company's 2010 annual meeting, the Omnibus Plan provides for the issuance of 2,676,186 shares of the Company's common stock (which included those awards from the Company's prior 2006 Long-Term Equity Incentive Plan that were subsumed into the Omnibus Plan), of which 351,604 shares remain available for future grants as of April 8, 2013. If the Amendment is not approved by stockholders, the Omnibus Plan will continue in effect without the Amendment and the Company will not have sufficient shares available to issue further grants of the Company's common stock in fiscal year 2013 beyond such amount. If the Amendment is approved by stockholders, Section 4.1 of the Omnibus Plan shall be amended to increase the shares available for issuance under the Omnibus Plan by 1,750,000 shares from 1,800,000 to 3,550,000 (for a total of an aggregate 4,426,186 shares, which includes shares that remained available under the 2006 Long-Term Equity Incentive Plan when the Omnibus Plan was initially adopted). Approval of the Amendment requires the affirmative vote of a majority of the shares of the Company's outstanding common stock present, in person or by proxy, and entitled to vote at the annual meeting. If approved by the stockholders, the Amendment will take effect on June 7, 2013.

**Summary of the Omnibus Plan**

The Omnibus Plan was effective on March 8, 2010 and was approved by the stockholders at the Company's annual meeting on June 4, 2010. The full text of the Omnibus Plan, as proposed to be amended, is attached as Exhibit A to this proxy statement, and the following description is qualified in its entirety by reference to that exhibit.

The principal purpose of the Omnibus Plan is to promote the success and enhance the stockholder value of the Company by linking the personal interests of members of the Board and employees of the Company and its subsidiaries to those of Company stockholders and by providing such individuals with an incentive for performance to generate returns to Company stockholders. The Omnibus Plan provides for the granting of options, stock appreciation rights ( *SARs* ), restricted stock, restricted stock units ( *RSUs* ), performance shares, performance units, cash-based awards, and other stock-based awards to all officers and key employees of the Company (including employees who are members of the Board and employees who are members of senior management of entities acquired by the Company) and non-employee directors. The Omnibus Plan does not permit the repricing of options or the granting of discounted options, and does not contain an "evergreen" or similar provision. The Omnibus Plan will remain in effect until March 8, 2020, unless terminated earlier by the Board or the Compensation Committee.

---

## **Table of Contents**

### **Dilution**

The Board anticipates that the 1,750,000 additional shares being requested pursuant to the Amendment will be sufficient to provide projected equity incentives under the Omnibus Plan for two to three years, based on the burn rate to which the Company has committed, discussed under *Burn Rate* below.

The new shares would represent approximately 8.9% of the Company's approximately 19.6 million diluted common shares outstanding as of April 8, 2013. As of the close of business on April 8, 2013, the Company's common stock was trading at \$26.53 per share.

The Board believes that this would represent a reasonable amount of potential dilution given the strong incentive it also believes will be provided to employees to increase the value of the Company for all stockholders. Furthermore, our goal is to mitigate the dilution from the stock issued with the share repurchase program we commenced on November 4, 2011, authorizing the Company to purchase up to \$35 million of shares of the Company's common stock in the open market from time to time. To date, we have repurchased 469,963 shares of common stock for an aggregate cost of approximately \$10,461,516 pursuant to the program. The average fair value of the common stock purchased was \$22.24 per share. The approximate dollar value of shares that may yet be purchased pursuant to the program is \$24,538,484. The timing of the share repurchases under the program is at the discretion of the Company and will depend on a variety of factors, including market conditions and bank approvals and may be suspended or discontinued at any time. The share repurchase program expires November 4, 2013.

### *Overhang*

Overhang is the sum of (a) shares available for grant under the Omnibus Plan plus (b) the number of options outstanding plus (c) the number of unvested full value awards divided by (d) the total number of common shares outstanding.

Our overhang at December 31, 2012 was 12.8%. Including the new shares, the potential overhang from all stock incentives available to employees would be approximately 21.7%.

### *Burn Rate*

Burn rate measures the annual usage of shares for incentive purposes. It is the total shares issued in the fiscal year under the Omnibus Plan divided by the total common shares outstanding. The three-year average (2010 to 2012) burn rate was 6.34%. As discussed further below, to calculate this burn rate, we apply a multiplier of 2.5 to each award of full value shares (so an award of 100 shares would be counted as 250 shares).

### *Burn Rate Commitment*

We commit to cap our average annual burn rate over the three-year period covering fiscal years 2013, 2014 and 2015. For this purpose, burn rate is the number of shares of our common stock subject to stock awards granted in a fiscal year (or in the case of performance shares, the number of shares earned) divided by the weighted average number of shares of our common stock outstanding (basic) during our fiscal year. For purposes of calculating the number of shares subject to stock awards granted in a fiscal year, (i) awards of stock options and SARs will count as one share and (ii) full value awards will count as 2.5 shares. Awards that are assumed or substituted in acquisitions will be excluded from our burn rate calculations.

We have chosen to cap our average burn rate over fiscal years 2013, 2014 and 2015 at the Institutional Shareholder Services ( *ISS* ) suggested burn rate cap for 2013 for the Company's current assigned Global Industry Classification Standard ( *GICS* ) code 2020 (Commercial & Professional Services) of 4.74%. If the Company's GICS code should change over the next three years, we commit to stay within the ISS suggested burn rate cap for that assigned GICS code. For calculating the burn rate, we have chosen a 2.5x multiple for full value awards based on ISS methodology and stock price volatility calculation as of December 31, 2012.

## Table of Contents

### *Administration and Duration*

The Omnibus Plan is administered by the Compensation Committee. The Compensation Committee has the authority to interpret the Omnibus Plan, and to make any other determinations it believes necessary or advisable for the administration of the Omnibus Plan. Subject to the terms of the Omnibus Plan, the Compensation Committee may determine, among other items: the selection of those to be granted awards under the Omnibus Plan out of those eligible for participation; the level of participation of each participant; when and how each award under the Omnibus Plan shall be granted; and what type or combination of types of awards shall be granted. Each member of the Compensation Committee must be a non-employee director within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the *Exchange Act*), an outside director within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the *Code*) and meet the requirements of Nasdaq Rule 5605(d)(2)(A). Currently, the Compensation Committee is comprised of three independent directors who fit each of these definitions. The Compensation Committee may delegate any or all of its authority to administer the Omnibus Plan as it deems appropriate, to one or more of its members; to one or more officers of the Company; or to one or more agents or advisors. By resolution, the Compensation Committee may authorize one or more officers of the Company to (i) designate employees to be award recipients under the Omnibus Plan; or (ii) determine the size of any such awards; provided, however, that (x) the Compensation Committee shall not delegate such responsibilities to any officer for awards granted to an employee who is an executive officer; (y) the resolution sets forth the total number of shares such officer may grant in awards; and (z) the officer shall periodically report to the Compensation Committee regarding the nature and scope of the awards granted pursuant to such delegated authority.

### *Eligibility*

All officers and key employees of the Company (including employees who are members of the Board and employees who are members of senior management of entities acquired by the Company) and its affiliates, as well as the Company's non-employee directors, are eligible to participate in the Omnibus Plan. For 2012, 332 individuals were eligible to participate in the Omnibus Plan, including 5 current executive officers, 1 former executive officer, 7 non-employee directors and 319 other key employees. Awards were made under the Omnibus Plan to 318 individuals, which included the 5 current executive officers, 1 former executive officer and 7 non-employee directors, as well as 305 other key employees. From time to time, the Compensation Committee will determine who will be granted awards and the number of shares granted, subject to the limits described in *Limit on Awards to Any One Individual* below.

The following table sets forth certain information regarding grants of equity awards made under the Omnibus Plan during fiscal year 2012 for each of the following: (i) each of the named executive officers; (ii) all current executive officers of the Company as a group; (iii) all current directors who are not executive officers as a group; and (iv) all employees, including all current officers who are not executive officers, as a group.

**Table of Contents**

Name and Position	2010 Omnibus Incentive Plan			Total Number of Shares Underlying Restricted Stock Units	Dollar Value of Restricted Stock <sup>(3)</sup>	Total Number of Shares of Restricted Stock
	Dollar Value of Stock Options <sup>(1)</sup>	Total Number of Stock Options	Dollar Value of Restricted Stock Units <sup>(1)</sup>			
<b>Sudhakar Kesavan</b> , Chairman and Chief Executive Officer	\$ 679,878	68,744	\$ 679,862	26,495	\$	
<b>James C. Morgan</b> , Executive Vice President and Chief Financial Officer	125,061 <sup>(2)</sup>	15,104	124,978 <sup>(2)</sup>	5,686		
<b>John Wasson</b> , President and Chief Operating Officer	357,751	36,173	357,752	13,942		
<b>Sandra B. Murray</b> , Former Interim Chief Financial Officer and Senior Vice President	84,035	8,497	84,037	3,275		
<b>Ellen Glover</b> , Executive Vice President	103,479	10,463	103,461	4,032		
<b>Isabel S. Reiff</b> , Executive Vice President	94,351	9,540	94,352	3,677		
<b>Executive Group</b>	1,444,555	148,521	1,444,442	57,107		
<b>Non-Executive Director Group</b>					809,934	36,139
<b>Non-Executive Officer Employee Group</b>	543,110	54,915	8,086,241	317,761		

(1) With the exception of Mr. Morgan, calculations are based on the closing stock price of \$25.66 on the date of grant, March 19, 2012.

(2) Based on the closing stock price of \$21.98 on the date of grant, August 7, 2012.

(3) Based on the closing stock price of \$22.58 on June 1, 2012 (the date of grant) with respect to 31,884 shares and \$21.15 on November 7, 2012 (the date of grant) with respect to 4,255 shares.

**Types of Awards***Cash-Based Awards*

Cash-based awards granted under the Omnibus Plan entitle each participant to receive a specified payment amount or payment range, in the form of cash or shares of common stock or other equity awards, as determined at the time of the award. The Compensation Committee may establish performance goals in its discretion and, to the extent the Compensation Committee exercises its discretion to establish performance goals, the number and/or value of cash-based awards that will be paid to the participant will depend on the extent to which the performance goals are met.

*Stock Awards*

The Omnibus Plan provides for the granting of restricted stock, RSUs, performance shares, performance units, and other stock awards. A performance award may include any of the performance measures, or a combination thereof, set forth in the Omnibus Plan attached as [Exhibit A](#) to this proxy statement. Performance goals may be based on the achievement of specified levels of Company performance (or performance of an applicable subsidiary, affiliate or unit of the Company, or any combination thereof) under one or more of the performance measures set forth in the Omnibus Plan. Performance goals may be defined in absolute terms or measured relative to the performance of companies or against a predefined index that the Compensation Committee deems appropriate, or if utilizing the performance measure of share price, a comparison to various

## **Table of Contents**

stock market indices. Performance goals may be adjusted for material business events. The performance goals will be set by the Compensation Committee within the time period prescribed by, and will otherwise comply with the requirements of, Section 162(m) of the Code.

### *Stock Options*

Stock options granted under the Omnibus Plan may be either non-qualified stock options or incentive stock options ( *ISOs* ) qualifying under Section 422 of the Code. Under the Code, the aggregate fair market value (determined at the grant date) of the stock with respect to which ISOs are first exercisable by any individual during any calendar year shall not exceed \$100,000. Stock options in excess of this limit are treated as non-qualified stock options. The stock option price may not be less than the fair market value of the stock on the date the stock option is granted. The stock option price is payable in cash or, if the grant provides, in common stock or other equity instruments. The Compensation Committee shall determine the expiration of stock options, although no stock option may be exercisable later than the tenth anniversary date of the grant. The Compensation Committee determines the terms of each stock option award at the time of grant.

### *Stock Appreciation Rights*

SARs may, but need not, be granted in conjunction with options or other equity awards. The Compensation Committee determines the terms of each SAR at the time of the grant. Any freestanding SAR (that is, a SAR not granted in conjunction with another equity award) may not be granted at less than the fair market value of the stock on the date the SAR is granted and cannot have a term longer than ten years. Distributions to the recipient may be made in common stock, in cash, or in a combination of both as determined by the Compensation Committee at the time of grant.

### *Transferability*

Unless otherwise determined by the Compensation Committee, awards granted under the Omnibus Plan may not be transferred except by will or the laws of descent and distribution or, subject to the consent of the Compensation Committee, pursuant to a domestic relations order entered into by a court of competent jurisdiction. During an employee's lifetime, any options or awards may be exercised only by the employee.

### *Certain Adjustments*

In the event of a corporate event or transaction, the Compensation Committee, in its sole discretion, in order to prevent unintended dilution or enlargement of a participant's rights under the Omnibus Plan, may substitute or adjust, among other things:

the number and kind of shares that may be issued under the Omnibus Plan or under particular forms of awards;

the number and kind of shares subject to outstanding awards;

the option or grant price applicable to outstanding awards;

the annual award limits applicable under the Omnibus Plan; and

any other value determinations applicable to outstanding awards.

A corporate event or transaction (including, but not limited to, a change in the shares or capitalization of the Company) encompasses a merger, consolidation, reorganization, recapitalization, separation, partial or complete liquidation, stock dividend, stock split, reverse stock split, split up, spin-off, or other distribution of stock or property of the Company, combination of shares, exchange of shares, dividend in-kind, or other like change in capital structure or distribution (other than normal cash dividends) to stockholders of the Company, or any similar corporate event or transaction.



## **Table of Contents**

### ***Amendment and Revocation***

The Compensation Committee or Board may amend or terminate the Omnibus Plan or an outstanding award agreement. However, an amendment will be contingent upon stockholder approval to the extent required by law or the rules of any stock exchange on which the Company's stock is traded. The Omnibus Plan prohibits the terms of outstanding awards from being amended to reduce the exercise price of outstanding options or SARs and prohibits without stockholder approval the cancellation of outstanding options or SARs in exchange for cash, other awards, or new options or SARs with an exercise price that is less than the exercise price of the original options or SARs.

### **Factors to Consider**

#### *Key Component of Compensation*

Incentive compensation is a key component of our total compensation package. Attracting, retaining, and motivating talented staff is critical to achieving our strategic and operating goals, including our goal of increasing stockholder value. We believe that grants of equity and other incentives based on Company performance allow us to remain competitive in the marketplace, enabling us to recruit, retain, and motivate high-caliber talent dedicated to the Company's long-term growth and success.

#### *Key Provisions of the Omnibus Plan*

The Omnibus Plan includes a number of provisions designed to serve stockholders' interests and facilitate effective corporate governance, including the following:

#### *No Stock Option Repricing/Exchange*

The Omnibus Plan does not permit the repricing of options or the exchange of underwater options for cash or other awards without stockholder approval.

#### *No Discounted Awards*

Awards having an exercise price will not be granted with an exercise price less than the fair market value of our common stock on the date of grant.

#### *No Evergreen Provision*

The Omnibus Plan does not contain an evergreen or similar provision. The Omnibus Plan fixes the number of shares available for future grants and does not provide for any increase based on increases in the number of outstanding shares of common stock (other than through stock splits or similar events).

#### *Deductibility of Awards*

The Omnibus Plan contains provisions to meet the requirements for deductibility of executive compensation under Section 162(m) of the Code, and such provisions include qualifying payments under the Omnibus Plan as performance-based compensation.

#### *Limit on Awards to Any One Individual*

The number of stock options and SARs that may be granted to any one individual during any Plan Year (as defined in the Omnibus Plan) may not exceed 600,000 shares. The number of performance shares that may be granted to an individual during any Plan Year may not exceed 500,000 shares (if payable in shares) and the maximum aggregate number of performance units that an individual may receive in a Plan Year may not exceed

## **Table of Contents**

the value of \$6,000,000 if payable in cash. The number of restricted stock and/or RSU awards that may be granted to an individual during any Plan Year may not exceed 250,000 shares. Cash-based awards may not exceed \$6,000,000 to an individual during any Plan Year. All other stock-based awards may not exceed 250,000 shares to an individual during any Plan Year.

### *Share Counting*

The following factors affect the number of shares as to which equity awards may be granted under the Omnibus Plan:

Any shares that are subject to awards of stock options or SARs are counted as using one share available under the Omnibus Plan for every one share delivered under the awards.

Any shares that are subject to equity awards that are not stock options or SARs are counted as using 1.93 shares available under the Omnibus Plan for every one share delivered under those awards.

Any shares related to awards under the Omnibus Plan that terminate by expiration, forfeiture, cancellation or otherwise without the issuance of the shares, are settled in cash in lieu of shares, or are exchanged for awards not involving shares (subject to the approval of the Compensation Committee), will be available again for grant under the Omnibus Plan.

The following shares may not again be made available for grant in respect of awards under the Omnibus Plan: (i) shares not issued or delivered as a result of the net settlement of an outstanding stock option or SAR; (ii) shares delivered to or withheld by the Company to pay the stock option or grant price of, or the withholding taxes with respect to, an award; and (iii) shares repurchased on the open market with the proceeds from the payment of the option price of a stock option.

## **U.S. Tax Treatment of Options and Awards**

### *Incentive Stock Options*

An ISO results in no taxable income to the optionee or deduction to the Company at the time it is granted or exercised. However, the excess of the fair market value of the shares acquired over the option price is an item of adjustment in computing the alternative minimum taxable income of the optionee. If the optionee holds the stock received as a result of an exercise of an ISO for at least two years from the date of the grant and one year from the date of exercise, then the gain realized on disposition of the stock is treated as a long-term capital gain. If the shares are disposed of prior to the end of this period, however (i.e., a disqualifying disposition), then the optionee will include in income, as compensation for the year of the disposition, an amount equal to the excess, if any, of the fair market value of the shares upon exercise of the option over the option price (or, if less, the excess of the amount realized upon disposition over the option price). In that event, the excess, if any, of the sale price over the fair market value on the date of exercise will be a short-term capital gain. In addition, the Company will be entitled to a deduction, in the year of such a disposition, for the amount includible in the optionee's income as compensation. The optionee's basis in the shares acquired upon exercise of an ISO is equal to the option price paid, plus any amount includible in his or her income as a result of a disqualifying disposition.

### *Non-Qualified Stock Options*

A non-qualified stock option results in no taxable income to the optionee or deduction to the Company at the time it is granted. An optionee exercising such an option will, at that time, realize compensation income taxable at ordinary income tax rates in the amount of the difference between the then market value of the shares and the option price. Subject to the applicable provisions of the Code, a deduction for federal income tax purposes will be allowable to the Company in the year of exercise in an amount equal to the taxable compensation realized by the optionee.

## **Table of Contents**

The optionee's basis in such shares is equal to the sum of the option price plus the amount includible in his or her income as compensation upon exercise. Any gain (or loss) upon subsequent disposition of the shares will be a long-term or short-term gain (or loss), depending upon the holding period of the shares.

If a non-qualified option is exercised by tendering previously owned shares of the Company's common stock in payment of the option price, then, instead of the treatment described above, the following will apply: a number of new shares equal to the number of previously owned shares tendered will be considered to have been received in a tax-free exchange; the optionee's basis and holding period for such number of new shares will be equal to the basis and holding period of the previously owned shares exchanged. The optionee will have compensation income taxable at ordinary income tax rates equal to the fair market value on the date of exercise of the number of new shares received in excess of such number of exchanged shares; the optionee's basis in such excess shares will be equal to the amount of such compensation income; and the holding period in such shares will begin on the date of exercise.

### *Stock Appreciation Rights*

Generally, the recipient of a freestanding SAR will not recognize taxable income at the time the SAR is granted. Upon the exercise of a SAR, if an employee receives the appreciation inherent in the SAR in cash, the cash will be taxed as ordinary income to the employee at the time it is received. If an employee receives the appreciation inherent in the SAR in stock, the spread between the then current market value and the grant price will be taxed as ordinary income to the employee at the time such stock is received.

In general, there will be no federal income tax deduction allowed to the Company upon the grant or termination of SARs. However, upon the exercise of a SAR, the Company will be entitled to a deduction equal to the amount of ordinary income the recipient is required to recognize as a result of the exercise.

### *Restricted Stock/RSU Awards/Performance Awards*

No income will be recognized at the time of grant by the recipient of a restricted stock, RSU, or performance award if such award is subject to a substantial risk of forfeiture. Generally, at the time the substantial risk of forfeiture terminates with respect to a stock award, the then fair market value of the stock will constitute ordinary income to the employee. Subject to the applicable provisions of the Code, a deduction for federal income tax purposes will be allowable to the Company in an amount equal to the compensation realized by the employee.

## **Tax Treatment of Awards to Non-Employee Directors and to Employees Outside of the United States**

The grant and exercise of options and awards under the Omnibus Plan to non-employee directors and to employees outside of the United States may be taxed on a different basis.

## **Equity Compensation Plan Information**

The table below sets forth the following information as of December 31, 2012 for all equity plans previously approved by our stockholders and all equity compensation plans not previously approved by our stockholders:

The number of securities to be issued upon the exercise of outstanding options, warrants and rights;

The weighted-average exercise price of such outstanding options, warrants and rights; and

Other than securities to be issued upon the exercise of such outstanding options, warrants and rights, the number of securities remaining available for future issuance under the plans.

**Table of Contents**

<b>Plan Category</b>	<b>Number of securities to be issued upon the exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of such outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under the plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by security holders	2,676,186 <sup>(1)</sup>		\$ 978,415
Equity compensation plans not approved by security holders			
<b>Total</b>	<b>2,676,186</b>		<b>\$ 978,415</b>

- (1) Consists of outstanding stock option and restricted stock unit awards under the Omnibus Plan, which includes those awards from the 2006 Long-Term Equity Incentive Plan that were subsumed into the Omnibus Plan.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE **FOR** THE APPROVAL OF THE AMENDMENT TO THE 2010 OMNIBUS INCENTIVE PLAN.

**Table of Contents**

**PROPOSAL 4 ADVISORY VOTE REGARDING ICF INTERNATIONAL S OVERALL PAY-FOR-PERFORMANCE EXECUTIVE COMPENSATION PROGRAM**

In June of 2011, the Board of Directors approved a resolution providing that ICF International would hold an annual stockholder advisory vote on executive compensation, as advised by ICF International s stockholders at the 2011 annual meeting. Pursuant to that resolution, this proposal, commonly known as a Say on Pay proposal, gives you as a stockholder the opportunity to endorse or not endorse ICF International s executive compensation program through the following resolution:

**Resolved, that the stockholders approve ICF International s overall pay-for-performance executive compensation program, as described in the Compensation Discussion and Analysis, the compensation tables and the related narratives and other materials in this Proxy Statement.**

Approval of the Say on Pay proposal requires the affirmative vote of a majority of the votes entitled to vote thereon present in person or by proxy at the annual meeting.

The Compensation Committee and the Board believe that the Company s executive compensation program, as described in the Compensation Discussion and Analysis and other sections noted in the resolution, reflects a pay-for-performance culture at ICF International that is rooted in our values. The Compensation Committee and the Board believe that the executive compensation program is rational and effective in that it aligns the interests of the executives with both the short-term and long-term interests of stockholders, while reducing incentives for unnecessary and excessive risk taking.

In making a decision, the Board asks that stockholders consider the following:

ICF International s executive compensation program is incentive based and reflects a pay-for-performance culture.

ICF International s executive compensation program relies heavily on stock-based awards vesting over a period of time restricted stock units vesting over a period of four years and non-qualified stock options vesting over a period of three years.

ICF International offers only limited perquisites.

In addition, at ICF International s 2012 annual meeting, 91% of the votes cast on the Say on Pay proposal were voted in favor of the Company s executive compensation program. The Compensation Committee and the Board believe this affirms the stockholders support of ICF International s approach to executive compensation.

In accordance with applicable law, this vote is advisory, meaning it will serve as a recommendation to the Board, but will not be binding. The Compensation Committee of the Board will seriously consider the outcome of this vote when determining future executive compensation arrangements.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE **FOR** THE ADVISORY VOTE REGARDING ICF INTERNATIONAL S OVERALL PAY-FOR-PERFORMANCE EXECUTIVE COMPENSATION PROGRAM.**

## **Table of Contents**

### **CORPORATE GOVERNANCE AND BOARD MATTERS**

#### **The Board of Directors**

Our Board of Directors has four regularly scheduled meetings per year and special meetings are called as the need arises. These meetings are usually held at our headquarters in Fairfax, Virginia. The Board met six times during 2012, including once in a Special Joint Meeting with the Audit Committee. Directors are expected to attend Board meetings, our annual stockholders' meeting, and the meetings of the committees on which they serve. During 2012, each director attended at least 75% of the total meetings of the Board and those committees on which he or she served. Each director attended our annual meeting of stockholders held in 2012, with the exception of Ms. Gris , who was not appointed until after the annual meeting of stockholders occurred, and Mr. Jacks, who was unable to attend and, like Mr. Feldt, did not stand for re-election at the 2012 annual meeting of stockholders.

#### **Corporate Governance Guidelines**

Our Board of Directors has established a set of Corporate Governance Guidelines that addresses such matters as director qualifications, director nominations, Board composition, director meetings, Board committees, and other matters. The Board believes such guidelines, which are reviewed from time to time, are appropriate for the Company in its effort to maintain best practices as to corporate governance.

#### **Director Independence**

The Board has affirmatively determined that Mses. Eileen O' Shea Auen and Cheryl W. Gris , Drs. Edward H. Bersoff, Srikant M. Datar and Ernest J. Moniz, and Messrs. S. Lawrence Kocot and Peter M. Schulte, are independent directors in accordance with the requirements of Nasdaq and the rules of the SEC. We believe we comply with all applicable requirements of the SEC and Nasdaq relating to director independence and the composition of the committees of our Board of Directors.

#### **Board Leadership Structure; Lead Independent Director**

The Board believes that having a unified Chairman and Chief Executive Officer is appropriate and in the best interests of the Company and its stockholders. The Board believes that combining the Chairman and Chief Executive Officer roles provides the following advantages:

the Chief Executive Officer is the director most familiar with the Company's business and industry and is best situated to lead Board discussions on important matters affecting ICF International;

combining the Chairman and Chief Executive Officer positions creates a firm link between management and the Board and promotes the development and implementation of corporate strategy; and

combining the roles of Chairman and Chief Executive Officer contributes to a more efficient and effective Board without affecting the independence of the Board.

The Board of Directors believes, when there is a combined Chairman and Chief Executive Officer, that it is in the best interests of the Company and its stockholders to designate a lead director who is an independent director and, among other duties: presides over executive sessions of the independent directors; consults with the Chairman and Chief Executive Officer regarding scheduling and agendas for Board meetings; chairs Board meetings in the Chairman's absence; acts as a liaison between the independent directors and management; meets with any director whom the lead director deems is not adequately performing his or her duties as a member of the Board or any committee; consults with the Chairman and Chief Executive Officer on matters relating to corporate governance and Board performance; and leads the deliberation and action by the Board or a Board committee regarding any offer, proposal, or other solicitation or opportunity involving a possible acquisition or other change in control of the Company. Dr. Bersoff has served as our lead director from June 5, 2008 to the present.

## **Table of Contents**

Each of the directors other than Mr. Kesavan is independent, and the Board believes that the independent directors provide effective oversight of management. Moreover, in addition to feedback provided during the course of Board meetings, the independent directors have regular executive sessions over which the lead director presides. The Company believes that this approach effectively encourages full engagement of all directors in executive sessions. Following an executive session of the independent directors, the lead director acts as a liaison between the independent directors and the Chairman concerning any specific feedback or issues, provides the Chairman with input regarding agenda items for Board and committee meetings, and coordinates with the Chairman regarding information to be provided to the independent directors in performing their duties. The Board has complete access to the Company's management team, and the Board and its committees regularly receive reports from management on the Company's business affairs and the issues it faces.

The charter of the Governance and Nominating Committee calls for the annual review of the lead director position. At the Board meeting on June 1, 2012, the Company's Governance and Nominating Committee considered whether the Board's leadership structure, which includes a lead director and Mr. Kesavan serving as both Chairman and Chief Executive Officer, should be changed. Based on the Company's favorable experience with this Board leadership structure and the factors outlined above, the Committee concluded that the current leadership structure serves the Company well and there is no need to alter that structure at the present time. Both the Governance and Nominating Committee and the full Board re-affirmed the appointment of Dr. Bersoff as the Board's lead director.

The Board believes that its programs for overseeing risk, as described under **Risk Oversight** below, would be effective under a variety of leadership frameworks and, therefore, do not materially affect its choice of structure.

### **Risk Oversight**

Our business is subject to various types of risk. Some of the Company's most significant risks are outlined in our 2012 Annual Report on Form 10-K under Item 1A, **Risk Factors**. Our Board oversees our risk management processes that are implemented by management, including ensuring that necessary steps are taken to foster a culture of risk-adjusted decision-making throughout our organization. Each of our directors other than Mr. Kesavan is independent, and the Board believes that this independence provides effective oversight of management. The Board as a whole regularly reviews information and reports from members of senior management on areas of material risk, including risks related to the markets served by the Company and contract execution risks. The Audit Committee reviews and evaluates the Company's overall risk profile, and the procedures and policies implemented by management to identify and manage such risks. The Compensation Committee is responsible for overseeing the management of risks relating to our compensation plans and arrangements. The Governance and Nominating Committee manages risks associated with the independence of the Board of Directors and potential conflicts of interest. Our former ad hoc Mergers & Acquisitions Committee (dissolved April 9, 2013) considered the risks associated with potential acquisitions; presently, the full Board fulfills this role.

### **Board Committees**

The Board has three primary committees: Audit Committee, Compensation Committee, and Governance and Nominating Committee, each composed entirely of independent directors as defined by Nasdaq. Each committee has a charter and a current copy of each charter can be found in the **Investor Relations Corporate Governance** portion of our [website \(www.icfi.com\)](http://www.icfi.com).

*Audit Committee.* The Board has a separately designated standing Audit Committee as defined in Section 3(a)(58)(A) of the Exchange Act. It is currently composed of Drs. Bersoff and Moniz and Messrs. Kocot and Schulte, with Dr. Bersoff serving as the Committee Chair. Dr. Bersoff recently joined the Audit Committee, effective April 1, 2013, replacing Dr. Datar in both membership and as the Committee Chair, upon Dr. Datar's

---

## **Table of Contents**

rotation off of the Audit Committee. The Audit Committee met eight times during 2012, including once in a Special Joint Meeting with the full Board. The Board has determined that each Audit Committee member is financially literate and has determined that Dr. Bersoff is an audit committee financial expert as defined under SEC rules and regulations by virtue of his background and experience. Dr. Bersoff also qualifies as a financial expert in accordance with the listing standards of Nasdaq applicable to Audit Committee members. Each member of the Audit Committee is independent as defined by Rule 10A-3 of the Exchange Act and in accordance with the listing standards of Nasdaq. We expect the Audit Committee to meet at least four times per year.

The Audit Committee: appoints our independent registered public accounting firm; reviews the financial reports and related financial information provided by the Company to governmental agencies and the general public; monitors compliance with the Company's Code of Business Ethics and Conduct (the *Code of Ethics*); reviews the Company's system of internal and disclosure controls and the effectiveness of its control structure; and reviews 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. As a matter of practice, the Audit Committee also approves the engagement of other firms engaging in audit services for the Company, such as in an acquisition capacity. All of the non-audit services provided by the independent registered public accounting firm were pre-approved by the Audit Committee in accordance with its pre-approval procedures. The Audit Committee's report can be found under *Audit Committee Report* in this proxy statement.

*Compensation Committee.* The Compensation Committee is currently composed of Ms. Auen, Ms. Grisé and Mr. Schulte, with Ms. Grisé serving as the Committee Chair. Ms. Grisé became Chair of the Compensation Committee effective April 1, 2013, replacing Dr. Bersoff who stepped off of the Compensation Committee on the same date. The Compensation Committee met five times during 2012.

The Compensation Committee provides assistance to the Board in fulfilling its responsibilities relating to management, organization, performance, and compensation. In discharging its responsibilities, the Compensation Committee considers and authorizes our compensation philosophy, evaluates our senior management's performance, and approves all material elements of the compensation of our executive officers. The Compensation Committee also reviews the administration of our incentive compensation, retirement, and equity-based plans. See *Compensation Discussion and Analysis* for more information regarding the role of the Compensation Committee, management, and compensation consultants in determining and/or recommending the amount and form of executive compensation. The report of the Compensation Committee required by the rules of the SEC is included in this proxy statement under *Compensation Committee Report*.

We expect the Compensation Committee to meet not less often than twice per year. Each member of the Compensation Committee qualifies as a non-employee director under Rule 16b-3 promulgated under the Exchange Act, as an outside director under Section 162(m) of the Code and meets the requirements of Nasdaq Rule 5605(d)(2)(A).

*Governance and Nominating Committee.* The Governance and Nominating Committee is currently composed of Ms. Auen and Drs. Bersoff and Datar. The Governance and Nominating Committee met three times during 2012. Ms. Auen is the Committee Chair.

The Governance and Nominating Committee: identifies and recommends candidates to be nominated for election as directors at ICF International's annual meeting, consistent with criteria approved by the full Board; annually evaluates and reports to the Board on its performance and effectiveness; annually reviews the composition of each Board committee and presents recommendations for committee membership to the full Board as needed; researches, evaluates, and recommends director compensation; considers and advises the Board on matters relating to the affairs or governance of the Board; considers matters relating to senior management succession; and reviews and approves all potential related person transactions as defined under SEC rules.

---

## **Table of Contents**

*Mergers & Acquisitions Committee.* The Board maintained an ad hoc Mergers & Acquisitions Committee ( *M&A Committee* ), composed of Messrs. Kesavan and Schulte, until its dissolution on April 9, 2013. Mr. Schulte served as the Committee Chair. The purpose of the M&A Committee was to review and assess, and assist the Board of Directors in reviewing and assessing, the capital structure of the Company, potential acquisitions, strategic investments, and divestitures. The M&A Committee was inactive and did not meet during 2012; the full Board has remained apprised of potential Company acquisitions and transactions.

### **Compensation Committee Interlocks and Insider Participation**

Ms. Auen, Dr. Bersoff, Ms. Gris  and Mr. Schulte were members of the Compensation Committee for the year ended December 31, 2012. None of them is or was an officer or employee of the Company. None of our executive officers served as a member of the board of directors or the compensation committee of any entity that has one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

### **Process for Selecting and Nominating Directors**

The Governance and Nominating Committee is responsible for nominating director candidates and considering director nominees. The Governance and Nominating Committee uses a variety of methods for identifying and evaluating nominees for director. The Governance and Nominating Committee regularly assesses the appropriate size of the Board and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated or otherwise arise, the Governance and Nominating Committee considers various potential candidates for director. Candidates may come to the attention of the Governance and Nominating Committee through current Board members, professional search firms, stockholders, or other persons. It is expected that the Governance and Nominating Committee will have direct input from the Chairman and Chief Executive Officer and the lead director, as appropriate.

Identified candidates are evaluated at regular or special meetings of the Governance and Nominating Committee and may be considered at any point during the year. As described below, the Governance and Nominating Committee considers properly submitted stockholder recommendations for Board candidates to be included in the Company's proxy statement. Following verification of the stockholder status of any person proposing a candidate, recommendations are considered by the Governance and Nominating Committee at a regularly scheduled meeting. If any materials are provided by a stockholder in connection with the nomination of a director candidate, such materials are forwarded to the Governance and Nominating Committee. The Governance and Nominating Committee also reviews materials provided by professional search firms and other parties in connection with a nominee who is not proposed by a stockholder.

The Governance and Nominating Committee maintains and periodically updates its non-exclusive Board selection guidelines to assist the committee in evaluating candidates for the Board; no changes were made to the guidelines in the last year, which are summarized above under *Proposal 1: Election of Directors*, except to add information regarding Ms. Gris , who joined the Board subsequent to last year's annual stockholder meeting.

As suggested by our Board selection criteria summarized above, the Governance and Nominating Committee and Board believe that diversity should play a role in the selection of directors, although neither has developed a formal policy regarding the consideration of diversity. Accordingly, the Governance and Nominating Committee takes into account factors such as race, gender, and national origin in evaluating nominees for Board membership. A diverse Board, made up of directors with a mix of opinions, perspectives, professional and personal experiences, race, gender and age will allow the Board to make effective decisions for the Company and our clients.

There are no stated minimum criteria for director nominees, and the Board may also consider such factors as it deems appropriate and in the best interests of the Company and our stockholders.

---

## **Table of Contents**

As mentioned above, we will consider candidates for director who are recommended by stockholders. Stockholder recommendations should be submitted in writing to: Corporate Secretary, ICF International, Inc., 9300 Lee Highway, Fairfax, Virginia 22031. Such stockholder's notice shall set forth, for each nominee, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Exchange Act (including such person's written consent to being named as a nominee and to serving as a director if elected). Among other information, the notice shall also include, as to the stockholder giving notice: (i) the name and address of the stockholder; (ii) the class or series and number of shares of the Company which are, directly or indirectly, owned by such stockholder, as well as options, warrants, convertible securities, SARs, and similar instruments of the Company ( *Derivative Instruments* ) that are held by the stockholder; (iii) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder has a right, directly or indirectly, to vote any shares of any security of the Company; (iv) any short interest in any security of the Company directly or indirectly owned by such stockholder; (v) any rights to dividends on the shares of the Company owned beneficially by such stockholder that are separated or separable from the underlying shares of the Company; (vi) any proportionate interest in shares of the Company or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner; and (vii) any performance-related fees (other than an asset-based fee) to which such stockholder is entitled based on any increase or decrease in the value of shares of the Company or Derivative Instruments.

To be eligible to be a nominee for election or reelection as a director of the Company, a person must submit to the Corporate Secretary (in accordance with the time periods prescribed for delivery of notice under the Company's Bylaws) at the above address a written response to a questionnaire with respect to the background and qualification of such person (which questionnaire shall be provided by the Corporate Secretary upon written request) and a written representation and agreement (in the form provided by the Corporate Secretary upon written request) that such person: (i) is not and will not become a party to (x) any agreement, arrangement, or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Company, will act or vote on any issue or question (a *Voting Commitment* ) that has not been disclosed to the Company or (y) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Company, with such person's fiduciary duties under applicable law; (ii) is not and will not become a party to any agreement, arrangement, or understanding with any person or entity other than the Company with respect to any direct or indirect compensation, reimbursement, or indemnification in connection with service or action as a director that has not been disclosed therein; and (iii) would be in compliance, if elected as a director of the Company, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality, and stock ownership and trading policies and guidelines of the Company.

### **Board Stock Ownership Guidelines**

The Board of Directors believes that its members should be incentivized to focus on the Company's long-term stockholder value. In March 2011, upon the recommendation of the Governance and Nominating Committee, the Board of Directors adopted a revised Board member stock ownership policy establishing, as a guideline (but not an absolute requirement), that non-employee members of the Board of Directors of the Company be expected to own shares of Company common stock valued at five times such director's annual cash retainer, which may include shares of unvested restricted stock (*i.e.*, directors are strongly encouraged to hold common stock valued at \$300,000 (or 5 times \$60,000)). Such ownership level is to be achieved over a period of four years after becoming a member of the Board. Four of the non-employee members of the Board of Directors already satisfy this guideline, based on the Company's closing stock price of \$26.53 per share on April 8, 2013.

### **Director Continuing Education**

The Board of Directors believes that director continuing education is important for maintaining a current and effective Board, and adopted a Director Continuing Education Policy on March 1, 2013. The Company's

---

## **Table of Contents**

policy encourages directors to participate in continuing education and accredited director education programs, with the intent of becoming and remaining well informed about the Company, its industry and business, its relative performance to its competitors and regulatory issues and economic trends affecting the Company.

### **Derivatives Trading and Hedging Policy**

Pursuant to the Company's Policy on Insider Information and Securities Trading, the Company considers it improper and inappropriate for any employee, officer or director of the Company to engage in short-term or speculative transactions in the Company's securities. The policy specifically prohibits directors, officers and other employees from engaging in short sales of the Company's securities and transactions in puts, calls or other derivative securities (sometimes referred to as hedging). Each of the named executive officers complied with this policy during fiscal year 2012 and does not have Company securities pledged or in margin accounts.

### **Stockholder Communications with the Board**

You may contact the Board of Directors by sending a letter marked "Confidential" and addressed to the Board of Directors, ICF International, Inc., c/o Corporate Secretary, 9300 Lee Highway, Fairfax, Virginia 22031 USA. In accordance with instructions from the Board, the Corporate Secretary reviews all correspondence, organizes the communications for review by the Board, and posts communications to the full Board, specific committees or individual directors, as appropriate. Communications that are intended specifically for the lead director, the independent directors, or non-management directors should be marked as such.

### **Director Compensation**

The following discussion outlines the compensation that was paid to non-employee directors during 2012, as well as our anticipated director compensation structure for 2013. The compensation of our Board of Directors is evaluated as deemed appropriate by our Governance and Nominating Committee. The Governance and Nominating Committee most recently adjusted outside director compensation at its March 4, 2011 meeting. The new compensation policy became effective in April 2011 for cash compensation and in June 2011 for stock compensation. This policy is still in effect.

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

#### *2012 Board Compensation*

*Cash Compensation.* Our non-employee directors receive compensation quarterly, based upon a quarterly amount of the aggregate annual payment they each are entitled to receive depending upon each director's committee membership.

The Board determined that our non-employee director compensation would remain as it was in March 2011. For 2012, the annual cash retainer was \$60,000, covering up to four regular Board meetings during a year, one annual meeting, and a reasonable number of special Board meetings. Additional retainers, if any, for additional meetings are determined by the Board of Directors or the Governance and Nominating Committee. The chair of the Audit Committee received \$32,000 (including member fee) and each other Audit Committee member received \$12,000. The chair of the Compensation Committee received \$18,000 (including member fee) and each other Compensation Committee member received \$8,000. The chair of the Governance and Nominating Committee received \$18,000 (including member fee) and each other Governance and Nominating Committee member received \$8,000. Compensation for the lead director is an annual fee of \$20,000. Until its dissolution on April 9, 2013, the Company's ad hoc M&A Committee members received \$1,500 per meeting.

**Table of Contents**

Board members may elect to convert their quarterly cash compensation into our common stock at the fair value of our common stock on the quarterly payment date.

*Restricted Stock Grants.* In 2012, consistent with 2011, an equity grant of restricted stock valued at \$119,990 was made to each director, with such annual equity grant made to all directors on June 1, 2012; provided, however, that Ms. Gris  received a prorated award valued at \$89,993 because she joined the Board on September 13, 2012. These restricted stock grants vest on the annual meeting date of the following year, or June 7, 2013 in the case of the restricted stock grants made in 2012.

*Director Compensation Table for 2012*

The following table provides the compensation received by individuals who served as non-employee directors of the Company during 2012.

Name <sup>(1)</sup> (a)	Fees Earned or Paid in Cash or Stock <sup>(2)</sup> (\$) (b)	Stock Awards <sup>(3)</sup> (\$) (c)	Total (\$) (d)
	Eileen O Shea Auen	\$ 86,000	\$ 119,990
Dr. Edward H. Bersoff	106,000	119,990	225,990
Dr. Srikant M. Datar	100,000	119,990	219,990
Cheryl W. Gris�	17,000	89,993	106,993
S. Lawrence Kocot	41,000	119,990	160,990
Dr. Ernest J. Moniz	72,000	119,990	191,990
Peter M. Schulte	74,000	119,990	193,990

(1) Sudhakar Kesavan is not included in this table because during 2012 he was an employee of the Company and therefore received no compensation for his director service. The compensation received by Mr. Kesavan as an employee of the Company is shown in the 2012 Summary Compensation Table below.

(2) Includes quarterly payments made in the form of restricted common stock in lieu of cash at the election of each director.

(3) In accordance with the SEC's rules, the amounts in this column reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for restricted stock awards granted in 2012.

*2013 Board Compensation*

The Board currently intends to utilize a similar compensation structure for its non-employee directors in 2013; however, each director will now have the option to choose to receive the \$120,000 annual payment (historically granted in the form of an equity grant of restricted stock) in the form of cash, unregistered stock or a combination of the two (issued on the next annual meeting date).

**Code of Ethics**

On May 4, 2010, the Board of Directors adopted an updated Code of Ethics that is designed to promote the highest standards of ethical conduct by the Company's directors, executive officers and employees. The Code of Ethics requires that the Company's directors, executive officers and employees avoid conflicts of interest, comply with all laws and other legal requirements, conduct business in an honest and ethical manner, and otherwise act with integrity and in the Company's best interest. Under the terms of the Code of Ethics, directors, executive officers and employees are required to report any conduct that they believe in good faith to be an actual or apparent violation of the Code of Ethics.



---

## **Table of Contents**

The Code of Ethics and all Board committee charters are posted in the Investor Relations Corporate Governance portion of our website ([www.icfi.com](http://www.icfi.com)). A copy of any of these documents is available in print (free of charge to any stockholder) who requests a copy by writing to: ICF International, Inc., 9300 Lee Highway, Fairfax, Virginia 22031, Attention: Mollie Roy, Corporate Secretary. The Company will disclose on its website at [www.icfi.com](http://www.icfi.com), to the extent and in the manner permitted by Item 5.05 of Form 8-K, the nature of any amendment to the Code of Ethics (other than technical, administrative, or other non-substantive amendments) and our approval of any material departure from a provision of the Code of Ethics that has been made known to any of our executive officers.

### **Certain Relationships and Transactions with Related Persons**

Our Code of Ethics, which applies to all directors, executive officers and employees, emphasizes the importance of avoiding situations or transactions in which personal interests interfere with the best interests of us and/or our stockholders. In addition, the Board of Directors has adopted a written policy on interested director transaction reporting and approval designed to alert the Board, and in particular the Governance and Nominating Committee, of material transactions involving the Company and directors and their affiliates so that the Board may be aware of and consider such transactions in advance, on a case-by-case basis. As to matters coming before the Board in which individual directors may have a personal interest, the Board has adopted procedures to ensure that all directors voting on such a matter disclose the personal interest, abstain from voting on the matter, and discuss the transaction with counsel if necessary. The Board has delegated the task of discussing, reviewing, and approving transactions between the Company and any of our executive officers or Board members to the Governance and Nominating Committee.

There have not been any transactions during the last fiscal year to which we have been a party, in which the amount involved in the transaction exceeded \$120,000, 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: (i) equity and other compensation, termination, change-in-control and other arrangements, which are described in the section captioned *Executive Compensation Potential Payments upon Termination or Change in Control*, and (ii) the Company's involvement in the MIT Energy Initiative ( *MITEI* ), an interdisciplinary program to address short-term and long-term global energy issues, problems and needs that encompass scientific, technological, environmental, economic, political, managerial and security concerns. Dr. Ernest J. Moniz, who became a member of the ICF International Board of Directors in June 2011, is the director of MITEI. Although Dr. Moniz is director of, and compensated by, MITEI, the organization administering the particular project contract in which the Company participates, Dr. Moniz does not receive any salary, benefits or other payments specific to the Company's project. The Company negotiated the terms of its participation in, and became a member of, this program in late April/early May 2011, which predated Dr. Moniz's appointment to the Board of Directors. In connection with its involvement in MITEI, the Company has pledged to commit \$125,000 a year for its five-year membership term. The Company made its scheduled \$125,000 contribution in 2012 and intends to make its scheduled \$125,000 contribution in 2013. Each of these items has been approved in accordance with the procedures outlined above.

### **Other Transactions Considered for Independence Purposes**

For each director and nominee for director who is identified as independent, the SEC rules require the description of transactions, relationships or arrangements that are not required to be disclosed as related person transactions, but that were considered by the Board of Directors in determining that the director is independent. Each transaction that the Company believes is a related person transaction, if any, is described immediately above under the caption *Certain Relationships and Transactions with Related Persons*. There were, however, transactions with independent directors that did not rise to the level of a related person transaction, but that were considered for independence purposes. The Board of Directors affirmatively determined that each of such transactions did not impair the applicable director's independence.

**Table of Contents****EXECUTIVE OFFICERS OF THE COMPANY DURING 2012**

The following table includes information with respect to the individuals who served as our executive officers during 2012. Ms. Sandra B. Murray served as our Interim Chief Financial Officer from May 11, 2011 until July 16, 2012, at which point Mr. James C. Morgan became our Chief Financial Officer. Since both served in the capacity of principal financial officer during 2012, both are included in our named executive officer disclosure for 2012. The biographical information for Mr. Kesavan is found under *Directors Whose Term of Office Expires in 2015 Class III Directors*.

<b>Name</b>	<b>Age</b>	<b>Title</b>
Sudhakar Kesavan	58	Chairman and Chief Executive Officer
John Wasson	51	President and Chief Operating Officer
James C. Morgan	47	Executive Vice President and Chief Financial Officer
Sandra B. Murray	57	Former Interim Chief Financial Officer and Senior Vice President
Ellen Glover	58	Executive Vice President - Technology & Management Solutions
Isabel S. Reiff	63	Executive Vice President - Corporate Growth and Strategic Accounts

**John Wasson**, age 51, serves as President and Chief Operating Officer of ICF International and has been with the Company since 1987. On June 7, 2010, Mr. Wasson was named President of the Company, replacing his former title of Executive Vice President. Mr. Wasson has served the Company in various capacities over the last 25 years, joining the Company as an associate in 1987, becoming a senior associate in 1989, a project manager in 1991, vice president in 1994, senior vice president in 1998, executive vice president in 2001 and Chief Operating Officer in 2003. 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 a Master of Science degree in Technology and Policy from the Massachusetts Institute of Technology and a Bachelor of Science in Chemical Engineering from the University of California, Davis.

**James C. Morgan**, age 47, serves as the Company's Executive Vice President and Chief Financial Officer. He joined the Company in 2012. From 2011 until his employment by the Company, Mr. Morgan served as a member of the board and as the Executive Vice President and Chief Financial Officer of Serco, Inc., a division of Serco Group PLC. From 1993 until 2011, Mr. Morgan held a number of positions at Science Applications International Corporation ( **SAIC** ), in particular, Senior Vice President and Senior Financial Officer, Strategic and Operational Finance from 2005 until 2011 and Senior Vice President, Business Transformation Officer from 2008 until 2011. Previously, Mr. Morgan was an Experienced Senior Consultant in the Special Services and Contracting Group at Arthur Andersen & Company. Mr. Morgan received his Bachelor of Science in Accounting from North Carolina State University and his Masters in Business Administration from George Washington University.

**Sandra B. Murray**, age 57, previously served as the Company's Interim Chief Financial Officer and Senior Vice President. She joined the Company in 2009 as the Senior Vice President of Administration and Contracts and became our Interim Chief Financial Officer on May 11, 2011. She resigned from the position of Interim Chief Financial Officer on July 16, 2012 upon the Company's hiring of James C. Morgan as its Chief Financial Officer, continuing to offer transition services to the Company until leaving the Company on October 12, 2012. Prior to joining the Company, Ms. Murray served as Senior Vice President-Finance and Business Operations for SAIC, a leading provider of scientific, engineering, systems integration and technical services and solutions, and from 2005 to 2006 was SAIC's Senior Vice President-Research, Development, Test & Evaluation Group Controller. From 2004 to 2005, she served as Vice President of Finance of ARINC, Inc., a supplier of aviation air/ground communications and technology to the U.S. government, and from 1998 to 2004 was Chief Financial

**Table of Contents**

Officer/Vice President of Finance for Honeywell Technology Solutions Inc., a services subsidiary of Honeywell International. Ms. Murray holds an MBA in Finance from Loyola College and a Bachelor of Science in Accounting from the University of Baltimore and is a Certified Public Accountant.

**Ellen Glover**, age 58, joined ICF International as an Executive Vice President in 2005. Prior to joining the Company, 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 to 1993, and as a Program Manager prior to 1990. In 2012, Ms. Glover was elected as the Vice Chair of the Board of the Professional Services Council ( *PSC* ) and she currently serves in that capacity. Ms. Glover is also Co-Chair of the PSC 2013 Commission on Efficiency and Innovation. Ms. Glover has served on the Board of PSC since 2010, and has been a member of the Executive Committee of PSC since 2011. Ms. Glover was the Chair of the Industry Advisory Council from 2005 to 2006, and Executive Vice Chair from 2004 to 2005. In addition, Ms. Glover has served on the boards of Information Technology Association of America and Women in Technology. Ms. Glover won the 2007 Janice K. Mendenhall Spirit of Leadership Award, as well as the 2001 Federal Computer Week Federal 100 Eagle Award for her contributions to the industry. Ms. Glover holds a Master of Science in Urban Planning and a Bachelor of Arts in History and Political Science from the University of Pittsburgh.

**Isabel S. Reiff**, age 63, serves as an Executive Vice President for Corporate Growth and Strategic Accounts for the Company. She joined ICF International in 1989 and has more than 30 years of experience in public policy and program consulting. She became an Executive Vice President on February 27, 2010 and she leads the Company's business development, marketing and communications. At ICF International she has managed client engagements in housing and community development, environmental, and transportation sectors. She has also held positions with federal and local governments. She holds a Bachelor of Arts from Mount Holyoke College and an M.A. in Architecture and Urban Planning from the University of California, Los Angeles.

**Table of Contents**

**SECURITY OWNERSHIP OF DIRECTORS, EXECUTIVE  
OFFICERS AND CERTAIN BENEFICIAL OWNERS**

The following table sets forth certain information regarding beneficial ownership of our common stock as of April 8, 2013, 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 directors and nominees for director;

each person who was a named executive officer; and

all of our directors and named executive officers as a group.

The percentages shown in the following table are based on 19,718,246 shares of common stock outstanding as of April 8, 2013. Beneficial ownership is determined in accordance with the rules of the SEC, and includes voting and investment power with respect to shares. The number of shares beneficially owned by a person includes shares subject to options and RSUs held by that person that were exercisable as of April 8, 2013, or within 60 days of that date. The shares issuable under those options and RSUs are treated as if they were outstanding for computing the percentage ownership of the person holding those options or RSUs, 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.

The following table sets forth the number of shares of our common stock beneficially owned by the indicated parties. Unless otherwise indicated, the address of each person is: c/o ICF International, Inc., 9300 Lee Highway, Fairfax, Virginia 22031.

Name and Address of Beneficial Owner	Shares beneficially owned	
	Number	Percentage
<b><i>Directors &amp; Executive Officers</i></b>		
Sudhakar Kesavan <sup>(1)</sup>	277,622	1.4%
John Wasson <sup>(2)</sup>	148,394	*
James C. Morgan <sup>(3)</sup>		
Sandra B. Murray <sup>(4)</sup>		
Ellen Glover <sup>(5)</sup>	78,929	*
Isabel S. Reiff <sup>(6)</sup>	16,758	*
Eileen O Shea Auen	30,067	*
Dr. Edward H. Bersoff	42,352	*
Dr. Srikant M. Datar <sup>(7)</sup>	28,893	*
Cheryl W. Grisé	4,255	
S. Lawrence Kocot	6,255	*
Dr. Ernest J. Moniz	10,266	*
Peter M. Schulte	226,873	1.2%
Directors, Director Nominees and Named Executive Officers as a group (13 persons)	870,664	4.3%
<b><i>Beneficial Owners Holding More Than 5%</i></b>		
BlackRock, Inc. and affiliates as a group <sup>(8)</sup>	1,088,674	5.5%
40 East 52nd Street		

Edgar Filing: ICF International, Inc. - Form DEF 14A

New York, NY 10022

Guggenheim Capital, LLC and affiliates as a group<sup>(9)</sup>

227 West Monroe Street

Chicago, IL 60606

1,060,053

5.4%

**Table of Contents**

Name and Address of Beneficial Owner	Shares beneficially owned	
	Number	Percentage
Sagard Capital Partners, L.P. and affiliates as a group <sup>(10)</sup>		
325 Greenwich Avenue		
Greenwich, CT 06830	1,489,248	7.6%
Third Avenue Management LLC <sup>(11)</sup>		
622 Third Avenue, 32 <sup>nd</sup> Floor		
New York, NY 10017	1,616,124	8.2%
The Vanguard Group, Inc. <sup>(12)</sup>		
100 Vanguard Blvd.		
Malvern, PA 19355	998,944	5.1%
Wellington Management Company, LLP <sup>(13)</sup>		
280 Congress Street		
Boston, MA 02210	1,325,563	6.7%
William Blair & Company, L.L.C. <sup>(14)</sup>		
222 W. Adams		
Chicago, IL 60606	2,487,995	12.6%

\* Represents beneficial ownership of less than 1%.

- (1) The total number of shares listed as beneficially owned by Sudhakar Kesavan includes options to purchase 159,922 shares of common stock.
- (2) The total number of shares listed as beneficially owned by John Wasson includes options to purchase 98,677 shares of common stock.
- (3) James C. Morgan is a new executive of the Company and as such does not yet hold vested shares of Company common stock.
- (4) Sandra B. Murray is no longer a reporting person of the Company, so her beneficial ownership is no longer publicly available.
- (5) The total number of shares listed as beneficially owned by Ellen Glover includes options to purchase 49,666 shares of common stock.
- (6) The total number of shares listed as beneficially owned by Isabel S. Reiff includes options to purchase 16,255 shares of common stock.

## Edgar Filing: ICF International, Inc. - Form DEF 14A

- (7) The total number of shares listed as beneficially owned by Dr. Srikant M. Datar includes 18,627 shares of common stock held in an estate planning trust of which Dr. Datar is a co-trustee.
  
- (8) Based upon information contained in the Schedule 13G/A filed by BlackRock, Inc. ( **BlackRock** ) with the SEC on February 8, 2013, BlackRock beneficially owned 1,088,674 shares of common stock as of December 31, 2012, with sole voting power over 1,088,674 shares, shared voting power over no shares, sole dispositive power over 1,088,674 shares and shared dispositive power over no shares.
  
- (9) Based upon information contained in the Schedule 13G/A filed by Guggenheim Capital, LLC ( **Guggenheim** ) with the SEC on February 14, 2013, Guggenheim beneficially owned 1,060,053 shares of common stock as of December 31, 2012, with sole voting power over no shares, shared voting power over 1,060,053 shares, sole dispositive power over no shares and shared dispositive power over 1,060,053 shares. These shares include 1,059,980 shares beneficially owned directly by Security Investors, LLC and indirectly by Rydex Holdings, LLC, Security Benefit Asset Management Holdings, LLC, GPFT Holdco, LLC, GP Holdco, LLC and Guggenheim Partners, LLC and 73 shares beneficially owned directly by each of these entities. Guggenheim is the majority owner of each of these entities.

**Table of Contents**

- (10) Based upon information contained in the Schedule 13D/A filed by Sagard Capital Partners, L.P. ( *Sagard* ) with the SEC on January 25, 2013, Sagard beneficially owned 1,489,248 shares of common stock as of January 23, 2013, with sole voting power over no shares, shared voting power over 1,489,248 shares, sole dispositive power over no shares and shared dispositive power over 1,489,248 shares.
  
- (11) Based upon information contained in the Schedule 13G filed by Third Avenue Management LLC ( *Third Avenue* ) with the SEC on February 14, 2013, Third Avenue beneficially owned 1,616,124 shares of common stock as of December 31, 2012, with sole voting power over 1,616,124 shares, shared voting power over no shares, sole dispositive power over 1,616,124 shares and shared dispositive power over no shares.
  
- (12) Based upon information contained in the Schedule 13G/A filed by The Vanguard Group, Inc. ( *Vanguard* ) with the SEC on February 11, 2013, Vanguard beneficially owned 998,944 shares of common stock as of December 31, 2012, with sole voting power over 28,435 shares, shared voting power over no shares, sole dispositive power over 971,709 shares and shared dispositive power over 27,235 shares.
  
- (13) Based upon information contained in the Schedule 13G filed by Wellington Management Company, LLP ( *Wellington* ) with the SEC on February 14, 2013, in its capacity as an investment adviser, Wellington may be deemed to beneficially own 1,325,563 shares of common stock as of December 31, 2012, with sole voting power over no shares, shared voting power over 927,430 shares, sole dispositive power over no shares and shared dispositive power over 1,325,563 shares.
  
- (14) Based upon information contained in the Schedule 13G/A filed by William Blair & Company, L.L.C. ( *William Blair* ) with the SEC on February 4, 2013, William Blair beneficially owned 2,487,995 shares of common stock as of December 31, 2012, with sole voting power over 2,487,995 shares, shared voting power over no shares, sole dispositive power over 2,487,995 shares and shared dispositive power over no shares.

---

**Table of Contents**

**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

*Overview of Compensation Program*

The Compensation Committee (for purposes of this discussion and analysis, the **Committee**) has responsibility for establishing, implementing, and monitoring adherence to the Company's compensation philosophy. The Committee strives to ensure that the total compensation paid to the Company's executives is fair, reasonable, and competitive. Generally, the types of compensation and benefits provided to the Company's executive officers are similar to those provided to other Company key employees. The six executives included in the Summary Compensation Table on page 45 are referred to as our named executive officers.

*Compensation Philosophy and Objectives*

In the fall of 2012, the Committee retained AonHewitt to assist the Committee in reviewing the Company's compensation policies and practices for 2013. In particular, AonHewitt was asked to compare such policies and procedures to current trends in executive compensation by peer companies and assist with a competitive assessment for executive positions. AonHewitt has been and is retained by the Committee, from time to time, as necessary; it is also retained by the Committee to conduct an ISS-style quantitative assessment of the Chief Executive Officer's compensation to ensure that it is in conformity with the peer group likely to be selected by ISS. The Company's management also provides information to, and discusses alternatives directly with, AonHewitt at the direction of the Committee. The Company's management also retained Semler Brossy Consulting Group LLC (**Semler Brossy**) to perform an analysis of incentive performance measures and other compensation measures used by peer companies and the Company's position as compared to the median incentive package of such peers. In its discussions, the Committee reviewed and assessed the analysis of both AonHewitt and Semler Brossy.

Following its executive officer compensation review, which continued through March of 2013, the Company's fundamental compensation philosophy, which has the objectives set forth below, remained:

*Reward performance and contribution to our business.* Our compensation programs should be designed to reward extraordinary performance with commensurate compensation; likewise, where individual performance falls short of expectations and/or Company performance lags behind the peer group performance, the programs should deliver lower payouts.

*Pay-for-performance and retention must be balanced.* Although performance is a key element of the Company's compensation philosophy, in order to attract and retain a highly skilled work force, we must remain competitive with the pay of our peer companies that compete with us for talent. In general terms, the objective is to target Company executives' total compensation at the 50th percentile of the Company's approved peer group for on plan performance.

*Compensation should be aligned with stockholder interests.* Key employees should have a substantial proportion of their compensation in the form of equity participation to align their individual financial interests with those of our stockholders.

*The relationship between overall Company goals and each individual's personal goals should be clear.* Employees should be able to understand easily how their efforts can affect their pay, both directly through individual performance and indirectly through contributing to the business unit's and Company's achievement of its strategic and operational goals.

*Provide only necessary perquisites for named executives.* Our compensation programs should include only those perquisites necessary to attract and retain named executives and/or improve the named executive's ability to carry out his or her responsibilities safely and effectively.

**Table of Contents**

Based on the AonHewitt and Semler Brossy reviews, the Committee maintained the following guidelines for the Company's 2013 executive officer compensation program:

*Development of Performance Goals.* Each year, Company management presents its budget, revenue forecast, and strategy to the Board in the November/December timeframe, allowing the Board and manag