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Takeaways from Stifel Conference Call on Cloud Computing in Federal Gov't

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- Last week, we hosted a conference call with Andy Gastwirth, Chief Architect and Deputy Technology Officer at Attain, Greg Baroni, Chairman and CEO at Attain, and Manish Agarwal, President, Solution Services and Chief Technology Officer at Attain, who provided commentary on cloud computing and other fast growing technology areas in the federal government.
- In particular, executives from Attain discussed the federal cloud computing landscape, challenges and barriers in the market, and opportunities from a vendor perspective. The Administration has put a significant emphasis on cloud computing due to the role it can play in lowering costs, improving both government efficiency and service delivery, and allowing federal IT systems to be more scalable and flexible. In the GFY12 budget release, President Obama listed cloud computing and federal data center consolidation among his top IT priorities, along with modernizing infrastructure, improving security and privacy, and increasing transparency and citizen participation. We view cloud computing, along with increased use of mobile apps and Web 2.0 technology, among the biggest technology trends in the federal government over the next 5-10 years.
- While cloud computing promises to save the government money and improve efficiency, Attain still sees much work for well positioned IT services contractors. Moving applications to the cloud also likely brings the use of newer technologies, such as social media services and mobile amplifications that change the way the government customer operates and interacts with customers, and the move to the cloud will likely push even further demand for cybersecurity services, including ID management. With the demand for IT talent and consultants with these skills picking up in the commercial sector, we think the government will likely have to increasingly rely on contractors in these emerging areas, which should also help mitigate price pressure that is increasing in the federal market. While traditional IT areas like network management will likely see further pricing pressure and limited growth in the face of government cutbacks (and probably government headcount reductions in the future), contractors will likely see strong growth and less or no pricing pressure in emerging areas.
- A replay of the call is available through Thursday, May 26: replay dial-in number: 800-642-1687, or 706-645-9291, conference ID #: 63271992.

Stifel Conference Call on Cloud Computing in Federal Government With Executives from Attain

Last week, we hosted a conference call with Andy Gastwirth, Chief Architect and Deputy Technology Officer at Attain, Greg Baroni, Chairman and CEO at Attain, and Manish Agarwal, President, Solution Services and Chief Technology Officer at Attain, who provided commentary on cloud computing and other fast growing technology areas in the federal government. In particular, executives from Attain discussed the federal cloud computing landscape, challenges and barriers in the market, and opportunities from a vendor perspective. The Administration has put a significant emphasis on cloud computing due to the role it can play in lowering costs, improving both government efficiency and service delivery, and allowing federal IT systems to be more scalable and flexible. In the GFY12 budget release, President Obama listed cloud computing and federal data center consolidation among his top IT priorities, along with modernizing infrastructure, improving security and privacy, and increasing transparency and citizen participation. We view cloud computing, along with increased use of mobile apps and Web 2.0 technology, among the biggest technology trends in the federal government over the next 5-10 years. A replay of the call is available through Thursday, May 26: replay dial-in number: 800-642-1687, or 706-645-9291, conference ID #: 63271992.

What Does The Cloud And Emerging Technology Mean For Contractors?

While cloud computing promises to save the government money and improve efficiency, **Attain still sees much work for well positioned IT services contractors.** If the customers are moving legacy applications to the cloud, there is significant development and integration work involved, as well as likely support for both systems for a while. New applications development for use on a cloud infrastructure would not take much difference in resources (such as

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All relevant disclosures and certifications appear on pages 7 - 8 of this report.

programmers, time) than if it was hosted at the client's servers. **Moving applications to the cloud also likely brings the use of newer technologies**, such as social media services and mobile applications that change the way the government operates and interacts with customers. These changes, and the push for use of less customization of base applications, drive the need for business process reengineering and change and configuration management services. The push by OMB and the federal CIO to have agencies, or departments within agencies, share community clouds should help keep discipline in using standard applications and limit customization. **The move to the cloud will likely push even further demand for cybersecurity services**, including ID management. With the demand for IT talent and consultants with these skills picking up in the commercial sector, **we think the government will likely have to increasingly rely on contractors in these emerging areas, which should also help mitigate price pressure that is increasing in the federal market. While traditional IT areas like network management will likely see further pricing pressure and limited growth in the face of government cutbacks** (and probably government headcount reductions in the future), **contractors will likely see strong growth and less or no pricing pressure in emerging areas.**

About Attain and the speakers:

Attain is a privately-held (by employees) professional services company with 200 employees focused on providing strategic, operational support, healthcare solutions, IT security and application services to more than 125 customers in the federal, state and local government markets, as well as the higher education and academic medical center communities. The company was formed in 2009 when Greg Baroni, who had recently left as head of Unisys Federal, and his partners, bought certain assets of BearingPoint. Attain has targeted several fast growth areas in federal IT. In addition to cloud computing, Attain has been successful in ERP consolidation and streamlining. Last month, Attain won the AESIP Enterprise Resource Planning (ERP), Enterprise Application Services (EAS) contract with the Army, a \$240 million contract to create a single, integrated ERP system across the Department of the Army that brings together four of its ERP initiatives. The program aims to streamline components of the Army's \$8 billion ERP landscape.

Andy Gastwirth, Chief Architect and Deputy Technology Officer at Attain - Mr. Gastwirth has 20 years of experience as an enterprise architect and strategy executive. Mr. Gastwirth is currently acting as the lead architect and program manager for the first federal cloud-based messaging and collaboration system which supports 120,000 end users at USDA. Andy is also Vice Chairman on the Cloud2 Commission.

Greg Baroni, Chairman and CEO at Attain - Mr. Baroni has a 30-year history in the federal IT market. Prior to founding Attain in 2009, he was President of Unisys's Federal Systems and Global Public Sector. Prior to that, Mr. Baroni spent nearly 20 years at KPMG Consulting, last serving as SVP of the Public Services practice, a \$750M unit.

Manish Agarwal, President, Solution Services and Chief Technology Officer at Attain - Mr. Agarwal has over 20 years experience in IT, most recently leading a business intelligence software start-up and also running Unisys's Asia Pacific region, returning it profitable growth. Prior to that Mr. Agarwal was a partner at KPMG Consulting.

Key points from the conference call with Attain are below.

- **Federal Cloud First policy** (announced late last year) - Agencies were required to identify three services within 3 months to move to the cloud, and successfully move one of the services to the cloud within 12 months and the other two within 18 months. **Federal CIO Vivek Kundra has estimated that \$20B of the \$80B federal IT budget is a potential target to be moved to cloud computing environments**, and the government is making a major push to reduce the number of federal data centers by at least 800 by 2015. A lot of data center consolidation is occurring, and the federal CIO is looking to tap into private sector innovation.
- **Federal Cloud Computing Strategy** (announced in February and described in more detail below) - In the report, Mr. Kundra highlights the important role that cloud computing can play in lowering costs, improving both government efficiency and service delivery, and allowing federal IT systems to be more scalable and flexible.
- **There are two major types of clouds, public and private**
 - Public – These can be either full public clouds that are multi-tenant and can be accessed by anyone, or they can be community clouds. Full public clouds are not viewed as applicable models for federal cloud computing, whereas community clouds are, since they can bring federal organizations together and are not as openly accessible as full public clouds.
 - Private – These are clouds that are limited to organizations that have set up their own infrastructure. The Federal CIO has indicated that he does not want federal agencies to use private clouds, and would rather that they use community clouds.
- **Risk management** is a major element federal agencies consider in the cloud migration decision.
- **The biggest overall barrier to cloud adoption is trust**, which is driven by security, transparency, and accountability. Customers need visibility into preparation, migration, operation, and ongoing requirements of the cloud, and this has been a major shortcoming in current cloud offerings. For accountability, roles and responsibilities

need to be defined between the customer and provider.

- **Challenges to providing cloud services to federal government**

- **Personnel requirements can be significant.** If a vendor is going to support a federal cloud, every employee providing back-end system support for that program needs to be cleared by the agency.
- Complexity of transition and security requirements are challenges are well, and a lot of vendors do not understand federal requirements.
- Infrastructure side of cloud computing (infrastructure-as-a-service, platform-as-a-service, and software-as-a-service) has significant start-up costs, and there is a significant level of commoditization and convergence in this market currently. This is a particularly tough area for smaller companies, which may not have the scale necessary to provide these services.
- IT companies that typically focus on products are moving into the cloud services space, creating increased competition.
- **Large government contract vehicles can be a barrier to entry**, because if a vendor is not selected and does not team with a prime contractor, it is typically several years until the program is recompeted. However, given that these large contracts are held by large systems integrators, and with the cloud market convergence between service and product vendors and agencies becoming providers, these large contractors may not be leveraged to a large extent for cloud opportunities.
- **Security is a major challenge in cloud computing.** Cloud environments need to be secure for federal agencies to be comfortable moving to a community cloud. The focus needs to shift from a model of perimeter security (protections on the outside) to holistic security where Federal Information Security Management Act (FISMA) security features are embedded in the offering.
- The Administration has launched the Federal Risk and Authorization Management Program (FedRAMP) that is developing standards to assess risk for cloud computing. The Cloud2 Commission is helping to create solutions to make FedRAMP viable with a set of policy guidelines to make secure federal community clouds a reality.
- **To be successful as a cloud provider, vendors need to develop differentiators**, since the infrastructure area is so commoditized.
- **Opportunities in federal cloud computing**
 - Focus on integration, migration, and service management. The main difference between success and failure is in the transition to the cloud, while ongoing management is also key.
 - Supporting federal marketplace by setting up the cloud service so the government can be the provider.
 - Emerging technologies on server and storage side can drive innovation and drive down costs of cloud computing. **Security is a significant opportunity for emerging technologies to help bolster trust**, similar to the role of security during the rise of e-commerce. Along these lines, identity management is a key issue.
 - Asset management opportunities for companies that can develop ways to monitor and report on cloud usage.
 - Mobile computing platforms and services represent the largest growing community, especially among devices and apps.
 - Disaster recovery and continuation of operations is a major area among federal agencies.
 - Social media services represent a major growth area as well, especially in the federal market, although security and identity management are major hurdles.
- Approximately 1/3 of data centers are candidates to use some form of cloud computing.
- With the Cloud First initiative requiring services to be migrated to the cloud, the easiest applications to migrate are typically public-facing websites, since the information is already publicly available and therefore privacy is not a major concern. The second easiest application to move to the cloud is messaging and collaboration (email). There have been several RFIs and RFPs released recently from federal agencies for messaging and collaboration in the cloud, and Attain expects this to be a part of large federal IT RFPs going forward. Other services that would be easier to migrate to cloud include front-ended CRM apps and custom-built apps that are leveraging a standard database.
- **The speed at which services are migrated to the cloud depends heavily on the progressiveness of agency CIOs.** Attain expects that **within the next 5 years, most federal systems will at least be on private cloud infrastructure, with the exception being some areas of DoD and the intelligence community.**
- When an existing app is migrated to the cloud, there will be challenges, including the maintenance of infrastructure and services during the data retention period, security in the cloud and establishing connectivity, as well as retraining personnel. Cloud adoption is typically easier if it is a new initiative rather than the migration of existing apps.
- In general, cloud opportunities are smaller and more incremental in nature, rather than being procured as large multi-year programs.

The Administration's Federal Cloud Computing Strategy

In February, Federal CIO Vivek Kundra released the Administration's Federal Cloud Computing Strategy. In the report,

Mr. Kundra highlighted the important role that cloud computing can play in improving both government efficiency and service delivery, and allowing federal IT systems to be more scalable and flexible. Mr. Kundra notes that the commercial IT market has expanded its use of cloud computing significantly, which has helped lead to improvements in resource utilization, service responsiveness, and helped foster the concepts of efficiency, agility, and innovation. Mr. Kundra estimates that in GFY10, 30% of government IT spending was used on data center infrastructure, and projects that migrating to cloud computing can lower these costs by 30%. The Administration's Federal Data Center Consolidation Initiative has set goal to reduce number of data centers by at least 800 by 2015. Overall, **Mr. Kundra estimates that \$20B of the \$80B federal IT budget is a potential target to be moved to cloud computing environments.** Late last year, Mr. Kundra rolled out the Administration's "Cloud First" policy, with agencies required to identify three services within 3 months to move to the cloud, and successfully move one of the services to the cloud within 12 months and the other two within 18 months. **In the GFY12 budget release, President Obama listed cloud computing and federal data center consolidation among his top IT priorities,** along with modernizing infrastructure, improving security and privacy, and increasing transparency and citizen participation.

The Federal Cloud Computing Strategy outlined the key benefits that the migration to cloud computing can provide, specifically in the areas of efficiency, agility, and innovation.

Efficiency

- **Improving asset utilization** – Currently the typical server utilization is less than 30%. Mr. Kundra projects that cloud computing can increase this to 60%-70% or higher.
- **Aggregated demand and systems consolidation** – Moving away from fragmented demand and duplicative systems.
- **Improving productivity** – Specifically in the areas of application development and management, network, and end-user.

Agility

- **Ability to purchase "as-a-service" from trusted cloud providers** – Contrasts with the current environment where it can take several years to build data centers.
- **Immediate capacity increases and decreases are possible** – Currently, it can take several months to increase the capacity of existing services.
- **Improved responsiveness to immediate agency needs**

Innovation

- **Moving away from asset ownership and management toward service management**
- **Leverage private sector innovation** – Currently the federal sector does not fully leverage innovations developed in the private sector.
- **Encouraging entrepreneurial culture** – Moving away from risk-adverse culture.
- **Improve link with emerging technologies**

The report provided projections for potential spending on cloud computing by major federal agencies. The highlights are below.

- DHS: Over \$2.4B
- Treasury: Over \$2.4B
- DoD: Between \$2.0B-\$2.2B
- Veterans Affairs: \$2.0B-\$2.2B
- Department of Transportation: \$2.0B
- Department of Commerce: \$1.8B-\$2.0B
- Department of Health and Human Services (HHS): \$1.4B-\$1.6B
- Department of State: \$1.0B-\$1.2B
- Department of Energy: \$1.0B-\$1.2B
- NASA: over \$800M

Stifel Nicolaus Information Technology (IT) Services Coverage

Federal Government IT & Professional Services

Company	Rating	Symbol	Stock Price 5/20/2011 Close	Shares Outstanding (000's)	Market Value (\$M)	Target Price	Potential % to Target	CY 2010 EPS	CY 2011 EPS Estimate	CY 2012 EPS Estimate	CY 2012E EPS Growth	2010 P/E	2011E P/E	2012E P/E	3 YR Est. Rev. CAGR	3 YR Est. EPS CAGR	2011E PE/growth rate (PEG) ratio	2012E PE/growth rate (PEG) ratio
Booz Allen Hamilton	BUY	BAH	\$19.06	140,400	2,676.0	\$25.00	31%	\$1.02	\$1.42	\$1.65	16.2%	18.6	13.4	11.6	10%	20%	0.7	0.6
CACI International, Inc.	HOLD	CACI	\$62.32	31,300	1,950.6	NA	NA	\$3.83	\$4.48	\$4.82	7.5%	16.3	13.9	12.9	8%	10%	1.4	1.3
Dynamics Research Corp.	HOLD	DRCO	\$14.90	10,174	151.6	NA	NA	\$1.22	\$1.27	\$1.34	6.0%	12.2	11.8	11.1	7%	8%	1.5	1.4
ICF International	BUY	ICFI	\$25.00	19,751	493.8	\$31.00	24%	\$1.41	\$1.69	\$1.95	15.5%	17.8	14.8	12.8	15%	18%	0.8	0.7
ManTech International, Inc.	HOLD	MANT	\$44.04	36,632	1,613.3	NA	NA	\$3.43	\$3.79	\$3.92	3.4%	12.8	11.6	11.2	8%	10%	1.2	1.1
NCI, Inc.	BUY	NCIT	\$22.26	13,909	309.6	\$27.00	21%	\$1.72	\$1.70	\$1.90	12.0%	12.9	13.1	11.7	13%	15%	0.9	0.8
SAIC, Inc.	BUY	SAI	\$17.51	359,000	6,286.1	\$19.00	9%	\$1.51	\$1.46	\$1.57	7.1%	11.6	12.0	11.2	6%	8%	1.5	1.4
SRA International, Inc.	HOLD	SRX	\$30.86	58,972	1,819.9	NA	NA	\$1.32	\$1.59	\$1.64	2.7%	23.4	19.4	18.9	13%	15%	1.3	1.3
VSE Corp.	HOLD	VSEC	\$26.30	5,214	137.1	NA	NA	\$4.56	\$3.43	\$3.60	5.0%	5.8	7.7	7.3	5%	8%	1.0	0.9

Source: Company data, Bloomberg Financial Markets, First Call, FactSet Research Systems, and Stifel Nicolaus Research.

Past results should not and cannot be viewed as an indicator of future performance

2010 EPS for ICFI and SRX exclude certain one-time items.

EPS data shown for Booz Allen reflects adjusted net income, which adds back items related to the Carlyle transaction.

Stifel Nicolaus
Federal Government IT Services
Comparable Company Analysis



Valuation Data:

(\$ in millions, except per share data)

Ticker	Company	Price 5/20/2011	Annual High	Annual Low	Equity Market Value	Price/Earnings Ratio		2012E PE/ Growth Ratio	Proj. 3 Year EPS Growth	Enterprise Market Value	Enterprise Value/ Trailing Twelve Months			Enterprise Value/ CY12E		CY12E FCF Yield									
						CY 2011E	CY 2012E				Revenue	EBIT	EBITDA ⁽⁵⁾	Revenue	EBITDA ⁽⁵⁾										
BAH	Booz Allen Hamilton (1) (7)	19.06	20.73	17.16	2,676	13.4	11.6	0.6	20.0	3,448	0.63	12.1	8.2	0.52	6.4	10.4									
CACI	CACI International Inc (1)	62.32	63.49	40.00	1,951	13.9	12.9	1.3	10.0	2,261	0.65	9.9	7.3	0.56	6.3	8.0									
DRCO	Dynamics Research Corp. (1) (2)	14.90	17.18	8.58	152	11.8	11.1	1.4	8.0	153	0.56	7.2	5.7	0.52	5.1	11.3									
ICFI	ICF International (1) (2)	25.00	28.13	19.58	494	14.8	12.8	0.7	18.0	567	0.72	11.3	7.1	0.59	5.6	6.1									
KEYW	KEYW Holding Corp. (6)	11.32	16.00	10.25	333	35.4	18.9	1.1	17.0	344	2.69	NM	NM	1.17	8.9	NA									
MANT	ManTech International Corp. (1) (2)	44.04	47.15	34.69	1,613	11.6	11.2	1.1	10.0	1,740	0.64	7.7	6.6	0.55	5.9	9.9									
NCIT	NCL, Inc. (1)	22.26	25.24	18.15	310	13.1	11.7	0.8	15.0	335	0.54	8.2	7.0	0.50	5.9	10.2									
SAI	SAIC, Inc. (1) (2)	17.51	18.20	14.87	6,286	12.0	11.2	1.4	8.0	6,771	0.61	7.5	6.1	0.59	5.8	8.7									
SRX	SRA International, Inc. (1)	30.86	31.31	18.31	1,820	19.4	18.9	1.3	15.0	1,716	1.00	12.7	10.0	0.92	9.0	5.6									
VSEC	VSE Corp. (1)	26.30	39.93	26.00	137	7.7	7.3	0.9	8.0	151	0.19	4.1	3.2	0.24	3.5	16.3									
Total					\$12,762					\$17,142															
	<i>Mean: (excl. KEYW)</i>					<i>13.1</i>	<i>x</i>	<i>12.1</i>	<i>1.0</i>	<i>x</i>	<i>12.4</i>	<i>%</i>		<i>0.62</i>	<i>x</i>	<i>9.0</i>	<i>x</i>	<i>6.8</i>	<i>x</i>	<i>0.55</i>	<i>x</i>	<i>5.9</i>	<i>x</i>	<i>9.6</i>	<i>%</i>
	<i>Mean: (incl. KEYW)</i>					<i>15.3</i>	<i>x</i>	<i>12.8</i>	<i>1.1</i>	<i>x</i>	<i>12.9</i>	<i>%</i>		<i>0.82</i>	<i>x</i>	<i>9.0</i>	<i>x</i>	<i>6.8</i>	<i>x</i>	<i>0.61</i>	<i>x</i>	<i>6.2</i>	<i>x</i>	<i>9.6</i>	<i>%</i>
	<i>Median:</i>					<i>13.1</i>		<i>11.6</i>	<i>1.1</i>		<i>10.0</i>			<i>0.63</i>		<i>8.2</i>		<i>7.0</i>		<i>0.55</i>		<i>5.9</i>		<i>9.9</i>	

Performance Data:

Ticker	Company	TTM Revenue	TTM Margin Data			Net Debt/Capital	DSO	Total Employees	Employee Turnover	1Q11 Intern.	2011E Intern.	2012E Intern.	Total Backlog ⁽³⁾	Times TTM Revenue	CY12E					
			Revenue	EBIT	EBITDA ⁽⁵⁾					Net Income	Revenue Growth	Revenue Growth			Revenue Growth	ROIC (net cash)	FCF Margin ⁽⁴⁾			
BAH	Booz Allen Hamilton (1) (7)	5,450.9	5.2	7.7	2.3	36%	66	13.4%	11.0%	10.2%	10.0%	11,005	2.0	15.5	4.2					
CACI	CACI International Inc (1)	3,463.3	6.6	8.9	3.7	19%	56	NA	14.3%	12.3%	6.8%	6,900	2.0	11.6	3.8					
DRCO	Dynamics Research Corp. (1) (2)	273.0	7.7	9.9	4.5	1%	75	18.0%	1.4%	3.1%	5.1%	385	1.4	14.8	5.8					
ICFI	ICF International (1) (2)	785.0	6.4	10.2	3.8	17%	84	11.8%	10.9%	11.5%	12.5%	1,372	1.7	9.4	3.1					
KEYW	KEYW Holding Corp. (6)	127.9	NM	6.6	8.2	6%	78	NA	NA	NA	NA	NA	NA	NA	NA					
MANT	ManTech International Corp. (1) (2)	2,717.3	8.3	9.6	4.8	11%	80	10,300	15.0%	6.5%	8.2%	4,700	1.7	14.1	5.1					
NCIT	NCL, Inc. (1)	616.6	6.6	7.7	3.9	14%	73	3,100	16.0%	30.6%	3.4%	2.3%	1,200	1.9	10.0	4.7				
SAI	SAIC, Inc. (1) (2)	11,117.0	8.1	10.0	4.7	11%	68	43,400	9.5%	1.0%	0.5%	2.0%	17,308	1.6	19.2	4.8				
SRX	SRA International, Inc. (1)	1,720.7	7.8	9.9	4.9	0%	74	7,100	15.1%	1.0%	1.5%	4.0%	4,510	2.6	13.8	5.4				
VSEC	VSE Corp. (1)	789.1	4.6	6.0	2.8	10%	82	2,698	NA	-37.1% *	-33.2% *	4.5% *	NA	NA	14.4	3.6				
Total		\$26,933																		
	<i>Mean: (excl. KEYW)</i>		<i>6.8</i>	<i>%</i>	<i>8.9</i>	<i>%</i>	<i>3.9</i>	<i>%</i>	<i>73</i>		<i>14.1%</i>	<i>9.6%</i>	<i>6.3%</i>	<i>6.0%</i>	<i>1.9</i>	<i>x</i>	<i>13.6</i>	<i>%</i>	<i>4.5</i>	<i>%</i>
	<i>Mean: (incl. KEYW)</i>		<i>6.8</i>	<i>%</i>	<i>8.7</i>	<i>%</i>	<i>4.4</i>	<i>%</i>	<i>73</i>		<i>14.1%</i>	<i>9.6%</i>	<i>6.3%</i>	<i>6.0%</i>	<i>1.9</i>	<i>x</i>	<i>13.6</i>	<i>%</i>	<i>4.5</i>	<i>%</i>
	<i>Median:</i>		<i>6.6</i>		<i>9.6</i>		<i>3.9</i>		<i>74</i>		<i>15.0%</i>	<i>8.7%</i>	<i>5.8%</i>	<i>5.3%</i>	<i>1.8</i>		<i>14.1</i>		<i>4.7</i>	

Notes:

* Excluded from the mean and median calculations.

(1) Stifel Nicolaus Research estimates.

(2) Income from continuing operations only.

(3) Total backlog not calculated uniformly in the industry; CAI backlog is Stifel Nicolaus estimate, except FYE.

(4) FCF Yield is defined as FCF per share/share price. FCF Margin is defined as FCF/Revenue.

(5) EBITDA calculation adds back noncash stock compensation expense.

(6) KEYW data reflects IPO which closed on October 1, 2010

(7) Booz Allen balance sheet data reflects Stifel Nicolaus estimates for the December 2010 quarter to reflect the IPO. Sharecount data reflects Stifel Nicolaus estimates for the March 2011 quarter to fully reflect IPO shares. EPS data shown for Booz Allen reflect adjusted net income, which adds back items related to the Carlyle transaction.

(8) 1Q11 internal revenue growth shown for BAH and SAI represent Stifel Nicolaus estimates, as these companies have not yet reported Q111 results.

* ICF internal revenue growth reflect its core business, excluding Road Home contract

Financial data for ICFI, NCIT, and SRX exclude certain one-time items

Sources: Company data, Bloomberg Financial Markets, First Call, FactSet Research Systems, and Stifel Nicolaus Research estimates.

Important Disclosures and Certifications

I, William R. Loomis, certify that the views expressed in this research report accurately reflect my personal views about the subject securities or issuers; and I, William R. Loomis, certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views contained in this research report. For our European Conflicts Management Policy go to the research page at www.stifel.com.

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BUY -For U.S. securities we expect the stock to outperform the S&P 500 by more than 10% over the next 12 months. For Canadian securities we expect the stock to outperform the S&P/TSX Composite Index by more than 10% over the next 12 months. For other non-U.S. securities we expect the stock to outperform the MSCI World Index by more than 10% over the next 12 months. For yield-sensitive securities, we expect a total return in excess of 12% over the next 12 months for U.S. securities as compared to the S&P 500, for Canadian securities as compared to the S&P/TSX Composite Index, and for other non-U.S. securities as compared to the MSCI World Index.

HOLD -For U.S. securities we expect the stock to perform within 10% (plus or minus) of the S&P 500 over the next 12 months. For Canadian securities we expect the stock to perform within 10% (plus or minus) of the S&P/TSX Composite Index. For other non-U.S. securities we expect the stock to perform within 10% (plus or minus) of the MSCI World Index. A Hold rating is also used for yield-sensitive securities where we are comfortable with the safety of the dividend, but believe that upside in the share price is limited.

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Of the securities we rate, 49% are rated Buy, 49% are rated Hold, and 2% are rated Sell.

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