SECURITIES AND EXCHANGE COMMISSION

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ICF KAISER INTERNATIONAL INC

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RULE 424B4
REGISTRATION NO. 33-70986

125,000 UNITS
ICF KAISER INTERNATIONAL, INC.

$125,000,000 12% SENIOR SUBORDINATED NOTES DUE 2003 WITH

WARRANTS TO PURCHASE 600,000 SHARES OF THE COMPANY'S

COMMON STOCK

Each unit (a "Unit") offered by ICF Kaiser International, Inc. ("ICF Kaiser" or the "Company") pursuant to this Prospectus consists of $1,000 principal amount of the Company's 12% Senior Subordinated Notes due 2003 (the "Notes") and 4.8 warrants (the "Warrants"), each to purchase one share of the Company's common stock, $0.01 par value per share (the "Common Stock").

Interest on the Notes is payable June 30 and December 31, commencing June 30, 1994. The Notes are not redeemable prior to December 31, 1998. On and after that date, the Notes are redeemable at any time at the option of the Company, in whole or in part, at the redemption prices set forth herein.

The Notes will be unsecured obligations of the Company and will be subordinated in right of payment to all existing and future Senior Indebtedness of the Company (as defined). The Notes will be effectively subordinated to all existing and future claims of creditors and preferred stockholders of the Company's subsidiaries. As of August 31, 1993, after giving effect to the issuance of the Notes offered hereby and application of the proceeds thereof, the amount of indebtedness of the Company and its subsidiaries ranking senior in right of payment to the Notes would have been approximately $3.7 million and the outstanding amount of preferred stock of the Company's subsidiaries would have been approximately $1.6 million. See "Capitalization," "Description of Credit Facility," and "Description of the Notes."

In the event of a Change of Control (as defined), the Company will be required to offer to purchase all Notes then outstanding at a purchase price equal to 101% of the aggregate principal amount of such Notes, plus accrued and unpaid interest, if any, to the date of purchase.

Each Warrant will entitle the holder thereof to acquire one share of Common Stock at a price equal to $5.00 per share, subject to adjustment under certain circumstances. Prior to their expiration on December 31, 1998, the Warrants will be exercisable at any time on or after their date of issuance. Upon exercise, the holders of Warrants would be entitled to purchase, in the aggregate, 600,000 shares of Common Stock. On January 3, 1994, the last reported sales price on the New York Stock Exchange Composite Tape for the Common Stock was $4.75. See "Market Prices and Dividend Policy."

SEE "RISK FACTORS" FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE UNITS.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NORHAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATIONTO THE CONTRARY IS A CRIMINAL OFFENSE.

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	PRICE TO PUBLIC*	UNDERWRITING DISCOUNTS AND COMMISSIONS+	PROCEEDS TO COMPANY++
Per Unit.............................	97.190%	2.916%	94.274%
Total................................	$121,487,500	$3,644,625	$117,842,875

* Plus accrued interest, if any, from the date of issuance.
+ The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933. See "Underwriting."
++Before deducting expenses, payable by the Company, estimated at $950,000.

The Units are being offered by the Underwriters as set forth in "Underwriting." It is expected that delivery of the Units will be made on or about January 11, 1994 at the offices of Dillon, Read & Co. Inc., New York, New York, against payment therefor in New York funds. The Underwriters are:

DILLON, READ & CO. INC.

WERTHEIM SCHRODER & CO. INCORPORATED

The date of this Prospectus is January 4, 1994.

AVAILABLE INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form S-1 (herein, together with all amendments and exhibits, referred to as the "Registration Statement") under the Securities Act of 1933, as amended (the "Act"), with respect to the Units offered hereby. As permitted by the rules and regulations of the Commission, this Prospectus does not contain all the information set forth in the Registration Statement and in the exhibits and schedules thereto. For further information about the Company and the Units, reference is made to the Registration Statement. The Registration Statement may be inspected and copied at the Commission's Public Reference Room, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the following Regional Offices of the Commission: New York Regional Office, 7 World Trade Center, New York, New York 10048; and Chicago Regional Office, 500 West Madison Street, Chicago, Illinois 60661. The statements contained in this Prospectus about the contents of any contract or other document filed as an exhibit to the Registration Statement are not complete, each such statement being qualified in all respects by such reference. Copies of each such document may be obtained from the Commission at its principal office in Washington, D.C. upon payment of the charges prescribed by the Commission.

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the Commission. Reports, proxy and information statements, and other information filed by the Company can be inspected and copied at the Commission's Public Reference Room and Regional Offices set forth above, and copies of such material can be obtained from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates.

The Common Stock has been traded on the New York Stock Exchange since September 14, 1993, and reports, proxy material, and other information concerning the Company may be inspected at the office of the New York Stock

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Exchange, Inc., 20 Broad Street, New York, New York 10005. Prior to September 14, 1993, the Common Stock was traded on the Nasdaq National Market.

IN CONNECTION WITH THIS OFFERING THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE UNITS, NOTES OR WARRANTS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

FOR CALIFORNIA RESIDENTS

WITH RESPECT TO SALES OF THE NOTES BEING OFFERED HEREBY TO CALIFORNIA RESIDENTS, AS OF THE DATE OF THIS PROSPECTUS, SUCH NOTES MAY BE SOLD ONLY TO: (1) "ACCREDITED INVESTORS" WITHIN THE MEANING OF REGULATION D UNDER THE SECURITIES ACT OF 1933, (2) BANKS, SAVINGS AND LOAN ASSOCIATIONS, TRUST COMPANIES, INSURANCE COMPANIES, INVESTMENT COMPANIES REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, PENSION AND PROFIT-SHARING TRUSTS, CORPORATIONS OR OTHER ENTITIES WHICH, TOGETHER WITH THE CORPORATION'S OR OTHER ENTITY'S AFFILIATES WHICH ARE UNDER COMMON CONTROL, HAVE A NET WORTH ON A CONSOLIDATED BASIS ACCORDING TO THEIR MOST RECENT REGULARLY PREPARED FINANCIAL STATEMENTS (WHICH SHALL HAVE BEEN REVIEWED, BUT NOT NECESSARILY AUDITED, BY OUTSIDE ACCOUNTANTS) OF NOT LESS THAN $14,000,000 AND SUBSIDIARIES OF THE FOREGOING OR (3) ANY PERSON (OTHER THAN A PERSON FORMED FOR THE SOLE PURPOSE OF PURCHASING THE NOTES BEING OFFERED HEREBY) WHO PURCHASES AT LEAST $1,000,000 AGGREGATE AMOUNT OF THE NOTES OFFERED HEREBY. EACH CALIFORNIA RESIDENT PURCHASING NOTES OFFERED HEREBY WILL BE DEEMED TO REPRESENT BY SUCH PURCHASE THAT IT COMES WITHIN ONE OF THE AFOREMENTIONED CATEGORIES AND THAT IT WILL NOT SELL OR OTHERWISE TRANSFER ANY OF SUCH NOTES TO A CALIFORNIA RESIDENT UNLESS THE TRANSFEREE COMES WITHIN ONE OF THE AFOREMENTIONED CATEGORIES AND THAT IT WILL ADVISE THE TRANSFEREE OF THIS CONDITION WHICH TRANSFEREE, BY BECOMING SUCH, WILL BE DEEMED TO BE BOUND BY THE SAME RESTRICTIONS ON RESALE.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and financial statements (including the notes thereto) appearing elsewhere in this Prospectus. On June 26, 1993, ICF Kaiser International, Inc. changed its name from ICF International, Inc. The entire group of ICF Kaiser International, Inc. companies will be referred to in this Prospectus as "ICF Kaiser" or the "Company."

THE COMPANY

ICF Kaiser International, Inc., through ICF Kaiser Engineers, Inc. and its other operating subsidiaries, is one of the nation's largest engineering, construction and consulting services firms, offering its clients over 20 years of experience in all aspects of environmental regulation and compliance and providing access to leading process technologies. The Company provides fully integrated consulting, engineering and construction services to public and private sector clients in the related markets of environment, infrastructure and industry. The Company estimates that of its $385 million of fiscal year 1993 service revenue, approximately 63% was attributable to environmental services, 17% to infrastructure-related work, 13% to industrial work, and 7% to other consulting services. As of August 31, 1993, the Company employed approximately 4,000 people located in more than 80 offices worldwide.

In the environmental market, ICF Kaiser applies its skills and expertise with sophisticated technologies to help its clients solve complex environmental problems. The Company is involved in all phases of environmental analysis, design and construction, and has expertise in hazardous and radioactive waste cleanup, waste minimization and disposal, risk assessment, permitting, environmental compliance, global climate change and clean air, alternative

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fuels, analysis of ground-water contamination and the clean up of harbors and waterways. The Company believes that this breadth and depth of knowledge contributes to its ability to compete successfully when bidding for major environmental restoration projects.

ICF Kaiser also provides management, engineering and construction services in the infrastructure and industrial markets. Projects include rapid transit systems, light and heavy rail systems, bridges, highways, manufacturing facilities, and hydroelectric, fossil fuel, nuclear and renewable energy plants. Increasingly, these projects require a substantial level of environmental problem-solving in both design and construction. The Company believes that its ability to integrate its environmental disciplines with its engineering expertise and large-project management skills is a marketing advantage.

The Company is currently working on several large, highly visible projects including: (i) a two-and-one-half year, $800 million contract at the U.S. Department of Energy's Hanford nuclear site in Richland, Washington, the nation's largest waste clean-up site under the "Superfund" program; (ii) a five-year, $140 million contract for the construction management of a new, $5.4 billion wastewater treatment facility project in Boston Harbor, the single largest environmental effort in the United States; and (iii) a two-year extension of a $33 million contract for the planning, design and construction services for an $18 billion, 88-kilometer mass transit system in Taipei, Taiwan, the largest such program underway in the world.

THE OFFERING

Securities offered hereby.........	125,000 Units, each Unit consisting of $1,000 principal amount of 12% Senior Subordinated Notes due 2003 and 4.8 Warrants, each to purchase one share of Common Stock for $5.00 per share. The Notes and the Warrants will be separately transferable on or after the date of the consummation of the Offering.

DESCRIPTION OF THE NOTES

The Notes.........................	$125,000,000 of 12% Senior Subordinated Notes.
Maturity date.....................	December 31, 2003.
Interest Payment Dates............	June 30 and December 31 of each year, commencing June 30, 1994.
Redemption at option of Company...	The Notes will be redeemable at the option of the Company, in whole or in part, at any time on or after December 31, 1998 at the redemption prices set forth herein, plus accrued and unpaid interest thereon.
Change of Control.................	Upon the occurrence of a Change of Control (as defined), the Company will be required to offer to purchase all of the outstanding Notes at 101% of the principal amount thereof, plus accrued and unpaid interest thereon.
Ranking...........................	The Notes will be unsecured obligations of the Company and will be subordinated to all

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existing and future Senior Indebtedness of the Company.

Restrictive covenants............	The Indenture will contain certain covenants which, among other things, limit: the incurrence of additional indebtedness by the Company and its Restricted Subsidiaries (as defined); the payment of dividends; the repurchase of capital stock or subordinated indebtedness; the making of certain other distributions, loans and investments; the sale of assets and the sale of the stock of Restricted Subsidiaries; the creation of restrictions on the ability of Restricted Subsidiaries to pay dividends or make other payments to the Company; and the ability to enter into certain transactions with affiliates or to merge, consolidate or transfer substantially all assets. See "Description of the Notes--Certain Covenants."
Use of proceeds..................	The net proceeds to be received by the Company will be used to retire the Company's 13.5% Senior Subordinated Notes, to repurchase warrants issued in connection with such Senior Subordinated Notes, to repurchase its Series 1 Junior Convertible Preferred Stock, to repurchase its Series 2C Senior Preferred Stock and Series 2C Warrants issued in connection with the Series 2C Senior Preferred Stock and to repay certain senior debt.

DESCRIPTION OF WARRANTS

Total number of Warrants..........	The Warrants entitle the holders thereof to purchase upon exercise an aggregate of 600,000 shares of Common Stock.
Expiration date..................	The Warrants will expire on December 31, 1998.
Exercise.........................	Each Warrant will entitle the holder to acquire one share of Common Stock at a price equal to $5.00 per share, subject to adjustment from time to time upon the occurrence of certain changes in Common Stock, certain Common Stock distributions, certain issuances of options or convertible securities, certain dividends and distributions and certain other increases in the number of shares of Common Stock. The Warrants will be exercisable at any time on or after their date of issuance. A Warrant does not entitle the holder thereof to receive any dividends paid on Common Stock. See "Description of the Warrants."

RISK FACTORS

Prospective purchasers should consider carefully certain factors relating to

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an investment in the Units. See "Risk Factors."

SUMMARY CONSOLIDATED FINANCIAL DATA

The following statement of operations data and balance sheet data, excluding the data for the six months ended August 31, 1993 and 1992, have been derived from financial statements audited by Coopers & Lybrand, independent accountants. This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Prospectus and with the Company's consolidated financial statements and notes thereto.

	SIX MONTHS ENDED AUGUST 31,		YEAR ENDED FEBRUARY 28,		
	1993	1992	1993	1992	1991
	(IN THOUSANDS, EXCEPT RATIOS)				
STATEMENT OF OPERATIONS DATA:					
Gross revenue(a)	$274,842	$369,875	$678,882	$710,873	$624,976
Service revenue(a)(b)	174,428	198,885	384,985	379,826	363,318
Cost of restructuring and disposal of businesses, net	--	1,436	1,336	73,354	--
Operating income (loss)	4,073	11,987	22,744	(43,963)	33,287
Income (loss) before income taxes	1,437	8,475	14,894	(54,310)	24,018
Net income (loss)	690	4,915	8,639	(40,516)	14,291
Net income (loss) available for common shareholders	(1,823)	2,402	3,613	(42,719)	13,434
BALANCE SHEET DATA (END OF PERIOD):					
Working capital	$ 86,446	$ 96,760	$ 87,845	$ 66,065	$ 74,754
Total assets	285,385	325,024	295,578	318,947	357,457
Total debt(c)	81,643	109,624	74,391	86,332	105,362
Redeemable preferred stock	45,105	45,394	44,824	45,161	26,498
Shareholders' equity	55,691	55,528	58,521	51,151	88,839
OTHER DATA:					
Capital expenditures	$ 739	$ 2,786	$ 4,638	$ 3,644	$ 5,629
Depreciation and amortization	4,862	5,661	10,766	9,159	11,438
EBITDA(d)	8,935	19,084	34,846	38,550	44,725
Interest expense(e)	3,341	4,410	8,629	10,778	11,264
EBITDA/Interest expense(d)(e)	2.67x	4.33x	4.04x	3.58x	3.97x
Total debt/EBITDA(c)(d)	--	--	2.13x	2.24x	2.36x

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(a) Gross revenue and service revenue for the fiscal years ended February 28, 1993 and February 29, 1992, exclude businesses discontinued by the Company in fiscal year 1992; the financial data for fiscal year 1991 includes results for the entire Company.

(b) Service revenue is calculated by deducting the costs of subcontracted services and other direct costs from the gross revenue and adding the Company's share of the income (loss) of joint ventures and affiliated companies.

(c) Total debt includes both the current and long-term portions of long-term debt and subordinated debt.

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(d) Represents operating income (loss), excluding the cost of restructuring and disposal of businesses, plus depreciation and amortization. EBITDA is presented here not as a measure of operating results, but rather as a measure of the Company's debt service ability. EBITDA is not required by generally accepted accounting principles and should not be considered as an alternative to net income or any other measure of performance required by generally accepted accounting principles or as an indicator of the Company's operating performance.
(e) Excludes $1.5 million of interest expense related to discontinued businesses for fiscal year 1992.

THE COMPANY

ICF Kaiser International, Inc., through ICF Kaiser Engineers, Inc. and its other operating subsidiaries, is one of the nation's largest engineering, construction and consulting services firms, offering its clients over 20 years of experience in all aspects of environmental regulation and compliance and providing access to leading process technologies. The Company provides fully integrated consulting, engineering and construction services to public and private sector clients in the related markets of environment, infrastructure and industry. The Company estimates that of its $385 million of fiscal year 1993 service revenue, approximately 63% was attributable to environmental services, 17% to infrastructure-related work, 13% to industrial work, and 7% to other consulting services. As of August 31, 1993, the Company employed approximately 4,000 people located in more than 80 offices worldwide.

In its most recent fiscal year ended February 28, 1993, ICF Kaiser reported gross and service revenue of $679 million and $385 million, respectively. Service revenue is derived by deducting subcontract and direct material costs from gross revenue and adding the Company's share of income (loss) of joint ventures and affiliated companies. ICF Kaiser believes it is appropriate to analyze its business in relation to service revenue rather than gross revenue because service revenue reflects the work directly performed by the Company. The percentage breakdowns of ICF Kaiser's service revenue (excluding discontinued businesses) by market for the periods shown below were as follows (dollars in millions):

	SIX MONTHS ENDED AUGUST 31, 1993		YEAR ENDED FEBRUARY 28, 1993		1992		1991	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Environment	$120.4	69.0	$240.2	62.4	$230.2	60.6	$160.6	50.7
Infrastructure	28.5	16.3	66.6	17.3	57.7	15.2	47.5	15.0
Industry	19.2	11.0	51.2	13.3	63.0	16.6	88.3	27.9
Other consulting	6.3	3.7	27.0	7.0	28.9	7.6	20.4	6.4
Total	$174.4	100.0	$385.0	100.0	$379.8	100.0	$316.8	100.0

ICF Kaiser's services in the environmental market include consulting, engineering and construction involved with the remediation of hazardous and radioactive waste, waste minimization and disposal, risk assessment, global warming and acid rain, alternative fuels and clean up of harbors and waterways. The Company minimizes its participation in the collection, treatment, storage and disposal of hazardous waste because of the risks and potential liability involved with such activities.

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Demand for environmental services is driven by a number of factors, including: the need to improve the quality of the environment; federal, state and municipal regulation and enforcement; and increased liability associated with pollution-related injury and damage. The Company's strategic plan is to position itself as a fully integrated environmental services firm that can provide expertise across all phases of an environmental remediation project. By leveraging its technological expertise at the front-end analysis and assessment phases, ICF Kaiser improves its position in participating in the subsequent phases of engineering and construction, which the Company believes will be a major area for market growth.

ICF Kaiser also provides consulting, engineering, and construction services to the infrastructure market. This market historically has been driven by the need to maintain and expand roads, highways, mass transit systems, and airports. Increasingly, environmental concerns, such as reducing automotive air pollutant emissions, are a driving force behind new infrastructure and transportation initiatives. The Company has capitalized on its specialized environmental skills to win projects to provide planning, design and construction services.

ICF Kaiser assists clients in private industry by providing the engineering and construction skills needed to maintain and retrofit existing plants and replace aging production capacity with newer, more environmentally responsible facilities. Through its acquisition of ICF Kaiser Engineers, Inc. in 1988, the Company acquired the engineering and construction skills, as well as access to process technologies, needed to establish a leadership position in serving the basic metals and mining industries, including aluminum, steel, copper, and coal.

All of ICF Kaiser's markets are global in nature. To capitalize on international opportunities while minimizing its business development risks, the Company has established international business relationships through joint ventures, marketing agreements and direct equity investments. The Company has projects underway in over 25 countries.

ICF Kaiser International, Inc. was incorporated in Delaware in 1987 as the parent holding company of ICF Incorporated, a nationwide consulting and engineering firm that has provided services since 1969. The Company's headquarters is located at 9300 Lee Highway, Fairfax, Virginia 22031-1207, and its telephone number is (703) 934-3600.

RISK FACTORS

Prospective purchasers of the Units should carefully consider the following, as well as other information contained in this Prospectus.

SUBSTANTIAL LEVERAGE; ABILITY TO SERVICE AND INCUR DEBT; PREFERRED STOCK TERMS

On a pro forma basis at August 31, 1993, assuming completion of the Offering and application of the proceeds as described in "Use of Proceeds," the Company had total indebtedness of $123.9 million, representing 64% of total capitalization. This high degree of leverage may have important consequences to the holders of the Units offered hereby. In particular, at least in the near term: (i) a substantial portion of the Company's cash flow from operations will be required for the payment of interest expense; (ii) the level of the Company's indebtedness may make it difficult to obtain additional financing in the future for working capital, acquisitions, capital expenditures, repayment of debt, or other purposes; and (iii) the level of the

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Company's leverage may make it more difficult for the Company's subsidiaries to obtain performance and similar bonds related to certain activities. The Company will be more leveraged after completion of the Offering than many of its competitors, which may leave the Company less able to take advantage of market opportunities or withstand weakness in its markets. The ability of the Company to meet its debt service and other obligations will depend largely on the future performance of the Company, which will be subject in part to prevailing economic and competitive conditions, government spending patterns, and to other factors beyond its control. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Company plans to repay outstanding indebtedness under its current revolving credit facility with a syndicate of banks with the proceeds of the Offering. After completion of the Offering, the Company will enter into a new bank credit facility (the "New Credit Facility") and will continue to have funded debt and letters of credit that will require the Company to comply with certain financial and non-financial covenants. See "Use of Proceeds" and "Description of Credit Facility."

The Indenture and the New Credit Facility will limit the Company's ability to incur additional indebtedness. See "Description of the Notes--Certain Covenants--Limitations on Additional Indebtedness" and "Description of Credit Facility." The Company anticipates that such limitations will prohibit the Company from incurring a substantial amount of additional indebtedness other than under the New Credit Facility. As a result, new funding, to the extent needed, will have to take the form of raising additional equity capital, refinancing existing debt, or obtaining significant proceeds from the sale of assets.

In addition to the restrictive covenants under the Indenture and the New Credit Facility, the agreements governing the Company's Series 2D Senior Preferred Stock ("Series 2D Preferred Stock"), which will remain outstanding following the Offering, provide that certain restrictive covenants become operative while the Company is in arrears with respect to any dividend on such preferred stock for a period in excess of 100 days or has failed to make a mandatory redemption. Such covenants would prohibit the Company from, among other things: disposing of assets for consideration of more than $1 million in a single transaction; entering into mergers; making acquisitions; guaranteeing any obligation in excess of $1 million; or incurring indebtedness other than as permitted pursuant to the terms of the Indenture governing the Notes without the consent of the holder of the Series 2D Preferred Stock. See "Description of Capital Stock--Series 2D Preferred Stock." Because of limitations on the payment of dividends contained in the agreement governing the Company's 13.5% Senior Subordinated Notes due 1999 (the "13.5% Notes"), the Company did not pay the dividends on its Series 2C Senior Preferred Stock and the Series 2D Preferred Stock that were due on August 31 and November 30, 1993. The Company plans to retire the 13.5% Notes in connection with the completion of the Offering and to pay such dividends with cash on hand at that time. However, unless the

Offering is completed or other arrangements are agreed upon prior to January 14, 1994, the restrictive covenants described above will be operative from January 14, 1994 until payment of the dividends.

Because of the restrictions described above, during the next several years it will be necessary for the Company to issue additional equity securities to fund any significant acquisitions and invest in joint ventures beyond the level permitted by the Indenture. See "Description of the Notes--Certain Covenants--Limitations on Restricted Payments."

PLEDGE OF ASSETS

As collateral under the Company's current revolving credit facility, the

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Company and most of its subsidiaries have granted a security interest in substantially all of their current assets, including accounts receivable and certain other general intangibles. The stock of certain subsidiaries of the Company also has been pledged. Although the New Credit Facility will not be secured by a pledge of subsidiary stock, it will be secured by substantially all of the current assets of the Company and most of its subsidiaries. The Notes offered hereby are unsecured obligations of the Company. In the event of bankruptcy or liquidation of the Company, there can be no assurance that sufficient assets would be available for payment of the Notes. The Indenture limits, but does not prohibit, the incurrence of additional secured indebtedness by the Company and its subsidiaries.

SUBORDINATED STATUS OF NOTES

Payment of principal (and premium, if any) and interest on the Notes is subordinated and subject to the right of prior payment in full of all Senior Indebtedness as defined in the Indenture. In the event of a payment default or other event of default with respect to Senior Indebtedness, no payment may be made on account of the Notes unless the payment or other default with respect to Senior Indebtedness has been cured or waived. Senior Indebtedness includes, without limitation, indebtedness outstanding under the New Credit Facility, including all amendments, extensions, increases, supplements and replacements thereof. The Notes will also be subordinated to all other instruments that do not specifically state that the indebtedness evidenced thereby is subordinated in right of payment to either the Notes or all subordinated indebtedness of the Company. See "Description of the Notes--Ranking."

HOLDING COMPANY STRUCTURE

As a holding company, ICF Kaiser International, Inc. derives substantially all of its operating income and cash flow from its subsidiaries. ICF Kaiser International, Inc.'s ability to make required principal and interest payments with respect to its indebtedness, including the Notes, depends on the earnings of its subsidiaries and on its ability to receive funds from such subsidiaries through inter-company payments. The ability of the Company's subsidiaries to make such payments will be subject to, among other things, applicable state laws and restrictions that may be entered into by such subsidiaries. Because the Notes are obligations of ICF Kaiser International, Inc. only, and have not been guaranteed by its subsidiaries, such subsidiaries are not obligated or required to pay any amounts due pursuant to the Notes or to make funds available in the form of dividends or advances to ICF Kaiser International, Inc. The Indenture will require ICF Kaiser International, Inc. to prohibit Restricted Subsidiaries from agreeing to restrictions on distributions to the Company. See "Description of the Notes--Certain Covenants--Limitations on Restrictions on Distributions from Subsidiaries." In addition, subsidiaries that are organized or do business in countries other than the United States are subject to the risk of governmental restrictions on repatriation of funds to the United States.

Since substantially all of ICF Kaiser International, Inc.'s operations are conducted, and substantially all of its assets are owned, by its subsidiaries, the Notes will effectively be subordinated to all existing and future liabilities and preferred stock of the Company's subsidiaries, including the guarantees by most of the Company's subsidiaries of indebtedness incurred under the New Credit Facility. Any right of ICF Kaiser International, Inc. to participate in any distribution of the assets of any of the Company's subsidiaries upon the subsidiary's liquidation, reorganization or insolvency (and the consequent right of the holders of the Notes

to participate in the distribution of those assets) will be subject to the claims of the creditors (including trade creditors) and preferred stockholders, if any, of such subsidiary, except to the extent ICF Kaiser International, Inc. has a valid claim against such subsidiary as a creditor of

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such subsidiary. In addition, in the event that such claims of ICF Kaiser International, Inc. as a creditor of a subsidiary are recognized, such claims would be subordinated to any security interest in the assets of such subsidiary and any indebtedness of such subsidiary senior to that held by ICF Kaiser International, Inc. See "Pledge of Assets." The ability of Restricted Subsidiaries to incur indebtedness; guarantee debt and issue preferred stock will be limited by certain of the restrictive covenants in the New Credit Facility and the Indenture. See "Description of Credit Facility" and "Description of the Notes--Certain Covenants--Limitations on Subsidiary Debt and Preferred Stock" and "--Limitations on Guarantees."

DEPENDENCE ON KEY CUSTOMERS AND FEDERAL GOVERNMENT CONTRACTS

A substantial portion of ICF Kaiser's revenues are derived from services performed directly or indirectly under contracts with various agencies and departments of the Federal government. During fiscal year 1993, approximately 47% of the Company's consolidated gross revenue was derived from contracts with the U.S. Government. The U.S. Department of Energy ("DOE") accounted for approximately 29% of consolidated gross revenue, and the U.S. Department of Defense ("DOD"), the U.S. Environmental Protection Agency ("EPA") and other Federal agencies collectively accounted for approximately 18% of the Company's consolidated gross revenue, during fiscal year 1993. These agencies and departments accounted for approximately the same percentages of service revenue of the Company during fiscal year 1993.

Contracts made with the U.S. Government generally are subject to annual approval of funding. Limitations imposed on spending by Federal government agencies, which might result from efforts to reduce the Federal deficit or for other reasons, may limit the continued funding of the Company's existing contracts with the Federal government and may limit the ability of the Company to obtain additional contracts. These limitations, if significant, could have a material adverse effect on the Company.

All contracts made with the U.S. Government may be terminated by the U.S. Government at any time, with or without cause. There can be no assurance that existing or future contracts with the U.S. Government would not be terminated or that the government will continue to use the Company's services at levels comparable to current use. See "Business--Competition and Contract Award Process."

REGULATION OF FEDERAL GOVERNMENT CONTRACTING ACTIVITIES

The Company is subject to general Federal regulation with respect to its contracting activities with the Federal government. For example, the Company is subject to audit with respect to costs incurred and charged to the Federal government. In one such audit, the government has asserted that certain costs claimed as reimbursable under government contracts were not allocated in accordance with government cost accounting standards. Management believes that the potential effect of disallowed costs, if any, for the periods currently under audit and for periods not yet audited has been adequately provided for and will not have a material adverse effect on the Company's financial condition.

Because certain of the Company's subsidiaries provide the Federal government with nuclear energy and defense-related services, these subsidiaries and a substantial number of their employees are required to have and maintain security clearances from the Federal government. There can be no assurance that the required security clearances will be obtained and maintained in the future.

Because of its nuclear energy and defense-related services, the Company is subject to foreign ownership, control and influence ("FOCI") regulations imposed by the Federal government and designed to prevent the release of classified information to contractors subject to FOCI. Under these regulations, FOCI concerns may arise as a result of a variety of factors, including foreign ownership of substantial percentages of the Company's equity

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securities or debt, the percentage of gross revenue the Company receives from foreign sources, and whether any directors or officers are not U.S. citizens. Subsidiaries of the Company with facility security clearances or sensitive DOE contracts file reports with DOD and DOE which disclose each of the above factors

as well as disclosing all other events and changes that affect the potential for FOCI. As required by DOD and DOE, the Company has implemented procedures designed to insulate such subsidiaries from impermissible FOCI. There can be no assurance that such measures will prevent FOCI concerns from affecting the ability of the Company's subsidiaries to secure and maintain certain types of DOD and DOE contracts.

DEPENDENCE ON ENVIRONMENTAL REGULATION

Much of the Company's business is generated either directly or indirectly as a result of federal and state laws, regulations and programs related to environmental issues. Accordingly, a reduction in the number or scope of these laws and regulations, or changes in government policies regarding the funding, implementation or enforcement of such laws, regulations and programs, could have a material adverse effect on the Company's business. See "Business--Overview of Markets."

In July 1993, the Department of Energy commenced an initiative to achieve substantial cost reductions and productivity improvements within the Office of Environmental Restoration and Waste Management ("OERWM"). A study commissioned by OERWM reported on November 30, 1993 that the DOE is paying private contractors more than a third more than the private sector pays for comparable projects and that DOE projects experience cost overruns of approximately 48% (compared to approximately 6% on private sector projects). The study also cited extensive delays on DOE projects. The study concluded that a major reason for the poor performance of the OERWM in managing its projects was its reliance on private contractors. Any significant effort by the DOE to reduce the role of private contractors in environmental projects could have a material adverse effect on the Company.

ENVIRONMENTAL CONTRACTOR RISKS

Although the Company believes that it generally benefits from increased environmental regulations, and from enforcement of those regulations, increased regulation and enforcement also create significant risks for the Company. The assessment, analysis, remediation, handling and management of hazardous substances necessarily involve significant risks, including the possibility of damages or personal injuries caused by the escape of hazardous materials into the environment, and the possibility of fines, penalties or other regulatory action. These risks include potentially large civil and criminal liabilities for violations of environmental laws and regulations, and liabilities to customers and to third parties for damages arising from performing services for clients. See "Business--Potential Environmental Liability."

Potential Liabilities Arising Out of Environmental Laws and Regulations

All facets of the Company's business are conducted in the context of a rapidly developing and changing statutory and regulatory framework. The Company's operations and services are affected by and subject to regulation by a number of federal agencies including the EPA and the Occupational Safety and Health Administration ("OSHA"), as well as applicable state and local regulatory agencies.

The Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") addresses cleanup of sites at which there has been a release or threatened release of hazardous substances into the environment.

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Increasingly, there are efforts to expand the reach of CERCLA to make environmental contractors responsible for cleanup costs by claiming that environmental contractors are owners or operators of hazardous waste facilities or that they arranged for treatment, transportation or disposal of hazardous substances. Several recent court decisions have accepted these claims. Should the Company be held responsible under CERCLA for damages caused while performing services or otherwise, it may be forced to bear such liability by itself, notwithstanding the potential availability of contribution or indemnity from other parties.

The Resource Conservation and Recovery Act of 1976, as amended in 1984 ("RCRA"), is the principal federal statute governing hazardous waste generation, treatment, transportation, storage and disposal. RCRA, or EPA-approved state programs at least as stringent, govern waste handling activities involving wastes classified as "hazardous." See "Business--Overview of Markets." Substantial fees and penalties may be imposed under RCRA and similar state statutes for any violation of such statutes and the regulations thereunder.

Potential Liabilities Involving Clients and Third Parties

In performing services for its clients, the Company potentially could be liable for breach of contract, personal injury, property damage, and negligence, including claims for lack of timely performance or for failure to deliver the service promised (including improper or negligent performance or design, failure to meet specifications, and breaches of express or implied warranties). The damages available to a client, should it prevail in its claims, are potentially large and could include consequential damages.

Environmental contractors, in connection with work performed for clients, also potentially face liabilities to third parties from various claims including claims for property damage or personal injury stemming from a release of hazardous substances or otherwise. Claims for damage to third parties could arise in a number of ways, including: through a sudden and accidental release or discharge of contaminants or pollutants during the performance of services; through the inability, despite reasonable care, of a remedial plan to contain or correct an ongoing seepage or release of pollutants; through the inadvertent exacerbation of an existing contamination problem; or through reliance on reports prepared by the Company. Personal injury claims could arise contemporaneously with performance of the work or long after completion of the project as a result of alleged exposure to toxic or hazardous substances. In addition, increasing numbers of claimants assert that companies performing environmental remediation should be adjudged strictly liable, i.e. liable for damages even though its services were performed using reasonable care, on the grounds that such services involved "abnormally dangerous activities."

Clients frequently attempt to shift various of the liabilities arising out of remediation of their own environmental problems to contractors through contractual indemnities. Such provisions seek to require the Company to assume liabilities for damage or personal injury to third parties and property and for environmental fines and penalties. Moreover, during the past year, the EPA has constricted significantly the circumstances under which it will indemnify its contractors against liabilities incurred in connection with CERCLA projects. There are other proposals both in Congress and at the regulatory agencies to further restrict indemnification of contractors from third party claims.

Consistent with industry experience and trends, the Company has found it difficult to obtain pollution insurance coverage, in amounts and on terms which are economically reasonable, against possible liabilities that may be incurred in connection with its conduct of its environmental business. An uninsured claim arising out of the Company's environmental activities, if successful and of sufficient magnitude, could have a material adverse effect on the Company.

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See "Business--Potential Environmental Liability" and "Business--Insurance."

COMPETITION

The market for the Company's services is highly competitive. The Company and its subsidiaries compete with many other firms ranging from small firms to large multinational firms having substantially greater financial, management, and marketing resources than the Company. Other competitive factors include quality of services, technical qualifications, reputation, geographic presence, price and the availability of key professional personnel. See "Business--Competition and Contract Award Process."

FEDERAL GOVERNMENT CONFLICT OF INTEREST POLICIES AND POSSIBLE RESTRUCTURING OF CONSULTING SUBSIDIARIES

Federal agencies that are the Company's regular customers (including the DOD, DOE, and EPA) have formal policies against awarding contracts that would present actual or potential conflicts of interest with other activities of the contractor. The Company follows practices designed to comply with these policies. However, in light of the broad range of environmental and related services provided by various of the Company's subsidiaries to Federal and state governmental units and private sector customers, the Company is considering restructuring its subsidiaries that are engaged primarily in providing consulting services to governmental units ("Government Consulting Subsidiaries"). The goal of such a restructuring would be to provide further assurance to the Federal agencies for which the Government Consulting Subsidiaries perform services that such subsidiaries are insulated from the interests of the Company's private sector clients. If

implemented, the restructuring would likely involve arrangements pursuant to which the Government Consulting Subsidiaries, or a single Government Consulting Subsidiary, would have a Board of Directors independent of the Company. Other steps would also be taken to segregate the management, operations and compensation policies of the Government Consulting Subsidiaries from those of the rest of the Company. Such a restructuring would not affect the flow of earnings from the Government Consulting Subsidiaries to the Company. It would, however, eliminate the Company's ability to exercise control over the Government Consulting Subsidiaries during the term of the arrangements described above.

FLUCTUATIONS IN QUARTERLY FINANCIAL RESULTS

The Company's quarterly financial results may be affected by, among other factors, the commencement and completion or termination of major projects. Accordingly, results for any one quarter are not necessarily indicative of results for any other quarter or for the year.

ATTRACTION AND RETENTION OF PROFESSIONAL PERSONNEL

The Company's ability to retain and expand its staff of qualified professionals will be an important factor in determining the Company's future success. The market for these professionals, especially environmental professionals, is competitive. There can be no assurance that the Company will continue to be successful in its efforts to attract and retain such professionals.

CHANGE OF CONTROL PROVISION WITH RESPECT TO THE NOTES

In the event of a Change of Control, the Company would be required, subject to certain conditions, to offer to purchase all outstanding Notes at a price equal to 101% of the principal amount thereof, plus accrued interest thereon. As of August 31 1993, after giving effect to the Offering and the application of the proceeds therefrom as described under "Use of Proceeds," the Company

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would not have sufficient funds available to purchase all the Notes were they to be tendered in response to an offer made as a result of such a Change of Control. There can be no assurance that, at the time of a Change of Control, the Company will have sufficient cash to repay all amounts due under the Notes. If a Change of Control should occur, the rights of the Holders of the Notes to receive payment for their Notes upon a Change of Control Offer would be subject to the prior payment rights of holders of any Senior Indebtedness. See "Description of the Notes--Ranking." The terms of the New Credit Facility prohibit the optional payment or prepayment or any redemption of the Notes. If, following a Change of Control, the Company has insufficient funds to purchase all the Notes tendered pursuant to such an offer, or is prohibited from purchasing the Notes pursuant to the terms of any Senior Indebtedness, an event of default in respect of the Notes would occur. The Change of Control provisions of the Indenture may have the effect of discouraging attempts by a person or group to take control of the Company.

ABILITY TO REALIZE VALUE ON WARRANTS

There can be no assurance that the Common Stock will trade at a price above the exercise price of the Warrants prior to the expiration of the Warrants. After completion of the Offering and application of the proceeds therefrom, the Company will have 2,956,040 shares of Common Stock that may be issued pursuant to outstanding warrants (other than the Warrants) and, as of November 30, 1993, 2,298,976 shares of Common Stock may be issued pursuant to outstanding stock options. Future sales of such shares and sales of shares purchased by holders of options or warrants could have an adverse effect on the market price of the Common Stock.

ORIGINAL ISSUE DISCOUNT

The Notes will be issued with original issue discount. Consequently, a holder of a Note will have income for tax purposes arising from such original issue discount prior to the actual receipt of cash in respect of such income. Because the U.S. Department of the Treasury Regulations promulgated under the original issue discount provisions of the Internal Revenue Code of 1986, as amended, are only in proposed form, it is not

possible to determine with certainty, prior to the issuance of the Notes, the calculation or accrual of original issue discount on the Notes. See "Certain Federal Tax Consequences."

ABSENCE OF PUBLIC MARKET FOR THE UNITS, NOTES OR WARRANTS

The Company does not intend to list the Units, Notes or Warrants on any securities exchange. Prior to the Offering described herein, there has been, and there currently is, no existing market for the Units, Notes or Warrants. There can be no assurance that an active trading market will develop or be sustained upon completion of this Offering of the Units, Notes or Warrants. The Underwriters have advised the Company that they intend to make a market in the Units, Notes and Warrants after the consummation of this Offering, although they are under no obligation to do so, and any market making with respect to the Units, Notes or Warrants may be discontinued at any time without notice. If such a market were to develop, the Units, Notes and Warrants could trade at prices that may be lower than the initial offering price thereof, depending on many factors, including prevailing interest rates, the Company's operating results and the market for similar securities. Accordingly, there can be no assurance as to the liquidity of any market that may develop for the Units, Notes or Warrants, the ability of holders of the Units, Notes or Warrants to sell their Units, Notes or Warrants or the price such holders would receive upon such sale.

USE OF PROCEEDS

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The net proceeds to be received by the Company from the sale of the Units offered hereby are expected to be approximately $116.9 million (after deducting the underwriting discount and estimated offering expenses). The net proceeds will be used: (i) to retire the Company's 13.5% Notes at 114.17% ($34.3 million in the aggregate); (ii) to repurchase warrants issued in connection with the 1989 issuance of the 13.5% Notes ($1.6 million); (iii) to repurchase the Company's Series 1 Junior Convertible Preferred Stock having an aggregate liquidation preference of $6.9 million, which pays a dividend of 9.25% of the aggregate liquidation preference per annum, plus accrued and unpaid dividends ($5.1 million); (iv) to repurchase the Company's Series 2C Senior Preferred Stock having an aggregate liquidation preference of $25 million, which pays a dividend of 9.75% of the aggregate liquidation preference per annum at 106.25% together with the Company's Series 2C Warrants to purchase 2,976,190 shares of Common Stock which were issued in connection with the 1992 issuance of the Series 2C Senior Preferred Stock ($26.6 million in the aggregate); (v) to pay down $45 million under the Company's current revolving credit facility which expires on September 30, 1994, at a current interest rate of 7.5%; and (vi) to repay, on behalf of the Company's Employee Stock Ownership Plan ("ESOP"), the outstanding balance of $1.7 million under a related ESOP Credit Facility. The balance of the net proceeds will be used for general corporate purposes.

MARKET PRICES AND DIVIDEND POLICY

Since September 14, 1993, the Common Stock has been traded on the New York Stock Exchange ("NYSE") under the symbol "ICF." Prior to that date, the Common Stock was traded on the Nasdaq National Market. At December 17, 1993, there were 1,233 shareholders of record; the Company believes that there are approximately 6,150 beneficial owners of Common Stock. On January 3, 1994, the closing price of the Company Stock as reported by the NYSE was $4.75. The following table sets forth, for the periods indicated, the high and low sale prices for the Common Stock as reported on the Nasdaq National Market (through September 13, 1993) and the NYSE (from September 14, 1993, to the latest date indicated):

<TABLE>
<CAPTION>

<S>	HIGH <C>	LOW <C>
Fiscal Year Ended February 29, 1992		
First Quarter	$18.50	$14.25
Second Quarter	16.75	8.00
Third Quarter	10.00	6.50
Fourth Quarter	11.00	6.25
Fiscal Year Ended February 28, 1993		
First Quarter	$10.875	$ 7.25
Second Quarter	7.75	5.00
Third Quarter	7.50	4.00
Fourth Quarter	8.50	6.00
Fiscal Year Ending February 28, 1994		
First Quarter	$ 6.875	$ 4.75
Second Quarter	5.50	3.75
Third Quarter (September 1--September 13)	4.875	4.375
Third Quarter (September 14--November 30)	5.375	4.00
Fourth Quarter (through January 3, 1994)	4.875	4.00

</TABLE>

The Company has never paid cash dividends on its Common Stock. The Board of Directors anticipates that for the foreseeable future no cash dividends will be paid on its Common Stock and that the Company's earnings will be retained for use in the business. The Board of Directors determines the Company's Common Stock dividend policy based on the Company's results of operations, payment of dividends on preferred stock (if any is outstanding), financial condition,

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capital requirements, and other circumstances. The Company's credit agreements allow dividends to be paid on its capital stock provided that the Company complies with certain limitations imposed by the terms of such agreements. See "Description of Credit Facility."

CAPITALIZATION

The following table sets forth the capitalization of the Company as of August 31, 1993 and as adjusted as of such date to give effect to the Offering and the application of the estimated proceeds therefrom from the Units as described in "Use of Proceeds." This table should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this Prospectus.

	AUGUST 31, 1993	
	ACTUAL	AS ADJUSTED
	(IN THOUSANDS)	
Debt:		
Revolving credit facility(a)	$ 45,000	$ --
ESOP guaranteed notes(a)	3,333	--
Notes payable	3,310	3,310
12% Senior Subordinated Notes(b)	--	120,588
13.5% Subordinated debt	30,000	--
Total debt	81,643	123,898
Redeemable Preferred Stock of Subsidiary	1,599	1,599
9.75% Series 2C Senior Preferred Stock	24,195	--
9.75% Series 2D Senior Preferred Stock	19,311	19,311
9.25% Series 1 Junior Convertible Preferred Stock	6,900	--
Common shareholders' equity(c)(d)	48,791	47,147
Total capitalization	$182,439	$192,225

(a) See "Description of Credit Facility."
(b) Excludes $3.5 million original issue discount and $0.9 million assigned to the Warrants.
(c) Adjusted to take into account the retirement of the 13.5% Notes, the repurchase of the Warrants issued in connection with the 13.5% Notes, the repurchase of the Series 1 Junior Convertible Preferred Stock, the repurchase of the Series 2C Senior Preferred Stock together with the Series 2C Warrants, the repayment of senior debt, the repayment of the ESOP loan and other costs related to the foregoing items.
(d) Includes $0.9 million assigned to the Warrants.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data of the Company for each year in the five-year period ending February 28, 1993, excluding "Other Data," have been derived from the Company's consolidated financial statements, which have been audited by Coopers & Lybrand, independent accountants. This information should be read in conjunction with the Consolidated Financial Statements and the related notes thereto appearing elsewhere in this Prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations." The

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"Other Data" and the selected consolidated financial data of the Company as of August 31, 1992 and 1993 and for the six-month periods then ended have been prepared on the same basis as the Consolidated Financial Statements appearing elsewhere herein and, in the opinion of the Company, include all normal and recurring adjustments (consisting of only normal recurring adjustments) necessary to present fairly the information set forth therein. Operating results for the six months ended August 31, 1993 are not necessarily indicative of the results that may be expected for the fiscal year ending February 28, 1994.

	SIX MONTHS ENDED AUGUST 31,		YEAR ENDED FEBRUARY 28,				
	1993	1992	1993	1992	1991	1990	1989(B)
	(IN THOUSANDS, EXCEPT PER SHARE DATA)						
STATEMENT OF OPERATIONS DATA:							
Gross revenue (a).......	$274,842	$369,875	$678,882	$710,873	$624,976	$503,904	$297,866
Service revenue (a) (c).	174,428	198,885	384,985	379,826	363,318	278,255	174,328
Cost of restructuring and disposal of businesses, net........	--	1,436	1,336	73,354	--	--	--
Operating income (loss).	4,073	11,987	22,744	(43,963)	33,287	22,563	13,845
Income (loss) before income taxes...........	1,437	8,475	14,894	(54,310)	24,018	14,906	11,584
Net income (loss).......	690	4,915	8,639	(40,516)	14,291	8,794	6,524
Net income (loss) available for common shareholders...........	(1,823)	2,402	3,613	(42,719)	13,434	8,794	6,524
Net income (loss) per common share							
Primary................	(0.09)	0.11	0.16	(2.25)	0.71	0.57	0.46
Fully diluted..........	(0.09)	0.11	0.16	(2.25)	0.68	0.57	0.45
BALANCE SHEET DATA (END OF PERIOD):							
Total assets...........	$285,385	$325,024	$295,578	$318,947	$357,457	$237,057	$140,751
Working capital.........	86,446	96,760	87,845	66,065	74,754	43,430	27,253
Long-term liabilities...	76,233	109,744	75,602	85,675	109,820	53,019	40,440
Total debt(d)..........	81,643	109,624	74,391	86,332	105,362	75,619	32,418
Redeemable preferred stock..................	45,105	45,394	44,824	45,161	26,498	3,997	3,997
Shareholders' equity....	55,691	55,528	58,521	51,151	88,839	58,503	19,595
OTHER DATA:							
Capital expenditures....	$ 739	$ 2,786	$ 4,638	$ 3,644	$ 5,629	$ 3,646	$ 2,344
Depreciation and amortization...........	4,862	5,661	10,766	9,159	11,438	6,304	2,969
EBITDA(e)..............	8,935	19,084	34,846	38,550	44,725	28,867	16,814
Interest expense(f).....	3,341	4,410	8,629	10,778	11,264	8,418	2,574
EBITDA/Interest expense(e) (f).........	2.67x	4.33x	4.04x	3.58x	3.97x	3.43x	6.53x
Total debt/EBITDA(d) (e)....................	--	--	2.13x	2.24x	2.36x	2.62x	1.93x
Ratio of earnings to fixed charges(g).......	1.2x	--	1.5x	(g)	2.2x	1.6x	2.3x
Ratio of earnings to fixed charges (pro forma)(g).............	(g)	--	1.2x	--	--	--	--

- --------

(a) Gross revenue and service revenue for the fiscal years ended February 28,

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1993 and February 29, 1992, exclude businesses discontinued by the Company in fiscal 1992; the financial data for fiscal 1989 through 1991 include results for the entire Company.

(b) Includes the effect from June 1988 of the acquisition of ICF Kaiser Engineers, Inc.

(c) Service revenue is calculated by deducting the costs of subcontracted services and reimbursable direct costs from the gross revenue and adding the Company's share of the income of joint ventures and affiliated companies.

(d) Total debt includes both the current and long-term portions of long-term debt and subordinated debt.

(e) Represents operating income (loss), excluding the cost of restructuring and disposal of businesses, plus depreciation and amortization. EBITDA is presented here not as a measure of operating results, but rather as a measure of the Company's debt service ability. EBITDA is not required by generally accepted accounting principles and should not be considered as an alternative to net income or any other measure of performance required by generally accepted accounting principles or as an indicator of the Company's operating performance.

(f) Excludes $1.5 million of interest expense related to discontinued businesses for fiscal 1992.

(g) For the purposes of calculating the ratio of earnings to fixed charges, earnings consist of income (loss) before income taxes, undistributed earnings of 50% or less owned persons, and the amount of fixed charges. Fixed charges consist of redeemable preferred dividends of a subsidiary, amortization of debt expense, and interest (including interest capitalized and the portion of rent deemed representative of the interest factor). For the year ended February 29, 1992, earnings as defined were insufficient to cover fixed charges by approximately $55.8 million. On a pro forma basis for the six months ended August 31, 1993, pro forma earnings as defined were insufficient to cover pro forma fixed charges by approximately $2.5 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Overview

For the six months ended August 31, 1993, ICF Kaiser's net income was $690,000 and net income (loss) available for common shareholders was ($1,823,000) or ($0.09) per share, compared to net income of $4,915,000 and net income available for common shareholders of $2,402,000 or $0.11 per share for the six months ended August 31, 1992. The decrease in net income is primarily the result of a decline in the utilization of professionals due to weakened demand in the Company's markets, the completion of several large industrial projects subsequent to August 31, 1992, the sale of two income-producing businesses (ICF-Lewin, Inc. and a minority interest in Acer Group Limited), and the delayed impact of the Company's cost reduction efforts which began in the fourth quarter of the year ended February 28, 1993 (fiscal 1993). These continuing efforts, which had a more favorable effect on the second quarter of fiscal 1994 than the first, combined with increased margins in environmental and certain other businesses and improved performance at the DOE's Hanford site, resulted in a $2.0 million increase in second quarter net income as compared to the first quarter.

For fiscal 1993, ICF Kaiser's net income was $8.6 million, or $0.16 per share, compared to a net loss of $40.5 million, or ($2.25) per share, for the year ended February 29, 1992 (fiscal 1992). Net income in fiscal 1993 was adversely impacted by a net $1.3 million pretax addition to the provision for restructuring and disposal of businesses discussed below, and a $0.9 million pretax loss on the sale of ICF Kaiser's minority interest in Acer Group

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Limited, offset by a $0.1 million net credit for the unusual items discussed in Note Q to the consolidated financial statements.

In fiscal 1993, the Company successfully completed several large industrial projects. In the second half of fiscal 1993 and the first half of fiscal 1994, because of the completion of these projects and the slowdown in government contracting which the Company experienced following the change in Presidential Administrations, recovery of the Company's overhead and administrative costs was lower than anticipated. In the fourth quarter of fiscal 1993, ICF Kaiser reviewed its indirect cost structure and reduced its administrative and overhead employment base by 13%, resulting in a one-time $0.6 million charge for severance in the fourth quarter of fiscal 1993. These cost-cutting efforts have continued through the first half of fiscal 1994. The benefits of these ongoing efforts are primarily expected to be realized in future periods. Additionally, during fiscal 1993, the Company also incurred a heavy periodic cost for preparing and defending its successful bid for the engineer/constructor contract at the DOE Hanford site, as well as costs associated with completing its restructuring program during fiscal 1993. ICF Kaiser management believes that these overhead cost reductions, as well as further cost cutting actions taken in fiscal 1994, will allow the Company to match more closely its costs to its direct labor base while enabling the Company to respond to further growth.

Outlook

Similar to many companies in its industry, ICF Kaiser continued to experience weak demand through the first half of fiscal 1994 in its key markets: environment, infrastructure, industry, and energy. The pace of Federal spending under the Company's existing environmental contracts, although improved in the second quarter of fiscal 1994, has slowed considerably compared to the past year. This slowdown over the prior year period was compounded by several factors, including the change in Presidential Administrations, a continued sluggish market for major industrial and environmental expenditures and the completion of several large industrial projects. These factors resulted in reduced levels of gross and service revenue. However, the Company's gross and service revenues increased in the second quarter compared to the first quarter of the Company's current fiscal year. ICF Kaiser's management continues to focus on areas for additional cost-cutting, improving the efficiency of operations, and developing potential marketing opportunities.

Bid and proposal activity remained active during the first half of fiscal 1994. ICF Kaiser has won a number of new environmental, infrastructure, industrial, and energy contracts.

On October 15, 1993, the Company announced that it had signed a material amendment to the contract it won in early 1993 to continue to provide services at the DOE Hanford site. The Company estimates that the architect-engineering and construction management services to be provided under the amended contract will be worth more than $800 million in gross revenue over the two-and-one-half year term of the amended contract which began on October 1, 1993. See "Business--Backlog." Assuming the Company's historical performance ratings are maintained over this two-and-one-half year period, the Company estimates that the fees it will be eligible to earn under this contract would increase significantly. In addition, the amended contract provides the Company with the opportunity to earn incentive fees related to technology transfers and efficiency savings. In connection with the contract amendment and in order to reduce duplication of work and to improve management control and efficiency of operation, the Company and DOE agreed to assign management of substantially all aspects of the amended contract to Westinghouse Hanford Company, the current management and operations contractor at the DOE's Hanford site.

Gross Revenue

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Gross revenue represents services provided to customers with whom the Company has a primary contractual relationship. Included in gross revenue are costs of certain services subcontracted to third parties as well as certain other reimbursable direct project costs, such as materials procured by the Company on behalf of its customers.

Comparison of Six months ended August 31, 1993 to Six months ended August 31, 1992--Gross revenue for the six months ended August 31, 1993 was $274.8 million, a decrease of $95.1 million or 25.7% from $369.9 million in the comparable period last year. The decrease is primarily attributable to: the completion of two large industrial projects in fiscal 1993 ($60.1 million); the sale of the Company's Lewin-ICF subsidiary at the end of the third quarter of fiscal 1993 ($9.3 million); a decline in the Company's energy engineering portion of its environmental business ($6.3 million); and the general impact of reduced government spending and the sluggish economy discussed above. This decrease was partially offset by an increase in ICF Kaiser's engineer/constructor services to the DOE at the Hanford site ($5.6 million).

Comparison of Fiscal 1993 to Fiscal 1992--Gross revenue was $678.9 million in fiscal 1993, a $32.0 million or 4.5% reduction from $710.9 million in fiscal 1992. This decrease in the Company's gross revenue is primarily attributable to the Company's Kaiser Engineers Australia Pty Ltd. ("KEA") subsidiary, which was successfully winding down its natural gas liquefaction project in northwest Australia ahead of schedule ($37.5 million); the completion of a large industrial project in the first half of fiscal 1993 ($34.2 million); and the impact of several other projects nearing completion. This decrease was partially offset by an increase in ICF Kaiser's project to manage the construction of a pulverized coal injection facility ($30.0 million) and an increase in ICF Kaiser's engineer/constructor services to the DOE at its Hanford site ($21.6 million).

Comparison of Fiscal 1992 to Fiscal 1991--Gross revenue increased to $710.9 million in fiscal 1992 from $625.0 million in fiscal 1991. Excluding the gross revenues from those businesses discontinued in fiscal 1992 under the restructuring plan, fiscal 1991 revenues would have been $541.5 million. The $169.4 million or 31.3% increase in comparable gross revenues is partially attributable ($35 million) to the Company owning 100% of KEA in all of fiscal 1992, whereas the Company did not acquire the remaining 50% interest in KEA it did not already own until the third quarter of fiscal year 1991. Prior to this acquisition, the Company's initial 50% interest in KEA was accounted for under the equity method through the second quarter of fiscal year 1991. Additional growth in gross revenue for this period is attributable to the start-up of several large industrial projects ($116 million) and ICF Kaiser's engineer/constructor services at the DOE's Hanford site ($29 million).

Service Revenue

Service revenue is derived by deducting the costs of subcontracted services and other direct costs from gross revenue and adding the Company's share of the income (loss) of joint ventures and affiliated companies. ICF Kaiser believes it is appropriate to analyze operating margins and other ratios in relation to service revenue because such revenue and ratios reflect the work directly performed by the Company and because the percentage relationship between gross revenue and operating expenses can vary from period to period.

The following table sets forth the gross revenue and service revenue (both excluding discontinued businesses) and the percentage relationship between them for the periods presented (dollars in millions):

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	SIX MONTHS ENDED AUGUST 31,		YEAR ENDED FEBRUARY 28,		
	1993	1992	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>
Gross revenue..........................	$274.8	$369.9	$678.9	$710.9	$541.5
Service revenue........................	$174.4	$198.9	$385.0	$379.8	$316.8
Percentage relationship................	63.5%	53.8%	56.7%	53.4%	58.5%

</TABLE>

Comparison of Six months ended August 31, 1993 to Six months ended August 31, 1992--Service revenue for the six months ended August 31, 1993 was $174.4 million, a decrease of $24.5 million or 12.3% from $198.9 million in the comparable period of the prior year. Service revenue was primarily impacted by the factors affecting gross revenue discussed above, as well as by a decline at KEA due to the successful early completion of a natural gas liquefaction project on Australia's northwest shelf ($3.2 million). For the six months ended August 31, 1993 equity in income of joint ventures and affiliated companies, which is a component of service revenue, decreased $2.3 million from the comparable period last year primarily as a result of the decline at KEA ($0.9 million) and the sale of the Company's investment in Acer Group Limited in the last quarter of fiscal 1993 ($0.9 million).

Service revenue as a percentage of gross revenue was 63.5% for the six months ended August 31, 1993 compared to 53.8% in the comparable period last year. Service revenue decreased proportionately less than gross revenue primarily because of the changing nature of ICF Kaiser's contract base. As the large industrial projects have been completed, a greater portion of the Company's projects are being performed by ICF Kaiser and its personnel as opposed to subcontractors. These factors were partially offset by the decline in equity in income from joint ventures and affiliated companies discussed above.

Comparison of Fiscal Year 1993 to Fiscal Year 1992--Fiscal 1993 service revenue increased to $385.0 million from $379.8 million in fiscal 1992, an increase of 1.4%. Service revenue as a percentage of gross revenue increased to 56.7% in fiscal 1993 from 53.4% in fiscal 1992, indicating that a greater portion ofICF Kaiser's gross revenue was being provided by the Company and its personnel rather than subcontractors. The majority of the projects that were completed or neared completion in fiscal 1992 had a significant percentage of their gross revenues being generated from subcontracted work and material costs. In fiscal 1993, the reduction in service revenue due to the completion of the projects discussed above was partially offset by increased environment and infrastructure-related service revenue of $9.8 million and $8.3 million, respectively.

Comparison of Fiscal Year 1992 to Fiscal Year 1991--Fiscal 1992 service revenue increased to$379.8 million from $316.8 million in fiscal 1991, an increase of 19.8%. Services to the DOE at the Hanford nuclear site accounted for $27.3 million of this increase, while the remaining growth is attributable to internal work at other DOE facilities and private sector contracts. In addition, equity in income of joint ventures and affiliated companies, which is a component of service revenue, decreased to $6.0 million in fiscal year 1992 from $8.2 million in fiscal 1991, primarily due to a $3.3 million decrease in income from a joint venture caused by a negotiated increase in the cost of services provided to the joint venture. The decrease in earnings from this joint venture was offset by income earned on services provided to the joint venture by ICF Kaiser. Service revenue as a percentage of gross revenue is lower in fiscal 1992 (53.4%) as compared to fiscal 1991 (58.5%) due to several large construction projects that were ongoing in fiscal 1992 that carried a higher percentage of subcontracted work.

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Operating Expenses

The Company believes that it is appropriate to analyze operating margins and other ratios in relation to service revenue because such revenue reflects the work directly performed by the Company. The following table sets forth the percentage relationship to service revenue of certain income statement items for the periods presented (expenses are expressed as a percentage of service revenue):

	SIX MONTHS ENDED AUGUST 31,		YEAR ENDED FEBRUARY 28,		
	1993	1992	1993	1992	1991
Service revenues (in millions)--excluding discontinued businesses	$174.4	$198.9	$385.0	$ 379.8	$316.8
Direct cost of services and overhead	77.4%	75.6%	75.8%	76.7%	73.4%
Administrative and general	17.2	14.8	15.1	14.8	12.6
Depreciation and amortization	2.8	2.8	2.8	2.4	2.2
Costs of restructuring and disposal of businesses	--	0.7	0.3	19.3	--
Unusual items	0.3	--	0.0	(1.7)	--
Operating income	2.3	6.0	5.9	(11.6)	11.8

Direct cost of services and overhead includes the cost to the Company of professional and administrative staff hours, including labor-related overhead costs, that are directly chargeable to client projects. Direct cost of services and overhead for the six months ended August 31, 1993, were $135.1 million, a $15.3 million or 10.2% decrease from the six months ended August 31, 1992. This decrease is attributable to the decline in volume as well as the Company's cost-cutting efforts. Direct cost of services and overhead as a percentage of service revenue were 77.4%, 75.8%, 76.7% and 73.4% (excluding discontinued businesses) for the first half of fiscal 1994, fiscal 1993, fiscal 1992 and fiscal 1991, respectively. The first half of fiscal 1994 is relatively consistent with fiscal 1993. Although volume is down and the Company has implemented cost-cutting measures, certain indirect costs, such as a large portion of the Company's rent expense, are fixed in nature. The percentage in fiscal 1992 was higher than fiscal 1991 as a result of the increase in revenue realized from the recognition of fees and contingency reductions on two large projects in fiscal 1991.

Administrative and general expenses as a percentage of service revenue (excluding discontinued businesses) were 17.2%, 15.1%, 14.8%, and 12.6% for the first six months of fiscal 1994, fiscal 1993, 1992, and 1991, respectively. Although the Company has acted to reduce administrative and general expenses, these expenses have remained relatively flat for the six months ended August 31, 1993 from the comparable period last year, but increased as a percentage of service revenue. Certain costs have increased as a result of the Company's increased marketing efforts and absorption of additional fixed expenses upon completion of ICF Kaiser's restructuring program. However, these increases were partially offset by reductions resulting from the Company's cost-cutting program. This program had a more favorable effect on the second quarter than the first. The full effects of this cost-cutting program, however, will be realized primarily in future periods. The percentages in fiscal 1993 and 1992 were higher than in fiscal 1991 as a result of the increased expenses during and after the restructuring program. Additionally, the Company recorded a $0.5 million charge in the six months ended August 31, 1993 for costs related to the resignation of the Company's President and Chief Operating Officer and severance costs related to actions taken to reduce indirect costs.

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Depreciation and amortization for the six months ended August 31, 1993 decreased over the six months ended August 31, 1992 by $0.8 million or 14.1% to $4.9 million, primarily as the result of the write-off of certain software assets in the third quarter of fiscal 1993 and the sale of ICF Kaiser's investment in Acer Group Limited at the end of fiscal 1993. The $1.6 million increase in depreciation and amortization expense in fiscal 1993 compared to fiscal 1992 was the result of a full year of amortization of certain goodwill and intangible assets acquired in fiscal 1992. At August 31, 1993, the Company had a net balance of $59.7 million of goodwill and intangible assets that are amortized over periods ranging from five to 40 years, down from $61.1 million at the end of fiscal 1993.

Interest Expense

ICF Kaiser's interest expense for the six months ended August 31, 1993 decreased 24.2% from the comparable period last year. This was primarily because the Company's average long-term debt outstanding was approximately 20.1% lower for the six months ended August 31, 1993.

Net interest expense decreased in fiscal 1993 compared to fiscal 1992 by $3.4 million primarily as the result of lower prevailing interest rates and using proceeds from the sale of Lewin-ICF and other discontinued businesses to pay down the Company's credit facility. The sale of Lewin-ICF occurred on November 30, 1992. The Company also sold its minority investment in Acer Group Limited on February 21, 1993. As a result of the timing of these transactions, the Company expects interest expense in fiscal 1994 to continue to be lower than fiscal 1993 if prevailing interest rates remain stable.

Interest expense for core businesses was slightly lower in fiscal 1992 ($10.8 million) as compared to fiscal 1991 ($11.3 million) since the Company had increased borrowings under the credit facility to make several acquisitions in fiscal 1991.

Discontinued Businesses

At February 28, 1993, the Company had sold or otherwise disposed of all businesses discontinued under its restructuring plan. In fiscal 1992, the Board of Directors approved management's recommendation to discontinue certain non-core businesses, resulting in a $73.4 million provision for restructuring and disposal of businesses to provide for: operating losses of discontinued businesses through disposal; losses on the disposal of those businesses included in the plan at that time; and one-time restructuring charges for closing and consolidating certain operations of core businesses. In fiscal 1993, ICF Kaiser increased the provision for restructuring and disposal of businesses by an additional $1.3 million to provide for the combined impact of the sale of the Company's Lewin-ICF health consulting subsidiary which had been determined to be outside of the Company's core businesses and the revisions to the estimates of remaining liabilities relating to discontinued businesses.

Income Tax Expense

The Company's effective tax rate is 52% for the six months ended August 31, 1993, reflecting an increase in ICF Kaiser's effective tax rate from 42% for fiscal 1993. The increase reflects the effect of the Company's lower than anticipated pre-tax income, which increases the impact of the Company's permanent book-tax differences, primarily goodwill, on the effective tax rate. This increase was partially offset by the effect of recent changes in U.S. tax law on ICF Kaiser's deferred tax asset.

The $6.3 million tax provision for fiscal 1993 differs from the statutory rate primarily as a result of state income taxes and the amortization of

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goodwill. In fiscal 1992, ICF Kaiser adopted Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes, effective March 1, 1991. The impact of adoption was to increase the deferred tax benefit by $6.5 million. The $13.8 million tax benefit recorded for fiscal 1992 relates to the operating losses of discontinued businesses and the available benefits from the disposition of these businesses, net of $8.6 million of taxes applicable to the core businesses. The overall benefit rate of 25.4% in fiscal 1992 differs from the statutory rate primarily due to differences between the tax and book basis of various assets of discontinued businesses.

Impact of New Accounting Standards

The Company adopted Statement of Financial Accounting Standards No. 106, Employers' Accounting for Postretirement Benefits ("SFAS No. 106"), effective March 1, 1993. The Company's postemployment obligation extends to only a limited group of retirees (and their spouses) who joined ICF Kaiser through an acquisition; and their benefits are limited to a fixed amount per employee or spouse. SFAS No. 106 requires that companies accrue postemployment benefits over the period benefits are earned. The Company has elected

the prospective transition method and is amortizing its $14.2 million transition obligation over 14.5 years, the average remaining life expectancy of the retirees and their spouses. The Company's ongoing expense under SFAS No. 106 will include the interest component and the amortization of the transition obligation.

Preliminary Operating Results

Based on preliminary operating results, the Company believes that service revenue for the quarter ended November 30, 1993 will be higher than the quarter ended August 31, 1993 ($87.4 million) and the quarter ended November 30, 1992 ($94.7 million); that operating income for the quarter ended November 30, 1993 will be approximately the same as for the quarter ended August 31, 1993 ($4.0 million) and therefore lower than the results for the quarter ended November 30, 1992 ($5.5 million); and that net income for the quarter ended November 30, 1993 will be approximately the same as for the quarter ended August 31, 1993 ($1.3 million) and therefore lower than the results for the quarter ended November 30, 1992 ($2.2 million).

LIQUIDITY AND CAPITAL RESOURCES

In the first six months of fiscal 1994, ICF Kaiser's cash position increased $10.1 million. Operations provided $9.3 million of cash including the collection of contract receivables partially offset by increased payments of outstanding accounts payable. Cash was also provided from borrowings under the Company's credit facility. ICF Kaiser uses bank financing to supplement its ability to meet ongoing working capital requirements. Working capital decreased by $1.4 million or 1.6% since February 28, 1993 to $86.4 million as of August 31, 1993. This decrease is attributable to a $4.5 million principal payment under the Company's 13.5% Notes, due on May 15, 1994, being classified as current.

The Company's operating activities used $16.6 million in cash in fiscal 1993 and provided $17.7 million of cash in fiscal 1992. The use of cash in fiscal 1993 and the cash provided in 1992 were primarily results of changes in deferred revenue, which were attributable to two major contracts that had significant contract advances in fiscal 1992 and were substantially complete in fiscal 1993. At February 28, 1993, the Company's level of working capital had increased $21.8 million from February 29, 1992. This increase is primarily the result of the sale of businesses, offset by the reduction in the Company's long-term debt, redeemable preferred stock, and payment of preferred stock dividends. During fiscal 1993, ICF Kaiser also completed the sale of all of its remaining discontinued operations and its interest in Acer Group Limited,

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generating $35.7 million in cash proceeds. These proceeds were used primarily to repay indebtedness and to increase the Company's working capital position.

On July 14, 1993, ICF Kaiser and the consortium of banks which provides its credit facility agreed to extend the expiration date for the credit facility until September 30, 1994, on terms similar to those under the existing agreement. In conjunction with and conditioned upon this Offering, ICF Kaiser has obtained commitments to replace its existing facility with a $60 million credit facility to be provided by the Company's lead bank and a consortium of other banks on terms similar to those under the existing facility. The proposed new facility will provide for covenants no less favorable than those under the existing credit facility. This replacement credit facility would expire on October 31, 1996. See "Description of Credit Facility."

At August 31, 1993 ICF Kaiser had outstanding $30,000,000 of 13.5% Notes. Under certain circumstances, which include certain members of senior management decreasing their ownership of the Company's common stock or becoming less active in managing the Company, the 13.5% Notes are required to be prepaid with a substantial premium. ICF Kaiser's President and Chief Operating Officer resigned on April 26, 1993, which potentially creates such a circumstance. The holders of the 13.5% Notes have temporarily waived the consideration of a prepayment event. This waiver expires on December 31, 1993. It is the Company's intention, and the holders have agreed, to retire the 13.5% Notes using the proceeds from the issuance of the Units to which this Registration Statement relates. See "Use of Proceeds."

The proceeds of the Units also will be used to purchase warrants issued in connection with the 13.5% Notes, to repurchase Series 1 Junior Convertible Preferred Stock, to repurchase Series 2C Senior Preferred Stock and Series 2C Warrants and to repay certain senior debt. Following issuance of the Units and

repurchase of the Series 1 Junior Convertible Preferred Stock, the Company's equity will increase by $2.0 million. However, the Company's earnings per share will be reduced for the effect of the premium to be paid to the holders of the 13.5% Notes and other costs related to this refinancing, the after-tax effect of which will be treated as an extraordinary item. A premium also will be paid to the holders of the Series 2C Senior Preferred Stock and the Series 2C Warrants in connection with repurchase thereof. This premium will not be a direct reduction to net income, but will reduce the Company's earnings per share. The net effect of these payments could be a loss in the quarter the transaction is recorded.

ICF Kaiser expects that current projected levels of cash flows and operating revenues and the availability of borrowings under the Company's replacement credit facility will be adequate to fund operations for the next twelve months.

Effects of Inflation

The majority of the Company's contracts are cost reimbursable and, therefore, the inflation rate in the United States, as well as in other countries in which the Company operates, generally has little impact on operating margins; however, as a professional services firm, the Company is more labor-intensive than an industrial firm. To attract and maintain the high-caliber professional staff it needs, the Company must structure its compensation programs competitively. The wage-demand effects of inflation are felt almost immediately in the Company's costs.

BUSINESS

ICF Kaiser provides fully integrated consulting, engineering and construction

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services to public and private sector clients in the related markets of environment, infrastructure and industry.

OVERVIEW OF MARKETS

Environmental. Demand for ICF Kaiser's environmental consulting and engineering services is driven by a number of factors, including: the need to improve the quality of the environment; environmental regulation and enforcement; and increased liability associated with pollution-related injury and damage. Increasingly strict Federal, state, and local government regulation has forced private industry and government agencies to clean up contaminated sites, to bring production facilities into compliance with current environmental regulations, and to minimize waste generation on an ongoing basis.

Significant environmental laws have been enacted in response to public concern over the environment. These laws and the implementing regulations affect nearly every industrial activity. Efforts to comply with the requirements of these laws creates demand for the Company's services, and the Company believes that under the stated policies of the Clinton Administration there will be a trend toward more stringent regulation and government enforcement. The principal Federal legislation that has created a substantial market for the Company, and therefore has the most significant effect on the Company's business, includes the following: The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") of 1980, as amended by the Superfund Amendments and Reauthorization Act ("SARA") of 1986, established the Superfund program to clean up existing, often abandoned hazardous waste sites and provides for penalties and punitive damages for noncompliance with EPA orders. The Resource Conservation and Recovery Act ("RCRA") of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984 ("HSWA"), provides a comprehensive scheme for the regulation of hazardous waste from the time of generation to its ultimate disposal (and sometimes thereafter), as well as the regulation of persons engaged in the treatment, storage and disposal of hazardous waste. The Clean Air Act of 1970 empowered the EPA to establish and enforce National Ambient Air Quality Standards and limits on the emission of various pollutants. The 1990 amendments to the Clean Air Act substantially increase the number of sources emitting a regulated air pollutant which will be required to obtain an operating permit; the amendments also address the issues of acid rain, ozone protection, and other areas in which the Company can provide expanded services. The Clean Water Act of 1972, originally the Federal Water Pollution Control Act of 1948, established a system of standards, permits and enforcement procedures for the discharge of pollutants to surface water from industrial, municipal, and other wastewater sources. The Toxic Substance Control Act, enacted in 1976, established requirements for identifying and controlling toxic chemical hazards to human health and the environment.

Infrastructure. The global infrastructure market has historically been driven by the need to maintain and expand roads, highways, mass transit systems, and airports. In addition, environmental concerns, such as reducing automotive air pollutant emissions, have become increasingly important factors in new infrastructure and transportation initiatives. This market is primarily funded by government dollars, although the private sector is seeking an increased role, particularly in international projects. ICF Kaiser's services in this market include design, engineering and construction.

Industrial. ICF Kaiser's industrial work is funded almost exclusively by the private sector and is driven by businesses' need to maintain and retrofit existing plants and replace aging production capacity with newer, more environmentally responsible facilities. Through the acquisition of ICF Kaiser Engineers, Inc. in 1988, the Company acquired the engineering and construction skills, as well as access to process technologies, needed to establish a leadership position in serving the basic metals and mining industries, including aluminum, steel, copper and coal. These industries have in the past several years experienced a decline in the prices for the materials they produce. This decline has resulted in a slower pace at which plants or production capacity are retrofitted or replaced. As a consequence, the

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Company's revenue from this market has declined over the past several years.

The percentage breakdowns of ICF Kaiser's service revenue (excluding discontinued businesses) by market for the periods shown below were as follows (dollars in millions):

	SIX MONTHS ENDED AUGUST 31, 1993		YEAR ENDED FEBRUARY 28, 1993		1992		1991	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Environment.................	$120.4	69.0	$240.2	62.4	$230.2	60.6	$160.6	50.7
Infrastructure..............	28.5	16.3	66.6	17.3	57.7	15.2	47.5	15.0
Industry....................	19.2	11.0	51.2	13.3	63.0	16.6	88.3	27.9
Other consulting............	6.3	3.7	27.0	7.0	28.9	7.6	20.4	6.4
Total.....................	$174.4	100.0	$385.0	100.0	$379.8	100.0	$316.8	100.0

ICF Kaiser's markets are global in nature. To compete successfully and to reduce its risks, the Company enters into marketing and project-specific joint ventures with other companies. The Company has also been able to leverage its existing international projects to gain a competitive advantage when bidding on new work.

STRATEGIC CONSIDERATIONS

The following points are important to understanding the Company's business and strategy:

Full Front-End Capability. Through internal growth and acquisition, the Company's skills have been expanded to include policy analysis and consulting, scientific analysis and health/risk assessments, remedial investigations and feasibility studies and engineering design. By possessing these front-end skills, the Company can become involved at the outset of the problem identification phase which, in turn, puts it in a stronger position to participate in any follow-on engineering and construction work.

High Value-Added Services. The Company's marketing strategy is to provide exceptional value to its clients, which often means focusing on the quality of service offered but not necessarily being the lowest cost provider. Within those markets that relate to environmental services, the Company adds high value through specialized environmental knowledge that: (i) helps clients understand environmental threats and opportunities and alternative ways in which each can be managed; (ii) allows creation of customized solutions for the clients' environmental problems; and (iii) combines problem identification, solution, and implementation in a seamless approach.

Access to Technology. New technologies play a critical role in both the cleanup of existing waste sites and in the reduction of waste generated by ongoing production processes. The Company has access to key technologies relating to reducing and monitoring stack emissions, bio-remediation, coal scrubbing and industrial process technologies that can help minimize waste, reduce costs and improve the quality of a finished product. To better assist clients and to increase its overall participation in a project, the

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Company continues to expand its access to leading environmental and process technologies through various methods, including licensing and joint ventures.

Strategic Relationships. To extend its presence and reduce business development risks, the Company has established international business relationships through joint ventures, marketing agreements and direct equity investments. These relationships, which continue to be expanded, facilitate management of the Company's existing international operations and help to reduce the cost and risks associated with entering new geographic regions.

Avoidance of Environmental Liability. To avoid the risks and potential liability associated with taking possession of hazardous waste, the Company has made the decision to minimize its participation in that part of the business associated with collection, treatment, storage or disposal of waste. When such services are required, the Company will subcontract the work or assist the client in selecting appropriate contractors.

SERVICES AND PROJECTS

Environmental Market

ICF Kaiser's environmental market includes work for clients in all major industries, including many large domestic and multi-national corporations, and public sector work, primarily for the DOE, DOD, and EPA. The Company offers its clients over 20 years experience in all aspects of environmental regulation, compliance and access to leading technologies, as well as skills in the assessment, management and remediation of existing hazardous and solid wastes, and process redesign to minimize future waste.

Analysis/Assessment. The Company's analytic and scientific abilities allow it to become involved in environmental issues and problems at their outset. In the initial phase, ICF Kaiser provides a broad outline of the types of environmental problems, health risks, and liabilities associated with the client's business. In subsequent stages, ICF Kaiser conducts field assessments to evaluate a site's waste, ground water, air, sediment, and soil characteristics and to determine the extent of contamination, if any.

Remediation. In general, environmental restoration work is progressing beyond study and analysis to remediation. Having already established a market position in the consulting and front-end analysis phase, ICF Kaiser has been able to follow market demand into remediation. After an environmental problem is characterized, the Company offers alternative remediation approaches which may involve providing on-site waste containment or management of on-site/off-site remediation and waste removal. The Company can also redesign the client's ongoing production processes to minimize or eliminate the generation of hazardous waste. The Company then develops engineering plans and technical specifications. To minimize potential liabilities associated with taking title to hazardous waste during the cleanup process, ICF Kaiser will often assist the client in selecting cleanup contractors to handle the actual remediation work.

Water Pollution. The major ports of many of the world's cities have serious water pollution problems, and ICF Kaiser is part of several cities' efforts to improve the condition of their harbors and waterways. The Company is the construction manager of the cleanup of Boston Harbor, the largest environmental project in the country. Under this contract, the Company is managing more than 1,800 construction workers, engineers, architects, and support personnel working to construct the largest wastewater treatment plant in the United States on an island in Boston Harbor. Because of the Company's experience with the Boston Harbor project, it was selected to be one of the companies currently working on San Diego, California's clean water program.

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Industrial Production. Increasingly, it is cost effective for ICF Kaiser clients to modify ongoing production processes to minimize or eliminate waste generation. The Company's integration of engineering and environmental skills, plus its access to innovative technologies, provides a competitive advantage in redesigning production processes. For example, the Company has designed control systems to enable steel producers to reduce harmful emissions and rehabilitate coke ovens while producing a better product.

DOE/DOD Facilities Restoration. Government estimates suggest that more than $100 billion could be spent by DOD and DOE over the next 20 years cleaning up closed weapons production facilities and military bases around the world. ICF Kaiser is already working on 11 of 18 major DOE facilities and at DOD bases around the world. At a U.S. Army installation in the eastern United States, the Company is assisting in the clean up of an ordnance disposal site contaminated with chemical warfare agents, unexploded munitions, radiological materials and other hazardous waste.

The Company has been the engineer/constructor at the DOE's Hanford site in Richland, Washington, since 1987. In early 1993, the Company won a renewal of its contract, which was subsequently amended in October 1993. The Company estimates that the architect-engineering and construction management services to be provided under the amended contract will be worth more than $800 million in gross revenue over the two-and-one-half year term of the amended contract which began on October 1, 1993. See "Backlog." Assuming the Company's historical performance ratings are maintained over this two-and-one-half year period, the Company estimates that the fees it will be eligible to earn under this contract would be increased

significantly. In addition, the amended contract provides the Company with the opportunity to earn incentive fees related to technology transfers and efficiency savings. In connection with the contract amendment and in order to reduce duplication of work and to improve management control and efficiency of operation, the Company and DOE agreed to assign management of substantially all aspects of the amended contract to Westinghouse Hanford Company, the current management and operations contractor at the DOE's Hanford site.

Clean Air. ICF Kaiser's clients continue to face complicated and costly regulatory compliance obligations associated with the Clean Air Act Amendments of 1990. The Company has developed comprehensive computer models that simulate changes in air quality, visibility and population exposure which are being used to examine air quality problems. ICF Kaiser assists clients by quantifying plant emissions, developing strategies for complying with permit requirements, evaluating and installing advanced control technologies, and redesigning production processes to reduce pollutant emissions. For clients required to reduce fugitive emissions resulting from equipment leaks, ICF Kaiser has developed FUGEMS (TM), a proprietary emissions monitoring system which identifies and tracks the sources of air pollutant leaks. The Company has been awarded a three-year contract to examine air quality problems that might result from oil and gas exploration in the Gulf of Mexico. In the public sector, the Company has been awarded a number of EPA contracts related to global climate change, indoor air quality, and acid rain in the past 12 months.

Energy. ICF Kaiser's energy clients include major U.S. electric utilities; leading oil, natural gas, and coal companies; transportation companies; pipeline entities; firms practicing energy law; environmental groups; and government and regulatory agencies involved in energy and related environmental issues. ICF Kaiser's expertise includes strategic planning and analysis; energy and environmental policy analysis; supply and demand forecasting; and technology assessments. The Company also provides services for the design, construction, modification, operation and maintenance of fossil fuel, nuclear, and renewable energy power plants. ICF Kaiser uses its broad environmental skills, access to leading-edge technology and well-established energy practice in the search for cleaner burning sources of energy and the efforts to minimize

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waste generation in power production. For example, a flue gas desulfurization process that removes emissions that cause acid rain from power plant smokestacks ("LIFAC") currently is undergoing testing at the LIFAC clean coal demonstration project conducted by ICF Kaiser for DOE in Richmond, Indiana. ICF Kaiser developed the project, arranged for the license of the technology, participated in the project implementation, and is providing engineering design, project management, and construction services for the installation of the technology. ICF Kaiser also markets Microcel (TM), a microbubble column-flotation method for cleaning fine coal, which currently is installed in coal facilities in five states.

International. ICF Kaiser serves environmental clients in Taiwan, France, the former Soviet republics, Mexico, the Czech republic and a number of other countries. During the past year, ICF Kaiser has worked on global climate change projects in more than 20 countries for clients such as the World Bank, the United Nations, and foreign government agencies. ICF Kaiser has established an initial international presence in Eastern Europe through analytical consulting projects which may enable the Company to compete for larger environmental and construction projects that may develop as the economies in that region strengthen.

Infrastructure Market

The Company believes that there is a growing acceptance of the need to restore and upgrade the public infrastructure of mass transit systems, airports, highways, bridges and water resource facilities worldwide. ICF Kaiser also believes that environmental concerns increasingly are a driving force behind new infrastructure and transportation initiatives. The Company currently provides planning, feasibility studies, design, and construction management services to the infrastructure market. At the planning stage, ICF Kaiser incorporates its specialized environmental skills to design environmentally responsible projects. Thereafter, the Company's engineers and construction specialists provide a full range of services such as master planning, alternative analysis, site development studies, conceptual and preliminary engineering, detail design, specifications development, quality assurance and quality control, construction management, construction and inspection.

Transportation. ICF Kaiser has over three decades of experience in transportation projects, and its current transportation projects show the breadth of this experience: services related to the conversion the diesel bus system to electric power as part of Los Angeles (California) County's program to lower overall mobile source emissions and improve the area's air quality; engineering services for new rail rapid transit system work in the Los Angeles area; evaluation of bus and light rail transit alternatives in Sacramento, California; construction engineering and inspection services for a "people mover" in Jacksonville, Florida; construction management of several San Francisco, California, Bay Area Rapid Transit projects; and engineering design services for development of and seismic retrofitting of bridges in Seattle, Washington.

More than $150 billion has been authorized through 1997 by the Federal government for programs mandated by the Intermodal Surface Transportation Efficiency Act ("ISTEA"), a substantial portion of which will be directed to upgrade the national highway and interstate systems and to enhance state roads and bridge safety. ICF Kaiser has recently been awarded two contracts which are partially funded through ISTEA. The Company will serve as the management consultant for the preliminary engineering phase of a light rail system planned for downtown Chicago, Illinois, and also provide preliminary design services for a Miami, Florida, intermodal center that will offer rapid and convenient transportation alternatives.

Other Infrastructure Services. ICF Kaiser offers specialized infrastructure services such as structural and earthquake engineering, seismic evaluation and

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the rehabilitation of buildings. The Company currently is performing detail design and inspection services for the refurbishing of the hydroelectric power plant at the base of the Pardee Dam in Northern California.

International. ICF Kaiser is a member of a joint venture that provides planning, design and construction services for the 88-kilometer Taipei, Taiwan, rapid transit system. The Company also is providing construction engineering and architectural services for a new Toronto, Canada, subway station and system-wide electrical and mechanical design engineering and specification services for a subway line extension in London, England.

Industrial Market

ICF Kaiser's engineering design, project management and construction services to the industrial market involve work with the steel, aluminum, alumina, copper, tin and other metals industries. In the coke, coal, and coal chemicals area, ICF Kaiser's services include inspection of coke plants for environmental compliance, facility design and construction, and equipment sales and services. The Company also provides services related to coal cleaning, handling and environmental controls. ICF Kaiser provides blast furnace design, repair and construction to the steel industry and is currently assessing and recommending the installation or upgrading of management information systems and process control systems at three steel plants in India. Following on the successful design and construction of a copper concentrator for a Portuguese copper mine, the Company recently was awarded a contract to provide engineering and procurement services for the development of a U.S. copper concentrating plant.

Pulverized Coal. Increasingly the Company's industrial clients rely on ICF Kaiser to help them make more efficient use of traditional energy sources, find alternative energy sources, and employ new technologies that offer both environmental compliance and cost competitiveness. At a plant in Gary, Indiana, ICF Kaiser successfully achieved these goals for U.S. Steel with the Company's contract to construct, own, and operate a pulverized coal injection (PCI) facility. Pulverized coal is a cost-effective and environmentally acceptable substitute for a portion of the coke used in blast furnace operations. For the PCI project, ICF Kaiser obtained the license for the critical technology, structured and secured the needed $100 million-plus financing, designed the facility, and managed its construction. Following the successful test period in the spring of 1993, ICF Kaiser now operates the PCI facility, which it owns with other partners.

International. ICF Kaiser currently has projects underway in over 25 countries and has business alliances with companies based around the world. To strengthen its position in the industrial market and to

gain access to new technologies, ICF Kaiser has a marketing joint venture with Spie Batignolles S.A. (France) and Davy Corporation PLC (United Kingdom) to pursue engineering and construction work for alumina refineries and aluminum smelters.

Other Markets

ICF Kaiser serves numerous clients who need state-of-the-art technology and consulting services for the management of information and solving information-related problems, including business process redesign, systems automation, modernization and movement of systems from mainframes to client/server platforms. The Company also assists clients in analyzing, designing, and implementing modern financial systems often utilizing ICF Kaiser's GSA-approved financial management system--FEDERAL SUCCESS(TM). The Company's contract dispute management services help contractors, project owners and developers to resolve disputes without resorting to costly and time-consuming litigation. ICF Kaiser's housing and community development specialists provide consulting services to housing professionals in Federal, state and local governments, non-

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profit organizations, tenant groups, financial services groups, and private development firms.

COMPETITION AND CONTRACT AWARD PROCESS

The markets in which the Company operates are very competitive. The Company's competitors range from small local firms to large multinational firms. The Company believes that no single firm or small number of firms dominates its markets.

Competition for private sector work generally is based on several factors, including quality of work, reputation, price and marketing approach. The Company's objective is to establish and maintain a strong competitive position in its areas of operations by adhering to its basic philosophy of delivering high-quality work in a timely fashion within its clients' budget constraints.

Most of the Company's contracts with public sector clients are awarded through a competitive bidding process that places no limit on the number or type of offerors. The process usually begins with a government Request for Proposal ("RFP") that delineates the size and scope of the proposed contract. Proposals submitted by ICF Kaiser and others are evaluated by the government on the basis of technical merit (for example, response to mandatory solicitation provisions, corporate and personnel qualifications and experience) and cost. While each RFP sets out specific criteria for the choice of a successful offeror, RFP selection criteria in the government services market in which ICF Kaiser competes often tend to weigh the technical merit of the proposal more heavily than the proposed cost. The Company believes that its experience and ongoing work strengthen its technical qualifications and thereby enhance its ability to compete successfully for future government work.

In both the private and public sectors, the Company, acting either as a prime contractor or as a subcontractor, may join with other firms to form a team that competes for a single contract or submits a single proposal. Because a team of firms almost always can offer a stronger set of qualifications than any firm standing alone, these teaming arrangements often are very important to the success of a particular competition or proposal. The Company maintains a large network of business relationships with other companies and has drawn repeatedly upon these relationships to form winning teams.

ICF Kaiser subsidiaries operate under a number of different types of contract structures with its private sector and public clients, the most common of which are Cost Plus and Fixed Price. Under Cost Plus contracts, the Company's costs are reimbursed with an incentive or award fee offered to provide inducement for effective project management. A variation of Cost Plus contracts are time and materials contracts under which the Company is paid at a specified fixed hourly rate for direct labor hours worked. This structure normally is used in situations where it may not be possible to estimate the extent and duration of work to be performed. Cost Plus contracts (including time and materials contracts) accounted for approximately 71.3%

of the Company's total gross revenue for fiscal year 1993. Under Fixed Price contracts, which accounted for approximately 19.0% of the Company's total gross revenue for fiscal year 1993, the Company is paid a predetermined amount for all services provided as detailed in the design and performance specifications agreed to at the projects' inception.

CUSTOMERS

The Company's clients include: DOE, EPA and DOD; major industrial firms in the aerospace, energy, transportation, chemical, steel, aluminum, mining, manufacturing and computer industries; utilities; and a variety of state and local government agencies throughout the United States. A substantial portion of the Company's work is repeat business from existing clients. In many cases,

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the Company has worked for the same client for many years, providing different services at different times. DOE accounted for approximately 29%, and DOD, EPA, and other Federal agencies collectively accounted for approximately 18%, of the Company's consolidated gross revenue during fiscal year 1993. The Federal government accounted for approximately 47% of the Company's consolidated gross revenue in fiscal year 1993, 42% in fiscal year 1992, and 40% in fiscal year 1991.

In fiscal year 1993, revenue from USX Corporation and its affiliates accounted for approximately 13% of the Company's consolidated gross revenue. The Company's international clients include both private firms and foreign government agencies in such countries as Australia, Portugal, and Taiwan. In fiscal year 1993, foreign operations accounted for approximately 8% of the Company's consolidated gross revenue. For information concerning gross revenue, operating income, and identifiable assets of the Company's business by geographic area, see Note P to the Consolidated Financial Statements.

BACKLOG

Backlog refers to the aggregate amount of gross contract revenues remaining to be earned pursuant to signed contracts extending beyond one year. At August 31, 1993, the Company's contract backlog was approximately $1.2 billion in gross revenue, compared to approximately $1.0 billion in gross revenue at August 31, 1992. The Company expects that approximately 20% of this backlog will be worked off during the last two quarters of the current fiscal year, and that approximately 60% will be worked off over the following three complete fiscal years. Because of the nature of its contracts, the Company is unable to calculate the amount or timing of service revenue that might be earned pursuant to these contracts. The Company believes that backlog is not a predictor of future gross or service revenues.

Differences in contracting practices between the public and private sectors result in ICF Kaiser's backlog being heavily weighted toward contracts associated with agencies of the Federal government. Although such contracts historically have generated less than 50% of the Company's revenues, they comprised approximately 79.5% of the contract backlog at August 31, 1993. Backlog under contracts with agencies of the Federal government that extend beyond the government's current fiscal year includes the full contract amount, including in many cases amounts anticipated to be earned in option periods and certain performance fees, although generally annual funding of the amounts under such contracts must be appropriated by Congress before the agency may expend funds during any year under such contracts. In addition, the agency must allocate the appropriated funds to these specific contracts and thereafter authorize work or task orders to be performed under these specific contracts. Such authorizations are generally for periods considerably shorter than the duration of the work the Company expects to perform under a particular contract and generally cover only a percentage of the contract revenue. Because of these factors, the amount of Federal government contract backlog for which funds have been appropriated and allocated, and task orders issued, at any given date is a substantially smaller amount than the total Federal government contract backlog as of that date. At August 31, 1993, such amount was approximately $218 million. In the event that option periods under any given contract are not exercised or funds are not appropriated, allocated, or authorized to be spent under any given contract, the amount of backlog attributable to that contract would not result in revenues to the Company. All contracts and subcontracts with agencies of the Federal government are subject to termination, reduction or modification at any time in the discretion of the government agency.

In October 1993, the Company amended its contract under which it provides architect-engineering and construction management services to the DOE's Hanford site. See "Business--Services and Projects--Environmental Market." The amended contract will add approximately $600 million in gross revenue to backlog.

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POTENTIAL ENVIRONMENTAL LIABILITY

The assessment, remediation, analysis, handling and management of hazardous substances necessarily involve significant risks, including the possibility of damages or personal injuries caused by the escape of hazardous materials into the environment, and the possibility of fines, penalties or other regulatory action. These risks include potentially large civil and criminal liabilities for violations of environmental laws and regulations, and liabilities to customers and to third parties for damages arising from performing services for the Company's clients. A general discussion of potential liabilities arising out of environmental laws and regulations is contained in the Risk Factors section of this Prospectus. See "Risk Factors--Environmental Contractor Risks."

ICF Kaiser provides consulting services and performs other work involving or related to hazardous substances, toxic wastes and other regulated materials, activities which involve the risks discussed above. The Company has endeavored to protect itself from potential liabilities resulting from pollution or environmental damage by obtaining indemnification from its private-sector clients and intends to continue this practice in the future. Under most of these contracts, the Company has been successful in obtaining such indemnification; however, such indemnification generally is not available if such liabilities arise as a result of breaches by the Company of specified standards of care.

For EPA contracts involving field services in connection with Superfund response actions, the Company has obtained indemnification under Section 119 of CERCLA, as amended by SARA, for pollution and environmental damage liability resulting from release or threatened release of hazardous substances. Certain of the Company's clients (including private clients, the DOD and the DOE) are Potentially Responsible Parties ("PRPs") under CERCLA. Under the Company's contracts with these PRPs, the Company has the right to seek contribution from these PRPs for liability imposed on the Company in connection with its work at these clients' CERCLA sites. In addition, in connection with contracts involving field services at 11 of the DOE's weapons facilities, including the DOE's Hanford site, the Company is indemnified under the Price-Anderson Act, as amended, against liability claims arising out of contractual activities involving a nuclear incident.

In connection with its services to its environmental, infrastructure, and industrial clients, the Company works closely with Federal and state government environmental compliance agencies, and occasionally contests the conclusions those agencies reach regarding the Company's compliance with permits and related regulations. The Company currently disagrees with a state agency's conclusions concerning air pollution permit compliance at an industrial site. If the state agency prevails, the Company does not believe the fines imposed, if any, will be material. To date, the Company never has paid a fine in a material amount or had liability imposed on it for pollution or environmental damage in connection with its services. However, there can be no assurance that the Company will not have substantial liability imposed on it for any such damage in the future.

INSURANCE

Consistent with industry experience and trends, the Company has found it difficult to obtain pollution insurance coverage, in amounts and on terms which are economically reasonable, against possible liabilities that may be incurred in connection with its conduct of its environmental business. An uninsured claim arising out of the Company's environmental activities, if successful and of sufficient magnitude, could have a material adverse effect on the Company.

The Company has a comprehensive risk management and insurance program that provides a structured approach to protecting the Company. Included in this

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program are coverages for general, automobile and professional liability; workers' compensation; and for employers and property liability. The Company believes that the insurance it maintains, including self-insurance, is in such amounts and protects against such risks as is customarily maintained by similar businesses operating in comparable markets. At this time, the Company expects to continue to be able to obtain general, automobile, and professional liability, workers' compensation, and employers and property insurance in amounts generally available to firms in its industry. There can be no assurance that this situation will continue, and if insurance of these types is not available, it could have a material adverse effect on the Company.

PROPERTIES

All of the Company's operations are conducted either in leased facilities or in facilities provided by the Federal government or other clients. As of August 31, 1993, the Company leased an aggregate of approximately one million square feet of space. The terms of these leases range from month-to-month to 15 years, and some may be renewed for additional periods. The Company's headquarters is located in Fairfax, Virginia. Other offices include Livermore, Los Angeles, Oakland, and San Rafael, California; Denver, Colorado; Washington, D.C.; Jacksonville, Florida; Chicago, Illinois; Boston, Massachusetts; Las Vegas, Nevada; Edison, New Jersey; Albuquerque and Los Alamos, New Mexico; Pittsburgh, Pennsylvania; Dallas and Houston, Texas; Richland and Seattle, Washington; Melbourne and Perth, Australia; London, England; Paris, France; Athens, Greece; Lisbon, Portugal; and Taipei, Taiwan.

Because the Company's operations generally do not require the maintenance of unique facilities, suitable office space is readily available for lease in most of the areas served. The Company believes that adequate space to conduct its operations will be available for the foreseeable future. In 1987, the Company entered into a 15-year lease agreement for a new headquarters building in Fairfax, Virginia containing approximately 200,000 square feet of office space. In 1988, the Company signed a 15-year lease agreement to occupy approximately 100,000 square feet of office space in a new building adjacent to the headquarters building. In connection with the acquisition of ICF Kaiser Engineers in 1988, ICF Kaiser acquired the lease for ICF Kaiser Engineers' headquarters building in Oakland, California. The lease provides for approximately 142,000 square feet of office space and expires in June 1995.

LEGAL AND REGULATORY PROCEEDINGS

The Company and its subsidiaries are involved in a number of lawsuits and government regulatory proceedings arising in the ordinary course of its business or arising in connection with the disposition of certain businesses and investments. The Company believes that any ultimate liability resulting therefrom will not have a material adverse effect on its operations and financial condition.

The Company from time to time, either individually or in conjunction with other government contractors operating in similar types of businesses, may be involved in U.S. government investigations for alleged violations of procurement or other federal laws and regulations. The Company currently is the subject of a number of U.S. government investigations and is cooperating with the responsible government agencies involved. No charges are presently known to have been filed against the Company by these agencies. The Company is unable to predict the outcome of the investigations in which it is currently involved. Management does not believe there will be any material adverse effect on the Company's financial position as a result of these investigations.

In 1989, certain former holders of common stock of Kaiser Engineers Group, Inc. filed an action in Chancery Court of the State of Delaware, County of New Castle, entitled Aiken v. Kaiser Engineers Group, Inc. for appraisal of the shares they held at the time ICF Kaiser International, Inc. acquired their former company. The Company believes that those common shares had no value at the time of the acquisition and that this litigation will not have a material adverse effect on the Company.

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MANAGEMENT

Set forth below is certain information concerning the directors and executive officers of the Company.

NAME	AGE	POSITION(S) WITH COMPANY
James O. Edwards...............	50	Chairman of the Board and Chief Executive Officer
Stephen W. Kahane..............	42	President, Environment and Energy Group
Raymond E. List................	49	Chairman, Engineering and Construction Group
Douglas W. McMinn..............	46	President, International Operations Group
Norman A. Perry................	53	Senior Vice President and Corporate Controller
Alvin S. Rapp..................	53	President, Engineering and Construction Group
Marcy A. Romm..................	34	Senior Vice President, Human Resources
Michael J. Rowny...............	43	Director, Executive Vice President and Chief Financial Officer
Kenneth A. Schweers............	47	Chairman, Consulting Group
Ronald R. Spoehel..............	36	Senior Vice President and Treasurer
Marc Tipermas..................	45	Director, Executive Vice President and Director of Corporate Development
Paul Weeks, II.................	50	Senior Vice President, General Counsel and Secretary
Gian Andrea Botta..............	40	Director
Tom Bradley....................	75	Director
Tony Coelho....................	51	Director
Frederic V. Malek..............	57	Director
Rebecca P. Mark................	39	Director
Robert W. Page, Sr.............	66	Director

OUTSIDE DIRECTORS

Gian Andrea Botta is President of IFINT-USA Inc., a subsidiary of IFINT S.A. He had been Vice President of Acquisitions of IFINT-USA, Inc. from 1987 to 1993. IFINT S.A. is the international investment holding unit of the IFI/Agnelli Group, a diversified holding company. Mr. Botta has been a director of ICF Kaiser International, Inc. since March 1993. Mr. Botta also is a director of Kendall International, Chartwell Re Corporation and Lear Seating Corporation. Mr. Botta received a degree in economics and business administration in 1975 from the University of Torino, Italy.

Tom Bradley is a senior counselor at Brobeck, Phleger & Harrison, a law firm in Los Angeles, California, advising companies on resolving major public and private sector issues. Previously he had been Mayor of the City of Los Angeles for five terms, from 1973 to 1993. Mr. Bradley has been a director of ICF Kaiser International, Inc. since September 1993. Mr. Bradley graduated from Southwestern University (J.D.).

Tony Coelho has been a Managing Director of Wertheim Schroder & Co. Incorporated, a New York-based international investment banking and securities firm, since 1989. He also serves on the firm's Executive Committee, and serves as President and C.E.O. of Wertheim Schroder Investment Services, Inc. From 1979 to 1989 Mr. Coelho was a member of the U.S. House of Representatives from California, and from 1986 to 1989 he served as House Majority Whip. Mr. Coelho has been a director of ICF Kaiser International, Inc. since 1990. He also is a director of Circus Circus Enterprises, Inc.; Specialty Retail Group, Inc.; Service Corporation International; Tanknology Environmental, Inc.; and serves on Fleishman-Hillard's International Advisory Board. He is also a director of Condyne Technology Inc. and International Planning and Analysis Center and serves as Chairman of the board of National Ventures, Inc.

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Frederic V. Malek is Chairman, Thayer Capital Partners, a merchant bank. In 1992, he was Campaign Manager, Bush-Quayle '92; he also has been Co-Chairman of the Board of Directors of CB Commercial Group (formerly Coldwell Banker Commercial Group) since 1989. He was Vice Chairman of Northwest Airlines from July 1990 to December 1991. He was President of Northwest Airlines from October 1989 to

July 1990. From August 1978 to December 1988, Mr. Malek served as Executive Vice President of Marriott Corporation and from January 1981 to May 1988 as President of Marriott's Hotels and Resorts Division. Mr. Malek has been a director of ICF Kaiser International, Inc. since September 1989. He also serves as a director of American Management Systems, Inc., Automatic Data Processing, Inc., Avis, Inc., CB Commercial Group, FPL Group, Inc., Manor Care, Inc., National Education Corp., Northwest Airlines, and PaineWebber Mutual Funds. Mr. Malek graduated from the United States Military Academy (B.S.) and Harvard University (M.B.A.).

Rebecca P. Mark is Chairman, President and Chief Executive Officer of Enron Development Corp. She is responsible for Enron's project development activities worldwide (excluding the U.S.) in power generation, pipelines, LNG and liquid fuels. Ms. Mark joined Enron Corp. in 1982 and joined Enron Power Corp.'s executive management team when the company was established in 1986. Before joining Enron, Ms. Mark held executive positions with Continental Resources Company and First City National Bank of Houston. Ms. Mark has been a director of ICF Kaiser International, Inc. since September 1993. She also serves as director of the Institute of the Americas. Ms. Mark graduated from Baylor University (B.S. and M.I.M.) and Harvard University (M.B.A.).

Robert W. Page, Sr. retired as an Executive Vice President at McDermott International, Inc., a leading energy service company, in 1993. Prior to joining McDermott in 1990, Mr. Page served as Assistant Secretary of the Army for Civil Works. He also served as Chairman of the Panama Canal Commission. From 1981 to 1987, Mr. Page worked for Kellogg Rust, Inc., of Houston, Texas, where he held the positions of Chairman and Chief Executive Officer. From 1976 to 1981, Mr. Page was President and Chief Executive of Rust Engineering. Mr. Page has been a director of ICF Kaiser International, Inc. since January 1993. He holds a B.S. in architectural engineering from Texas A & M University.

EXECUTIVE OFFICERS

James O. Edwards has been Chairman of the Board and Chief Executive Officer of ICF Kaiser International, Inc. since its establishment in 1987. He also was President of ICF Kaiser International from 1987 to 1990. In 1974, he joined ICF Incorporated, the predecessor of ICF Kaiser International, and was its Chairman and Chief Executive Officer from 1986 until the 1987 establishment of ICF Kaiser. Mr. Edwards graduated from Northwestern University (B.S.I.E.) and Harvard University (M.B.A., High Distinction, George F. Baker Scholar).

Stephen W. Kahane is President of the Company's Environment and Energy Group. He has held senior management positions in several of the Company's operating subsidiaries since 1985. From 1981 to 1985, Dr. Kahane headed the Environmental and Hazardous Waste Programs at Jacobs Engineering Group, Inc.; he was a Vice President when he left that firm. Dr. Kahane graduated from the University of California (B.A., M.S.P.H., D. Env.).

Raymond E. List is Chairman of the Company's Engineering and Construction Group. He has held senior management positions in several of the Company's operating subsidiaries since 1986. From 1983 to 1986, Mr. List was President of List and Associates, an international engineering and technology consulting firm. From 1980 to 1983, Mr. List was Vice President and General Manager at Planning Research Corporation; previously, he was a Vice President of Arthur D. Little. Mr. List is a Professional Engineer. He graduated from Union College (B.C.E.); Manhattan College (M.E.) and Harvard University (M.B.A.).

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Douglas W. McMinn is the President of the Company's International Operations Group. He has held senior management positions with the Company since 1987. From 1985 to 1987 he was Assistant Secretary for Economic and Business Affairs, U.S. Department of State. Prior to that time he was Director, International Economic Affairs, National Security Counsel (1982-1985) and Deputy Chief of Mission, Office of the United States Trade Representative, Geneva, Switzerland (1979-1981). Mr. McMinn graduated from Gustavus Adolphus College (B.A.), Johns Hopkins University (M.L.A.), and Johns Hopkins University School of Advanced International Studies (M.A.).

Norman A. Perry has been Senior Vice President and Corporate Controller of the Company since November 1992. He was a manager for Rust International Corp. from 1978 to 1992 and an administrative manager for Comstock International, Inc. from 1972 to 1978. He holds a National Certificate in Business Studies from Worthing and Brighton Colleges of Further Education (U.K.).

Alvin S. Rapp has been President and Chief Executive Officer of the Company's Engineering and Construction Group since November 8, 1993. Prior to joining the Company, he was a regional group vice president of Jacobs Engineers Group, Inc., having joined Jacobs in 1981 as manager of engineering in that company's Baton Rouge, Louisiana, office. Prior to joining Jacobs, Mr. Rapp held a variety of management positions with Ciba-Geigy Corporation, U.S.S. Agri-Chemicals, and E.I. du Pont de Nemours & Company, Inc. Mr. Rapp graduated from Christian Brothers College (B.S.E.E.), Memphis, Tennessee.

Marcy A. Romm has been Senior Vice President, Human Resources of the Company since June 1993. She has held Human Resources positions at ICF Kaiser since 1984. Ms. Romm graduated from George Washington University (B.A., M.B.A.).

Michael J. Rowny has been Executive Vice President and Chief Financial Officer of ICF Kaiser International, Inc. since April 1992. He was Chairman and Chief Executive Officer of Ransohoff Company, a manufacturer of environmental and industrial equipment, from 1989 to 1992. From 1986 to 1989 he was Chairman and Chief Executive Officer of Hermitage Holding Company, Inc., a manufacturer of industrial textiles and disposable medical supplies. From 1983 to 1986, Mr. Rowny was with MCI Communications Corporation, Inc. as Senior Vice President, Finance and as Treasurer. From 1981 to 1983 he was Vice President, Strategic Planning of the Bendix Corporation. Mr. Rowny was Deputy Staff Director of the White House from 1979 to 1981. Mr. Rowny has been a director of ICF Kaiser International, Inc. since June 1992. Mr. Rowny graduated from the Massachusetts Institute of Technology (S.B.) and Georgetown University (J.D.).

Kenneth A. Schweers is Chairman of the Company's Consulting Group. He has held senior management positions in several of ICF Kaiser's operating subsidiaries since 1976. Mr. Schweers graduated from Stanford University (B.S., M.B.A.).

Ronald R. Spoehel has been Senior Vice President of ICF Kaiser International, Inc. since 1990 and was elected Treasurer in 1992. He was a Vice President of Shearson Lehman Hutton Inc. from 1985 to 1990 and a Vice President of Bank of America NT&SA from 1980 to 1985. Mr. Spoehel graduated magna cum laude from The Wharton School (B.S.E.), The Moore School of Electrical Engineering (M.S.E.), and The Wharton School (M.B.A.), all at the University of Pennsylvania.

Marc Tipermas has been Executive Vice President and Director, Corporate Development for ICF Kaiser International, Inc. since May 1993. He also holds senior management positions in several of ICF Kaiser's operating subsidiaries, including Chairman of the Environment and Energy Group of ICF Kaiser Engineers, Inc. Dr. Tipermas joined the Company in 1981. From 1977 to 1981 he was employed by the U.S. Environmental Protection Agency where he was the Director of the Superfund Policy and Program Management Office from 1980 to 1981. Prior to joining EPA, he was Assistant Professor of Political Science at the State

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University of New York at Buffalo from 1975 to 1977. Dr. Tipermas has been a director of ICF Kaiser International, Inc. since October 1993. Dr. Tipermas graduated from the Massachusetts Institute of Technology (S.B.) and Harvard University (A.M., Ph.D.).

Paul Weeks, II has been Senior Vice President, General Counsel, and Secretary of ICF Kaiser International, Inc. since 1990. He joined ICF Incorporated in May 1987 as its Vice President, General Counsel, and Secretary. From 1973 to 1987 he was employed by Communications Satellite Corporation, where from 1983 to 1987 he was Assistant General Counsel for Corporate Matters. Mr. Weeks graduated from Princeton University (B.S.E.E.) and The National Law Center of George Washington University (J.D.).

COMPENSATION OF OUTSIDE DIRECTORS

Directors of the Company who also are employees of the Company are not compensated separately for their service as directors. Directors who are not employees of the Company are paid $1,000 for attendance at each meeting of the Board of Directors and $750 for attendance at each meeting of a committee of the Board of Directors of which the director is a member. In addition, each non-employee director receives an annual retainer of $20,000, payable in quarterly installments.

Under the ICF Kaiser International, Inc. Non-employee Directors Stock Option Plan, each director of the Company who is not an employee of the Company ("Non-employee Director") receives a five-year option to purchase 3,000 shares of Common Stock on the day he or she commences his or her initial term of service as a director. In addition, each Non-employee Director elected at or continuing in office following the Company's annual meeting of shareholders receives an option to purchase 3,000 shares of Common Stock on the date of the annual meeting in each calendar year after the year in which the Non-employee Director received his or her initial option grant. The purchase price of each share of Common Stock subject to an option granted under the plan is the fair market value of the Common Stock on the date the option is granted. Each option becomes fully exercisable at the close of business on the next business day following the date on which the option was granted. Options are not assignable or transferable other than by will or by the laws of descent and distribution. Options are exercisable during an optionee's lifetime only by the optionee or his or her guardian.

CERTAIN TRANSACTIONS WITH CERTAIN DIRECTORS

In December 1990, the Company sold 250 shares of Series 2A Senior Preferred Stock to IFINT-USA Inc. and Series 2A Warrants to purchase 2,173,913 shares of Common Stock at $12 per share to an affiliate of IFINT-USA Inc. for an aggregate purchase price of $24,650,000. As part of the transaction, IFINT-USA Inc. was given the right to designate one nominee for election to the Board of Directors of the Company. In January 1992, the Company exchanged all of the outstanding shares of Series 2A Senior Preferred Stock and the Series 2A Warrants for an equal number of shares of Series 2C Preferred Stock and Series 2C Warrants to purchase 2,976,190 shares of Common Stock at $8.40 per share. At the same time, the Company sold 200 shares of Series 2D Preferred Stock to IFINT-USA Inc., and Series 2D Warrants to purchase 2,680,952 shares of Common Stock at $8.40 per share to an affiliate of IFINT-USA Inc., for an aggregate purchase price of $19,900,000. A portion of the proceeds from the issuance of Units will be used to repurchase the Series 2C Preferred Stock and Series 2C Warrants. See "Use of Proceeds." At the time of such repurchase, the exercise price for the Series 2D Warrants will be reduced to $6.90 per share and certain other modifications will be made to the Series 2D Warrants. See "Description of Capital Stock--Series 2D Warrants." IFINT-USA's right to designate a nominee for election to the Board of Directors will be retained following the repurchase of the Series 2C Preferred Stock and the Series 2C Warrants in this transaction. From 1991 to March 1, 1993, Mr. Mario Garraffo was IFINT-USA's

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nominee to the Board. Mr. Botta currently is that nominee.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The independent directors of the Company who were voting members of the Compensation Committee of the Board of Directors during fiscal year 1993 were Frederic V. Malek (Chairman), Tony Coelho, and Mario Garraffo. Mr. Garraffo resigned as a member of the Board of Directors effective March 1, 1993. Mr. Garraffo was associated with IFINT-USA Inc., the owner of the Company's Series 2C and 2D Senior Preferred Stock. This preferred stock ownership is described in the above section entitled "Certain Transactions with Certain Directors." The full Board of Directors has designated an inside director of the Company, Mr. James O. Edwards (the CEO of the Company), as a non-voting member of the Committee with the right to attend Committee meetings. The Company's outstanding loans to Mr. Edwards are described in the section of this Prospectus entitled "Agreements and Transactions with Certain Executive Officers;" the executive and compensation agreements the Company signed with Mr. Edwards are described in the same section of this Prospectus. Executive compensation paid to Mr. Edwards during fiscal years 1991, 1992, and 1993 is described in the immediately following section of this Prospectus.

EXECUTIVE COMPENSATION

The following table sets forth a summary of annual and long-term compensation received by the Chief Executive Officer and the other four most highly compensated executive officers of the Company (the "Named Executive Officers") for the three fiscal years ended February 28, 1993. The table shows the amounts received by each Named Executive Officer for all three fiscal years or for the entire period the Named Executive Officer was an executive officer of the Company.

<TABLE>
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					LONG TERM COMPENSATION AWARDS	
		ANNUAL COMPENSATION				
(A)	(B)	(C)	(D)	(E)	(G)	(I)
NAME AND PRINCIPAL POSITION	YEAR	SALARY ($)	BONUS ($)	OTHER ANNUAL COMPENSATION ($)(1)	OPTION/SAR GRANTS (SHARES)	ALL OTHER COMPENSATION(2)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
James O. Edwards........	1993	$275,000	--	--	0	$109,154(2)(3)
Chairman and Chief	1992	207,884	--	(1)	22,000 shares	(2)
Executive Officer(3)	1991	254,808	--	(1)	75,000 shares	(2)
Michael K. Goldman......	1993	$210,000	--	--	16,000 repriced options	$ 59,154(2)(4)
Executive Vice	1992	179,653	--	(1)	--	(2)
President(4)	1991	152,885	--	(1)	40,000 options	(2)
Michael J. Rowny........	1993	$180,769	--	--	100,000 options	$ 7,231(2)
Executive Vice President and Chief Financial Officer(5)						
Ronald R. Spoehel.......	1993	$175,000	--	$7,239(6)	2,000 options and 10,000 repriced options(6)	$ 27,000(2)(6)
Senior Vice President	1992	162,115	--	(1)		(2)
and Treasurer(6)	1991	25,962	--	(1)	5,000 options	(2)
William C. Stitt........	1993	$250,000	--	--	0	$109,154(2)(7)
President and Chief	1992	188,942	--	(1)	22,000 options	(2)
Operating Officer(7)	1991	254,839	--	(1)	72,000 options	(2)

</TABLE>

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(1) Any amounts shown in the "Other Annual Compensation" column for fiscal 1993 do not include any perquisites and other personal benefits because the aggregate amount of such compensation for each of the Named Executive

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Officers did not exceed the lesser of (i) $50,000 or (ii) 10% of the combined fiscal 1993 salary and bonus for the Named Executive Officer. There are no disclosures of "Other Annual Compensation" for fiscal 1991 and 1992 because such amounts are not required to be disclosed under the SEC's transition rules on executive compensation disclosure.

(2) Allocation of the Company's fiscal 1993 contribution to the individual Named Executive Officers pursuant to the Company's Retirement Plan will not be made until January 1994. There are no disclosures of "All Other Compensation" for fiscal 1991 and 1992 because such amounts are not required to be disclosed under the SEC's transition rules on executive compensation disclosure.

(3) The amount shown in column (i) of the table for Mr. Edwards is comprised of a $100,000 special cash payment provided for under Mr. Edwards' compensation agreement signed in December 1990 in connection with his services as Chief Executive Officer ("CEO") of the Company and a $9,154 fiscal year 1993 ESOP contribution.

(4) The amount shown in column (i) of the table for Mr. Goldman is comprised of a $50,000 special cash payment provided for under Mr. Goldman's compensation agreement signed in December 1990 in connection with his services as Executive Vice President of the Company and a $9,154 fiscal year 1993 ESOP contribution. Mr. Goldman was granted 16,000 options in May 1991 for his fiscal 1991 services; in May 1992, these 16,000 options were repriced from $16.23 to $8.25 in recognition of his fiscal 1992 services. The May 6, 1996, expiration date for the 16,000 options did not change. Mr. Goldman is not currently an executive officer of the Company.

(5) Mr. Rowny became an employee of the Company on April 6, 1992. The fiscal year 1993 information shown on the above table for Mr. Rowny is for the April 6, 1992, to February 28, 1993, time period only. The amount shown in column (i) is a fiscal year 1993 ESOP contribution. The employment arrangement with Mr. Rowny under which he became Executive Vice President and Chief Financial Officer ("CFO") of the Company is described in the section of this Prospectus entitled "Agreements and Transactions with Certain Executive Officers."

(6) Mr. Spoehel became an employee of the Company on December 31, 1990. The fiscal year 1991 information shown on the above table for Mr. Spoehel is for the December 31, 1990, to February 28, 1991, period only. The employment arrangement with Mr. Spoehel under which he became a Senior Vice President of the Company and his outstanding loan with the Company are described in the section of this Prospectus entitled "Agreements and Transactions with Certain Executive Officers." The amount shown in column (i) is comprised of a $20,000 bonus paid pursuant to his employment arrangement and a $7,000 fiscal year 1993 ESOP contribution. Mr. Spoehel was granted 10,000 options in May 1991 for his fiscal 1991 services; in May 1992, these options were repriced from $16.23 to $8.25 in recognition of his fiscal 1992 services. The August 6, 1994, expiration date for the 10,000 options did not change. Mr. Spoehel also was awarded 2,000 options in May 1992 in recognition of his fiscal 1992 services.

(7) Mr. Stitt resigned as President, Chief Operating Officer ("COO"), and a director of the Company, effective April 26, 1993. The amount shown in column (i) of the table for Mr. Stitt is comprised of a $100,000 special cash payment provided for under Mr. Stitt's compensation agreement signed in December 1990 in connection with his services as President and COO of the Company and a $9,154 fiscal year 1993 ESOP contribution. The salary amount shown for fiscal 1991 includes $25,000 paid in fiscal 1991 for services rendered in fiscal 1990.

OPTION/SAR GRANTS IN LAST FISCAL YEAR

The Company's Stock Incentive Plan provides for the grant to key employees of the Company and its subsidiaries of non-qualified stock options, stock appreciation rights, incentive stock options that are designed to qualify as "incentive stock options" under Section 422 of the Internal Revenue Code of

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1986, as amended, restricted shares and restricted stock units. The following table provides certain information with respect to options granted to the Named Executive Officers in fiscal 1993.

	INDIVIDUAL GRANTS				GRANT DATE VALUE
(A)	(B)	(C)	(D)	(E)	(F)
NAME	OPTIONS GRANTED(1)	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR(1)	EXERCISE OR BASE PRICE ($ PER SHARE)(2)	EXPIRATION DATE	GRANT DATE PRESENT VALUE(3)
James O. Edwards........	0	0	--	--	--
Michael K. Goldman(4)...	16,000	1.5%	$8.25	5/6/96	$ 29,028
Michael J. Rowny(5).....	100,000	9.2%	$9.59	7/6/97	$224,592
Ronald R. Spoehel(6)....	12,000	1.1%	$8.25	10,000 on 8/6/94 2,000 on 5/8/97	$ 13,257
William C. Stitt........	0	0	--	--	--

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(1) The total number of options granted to employees in fiscal 1993 was 1,084,000. Included in this total are 570,000 options at $8.25 which repriced 570,000 options at $14.32 to $16.23 granted in fiscal 1991 and 1992. The expiration dates for these repriced $8.25 options remained the same as the original expiration dates established for those options.

(2) The exercise price equals the fair market value of the underlying stock on the date of grant for all options disclosed on this table.

(3) In accordance with SEC rules, the Company used the Black-Scholes option pricing model to determine grant date present values. The Company's use of this model is not an endorsement of its accuracy in valuing options, and the values determined under this model do not necessarily reflect the value of any given option. The actual value of an option realized will be measured by the difference between the stock price and the exercise price on the date the option is exercised.

(4) 16,000 repriced vested options were granted to Mr. Goldman in May 1992 in exchange for 16,000 vested options at $16.23 previously granted to Mr. Goldman. The expiration date for these repriced $8.25 options (May 6, 1996) remained the same as the original expiration date established for the $16.23 options.

(5) 100,000 options were granted to Mr. Rowny on April 6, 1992, and vest, subject to change of control acceleration events specified in the option grant agreement, as follows: 25,000 on April 6, 1994; 25,000 on April 6, 1995; 25,000 on April 6, 1996; and 25,000 on April 6, 1997.

(6) 10,000 repriced options were granted to Mr. Spoehel in May 1992 in exchange for 10,000 options at $16.23 previously granted to Mr. Spoehel. The expiration date for these repriced $8.25 options (August 6, 1994) remained the same as the original expiration date established for the $16.23 options. These 10,000 options vest as follows: 3,334 on May 8, 1992; 3,333 on May 8, 1993; and 3,333 on May 8, 1994. A total of 2,000 new options were granted to Mr. Spoehel on May 8, 1992, and vest as follows: 667 on May 8, 1993; 666 on May 8, 1994; and 666 on May 8, 1995.

The following table provides certain information with respect to aggregated option and SAR exercises in fiscal 1993 and options/SAR values at February 28, 1993 for the Named Executive Officers.

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(A) NAME	(B) SHARES UNDERLYING OPTIONS EXERCISED (#)	(C) VALUE REALIZED ($) (2)	(D) NUMBER OF UNEXERCISED OPTIONS/SARS AT 2/28/93 (#) EXERCISABLE/UNEXERCISABLE	(E) VALUE OF UNEXERCISED IN-THE- MONEY OPTIONS/SARS AT 2/28/93 ($) EXERCISABLE/UNEXERCISABLE
James O. Edwards........	0	0	73,000/24,000	(3)
Michael K. Goldman (4)..	30,000	$5,820	44,000/12,000	(3)
Michael J. Rowny........	0	0	0/100,000	(3)
Ronald R. Spoehel.......	0	0	6,668/10,332	(3)
William C. Stitt........	0	0	70,000/24,000	(3)

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(1) All options were granted at 100% of fair market value. The optionees may satisfy the exercise price (and taxes, if any) by submitting currently owned shares and/or cash. The Company's Stock Incentive Plan permits the granting/awarding of SARs, but none have been granted/awarded to date.
(2) Fair market value of the shares underlying the options on the exercise date minus the exercise price.
(3) Options held by the Named Executive Officers range in price from $8.25 to $16.23. None of these options is in-the-money, which means that the option exercise prices for all of the options held by the Named Executive Officers exceed the current price for the Company's Common Stock on the New York Stock Exchange.
(4) Mr. Goldman exercised 30,000 options at $8.25 in May 1992. He paid the exercise price and the associated tax obligation by delivering shares he previously owned valued at $8.44 per share (the average Nasdaq National Market trading price for the 20 days preceding the exercise date).

AGREEMENTS AND TRANSACTIONS WITH CERTAIN EXECUTIVE OFFICERS

Mr. Edwards. In December 1990, the Company signed an executive agreement and a compensation agreement with Mr. Edwards. These agreements were modified in January 1992. The five-year executive agreement with Mr. Edwards prohibits him from competing with the Company during that period unless, (i) the Company files a petition for bankruptcy or reorganization (or a petition is filed against the Company), (ii) the Company makes a general assignment for the benefit of creditors, (iii) a trustee or receiver is appointed to take possession of substantially all of the Company's assets, (iv) the Company's assets are seized, (v) the Company defaults in the payment of compensation, (vi) a Change in Control Event (as described in the agreement) occurs, (vii) Mr. Edwards terminates his employment for good reason, (viii) Mr. Edwards dies or becomes permanently disabled, (ix) the Company terminates his employment without cause, or (x) certain investors' voting or investment position in the Company is substantially reduced. In addition, the executive agreement prohibits Mr. Edwards from selling, assigning, or disposing of more than a specified number of shares of Common Stock without the written consent of the Company. Under the compensation agreement described below, however, Mr. Edwards may borrow from the Company up to 25% of the "market value" (as defined in the agreement) of the Common Stock he owned on December 20, 1990. The executive agreement also prevents him from selling, disposing, or assigning more than a specified number of shares of Common Stock that he may acquire upon exercise of options he held on that date without the written consent of the Company. In order to generate proceeds to reduce indebtedness secured by shares of Common Stock, Mr. Edwards is allowed to receive cash in lieu of exercising options.

In conjunction with the executive agreement, the Company entered into a five-year compensation agreement with Mr. Edwards that provides for (i) annual minimum compensation starting at $250,000 and increasing $25,000 each year, plus annual $100,000 special cash payments, (ii) immediate vesting of then-existing options, and (iii) the grant of new options to purchase 40,000 shares

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of Common Stock. In addition, Mr. Edwards was granted the right to borrow from the Company money equal to 25% of the "market value" (as defined in the agreements) of the shares of Common Stock held by Mr. Edwards on December 20, 1990, to be secured by shares of Common Stock. The compensation agreement may be terminated for "good reason" (as defined in the agreements), for cause by the Company, or upon Mr. Edwards' death or permanent disability. In the event that the Company terminates Mr. Edwards' compensation agreement without cause, or Mr. Edwards terminates his agreement for "good reason", Mr. Edwards is entitled to a severance payment equal to 75% of his annual minimum compensation. Following the execution of the executive and compensation agreements, similar provisions contained in an existing agreement between the Company and Mr. Edwards, described below, were modified or suspended.

In November 1989, the Company signed an agreement with Mr. Edwards which obligated him to provide the Company up to 180 days notice prior to his voluntarily ceasing full-time employment with the Company, and restricted his right to transfer more than a certain amount of his Common Stock. In return, Mr. Edwards was provided severance benefits, and under certain circumstances, the right to borrow from the Company. This agreement, as modified to account for the 1990/1992 executive and compensation agreements, suspends the restrictions on stock sales and the right to borrow money, and modifies the severance provisions, but only for so long as the 1990/1992 executive and compensation agreements remain in effect.

In February 1991, the Company loaned Mr. Edwards $622,740, and in August 1991, the Company loaned Mr. Edwards an additional $50,000. These loans bear interest at 9.0% per annum, and the interest is payable in annual installments on May 15, 1993, 1994, 1995, and 1996. The entire principal amount is due on May 15, 1996. In January 1992, the Company loaned Mr. Edwards an additional $150,000. This loan bears interest at 8.0% per annum, and the interest is payable in annual installments on May 15, 1993, 1994, 1995, and 1996. The entire principal amount is due on May 15, 1996. All of these loans were provided to Mr. Edwards as permitted by his compensation agreement described above and are non-recourse to Mr. Edwards. The loans are secured by a pledge of 130,665 shares of ICF Kaiser Common Stock. Accrued interest in the amount of $72,547 on these loans was not paid on May 15, 1993, and, under the terms of the promissory notes Mr. Edwards executed in 1991 and 1992, the full principal amount of the loans became due and payable on June 15, 1993. The entire principal amount of the loans referred to above, together with accrued and unpaid interest in the aggregate amount of $72,547 at May 15, 1993, plus accrued interest through the date hereof, was outstanding as of the date hereof. On November 18, 1993, the Compensation Committee of the Board of Directors of the Company agreed (a) to extend the May 15, 1993 due date to May 15, 1994 and (b) not to enforce the acceleration provisions with respect to Mr. Edwards' failure to make the interest payment by June 15, 1993.

Mr. List. In May 1993, the Company entered into a one-year employment agreement with Mr. List for his services as Chairman of the Company's Engineering and Construction Group. The agreement delineates Mr. List's areas of responsibility and reporting line. The agreement provides for base compensation at the rate of $250,000 a year, plus benefits as are awarded or accorded to the most senior executives of the Company. The agreement can be terminated by either Mr. List or the Company upon 30 days written notice. If the agreement is not terminated prior to March 31, 1994, the Company must notify Mr. List whether it intends to extend the agreement beyond May 31, 1994. The Company has no obligation to extend the agreement. Mr. List has held senior executive positions with the Company or its subsidiaries since 1986. In September 1989, the Company loaned Mr. List $122,500 which he used to exercise options to acquire 140,000 shares of Common Stock, 20,000 of which are pledged to secure repayment of the loan. The loan bears interest at prime plus 1/2% per annum and was due on June 30, 1993. The unpaid principal balance of $30,625, together with accrued, but unpaid interest, was outstanding as of August 31, 1993.

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Douglas W. McMinn. On November 23, 1993, the Company and Mr. McMinn signed an employment agreement under which Mr. McMinn will provide his services as the President of the Company's International Operations Group for a two-year period ending October 15, 1995. The agreement provides for: an initial annual salary of $220,000; a guaranteed minimum cash bonus of $30,000; eligibility under the Company's employee benefit plans; additional bonuses based upon a percentage of the earnings before interest and taxes of the Company's wholly owned subsidiary, Global Trade and Investment, Inc., of which Mr. McMinn is President; and options under the Company's Stock Incentive Plan to purchase 75,000 shares of the Company's Common Stock at $4.76 per share (with a vesting schedule of 25,000 on October 15, 1994; 25,000 on October 15, 1995; 12,500 on October 15, 1996; and 12,500 on October 15, 1997). All of the options will expire no later than October 15, 1998. If both Mr. McMinn and the Company agree, Mr. McMinn's employment will be extended for one year on terms comparable to those set forth in the agreement. In lieu of such an extension, the agreement provides for a one-year consulting arrangement between Mr. McMinn and the Company beginning at the termination of Mr. McMinn's employment.

Mr. Rapp. In November 1993, the Company entered into an employment agreement with Mr. Rapp for his services as President and Chief Executive Officer of the Company's Engineering and Construction Group. The agreement delineates Mr. Rapp's areas of responsibility and reporting line. The agreement provides for fiscal 1994 base salary of $250,000; a hiring bonus; bonus compensation for fiscal 1994; eligibility under the Company's employee benefit plans; the grant of 100,000 five-year options (vesting over five years) at fair market value on the date of grant; the issuance of 88,105 Restricted Shares under the Company's Stock Incentive Plan; and interest-free loans to facilitate the sale of Mr. Rapp's current residence and the purchase of a new residence.

Mr. Rowny. In April 1992, the Company entered into an employment arrangement with Mr. Rowny for his services as Chief Financial Officer of the Company. In addition, Mr. Rowny was offered a position as a member of the Company's Board of Directors. The letter arrangement delineates Mr. Rowny's areas of responsibility and reporting line. The arrangement provides for a fiscal year 1993 salary of $200,000; eligibility for a bonus range of $0-$100,000 (the amount to be set by the Company's Compensation Committee against a list of objectives); eligibility under the Company's employee benefit plans; and the grant of 100,000 five-year options at fair market value on the date of grant (first day of employment). The options vest at 25,000 increments on April 6, 1994, 1995, 1996, and 1997; they expire on July 6, 1997. Vesting accelerates in the event of the occurrence of certain change of control events specified in the option agreement.

Mr. Schweers. In December 1990, the Company signed an executive agreement and a compensation agreement with Mr. Schweers. These agreements were modified in January 1992. The five-year executive agreement with Mr. Schweers prohibits him from competing with the Company during that period unless, (i) the Company files a petition for bankruptcy or reorganization (or a petition is filed against the Company), (ii) the Company makes a general assignment for the benefit of creditors, (iii) a trustee or receiver is appointed to take possession of substantially all of the Company's assets, (iv) the Company's assets are seized, (v) the Company defaults in the payment of compensation, (vi) a Change in Control Event (as described in the agreement) occurs, (vii) Mr. Schweers terminates his employment for good reason, (viii) Mr. Schweers dies or becomes permanently disabled, (ix) the Company terminates his employment without cause, or (x) certain investors' voting or investment position in the Company is substantially reduced. In addition, the executive agreement prohibits Mr. Schweers from selling, assigning, or disposing of more than a specified number of shares of Common Stock without the written consent of the Company. Under the compensation agreement described below, however, Mr. Schweers may borrow from the Company up to 20% of the "market value" (as defined in the agreement) of the Common Stock he owned on December 20, 1990. The executive agreement also prevents him from selling, disposing, or assigning more than a specified number of shares of Common Stock that he may acquire upon exercise of options he held on that date without the written consent of the

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Company. In order to generate proceeds to reduce indebtedness secured by shares of Common Stock, Mr. Schweers is allowed to receive cash in lieu of exercising options.

In conjunction with the executive agreement, the Company entered into a five-year compensation agreement with Mr. Schweers that provides for (i) annual minimum compensation starting at $175,000 and increasing $25,000 each year, plus annual $50,000 special cash payments, (ii) immediate vesting of then-existing options, and (iii) the grant of new options to purchase 20,000 shares of Common Stock. In addition, Mr. Schweers was granted the right to borrow from the Company money equal to 20% of the "market value" (as defined in the agreements) of the shares of Common Stock held by Mr. Schweers on December 20, 1990, to be secured by shares of Common Stock. The compensation agreement may be terminated for "good reason" (as defined in the agreements), for cause by the Company, or upon Mr. Schweers' death or permanent disability. In the event that the Company terminates Mr. Schweers' compensation agreement without cause, or Mr. Schweers terminates his agreement for "good reason," Mr. Schweers is entitled to a severance payment equal to 75% of his annual minimum compensation.

In October 1991, in lieu of his exercising his contractual right to borrow cash from the Company pursuant to his compensation agreement described above, the Company loaned Mr. Schweers $1,031,806 which Mr. Schweers used to purchase shares of Common Stock. The outstanding balance as of August 31, 1993 is $686,806. The loan bears interest at 9.5% per annum, and the interest is payable in annual installments on May 15, 1994, 1995, and 1996. The entire principal is due on May 15, 1996.

Mr. Spoehel. In December 1990, the Company entered into a letter agreement with Mr. Spoehel for his services as a Senior Vice President of the Company. The agreement provides for a starting salary of $150,000 per year (performance to be reviewed annually on March 1), eligibility for an annual bonus ranging from $0-$100,000; eligibility under the Company's employee benefit plans; and the grant of at least 5,000 incentive stock options in May of 1991. In September 1990, the Company loaned Mr. Spoehel $100,000 for use primarily in the purchase of Common Stock. The outstanding balance as of November 15, 1993, was $40,000. The loan currently bears interest at 5.3% per annum and is adjusted annually on June 1 to the "Applicable Federal Rate" as defined by the Internal Revenue Service. Accrued interest is payable on May 31, 1996. Under the promissory note between Mr. Spoehel and the Company, $20,000 annual principal payments on this loan are forgiven each year; the accrued interest will be forgiven on May 31, 1996. In November 1990, the Company granted Mr. Spoehel options to purchase 5,000 shares of Common Stock at an exercise price of $9.29 per share. These options were granted prior to Mr. Spoehel's becoming an employee of the Company.

Mr. Stitt. Effective April 26, 1993, Mr. Stitt resigned as President, Chief Operating Officer, and a director of the Company under the terms of an agreement which provided for (a) the termination of Mr. Stitt's December 1990 executive and compensation agreements with the Company, (b) a severance payment of $325,000, (c) continuing compensation at $300,000 for one year, (d) the immediate vesting of 24,000 previously awarded options to purchase the Company's stock at $11.12 per share, (e) the termination of an outstanding loan in return for the conveyance to the Company of 132,900 shares of the Company's stock purchased with the loan proceeds, and (f) the repurchase by the Company at $5.9875 per share of 477,568 shares of Company stock owned by Mr. Stitt.

SECURITY OWNERSHIP

<TABLE>

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NAME AND ADDRESS OF 5% SHAREHOLDERS, DIRECTORS AND OFFICERS	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP(A)	PERCENT OF CLASS OF STOCK	AGGREGATE VOTING POWER
DIRECTORS			
Gian Andrea Botta.............	3,000 shares (b)	*	*
Tom Bradley...................	3,000 shares (c)	*	*
Tony Coelho...................	10,000 shares (d)	*	*
James O. Edwards..............	418,032 shares (e)	2.0% of Common Stock	1.6%
Frederic V. Malek.............	24,000 shares (f)	*	*
Rebecca P. Mark...............	3,000 shares (g)	*	*
Robert W. Page, Sr............	3,000 shares (h)	*	*
Michael J. Rowny..............	14,560 shares (i)	*	*
Marc Tipermas.................	265,287 shares (j)	1.3% of Common Stock	*
EXECUTIVE OFFICERS NAMED IN THE SUMMARY COMPENSATION TABLE			
James O. Edwards.............. Chairman and Chief Executive Officer	418,032 shares (e)	2.0% of Common Stock	1.6%
Michael K. Goldman............ Executive Vice President	131,093 shares (k)	*	*
Michael J. Rowny.............. Executive Vice President and Chief Financial Officer	14,560 shares	*	*
Ronald R. Spoehel............. Senior Vice President and Treasurer	22,308 shares (l)	*	*
William C. Stitt.............. President and Chief Operating Officer through April 26, 1993	20,000 shares	*	*
All Directors and Executive Officers as a Group (16 persons)........	2,051,527 shares (m)	9.9% of Common Stock	7.9%
5% COMMON SHAREHOLDERS			
ICF Kaiser International, Inc. Employee Stock Ownership Trust.......................	2,528,244 shares (n)	12.2% of Common Stock	9.8%
ICF Kaiser International, Inc. Retirement Plan.............	1,257,306 shares (o)	6.1% of Common Stock	4.9%
FIMA Finance Management Inc...	5,657,142 shares (p)	21.4% of Common Stock	21.0%
Mathers & Company, Inc. and Mathers Fund, Inc........	2,125,600 shares (q)	10.2% of Common Stock	8.3%
State of Wisconsin Investment Board.......................	1,550,200 shares (r)	7.5% of Common Stock	6.0%
SERIES 1 JUNIOR CONVERTIBLE PRE-FERRED STOCK			
Harrowston Securities Corpora-tion........................	69 shares (s)	100% of Series 1	1.8%
SERIES 2C SENIOR PREFERRED STOCK			
IFINT-USA Inc.................	250 shares (p)	100% of Series 2C	8.4%
SERIES 2D SENIOR PREFERRED STOCK			
IFINT-USA Inc.................	200 shares (p)	100% of Series 2D	9.2%

</TABLE>

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* = ownership of less than 1%

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FOOTNOTES TO SECURITY OWNERSHIP TABLE

(a) Except as noted below, all information in the above table is as of August 31, 1993. A person is deemed to be a beneficial owner of the Company's stock if that person has voting or investment power (or voting and investment powers) over any shares of capital stock or has the right to acquire such shares within 60 days from August 31, 1993. With respect to ownership of shares which are held by the ESOP but allocated to individuals' accounts, the unaudited information is current as of January 31, 1993, and does not include shares to be allocated to participants' accounts as a result of the Company's fiscal year 1993 contribution to the ESOP. For shares shown in the following footnotes as being held in directed investment accounts in the ICF Kaiser International, Inc. Retirement Plan, the beneficial owner shown below has investment but not voting power over those shares.
(b) Mr. Botta's share ownership includes 3,000 shares that may be acquired within 60 days of August 31, 1993, upon the exercise of stock options.
(c) Mr. Bradley's share ownership includes 3,000 shares that may be acquired within 60 days of September 1, 1993, upon the exercise of stock options.
(d) Mr. Coelho's share ownership includes 9,000 shares that may be acquired within 60 days of August 31, 1993, upon the exercise of stock options.
(e) Mr. Edwards' share ownership includes 1,573 shares allocated to his ESOP account, 60,426 shares in his directed investment account under the ICF Kaiser International, Inc. Retirement Plan (the "Retirement Plan") and 73,000 shares that may be acquired within 60 days of August 31, 1993, upon the exercise of stock options. See footnotes n and o below.
(f) Mr. Malek's share ownership includes 12,000 shares that may be acquired within 60 days of August 31, 1993, upon the exercise of stock options.
(g) Ms. Mark's share ownership includes 3,000 shares that may be acquired within 60 days of September 1, 1993, upon the exercise of stock options.
(h) Mr. Page's share ownership includes 3,000 shares that may be acquired within 60 days of August 31, 1993, upon the exercise of stock options.
(i) Effective October 15, 1993, Mr. Rowny became a Trustee of the ESOP and a member of the Retirement Plan Committee of the Retirement Plan. See footnotes n and o below.
(j) Dr. Tipermas became a director of the Company on October 15, 1993. His share ownership is stated as of October 15, 1993, and includes 6,703 shares allocated to his ESOP account, 7,525 shares in his directed investment account under the Retirement Plan and 50,537 shares that may be acquired within 60 days of October 15, 1993.
(k) Mr. Goldman's share ownership includes 6,279 shares allocated to his ESOP account and 44,000 shares that may be acquired within 60 days of August 31, 1993, upon the exercise of stock options.
(l) Mr. Spoehel's share ownership includes 640 shares allocated to his ESOP account and 6,668 shares that may be acquired within 60 days of August 31, 1993, upon the exercise of stock options.
(m) This total includes 33,991 shares allocated to ESOP accounts, 91,725 shares in directed investment accounts under the ICF Kaiser International, Inc. Retirement Plan, and 364,456 shares that may be acquired within 60 days of August 31, 1993, upon the exercise of stock options. The total number of the group includes Mr. Rapp who joined the Company on November 8, 1993.
(n) ICF Kaiser International, Inc. Employee Stock Ownership Trust, 9300 Lee Highway, Fairfax, VA 22031. As of October 15, 1993, the ESOP Trustees are James O. Edwards, Michael J. Rowny and Marcy A. Romm. Of the 2,528,244 shares of Common Stock held by the ESOP, a total of 1,950,940 shares are allocated to individual ESOP participants' accounts and are voted by those participants. The ESOP Trustees vote the remaining 577,304 shares of Common Stock held by the ESOP. The ESOP Trustees have investment power over all of the 2,528,244 shares of Common Stock held by the ESOP. Each ESOP Trustee disclaims beneficial ownership of the shares of Common Stock held by the ESOP. The individual shareholdings of Mr. Edwards and Mr. Rowny are shown on the Security Ownership table in this Prospectus. Ms. Romm beneficially owns 10,365 shares of Common Stock, 750 of which are shares that may be acquired within 60 days of the Record Date upon the

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exercise of stock options. Ms. Romm's address is 9300 Lee Highway, Fairfax, VA 22031.

(o) ICF Kaiser International, Inc. Retirement Plan, c/oU.S. Trust Company of California, N.A. (Trustee), 555 South Flower St., Suite 2700, Los Angeles, CA 90071. As of October 15, 1993, the members of the Retirement Plan Committee are James O. Edwards, Michael J. Rowny and Marcy A. Romm. Of the 1,257,306 shares of Common Stock held by the Retirement Plan, a total of 353,239 shares are held in directed investment accounts in which the participants have investment power over their allocated shares. The Retirement Plan Committee members and the Trustee have investment power over 904,067 shares held by the Retirement Plan but not held in directed investment accounts. The Retirement Plan Committee members direct the Trustee as to how to vote the 1,257,306 shares of Common Stock held by the Retirement Plan. Each Retirement Plan Committee member disclaims beneficial ownership of the shares of Common Stock held by the Retirement Plan.

(p) FIMA Finance Management, Inc. Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands. FIMA Finance Management Inc. ("FIMA") owns Series 2C Warrants for the purchase of 2,976,190 shares of Common Stock and Series 2D Warrants for the purchase of 2,680,952 shares of Common Stock. IFINT-USA, Inc. ("IFINT-USA"), 375 Park Avenue, New York, New York 10182, owns 250 shares of Series 2C Preferred Stock and 200 shares of Series 2D Preferred Stock. The terms of the Series 2C Preferred Stock and Series 2D Preferred Stock limit the total vote of each series to 2,173,913 and 2,380,952, respectively; both IFINT-USA and FIMA have agreed that the Common Stock to be owned by FIMA upon exercise of the Series 2C and 2D Warrants shall have voting limitations of 2,173,913 and 2,380,952 votes, respectively, while held by FIMA or its affiliates. IFINT-USA and FIMA are wholly owned subsidiaries of IFINT S.A., 2 Blvd Royal, Luxembourg. Gian Andrea Botta, a director of the Company, is the President of IFINT-USA. Mr. Botta disclaims beneficial ownership of the shares of Series 2C Preferred Stock, the shares of Series 2D Preferred Stock, the Series 2C Warrants, and the Series 2D Warrants. There will no longer be any voting limitation on the Common Stock to be owned by FIMA or its affiliates upon exercise of the Series 2D Warrants after the Company repurchases the Series 2C Preferred Stock and the Series 2C Warrants with a portion of the proceeds from the Offering. See "Use of Proceeds."

(q) The information with respect to the shares of Common Stock beneficially owned by Mathers and Company, Inc. and Mathers Fund, Inc., 100 Corporate North, Suite 201, Bannockburn, IL 60015 (which firms are controlled by common officers) is based on a Report on Schedule 13G, Amendment No. 1, which was filed with the SEC on June 7, 1993, covering the period ended May 31, 1993.

(r) The information with respect to the shares of Common Stock beneficially owned by the State of Wisconsin Investment Board, P.O. Box 7842, Madison, WI 53707, is based on a Report on Schedule 13D dated December 2, 1992 and filed with the SEC.

(s) Harrowston Securities Corporation, 150 York Street, Suite 1300, Toronto, Ontario M5H 3S5.

DESCRIPTION OF CAPITAL STOCK

The authorized capital stock of the Company consists of 90,000,000 shares of Common Stock and 2,000,000 shares of preferred stock, par value $0.01 per share. As of November 30, 1993, the outstanding capital stock of the Company consisted of 20,891,052 shares of Common Stock, 69 shares of Series 1 Junior Convertible Preferred Stock, 250 shares of Series 2C Preferred Stock, and 200 shares of Series 2D Preferred Stock. After giving effect to the issuance of the Units offered hereby and application of the proceeds thereof, the outstanding capital stock of the Company will consist of 20,891,052 shares of Common Stock

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and 200 shares of Series 2D Preferred Stock.

COMMON STOCK

The following is a summary of the terms of the Common Stock:

Voting. Each share of Common Stock has one vote per share on all matters submitted to a vote of shareholders. The Company's Amended and Restated Certificate of Incorporation provides that no action may be taken by the holders of shares of Common Stock by written consent in lieu of holding a meeting of shareholders.

Dividends. The Company has never paid cash dividends on its Common Stock. The Board of Directors anticipates that for the foreseeable future no cash dividends will be paid on its Common Stock and that the Company's earnings will be retained for use in the business. The Board of Directors determines the Company's Common Stock dividend policy based on the Company's results of operations, payment of dividends on preferred stock (if any is outstanding), financial condition, capital requirements, and other circumstances. The Company's credit agreements allow dividends to be paid on its capital stock provided that the Company complies with certain limitations imposed by the terms of such agreements. See "Description of Credit Facility."

Other Terms. Holders of Common Stock have no preemptive or other rights to subscribe for additional shares of Company stock. Upon liquidation, dissolution, or winding up of the Company, each share of Common Stock will share equally in assets legally available for distribution to stockholders.

Transfer Agent. The transfer agent and registrar for the Common Stock is First Chicago Trust Company of New York, 14 Wall Street, Mail Suite 4680, New York, New York 10005.

Public Market. Since September 14, 1993, the Common Stock has been traded on the New York Stock Exchange under the symbol "ICF." Prior to that date, the Common Stock was traded on the Nasdaq National Market.

PREFERRED STOCK

The preferred stock is available for issuance from time to time at the discretion of the Board of Directors of the Company, without shareholder approval. The Board of Directors has authority to prescribe for each series of preferred stock it establishes the number of shares in that series, the dividend rate, and the voting rights, conversion privileges, redemption, sinking fund provisions and liquidation rights, if any, and any other rights, preferences and limitations of the particular series. The issuance of preferred stock could decrease the amount of earnings and assets available for distribution to the holders of Common Stock or adversely affect the rights and powers, including voting rights, of the holders of Common Stock. Additionally, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change in control of the Company without further action by the shareholders.

SERIES 2D PREFERRED STOCK

The Company has issued 200 shares of Series 2D Preferred Stock, all of which are currently outstanding. In connection with the issuance of the Series 2D Preferred Stock, the Company issued the Series 2D Warrants for the purchase of 2,680,952 shares of Common Stock to the purchaser of the Series 2D Preferred Stock. See "Series 2D Warrants." The following is a summary of the terms of the Series 2D Preferred Stock, which ranks prior to the Common Stock and Series 4 Junior Preferred Stock (if any is issued) with respect to dividend rights and rights on liquidation, winding up and dissolution.

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Dividends. The Series 2D Preferred Stock pays cumulative dividends of $9,750 per $100,000 of liquidation preference per year, payable quarterly.

Liquidation Preference. Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of Series 2D Preferred Stock are entitled to receive a liquidation preference equal to $100,000 plus accrued but unpaid dividends per share of Series 2D Preferred Stock before any distribution is made to the holders of any capital stock of the Company ranking junior to the Series 2D Preferred Stock.

Redemption. The Company is obligated to redeem all shares of Series 2D Preferred Stock outstanding on January 13, 1997, for the full liquidation preference amount, plus accrued and unpaid dividends thereon to the redemption date. In addition, upon a proposal for or the occurrence of a Change in Control Event, as defined in the Certificate of Designations creating the Series 2D Preferred Stock ("Series 2D Certificate of Designations"), the original purchaser (and current holder) of the shares of Series 2D Preferred Stock (the "Initial Holder") has the option to require the Company to redeem all or part of such Initial Holder's shares at a redemption price of $100,000 per share, together with accrued and unpaid dividends. This Certificate of Designations is now included in the Company's Amended and Restated Certificate of Incorporation.

The Company at any time and at its option may redeem all, but not less than all, of the shares of Series 2D Preferred Stock at a redemption price of $106,250 per share, plus accrued and unpaid dividends thereon to the redemption date.

If, as of the date the Company elects to redeem the shares of Series 2D Preferred Stock, an Initial Holder owns any Series 2D Warrants, then the holder of such shares may elect to receive, in lieu of the applicable redemption price described above, consideration per share equal to (i) cash in the amount of $106,249.99, and (ii) one share of a new series of preferred stock, par value $0.01 per share (the "Series XD Preferred Stock"), of the Company to be created pursuant to a Certificate of Designations in the form attached as an exhibit to the Series 2D Certificate of Designations (the "Series XD Certificate of Designations"). No dividends will be payable with respect to shares of Series XD Preferred Stock. The liquidation preference for such shares will be $0.01 per share. Holders of shares of Series XD Preferred Stock will be entitled to vote together with holders of the Common Stock on all matters to be voted on by the Company's shareholders. The number of votes entitled to be cast by holders of such shares of Series XD Preferred Stock is determined separately with respect to each holder in accordance with formulae set forth in the Series XD Certificate of Designations. No holder of shares of Series XD Preferred Stock may transfer any such shares unless such shares are transferred to a Purchaser Affiliate, as defined in the Securities Purchase Agreement between the Company and the Initial Holder (the "Securities Purchase Agreement"). The Company must redeem all outstanding shares of Series XD Preferred Stock at a redemption price per share equal to the aggregate liquidation preference of such shares on the first to occur of (i) January 13, 1997 or (ii) the date upon which an Initial Holder does not hold any Series 2D Warrants.

The Company also has a one-time right to redeem all outstanding shares of Series 2D Preferred Stock, each share in exchange for (i) a subordinated debt security (the "Exchange Note") with an aggregate principal amount of $99,999.99 and a minimum interest rate of 9.75%, in the form attached as an exhibit to the Series 2D Certificate of Designations, bearing interest at a rate that would preserve the after-federal income tax return on dividends on the Series 2D Preferred Stock, (ii) cash in an amount equal to all accrued and unpaid

dividends on the Series 2D Preferred Stock, and (iii) one share of a new series of preferred stock, par value $0.01 per share (the "Series YD Preferred Stock"), of the Company to be created pursuant to a Certificate of Designations

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in the form attached as an exhibit to the Series 2D Certificate of Designations (the "Series YD Certificate of Designations"). No dividends will be payable with respect to shares of Series YD Preferred Stock. The liquidation preference for such shares will be $0.01 per share. The Company may at any time and at its option redeem all, but not less than all, the shares of Series YD Preferred Stock at a redemption price of $0.01 per share. The Company has mandatory redemption obligations to: (i) redeem all shares of Series YD Preferred Stock outstanding on January 13, 1997 for the full liquidation preference amount, (ii) redeem all or part of the Initial Holder's Series YD Preferred Stock for the liquidation preference amount if the Initial Holder exercises its redemption opinion upon the proposal or occurrence of a Change in Control Event, (iii) concurrently redeem all outstanding Exchange Notes when Series YD Preferred Stock is redeemed, and (iv) redeem and purchase outstanding shares of Series YD Preferred Stock pursuant to the Securities Purchase Agreement. If the holder of such redeemed Series YD Preferred Stock is an Initial Holder and also holds any outstanding Series 2D Warrants, then such holder shall receive, for each share of Series YD Preferred Stock redeemed, a share of Series XD Preferred Stock. Shares of Series XD Preferred Stock may not be transferred separately from their corresponding Exchange Notes.

The Initial Holder of the Series 2D Preferred Stock has the right, subject to a 180-day cure period, to require the Company to redeem all shares of Series 2D Preferred Stock (or shares of Series YD Preferred Stock and associated Exchange Notes, as the case may be) held by it under certain circumstances. This right is exercisable in the event the Company notifies such affiliates that the DOD, the DOE or the President of the United States has made a final determination on the grounds of national security that the Company, by reason of the ownership of such Company securities by the Initial Holder, should forfeit a security clearance on a material facility or a material government contract, and, in the reasonable judgment of the Company's Board of Directors, such forfeiture will have a material adverse effect on the Company. This right is not exercisable, however, if the parent organization of the Initial Holder acquires more than 20% of the voting power of the Company.

Voting. The number of votes entitled to be cast by any holder of Series 2D Preferred Stock is equal to the total number of shares of Series 2D Preferred Stock owned by such holder divided by the total number of outstanding shares of Series 2D Preferred Stock times the total number of shares of Common Stock (not to exceed 2,380,952, subject to certain adjustments) for which Series 2D Warrants are outstanding and unexercised. After such time as there are outstanding Series 2D Warrants exercisable for 2,380,952 or fewer shares of Common Stock, the voting power of the Series 2D Preferred Stock is reduced as Series 2D Warrants are exercised. Thus, the Series 2D Preferred Stock has voting power similar to that of the Common Stock.

In general, holders of shares of Series 2D Preferred Stock vote together with the holders of Common Stock and are not entitled to vote as a separate class. However, the affirmative vote of the holders of a majority of the shares of Series 2D Preferred Stock, voting as a class with the holders of other series of preferred stock or as a separate class, in accordance with Delaware law, would be required for the approval of any proposed amendment of the Amended and Restated Certificate of Incorporation that would change the par value of the Series 2D Preferred Stock or alter or change the powers, preferences, or special rights of the Series 2D Preferred Stock so as to affect such holders adversely. Such a class vote is also required with respect to any proposed merger or similar transaction involving an amendment of the Company's Amended and Restated Certificate of Incorporation if the amendment would materially and adversely affect the powers, preferences or special rights of the Series 2D Preferred Stock. Moreover, without the affirmative vote of at least 66 2/3% of the aggregate voting power of shares of Series 2D Preferred Stock outstanding, the Company may not (i) authorize or issue preferred stock senior to the Series 2D Preferred Stock, or (ii) authorize or issue equity securities with a mandatory redemption date earlier than January 13, 1997.

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As discussed below (see "Provisions Affecting Changes of Control and Extraordinary Transactions"), until January 13, 1997 (when the Series 2D Preferred Stock is required to be redeemed, see "Redemption" above), the Initial Holder has the right to designate one nominee for election as a director of the Company.

Rights Upon Dividend Default. In the event the Company is in arrears with respect to any dividend payable on the Series 2D Preferred Stock for a period in excess of 100 days or fails to make a mandatory redemption, the holders of Series 2D Preferred Stock will have the exclusive right to elect two additional directors. In addition, until such an arrearage or failure to make a mandatory redemption is cured, if 33% or more of the then outstanding Series 2D Preferred Stock (or securities issued in exchange therefor) is held by an Initial Holder, the Company becomes subject to certain restrictive covenants. Such covenants would prohibit the Company from, among other things: disposing of assets for consideration of more than $1 million in a single transaction; entering into mergers; making acquisitions; guaranteeing any obligation in excess of $1 million; or incurring indebtedness other than as permitted pursuant to the Indenture governing the Notes without the consent of such Initial Holder. Further, under such circumstances, the Initial Holder is relieved from the limitations described below on its right to acquire additional voting securities of the Company, to subject Series 2D Preferred Stock to a voting trust, or to solicit proxies in opposition to the Company's Board of Directors (see "Provisions Affecting Changes of Control and Extraordinary Transactions").

Because of limitations on the payment of dividends contained in the agreement governing the Company's 13.5% Notes, the Company did not pay the dividends on its Series 2C Senior Preferred Stock and the Series 2D Preferred Stock that were due on August 31 and November 30, 1993. The Company plans to retire the 13.5% Notes and purchase all of the outstanding Series 2C Senior Preferred Stock in connection with the completion of the Offering. See "Use of Proceeds." At that time the Company will also pay the unpaid dividends on the Series 2C Senior Preferred Stock and Series 2D Preferred Stock with cash on hand. However, unless the Offering is completed or other arrangements are agreed upon prior to January 14, 1994, the rights and covenants described above will be operative from January 14, 1994 until payment of the dividends.

Transferability. The Series 2D Preferred Stock and Series 2D Warrants were sold in a private placement exempt from registration under the Securities Act. Thus, there is no public market for the Series 2D Preferred Stock (or the Series XD Preferred Stock, Series YD Preferred Stock or Exchange Notes, if any of such securities are issued) or the Series 2D Warrants. Transfers of any such securities are further restricted by the Securities Purchase Agreement, which grants the Company a right of first offer to purchase any such securities prior to any transfers to any person other than another Initial Holder.

A registration rights agreement provides the holders of Series 2D Warrants and the holders of any shares of Common Stock issued upon exercise of Series 2D Warrants with certain rights to register for resale shares of Common Stock issued upon exercise of the Series 2D Warrants. These registration rights include customary demand and incidental registration rights.

Other Terms. Except as set forth above, holders of the Series 2D Preferred Stock have no preemptive or other rights to subscribe for additional shares of Company stock.

SERIES 2D WARRANTS

In January 1992, the Company sold to an affiliate of IFINT-USA Series 2D Warrants to purchase 2,680,952 shares of Common Stock (subject to adjustment) at an exercise price of $8.40 per share. The Series 2D Warrants expire in May 1997. At the time the Company repurchases its Series 2C Senior Preferred Stock and Series 2C Warrants with a portion of the proceeds from the sale of the Units (see "Use of Proceeds"), the Company will issue new Series 2D Warrants to the affiliate of IFINT-USA. The new Series 2D Warrants will be exercisable at

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$6.90 per share (subject to adjustment). The holder of the Series 2D Warrants will be able, in lieu of exercising such warrants, to require the Company to issue to such holder Common Stock with

an aggregate market value equal to the difference between the then current market price for the Common Stock and 90% of the exercise price of the Series 2D Warrants then in effect, multiplied by the number of Series 2D Warrants for which the holder is requiring such issuance. In addition, on the expiration date of the Series 2D Warrants, the holder of such warrants will be able, in lieu of exercising the warrants or having Common Stock issued as described in the preceding sentence, to require the Company to pay it cash in the amount of the difference between the then current market price for the Common Stock and the exercise price of the Series 2D Warrants then in effect, multiplied by the number of Series 2D Warrants for which the holder is requiring such payment. In the event that the Company cannot make such cash payment without violating a covenant or covenants contained in the Indenture, the New Credit Agreement or any similar agreement relating to indebtedness for borrowed money of the Company, the Company shall make such payment in Common Stock as described above.

SHAREHOLDER RIGHTS PLAN

On January 13, 1992, the Board of Directors of the Company declared a dividend distribution to shareholders of record at the close of business on January 31, 1992 (the "Record Date") of one Right for each outstanding share of Common Stock and for each share of Common Stock into which each outstanding share of the then-outstanding Series 1 Preferred Stock and the then-outstanding Series 3 Junior Convertible Preferred Stock was then convertible. A total of 21,081,651 Rights were issued as of the Record Date.

Each Right entitles the registered holder to purchase from the Company a unit consisting of one one-hundredth of a share (a "Preferred Stock Unit") of Series 4 Junior Preferred Stock ("Series 4 Preferred Stock"), at a purchase price of $50.00 per Preferred Stock Unit ("Purchase Price"), subject to adjustment. The Rights also are subject to certain antidilution adjustments. The description of the Rights is set forth in a Rights Agreement (the "Rights Agreement") between the Company and the Rights Agent.

A Distribution Date (the "Distribution Date") for the Rights will occur upon the earlier of (i) 10 business days following a "Stock Acquisition Date," which is the public announcement that a person or group of affiliated or associated persons has acquired, or obtained the right to acquire, beneficial ownership of 20% or more of the outstanding shares of Common Stock (such person or group referred to herein as an "Acquiring Person") or (ii) 10 business days following the commencement of a tender offer or exchange offer that would if consummated result in a person or group becoming an Acquiring Person. The Rights are not exercisable until the Distribution Date and will expire at the close of business on January 13, 2002, unless earlier redeemed by the Company as described below.

The Rights Agreement provides, among other things, that the Initial Holder on the date of the Rights Agreement of the Series 2D Preferred Stock cannot be deemed an Acquiring Person.

Until the Distribution Date (i) the Rights will be evidenced by the Common Stock certificates and will be transferred with and only with such certificates and (ii) the surrender for transfer of any certificates for Common Stock outstanding will also constitute the transfer of the Rights associated with the Common Stock represented by such certificate.

In the event that, at any time following the Distribution Date, a person becomes an Acquiring Person, then each holder of a Right (other than the Acquiring Person) will thereafter have the right to receive, (x) upon exercise

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and payment of the Purchase Price, Common Stock (or, in certain circumstances, cash, property or other securities of the Company) having a value equal to two times the Purchase Price of the Right or (y) at the discretion of the Board of Directors, upon exercise and without payment of the Purchase

Price, Common Stock (or, in certain circumstances, cash, property or other securities of the Company) having a value equal to the Purchase Price of the Right. For example, at a Purchase Price of $50.00 per Right, each Right not owned by an Acquiring Person (or by certain related parties) following the event set forth above would entitle its holder to purchase $100 worth of Common Stock (or other consideration, as noted above) for $50.00. Assuming that the Common Stock has a per share value of $10.00 at such time, the holder of each Right would be entitled to purchase 10 shares of Common Stock for a total aggregate purchase price of $50.00. However, Rights are not exercisable following the occurrence of the event set forth above until such time as the Rights are no longer redeemable by the Company as set forth below.

In the event that, at any time following the Stock Acquisition Date, (i) the Company is acquired in a merger or other business combination transaction in which the Company is not the surviving corporation, (ii) the Company is the surviving corporation in a merger with any Person (as defined in the Rights Agreement) and its Common Stock is changed into or exchanged for stock or other securities of any other Person or cash or any other property, or (iii) 50% or more of the Company's assets or earning power is sold or transferred, each holder of a Right (except Rights held by an Acquiring Person or which previously have been exercised as set forth above) shall thereafter have the right to receive, upon exercise, common stock of the acquiring company having a value equal to two times the Purchase Price of the Right. The events set forth in this paragraph and in the immediately preceding paragraph are referred to as the "Triggering Events."

As noted above, following the occurrence of any of the events described above, all Rights that are, or (under certain circumstances specified in the Rights Agreement) were, beneficially owned by any Acquiring Person will be null and void.

The Purchase Price payable, and the number of Preferred Stock Units or other securities or property issuable upon exercise of the Rights, are subject to amendment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Series 4 Preferred Stock, (ii) if holders of the Series 4 Preferred Stock are granted certain rights or warrants to subscribe for Series 4 Preferred Stock or convertible securities at less than the current market price of the Series 4 Preferred Stock, or (iii) upon the distribution to holders of the Series 4 Preferred Stock of evidences of indebtedness or assets (excluding regular quarterly cash dividends) or of subscription rights or warrants (other than those referred to above).

With certain exceptions, no adjustment in the Purchase Price will be required until cumulative adjustments amount to at least one percent of the Purchase Price. In addition, to the extent that the Company does not have sufficient shares of Common Stock issuable upon exercise of the Rights following the occurrence of a Triggering Event, the Company may, under certain circumstances, reduce the Purchase Price. No fractional Preferred Stock Units will be issued and, in lieu thereof, an adjustment in cash will be made.

In general, the Company may redeem the Rights in whole, but not in part, at a price of $0.01 per Right (payable in cash, Common Stock or other consideration deemed appropriate by the Board of Directors), at any time until 10 business days following the Stock Acquisition Date. After the redemption period has expired, the Company's right of redemption may be reinstated if an Acquiring Person reduces its beneficial ownership to less than 10% of the outstanding shares of Common Stock in a transaction or series of transactions not involving

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the Company and there are no other Acquiring Persons. Immediately upon the action of the Board of Directors ordering redemption of the Rights, and without any notice to the holder of such Rights prior to such redemption, the Rights will terminate and the only right of the holders of Rights will be to receive the $0.01 redemption price.

Until a Right is exercised, the holder thereof, as such, will have no rights as a shareholder of the Company, including, without limitation, the right to vote or to receive dividends.

Other than those provisions relating to the principal economic terms of the Rights (except with respect to increasing the Purchase Price under certain circumstances described in the Rights Agreement), any of the provisions of the Rights Agreement may be amended by the Board of Directors of the Company prior to the Distribution Date. After the Distribution Date, the provisions of the Rights Agreement may be amended by the Board in order to cure any ambiguity, to make changes which do not adversely affect the interests of holders of Rights (excluding the interests of any Acquiring Person) or to shorten or lengthen any time period under the Rights Agreement. However, no amendment to adjust the time period governing redemption shall be made when the Rights are not redeemable.

One Right will be distributed to shareholders of the Company for each share of Common Stock owned of record by them at the close of business on the Record Date. Until the Distribution Date, the Company will issue a Right with each share of Common Stock so that all shares of Common Stock will have attached Rights.

The Rights may be deemed to have certain anti-takeover effects. The Rights generally may cause substantial dilution to a person or group that attempts to acquire the Company under circumstances not approved by the Board of Directors of the Company. The Rights should not interfere with any merger or other business combination approved by the Board of Directors of the Company since the Board of Directors may, at its option, at any time prior to the close of business on the earlier of (i) the tenth business day following the Stock Acquisition Date or (ii) January 13, 2002, redeem all but not less than all of the then- outstanding Rights at $0.01 per Right.

PROVISIONS AFFECTING CHANGES OF CONTROL AND EXTRAORDINARY TRANSACTIONS

In addition to the Shareholder Rights Plan, certain provisions of the Company's Amended and Restated Certificate of Incorporation and By-laws and other agreements could have the effect of delaying, deferring, or preventing a change in control of the Company or other extraordinary corporate transaction.

The Company's Amended and Restated Certificate of Incorporation and By-laws provide for classification of the Board of Directors into three classes, as nearly equal in number as possible, with one class of directors being elected each year for three-year terms. Under Delaware law, members of a classified board may be removed only for cause. Thus, at least two years would be required to effect a change of control in the Board of Directors, unless a shareholder had sufficient voting power to amend or repeal the Amended and Restated Certificate of Incorporation and By-law provisions relating to classification of the Board of Directors.

In addition, the Amended and Restated Certificate of Incorporation imposes supermajority voting requirements for certain corporate transactions that apply if a majority of the Board of Directors has not served in such positions for at least 12 months. Under those circumstances, the approval of two-thirds of the voting power of the Company's capital stock would be required in order for the Company to (i) merge with or consolidate into any other entity, other than a subsidiary of the Company, (ii) sell, lease or assign all or substantially all of the assets or properties of the Company, or (iii) amend the voting

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provisions of the Amended and Restated Certificate of Incorporation. Other Amended and Restated Certificate of Incorporation provisions of the type referred to above include (i) the denial of the right of holders of Common Stock to take action by written consent in lieu of at a shareholders' meeting and (ii) the ability of the Board of Directors to determine the rights and preferences (including voting rights) of the Company's authorized but unissued preferred stock, and then to issue such stock. Such By-law provisions include those that (i) require advance nomination of directors, (ii) require advance notice of business to be conducted at shareholders' meetings, and (iii) provide that shareholders owning at least 50% of the voting power of the capital stock are required to call a special meeting of shareholders.

With the exception of the provision that authorizes the Board of Directors to fix the terms of and issue authorized but unissued shares of preferred stock, the approval of the holders of at least two-thirds of the

voting power of the Company's capital stock is required to amend, alter, or repeal, or to adopt provisions inconsistent with, the Amended and Restated Certificate of Incorporation and By-law provisions described above, regardless of whether a majority of the members of the Board of Directors has served in such positions for more than 12 months at the time of such action.

The voting and certain other rights of the holders of the Company's Series 2D Preferred Stock may also have the effect of delaying, deferring or preventing a change of control of the Company. As described in the preceding sections, the terms of the Series 2D Preferred Stock permit the holders of such stock to require redemption of the stock upon a "Change of Control Event" as defined therein (in general, (x) the acquisition of 40% or more of the voting power of the Company by an unrelated third party, (y) a change in the composition of a majority of the Company's directors over a two-year period or (z) shareholder approval of (A) a transaction or series of transactions consummated within nine months which results in the shareholders of the Company prior to such transaction(s) owning less than 55% of the voting power of the Company, (B) liquidation of the Company, or (C) sale or disposition of all or substantially all of the Company's assets). See "Series 2D Preferred Stock".

The agreements relating to the Series 2D Preferred Stock provide that, until December 20, 1995, the Initial Holder will not, without the consent of a majority of the Company's directors not designated by the purchaser, (i) acquire any voting securities of the Company if, after such acquisition, it would directly or indirectly own or control more than 40% of the voting power of the Company, (ii) subject the Series 2D Preferred Stock to a voting trust, or (iii) solicit proxies in opposition to any recommendation of the Company's Board of Directors. Until January 13, 1997, subject to adjustment, so long as the purchaser of the Series 2D Preferred Stock (and its affiliates) owns 80% of such stock (including securities issuable in exchange for such stock) or 80% of the Series 2D Warrants or the Common Stock issued upon exercise of the Series 2D Warrants, such purchaser (and its affiliates) shall be entitled to designate a nominee for director to serve on the Company's Board of Directors.

In addition, the warrants to purchase 275,088 shares, subject to antidilution adjustment, of Common Stock (the "Subordinated Debt Warrants") and the Series 2D Warrants (which are exercisable for 2,680,952 shares, subject to antidilution adjustment, of Common Stock) provide that, if the Company is a party to a merger or other extraordinary corporate transaction in which the Company's outstanding Common Stock is exchanged for securities or other consideration (including cash), the holders thereof shall have the right to elect, within 60 days after notice, to receive, at the holder's election, (i) the consideration which the warrantholder would have received had the warrants been exercised immediately prior to the transaction or (ii) the number of shares of the acquiring party's voting stock (with the highest voting power per share in the case of the Series 2D Warrants) determined by reference to a formula that gives effect to the fair market value of the consideration paid

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for the Company's Common Stock in the transaction. If such a transaction constitutes a Change of Control Event (as described above), each of the holders of the Subordinated Debt Warrants and Series 2D Warrants also have the right to exercise the warrants they hold within the 60-day notice period referred to above and receive cash in an amount equal to the fair market value of the highest per share consideration paid in connection with the transaction, computed as if the warrants had been exercised immediately prior to consummation of the transaction.

The Company has entered into agreements with certain key employees, including Messrs. Edwards and Schweers, that contain non-compete provisions and provisions that require such key employees to obtain the written consent of the Company prior to transferring a specified amount of the Common Stock. In addition, Mr. Edwards is required to give the Company notice of his intention to leave the Company. Finally, in the event of a takeover of the Company, the agreement with Mr. Edwards provides for automatic vesting of the options and deferred compensation held by him.

DELAWARE TAKEOVER STATUTE

Section 203 of the Delaware General Corporation Law (the "Delaware Takeover Statute") applies to Delaware corporations with a class of voting stock listed on a national securities exchange, authorized for

quotation on an inter-dealer quotation system, or held of record by 2,000 or more persons, and restricts transactions which may be entered into by such a corporation and certain of its stockholders. The Delaware Takeover Statute provides, in essence, that a stockholder acquiring more than 15% of the outstanding voting shares of a corporation subject to the statute (an "Interested Stockholder"), but less than 85% of such shares, may not engage in certain "Business Combinations" with the corporation for a period of three years subsequent to the date on which the stockholder became an Interested Stockholder, unless (i) prior to such date the corporation's board of directors approved either the Business Combination or the transaction in which the stockholder became an Interested Stockholder or (ii) the Business Combination is approved by the corporation's board of directors and authorized by a vote of at least 66 2/3% of the outstanding voting stock of the corporation not owned by the Interested Stockholder.

The Delaware Takeover Statute defines the term "Business Combination" to encompass a wide variety of transactions with or caused by an Interested Stockholder in which the Interested Stockholder receives or could receive a benefit on other than a pro rata basis with other stockholders, including mergers, certain asset sales, certain issuances of additional shares to the Interested Stockholder, transactions with the corporation which increase the proportionate interest of the Interested Stockholder, or transactions in which the Interested Stockholder receives certain other benefits.

DESCRIPTION OF CREDIT FACILITY

Effective on the closing date of the sale of the Units, the Company will pay in full its existing bank debt (see "Use of Proceeds") and will enter into a new $60 million revolving credit and letter of credit facility (the "New Credit Agreement"), with a syndicate of banks (the "Banks"). The agent for the Banks (the "Agent") will be Chemical Bank.

In addition, and also effective on the closing date of the sale of the Units, the Company, on behalf of the ESOP, will repay all outstanding amounts under a related ESOP credit facility with the Banks using cash on hand and, thereupon, will close that facility. Capitalized terms used in this description of the New Credit Agreement and not defined herein have the meanings assigned to them in the New Credit Agreement. It is expected that the terms of the New Credit Agreement will be substantially as follows:

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Borrowing Availability and Termination Date. Under the New Credit Agreement, loans may be made to the Company and letters of credit may be issued at the request of the Company for an aggregate amount of the lesser of (i) $60 million, or (ii) the Borrowing Base (the sum of 85% of Eligible Billed Accounts Receivable plus 30% of Unbilled Accounts Receivable) as reduced by outstanding additional permitted indebtedness. If the Company sells assets other than in the ordinary course of business while the New Credit Agreement is in effect, the borrowing availability will be reduced by one-half of the net proceeds from each sale; provided, however, that there will be no reduction for the first $10 million in aggregate net proceeds. The New Credit Agreement will terminate on October 31, 1996.

Interest. The New Credit Agreement contains Eurodollar and Alternate Base Rate ("ABR") options, with applicable margins depending on the Company's ratio of (i) Consolidated Net Income plus Consolidated Interest Expense and income taxes to (ii) Consolidated Interest Expense.

Fees. The Company will pay certain fees and commissions to the Banks, including a commitment fee of 1/2% per annum on the unused portion of the facility. Outstanding letters of credit will bear a fee equal to the Eurodollar applicable margin in effect over the payment period.

Collateral. Advances under the New Credit Agreement will be secured on a first priority basis by a pledge of all of the billed and unbilled accounts of the Company and certain of its subsidiaries, as well as certain other tangible and intangible assets of the Company and certain of its subsidiaries.

Subsidiary Guarantees. Certain subsidiaries of the Company (the "Subsidiary Guarantors") will enter into a joint and several guarantee of the Company's payment obligations under the New Credit Agreement. Each of the Subsidiary Guarantors also will agree to a number of covenants in favor of the Agent, including covenants (each with specified exceptions) (i) not to create, incur or permit to exist any lien on its collateral, (ii) not to sell, transfer, lease or otherwise dispose of any of its collateral, (iii) not to amend, modify, terminate or waive any provision of any agreement giving rise to an Account (as defined in the New Credit Agreement) in a manner that could have a materially adverse effect upon the value of the Account as collateral, and (iv) not to grant discounts, compromises or extensions of Accounts except in the ordinary course of business.

Financial Covenants. The New Credit Agreement will contain financial covenants that require the Company to maintain certain financial ratios above or below specified limits, including, but not limited to, those described below. The Company will covenant that it will not allow the ratios of (i) Adjusted Consolidated Net Income to Consolidated Fixed Charges (the "Fixed Charge Coverage Ratio") and (ii) (x) Consolidated Net Income plus Consolidated Interest Expense and income taxes to (y) Consolidated Interest Expense (the "Interest Coverage Ratio"), computed on a consolidated, rolling four quarters basis to be less than those set forth below:

<TABLE>
<CAPTION>

TIME PERIOD	FIXED CHARGE COVERAGE RATIO	TIME PERIOD	INTEREST COVERAGE RATIO
Closing - 8/31/94	1.00:1.00	Closing - 2/28/94	1.05:1.00
9/1/94 - 8/31/95	1.05:1.00	3/1/94 - 8/31/94	1.10:1.00
Thereafter	1.10:1.00	9/1/94 - 8/31/95	1.20:1.00
		Thereafter	1.30:1.00

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</TABLE>

The Company also will covenant that it will not allow the ratio of Consolidated Funded Indebtedness to Consolidated Capital Funds Ratio, on a consolidated, quarterly basis to exceed those set forth below:

TIME PERIOD	CONSOLIDATED FUNDED INDEBTEDNESS TO CONSOLIDATED CAPITAL FUNDS RATIO
Closing - 5/31/94	0.76:1.00
6/1/94 - 11/30/94	0.75:1.00
12/1/94 - 8/31/95	0.74:1.00
9/1/95 - 2/28/96	0.73:1.00
Thereafter	0.72:1.00

Under the New Credit Agreement, the Company and its subsidiaries will agree not to assume, incur or create any debt except for (i) debt incurred in conjunction with the issuance of the Notes, (ii) debt under the New Credit Agreement, (iii) up to $10 million in additional debt (to the extent the Company has unused Borrowing Base), and (iv) certain other debt specified in the New Credit Agreement.

Restrictive Covenants. The New Credit Agreement will contain certain negative covenants and restrictions customary for such a facility, including, without limitation, restrictions on (i) the creation of liens, (ii) mergers and other extraordinary transactions, (iii) transactions with affiliates and (iv) sale of assets. Investments in project-related joint ventures will be limited to $500,000 in any 12-month period, and investments in project-finance ventures will be limited to an aggregate of $12.5 million. In addition, the New Credit Facility will limit other acquisitions and investments to an aggregate of $5 million (plus the net cash proceeds from dispositions of acquisitions and investments made after the date of the New Credit Facility), with any individual acquisition or investment not to exceed $2 million.

In addition, with certain exceptions, the Company will not be permitted to declare or pay any dividend on its capital stock (other than dividends payable solely in common stock or rights or other equity securities (not including preferred stock) of the Company), or pay for the purchase, redemption, retirement or other acquisition

of any shares of any class of the Company's stock, or make any distribution in respect thereof (such declaration, payments and other above-referenced transactions hereinafter referred to as "Restricted Payments"). Permitted Restricted Payments will include (i) dividends on capital stock in amounts which, together with certain permitted redemptions of common stock, do not exceed the sum of the aggregate amount received by the Company from the issuance of capital stock after the date of the New Credit Agreement and 20% of Consolidated Net Income for the period commencing September 1, 1993 and (ii) certain preferred stock dividends, provided that, after giving effect to such Restricted Payments, no Default or Event of Default will be in existence. The Company's Subsidiaries may make Restricted Payments to the Company at any time.

Events of Default. The New Credit Agreement will provide for various events of default customary for such a facility, including, among others: (i) the failure to make any payment of principal of, interest on, or any other amount

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owing in respect of any obligation under the New Credit Agreement when due and payable; (ii) the breach of certain of the covenants and restrictive covenants contained in the New Credit Agreement; (iii) the failure by the Company or any of its subsidiaries to make a required payment of principal of, interest on, or under a guarantee obligation with respect to, any indebtedness in excess of $1 million (other than indebtedness incurred pursuant to the New Credit Agreement); (iv) the failure of the Company to observe or perform any other condition or agreement relating to indebtedness or guarantee obligation in excess of $1 million, where such failure gives the holders the right to accelerate payment thereof; (v) the occurrence of certain events of insolvency or bankruptcy (voluntary or involuntary); (vi) the entering of one or more judgments or decrees against the Company or any of its subsidiaries involving an aggregate liability in excess of $1 million that is not or are not fully paid, covered by insurance, vacated, discharged or stayed pending appeal within 60 days of entry; and (vii) the suspension of the Company or any of its subsidiaries by an agency or branch of the government, but only if aggregate gross revenues no longer accruing to the Company or a subsidiary as a result of the suspended contract shall be at least $10 million. In addition, a Change of Control (as such term is defined in the Indenture governing the Notes, see "Description of the Notes--Change of Control") will be an event of default (i) one day before the Indenture requires the Company to purchase the Notes following a Change of Control, or (ii) 89 days after the Change of Control occurs, whichever occurs first.

Other Provisions. Affirmative covenants of the Company and its subsidiaries will include the obligations to pay all their material obligations at or before maturity. The Company also will be required to continue, and to cause its subsidiaries to continue, to engage in businesses of the same general type as now conducted.

DESCRIPTION OF THE UNITS

Each Unit offered hereby consists of $1,000 principal amount of Notes and 4.8 Warrants to purchase one share each of Common Stock at an exercise price equal to $5.00 per share, subject to adjustment under certain circumstances. The Notes and Warrants are separately transferable on or after the date of the consummation of the Offering.

DESCRIPTION OF THE NOTES

The Notes are being issued pursuant to an Indenture dated as of January 11, 1994 (the "Indenture") between the Company and The Bank of New York, as trustee (the "Trustee"). The following is a summary of the material terms and provisions of the Notes. The terms of the Notes include those set forth in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (the "Trust Indenture Act"). The Notes are subject to all such terms, and prospective purchasers of the Notes are referred to the Indenture and the Trust Indenture Act for a statement thereof. The following summary does not

purport to be a complete description of the Notes and is subject to the detailed provisions of, and qualified in its entirety by reference to, the form of Indenture and the form of Note that have been filed as exhibits to the Registration Statement of which this Prospectus is a part. Capitalized terms that are used but not otherwise defined herein have the meanings assigned to them in the Indenture and such definitions are incorporated herein by reference. A summary of some, but not all, defined terms used in the Indenture and referred to in the following description of the Notes is set forth below under "Certain Definitions."

GENERAL

The Notes will be general unsecured obligations of the Company, subordinated

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in right of payment to all Senior Indebtedness of the Company, and will be limited to an aggregate principal amount of $125 million. The Notes will bear interest at the rate shown on the cover page of this Prospectus, payable on June 30 and December 31 of each year, commencing on June 30, 1994, to holders of record at the close of business on June 15 or December 15, as the case may be, immediately preceding the relevant interest payment date. The Notes will mature on December 31, 2003.

The Notes will be issued only in registered form, without coupons, in denominations of $1,000 and integral multiples thereof. Principal of, premium, if any, and interest on the Notes will be payable, and the Notes may be presented for registration of transfer or exchange, at the office of the Trustee. Payments may be paid by check mailed to the registered addresses of the holders of record (the "Holders") of the Notes. The Holders must surrender their Notes to the Paying Agent to collect principal payments. The Company may require payment of a sum sufficient to cover any transfer tax or other governmental charge payable in connection with certain transfers or exchanges of the Notes. Initially, the Trustee will act as the Paying Agent and the Registrar under the Indenture. The Company or any of its Subsidiaries subsequently may act as the Paying Agent and the Registrar and the Company may change any Paying Agent and any Registrar without prior notice to the Holders.

RANKING

The Indebtedness represented by the Notes will be subordinated in right of payment to all existing and future Senior Indebtedness of the Company, including without limitation all obligations of the Company under the Bank Credit Agreement, and will be senior in right of payment to all indebtedness of the Company that by its terms is expressly subordinated in right of payment to the Notes. As of August 31, 1993, the Company would have had approximately $3.7 million of Senior Indebtedness outstanding, as adjusted to give effect to the application of the net proceeds of this Offering. See "Use of Proceeds" and "Capitalization." Although the Indenture contains limitations on the amount of additional Indebtedness which the Company may incur, under certain circumstances the amount of such Indebtedness could be substantial and such Indebtedness may be Senior Indebtedness. See "Certain Covenants--Limitations on Additional Indebtedness."

The Company is a holding company which derives substantially all of its income from its Subsidiaries. The Company must rely on dividends or other intercompany transfers from its Subsidiaries to generate the funds necessary to meet its debt service and other obligations, including payment of principal of and interest on the Notes. The ability of its Subsidiaries to pay such dividends or other intercompany transfers is subject to applicable state laws. Claims of creditors of its Subsidiaries, including trade creditors, secured creditors and creditors holding guarantees of its Subsidiaries, and claims of holders of preferred stock of its Subsidiaries, generally will have priority as to the assets of its Subsidiaries over the equity interests of the Company and the holders of Indebtedness of the Company. See "Capitalization" and "Description of Credit Facility."

The term "Senior Indebtedness" is defined under "Certain Definitions." If any Senior Indebtedness is disallowed, avoided or subordinated pursuant to the provisions of Section 548 of the Bankruptcy Law or any

applicable state fraudulent conveyance law, such Indebtedness nevertheless will constitute Senior Indebtedness for purposes of the Indenture.

Only Indebtedness of the Company that is Senior Indebtedness will rank senior to the Notes in accordance with the provisions of the Indenture. The Company has agreed in the Indenture that it will not issue, assume, guarantee, incur or otherwise become liable for (collectively, "issue"), directly or indirectly, any Indebtedness that is subordinate or junior in ranking in any respect to

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Senior Indebtedness unless such Indebtedness is expressly subordinated in right of payment to the Notes. Unsecured Indebtedness is not deemed to be subordinate or junior to secured Indebtedness merely because it is unsecured.

The Company may not pay the principal of, premium, if any, or interest on, the Notes or make any deposit pursuant to the provisions described under "Discharge of Indenture" and may not repurchase, redeem, defease or otherwise retire any Notes (collectively, "pay the Notes") if (i) any Senior Indebtedness (other than Non-Recourse Indebtedness) is not paid when due or (ii) any other default on Senior Indebtedness (other than Non-Recourse Indebtedness) occurs and the maturity of such Senior Indebtedness is accelerated in accordance with its terms unless, in either case, (x) the default has been cured or waived and any such acceleration has been rescinded or (y) such Senior Indebtedness has been paid in full. During the continuance of any default (other than a default described in clause (i) or (ii) of the preceding sentence) with respect to any Senior Indebtedness (other than Non-Recourse Indebtedness) pursuant to which the maturity thereof may be accelerated immediately without further notice (except such notice as may be required to effect such acceleration) or the expiration of any applicable grace periods, the Company may not pay the Notes for a period (a "Payment Blockage Period") commencing upon the receipt by the Company and the Trustee of written notice of such default from the holders of such Senior Indebtedness, the Agent under the Bank Credit Agreement or the trustee for the holders of any other Senior Indebtedness specifying an election to effect a Payment Blockage Period (a "Payment Notice") and ending 179 days thereafter (or earlier if such Payment Blockage Period is terminated (i) by written notice to the Trustee and the Company from the person or persons who gave such Payment Notice, (ii) by repayment in full of such Senior Indebtedness or (iii) because the default giving rise to such Payment Notice is no longer continuing). Notwithstanding the provisions described in the immediately preceding sentence (but subject to the first sentence of this paragraph), unless the holders of such Senior Indebtedness, the Agent under the Bank Credit Agreement or the trustee for the holders of any other Senior Indebtedness have accelerated the maturity of such Senior Indebtedness, the Company may resume payments on the Notes after such Payment Blockage Period expires. Not more than one Payment Notice may be given in any consecutive 360-day period, irrespective of the number of defaults with respect to Senior Indebtedness during such period. No default or event of default which existed or was continuing on the date of the commencement of any Payment Blockage Period with respect to the Senior Indebtedness initiating such Payment Blockage Period shall be, or be made, the basis of the commencement of a subsequent Payment Blockage Period by the holders of such Senior Indebtedness, the Agent under the Bank Credit Agreement or the trustee for the holders of any other Senior Indebtedness whether or not within a period of 360 consecutive days unless such default or event of default shall have been cured or waived for a period of not less than 90 consecutive days.

Upon any payment or distribution of the assets of the Company to creditors upon a total or partial liquidation or total or partial dissolution of the Company or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property (whether voluntary or involuntary), or upon an assignment for the benefit of creditors or any other marshaling of the assets and liabilities of the Company, the holders of Senior Indebtedness shall be entitled to receive payment in full before the holders of the Notes are entitled to receive any payment.

If payment of the Notes is accelerated because of an Event of Default, the Company or the Trustee shall promptly notify the holders of Senior Indebtedness, the Agent under the Bank Credit Agreement and the trustee for the holders of any other Senior Indebtedness of the acceleration. If the Trustee provides such notice, the Trustee also will notify the Company of the acceleration.

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By reason of such subordination provisions contained in the Indenture, in the event of insolvency, Holders of the Notes may recover less, ratably, than other creditors of the Company.

OPTIONAL REDEMPTION OF THE NOTES

The Notes may not be redeemed prior to December 31, 1998, but will be redeemable at the option of the Company, in whole or in part, at any time on or after December 31, 1998, at the following redemption prices (expressed as percentages of principal amount), together with accrued and unpaid interest thereon to the redemption date, if redeemed during the 12-month period beginning December 31:

YEAR	OPTIONAL REDEMPTION PRICE
1998	108.0%
1999	106.4
2000	104.8
2001	103.2
2002	101.6

If less than all of the Notes are to be redeemed at any time, selection of the Notes to be redeemed will be made by the Trustee from among the outstanding Notes on a pro rata basis, by lot or by any other method permitted in the Indenture. Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each Holder whose Notes are to be redeemed at the registered address of such Holder. On and after the redemption date, interest will cease to accrue on the Notes or portions thereof called for redemption.

SINKING FUND

There will be no mandatory sinking fund for the Notes.

MANDATORY OFFERS TO PURCHASE THE NOTES

The Indenture will require the Company to offer to purchase all of the outstanding Notes upon the occurrence of a Change of Control and to offer to purchase a portion of the outstanding Notes under certain other circumstances. See "Change of Control" and "Certain Covenants--Limitations on Asset Sales."

CHANGE OF CONTROL

Upon the occurrence of a Change of Control, the Company will offer (a "Change of Control Offer") to purchase all outstanding Notes at a purchase price equal to 101% of the aggregate principal amount of the Notes, plus accrued and unpaid interest to the date of purchase.

Within 30 days after any Change of Control, the Company, or the Trustee at the Company's request, will mail or cause to be mailed to all Holders on the date of the Change of Control a notice stating: (i) that a Change of Control has occurred and that the Holders have the right to require the Company to purchase any or all of the outstanding Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase; (ii) the circumstances and relevant facts regarding such Change of Control (including information with respect to pro forma historical income, cash flow and capitalization after giving effect to such Change of Control); (iii) the purchase date (which will be no earlier than 30 days nor later than 60 days from the date such notice is mailed); and (iv) the instructions, determined by the Company consistent with the Indenture, that

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Holders must follow in order to have their Notes

purchased. Any Change of Control Offer will be conducted in compliance with applicable tender offer rules, including Section 14(e) of the Exchange Act and Rule 14e-1 thereunder.

The Change of Control purchase feature of the Notes in certain circumstances may make it more difficult or may discourage a sale or takeover of the Company. The Change of Control purchase feature is a result of negotiation between the Company and the Underwriters and was not included in the Indenture as a part of a plan to discourage a takeover of the Company.

Clause (i) of the definition of Change of Control includes the sale, lease, conveyance or other disposition of all or "substantially all" of the Company's assets. See "Certain Definitions." Although there is a developing body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Company to repurchase such Notes as a result of a transfer or lease of the Company's assets to another person may be uncertain.

There can be no assurance that, at the time of a Change of Control, the Company will have sufficient cash to repay all amounts due under the Notes. If a Change of Control should occur, the rights of the Holders of the Notes to receive payment for their Notes upon a Change of Control Offer would be subject to the prior rights of holders of any Senior Indebtedness. See "Ranking."

CERTAIN COVENANTS

Limitations on Additional Indebtedness. The Indenture will provide that (i) the Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume, guarantee, extend the maturity of or otherwise become liable with respect to (collectively, "incur"), any Indebtedness (including without limitation Acquired Indebtedness), other than (a) Junior Subordinated Indebtedness incurred by the Company in compliance with the covenant described in the second sentence of this paragraph or (b) Indebtedness between the Company and its Wholly Owned Restricted Subsidiaries (provided that such Indebtedness of the Company to any Wholly Owned Restricted Subsidiary is expressly subordinated in right of payment to the Notes) or among such Wholly Owned Restricted Subsidiaries (provided, however, that any subsequent issue or transfer of any Capital Stock that results in any such Wholly Owned Restricted Subsidiary ceasing to be a Wholly Owned Restricted Subsidiary or any transfer of such Indebtedness (other than to a Wholly Owned Restricted Subsidiary) shall be deemed, in each case, to constitute the incurrence of such Indebtedness by the Company) and (ii) the Company will not permit any of its Restricted Subsidiaries to issue (except to the Company or any of its Wholly Owned Restricted Subsidiaries) any Capital Stock having a preference in liquidation or with respect to the payment of dividends, unless, after giving effect thereto, the Company's Consolidated Fixed Charge Coverage Ratio on the date thereof would be at least:

(1) 2.00 to 1, if such date is on or prior to February 29, 1996;

(2) 2.25 to 1, if such date is after February 29, 1996 and on or prior to February 28, 1998; and

(3) 2.50 to 1, if such date is after February 28, 1998,

in each case determined on a pro forma basis as if the incurrence of such additional Indebtedness or the issuance of such Capital Stock, as the case may be, and the application of the net proceeds therefrom, had occurred at the beginning of the four-quarter period used to calculate the Company's Consolidated Fixed Charge Coverage Ratio. The Indenture also will provide that

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the Company will not directly or indirectly incur any Junior Subordinated Indebtedness unless, after giving effect thereto, the Company's Consolidated Fixed Charge Coverage Ratio on the date thereof would be at least 1.50 to 1, in each case determined on a pro forma basis as if the incurrence of such additional Indebtedness, and the application of the net proceeds therefrom, had occurred at the beginning of the four-quarter period used to calculate the Company's Consolidated Fixed Charge Coverage Ratio.

Notwithstanding the immediately preceding paragraph, the Company and its Restricted Subsidiaries may: (i) incur Indebtedness under the Bank Credit Agreement in an amount not to exceed $60 million; (ii) incur Indebtedness not otherwise permitted by any other provision hereof, so long as the aggregate principal amount of Indebtedness incurred under this clause (ii) does not exceed 7.5% of the Consolidated Tangible Assets of the Company; and (iii) incur Refinancing Indebtedness. In addition, notwithstanding the immediately preceding paragraph: (A) Subsidiaries of the Company that are not Wholly Owned Restricted Subsidiaries may incur Indebtedness to the Company or any of its Wholly Owned Restricted Subsidiaries in the amounts and subject to the restrictions described in clause (iii) of the covenant described under "Limitations on Subsidiary Debt and Preferred Stock"; and (B) Single Purpose Subsidiaries of the Company may incur Non-Recourse Indebtedness to the extent permitted by clause (iv) of the covenant described under "Limitations on Subsidiary Debt and Preferred Stock."

Notwithstanding the two preceding paragraphs, the Company may not incur any Indebtedness if such Indebtedness is subordinate or junior in ranking in any respect to any Senior Indebtedness unless such Indebtedness is Junior Subordinated Indebtedness. In addition, the Company may not incur any secured Indebtedness which is not Senior Indebtedness unless contemporaneously therewith effective provision is made to secure the Notes equally and ratably with such secured Indebtedness for so long as such secured Indebtedness is secured by a Lien.

Limitations on Subsidiary Debt and Preferred Stock. The Indenture further will provide that the Company will not permit any of its Restricted Subsidiaries, directly or indirectly, to create, incur, assume, guarantee, extend the maturity of or otherwise become liable with respect to (collectively, "incur"), any Indebtedness (which, with respect to any Restricted Subsidiary, includes without limitation preferred stock of such Restricted Subsidiary) except: (i) guarantees by any Restricted Subsidiary of the payment of the principal of, premium, if any, and interest on the Indebtedness incurred pursuant to the Bank Credit Agreement and in compliance with clause (i) of the second paragraph of the covenant described under "Limitations on Additional Indebtedness" and with the covenant described under "Limitations on Guarantees"; (ii) Indebtedness issued to and held by the Company or a Wholly Owned Restricted Subsidiary of the Company (provided, however, that any subsequent issue or transfer of any Capital Stock that results in any such Wholly Owned Restricted Subsidiary ceasing to be a Wholly Owned Restricted Subsidiary or any transfer of such Indebtedness (other than to a Wholly Owned Restricted Subsidiary) shall be deemed, in each case, to constitute the incurrence of such Indebtedness by such Restricted Subsidiary); (iii) Indebtedness to the Company or any of its Wholly Owned Restricted Subsidiaries incurred by Subsidiaries of the Company that are not Wholly Owned Restricted Subsidiaries that are engaged in Permitted Businesses in an aggregate amount (together with all Designated Investments made in Subsidiaries that are not Wholly Owned Restricted Subsidiaries in compliance with the provisions of clause (E) of the second paragraph of the covenant described under "Limitations on Restricted Payments") not to exceed 5% of Consolidated Tangible Assets; and (iv) Non-Recourse Indebtedness incurred by a Single Purpose Subsidiary.

Limitations on Restricted Payments. The Indenture will provide that the Company will not, and will not permit any of its Restricted Subsidiaries to,

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directly or indirectly, make any Restricted Payment if at the time of such Restricted Payment:

(i) a Default or Event of Default shall have occurred and be continuing or shall occur as a consequence thereof;

(ii) the Company would be unable to incur an additional $1.00 of Senior Indebtedness under the covenant described in the first sentence of the first paragraph under "Limitations on Additional Indebtedness;" or

(iii) the amount of such Restricted Payment, when added to the aggregate amount of all Restricted Payments (other than those made pursuant to the provisions of clauses (A), (C), (D), (E) or (G) of the immediately following paragraph) made after the date of the Indenture, exceeds the sum of: (a) 50% of the Company's Consolidated Net Income accrued during the period since August 31, 1993 (or, if such

aggregate Consolidated Net Income shall be a deficit, minus 100% of such aggregate deficit); plus (b) the aggregate amount of Net Reductions in Investments attributable to Designated Investments made by the Company or any Subsidiary subsequent to the date of the Indenture; provided, however, that (1) the Net Reductions in Investments attributable to any Designated Investment for purposes of this calculation shall not exceed the amount of such Designated Investment, (2) to the extent that cash or Cash Equivalents included in any Net Reductions in Investments pursuant to the definition thereof have been or will be included in the computation of Consolidated Net Income for purposes of determining the ability of the Company or any of its Restricted Subsidiaries to make Restricted Payments under clause (iii)(a) of this paragraph, such cash or Cash Equivalents shall not also be included in computing Net Reductions in Investments for purposes of this clause (iii)(b) and (3) the Company will not be permitted to make any Restricted Payment described in clause (i) or (ii) of the definition of Restricted Payment from any Net Reductions in Investments.

Notwithstanding the foregoing, the provisions of clauses (ii) and (iii) of the immediately preceding paragraph will not prevent:

(A) the Company or any Wholly Owned Restricted Subsidiary from making Investments in Subsidiaries, in an aggregate amount not to exceed $4 million, pursuant to contractual obligations in existence on the date of the Indenture or directly related to projects in existence on the date of the Indenture;

(B) the Company from paying any dividend within 60 days after the date of its declaration if such dividend could have been paid on the date of its declaration without violation of this covenant;

(C) the Company from purchasing or redeeming and retiring any shares of Capital Stock of the Company, and paying accrued and unpaid dividends on such shares at the time of such repurchase or redemption, in exchange for, or out of the net proceeds of a substantially concurrent sale (other than to a Subsidiary of the Company or an employee stock ownership plan) of, shares of Qualified Capital Stock of the Company;

(D) the Company or any Subsidiary from making (1) Investments pursuant to the provisions of employee benefit plans of the Company or any of its Subsidiaries in an aggregate amount not to exceed $500,000 in a fiscal year, or (2) making loans to officers of the Company in connection with any relocation of residence, approved by a majority of the independent members of the Board of Directors of the Company, provided that the aggregate amount of Investments and loans under this clause (D) shall not exceed $1 million in any fiscal year;

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(E) the Company or any Wholly Owned Restricted Subsidiary from making Designated Investments (1) in Subsidiaries that are not Wholly Owned Restricted Subsidiaries in an aggregate amount (together with Indebtedness incurred by or on behalf of Subsidiaries that are not Wholly Owned Restricted Subsidiaries in compliance with the provisions of clause (iii) of the covenant described under "Limitations on Subsidiary Debt and Preferred Stock") not to exceed 5% of Consolidated Tangible Assets or (2) in Joint Ventures in an aggregate amount not to exceed 5% of Consolidated Tangible Assets, provided that: (1) the Person in whom the Investment is made is engaged only in Permitted Businesses; (2) the Company, directly or through Wholly Owned Restricted Subsidiaries of the Company, controls, under an operating and management agreement or otherwise, the day to day management and operation of such Person or otherwise has the right to exercise significant influence over the management and operation of such Person in all material respects (including without limitation the right to control or veto any material act or decision); and (3) after giving effect to such Investment, the aggregate amount of Indebtedness and Investments made by the Company and its Subsidiaries in such Person does not exceed $5 million;

(F) the Company or any Wholly Owned Restricted Subsidiary from making Designated Investments in Subsidiaries that are not Wholly Owned Restricted Subsidiaries or in Joint Ventures; provided that such Designated Investments are made solely from (i) the net proceeds of a substantially concurrent sale (other than to a Subsidiary of the Company or an employee stock ownership plan) of

shares of Qualified Capital Stock of the Company, (ii) 50% of the Company's Consolidated Net Income accrued during the period since August 31, 1993 or (iii) the aggregate amount of Net Reductions in Investments (not to exceed the aggregate amount of such Designated Investments) made by the Company or any Subsidiary subsequent to the date of the Indenture;

(G) the Company from redeeming for cash all (but not less than all) of the outstanding shares of the Company's Series 2D Preferred Stock; provided, however, that such redemption shall not be at a price in excess of the redemption price set forth in Section 17.01 of the Company's Amended and Restated Certificate of Incorporation in effect as of the date of the Indenture; or

(H) the Company from making (1) the final redemption payment, in an amount not to exceed $799,400, on the 700,000 outstanding shares of ICF Kaiser Engineers Group, Inc. Series 1 Redeemable Preferred Stock on September 30, 1994 or from paying on such date accumulated dividends on such shares in an amount not to exceed $47,950 or (2) payments of up to four regularly quarterly dividends, each such quarterly dividend payment not to exceed $487,500 in the aggregate or $2,437.50 per share on the outstanding shares of the Company's Series 2D Preferred Stock.

Limitations on Restrictions on Distributions from Subsidiaries. The Indenture will provide that the Company will not, and will not permit any of its Restricted Subsidiaries to, create or otherwise cause or suffer to exist or become effective any consensual Payment Restriction with respect to any of its Restricted Subsidiaries, except for (i) Payment Restrictions covering not more than $1 million in the aggregate of retained earnings of ICF Kaiser Servicios Ambientales, S.A. de C.V., (ii) any such Payment Restriction contained in Existing Indebtedness or existing contracts to which the Company or any of its Restricted Subsidiaries are parties, (iii) any such Payment Restriction under any agreement evidencing any Acquired Indebtedness that was permitted to be incurred pursuant to the Indenture, provided that such Payment Restriction only applies to assets that were subject to such restrictions and encumbrances prior to the acquisition of such assets by the Company or its Restricted Subsidiaries and (iv) any such Payment Restriction arising in connection with Refinancing

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Indebtedness; provided that any such Payment Restrictions that arise under such Refinancing Indebtedness are not, taken as a whole, more restrictive than those under the agreement creating or evidencing the Indebtedness being refunded or refinanced.

Limitations on Transactions with Affiliates. The Indenture will provide that the Company will not, and will not permit any of its Restricted Subsidiaries to, make any loan, advance, guarantee or capital contribution to or for the benefit of, or sell, lease, transfer or otherwise dispose of any of its properties or assets to or for the benefit of, or make any Investment in, or purchase or lease any property or assets from, or enter into or amend any contract, agreement or understanding with or for the benefit of, any Affiliate of the Company or any of its Subsidiaries (each an "Affiliate Transaction"), other than Affiliate Transactions in the ordinary course of business and consistent with past practice that are fair to the Company or such Restricted Subsidiary, as the case may be, and are on terms at least as favorable as would have been obtainable at such time from an unaffiliated party, unless the Board of Directors of the Company or such Restricted Subsidiary, as the case may be, pursuant to a Board Resolution reasonably and in good faith determines that such Affiliate Transaction is fair to the Company or such Restricted Subsidiary, as the case may be, and is on terms at least as favorable as would have been obtainable at such time from an unaffiliated party. In addition, the Company will not, and will not permit any of its Restricted Subsidiaries to, enter into any Affiliate Transaction or series of Affiliate Transactions involving or having a value of more than (i) $1 million unless a majority of the members of the Board of Directors of the Company who are not affiliated with any other party to such Affiliate Transaction reasonably and in good faith shall have determined that such Affiliate Transaction or series of Affiliate Transactions is fair to the Company or such Restricted Subsidiary, as the case may be, and is on terms at least as favorable as would have been obtainable at such time from an unaffiliated party and (ii) $5 million unless the Company or such Restricted Subsidiary, as the case may be, has received an opinion from an Independent Financial Advisor to the effect that the financial terms of such Affiliate Transaction are fair to the Company or such Restricted Subsidiary, as the case may be, from a financial point of view.

The provisions of the foregoing paragraph shall not apply to: (i) transactions exclusively between or among the Company and any of its Wholly Owned Restricted Subsidiaries or exclusively between or among

any of the Company's Wholly Owned Restricted Subsidiaries, provided that such transactions are not otherwise prohibited by the Indenture; (ii) arms-length transactions between the Company or any of its Wholly Owned Restricted Subsidiaries and the other owners of any Subsidiary or Joint Venture described in the last sentence of the definition of Affiliate; and (iii) reasonable compensation, indemnification and other benefits paid or made available to officers, directors and employees of the Company or any Subsidiary for services rendered in such Person's capacity as an officer, director or employee.

Limitations on Asset Sales. The Indenture will provide that the Company will not, and will not permit any of its Restricted Subsidiaries to, consummate any Asset Sale unless: (i) the Company or its Restricted Subsidiaries receive consideration at the time of such Asset Sale at least equal to the fair market value of the assets or Capital Stock included in such Asset Sale; (ii) the aggregate fair market value of the consideration from such Asset Sale (other than consideration in the form of assumption of Indebtedness of the Company or one or more of its Restricted Subsidiaries from which the Company or such Restricted Subsidiaries, as the case may be, are released) that is not in the form of cash or Cash Equivalents shall not, when aggregated with the fair market value of all other non-cash or non-Cash Equivalent consideration received by the Company and its Restricted Subsidiaries from all previous Asset Sales since the date of the Indenture that have not yet been converted into cash or Cash Equivalents, exceed 5% of Consolidated Tangible Assets of the

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Company at the time of such Asset Sale; and (iii) if the aggregate fair market value of the assets or Capital Stock to be sold in such Asset Sale exceeds $3 million, such Asset Sale has been approved by the Company's Board of Directors.

Within six months after consummation of any such Asset Sale, the Company shall, or shall cause the applicable Restricted Subsidiary to: (i) reinvest the cash and Cash Equivalent portion of the Net Proceeds of such Asset Sale in a manner that would constitute a Related Business Investment; (ii) apply or cause to be applied the cash and Cash Equivalent portion of the Net Proceeds of such Asset Sale to repay outstanding Senior Indebtedness of the Company or any Restricted Subsidiary, provided, however, that any such repayment of Indebtedness under any revolving credit facility or similar agreement shall result in a permanent reduction in the lending commitment relating thereto in an amount equal to the principal amount so repaid; or (iii) apply or cause to be applied the cash and Cash Equivalent portion of the Net Proceeds of such Asset Sale that is neither reinvested as provided in clause (i) nor applied to the repayment of Senior Indebtedness as provided in clause (ii) to the purchase of Notes tendered to the Company at a purchase price equal to 100% of the principal thereof, plus accrued interest thereon to the date of purchase, pursuant to an offer to purchase made by the Company as set forth below (an "Asset Sale Offer"); provided, however, that the Company may defer the Asset Sale Offer until the amount subject thereto would be at least $5 million.

Notwithstanding the foregoing provisions: (i) to the extent that any or all of the Net Proceeds of any Foreign Asset Sale are prohibited or delayed by applicable local law from being repatriated to the United States, the portion of such Net Proceeds so affected will not be required to be applied in the manner set forth in this covenant but may be retained by the applicable Foreign Subsidiary so long, but only so long, as the applicable local law will not permit repatriation to the United States (the Company hereby agreeing to cause the applicable Foreign Subsidiary promptly to take all actions required by the applicable local law to permit such repatriation) and, once such repatriation of any of such affected Net Proceeds is permitted under the applicable local law, such repatriation will be immediately effected and such repatriated Net Proceeds will be applied in the manner set forth in this covenant; and (ii) to the extent that the Board of Directors has determined in good faith that repatriation of any or all of the Net Proceeds of any Foreign Asset Sale would have a material adverse tax consequence, the Net Proceeds so affected may be retained by the applicable Foreign Subsidiary for so long as such material adverse tax event would continue.

Each Asset Sale Offer: (i) will be mailed to the record Holders of the Notes as shown on the register of Holders of Notes, with a copy to the Trustee; (ii) will specify the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed and not later than 240 days after the date of the Asset Sale giving rise to such Asset Sale Offer); and (iii) otherwise will comply with the procedures set forth in the Indenture. Upon receiving notice of the Asset Sale Offer, Holders of Notes may elect to tender

their Notes in whole or in part in integral multiples of $1,000 in exchange for cash. To the extent Holders properly tender Notes in an amount exceeding the amount of Net Proceeds used to make the Asset Sale Offer, Notes of tendering Holders will be repurchased on a pro rata basis (based on amounts tendered).

The Company will comply with the requirements of Section 14(e) under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of Notes pursuant to any Asset Sale Offer.

Restrictions on Sale of Stock of Subsidiaries. The Indenture will provide that the Company may not sell or otherwise dispose of any of the Capital Stock of any Restricted Subsidiary of the Company unless: (i) (a)(x) the Company

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shall retain ownership of more than 50% of the Common Equity of such Restricted Subsidiary or (y) all of the Capital Stock of such Restricted Subsidiary shall be sold or otherwise disposed of; and (b) the Net Proceeds from any such sale or disposition are applied in a manner consistent with the provisions described under "Limitations on Asset Sales"; or (ii) the Company elects to treat the amount of its remaining investment in any such Restricted Subsidiary that has become a Joint Venture as a result of such sale or disposition as an Investment in such Joint Venture subject to the provisions described under "Limitations on Restricted Payments."

Limitations on Mergers and Certain Other Transactions. The Indenture will provide that the Company, in a single transaction or a series of related transactions, will not (i) consolidate or merge with or into, or sell, lease, convey or otherwise dispose of all or substantially all of its assets, or assign any of its obligations under the Notes or the Indenture, to any Person or (ii) adopt a Plan of Liquidation unless, in either case: (a) the Person formed by or surviving such consolidation or merger (if other than the Company) or to which such sale, lease, conveyance or other disposition or assignment shall be made (or, in the case of a Plan of Liquidation, one Person to which assets are transferred) (collectively, the "Successor"), is a corporation organized and existing under the laws of the United States or any State thereof or the District of Columbia, and the Successor assumes by supplemental indenture in a form satisfactory to the Trustee all of the obligations of the Company under the Notes and the Indenture; (b) immediately prior to and immediately after and giving effect to such transaction and the assumption of the obligations as set forth in clause (a) above and the incurrence of any Indebtedness to be incurred in connection therewith, no Default or Event of Default shall have occurred and be continuing; and (c) immediately after and giving effect to such transaction and the assumption of the obligations as set forth in clause (a) above and the incurrence of any Indebtedness to be incurred in connection therewith, and the use of any net proceeds therefrom on a pro forma basis, (1) the Consolidated Tangible Net Worth of the Company or the Successor, as the case may be, would be at least equal to the Consolidated Tangible Net Worth of the Company immediately prior to such transaction and (2) the Company or the Successor, as the case may be, could incur at least $1.00 of additional Senior Indebtedness under the covenant described under "Limitations on Additional Indebtedness."

In addition, the Indenture will provide that the Company will not permit any Single Purpose Subsidiary that has outstanding Indebtedness to consolidate or merge with any other Person other than a Person the activities of which are limited to ownership of a portion of the same project in which the referent Single Purpose Subsidiary owns an interest.

The foregoing provisions of the Indenture will not prohibit a transaction the sole purpose of which (as determined in good faith by the Board of Directors and evidenced by a Board Resolution) is to change the state of incorporation of the Company or a Single Purpose Subsidiary, as the case may be, and such transaction does not have as one of its purposes the evasion of the limitations described above.

Limitations on Guarantees. The Indenture will provide that the Company will not permit any of its Restricted Subsidiaries to guarantee any Indebtedness (other than (i) guarantees permitted under the provisions of clause (i) of the covenant described under "Limitations on Subsidiary Debt and Preferred Stock" and (ii) guarantees delivered pursuant to the Bank Credit Agreement by Subsidiaries of the Company who have delivered similar guarantees prior to the date of the Indenture) unless the Company causes each such Subsidiary to execute and deliver to the Trustee, prior to or concurrently with the issuance of such guarantee, a supplemental indenture, in form satisfactory to the Trustee, pursuant to which such Subsidiary

unconditionally guarantees the payment of principal of, premium, if any, and

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interest on the Notes. Any such guarantee shall be subordinated in right of payment to the guarantee by such Subsidiary pursuant to the Bank Credit Agreement.

EVENTS OF DEFAULT

An "Event of Default" will be defined in the Indenture as: (i) failure by the Company to pay interest on any of the Notes when it becomes due and payable and the continuance of any such failure for 30 days, whether or not such payment is prohibited by the provisions described under "Ranking"; (ii) failure by the Company to pay the principal or premium of any of the Notes when it becomes due and payable, whether at stated maturity, upon redemption, upon acceleration or otherwise (including failure to make payment pursuant to a Change in Control Offer or an Asset Sale Offer), whether or not such payment is prohibited by the provisions described under "Ranking"; (iii) failure by the Company to comply with any covenant in the Indenture and continuance of such failure for 60 days after notice of such failure has been given to the Company by the Trustee or by the Holders of at least 25% of the aggregate principal amount of the Notes then outstanding; (iv) failure by the Company or any of its Subsidiaries to make any payment when due or during any applicable grace period, and the continuation of such failure for seven days, in respect of any Indebtedness of the Company or any of its Subsidiaries, other than Non-Recourse Indebtedness of a Single Purpose Subsidiary, that has an aggregate outstanding principal amount of $2 million or more; (v) a default under any Indebtedness, other than Non-Recourse Indebtedness of a Single Purpose Subsidiary, whether such Indebtedness now exists or hereafter shall be created, if (A) such default results in the holder or holders of such Indebtedness causing such Indebtedness to become due prior to its stated maturity and (B) the principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness the maturity of which has been so accelerated, aggregate $2 million or more at any one time outstanding; (vi) one or more final judgments or orders that exceed $2 million in the aggregate for the payment of money have been entered by a court or courts of competent jurisdiction against the Company or any of its Subsidiaries and such judgment or judgments have not been satisfied, stayed, annulled or rescinded within 60 days of being entered; and (vii) certain events of bankruptcy, insolvency or reorganization involving the Company or any of its Subsidiaries.

If an Event of Default (other than an Event of Default resulting from bankruptcy, insolvency or reorganization involving the Company) shall have occurred and be continuing under the Indenture, the Trustee by written notice to the Company, or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding by written notice to the Company and the Trustee, may declare all amounts owing under the Notes to be due and payable immediately. Upon such declaration of acceleration, the aggregate principal of and interest on the outstanding Notes shall immediately become due and payable. If an Event of Default results from bankruptcy, insolvency or reorganization involving the Company, all outstanding Notes shall become due and payable without any further action or notice. In certain cases, the Holders of a majority in aggregate principal amount of the Notes then outstanding may waive an existing Default or Event of Default and its consequences, except a default in the payment of principal of, premium, if any, and interest on the Notes.

The Holders may not enforce the provisions of the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the Notes then outstanding may direct the Trustee in its exercise of any trust or power; provided however, that such direction does not conflict with the terms of the Indenture. The Trustee may withhold from the Holders notice of any continuing Default or Event of Default (except any Default or Event of Default in payment of principal of, premium, if any, or interest on the Notes) if the Trustee determines that withholding such notice is in the Holders' interest.

The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture and, upon any Officer of the Company becoming aware of any Default or Event of Default, a statement specifying such

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Default or Event of Default and what action the Company is taking or proposes to take with respect thereto.

DISCHARGE OF INDENTURE

The Indenture will permit the Company to terminate all of its obligations under the Indenture, other than the obligation to pay the principal of, premium, if any, and interest on the Notes, and certain other obligations at any time by (i) depositing in trust with the Trustee, under an irrevocable trust agreement, money or U.S. government obligations in an amount sufficient to pay principal of, premium, if any, and interest on the Notes to their maturity or redemption, as the case may be, and (ii) complying with certain other conditions, including delivery to the Trustee of an opinion of counsel or a ruling received from the Internal Revenue Service to the effect that Holders will not recognize income, gain or loss for Federal income tax purposes as a result of the Company's exercise of such right and will be subject to Federal income tax on the same amount and in the same manner and at the same times as would have been the case otherwise.

TRANSFER AND EXCHANGE

A Holder will be able to register the transfer of or exchange Notes only in accordance with the provisions of the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents, and to pay any taxes and fees required by law or permitted by the Indenture. Without the prior consent of the Company, the Registrar is not required (i) to register the transfer or exchange of any Note selected for redemption, (ii) to register the transfer or exchange of any Note for a period of 15 days before a selection of Notes to be redeemed or (iii) to register the transfer or exchange of a Note between a record date and the next succeeding interest payment date. The Holder of a Note will be treated as the owner of such Note for all purposes.

AMENDMENT, SUPPLEMENT AND WAIVER

Subject to certain exceptions, the Indenture or the Notes may be amended or supplemented with the consent (which may include consents obtained in connection with a tender offer or exchange offer for Notes) of the Holders of at least a majority in principal amount of the Notes then outstanding, and any existing Default under, or compliance with any provision of, the Indenture may be waived (other than any continuing Default or Event of Default in the payment of the principal of, premium, if any, or interest on the Notes or that resulted from the failure to comply with the covenant described under "Change of Control") with the consent (which may include consents obtained in connection with a tender offer or exchange offer for Notes) of the Holders of a majority in principal amount of the Notes then outstanding. Without the consent of any Holder, the Company and the Trustee may amend or supplement the Indenture or the Notes to cure any ambiguity, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes, to provide for the assumption of the Company's obligations to Holders in the case of a merger or acquisition, or to make any change that does not adversely affect the rights of any Holder.

Without the consent of each Holder affected, the Company may not: (i) extend the maturity of any Note; (ii) affect the terms of any scheduled payment of interest on or principal of the Notes (including without limitation any redemption provisions); (iii) modify or eliminate any of the provisions of the Indenture relating to a Change of Control; (iv) make any change in the subordination provisions of the Indenture that adversely affects the rights of any Holder; or (v) reduce the percentage of Holders necessary to consent to an amendment, supplement or waiver to the Indenture.

The right of any Holder to participate in any consent required or sought

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pursuant to any provision of the Indenture (and the obligation of the Company to obtain any such consent otherwise required from such Holder) may be subject to the requirement that such Holder shall have been the Holder of record of any Notes with respect to which such consent is required or sought as of a date identified by the Trustee in a notice furnished to Holders in accordance with the terms of the Indenture.

CONCERNING THE TRUSTEE

The Indenture contains certain limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest (as defined in the Indenture), it must eliminate such conflict or resign.

The Holders of a majority in principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that, in case an Event of Default occurs and is not cured, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in similar circumstances in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to the Trustee.

CERTAIN DEFINITIONS

Set forth below is a summary of certain of the defined terms used in the Indenture. Reference is made to the Indenture for the full definition of all such terms.

"Acquired Indebtedness" means: (i) with respect to any Person that becomes a direct or indirect Subsidiary of the Company after the date of the Indenture, Indebtedness of such Person and its Subsidiaries existing at the time such Person becomes a Subsidiary of the Company that was not incurred in connection with, or in contemplation of, such Person becoming a Subsidiary of the Company; and (ii) with respect to the Company or any of its Subsidiaries, any Indebtedness assumed by the Company or any of its Subsidiaries in connection with the acquisition of an asset from another Person that was not incurred by such other Person in connection with, or in contemplation of, such acquisition.

"Affiliate" of any Person means any Person (i) which directly or indirectly controls or is controlled by, or is under direct or indirect common control with, the referent Person, (ii) which beneficially owns or holds 10% or more of any class of the Voting Stock of the referent Person or (iii) of which 10% or more of the Voting Stock (or, in the case of a Person which is not a corporation, 10% or more of the equity interest) is beneficially owned or held by the referent Person. For purposes of this definition, control of a Person shall mean the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise. Notwithstanding the foregoing, the term "Affiliate" shall not include, with respect to the Company or any Wholly Owned Subsidiary of the Company, (a) any Wholly Owned Subsidiary of the Company or (b) any Subsidiary of the Company that is not a Wholly Owned Subsidiary or any Joint Venture, provided that such Subsidiary or Joint Venture is not under the control of, and does not have any Capital Stock (other than directors' qualifying shares) or Indebtedness owned or held by, any Affiliate of the Company.

"Asset Sale" for any Person means the sale, lease, transfer or other disposition or series of sales, leases, transfers or other dispositions

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(including without limitation by merger or consolidation, and whether by operation of law or otherwise) of any of that Person's assets (including without limitation the sale or other disposition of Capital Stock of any Subsidiary of such Person, whether by such Person or by such Subsidiary), whether owned on the date of the Indenture or subsequently acquired, excluding, however: (i) any sale, lease, transfer or other disposition between the Company and any of its Wholly Owned Restricted Subsidiaries; (ii) any transfer of assets of the Company or any of its Restricted Subsidiaries that constitutes and is treated as a Designated Investment; (iii) any transfer of assets of the Company or any of its Restricted Subsidiaries that constitutes a Change of Control and that is governed by and effected in accordance with the covenants described under "Limitations on Mergers and Certain Other Transactions" and "Change of Control"; and (iv) any sale, lease, transfer or other disposition, or series of sales, leases, transfers or other dispositions, of

assets having a purchase price or transaction value, as the case may be, of $1 million or less, provided that no Default or Event of Default exists at the time of such sale.

"Attributable Indebtedness", when used with respect to any Sale and Leaseback Transaction, means, as at the time of determination, the greater of (i) the fair market value of the property subject to such Sale and Leaseback Transaction and (ii) the present value (discounted at a rate equivalent to the Company's then-current weighted average cost of funds for borrowed money as at the time of determination, compounded on a semi-annual basis) of the total obligations of the lessee for rental payments during the remaining term of the lease included in any such Sale and Leaseback Transaction.

"Bank Credit Agreement" means the Credit Agreement among the Company, certain banks and Chemical Bank, as successor to Manufacturers Hanover Trust Company, as agent for the banks, as such agreement has been and may be amended, restated, supplemented or otherwise modified from time to time, and includes any successor bank credit agreement.

"Bankruptcy Law" means Title 11, U.S. Code or any similar Federal, state or foreign law for the relief of debtors.

"Board Resolution" means a duly adopted resolution of the Board of Directors of the Company.

"Capital Stock" of any Person means any and all shares, rights to purchase, warrants or options (whether or not currently exercisable), participations or other equivalents of or interests in (however designated) the equity (including without limitation common stock, preferred stock and partnership and joint venture interests) of such Person.

"Capitalized Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP, and the amount of such obligation shall be the capitalized amount thereof determined in accordance with GAAP.

"Cash Equivalents" means: (i) obligations issued or unconditionally guaranteed by the United States of America or any agency thereof or obligations issued by any agency or instrumentality thereof and backed by the full faith and credit of the United States of America; (ii) commercial paper rated the highest grade by Moody's Investors Service, Inc. and Standard & Poor's Corporation and maturing not more than one year from the date of creation thereof; and (iii) readily marketable direct obligations issued by any state of the United States of America or any political subdivision thereof having one of the two highest rating categories obtainable from either Moody's Investors Service, Inc. or Standard & Poor's Corporation.

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"Change of Control" means any of the following: (i) the sale, lease, conveyance or other disposition of all or substantially all of the Company's assets as an entirety or substantially as an entirety to any Person or "group" (within the meaning of Section 13(d)(3) of the Exchange Act) in one or a series of transactions, provided that a transaction where the holders of all classes of Common Equity of the Company immediately prior to such transaction own, directly or indirectly, more than 50% of the aggregate voting power of all classes of Common Equity of such Person or group immediately after such transactions shall not be a Change of Control; (ii) the acquisition by the Company and any of its Subsidiaries of 50% or more of all classes of Common Equity of the Company in one transaction or a series of related transactions; (iii) the approval by the Company of a Plan of Liquidation of the Company; (iv) any transaction or series of transactions (as a result of a tender offer, merger, consolidation or otherwise) that results in, or that is in connection with, (a) any Person, including a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) that includes such Person, acquiring "beneficial ownership" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 50% or more of the aggregate voting power of all classes of Common Equity of the Company or any Person that possesses "beneficial ownership" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 50% or more of the aggregate voting power of all classes of Common Equity of the

Company, or (b) less than 50% (measured by the aggregate voting power of all classes) of the Company's Common Equity being registered under Section 12(b) or 12(g) of the Exchange Act; or (v) a majority of the Board of Directors of the Company not being comprised of Continuing Directors.

"Common Equity" of any Person means all Capital Stock of such Person that is generally entitled to (i) vote in the election of directors of such Person or (ii) if such Person is not a corporation, vote or otherwise participate in the selection of the governing body, partners, managers or others that will control the management and policies of such Person.

"Consolidated Amortization Expense" of any Person for any period means the amortization expense of such Person and its Restricted Subsidiaries for such period (to the extent included in the computation of Consolidated Net Income of such Person), determined on a consolidated basis in accordance with GAAP.

"Consolidated Depreciation Expense" of any Person for any period means the depreciation expense of such Person and its Restricted Subsidiaries for such period (to the extent included in the computation of Consolidated Net Income of such Person), determined on a consolidated basis in accordance with GAAP.

"Consolidated Fixed Charge Coverage Ratio" of any Person means, with respect to any determination date, the ratio of (i) EBITDA for such Person's prior four full fiscal quarters for which financial results have been reported immediately preceding the determination date to (ii) the aggregate Fixed Charges of such Person for such four fiscal quarters; provided, however, that if any calculation of the Company's Consolidated Fixed Charge Coverage Ratio requires the use of any quarter beginning prior to the date of the Indenture, such calculation shall be made on a pro forma basis, giving effect to the issuance of the Notes and the use of the net proceeds therefrom as if the same had occurred at the beginning of the four-quarter period used to make such calculation; and provided, further, that if any such calculation requires the use of any quarter prior to the date that any Asset Sale was consummated, or that any Indebtedness was incurred, or that any acquisition was effected, by the Company or any of its Restricted Subsidiaries, such calculation shall be made on a pro forma basis, giving effect to each such Asset Sale, incurrence of Indebtedness or acquisition, as the case may be, and the use of any proceeds therefrom, as if the same had occurred at the beginning of the four-quarter period used to make such calculation.

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"Consolidated Income Tax Expense" means, for any Person for any period, the provision for taxes based on income and profits of such Person and its Restricted Subsidiaries to the extent such income or profits were included in computing Consolidated Net Income of such Person for such period.

"Consolidated Net Income" of any Person for any period means the net income (or loss) of such Person and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded from such net income (to the extent otherwise included therein), without duplication: (i) the net income (or loss) of any Person (other than a Restricted Subsidiary of the referent Person) in which any Person other than the referent Person has an ownership interest, except to the extent that any such income has actually been received by the referent Person or any of its Wholly Owned Restricted Subsidiaries in the form of cash dividends or similar cash distributions during such period; (ii) except to the extent includible in the consolidated net income of the referent Person pursuant to the foregoing clause (i), the net income (or loss) of any Person that accrued prior to the date that (a) such Person becomes a Restricted Subsidiary of the referent Person or is merged into or consolidated with the referent Person or any of its Restricted Subsidiaries or (b) the assets of such Person are acquired by the referent Person or any of its Restricted Subsidiaries; (iii) the net income (or loss) of any Restricted Subsidiary of the referent Person to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of that income is not permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary during such period (provided that the amount of loss excluded pursuant to this clause (iii) shall not exceed that amount of net income excluded pursuant to this clause (iii)); (iv) any gain (but not loss, except pursuant to clause (vii) below), together with any related provisions for taxes on any such gain, realized during such

period by the referent Person or any of its Restricted Subsidiaries upon (a) the acquisition of any securities, or the extinguishment of any Indebtedness, of the referent Person or any of its Restricted Subsidiaries or (b) any Asset Sale by the referent Person or any of its Restricted Subsidiaries; (v) any extraordinary gain (but not extraordinary loss, except pursuant to clause (vii) below), together with any related provision for taxes on any such extraordinary gain, realized by the referent Person or any of its Restricted Subsidiaries during such period; (vi) in the case of a successor to such Person by consolidation, merger or transfer of its assets, any earnings of the successor prior to such merger, consolidation or transfer of assets; and (vii) in the case of the Company, any extraordinary loss directly related to the repurchase or repayment, substantially concurrently with the sale of the Notes, of (a) the Company's 13.5% Senior Subordinated Notes due 1999 and warrants issued in connection with the issuance of such notes, (b) the Bank Credit Agreement and (c) the Company's Series 2C Senior Preferred Stock and related Series 2C Warrants.

"Consolidated Net Tangible Assets" of any Person as of any date means the Consolidated Tangible Assets of such Person and its Restricted Subsidiaries less the total current liabilities of such Person and its Restricted Subsidiaries, on a consolidated basis as of such date.

"Consolidated Tangible Assets" of any Person as of any date means the total assets of such Person and its Restricted Subsidiaries (excluding any assets that would be classified as "intangible assets" under GAAP) on a consolidated basis at such date, determined in accordance with GAAP, less all write-ups subsequent to August 31, 1993 in the book value of any asset owned by such Person or any of its Restricted Subsidiaries.

"Consolidated Tangible Net Worth" of any Person as of any date means the stockholders' equity (including any preferred stock that is classified as

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equity under GAAP, other than Disqualified Stock) of such Person and its Restricted Subsidiaries (excluding any equity adjustment for foreign currency translation for any period subsequent to August 31, 1993 and any assets that would be classified as "intangible assets" under GAAP) on a consolidated basis at such date, as determined in accordance with GAAP, less all write-ups subsequent to August 31, 1993 in the book value of any asset owned by such Person or any of its Restricted Subsidiaries.

"Continuing Director" of the Company as of any date means a member of the Board of Directors of the Company who (i) was a member of the Board of Directors of the Company on the date of the Indenture or (ii) was nominated for election or elected to the Board of Directors of the Company with the affirmative vote of at least a majority of the directors who were Continuing Directors at the time of such nomination or election.

"Default" means any event, act or condition that is, or after notice or the passage of time or both would be, an Event of Default.

"Designated Investments" means Investments made after the date of the Indenture in (i) any Subsidiary of the Company that is not a Wholly Owned Restricted Subsidiary or (ii) any Joint Venture, provided that such Subsidiary or Joint Venture is engaged in one or more Permitted Businesses.

"Disqualified Stock" means any Capital Stock that, by its terms, by the terms of any agreement related thereto or by the terms of any security into which it is convertible, puttable or exchangeable, is, or upon the happening of any event or the passage of time would be, required to be redeemed or repurchased by the issuer thereof or any of its Subsidiaries, whether or not at the option of the holder thereof, or matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, in whole or in part, on or prior to the final maturity date of the Notes.

"EBITDA" means, with respect to any Person for any period, without duplication, the sum of the amounts for such period of (i) Consolidated Net Income, (ii) Consolidated Income Tax Expense, (iii) Consolidated Amortization Expense (but only to the extent not included in Fixed Charges), (iv) Consolidated Depreciation Expense, (v) Fixed Charges and (vi) all other non-cash items reducing the Consolidated Net

Income of such Person and its Restricted Subsidiaries, in each case determined on a consolidated basis in accordance with GAAP (provided, however, that the amounts set forth in clauses (ii) through (vi) shall be included only to the extent such amounts reduce Consolidated Net Income), less the aggregate amount of all non-cash items, determined on a consolidated basis, to the extent such items increase Consolidated Net Income.

"Exchange Act" means the Securities Exchange Act of 1934.

"Existing Indebtedness" means all of the Indebtedness of the Company and its Restricted Subsidiaries that is outstanding on the date of the Indenture.

"Fixed Charges" means, with respect to any Person for any period, the aggregate amount of (i) interest, whether expensed or capitalized, paid, accrued or scheduled to be paid or accrued during such period (except to the extent accrued in a prior period) in respect of all Indebtedness of such Person and its Restricted Subsidiaries (including (a) original issue discount on any Indebtedness and (b) the interest portion of all deferred payment obligations, calculated in accordance with the effective interest method, in each case to the extent attributable to such period) and (ii) dividend requirements on preferred stock of such Person and its Subsidiaries (whether in cash or otherwise), but not including dividends payable solely in shares of Qualified Capital Stock, paid, accrued or scheduled to be paid or accrued during such period (except to the extent accrued in a prior period), and excluding items

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eliminated in consolidation. For purposes of this definition, (1) interest on a Capitalized Lease Obligation shall be deemed to accrue at the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP, (2) interest on Indebtedness that is determined on a fluctuating basis shall be deemed to have accrued at a fixed rate per annum equal to the rate of interest of such Indebtedness in effect on the last day of the period with respect to which Fixed Charges are being calculated, (3) interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate or other rates, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as such Person may designate and (4) Fixed Charges shall be increased or reduced by the net cost (including without limitation amortization of discount) or benefit associated with Hedging Obligations attributable to such period. For purposes of clause (ii) above, dividend requirements (other than dividends payable solely in shares of Qualified Capital Stock) shall be increased to an amount representing the pretax earnings that would be required to cover such dividend requirements; accordingly, the increased amount shall be equal to a fraction, the numerator of which is such dividend requirements and the denominator of which is 1 minus the applicable actual combined Federal, state, local and foreign income tax rate of such Person and its Subsidiaries (expressed as a decimal), on a consolidated basis, for the fiscal year immediately preceding the date of the transaction giving rise to the need to calculate Fixed Charges.

"Foreign Asset Sale" means any Asset Sale in respect of the Capital Stock or assets of a Foreign Subsidiary.

"Foreign Subsidiary" means any Subsidiary of the Company that is organized under the laws of any jurisdiction other than the United States of America, any state thereof or the District of Columbia.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession of the United States, as in effect on the date of the Indenture.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any interest rate swap agreement, foreign currency exchange agreement, interest rate collar agreement, option or futures contract or other similar agreement or arrangement relating to interest rates or foreign exchange rates.

"Indebtedness" of any Person at any date means, without duplication: (i) all liabilities, contingent or otherwise, of such Person for borrowed money (whether or not the recourse of the lender is to the whole of the assets of such Person or only to a portion thereof); (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (iii) all obligations of such Person in respect of letters of credit or other similar instruments (or reimbursement obligations with respect thereto), other than standby letters of credit issued for the benefit of, or surety or performance bonds issued by, such Person in the ordinary course of business to the extent such letters of credit are not drawn upon; (iv) all obligations of such Person with respect to Hedging Obligations; (v) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except trade payables and accrued expenses incurred by such Person in the ordinary course of business in connection with obtaining goods, materials or services, which payable is not overdue according to industry practice or the original terms of sale unless such payable is being contested in good faith; (vi) the maximum fixed repurchase price of all Disqualified Stock of such Person; (vii) all Capitalized Lease Obligations of such Person; (viii) all Indebtedness of others

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secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person, other than a pledge by a Single Purpose Subsidiary of the Capital Stock of an Unrestricted Subsidiary or Joint Venture of such Single Purpose Subsidiary to secure Indebtedness of such Unrestricted Subsidiary or Joint Venture incurred to finance a project constituting one or more Permitted Businesses; (ix) all Indebtedness of others guaranteed by, or otherwise the Liability of, such Person to the extent of such guarantee or Liability; and (x) all Attributable Indebtedness. The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above, the maximum liability of such Person for any such contingent obligations at such date and, in the case of clause (viii), the fair market value of any asset subject to a Lien securing the Indebtedness of others on the date that the Lien attaches. For purposes of the first sentence hereof, the "maximum fixed repurchase price" of any Disqualified Stock that does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock (or any equity security for which it may be exchanged or converted), such fair market value shall be determined in good faith by the Board of Directors of such Person, which determination shall be evidenced by a Board Resolution.

"Independent Financial Advisor" means an accounting, appraisal or investment banking firm of nationally recognized standing that is, in the reasonable judgment of the Company's Board of Directors, qualified to perform the task for which it has been engaged and disinterested and independent with respect to the Company and its Affiliates.

"Investments" of any Person means (i) all investments by such Person in any other Person in the form of loans, advances or capital contributions or similar credit extensions constituting Indebtedness of such Person, and any guarantee of Indebtedness of any other Person, (ii) all purchases (or other acquisitions for consideration) by such Person of Indebtedness, Capital Stock or other securities of any other Person and (iii) all other items that would be classified as investments (including without limitation purchases of assets outside the ordinary course of business) on a balance sheet of such Person prepared in accordance with GAAP; provided, however, that advances to non-executive employees and extensions of trade credit and advances to customers and suppliers and other contractual and trade relationships, requiring repayment within reasonable commercial periods, to the extent made in the ordinary course of business consistent with past practice and in accordance with normal industry practice, shall not be deemed to constitute Investments.

"Joint Venture" means (i) a corporation of which less than a majority of the aggregate voting power of all classes of the Common Equity is owned by the Company or its Restricted Subsidiaries and (ii) any entity other than a corporation in which the Company and its Restricted Subsidiaries own less than a majority of the Common Equity of such entity.

"Junior Subordinated Indebtedness" of the Company at any date means Indebtedness of the Company which by its terms, or by the terms of any agreement or instrument pursuant to which such Indebtedness is

issued, (i) is expressly subordinated in right of payment to the Notes and (ii) provides that no payment of principal of such Indebtedness by way of sinking fund, mandatory redemption, defeasance or otherwise is required to be made by the Company (including without limitation at the option of the holder thereof) at any time prior to the maturity of the Notes.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or other similar encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable

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law (including without limitation any conditional sale or other title retention agreement, and any lease in the nature thereof, any option or other agreement to sell, and any filing of, or agreement to give, any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction).

"Net Proceeds" with respect to any Asset Sale by any Person means the aggregate net proceeds received by such Person from such Asset Sale (including without limitation the amount of cash applied to repay Indebtedness secured by any asset involved in such Asset Sale or otherwise received as consideration for the assumption or incurrence of liabilities incurred in connection with or in anticipation of such Asset Sale) after (i) provision for all income or other taxes measured by or resulting from such Asset Sale or the transfer of the proceeds of such Asset Sale to such Person and (ii) payment of all brokerage commissions and the underwriting and other fees and expenses related to such Asset Sale, whether such proceeds are in cash or property (valued at the fair market value thereof at the time of receipt as determined in good faith by the Board of Directors of such Person, which determination shall be evidenced by a Board Resolution).

"Net Reductions in Investments" means the amount of cash and Cash Equivalents, less all fees and expenses incurred or accrued in connection with the realization or collection of such cash and Cash Equivalents, and after giving effect to all taxes payable with respect thereto, received with respect to any Designated Investment, whether from the payment of interest on Indebtedness, dividends, repayments of loans or advances or other transfers of assets from the Person in which such Designated Investment was made, but only to the extent that such cash or Cash Equivalents have been paid to the Company or one or more Wholly Owned Restricted Subsidiaries of the Company in compliance with all applicable laws, rules and regulations and all relevant documents, agreements and instruments.

"Non-Recourse Indebtedness" of a Single Purpose Subsidiary means Indebtedness for which (i) the sole legal recourse for collection of principal, premium, if any, and interest on such Indebtedness is against (a) the specific property identified in the instruments evidencing or securing such Indebtedness and such property was acquired with the proceeds of such Indebtedness or such Indebtedness was incurred within 90 days of the acquisition of such property or (b) the Capital Stock of such Single Purpose Subsidiary, provided that such Single Purpose Subsidiary has no assets other than the specific property acquired with the proceeds of such Indebtedness plus a reasonable amount of working capital, (ii) no assets of such Single Purpose Subsidiary, other than the assets identified in clause (i)(a) of this definition, may be realized upon in collection of principal, premium, if any, or interest on such Indebtedness and (iii) neither the Company nor any Restricted Subsidiary of the Company, other than the referent Single Purpose Subsidiary, is directly or indirectly liable to make any payment thereon, has made any guarantee of payment or performance of such Indebtedness or has pledged or granted any lien or encumbrances on any assets as collateral or security with respect thereto, other than the Capital Stock of the referent Single Purpose Subsidiary.

"Payment Restriction", with respect to a Subsidiary of any Person, means any encumbrance, restriction or limitation, whether by operation of the terms of its charter or by reason of any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation, on the ability of (i) such Subsidiary to (a) pay dividends or make other distributions on its Capital Stock or make payments on any obligation, liability or Indebtedness owed to such Person or any other Subsidiary of such Person, (b) make loans or advances to such Person or any other Subsidiary of such Person or (c) transfer any of its properties or assets to such Person or any other Subsidiary of such Person or (ii) such Person or any other Subsidiary of such Person to

receive or retain any such (a) dividends, distributions or payments, (b) loans or advances or (c) transfer of properties or assets.

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"Permitted Businesses" means the businesses of providing consulting, engineering or construction services to public and private sector clients in the environment, energy, infrastructure and industry markets.

"Permitted Investments" means: (i) direct obligations of the United States of America or any agency thereof, or obligations guaranteed by the United States of America or any agency thereof, in each case maturing within 180 days of the date of acquisition thereof; (ii) certificates of deposits or Eurodollar deposits, due within 180 days of the date of acquisition thereof, with a commercial bank which is organized under the laws of the United States of America or any state thereof having capital funds of at least $500 million or more; and (iii) commercial paper given the highest rating by two established national credit rating agencies and maturing not more than 180 days from the date of acquisition thereof.

"Person" means any individual, corporation, partnership, joint venture, incorporated or unincorporated association, joint-stock company, trust, unincorporated organization or government or other agency or political subdivision thereof or other entity of any kind.

"Plan of Liquidation", with respect to any Person, means a plan that provides for, contemplates or the effectuation of which is preceded or accompanied by (whether or not substantially contemporaneously, in phases or otherwise): (i) the sale, lease, conveyance or other disposition of all or substantially all of the assets of such Person otherwise than as an entirety or substantially as an entirety; and (ii) the distribution of all or substantially all of the proceeds of such sale, lease, conveyance or other disposition and all or substantially all of the remaining assets of such Person to Holders of Capital Stock of such Person.

"Qualified Capital Stock" means Capital Stock that is not Disqualified Stock.

"Refinancing Indebtedness" means Indebtedness of the Company or a Restricted Subsidiary of the Company issued in exchange for, or the proceeds from the issuance and sale or disbursement of which are used substantially concurrently to repay, redeem, refund, refinance, discharge or otherwise retire for value, in whole or in part (collectively, "repay"), or constituting an amendment, modification or supplement to or a deferral or renewal of (collectively, an "amendment"), any Indebtedness of the Company or any of its Restricted Subsidiaries existing immediately after the original issuance of the Notes or incurred pursuant to the provisions of the covenant described under "Limitations on Additional Indebtedness" in a principal amount not in excess of the principal amount of the Indebtedness so refinanced; provided that: (i) the Refinancing Indebtedness is the obligation of the same Person, and is subordinated to the Notes, if at all, to the same extent, as the Indebtedness being repaid; (ii) the Refinancing Indebtedness is scheduled to mature either (a) no earlier than the Indebtedness being repaid or (b) after the maturity date of the Notes; and (iii) the portion, if any, of the Refinancing Indebtedness that is scheduled to mature on or prior to the maturity date of the Notes has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is incurred that is equal to or greater than the Weighted Average Life to Maturity of the portion of the Indebtedness being repaid that is scheduled to mature on or prior to the maturity date of the Notes.

"Related Business Investment" means any Investment directly by the Company or one or more of its Wholly Owned Restricted Subsidiaries in any business that is closely related to or complements the business of the Company and its Subsidiaries as such business exists on the date thereof.

"Restricted Debt Payment" means any purchase, redemption, defeasance (including without limitation in substance or legal defeasance) or other acquisition or retirement for value, directly or indirectly, by the Company or a Subsidiary of the Company, prior to the scheduled maturity or prior to any scheduled

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repayment of principal or sinking fund payment, as the case may be, in respect of Indebtedness of the Company that is subordinate in right of payment to the Notes other than a Restricted Debt Payment made with the proceeds of a substantially concurrent sale (other than to a Subsidiary of the Company or an employee stock ownership plan) of the Company's Qualified Capital Stock, provided that all Indebtedness so purchased, redeemed, defeased or otherwise acquired or retired for value promptly is surrendered for cancellation to the trustee for such Indebtedness.

"Restricted Investment", with respect to any Person, means any Investment by such Person in any of its Affiliates or in any Person other than a Wholly Owned Restricted Subsidiary other than (i) a Permitted Investment or (ii) an Investment made with the proceeds of a substantially concurrent sale (other than to a Subsidiary of the Company or an employee stock ownership plan) of the Company's Qualified Capital Stock.

"Restricted Payment" means with respect to any Person: (i) the declaration of any dividend (other than a dividend declared by a Wholly Owned Restricted Subsidiary to holders of its Common Equity) or the making of any other payment or distribution of cash, securities or other property or assets in respect of such Person's Capital Stock, except that a dividend payable solely in Qualified Capital Stock of such Person shall not constitute a Restricted Payment (for purposes of this clause (i), the declaration of any such dividend, or the making of any other such distribution, by any Restricted Subsidiary shall only constitute a Restricted Payment to the extent of the amounts paid or payable to Persons other than the Company or a Wholly Owned Restricted Subsidiary); (ii) any payment on account of the purchase, redemption, retirement or other acquisition for value of such Person's Capital Stock or any other payment or distribution made in respect thereof, either directly or indirectly (other than a payment solely in Qualified Capital Stock); (iii) any Restricted Investment; or (iv) any Restricted Debt Payment.

"Restricted Subsidiary" means each of the Subsidiaries of the Company which, as of the determination date, is not an Unrestricted Subsidiary of the Company.

"Sale and Leaseback Transaction" means with respect to any Person an arrangement with any bank, insurance company or other lender or investor or to which such lender or investor is a party, providing for the leasing by such Person or any of its Subsidiaries of any property or asset of such Person or any of its Subsidiaries which has been or is being sold or transferred by such Person or such Subsidiary to such lender or investor or to any Person to whom funds have been or are to be advanced by such lender or investor on the security of such property or asset. Notwithstanding the foregoing, no transaction exclusively between the Company and any Wholly Owned Restricted Subsidiary shall be deemed to constitute a Sale and Leaseback Transaction.

"Senior Indebtedness" means all Indebtedness of the Company other than Indebtedness that is specifically designated, by the terms of the instrument creating or evidencing the same, as not being senior in right of payment to the Notes.

"Single Purpose Subsidiary" of any Person means a Subsidiary of such Person which has no Subsidiaries other than Unrestricted Subsidiaries and the activities of which are limited to (i) ownership of all or a portion of the interests in a single project constituting one or more Permitted Businesses, either directly or through the ownership of the Capital Stock of another Person, and (ii) the development, engineering, design, project management, construction or operation of such project.

"Subsidiary" of any Person means (i) any corporation of which at least a majority of the aggregate voting power of all classes of the Common Equity is owned by such Person directly or through one or more other Subsidiaries of such

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Person and (ii) any entity other than a corporation in which such Person, directly or indirectly, owns at least a majority of the Common Equity of such entity.

"Unrestricted Subsidiary" means: American Venture Holdings, Inc., a Delaware corporation; American Venture Investments Incorporated, a Delaware corporation; Excell Development Construction, Inc., a

Delaware corporation; International Systems, Inc., a Colorado corporation; ICF Environnement, a French corporation; ICF Kaiser Holdings Unlimited, Inc., a Delaware corporation; ICF Leasing Corporation, Inc., a Delaware corporation; Cygna Energy Services, a California corporation; and Cygna Energy Services Michigan, Inc., a Michigan Corporation, and each of the other Subsidiaries of the Company so designated by a resolution adopted by the Board of Directors of the Company and whose creditors have no direct or indirect recourse (including without limitation recourse with respect to the payment of principal of or interest on Indebtedness of such Subsidiary) to the Company or a Restricted Subsidiary other than a Lien on the Capital Stock of such Unrestricted Subsidiary; provided, however, that (a) no Subsidiary may be an Unrestricted Subsidiary if it owns any Capital Stock of a Restricted Subsidiary and (b) the Board of Directors of the Company will be prohibited after the date of the Indenture from designating as an Unrestricted Subsidiary any Subsidiary existing on the date of the Indenture. The Board of Directors of the Company may designate an Unrestricted Subsidiary to be a Restricted Subsidiary, provided that (i) any such designation shall be deemed to be an incurrence by the Company and its Restricted Subsidiaries of the Indebtedness (if any) of such designated Subsidiary for purposes of the Limitations on Additional Indebtedness covenant in the Indenture as of the date of such designation and (ii) immediately after giving effect to such designation and the incurrence of any such additional Indebtedness, the Company and its Restricted Subsidiaries could incur $1.00 of additional Senior Indebtedness pursuant to the Consolidated Fixed Charge Coverage Ratio set forth in the Limitations on Additional Indebtedness covenant described above. Any such designation or redesignation by the Board of Directors shall be evidenced to the Trustee by the filing with the Trustee of a certified copy of the Resolution of the Company's Board of Directors giving effect to such designation or redesignation and an officer's certificate certifying that such designation or redesignation complied with the foregoing conditions and setting forth the underlying calculations of such certificate and upon which certificate the Trustee shall conclusively rely without any investigation whatsoever.

"Voting Stock", with respect to any Person, means securities of any class of Capital Stock of such Person entitling the holders thereof (whether at all times or only so long as no senior class of stock has voting power by reason of any contingency) to vote in the election of members of the board of directors of such Person.

"Weighted Average Life to Maturity", when applied to any Indebtedness at any date, means the number of years obtained by dividing (i) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment by (ii) the then outstanding principal amount of such Indebtedness.

"Wholly Owned Restricted Subsidiary" of the Company means a Restricted Subsidiary of the Company, of which 100% of the Common Equity (except for directors' qualifying shares or certain minority interests owned by other Persons solely due to local law requirements that there be more than one stockholder, but which interest is not in excess of what is required for such purpose) is owned directly by the Company or through one or more Wholly Owned Restricted Subsidiaries of the Company.

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"Wholly Owned Subsidiary" of the Company means a Subsidiary of the Company, of which 100% of the Common Equity (except for directors' qualifying shares or certain minority interests owned by other Persons solely due to local law requirements that there be more than one stockholder, but which interest is not in excess of what is required for such purpose) is owned directly by the Company or one or more Wholly Owned Subsidiaries of the Company.

DESCRIPTION OF THE WARRANTS

The Warrants will be issued under a warrant agreement (the "Warrant Agreement") dated as of January 11, 1994, between the Company and The Bank of New York, a New York banking corporation, as warrant agent (the "Warrant Agent"). The Warrants are subject to the terms contained in the Warrant

Agreement. The Common Stock issuable upon exercise of the warrants has been registered with the Securities and Exchange Commission pursuant to a registration statement on Form S-1 (Registration No. 33-51677). The following summary, which describes certain material provisions of the Warrant Agreement and Warrants, does not purport to be complete, and is subject to, and is qualified in its entirety by reference to, the Warrant Agreement and Warrants, including the definitions therein of capitalized terms not defined herein. A copy of the proposed form of the Warrant Agreement is filed as an exhibit to the Registration Statement of which this Prospectus is a part.

GENERAL

Each Warrant will entitle the holder thereof to acquire one share of Common Stock of the Company, subject to adjustment, upon payment of the exercise price. The exercise price will be equal to $5.00 (the "Purchase Price"), subject to adjustment as described below. All outstanding Warrants will terminate and become void on December 31, 1998 (the "Expiration Date"). Warrants will be exercisable at any time on or prior to the Expiration Date.

NON-SURVIVING COMBINATION

If the Company proposes to enter into a transaction that would constitute a Non-Surviving Combination if consummated, the Company must give written notice thereof to the holders promptly after an agreement is reached with respect to the Non-Surviving Combination but in no event less than 30 days prior to the consummation thereof. As used herein, a "Non-Surviving Combination" means any merger, consolidation, or other business combination by the Company with one or more persons (other than a wholly owned subsidiary of the Company) in which the Company is not the survivor, or a sale of all or substantially all of the assets of the Company to one or more such other persons, if, in connection with any of the foregoing, consideration (other than consideration which includes Common Stock or securities convertible into, or exercisable or exchangeable for, Common Stock or rights or options to acquire Common Stock or such other securities) is distributed to holders of Common Stock in exchange for all or substantially all of their equity interest in the Company.

In a Non-Surviving Combination, the surviving entity (the "Survivor") will be obligated to distribute or pay to each holder of Warrants, upon payment of the Purchase Price prior to the Expiration Date, the number of shares of stock or other securities or other property (including any cash) of the Survivor that would have been distributable or payable on account of the Common Stock if such holder's Warrants had been exercised immediately prior to such Non-Surviving Combination (or, if applicable, the record date therefor). Following the consummation of a Non-Surviving Combination, the Warrants will represent only the right to receive such shares of stock or other property from the Survivor upon payment of the Purchase Price prior to the Expiration Date.

No transaction is presently in progress or under negotiation that would

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constitute a Non-Surviving Combination.

METHOD OF EXERCISE OF WARRANTS

Warrants may be exercised by surrendering to the Warrant Agent a Warrant certificate signed by the registered holder indicating such holder's election to exercise all or a portion of the Warrants evidenced by such certificate and payment of the Purchase Price. Upon surrender of the Warrant certificate for exercise and payment of the Purchase Price, the Warrant Agent will deliver or cause to be delivered, to or upon the written order of any holder, appropriate evidence of ownership of any shares of Common Stock or other securities or property (including any money) to which such holder is entitled, together with Warrant certificates evidencing any Warrants not exercised.

Certificates for Warrants will be issued in registered form only and no service charge shall be made for registration of transfer or exchange upon surrender of any Warrant certificate at the office of the Warrant

Agent maintained for that purpose. The Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Warrant certificates.

ADJUSTMENT

The number of shares of Common Stock issuable upon the exercise of each Warrant and the Purchase Price are subject to adjustment in certain events, including (a) a dividend or distribution on the Company's Common Stock in shares of its Common Stock or a combination, subdivision, reorganization, or reclassification of Common Stock, (b) the issuance of shares of Common Stock for a consideration per share less than the market price per share at the time of issuance, (c) the issuance of rights, warrants, or options for the purchase of Common Stock or for the purchase of securities convertible into or exchangeable for Common Stock where the aggregate amount of consideration (taking into account the consideration received for the issuance of such right, warrant, or option plus any consideration to be received upon the exercise thereof and including, in the case of a right, warrant, or option to purchase a convertible or exchangeable security, any consideration to be received upon the eventual conversion or exchange of such security for Common Stock) per share of Common Stock received or receivable by the Company is less than the market price per share at the time of issuance of such right, warrant, or option, (d) the issuance of any securities convertible into or exchangeable for Common Stock where the aggregate amount of consideration (taking into account the consideration received for the issuance of such convertible or exchangeable security and the consideration to be received upon the conversion or exchange thereof) per share of Common Stock received or receivable by the Company is less than the market price per share of Common Stock on the date of issuance of such convertible or exchangeable security, and (e) a dividend or distribution on the Company's Common Stock of cash, evidences of its indebtedness, other securities, or other properties or assets other than any cash dividend which, when aggregated with all other cash dividends paid in the year prior to the declaration of such cash dividend, does not exceed 10% of the market price per share of Common Stock on the date of such declaration. If the terms of any of the Company's outstanding rights, warrants, or options for the purchase of Common Stock or securities convertible into or exchangeable for Common Stock change, in each case where the issuance thereof caused an adjustment in the terms of the Warrants (including by way of expiration of such securities but excluding by way of antidilution provisions thereof triggering an adjustment of the terms thereof upon the occurrence of an event that would cause an adjustment of the terms of the Warrant), then the Purchase Price and the number of shares of Common Stock issuable upon the exercise of each Warrant shall be readjusted to take account of such change. Notwithstanding the foregoing, no adjustment in the Purchase Price or the number of shares of Common Stock

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issuable upon exercise of Warrants will be required (i) until cumulative adjustments would result in an adjustment of at least one percent in the Purchase Price, (ii) for the granting, in a transaction which would otherwise trigger an adjustment, of any rights, warrants, or options or the issuance of any Common Stock to officers, directors, or employees of, or consultants or advisors to, the Company where such issuances are registered with the Commission on Form S-8 and do not, in the aggregate exceed five percent of the number of shares of Common Stock outstanding (assuming the exercise of the options so granted and all rights, warrants, options, and convertible securities then outstanding), or (iii) the issuance of Common Stock pursuant to any dividend reinvestment plan where the purchase price of Common Stock thereunder is no less than 95% of the market price on the date of issuance.

The Company has authorized and reserved for issuance such number of shares of Common Stock as shall be issuable upon the exercise of all outstanding Warrants. Such shares of Common Stock, when issued, will be duly and validly issued and fully paid and nonassessable.

No fractional shares will be issued upon exercise of Warrants, but the Company will pay an amount in cash equal to the current market value of any fractional share otherwise issuable.

NO RIGHTS AS SHAREHOLDERS

Holders of Warrants are not entitled, by virtue of being such holders, to receive dividends or subscription rights, vote, consent, exercise any preemptive right, or receive notice as shareholders of the Company in respect of any meeting of shareholders for the election of directors of the Company or any other matter, or exercise any other rights whatsoever as shareholders of the Company.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Crowell & Moring, counsel for the Company, the following discussion is an accurate summary of the material United States Federal income tax consequences of the purchase, ownership and disposition of the Units. Because the Treasury Regulations interpreting and implementing the original issue discount ("OID") provisions of the Internal Revenue Code of 1986, as amended (the "Code"), are only in proposed form, counsel expresses no opinion as to the calculation and accrual of OID on the Notes. This summary is for general informational purposes only and does not purport to address specific tax consequences that may be relevant to certain persons (including, for example, foreign persons, financial institutions, broker-dealers, insurance companies or tax-exempt organizations and persons in special situations such as those who hold Notes and Warrants as part of a straddle).

The discussion is based on the current provisions of the Code, applicable Treasury Regulations, judicial authority and administrative rulings and practice. Any of such authorities are subject to change at any time by legislative, judicial or administrative action. Any such changes may be applied retroactively in a manner that could adversely affect a holder of the Notes or the Warrants. Further, there can be no assurance that the Internal Revenue Service (the "IRS") will not take a contrary view, and no rulings from the IRS have been or will be sought.

On December 21, 1992, a substantial portion of the proposed original issue discount regulations which had been issued in April, 1986, as subsequently amended, were withdrawn, and new proposed original issue discount regulations (the "Proposed OID Regulations") were issued. The Proposed OID Regulations are not expected to apply to the Notes because such regulations are proposed to be applicable only to debt instruments issued 60 days or more after the date on which the Proposed OID Regulations are published in final form. However, since

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the Proposed OID Regulations are an indication of how the IRS may interpret the original issue discount provisions of the Code, the discussion below in some cases indicates how the Proposed OID Regulations would apply if they were applicable to the Notes. Subsequent versions of the Proposed OID Regulations, or temporary or final regulations, or interpretations of any of the foregoing, may adopt positions that may be contrary to positions discussed below.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS WITH RESPECT TO FEDERAL INCOME TAX CONSIDERATIONS THAT MAY BE SPECIFIC TO THEM, AS WELL AS WITH RESPECT TO ANY STATE, LOCAL OR FOREIGN TAX CONSIDERATIONS OF ACQUIRING, HOLDING OR DISPOSING OF THE NOTES AND THE WARRANTS.

NOTES

Original Issue Discount and Interest. Under the Code, a holder of a debt instrument with OID must include a portion of the OID in gross income as interest in each taxable year or portion thereof in which the holder holds the debt instrument even if the holder has not received a cash payment in respect of such OID.

The Units will be treated as "investment units." Under the Proposed OID Regulations, the issue price of an investment unit is equal to the first price at which a substantial amount of units are sold to the public (not including bond houses, brokers, or similar persons or organizations acting in the capacity of an

underwriter, placement agent or wholesaler). The issue price of a unit is then allocated between the securities comprising each unit based on their relative fair market values. Under the Proposed OID Regulations, the issuer's allocation is binding on all holders of the securities, unless a holder explicitly discloses to the IRS that its allocation differs from that of the issuer.

The Company anticipates that it will allocate approximately $900,000 as the issue price of the Warrants. This allocation reflects the Company's judgment as to the value of the Warrants at the time of issuance. This allocation is not binding on the IRS.

For Federal income tax purposes, a Note will be issued with OID if its "stated redemption price at maturity" exceeds its "issue price" by more than a de minimis amount. The stated redemption price at maturity of a Note will be the sum of its stated principal amount and all other payments that do not constitute "qualified stated interest" payments. Qualified stated interest is stated interest that is unconditionally payable at least annually at a single fixed rate that appropriately takes into account the length of the interval between payments. The interest payments on the Notes will constitute qualified stated interest. A Holder of a Note will be required for Federal income tax purposes to report stated interest on the Notes as interest income in accordance with the Holder's method of accounting for tax purposes.

Because the Notes will be issued at a discount and a portion of the issue price of the Units has been allocated to the Warrants, the stated redemption price at maturity of a Note will exceed its issue price by an amount in excess of the allowed de minimis amount. As a result, each Note will bear OID in an amount equal to the excess of (i) its stated redemption price at maturity over (ii) its issue price.

A Holder will be required to include OID in income periodically over the term of a Note without regard to when the cash or other payments attributable to such income are received. In general, a Holder must include in gross income for Federal income tax purposes the sum of the daily portions of OID with respect to the Note for each day during the taxable year on which such Holder holds the Note ("Accrued OID"). The daily portion is determined by allocating to each day of any accrual period within a taxable year a pro rata portion of the OID

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allocable to such accrual period. The amount of such OID is equal to the adjusted issue price of the Note (the issue price of the Note increased by the Accrued OID for all prior accrual periods and decreased by any cash payments on the Note other than qualified stated interest) at the beginning of the accrual period multiplied by the yield to maturity of the Note, and reduced by the amount of qualified stated interest allocable to such period. For purposes of computing OID, the Company will use six-month accrual periods that generally correspond to the stated interest payment periods of the Notes, with the exception of an initial short accrual period. Under these rules, Holders will have to include in gross income increasingly greater amounts of OID in each successive accrual period. Any payment made under a Note (except for payments of qualified stated interest) will be treated first as a payment of OID (which was previously includable in income) to the extent of OID that has accrued as of the date of payment and has not been allocated to prior payments and second as a payment of principal (which, generally, is not includible in income).

A subsequent purchaser of a Note issued with OID who purchases the Note at a cost in excess of the Note's adjusted issue price at the time of such purchase, but not in excess of the stated redemption price at maturity, will be entitled to reduce OID includable in income determined by the amount of such excess (the "acquisition premium"). For such a Holder, each daily portion will be reduced by an amount equal to (i) the daily portion of OID multiplied by (ii) a fraction, the numerator of which is equal to the amount of the acquisition premium and the denominator of which is equal to the sum of the daily portions of OID for the period beginning on the day after the subsequent Holder's acquisition of the Note and ending on the maturity date.

A Holder's tax basis in a Note will initially be the portion of the issue price of the Unit allocable to such Note. This basis will be increased by amounts of OID previously included in income, reduced by any payments received by the Holder with respect to the note, other than qualified stated interest payments, and reduced by the amounts deducted as bond premium amortization. See "--Bond Premium".

The certificate representing each Note sets forth the original issuance date, issue price, yield to maturity, and amount of OID, with respect to the Note. The Company is required to furnish annually to the IRS and to each Holder information regarding the amount of the OID attributable to that year.

Bond Premium. If a purchaser purchases a Note at a cost that is greater than its stated redemption price at maturity, the purchaser will be considered to have purchased the Note at a premium, and will not include any OID in income. The purchaser may elect to deduct the excess amount as amortizable bond premium over the remaining term of the debt. The election applies to all taxable debt instruments held by the Holder at any time during the first taxable year to which the election applies and to any such debt instruments which are later acquired by the holder.

Market Discount. A purchaser of a Note should be aware that the purchase or resale of a Note may be affected by the "market discount" provisions of the Code. The market discount rules generally provide that if a holder of a debt instrument purchases the debt instrument at a market discount, any gain recognized upon the disposition of the debt instrument by the holder will be taxable as ordinary interest income, rather than as capital gain, to the extent such gain does not exceed the accrued market discount on such debt instrument at the time of such disposition. "Market discount" generally, in the case of a Note, means the excess, if any, of the Note's "issue price" increased by the original issue discount includable in the income of all prior Holders of the Note (without regard to any acquisition premium), over the price paid by the Holder therefor, subject to a de minimis exception. A Holder of a Note who acquires the debt instrument at a market discount also may be required to defer the deduction of a portion of the amount of interest that the Holder paid or accrued during the taxable year on indebtedness incurred or maintained to

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purchase or carry such debt instrument.

Any principal payment on a Note acquired by a Holder at a market discount will be included in gross income as ordinary income (generally, as interest income) to the extent that it does not exceed the accrued market discount at the time of such payment. The amount of the accrued market discount for purposes of determining the tax treatment of subsequent payments on, or dispositions of, a Note is to be reduced by the amounts so treated as ordinary income.

A Holder of a Note acquired at a market discount may elect to include market discount in gross income, for Federal income tax purposes, as such market discount accrues, either on a straight-line basis or on a constant interest rate basis. This current inclusion election, once made, applies to all market discount obligations acquired on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS. If a Holder of a Note makes such an election, the foregoing rules with respect to the recognition of ordinary interest income on sales and other dispositions of such debt instruments, and with respect to the deferral of interest deductions on indebtedness incurred or maintained to purchase or carry such debt instruments, will not apply.

Sale or Retirement of Notes. Upon the sale, exchange, retirement or other disposition of a Note, a Holder will generally recognize gain or loss equal to the difference between the amount realized on the disposition and the Holder's adjusted tax basis in the Note (except to the extent the consideration received is attributable to qualified stated interest not previously taken into account, which consideration is treated as interest received). Subject to the market discount rules discussed above, gain or loss recognized by a Holder on the disposition of a Note will be long-term capital gain or loss, provided that the Note was a capital asset in the hands of the Holder, and had been held for more than one year.

WARRANTS

Exercise of the Warrants. The exercise of a Warrant will not result in a taxable event to the holder of the Warrant (except with respect to cash, if any, paid in lieu of the issuance of fractional shares of Common Stock). Upon exercise of a Warrant with cash, the holder's basis in the shares will be the sum of (a) its

adjusted tax basis in the Warrant and (b) the cash paid upon exercise of the Warrant. The holding period for capital gain and loss purposes for the shares acquired upon exercise of a Warrant will not include the period during which the Warrant was held. The adjusted tax basis of the Warrants for holders participating in the offering will be the portion of the issue price of the Unit allocable to the Warrants (adjusted as described below under "Adjustments Under the Warrants"). See the discussion above under "Original Issue Discount and Interest," concerning the allocation of a portion of the issue price of the Unit to the Warrants on the Issue Date.

Sale of the Warrants. Generally, a holder of the Warrants will recognize gain or loss upon the sale of the Warrants in an amount equal to the difference between the amount realized on the sale and the holder's adjusted tax basis for the Warrants. Under section 1234 of the Code, gain or loss attributable to the sale of an option to buy or sell property is considered gain or loss from the sale of property which has the same character as the property to which the option relates. Because the Warrants relate to stock, gains or losses attributable to the sale of the Warrants will generally constitute capital gains and losses and will be long-term if the Warrants have been held for more than one year and if the stock would be a capital asset in the hands of the holder.

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Adjustments Under the Warrants. Pursuant to the terms of the Warrants, the number of shares that may be purchased upon exercise of the Warrants is subject to adjustment from time to time upon the occurrence of certain events. Under section 305 of the Code, a change in conversion ratio or any transaction having a similar effect on the interest of a Warrant holder may be treated as a distribution with respect to any Warrant holder whose proportionate interest in the earnings and profits of the Company is increased by such change or transaction. Thus, under certain future circumstances which may or may not occur, such an adjustment pursuant to the terms of the Warrants may be treated as a taxable distribution to the Warrant holders to the extent of the Company's current or accumulated earnings and profits, without regard to whether the Warrant holders receive any cash or other property. For example, if the Company distributes cash or property as a dividend to its shareholders and a related adjustment is made to the number of shares of Common Stock that may be purchased upon exercise of the Warrants, such an adjustment will generally be treated as a taxable distribution to the Warrant holders, despite the fact that the Warrant holders receive no cash or property. If the Warrant holders receive such a taxable distribution their bases in the Warrants will be increased by an amount equal to the taxable distribution.

Expiration of the Warrants. Upon the expiration of an unexercised Warrant, the holder will recognize a loss equal to the adjusted tax basis of the Warrant in the hands of the holder. Under section 1234 of the Code, the character of the loss realized upon the failure to exercise an option is determined based on the character of the property to which the option relates. Since the Warrants relate to stock, a loss realized upon expiration of the Warrant will generally be a capital loss and will be long term if the Warrant was held for more than one year and if the stock would have been a capital asset in the hands of the Warrant holder.

The rules with respect to adjustments are complex and Warrant holders should consult their own tax advisors in the event of an adjustment.

BACKUP WITHHOLDING

A holder of a Note or Warrant may be subject to backup withholding at the rate of 31% with respect to interest paid on a Note and gross proceeds upon the sale or retirement of a Note or Warrant unless such holder (a) is a corporation or other exempt recipient and, when required, demonstrates this fact or (b) provides, when required, a correct taxpayer identification number, certifies that backup withholding is not in effect and otherwise complies with applicable requirements of the backup withholding rules. Furthermore, a holder of a Note or Warrant that does not provide the Company with the holder's correct taxpayer identification number may be subject to penalties imposed by the IRS. Backup withholding will be made when cash payments are made with respect to the Notes or Warrants. Backup withholding is not an additional tax; any amounts so withheld are creditable against the holder's federal income tax liability.

UNDERWRITING

Subject to the terms and conditions set forth in an underwriting agreement (the "Underwriting Agreement"), the Company has agreed to sell to Dillon, Read & Co. Inc. and Wertheim Schroder & Co. Incorporated, and the Underwriters have severally agreed to purchase, the respective principal amounts of the Units set forth opposite their names below.

<TABLE>
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UNDERWRITERS	UNITS
<S>	<C>
Dillon, Read & Co. Inc.	81,250
Wertheim Schroder & Co. Incorporated	43,750

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Total	125,000

</TABLE>

The Underwriting Agreement provides that the Underwriters are obligated to purchase all of the Units, if any are purchased.

The Underwriters propose to offer the Units directly to the public at the initial public offering price set forth on the cover page of this Prospectus and to certain dealers at such price less a concession not in excess of 1.8% of initial public offering price of the Units. The Underwriters may allow, and such dealers may reallow, a concession not to exceed 0.25% of the initial public offering price of the Units on sales to certain other dealers. The offering of the Units is made for delivery when, as, and if accepted by the Underwriters and subject to prior sale and to withdrawal, cancellation or modification of the offer without notice. The Underwriters reserve the right to reject any order for the purchase of the Units. After the initial public offering, the public offering price and other selling terms may be changed by the Underwriters.

The Company has agreed in the Underwriting Agreement to indemnify the Underwriters against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments that the Underwriters may be required to make in respect thereof.

Wertheim Schroder & Co. Incorporated has rendered certain financial advisory and investment banking services to the Company, for which it received customary fees. Tony Coelho, a director of the Company, is a Managing Director of Wertheim Schroder & Co. Incorporated.

LEGAL MATTERS

The legality of the securities offered hereby will be passed upon for the Company by Paul Weeks, II, Esq., Senior Vice President, General Counsel, and Secretary of ICF Kaiser International, Inc. As of August 31, 1993, Mr. Weeks is the beneficial owner of 52,937 shares of the Common Stock (including 19,667 shares that may be acquired upon the exercise of stock options). Certain legal matters will be passed upon for the Company by Crowell & Moring, 1001 Pennsylvania Avenue, N.W., Washington, D.C. 20004.

Certain legal matters will be passed upon for the Underwriters by Gibson, Dunn & Crutcher, 200 Park Avenue, New York, New York 10166.

EXPERTS

The Consolidated Financial Statements of ICF Kaiser International, Inc. and subsidiaries as listed herein on page F-1, except for the interim financial statements, have been included herein in reliance on the reports of Coopers & Lybrand, independent accountants, given upon their authority as experts in auditing and accounting.

ICF KAISER INTERNATIONAL, INC.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders
ICF Kaiser International, Inc.

We have audited the accompanying consolidated balance sheets of ICF Kaiser International, Inc. and Subsidiaries, formerly ICF International, Inc., as of February 28, 1993 and February 29, 1992, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended February 28, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ICF Kaiser International, Inc. and Subsidiaries as of February 28, 1993 and February 29, 1992 and the consolidated results of their operations and their cash flows for each of the three years in the period ended February 28, 1993 in conformity with generally accepted accounting principles.

As discussed in Note J to the consolidated financial statements, the Company changed its method of accounting for income taxes for the year ended February 29, 1992.

Coopers & Lybrand

Washington, D.C.
April 30, 1993

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ICF KAISER INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS)

	AUGUST 31, 1993 (UNAUDITED)	FEBRUARY 28, 1993	FEBRUARY 29, 1992
ASSETS			
Current Assets			
Cash and cash equivalents	$ 18,539	$ 8,445	$ 8,516
Contract receivables, net	143,929	160,681	152,416
Prepaid expenses and other current assets	17,721	21,503	21,095
Refundable income taxes	1,090	1,294	2,230
Deferred income taxes	13,523	12,553	14,542
Net current assets of business held for disposition	--	--	4,226
Total Current Assets	194,802	204,476	203,025
Fixed Assets			
Furniture, equipment and leasehold improvements	40,824	40,120	41,381
Less allowances for depreciation and amortization	23,065	20,440	17,730
	17,759	19,680	23,651
Other Assets			
Goodwill, net	52,884	53,896	55,791
Investments in and advances to affiliates	4,878	2,207	19,488
Due from officers and employees	1,342	1,361	1,108
Other	13,720	13,958	15,884
	72,824	71,422	92,271
	$285,385	$295,578	$318,947
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	$ 45,260	$ 60,192	$ 66,051
Accrued salaries and employee benefits	26,033	25,804	24,501
Current portion of long-term liabilities	9,416	5,276	7,187
Income taxes payable	940	1,448	2,361
Deferred revenue	15,379	13,804	23,388
Other	11,328	10,107	13,472
Total Current Liabilities	108,356	116,631	136,960
Long-term Liabilities, less current portion			
Long-term debt	46,727	39,115	49,145
Subordinated debt	25,500	30,000	30,000
Other	4,006	6,487	6,530
	76,233	75,602	85,675
Commitments and Contingencies			

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Redeemable Preferred Stock..............	45,105	44,824	45,161
Preferred Stock.........................	6,900	6,900	6,900
Common Stock, par value $.01 per share:			
Authorized--90,000,000 shares			
Issued and outstanding--20,764,984,			
21,303,807 and 18,270,652 shares......	208	213	182
Additional Paid-in Capital..............	61,735	65,040	64,382
Notes Receivable Related to Common Stock.	(1,732)	(2,725)	(3,387)
Retained Earnings (Deficit).............	(6,186)	(4,206)	(7,552)
Cumulative Translation Adjustment........	(1,901)	(1,701)	(1,041)
ESOP Guaranteed Bank Loan................	(3,333)	(5,000)	(8,333)
	$285,385	$295,578	$318,947

</TABLE>

See notes to consolidated financial statements.

ICF KAISER INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	SIX MONTHS ENDED AUGUST 31,		YEAR ENDED FEBRUARY 28,		
	1993	1992	1993	1992	1991
	(UNAUDITED)				
<S>	<C>	<C>	<C>	<C>	<C>
REVENUE					
Gross revenue..........	$ 274,842	$ 369,875	$ 678,882	$ 710,873	$ 624,976
Subcontract and direct material costs........	(101,155)	(174,001)	(299,606)	(337,056)	(269,846)
Equity in income of joint ventures and affiliated companies..	741	3,011	5,709	6,009	8,188
Service revenue.......	174,428	198,885	384,985	379,826	363,318
OPERATING EXPENSES					
Direct cost of services and overhead..........	135,075	150,365	292,005	291,237	269,020
Administrative and general expense.......	29,918	29,436	58,184	56,339	49,573
Depreciation and amortization..........	4,862	5,661	10,766	9,159	11,438
Costs of restructuring and disposal of businesses, net.......	--	1,436	1,336	73,354	--
Unusual item, net......	500	--	(50)	(6,300)	--
Operating income (loss)...............	4,073	11,987	22,744	(43,963)	33,287
OTHER INCOME (EXPENSE)					
Loss on sale of investment............	--	--	(929)	--	--
Interest income........	705	898	1,708	1,931	1,995
Interest expense--core businesses............	(3,341)	(4,410)	(8,629)	(10,778)	(11,264)
Interest expense-- discontinued					

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businesses	--	--	--	(1,500)	--
Income (loss) before income tax	1,437	8,475	14,894	(54,310)	24,018
Income tax provision (benefit)	747	3,560	6,255	(13,794)	9,727
Net income (loss)	690	4,915	8,639	(40,516)	14,291
Preferred stock dividends	2,513	2,513	5,026	2,203	857
Net income (loss) available for common shareholders	$ (1,823)	$ 2,402	$ 3,613	$ (42,719)	$ 13,434
Net income (loss) per common share					
Primary	$ (0.09)	$ 0.11	$ 0.16	$ (2.25)	$ 0.71
Fully diluted	$ (0.09)	$ 0.11	$ 0.16	$ (2.25)	$ 0.68

</TABLE>

See notes to consolidated financial statements.

ICF KAISER INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(IN THOUSANDS)

<TABLE>
<CAPTION>

	SIX MONTHS ENDED AUGUST 31, 1993 (UNAUDITED)	YEAR ENDED FEBRUARY 28, 1993	1992	1991
SERIES 1 JUNIOR CONVERTIBLE PREFERRED STOCK				
Balance at beginning of year	$ 6,900	$ 6,900	$ 6,900	$ --
Issuance of 69 shares	--	--	--	6,900
Balance at end of year	$ 6,900	$ 6,900	$ 6,900	$ 6,900
COMMON STOCK				
Balance at beginning of year	$ 213	$ 182	$ 185	$ 174
Issuance of shares (105,740 in 1993, 1,131,620 in 1992 and 281,852 in 1991)	--	1	11	3
Issuance of 71,645 shares	1	--	--	--
Repurchase of shares (44,434 in 1993, 954,961 in 1992 and 1,342,788 in 1991)	--	0	(9)	(13)
Repurchase of 610,468 shares	(6)	--	--	--
Issuance of shares to benefit plans (1,344,123 in 1992 and 666,666 in 1991)	--	--	13	6
Issuance of shares in connection with acquisitions (1,222,826 in 1992 and 1,494,980 in 1991)	--	--	12	15
Exchange of 2,975,542 shares of Class A Common Stock for Series 3 Preferred Stock	--	--	(30)	--

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Conversion of Series 3 Preferred Stock into 2,971,849 shares......	--	30	--	--
Balance at end of year...........	$ 208	$ 213	$ 182	$ 185
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year......	$65,040	$64,382	$55,358	$40,780
Increase in connection with issuances.......................	346	619	5,541	2,771
Decrease in connection with repurchases..........................	(3,716)	(354)	(15,169)	(14,950)
Increase in connection with acquisitions.........................	--	--	6,789	20,337
Increase in connection with issuance to benefit plans............	--	--	10,376	6,251
Tax effect from the excercise of non-qualified stock options......	--	559	983	--
Other............................	65	(166)	504	169
Balance at end of year...........	$61,735	$65,040	$64,382	$55,358
NOTES RECEIVABLE RELATED TO COMMON STOCK				
Balance at beginning of year......	$(2,725)	$(3,387)	$ (911)	$ (544)
Common stock issued in exchange for notes receivable............	--	--	(2,476)	(367)
Payments received on notes receivable...........................	993	662	--	--
Balance at end of year...........	$(1,732)	$(2,725)	$(3,387)	$ (911)
RETAINED EARNINGS (DEFICIT)				
Balance at beginning of year......	(4,206)	$(7,552)	$35,380	$21,978
Net income (loss)................	690	8,639	(40,516)	14,291
Preferred stock dividends.........	(2,513)	(5,026)	(2,203)	(857)
Preferred stock accretion.........	(157)	(267)	(213)	--
Adjustment for pooled companies...	--	--	--	(32)
Balance at end of year...........	$(6,186)	$(4,206)	$(7,552)	$35,380
CUMULATIVE TRANSLATION ADJUSTMENT				
Balance at beginning of year......	(1,701)	$(1,041)	$ (260)	$ --
Current year adjustment...........	(200)	(660)	(781)	(260)
Balance at end of year...........	$(1,901)	$(1,701)	$(1,041)	$ (260)
ESOP GUARANTEED BANK LOAN				
Balance at beginning of year......	(5,000)	$(8,333)	$(7,813)	$(4,429)
Increase (decrease) in loan balance............................	1,667	3,333	(520)	(3,384)
Balance at end of year...........	$(3,333)	$(5,000)	$(8,333)	$(7,813)

</TABLE>

See notes to consolidated financial statements

ICF KAISER INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

<TABLE>

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<CAPTION>

	SIX MONTHS ENDED AUGUST 31,		YEAR ENDED FEBRUARY 28,		
	1993	1992	1993	1992	1991
	(UNAUDITED)				
<S>	<C>	<C>	<C>	<C>	<C>
OPERATING ACTIVITIES					
Net income (loss)..........	$ 690	$ 4,915	$ 8,639	$(40,516)	$ 14,291
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization..............	4,862	5,661	10,766	9,159	11,438
Provision for losses on accounts receivable.......	991	975	2,202	4,359	1,667
Provision for deferred income taxes..............	(970)	3,560	4,311	(13,925)	(4,219)
Earnings less than (in excess of) cash distributions from joint ventures and affiliated companies.................	109	(2,262)	(3,690)	(1,539)	876
Loss on sale of investment.	--	--	929	--	--
Increase (decrease) in provision for restructuring and disposal of businesses, net of cash......................	--	(4,147)	(6,426)	52,289	--
Unusual items..............	--	--	(50)	(6,300)	--
Changes in operating assets and liabilities related to operating activities, net of dispositions:					
Contract receivables......	15,761	(79)	(15,263)	(23,017)	(24,091)
Prepaid expenses and other current assets..........	2,678	(6,753)	2,655	(1,558)	(4,936)
Other assets..............	(316)	263	(257)	1,532	(16,452)
Accounts payable and accrued expenses.........	(14,703)	(12,002)	(8,622)	31,222	3,496
Income taxes payable......	(180)	326	6	(3,522)	4,400
Deferred revenue..........	1,575	(3,212)	(9,251)	13,898	2,623
Other liabilities.........	(1,195)	(6,805)	(2,505)	(4,409)	(4,835)
Net Cash Provided by (Used in) Operating Activities..	9,302	(19,560)	(16,556)	17,673	(15,742)
INVESTING ACTIVITIES					
Sales of subsidiaries and affiliates................	--	--	35,695	3,965	--
Investments in subsidiaries and affiliates, net of cash......................	(2,293)	5,699	(1,146)	(2,515)	(21,365)
Purchases of fixed assets, net.......................	(739)	(2,786)	(4,638)	(3,644)	(5,629)
Other investing activities.	--	437	387	258	(502)
Net Cash Provided by (Used in) Investing Activities..	(3,032)	3,350	30,298	(1,936)	(27,496)
FINANCING ACTIVITIES					
Proceeds from borrowings...	10,000	34,338	34,357	35,108	78,137
Principal payments.........	(1,081)	(9,380)	(42,965)	(58,925)	(57,384)
Proceeds from (used in)					

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common stock transactions.	(2,382)	134	130	(7,425)	(5,410)
Proceeds from sales of redeemable preferred stocks....................	--	--	--	19,500	23,470
Proceeds from sales of Series 1 Junior Convertible Preferred.....	--	--	--	--	6,900
Redemption of redeemable Preferred Stock...........	--	--	(799)	(800)	(799)
Preferred stock dividends..	(2,513)	(1,363)	(3,876)	(3,283)	(804)
Net Cash Provided by (Used in) Financing Activities..	4,024	23,729	(13,153)	(15,825)	44,110
Effect of Exchange Rate Changes on Cash...........	(200)	279	(660)	(781)	(260)
Increase (Decrease) in Cash and Cash Equivalents......	10,094	7,798	(71)	(869)	612
Cash and Cash Equivalents at Beginning of Period....	8,445	8,516	8,516	9,385	8,773
Cash and Cash Equivalents at End of Period..........	$ 18,539	$ 16,314	$ 8,445	$ 8,516	$ 9,385
SUPPLEMENTAL INFORMATION:					
Cash payments for interest.	$ 6,418	$ 4,187	$ 9,447	$ 12,313	$ 10,805
Cash payments (refunds) for income taxes..............	(123)	(229)	(416)	7,219	7,120
Increase (decrease) of ESOP guaranteed bank loan......	(1,667)	(1,667)	(3,333)	520	3,384
Common stock issued to retirement plan...........	--	--	--	5,287	--

</TABLE>

See notes to consolidated financial statements.

ICF KAISER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(INFORMATION RELATING TO THE SIX MONTHS ENDED AUGUST 31, 1993 AND 1992 IS UNAUDITED)

NOTE A--ORGANIZATION

ICF Kaiser International, Inc., formerly known as ICF International, Inc. ("ICF Kaiser" or the "Company"), was formed on October 19, 1987, as the holding company for ICF Incorporated and the family of companies developed around ICF Incorporated since its inception (1969). These companies provide consulting, engineering, and program and construction management services primarily to the environmental, infrastructure, industrial, and energy markets both in the United States and abroad.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The consolidated financial statements include all majority-owned subsidiaries of ICF Kaiser. Investments in joint ventures and affiliated companies are accounted for using the equity method. All significant intercompany accounts and transactions have been eliminated. As discussed in Note C, the consolidated financial statements reflect a provision related to the restructuring and disposal of certain businesses. The disposal of businesses under the restructuring program was completed in fiscal 1993. At

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February 29, 1992, the net current assets of the businesses discontinued under the restructuring plan are separately reflected as a component of current assets and the estimated net realizable value of the non-current assets of these businesses, net of a provision for future operating losses and other restructuring provisions, is reflected as a component of other long-term assets. The costs of restructuring and disposal of businesses include the net of revenue and operating expenses of the discontinued businesses and estimated future losses of such businesses.

Interim Financial Information: The financial information presented as of August 31, 1993 and for the six-month periods ended August 31, 1993 and 1992 is unaudited but has been prepared in accordance with generally accepted accounting principles for interim financial information. In the opinion of management, all adjustments considered necessary for a fair presentation have been included.

Shareholders' Equity: On June 27, 1992, the shareholders adopted amendments to ICF Kaiser's Certificate of Incorporation which reclassified all of the Class B Common Stock authorized, issued, and outstanding at that time into shares of Class A Common Stock, thereby placing all of ICF Kaiser's common stock into a single class, which was renamed "Common Stock". The accompanying financial statements reflect the combination of the 7,670,529 shares of Class B Common Stock issued and outstanding on June 27, 1992 into Class A Common Stock as if the reclassification and renaming had occurred at the beginning of the periods presented. There were 9,925,811 shares of Class A and 8,344,841 shares of Class B issued and outstanding at February 29, 1992. Following implementation of these amendments, the then-outstanding shares of Series 3 Junior Convertible Preferred Stock automatically converted into 2,799,523 shares of ICF Kaiser Common Stock.

Revenue Recognition: Revenue is recorded on cost-type contracts as costs are incurred. Revenue on time-and-materials contracts is recognized to the extent of billable rates times hours delivered plus materials expense incurred. Long-term fixed-price contracts generally are accounted for under percentage-of-completion methods, and revenue includes a proportion of the earnings expected to be realized in the ratio that costs incurred bear to estimated total costs.

Foreign Currency Translation: Results of operations for foreign entities are translated using the average exchange rates during the period. Assets and liabilities are translated to U. S. dollars using the exchange rate in effect at the balance sheet date. Resulting translation adjustments are reflected in shareholders' equity as cumulative translation adjustment.

Cash and Cash Equivalents: ICF Kaiser considers all highly liquid financial instruments purchased with maturities of three months or less to be cash equivalents. At August 31, 1993 and February 28, 1993, other current assets include $3,698,000 and $4,606,000, respectively of restricted cash and short-term investments which primarily supports a letter of credit for one of ICF Kaiser's subsidiaries.

Statement of Cash Flows: The consolidated statements of cash flows are prepared on a basis which separately reflects transactions related to the discontinued businesses. Included in adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities are non-cash expenses of the continuing businesses and the non-cash activity related to the provision for restructuring and disposal of businesses.

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Fixed Assets: Furniture and equipment are carried at cost, or assigned value if acquired through a purchase of a business, and are depreciated using the straight-line method over their estimated useful lives ranging from three to ten years. Leasehold improvements are carried at cost and are amortized using the straight-line method over the remaining lease term.

Goodwill: Goodwill represents the excess of cost over the fair value of the net assets of acquired businesses and is amortized using the straight-line method over periods ranging from five to forty years. Accumulated amortization was $8,159,000, $7,147,000 and $5,584,000 at August 31, 1993, February 28, 1993 and February 29, 1992, respectively.

Income Taxes: ICF Kaiser uses the accrual method for income tax reporting purposes. Deferred income taxes are provided using the liability method on temporary differences between financial reporting and income tax reporting, which primarily relate to reserves for adjustments and allowances. If necessary, management records a valuation allowance for deferred tax assets that may not be realizable. ICF Kaiser adopted Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes, ("SFAS No. 109"), at the beginning of fiscal 1992 (see Note J).

Post-Employment Benefits: Effective March 1, 1993, ICF Kaiser adopted Statement of Financial Accounting Standards No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions ("SFAS No. 106"). Prior to the adoption of SFAS No. 106, ICF Kaiser had been recognizing the cost of postretirement benefits when paid. ICF Kaiser provides certain benefits, primarily health insurance, to a limited group of retirees (and their spouses) who joined ICF Kaiser through an acquisition. The cost of the postretirement benefits is funded when paid and limited to a fixed amount per retiree or spouse per month. All service cost related to these benefits has been included in the Company's transition obligation.

The Company has elected the prospective transition method of recognizing these postretirement benefit expenses. Under this method, the Company's $14.2 million accumulated postretirement benefit obligation at March 1, 1993 is being amortized over 14.5 years, the average remaining life expectancy of the retirees and their spouses. A discount rate of 7% was used to determine the accumulated postretirement benefit obligation. The Company's ongoing expense under SFAS No. 106 includes the interest component and the amortization of the transition obligation, which was approximately $950,000 for the six months ended August 31, 1993. Under the previous method of accounting for postretirement benefits, $1,695,000, $1,418,000 and $1,618,000 were included in expense in fiscal years 1993, 1992 and 1991, respectively. Approximately $847,500 was included in expense for the six months ended August 31, 1992.

Net Income (Loss) Per Common Share: Net income (loss) per common share is computed using net income available to common shareholders, as adjusted under the modified treasury stock method, and the weighted average number of common stock and common stock equivalents outstanding during the periods presented. Common stock equivalents include stock options and warrants and the potential conversion of convertible preferred stock. For the six months ended August 31, 1993, and fiscal 1993 and 1992, the

adjustments that would be required by the modified treasury stock method to net income (loss) available for common shareholders and to weighted average number of shares were anti-dilutive and therefore excluded from earnings per share

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computations. In computing earnings per share, net income (loss) available to common shareholders was adjusted for the amortization of discounts on senior preferred stock. Primary earnings per share was based on 21,272,000, 19,085,000, and 19,289,000 shares in fiscal years 1993, 1992, and 1991, respectively, and fully diluted earnings per share was based on 21,272,000, 19,085,000, and 20,308,000 shares in fiscal years 1993, 1992, and 1991, respectively. Primary and fully diluted earnings per share were based on 20,907,000 and 21,251,000 shares for the six months ended August 31, 1993 and 1992, respectively.

Concentrations of Credit Risk: The Company maintains cash balances primarily in overnight Eurodollar deposits and bank certificates of deposit. Short-term investments are U.S. Government securities having maturities of less than one year. ICF Kaiser grants uncollateralized credit to its customers. A large portion of ICF Kaiser's receivables are from the U.S. government (See Note E). In order to mitigate its credit risk to commercial customers, when practical, ICF Kaiser obtains advance funding of costs for industrial construction work.

Reclassification: Certain reclassifications have been made to the fiscal 1993 financial statements to conform to the presentation used in fiscal 1994 financial statements, and to fiscal 1992 and 1991 financial statements to conform to the presentation used in fiscal 1993.

NOTE C--RESTRUCTURING AND DISPOSAL OF BUSINESSES

In fiscal 1993, ICF Kaiser completed its disposal of non-core businesses under a restructuring plan which began in the first quarter of fiscal 1992. The plan provided for the sale, liquidation, or other disposition of certain businesses outside of the Company's core businesses, and the consolidation of certain operations within the core businesses. The core businesses primarily provide a broad range of consulting, engineering, and program and construction management services in the environmental, infrastructure, industrial, and energy markets. The Company's non-core businesses disposed of under the plan included ICF Kaiser subsidiaries providing pharmaceutical industry research, health communications and consulting services, geophysical/seismic data processing services, and systems integration services. The original plan was modified in fiscal 1993 to provide for the sale of a health consulting business determined to be outside the Company's core businesses and to revise estimates of potential liabilities related to disposed businesses. The modification to the restructuring plan resulted in a net $1,336,000 charge in fiscal 1993 since the gain on the sale of the health consulting business was offset by revisions to the estimates of remaining potential liabilities relating to discontinued businesses.

The charge for the cost of restructuring and disposal of businesses recorded in fiscal 1992 was $73.4 million ($52.4 million after tax), which provided for operating losses of discontinued businesses and losses on the disposal of those businesses included in the plan at that time, severance and other restructuring costs. In fiscal 1992, the Company allocated interest expense related to discontinued businesses on the accompanying statement of operations based on the imputed reduction in interest cost from the assumed sale of the discontinued businesses.

NOTE D--ACQUISITIONS

All of the businesses acquired by the Company during the three year period ended February 28, 1993 were treated as purchases for financial reporting purposes. Accordingly, the consolidated statements of

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operations include the operations of the acquired companies from the date of acquisition. The excess of the purchase price over the fair value of the assets and liabilities for these transactions is reflected as goodwill in the accompanying balance sheet.

In July 1990, ICF Kaiser acquired all of the outstanding stock of Kaiser Engineers Australia Pty. Ltd. ("KEA") that it did not already own for $10.5 million paid in the form of 617,500 shares of ICF Kaiser Common Stock. Prior to this purchase, the Company had a 50 percent interest in KEA. In June 1991, in accordance with the provisions of the agreement, ICF Kaiser repurchased these shares for $10.5 million. The Company's proportionate share of the fair value of the assets acquired and liabilities assumed was $12,372,000 and $7,833,000, respectively.

NOTE E--CONTRACT RECEIVABLES

	SIX MONTHS ENDED AUGUST 31, 1993	YEAR ENDED FEBRUARY 28, 1993	1992
	(UNAUDITED)	(IN THOUSANDS)	
U.S. government agencies:			
Currently due	$ 27,627	$ 28,563	$ 30,374
Retention	2,277	2,182	2,383
Unbilled	27,930	28,285	26,864
	57,834	59,030	59,621
Commercial clients and state and municipal governments:			
Currently due	65,360	73,539	78,802
Retention	6,899	9,590	6,834
Unbilled	22,932	27,499	16,520
	95,191	110,628	102,156
	153,025	169,658	161,777
Less allowances for uncollectible receivables and other adjustments	9,096	8,977	9,361
	$143,929	$ 160,681	$ 152,416

U.S. government receivables arise from U.S. government prime contracts and subcontracts. Unbilled receivables result from revenues which have been earned but were not billed as of the end of the year. The unbilled receivables can be invoiced at contractually defined intervals upon completion of cost-type contracts for government agencies, completion of federal government overhead audits, upon attaining certain milestones under fixed-price contracts, or upon completion of construction on certain projects. Generally, retention is not expected to be realized within one year; consistent with industry practice, these receivables are classified as current. Management anticipates that the remaining unbilled receivables will be substantially billed and collected in one year.

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NOTE F--JOINT VENTURES AND AFFILIATED COMPANIES

ICF Kaiser has ownership interests ranging from 20% to 50% in certain joint ventures and affiliated companies that are engaged in the same general business as the Company. ICF Kaiser's investments in and advances to these joint ventures and affiliated companies is summarized as follows (in thousands):

	OWNERSHIP INTEREST AT AUGUST 31, 1993	AUGUST 31, 1993 (UNAUDITED)	FEBRUARY 28, 1993	FEBRUARY 29, 1992
Gary PCI Ltd., LP	50%	$ 2,704	$ --	$ --
LIFAC North America	50%	1,914	1,914	1,212
KJK Joint Venture	33%	2,487	1,735	(744)
American Transit Consultants, Inc.	33%	(1,915)	(883)	(291)
Acer Group Limited	--	--	--	17,846
Other	20% to 50%	1,058	1,425	1,907
		6,248	4,191	19,930
Less amounts classified within current assets		1,370	1,984	442
		$ 4,878	$2,207	$19,488

In February 1993, ICF Kaiser sold its investment in Acer Group Limited for $17,250,000 resulting in a $929,000 pretax loss.

Combined summarized unaudited financial information of all of ICF Kaiser's joint ventures and affiliated companies is as follows (in thousands):

	FEBRUARY 28, 1993	FEBRUARY 29, 1992	FEBRUARY 28, 1991
Current assets	$ 22,466	$128,011	$126,335
Non-current assets	20,761	32,788	45,245
Current liabilities	20,630	105,271	101,415
Non-current liabilities	--	28,323	28,287
Gross revenue	226,944	442,142	336,228
Net income	17,471	16,940	25,183

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NOTE G--INDEBTEDNESS

ICF Kaiser's indebtedness is as follows (in thousands):
<TABLE>
<CAPTION>

<S>	AUGUST 31, 1993 (UNAUDITED) <C>	FEBRUARY 28, 1993 <C>	FEBRUARY 29, 1992 <C>
Revolving credit facility, average interest rate of 6.1% for the six months ended August 31, 1993, 6.8% in fiscal 1993 and 8.7% in fiscal 1992....	$45,000	$35,000	$43,099
ESOP guaranteed notes, average interest rate of 6.9% for the six months ended August 31, 1993, 7.2% in fiscal 1993 and 8.8% in fiscal 1992................	3,333	5,000	8,333
Notes payable to current and former shareholders, principal and interest at varying rates and installments through February 1996..........................	467	748	1,958
Other notes, principal and interest at varying rates and installments through February 2010..........................	2,843	3,643	2,942
Total................................	51,643	44,391	56,332
Less current maturities.................	4,916	5,276	7,187
Long-term debt........................	$46,727	$39,115	$49,145

</TABLE>

Scheduled maturities of long-term debt outstanding at February 28, 1993, are as follows: $5,276,000 in fiscal 1994, $37,821,000 in fiscal 1995, $663,000 in fiscal 1996, $40,000 in fiscal 1997, $32,000 in fiscal 1998 and $559,000 thereafter.

At August 31, 1993, ICF Kaiser's principal working capital financing was a $107 million total revolving credit line provided by a consortium of banks. The same group of banks also provide ICF Kaiser with an Employee Stock Ownership Plan ("ESOP") credit facility (together, the "Credit Facility") of which $3.3 million is outstanding at August 31, 1993 and $5 million is outstanding at February 28, 1993. The margin on the interest payable under the Credit Facility decreases in future periods upon the achievement of certain levels of tangible net worth. The Company and certain of its subsidiaries, which are guarantors of the Credit Facility, granted the consortium of banks a security interest in accounts receivable and certain other general intangibles and pledged the capital stock of certain subsidiaries. The Credit Facility restricts the payment of cash dividends and requires the maintenance of specified financial ratios, levels of working capital, and levels of tangible net worth. At August 31, 1993 and February 28, 1993, ICF Kaiser had $6 million and $23 million, respectively of available credit under the Credit Facility.

On July 14, 1993, ICF Kaiser and the consortium of banks which provides its credit facility agreed to extend the expiration date for the credit facility until September 30, 1994, on terms similar to those under the existing agreement. In conjunction with and conditioned upon the offering of the Senior Subordinated Notes described below, ICF Kaiser has obtained commitments to replace its existing facility with a $60 million credit facility to be provided by the Company's lead bank and a consortium of other banks on terms similar to those under the existing facility. The proposed new facility will have covenants no less favorable than those under the existing credit facility. This replacement credit facility would expire on October 31, 1996.

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On October 28, 1993 the Company filed a registration statement with the Securities and Exchange Commission ("SEC") for the issuance of 125,000 units (a "Unit"). Each Unit consists of $1,000 principal amount of the Company's 12% Senior Subordinated Notes due 2003 (the "Notes") and 4.8 warrants (the "Warrants") each to purchase one share of the Company's Common Stock. A total of $900,000 of the net proceeds has been allocated to the Warrants. On December 23, 1993, the Company filed a separate registration statement with the SEC registering 600,000 Shares of ICF Kaiser Common Stock issuable upon

exercise of the Warrants. Interest on the Notes will be payable semiannually, and they will not be redeemable for five years from issuance. After five years, the Notes will be redeemable at any time at the option of the Company, in whole or in part. In connection with the issuance of the Units, the Company will agree to certain business and financial covenants. The proceeds of the Units will be used to retire the Company's 13.5% Senior Subordinated Notes ("the "13.5% Notes") described in Note H below, to repurchase warrants issued in connection with 13.5% Notes, to repurchase the Company's Series 1 Junior Convertible Preferred Stock, to repurchase the Company's Series 2C Senior Preferred Stock and the Series 2C Warrants issued in connection therewith, to repay the funded debt under the existing credit facility, and to repay, on behalf of the ESOP, the outstanding balance under a related ESOP credit facility. The balance of the net proceeds will be used for general corporate purposes. Following issuance of the Units and repurchase of the Series 1 Junior Convertible Preferred Stock, the Company's equity will increase by $2.0 million. However, the Company's earnings per share will be reduced for the effect of the premium to be paid to the holders of the 13.5% Notes and other costs related to this refinancing, the after-tax effect of which will be treated as an extraordinary item. A premium also will be paid to the holders of the Series 2C Senior Preferred Stock and Series 2C Warrants in connection with the repurchase thereof; this premium will not be a direct reduction to net income, but will reduce the Company's earnings per share. The net effect of these payments could be a loss in the quarter the transaction is recorded.

At February 28, 1993, the Company's ESOP owned 2,656,084 shares of ICF Kaiser Common Stock, a percentage of which secure the ESOP portion of the Credit Facility. These shares were purchased from the proceeds of Company contributions and the ESOP portion of the Credit Facility. ICF Kaiser has guaranteed the ESOP portion of the Credit Facility and is obligated to contribute sufficient cash to the ESOP trust to repay this loan. As such, the ESOP loan is reflected in the Company's long-term debt with a corresponding reduction in equity.

NOTE H--SUBORDINATED DEBT

ICF Kaiser has outstanding $30,000,000 of 13.5% senior subordinated notes ("Subordinated Notes") and detachable common stock purchase warrants expiring May 15, 1999 for the purchase of 1,801,681 shares of ICF Kaiser Common Stock. The Subordinated Notes require interest payments semi-annually at 13.5% of the outstanding balance and five annual principal payments of $4.5 million beginning May 15, 1994, with the remaining $7.5 million principal due May 15, 1999. The initial $4.5 million principal payment is classified as current portion of long-term liabilities at August 31, 1993. The obligations of ICF Kaiser are guaranteed by certain subsidiaries of ICF Kaiser ("Guarantors"). These obligations of the Company and the Guarantors are subordinate to their obligations under the Credit Facility. The warrants sold in connection with the Subordinated Notes are exercisable at any time for shares of ICF Kaiser Common Stock at $6.91 per share. Additional warrants may be issued under certain anti-

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dilution provisions.

In connection with the issuance of the 13.5% Notes, ICF Kaiser and the Guarantors agreed to certain business and financial covenants including: restrictions on indebtedness, leases, dividends, and certain types of investments and asset sales; and the maintenance of certain financial ratios, including adjusted net worth at increasing levels over time. The 13.5% Notes may not be prepaid at the Company's option prior to May 15, 1996. Subsequent to that date, the Company may prepay the 13.5% Notes at a premium. Under certain circumstances, which include certain members of senior management decreasing their ownership of the Company's common stock or becoming less active in managing the Company, the 13.5% Notes are required to be prepaid with a substantial premium. ICF Kaiser's President and Chief Operating Officer resigned on April 26, 1993, which potentially creates such a circumstance. The holders of the 13.5% Notes have temporarily waived the consideration of a prepayment event. Such waiver expires on January 14, 1994. It is the Company's intention, and the holders have agreed, to retire the 13.5% Notes using the proceeds from the issuance of the Notes discussed in Note G above.

NOTE I--CONTINGENCIES

As a normal incident of the nature of business in which the Company is engaged, various claims or charges are asserted and litigation commenced against the Company arising from or related to properties, injuries to persons and breaches of contract, as well as claims related to acquisitions and dispositions. Claimed amounts may not bear any reasonable relationship to the merits of the claim or to a final court award. In the opinion of management, an adequate reserve has been provided for final judgments, if any, in excess of insurance coverage, which might be rendered against the Company in such litigation.

The Company may from time to time be, either individually or in conjunction with other government contractors operating in similar types of businesses, involved in U.S. government investigations for alleged violations of procurement or other federal laws and regulations. The Company currently is the subject of a number of U.S. government investigations and is cooperating with the responsible government agencies involved. No charges are presently known to have been filed against the Company by these agencies. The Company is unable to predict the outcome of the investigations in which it is currently involved. Management does not believe that there will be any material adverse effect on the Company's financial position as a result of these investigations.

The Company has a substantial number of U.S. government contracts, the costs of which are subject to audit by the U.S. government. In one such audit, the government has asserted that certain costs claimed as reimbursable under government contracts were not allocated in accordance with government cost accounting standards. Management believes that the potential effect of disallowed costs, if any, for the periods currently under audit and for periods not yet audited has been adequately provided for and will not have a material adverse effect on the Company's financial position.

ICF Kaiser had outstanding letters of credit in the amount of $26.7 million and $32.6 million at August 31, 1993, and February 28, 1993, respectively, principally in support of performance guarantees under certain contracts. ICF Kaiser is also the guarantor of several leasing arrangements involving U.S. government agencies and a former ICF Kaiser subsidiary. As of August 31, 1993,

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these leases totaled $6.7 million with expiration dates running through April 1997.

NOTE J--INCOME TAXES

The components of earnings (loss) before income taxes and the related provision (benefit) for income taxes is as follows (in thousands):

<TABLE>
<CAPTION>

	SIX MONTHS ENDED AUGUST 31, 1993 (UNAUDITED)	YEAR ENDED FEBRUARY 28, 1993	1992	1991
Earnings (loss) before income taxes:				
Domestic	$2,049	$13,362	$(60,058)	$15,799
Foreign	(612)	1,532	5,748	8,219
	$1,437	$14,894	$(54,310)	$24,018
Provision (benefit) for income taxes:				
Federal:				
Current	$1,501	$ 1,074	$ (2,041)	$ 7,952
Deferred	(801)	3,517	(11,261)	(3,307)
	700	4,591	(13,302)	4,645
State:				
Current	316	420	(189)	1,921
Deferred	(169)	794	(2,664)	(912)
	147	1,214	(2,853)	1,009
Foreign:				
Current	(100)	450	2,361	4,073
	$ 747	$ 6,255	$(13,794)	$ 9,727

</TABLE>

The tax effect of the principal significant temporary differences and carryforwards that give rise to the Company's deferred tax asset is as follows (in thousands):

<TABLE>
<CAPTION>

	AUGUST 31, 1993 (UNAUDITED)	FEBRUARY 28, 1993	FEBRUARY 29, 1992
Bad debt reserve	$ 4,507	$ 4,141	$ 3,149

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Vacation accrual......................	1,993	2,991	2,995
Contract loss reserve.................	812	863	1,536
Insurance reserves....................	1,805	1,368	988
Incentive compensation accrual.........	797	1,047	821
Tax operating loss carryforwards.......	--	--	3,185
Tax credit carryforwards..............	1,247	1,247	1,400
Other.................................	2,362	896	468
Total deferred tax benefit............	$13,523	$12,553	$14,542

</TABLE>

The effective income tax (benefit) rate varied from the federal statutory income tax rate over the last three years because of the following differences:

<TABLE>
<CAPTION>

	SIX MONTHS ENDED AUGUST 31, 1993 (UNAUDITED)	YEAR ENDED FEBRUARY 28, 1993	1992	1991
<S>	<C>	<C>	<C>	<C>
Statutory tax rate (benefit).............	34.0%	34.0%	(34.0%)	34.0%
Changes in tax rate (benefit) from:				
Differences between book and tax basis of businesses sold....................	--	(3.4)	8.6	--
State income taxes.....................	5.5	5.4	(1.6)	2.8
Goodwill amortization..................	13.2	5.3	2.6	5.0
Foreign taxes..........................	(1.2)	(1.4)	0.3	(1.5)
Other..................................	0.5	2.1	(1.3)	0.2
	18.0	8.0	8.6	6.5
	52.0%	42.0%	(25.4%)	40.5%

</TABLE>

In fiscal 1993, ICF Kaiser reached a favorable settlement with the Internal Revenue Service ("IRS") on the examination of ICF Kaiser Engineers Group, Inc's. ("KEGI") income tax returns for 1977-1986. The IRS had previously completed its review of KEGI's 1987 and 1988 income tax returns without adjustment. As such, all years through 1988 are closed. In fiscal 1992, a foreign tax audit of a KEGI-controlled foreign corporation was resolved favorably for KEGI. These resolutions allowed the Company to adjust a portion of the amounts previously provided for in connection with the acquisition of KEGI and its subsidiaries. The resolution of these pre-acquisition contingencies has been reflected in unusual items in the accompanying statements of operations for fiscal 1993 and 1992 (see Note Q). Also, in fiscal 1993 ICF Kaiser reached an agreement with a former subsidiary to retain their net operating losses, which favorably reduced the effect of differences between the book and tax basis of the Company.

Carryforwards of net operating losses, business credits, capital losses and

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foreign tax credits of acquired companies related to periods prior to their acquisition are greatly limited under Section 382 of the Internal Revenue Code. These carryforwards, to the extent utilized in the future, if any, will be treated as a reduction of goodwill.

As discussed in Note B, ICF Kaiser adopted SFAS No. 109 effective March 1, 1991. The impact to ICF Kaiser of adopting SFAS No. 109 in fiscal 1992 was to increase the deferred tax benefit by $6.5 million. There was no cumulative impact resulting from the adoption of SFAS No. 109 as of the beginning of fiscal 1992, since all of the items giving rise to the additional benefit occurred in fiscal 1992, namely the costs associated with the restructuring.

NOTE K--LEASES

Future minimum payments on noncancelable operating leases for office space, and on other noncancelable operating leases with initial or remaining terms in excess of one year, were as follows on February 28, 1993 (in thousands):

<TABLE>
<CAPTION>

YEAR ENDED FEBRUARY 28	OPERATING LEASES
1994	$ 27,535
1995	24,146
1996	18,738
1997	15,816
1998	12,674
Thereafter	48,285
	$147,194

</TABLE>

The total rental expense for all operating leases was $31,567,000, $32,582,000 and $28,213,000 in fiscal years 1993, 1992 and 1991, respectively, and $14,322,000, and $15,784,000 for the six months ended August 31, 1993 and 1992, respectively. Sublease rental income was $1,435,000, $1,079,000 and $1,243,000 in fiscal years 1993, 1992 and 1991, respectively, and $1,087,000 and $361,000 for the six months ended August 31, 1993 and 1992, respectively. Minimum future sublease rentals to be received under noncancelable subleases during fiscal 1994 are approximately $2,276,000.

NOTE L--PREFERRED STOCK

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Preferred Stock of the Company is as follows (in thousands):

	AUGUST 31, 1993 (UNAUDITED)	FEBRUARY 28, 1993	FEBRUARY 29, 1992
Redeemable Preferred Stock (of Subsidiary) par value $0.01 per share; liquidation value $21,280,000; authorized 3,500,000 shares; issued and outstanding--1,400,000, 1,400,000 and 2,100,000 shares............................	$ 1,599	$ 1,599	$ 2,398
Series 2C Senior Preferred Stock, par value $0.01 per share; liquidation value $25,000,000; 250 shares designated, issued and outstanding.......................	25,000	25,000	25,000
Less unamortized discount, warrant value, and issue costs.......................	(805)	(984)	(1,342)
	24,195	24,016	23,658
Series 2D Senior Preferred Stock, par value $0.01 per share; liquidation value $20,000,000; 200 shares designated, issued and outstanding.......................	20,000	20,000	20,000
Less unamortized discount, warrant value, and issue costs.......................	(689)	(791)	(895)
	19,311	19,209	19,105
Redeemable Preferred Stock.........	$45,105	$44,824	$45,161
Series 1 Junior Convertible Preferred Stock, par value $0.01 per share; liquidation value $20,000,000; designated 200 shares; issued and outstanding--69 shares..	$ 6,900	$ 6,900	$ 6,900
Series 4 Junior Preferred Stock, par value $0.01 per share; liquidation value $500,000; designated 500,000; no shares outstanding (see Note M).	--	--	--
Preferred Stock....................	$ 6,900	$ 6,900	$ 6,900

Redeemable Preferred Stock (of Subsidiary): In connection with the acquisition of KEGI, 3,500,000 shares of KEGI Series 1 Redeemable Preferred Stock were issued to the KEGI Employee Stock Plan Trust in partial consideration for ICF Kaiser's purchase of all of the outstanding shares of Series A and Series P Preferred Stock of KEGI. Dividends on these shares are $0.0685 per share per annum noncumulative, payable annually. 700,000 shares were redeemed during each of the fiscal years 1993, 1992 and 1991. Two additional redemptions are scheduled for September 30, 1993 and 1994. These shares are callable by ICF Kaiser at any time through September 1994, at a price of $1.0817 per share as of February 28, 1993, and thereafter at a price adjusted to maintain a specified net present value.

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Senior Preferred Stock: In fiscal 1992, ICF Kaiser issued 250 shares of Series 2C Senior Preferred Stock (the "Series 2C Preferred Stock") with five-year detachable warrants expiring in December 1995 (the "Series 2C Warrants") in exchange for 250 shares of Series 2A Senior Preferred Stock with five-year detachable warrants. The Series 2C Warrants may be exercised for 2,976,190 shares of ICF Kaiser Common Stock at an exercise price of $8.40 per share.

In conjunction with the issuance of the Series 2C Preferred Stock and Series 2C Warrants, ICF Kaiser also issued 200 shares of Series 2D Senior Preferred Stock (the "Series 2D Preferred Stock") together with five-year detachable warrants expiring in January 1997 (the "Series 2D Warrants") for a price of $20,000,000 (less a discount of $100,000). The Series 2D Warrants may be exercised for 2,680,952 shares of ICF Kaiser Common Stock at an exercise price of $8.40 per share. Of the net price of $19,900,000, $400,000 was allocated to the value of the warrants and $19,500,000 was allocated to the stock.

Dividends on both the Series 2C Preferred Stock and the Series 2D Preferred Stock are $9,750 per share per annum, cumulative. Each of the shares has a liquidation preference of $100,000 ($45 million in aggregate). The issues carry voting rights equal to 2,173,913 and 2,380,952 shares of ICF Kaiser Common Stock, respectively. The Series 2C Preferred Stock and the Series 2D Preferred Stock may be redeemed at ICF Kaiser's option at 106.25% of the original price and are subject to mandatory redemption at liquidation value on December 20, 1995, and January 13, 1997, respectively. Additional warrants may be issued under certain anti-dilution provisions contained in the related agreements. It is the Company's intention, and the holders have agreed, to repurchase the Series 2C Preferred Stock and the Series 2C Warrants using a portion of the proceeds from the issuance of the Notes described in Note G above.

Series 1 Junior Convertible Preferred Stock: In July 1990, the Board designated 200 shares of preferred stock as Series 1 Junior Convertible Preferred Stock. Dividends on these shares are $9,250 per share per annum, cumulative, payable quarterly. Each of the shares has a liquidation preference of $100,000 ($20,000,000 in the aggregate, assuming all of the shares are issued); is convertible into 6,667 shares of ICF Kaiser Common Stock; and is entitled to one vote per share of ICF Kaiser Common Stock into which it is convertible. In addition, upon their issuance these shares were callable by the Company at a price of $109,250 per share; thereafter, these shares are callable at a price declining 1 percent per year to $100,000 per share on and after August 31, 2001. It is the Company's intention, and the holder has agreed, to repurchase the Series 1 Junior Convertible Preferred Stock using a portion of the proceeds from the issuance of the Notes described in Note G above.

NOTE M--COMMON STOCK

Notes Receivable Related to Common Stock: Notes receivable related to ICF Kaiser Common Stock pertain to the issuance of ICF Kaiser Common Stock in exchange for promissory notes from certain members of senior management in accordance with their compensation agreements. The notes are secured by shares of ICF Kaiser Common Stock.

Shareholder Rights Plan: In fiscal 1992, the Board created a Shareholder Rights Plan ("Rights Plan"), which is designed to provide the Board with the ability to negotiate with a person or group that might, in the future, make an unsolicited attempt to acquire control of ICF Kaiser, whether through the

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accumulation of shares in the open market or through a tender offer which does not offer an adequate price. The Rights Plan provides for one Right ("Right") for each outstanding share of ICF Kaiser Common Stock and each share of ICF Kaiser Common Stock into which the Series 1 Preferred Stock is convertible. Each Right entitles the holder to purchase 1/100 of a share of Series 4 Junior Preferred Stock at a purchase price of $50. The Rights generally may cause substantial dilution to a person or group that attempts to acquire the Company on terms not approved by the Board. The Rights should not interfere with any merger or other business combination approved by the Board because the Board may, at its option, at any time prior to the tenth business day following the acquisition by any person or group of 20% of the shares of ICF Kaiser Common Stock, redeem the Rights upon payment of the redemption price of $0.01 per Right. The Rights are not triggered by the

acquisition of beneficial ownership of more than 20% of ICF Kaiser Common Stock by the initial holder of the Series 2C and 2D Preferred Stock. Unless redeemed earlier by the Board, unexercised Rights expire on January 13, 2002.

Common Stock Issued in Connection with Acquisitions: In fiscal 1992, ICF Kaiser issued an additional 500,000 shares of ICF Kaiser Common Stock to the seller of Primark Capital Group Inc., (renamed Health and Sciences Network, Inc.) to settle ICF Kaiser's obligation to repurchase ICF Kaiser Common Stock originally issued in the acquisition. ICF Kaiser also issued 123,022 shares and 202,042 options to purchase shares to the former shareholders of Cygna Group, Inc. in satisfaction of a provision in the agreement under which ICF Kaiser acquired this company. These transactions were charged to goodwill.

NOTE N--STOCK OPTIONS

The ICF Kaiser Stock Incentive Plan provides for the issuance of options, stock appreciation rights, restricted shares, and restricted stock units of up to an aggregate of 6,000,000 shares of ICF Kaiser Common Stock. Awards are made to employees of ICF Kaiser at the discretion of the Compensation Committee of the Board. The Plan provides that the option price is not to be less than the fair market value on the date of grant. In May 1992, the Company cancelled 570,000 options granted to employees at exercise prices of $14.32-$16.23 and granted an equal number of options to them at an exercise price of $8.25.

Stock option activity under this Plan and other options granted for the last three years is as follows:

	SHARES	OPTION PRICE
Balance, March 1, 1990	1,296,000	$3.46 to $10.00
Granted	722,000	$9.29 to $14.46
Cancelled	(20,000)	$9.10
Expired	(87,000)	$6.07 to $12.83
Exercised	(155,000)	$3.46 to $ 9.51
Balance, February 28, 1991	1,756,000	$3.46 to $14.46
Granted	950,000	$6.07 to $17.00
Cancelled	(134,000)	$6.07 to $16.23
Expired	(95,000)	$6.07 to $ 9.51
Exercised	(605,000)	$4.00 to $ 8.46

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Balance, February 29, 1992	1,872,000	$3.46 to $17.00
Granted	1,096,000	$5.99 to $ 9.59
Cancelled	(653,000)	$3.46 to $16.23
Expired	(339,000)	$6.07 to $16.23
Exercised	(30,000)	$8.25
Balance, February 28, 1993	1,946,000	$5.99 to $17.00
Granted	126,000	$4.93 to $14.70
Cancelled	(3,000)	$8.25
Expired	(14,000)	$6.07 to $12.83
Exercised	--	
Balance, August 31, 1993	2,055,000	$4.93 to $17.00
Exercisable at August 31, 1993	1,358,000	$5.04 to $17.00

</TABLE>

NOTE O--EMPLOYEE BENEFIT PLANS

ICF Kaiser and certain of its subsidiaries sponsor several benefit plans covering substantially all employees who meet minimum length of service requirements. These plans include: the ICF Kaiser International, Inc. Retirement Plan ("Retirement Plan"), a defined contribution profit-sharing plan that provides for contributions by the Company based on a percentage of covered compensation; the ICF Kaiser International, Inc. Employee Stock Ownership Plan under which the Company made contributions in the form of cash; and a cash or deferred compensation arrangement 401(k) plan (the "401(k) Plan") which allowed employees to defer portions of their salary, subject to certain limitations, with no additional or matching contribution by the Company. The Company has contributed 4% of covered compensation to the ESOP. Effective March 1, 1993, the Company's contribution to the ESOP was changed to 2% of covered compensation and the Company will begin to match a percentage of eligible employee contributions to the 401(k) Plan for eligible employees. Total contributions to the Retirement Plan and the ESOP totaled $10,220,000, $10,440,000 and $10,973,000 for fiscal 1993, 1992 and 1991, respectively, and $4,169,000 and $5,865,000 for the six months ended August 31, 1993 and 1992, respectively.

NOTE P--BUSINESS SEGMENT, MAJOR CUSTOMERS AND FOREIGN OPERATIONS

Business Segment: ICF Kaiser operates predominantly in one industry segment, in which it provides consulting, environmental, engineering, and other professional services.

Major Customers: Gross revenue from major customers was as follows (in thousands):

<TABLE>
<CAPTION>

	SIX MONTHS ENDED AUGUST 31,		YEAR ENDED FEBRUARY 28,		
	1993	1992	1993	1992	1991

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	(UNAUDITED)	(UNAUDITED)			
U.S. Department of Energy...	$103,005	$103,344	$201,149	$188,196	$120,972
U.S. Environmental Protection Agency................	31,854	35,200	72,382	70,686	61,492
Other U.S. Government agencies......................	23,319	17,244	47,896	39,792	68,557
Total U.S. Government.....	158,178	155,788	321,427	298,674	251,021
USX Corporation and affiliates......................	3,546	62,496	90,185	97,767	26,004
	$161,724	$218,284	$411,612	$396,441	$277,025

Foreign Operations: Gross revenue and operating income from foreign sales (including sales originating in the United States) and foreign assets of all consolidated subsidiaries and branches were as follows (in thousands):

	YEAR ENDED FEBRUARY 28,		
	1993	1992	1991
Foreign gross revenue			
Europe..	$16,698	$ 35,475	$29,139
Pacific...	33,709	67,904	55,082
Other...	2,940	2,646	7,012
	$53,347	$106,025	$91,233
Foreign operating income			
Europe..	$ 682	$ 689	$ 1,085
Pacific...	2,010	5,224	5,820
Other...	158	160	1,314
	$ 2,850	$ 6,073	$ 8,219
Foreign assets			
Europe..	$ 4,565	$ 6,505	$ 6,650
Pacific...	13,880	36,130	44,817
Other...	29	65	95
	$18,474	$ 42,700	$51,562

NOTE Q--UNUSUAL ITEMS

During the year ended February 28, 1993, the Company recognized the impact of several unusual items: a $5,000,000 adjustment to pre-acquisition contingencies (see Note J), offset by a charge to accrue the net settlement cost and legal expenses related to a shareholder lawsuit ($1,400,000), the write down to net realizable value of certain software-related assets ($3,000,000), and a charge

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for severance and related costs accrued as part of a cost reduction plan ($550,000).

In fiscal 1992, due to the favorable resolution of a foreign tax audit and management's evaluation of the status of an IRS appeal, the Company adjusted a portion of the amounts previously provided for in connection with the acquisition of the related companies.

NOTE R--SELECTED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Quarterly financial information for fiscal years 1993 and 1992 and the first six months of fiscal 1994 is presented in the following tables (in thousands, except per share amounts):

<TABLE>
<CAPTION>

<S>	4TH QTR <C>	3RD QTR <C>	2ND QTR <C>	1ST QTR <C>
1994				
Gross			$146,830	$128,012
Service revenue			87,439	86,989
Net income (loss)			1,347	(657)
Net income per common share:				
Primary			$ (0.00)	$ (0.09)
Fully diluted			$ (0.00)	$ (0.09)
Market price per share:				
High		$ 5.38	$ 5.50	$ 6.88
Low		$ 4.00	$ 3.75	$ 4.75
1993				
Gross revenue	$150,921	$158,086	$172,551	$197,324
Service revenue	91,413	94,687	94,890	103,995
Net income	1,518	2,206	1,897	3,018
Net income per common share:				
Primary	$ 0.01	$ 0.04	$ 0.03	$ 0.08
Fully diluted	$ 0.01	$ 0.04	$ 0.03	$ 0.08
Market price per share:				
High	$ 8.50	$ 7.50	$ 7.75	$ 10.88
Low	$ 5.88	$ 4.00	$ 5.00	$ 7.25
1992				
Gross revenue	$194,712	$190,124	$172,800	$153,237
Service revenue	86,371	102,199	95,538	95,718
Net income (loss)	1,934	(15,841)	2,500	(29,109)
Net income (loss) per common share:				
Primary	$ 0.06	$ (0.87)	$ 0.10	$ (1.60)
Fully diluted	$ 0.06	$ (0.87)	$ 0.10	$ (1.60)
Market price per share:				
High	$ 11.00	$ 10.00	$ 16.75	$ 18.50
Low	$ 6.25	$ 6.50	$ 8.00	$ 14.25

</TABLE>

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(INFORMATION RELATING TO THE SIX MONTHS ENDED AUGUST 31, 1993 AND 1992 IS UNAUDITED)

As described in Note C, in fiscal 1992 ICF Kaiser recorded a $73.4 million pretax charge for the restructuring and disposal of certain businesses. These costs and the elimination of the revenues and earnings of these businesses make direct comparisons to the results for fiscal years 1993 and 1991 less meaningful.

The sum of net income (loss) per common share for the four quarters of fiscal 1992 does not equal the loss per common share for the year due to changes in the number of shares of common stock and common stock equivalents outstanding during the year.

ICF Kaiser adopted SFAS No. 109 in the fourth quarter of fiscal 1992, requiring retroactive application to March 1, 1991, and a restatement of the third quarter, resulting in a decrease to third quarter net loss available to common shareholders of $ 1.8 million, or $0.10 per common share. The remainder of the impact was attributable to the fourth quarter of fiscal 1992.

At April 13, 1993, there were 21,336,585 shares of common stock outstanding held by 1,221 holders of record. At August 31, 1993, there were 20,764,984 shares of common stock outstanding held by 1,381 holders of record.

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125,000 UNITS

[LOGO OF ICF KAISER APPEARS HERE]

$125,000,000
12% SENIOR SUBORDINATED NOTES
DUE 2003

WARRANTS TO PURCHASE 600,000
SHARES OF THE COMPANY'S
COMMON STOCK

PROSPECTUS

DILLON, READ & CO. INC.

WERTHEIM SCHRODER & CO.
INCORPORATED

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