

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Department of the Treasury Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2003 calendar year, or tax year beginning 04/01, 2003, and ending 03/31/2004

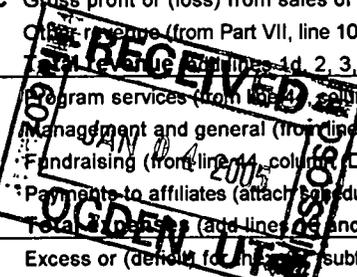
B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending. C Name of organization: IN-Q-TEL, INC. D Employer identification number: 52-2149962 E Telephone number: (703) 248-3000 F Accounting method: Cash, Accrual

G Website: WWW.IN-Q-TEL.ORG J Organization type: 501(c)(3) K Check here if the organization's gross receipts are normally not more than \$25,000 L Gross receipts: 53,096,980

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 18 of the instructions.)

Table with 21 rows and 4 columns: Description, Sub-description, Amount, Total. Rows include Contributions (50,907,009), Program service revenue, Membership dues, Interest on savings, Dividends, Gross rents, Other investment income (15,936), Gross amount from sales of assets, Special events, Gross sales of inventory, Other revenue (46,445,070), Program services (38,412,897), Management and general (9,522,843), Fundraising, Payments to affiliates (47,935,740), Excess or (deficit) for the year (-1,490,670), Net assets at beginning (3,994,924), Other changes (7,285,860), Net assets at end (9,790,114).

SCANNED JAN 10 2005



Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See page 22 of the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____)	22			
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25 Compensation of officers, directors, etc.	25 3,877,980.	1,173,212.	2,704,768.	
26 Other salaries and wages	26 6,291,078.	3,845,286.	2,445,792.	
27 Pension plan contributions	27 266,043.	120,007.	146,036.	
28 Other employee benefits	28 592,805.	260,554.	332,251.	
29 Payroll taxes	29 458,026.	205,134.	252,892.	
30 Professional fundraising fees	30			
31 Accounting fees	31 254,082.		254,082.	
32 Legal fees	32 451,906.	356,939.	94,967.	
33 Supplies	33 97,720.	56,992.	40,728.	
34 Telephone	34 353,959.	195,758.	158,201.	
35 Postage and shipping	35 37,011.	16,620.	20,391.	
36 Occupancy	36 969,730.	800,541.	169,189.	
37 Equipment rental and maintenance	37			
38 Printing and publications	38 29,959.	4,367.	25,592.	
39 Travel	39 945,715.	502,619.	443,096.	
40 Conferences, conventions, and meetings	40 167,522.	77,449.	90,073.	
41 Interest	41			
42 Depreciation, depletion, etc STMT 8	42 743,697.	603,964.	139,733.	
43 Other expenses not covered above (itemize) STMT 4	43a 32,398,507.	30,193,455.	2,205,052.	
b _____	43b			
c _____	43c			
d _____	43d			
e _____	43e			
44 Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	44 47,935,740.	38,412,897.	9,522,843.	

Joint Costs. Check if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ _____; (ii) the amount allocated to Program services \$ _____;
 (iii) the amount allocated to Management and general \$ _____; and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See page 25 of the instructions.)

What is the organization's primary exempt purpose? STMT 5

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

Program Service Expenses
 (Required for 501(c)(3) and (4) orgs, and 4947(a)(1) trusts, but optional for others)

a <u>SEE STATEMENT 5</u>	(Grants and allocations \$ _____)	38,412,897.
b _____	(Grants and allocations \$ _____)	
c _____	(Grants and allocations \$ _____)	
d _____	(Grants and allocations \$ _____)	
e Other program services (attach schedule)	(Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)		38,412,897.

Part IV Balance Sheets (See page 25 of the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year	
Assets	45 Cash - non-interest-bearing		45		
	46 Savings and temporary cash investments	29,354,144.	46	31,522,058.	
	47a Accounts receivable	47a			
	b Less: allowance for doubtful accounts	47b		47c	
	48a Pledges receivable	48a			
	b Less: allowance for doubtful accounts	48b		48c	
	49 Grants receivable	13,886,630.	49	10,046,293.	
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)			50	
	51a Other notes and loans receivable (attach schedule)	51a			
	b Less: allowance for doubtful accounts	51b		51c	
	52 Inventories for sale or use			52	
	53 Prepaid expenses and deferred charges	644,688.	53	469,685.	
	54 Investments - securities (attach schedule) STMT. 6. <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	3,013,361.	54	7,193,331.	
	55a Investments - land, buildings, and equipment: basis	55a			
	b Less: accumulated depreciation (attach schedule)	55b		55c	
56 Investments - other (attach schedule) STMT. 7.	40,539.	56	59,458.		
57a Land, buildings, and equipment: basis	57a	3,908,765.			
b Less: accumulated depreciation (attach schedule)	57b	2,495,952.	57c		
58 Other assets (describe ▶ _____)		984,615.	58	1,412,813.	
59 Total assets (add lines 45 through 58) (must equal line 74)		29,562.	59	NONE	
		47,953,539.	59	50,703,638.	
Liabilities	60 Accounts payable and accrued expenses	7,253,534.	60	9,753,092.	
	61 Grants payable		61		
	62 Deferred revenue	36,705,081.	62	31,160,432.	
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63		
	64a Tax-exempt bond liabilities (attach schedule)		64a		
	b Mortgages and other notes payable (attach schedule)		64b		
	65 Other liabilities (describe ▶ _____)		65		
66 Total liabilities (add lines 60 through 65)		43,958,615.	66	40,913,524.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.				
	67 Unrestricted	3,994,924.	67	9,790,114.	
	68 Temporarily restricted		68		
	69 Permanently restricted		69		
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74				
	70 Capital stock, trust principal, or current funds		70		
	71 Paid-in or capital surplus, or land, building, and equipment fund		71		
	72 Retained earnings, endowment, accumulated income, or other funds		72		
	73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21)		3,994,924.	73	9,790,114.
	74 Total liabilities and net assets / fund balances (add lines 66 and 73)		47,953,539.	74	50,703,638.

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

Part VII Analysis of Income-Producing Activities (See page 33 of the instructions.)

Note: Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a _____					
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income			18	15,936.	
100 Gain or (loss) from sales of assets other than inventory			18	-4,477,875.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a _____					
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))				-4,461,939.	
105 Total (add line 104, columns (B), (D), and (E))					-4,461,939.

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See page 34 of the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
▼	N/A

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 34 of the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 34 of the instructions.)

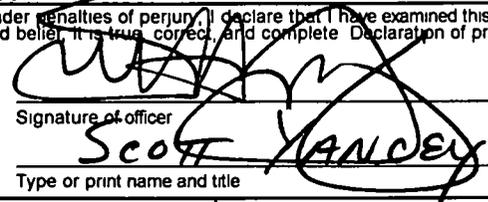
(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here

Signature of officer:  Date: 12/22/04

Type or print name and title: SCOTT VANCEY, CEO

Paid Preparer's Use Only

Preparer's signature:  Date: 12/17/04 Check if self-employed:

Firm's name (or yours if self-employed): PRICEWATERHOUSECOOPERS LLP Preparer's SSN or PTIN (See Gen. Inst. V): 13-4008324

Address and ZIP + 4: 1301 K STREET NW, SUITE 800W WASHINGTON, DC 20005 20005 Phone no: 202-414-1000

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Name of the organization

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information - (See separate instructions.)

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

OMB No 1545-0047

2003

Employer identification number

52-2149962

IN-Q-TEL, INC.

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
SEE STATEMENT 11		1,230,639.	81,984.	4,050.
Total number of other employees paid over \$50,000	36			

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
SEE STATEMENT 12		9,881,540.
Total number of others receiving over \$50,000 for professional services	48	

For Paperwork Reduction Act Notice, see the Instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990 or 990-EZ) 2003

JSA

Part III Statements About Activities (See page 2 of the instructions.)		Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ (Must equal amounts on line 38, Part VI-A, or line I of Part VI-B.) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		X
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a	Sale, exchange, or leasing of property?	2a	X
b	Lending of money or other extension of credit?	2b	X
c	Furnishing of goods, services, or facilities? STMT 9	2c	X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? . FORM 990, PART V	2d	X
e	Transfer of any part of its income or assets?	2e	X
3a	Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments)	3a	X
b	Do you have a section 403(b) annuity plan for your employees?	3b	X
4	Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	4	X

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)

The organization is not a private foundation because it is: (Please check only ONE applicable box.)

- 6 A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7 A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ▶ _____
- 10 An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the Support Schedule in Part IV-A.)
- 11a An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
- 11b A community trust. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
- 12 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the Support Schedule in Part IV-A.)
- 13 An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: (1) lines 5 through 12 above; or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). (See section 509(a)(3).)

Provide the following information about the supported organizations (See page 5 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above

14 An organization organized and operated to test for public safety. Section 509(a)(4). (See page 6 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12) Use cash method of accounting.

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting

Table with columns for years (a) 2002, (b) 2001, (c) 2000, (d) 1999, and (e) Total. Rows include: 15 Gifts, grants, and contributions received; 16 Membership fees received; 17 Gross receipts from admissions, merchandise sold or services performed; 18 Gross income from interest, dividends, amounts received from payments on securities loans; 19 Net income from unrelated business activities; 20 Tax revenues levied; 21 Value of services or facilities furnished; 22 Other income; 23 Total of lines 15 through 22; 24 Line 23 minus line 17; 25 Enter 1% of line 23; 26 Organizations described on lines 10 or 11; 27 Organizations described on line 12; 28 Unusual Grants.

Part V Private School Questionnaire (See page 7 of the instructions.)

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

NOT APPLICABLE

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29	
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30	
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement) ----- ----- -----	31	
32	Does the organization maintain the following		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
d	Copies of all material used by the organization or on its behalf to solicit contributions?	32d	
	If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.) ----- -----		
33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges?	33a	
b	Admissions policies?	33b	
c	Employment of faculty or administrative staff?	33c	
d	Scholarships or other financial assistance?	33d	
e	Educational policies?	33e	
f	Use of facilities?	33f	
g	Athletic programs?	33g	
h	Other extracurricular activities?	33h	
	If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement) ----- -----		
34a	Does the organization receive any financial aid or assistance from a governmental agency?	34a	
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement.	34b	
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35	

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions.)

(To be completed ONLY by an eligible organization that filed Form 5768) **NOT APPLICABLE**

Check a if the organization belongs to an affiliated group. Check b if you checked "a" and "limited control" provisions apply.

Limits on Lobbying Expenditures

(The term "expenditures" means amounts paid or incurred.)

		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37		
38 Total lobbying expenditures (add lines 36 and 37)	38		
39 Other exempt purpose expenditures	39		
40 Total exempt purpose expenditures (add lines 38 and 39)	40		
41 Lobbying nontaxable amount Enter the amount from the following table - If the amount on line 40 is - The lobbying nontaxable amount is -			
Not over \$500,000 20% of the amount on line 40	41		
Over \$500,000 but not over \$1,000,000 . . . \$100,000 plus 15% of the excess over \$500,000			
Over \$1,000,000 but not over \$1,500,000 . . . \$175,000 plus 10% of the excess over \$1,000,000			
Over \$1,500,000 but not over \$17,000,000 . . . \$225,000 plus 5% of the excess over \$1,500,000			
Over \$17,000,000 \$1,000,000			
42 Grassroots nontaxable amount (enter 25% of line 41)	42		
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43		
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44		

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below
See the instructions for lines 45 through 50 on page 11 of the instructions)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 12 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
a Volunteers		X	
b Paid staff or management (Include compensation in expenses reported on lines c through h.)		X	
c Media advertisements		X	
d Mailings to members, legislators, or the public		X	
e Publications, or published or broadcast statements		X	
f Grants to other organizations for lobbying purposes		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means		X	
i Total lobbying expenditures (Add lines c through h.)			

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities

FOR THE TAX YEAR ENDED MARCH 31, 2004

FORM 990, PART IV, LINES 46 & 62

FOR THE REPORTING PERIOD ENDING MARCH 31, 2004, THE TAXPAYER WAS OBLIGATED TO UTILIZE ALL INTEREST EARNED ON CASH RECEIVED UNDER CONTRACT WITH THE CENTRAL INTELLIGENCE AGENCY FOR THE SUPPORT OF SCIENTIFIC RESEARCH OR EDUCATION IN PURSUIT OF THE TAXPAYER'S MISSION. INTEREST IN THE AMOUNT OF \$276,163 WAS RECEIVED DURING THE REPORTING PERIOD AND HAS BEEN INCLUDED AS DEFERRED REVENUE ON THE BALANCE SHEET.

FORM 990, PART I - OTHER INVESTMENT INCOME
=====

DESCRIPTION

AMOUNT

GAIN ON EQUITY INVESTMENT IN IN-Q-TEL
EMPLOYEE FUND, LLC

15,936.

TOTAL

15,936.
=====

In-Q-Tel, Inc.

52-2149962

For the Tax Year Ended March 31, 2004

Form 990, Part I, Line 8C, Columns A and B

Column A - Sales of Marketable Securities

Realized proceeds on sales of assets and unrealized gains	\$ 8,862,806
Cost basis	<u>6,054,821</u>
Net gain on investments	\$ 2,807,985
Less unrealized gain on investment (see Statement 3)	<u>* 7,285,860</u>
Net realized gain/(loss)	<u>\$ (4,477,875)</u>

Column B - Disposals of Fixed Assets

California leasehold improvements - proceeds	\$ 293,422
California leasehold improvements - adjusted basis	<u>293,422</u>
Gain on disposal of fixed assets	<u>\$ -</u>
Computers - proceeds	\$ 303,667
Computers - adjusted basis	<u>303,667</u>
Gain on disposal of fixed assets	<u>\$ -</u>
Total Gain on Disposal of Fixed Assets	<u>\$ -</u>

Statement 2A

FORM 990, PART I - OTHER INCREASES IN FUND BALANCES

=====

DESCRIPTION

AMOUNT

UNREALIZED GAIN ON INVESTMENTS

7,285,860.

TOTAL

7,285,860.
=====

FORM 990, PART II - OTHER EXPENSES

DESCRIPTION	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL
DUES AND SUBSCRIPTIONS	18,584.	5,120.	13,464.
PROFESSIONAL FEES	795,655.	63,437.	732,218.
RECRUITING, HR, PLACEMENT FEES	272,713.		272,713.
INSURANCE	744,356.	39,093.	705,263.
MISCELLANEOUS	12,606.		12,606.
TEMPORARY HELP	7,415.	7,211.	204.
LICENSES AND PERMITS	168,126.	3,565.	164,561.
RESEARCH MATERIALS	117,732.	91,284.	26,448.
PROJECT EXPENSE	29807717.	29807717.	
EQUIPMENT EXPENSE	453,603.	176,028.	277,575.
TOTALS	32398507.	30193455.	2,205,052.

March 31, 2004

Form 990, Part III, Statement of Program Service Accomplishments

In-Q-Tel, Inc. is a private, independent non-profit 501(c)(3) corporation funded by the U.S. Central Intelligence Agency (CIA). Launched in February 1999¹, its mission is to identify and deliver cutting edge technologies that solve some of the most difficult problems facing the U.S. Intelligence Community (IC). In particular, In-Q-Tel's goal is to increase the CIA's access to new commercial technologies that have the potential to assist its critical national security missions.

Identify new sources of technology: Working from a dynamic strategic blueprint that defines CIA's critical technology needs, In-Q-Tel reaches out to a wide variety of technology innovators, many of whom have traditionally not done business with the government. In-Q-Tel engages with entrepreneurs, established companies, researchers, universities and venture capitalists to gain early access to new technology solutions and new ideas, and ultimately to deliver technologies that provide superior capabilities to the CIA and the IC.

Leverage commercial technology in support of its mission: To achieve its goals, In-Q-Tel forges strategic relationships with innovative companies by using product development funding as well as approaches typically identified with the venture capital community, including equity investments. By engaging at a strategic level as an investor In-Q-Tel gains early access to emerging technologies, and creates incentives for companies to put their best talent against solving the problems of the CIA and the IC. Through work programs and market guidance, In-Q-Tel fosters the development of commercially viable technologies that also address critical mission challenges of the IC. And by leveraging larger third party commercial investments, In-Q-Tel is able to accelerate the development of needed technology, and ultimately reduce the overall cost to the CIA.

Through In-Q-Tel, and its leveraging of commercial resources and markets, new technology solutions of value to the CIA and the IC can be fostered without the government funding the entire cost of developing, monitoring and updating the technology. By engaging in these activities, In-Q-Tel is working to lessen the burdens of government by enabling the CIA to access, in a rapid and cost effective manner, cutting edge technology solutions today and in the future.

Assistance in delivering technology solutions: In-Q-Tel works directly with the In-Q-Tel Interface Center (QIC), a CIA office staffed by senior CIA personnel, which is responsible for transferring solutions into the CIA. In-Q-Tel supports the QIC with subject matter expertise, technical assistance, solution transfers of technologies and technical trend assessments

Program Accomplishments

As of March 31, 2004, In-Q-Tel completed more than four and a half years in full operation, identifying and delivering new technologies in support of its mission.

In-Q-Tel serves the CIA, and in keeping with its Charter also serves organizations in the Intelligence community. Working under the direction of the CIA, In-Q-Tel also serves the National Geospatial Agency (NGA). The business challenges and technology needs of NGA, and IC organizations overall overlap significantly with those of CIA. In working with IC organizations, In-Q-Tel leverages government dollars to deliver technologies to multiple organizations at a lower cost. Other IC organization funding in this reporting period totaled approximately \$1.7M.

¹ In-Q-Tel was first incorporated on February 17, 1999 under the name "Peleus, Inc." In July, 1999 its name was changed to "In-Q-It, Inc.," and in January 2000 its name was changed to "In-Q-Tel, Inc."

During this reporting period, In-Q-Tel's outreach to new sources of technology yielded approximately 1004 business plans for the period from April 1, 2003 through March 31, 2004. As an indicator of the reach of In-Q-Tel's program, In-Q-Tel estimates that of the majority of the companies submitting proposals had not done business with government before.

In-Q-Tel also continued to provide Agency customers with expert advice and guidance on issues relating to technology and architecture, offering alternative insights to assist planning and decision-making.

During the reporting period, of the \$50,907,009 in revenue (ref. Part I, line 1d), \$38,412,898 was focused on programs to identify, develop and deliver technologies to its CIA.

In furtherance of its exempt purposes, In-Q-Tel's achievements included the following:

1) Identified new sources of technology in support of its mission

- a. Access to new technology: Since inception, In-Q-Tel has attracted and reviewed approximately 4095 business plans from technology companies.
- b. Outreach: In-Q-Tel continued to build its outreach program which consists of networking with venture capital funds and public/private research institutions, as well as targeted media coverage and speaking events, and a public web site. Outreach accomplishments include:
 - In-Q-Tel expanded its technology outreach network to include more than 200 venture funds, and more than 100 universities and national labs.
- c. Technology Market Assessment: In-Q-Tel executed comprehensive technology baseline research to provide a platform for technology sourcing, evaluation and investment and provided insight into commercial market developments, trends and opportunities.
- d. Academic Outreach: To enhance In-Q-Tel's access to technologies developed in academia, In-Q-Tel continued to build a program that identifies important technologies from the world's leading academic centers that can then be transferred into companies for commercial development and to the CIA and other members of the Intelligence Community

2) Leveraged commercial technology to foster solutions in support of its mission:

- a. In-Q-Tel added 17 new technology companies to its portfolio of solution providers, increasing the total number of active companies to 47. These companies offer new technology capabilities in areas of In-Q-Tel's focus. In total, In-Q-Tel's portfolio is estimated to leverage more than \$652M in private third party investments.

Third Party Review:

1. At the direction of the U.S. Congress, In-Q-Tel underwent an intensive third party review conducted by a Panel of the Business Executives for National Security (BENS), between fall 2000 and spring 2001.

In its report, "Accelerating the Acquisition and Implementation of New Technologies for Intelligence: The Report of the Independent Panel on the Central Intelligence Agency In-Q-Tel Venture," the Panel examined the In-Q-Tel business model, operational, employee compensation and financial considerations, technology issues, legal formation, intellectual property rights, and future challenges.

The Panel's overall assessment of In-Q-Tel was that "the In-Q-Tel business model makes sense and its progress to date is impressive for a two-year-old venture. In-Q-Tel should continue to serve as the CIA's 'technology accelerator'..." *(A complete copy of the report is available at www.bens.org)*

2. In-Q-Tel has also been reviewed by the CIA's Office of the Inspector General Audit Staff and the Survey's and Investigation Staff of the House of Representatives Appropriations Committee.

FORM 990, PART IV - INVESTMENTS - SECURITIES
=====

DESCRIPTION -----	ENDING BOOK VALUE -----
PREFERRED STOCK	3,305,925.
COMMON STOCK	5,892.
WARRANTS - PREFERRED	3,196,044.
WARRANTS - COMMON	685,470.

TOTALS	7,193,331. =====

FORM 990, PART IV - INVESTMENTS - OTHER

DESCRIPTION	ENDING BOOK VALUE
INVESTMENT IN IN-Q-TEL EMPLOYEE FUND, LCC	59,458.
TOTALS	59,458.

FORM 990, PART II, LINE 42 (DEPRECIATION) & LINE 57 (FIXED ASSETS)

COMPUTER EQUIPMENT	1,764,937
FURNITURE AND FIXTURES	260,260
LEASEHOLD IMPROVEMENTS	1,245,438
OFFICE EQUIPMENT	638,130
TOTAL	<u>3,908,765</u>
LESS: ACCUMULATED DEPRECIATION	<u>(2,495,952)</u>
	<u>1,412,813</u>
DEPRECIATION EXPENSE	<u>743,697</u>

Depreciation is calculated for each asset using the straight-line method over the assets' useful lives.

SCHEDULE A, PART III - EXPLANATION FOR LINE 2C
=====

THE ORGANIZATION HAS ENTERED INTO SEVERAL CONTRACTS WITH OTHER ENTITIES WITH WHICH VARIOUS TRUSTEES ARE RELATED. IN COMPLIANCE WITH THE ORGANIZATION'S CONFLICT OF INTEREST POLICY, SUCH TRUSTEES RECUSED THEMSELVES FROM DECISIONS CONCERNING ANY ENTITY WITH WHICH THEY ARE RELATED TO ENSURE THAT ALL CONTRACTS WERE NEGOTIATED ON AN ARM'S LENGTH BASIS AND APPROVED BY DISINTERESTED TRUSTEES.

Form 990, Part V - List of Officers, Directors, Trustees and Key Employees

82-2145962

Name and Address	Title and average hours per week devoted to position	Wages	Bonus (1)	Employee Investment Program (Non-Cash) (EIP) (5)	Total Compensation	Contribution Directed towards Charity	Net Compensation	Expense account and other allowances	
								Housing (3)	Other (4)
G. Louie c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	CEO & President 40 hrs/wk	394,369	252,770	101,659	748,798	(101,659)	647,139	60,000	3,300
M. Griffin c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	President & COO 40 hrs/wk (Part Year)	300,837	93,175	84,370	478,383	-	478,383	N/A	3,300
S. Yancy c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	CFO 40 hrs/wk (Part Year)	70,513	-	-	70,513	-	70,513	N/A	270
S. Mendel c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	Executive Vice President 40 hrs/wk	299,806	117,387	79,111	496,305	-	496,305	N/A	N/A
B. Adams c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	General Counsel Board Secretary 40 hrs/wk	242,335	33,747	78,952	355,034	-	353,034	N/A	1,620
J. Dorman c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	Senior Vice President - Technology 40 hrs/wk	227,362	28,486	79,006	334,855	-	334,855	N/A	1,620
E. Kaufmann c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	Vice President 40 hrs/wk	197,240	65,728	79,085	342,053	-	342,053	N/A	N/A
M. Tymell c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	CFO Vice President - Finance & Board Treasurer 40 hrs/wk (Part Year)	178,319	-	54,112	233,631	-	233,631	N/A	810
K. von Eckensberg c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	Vice President - Strategy & Communications 40 hrs/wk	145,454	43,140	63,428	252,022	-	252,022	N/A	1,620
N. Kaplan c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	Vice President - Human Resources 40 hrs/wk	146,485	38,095	65,672	250,252	-	250,252	N/A	1,620

(1) See Statement 108 (Board of Trustees Compensation)
 (2) See Statement 108 (Benefits) for description of benefit plans included in this column
 (3) For living expenses incurred in support of In-Q-Tel's bi-coastal operations
 (4) Commuter benefits See Statement 108 (Benefits)
 (5) Mr. Louie has donated all of his interest in the Employee Investment Program to the CIA Officers Memorial Foundation, a public charity recognized as tax-exempt under section 501(c)(3), in the name of Mr. Louie and his spouse

For the Tax Year Ending March 31, 2004
IN-Q-TEL, INC

Form 990 Part V - List of Officers, Directors, Trustees and Key Employees - (continued)

Name and Address	Title and average hours per week devoted to position	Compensation					Total Compensation	Contributions to employee benefit plans & deferred compensation (2)	Expense account and other allowances	
		Wages	Bonus (1)	Employee Investment Program (Non-Cash) (EIP)	Trustee Fees (1)	Total			Housing (3)	Other (4)
L. Ault c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	Chairman of the Board of Trustees & Committee Chair 15 Hrs/Quarter	N/A	N/A	N/A	40,000	40,000	None	None	None	
P. Kaminski c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	Trustee Vice President 15 Hrs/Quarter	N/A	N/A	N/A	37,500	37,500	None	None	None	
N. Augustine c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	Trustee & Committee Chair 15 Hrs/Quarter	N/A	N/A	N/A	None	None	None	None	None	
J. Kim c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	Trustee 15 Hrs/Quarter	N/A	N/A	N/A	None	None	None	None	None	
M. Crow c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	Vice-Chair of the Board of Trustees & Committee Chair 15 Hrs/Quarter	N/A	N/A	N/A	45,000 (6)	45,000	None	None	None	
J. Seely Brown c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	Trustee 15 Hrs/Quarter	N/A	N/A	N/A	35,000	35,000	None	None	None	
J. Barbakade c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	Trustee 15 Hrs/Quarter	N/A	N/A	N/A	35,000	35,000	None	None	None	
J. McElabon c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	Trustee 15 Hrs/Quarter Resigned during the year	N/A	N/A	N/A	None	None	None	None	None	
A. Jones c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	Trustee & Committee Chair Part Year	N/A	N/A	N/A	35,625	35,625	None	None	None	
R. Kerr c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	Trustee 15 Hrs/Quarter Part Year	N/A	N/A	N/A	17,500	17,500	None	None	None	
W. Perry c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	Trustee 15 Hrs/Quarter	N/A	N/A	N/A	35,000	35,000	None	None	None	
H. Cox c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	Trustee & Committee Chair 15 Hrs/Quarter	N/A	N/A	N/A	37,500	37,500	None	None	None	
	Total	2,203,931	672,529	663,395	218,466	3,877,880	197,726	60,000	14,180	

(1) See Statement 108 (Board of Trustees Compensation)
(2) See Statement 108 (Benefits) for description of benefit plans included in the column
(3) Housing expenses incurred in support of In-Q-Tel's bi-coastal operations
(4) Learning expenses incurred in support of In-Q-Tel's bi-coastal operations
(5) Mr. Louie has donated all of his interest in the Employee Investment Program to the CIA's Officers Memorial Foundation a public charity recognized as tax-exempt under section 501(c)(3), in the name of Mr. Louie and his spouse
(6) Payment made in arrears for performing Committee Chair work

For the Tax Year Ending March 31, 2004

Form 990, Part V and Schedule A, Part I – Compensation of Officers, Trustees, Key Employees and Five Highest Paid Employees

In-Q-Tel's mission is to deliver leading-edge technologies to the CIA and the Intelligence Community by investing in technologies that are beneficial to the security of the United States. In order to effectively perform this job, In-Q-Tel hires employees with highly differentiated skills and credentials. In-Q-Tel must attract, retain and reward employees (based on performance) from the industries and talent pools aligned with the mission of In-Q-Tel. This requires a mix of employees from the private equity, financial services, high technology and general industry markets. In-Q-Tel's compensation programs and policies necessarily are modeled after those found in these markets and are designed to encourage employees to achieve against goals. The highly specialized talents necessary to meet the needs of the business are typically not found in other not-for-profit organizations.

As a non-profit 501(c)(3) organization, In-Q-Tel is responsible under Internal Revenue Code of 1986, as amended ("Code")¹, to pay reasonable compensation to In-Q-Tel's employees and to avoid any "excess benefit transactions".

In fulfilling its obligations under the Code, the compensation plan was developed to pay appropriately and in doing so incentivize employees to perform to achieve mission goals. The Human Resources and Compensation Committee of the Board of Trustees is responsible for the ongoing oversight over the administration of compensation at In-Q-Tel.

Compensation Programs

In-Q-Tel's compensation program consists of:

- Base Salary (annual increases are based on survey market data and individual performance)
- Annual Incentive Program (based solely on performance)
- Employee Investment Program (long-term incentive; indicator of long-term performance success.)

Base Salary

Base salary is determined based on relevant market data in appropriate industries and reviewed by independent outside consultants.

Annual Incentive Plan

The annual incentive plan is based solely on performance. It is designed to focus, motivate and reward In-Q-Tel employees for the achievement of specific annual goals and outcomes that, advance the success of In-Q-Tel in carrying out its mission for the CIA and the Intelligence community.

¹ As provided under section 4958 of the Code.

Employees "target" bonus is based on market survey data for comparable positions in comparable industries. An employee's annual incentive is tied to performance and is based on an annual "Performance Score" which rates In-Q-Tel's overall performance, and a scoring of the individual's performance.

In-Q-Tel's score is based on the organization's achievements during the relevant fiscal year as determined by the Board of Trustees and advised by an annual review provided by the CIA's In-Q-Tel Interface Center. Individual scores are recommended by the employee's managers, and approved by Human Resources and the CEO (in the case of the CEO, by the Board of Trustees).

Employee Incentive Program (EIP)

Purpose. The Employee Incentive Program (EIP) was established after March 31, 2001. The EIP is non-cash, taxable compensation that funds side-by-side investments in In-Q-Tel's portfolio companies. This long-term incentive creates positive incentives that benefit the mission by aligning employees' interests with the overall success of In-Q-Tel's programs and mission.

As a non-profit, non-stock corporation, In-Q-Tel is unable to offer stock or stock options on terms similar to the equity-based compensation of competitive publicly traded companies. The EIP provides, on an after-tax basis, a means by which the organization can offer a long-term employee investment program and provides employees a compelling stake in the organization's programs, sharing both the risk and the benefits.

The outcome of In-Q-Tel's investments in, and contracts with, its portfolio companies is a long-term index of In-Q-Tel's success in serving the CIA and the Intelligence Community. Therefore, the EIP has the effect of aligning the interests of In-Q-Tel and its employees with the long-term goals of the Agency and the Intelligence Community.

Each employee's interest in the EIP is calculated within guidelines set for their overall compensation, based on survey data from comparable industries. The value allocated to employees is taxable compensation income and the EIP covers applicable federal and state income taxes for which the employee is responsible.

Benefits

The organization offers life insurance, short and long-term disability, a 401(k) Safe Harbor plan and commuter benefits.

Board of Trustees Compensation

Trustees fees paid in this Reporting Period were paid pursuant to a plan approved by a Committee of Trustees (whose members have waived compensation), with advice of outside compensation consultants and legal counsel as to reasonableness. In addition to the members of the committee, several other Trustees have waived compensation.

IN-Q-TEL, INC.
For the Tax Year Ending March 31, 2004

FORM 990 Schedule A, Part I - Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

Name and Address	Title and average hours per week devoted to position	Compensation				Contributions to employee benefit plans & deferred compensation (2)	Expense to account and other allowances (3)
		Wages	Bonus	Employee Investment Program (EIP) (Non-Cash) (1)	Total Compensation		
J. Addiego c/o In-Q-Tel, Inc. PO Box 12407 Arlington, VA 22219	Portfolio Manager/Partner 40 Hrs/Wk	194,593	56,359	56,359	307,311	23,383	-
C. Wallace c/o In-Q-Tel, Inc. PO Box 12407 Arlington, VA 22219	Director of Technology Transfer & Project Mgmt 40 Hrs/Wk	152,994	39,119	56,462	248,574	21,053	810
G. Pepus c/o In-Q-Tel, Inc. PO Box 12407 Arlington, VA 22219	Portfolio Manager/Director of IC Markets 40 Hrs/Wk	160,928	28,438	63,113	252,478	22,313	810
C. Cotell c/o In-Q-Tel, Inc. PO Box 12407 Arlington, VA 22219	Vice President University Outreach 40 Hrs/Wk	127,191	-	49,721	176,912	7,612	1,620
L. Clarke c/o In-Q-Tel, Inc. PO Box 12407 Arlington, VA 22219	AVP IT Infrastructure 40 Hrs/Wk	178,811	20,000	46,553	245,364	7,623	810
	Total	814,516	143,915	272,207	1,230,639	81,984	4,050

(1) The EIP is non-cash, taxable compensation that funds side-by-side investments in In-Q-Tel's portfolio companies. See Statement 10B (Employee Investment Plan).

(2) See Statement 10B (Benefits) for description of benefit plans included in this column.

(3) Commuter benefits See Statement 10B (Benefits)

Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return.

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box
- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

Note: Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Part I Automatic 3-Month Extension of Time — Only submit original (no copies needed)

Note: Form 990-T corporations requesting an automatic 6-month extension — check this box and complete Part I only . . .

All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

Type or print File by the due date for filing your return See instructions	Name of Exempt Organization IN-Q-TEL, INC.	Employer identification number 52-2149962
	Number, street, and room or suite no. If a P O box, see instructions. P. O. BOX 12407	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. ARLINGTON VA 22219	

Check type of return to be filed (file a separate application for each return):

- | | | |
|--|---|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation) | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 8870 |

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) _____ . If this is for the **whole group**, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6-month, for 990-T corporation) extension of time until NOVEMBER 15, 20 04, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

▶ calendar year 20 ____ or

▶ tax year beginning APRIL 1, 20 03, and ending MARCH 31, 20 04.

2 If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ N/A

b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$ N/A

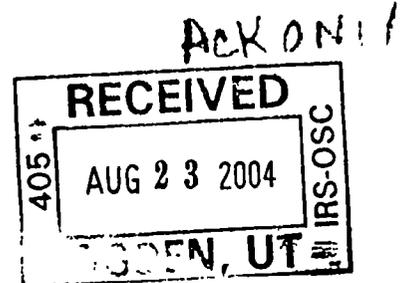
c **Balance Due.** Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ N/A

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature ▶ [Handwritten Signature] Title ▶ **TAX PREPARER** Date ▶ 8/12/04

For Paperwork Reduction Act Notice, see Instruction



- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only Part II and check this box **Note: Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.**
- If you are filing for an **Automatic 3-Month Extension**, complete only Part I (on page 1).

Part II Additional (not automatic) 3-Month Extension of Time — Must File Original and One Copy.

Type or print File by the extended due date for filing the return See instructions	Name of Exempt Organization IN-Q-TEL, INC.	Employer identification number 52-2149962
	Number, street, and room or suite no. If a P.O. box, see instructions P. O. BOX 12407	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions ARLINGTON VA 22219	

Check type of return to be filed (File a separate application for each return).

- Form 990
 Form 990-EZ
 Form 990-T (sec 401(a) or 408(a) trust)
 Form 1041-A
 Form 5227
 Form 8870
 Form 990-BL
 Form 990-PF
 Form 990-T (trust other than above)
 Form 4720
 Form 6069

STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) _____ . If this is for the **whole group**, check this box . If it is for **part of the group**, check this box and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until FEBRUARY 15, 20 05

5 For calendar year _____, or other tax year beginning APRIL 1, 20 03 and ending MARCH 31, 20 04

6 If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period

7 State in detail why you need the extension TAXPAYER IS AWAITING INFORMATION FROM THIRD PARTIES WHICH IS NECESSARY TO PREPARE A COMPLETE AND ACCURATE RETURN. ADDITIONAL TIME TO FILE IS REQUESTED.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ N/A

b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ N/A

c **Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ 0

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature  Title **TAX PREPARER** Date **NOV 15 2004**

Notice to Applicant — To Be Completed by the IRS

- We have approved this application. Please attach this form to the organization's return.
- We have not approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions) This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return.
- We have not approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.
- We cannot consider this application because it was filed after the due date of the return for which an extension was requested
- Other _____

Director _____ By _____ Date _____

Alternate Mailing Address — Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above.

Type or print	Name PRICEWATERHOUSECOOPERS, LLP
	ATTN: ALICIA BENJAMIN
	Number and street (include suite, room, or apt. no.) Or a P.O. box number 1301 K STREET NW, SUITE 800W
	City or town, province or state, and country (including postal or ZIP code) WASHINGTON, DC 20005