

Return of Organization Exempt From Income Tax

Department of the Treasury Internal Revenue Service

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

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

A For the 2006 calendar year, or tax year beginning 04/01, 2006, and ending 03/31/2007

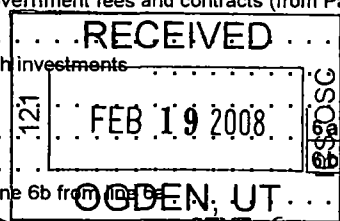
B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending. C Name of organization: IN-Q-TEL, INC. D Employer identification number: 52-2149962. E Telephone number: (703) 248-3000. F Accounting method: Accrual.

G Website: WWW.IQT.ORG. J Organization type: 501(c)(3). K Check here if the organization is not a 509(a)(3) supporting organization. L Gross receipts: 54,289,611.

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12: 54,289,611.

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

Table with columns for Revenue, Expenses, and Net Assets. Rows include: 1 Contributions, gifts, grants... 2 Program service revenue... 3 Membership dues... 4 Interest on savings... 5 Dividends... 6a Gross rents... 6b Less rental expenses... 6c Net rental income... 7 Other investment income... 8a Gross amount from sales of assets... 8b Less cost or other basis... 8c Gain or (loss)... 8d Net gain or (loss)... 9 Special events... 9a Gross revenue... 9b Less direct expenses... 9c Net income... 10a Gross sales of inventory... 10b Less cost of goods sold... 10c Gross profit or (loss)... 11 Other revenue... 12 Total revenue... 13 Program services... 14 Management and general... 15 Fundraising... 16 Payments to affiliates... 17 Total expenses... 18 Excess or (deficit)... 19 Net assets or fund balances at beginning... 20 Other changes... 21 Net assets or fund balances at end of year.



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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 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
22a Grants paid from donor advised funds (attach schedule) (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>				
22b Other grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	NONE	NONE		
23 Specific assistance to individuals (attach schedule)				
24 Benefits paid to or for members (attach schedule)				
25a Compensation of current officers, directors, key employees, etc listed in Part V-A (attach schedule)	5,033,647.	2,078,135.	2,955,512.	
25b Compensation of former officers, directors, key employees, etc. listed in Part V-B (attach schedule)				
25c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)				
26 Salaries and wages of employees not included on lines 25a, b, and c	8,543,743.	6,451,617.	2,092,126.	
27 Pension plan contributions not included on lines 25a, b, and c	346,521.	240,501.	106,020.	
28 Employee benefits not included on lines 25a - 27	656,757.	415,118.	241,639.	
29 Payroll taxes				
30 Professional fundraising fees				
31 Accounting fees	536,399.		536,399.	
32 Legal fees	673,968.		673,968.	
33 Supplies	167,333.	18,513.	148,820.	
34 Telephone	339,210.	199,821.	139,389.	
35 Postage and shipping	29,932.	8,751.	21,181.	
36 Occupancy	1,093,924.	278,281.	815,643.	
37 Equipment rental and maintenance	42,790.	5,927.	36,863.	
38 Printing and publications	18,590.	8,774.	9,816.	
39 Travel	917,746.	644,309.	273,437.	
40 Conferences, conventions, and meetings	590,776.	125,653.	465,123.	
41 Interest				
42 Depreciation, depletion, etc STMT 3	398,770.	106,492.	292,278.	
43 Other expenses not covered above (itemize)				
a STMT 8	26,743,508.	22,500,066.	4,243,442.	
b				
c				
d				
e				
f				
g				
44 Total functional expenses. Add lines 22a through 43g (Organizations completing columns (B)-(D), carry these totals to lines 13-15).	46,133,614.	33,081,958.	13,051,656.	

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 the instructions)

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.

<p>What is the organization's primary exempt purpose? STATEMENT 9</p> <p>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)</p>	<p>Program Service Expenses (Required for 501(c)(3) and (4) orgs , and 4947(a)(1) trusts , but optional for others)</p>
<p>a <u>SEE STATEMENT 9</u></p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>(Grants and allocations \$ <u>NONE</u>) If this amount includes foreign grants, check here <input type="checkbox"/></p>	<p>33,081,958.</p>
<p>b</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/></p>	
<p>c</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/></p>	
<p>d</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/></p>	
<p>e Other program services (attach schedule)</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/></p>	
<p>f Total of Program Service Expenses (should equal line 44, column (B), Program services) ▶</p>	<p>33,081,958.</p>

Part IV Balance Sheets (See 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	46,009,230.	46	72,400,608.	
	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	32,588,852.	49	7,434,363.	
	50a Receivables from current and former officers, directors, trustees, and key employees (attach schedule)			50a	
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)			50b	
	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	1,469,833.	53	419,204.	
	54a Investments - publicly-traded securities	<input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	1,633,388.	54a	424,592.
	b Investments - other securities (attach schedule)	<input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	15,172,039.	54b	30,592,874.
	55a Investments - land, buildings, and equipment basis	STMT 13 55a			
	b Less accumulated depreciation (attach schedule)	55b		55c	
	56 Investments - other (attach schedule)	STMT 14 2,141,049.	56	3,989,773.	
	57a Land, buildings, and equipment basis	57a 4,134,777.			
b Less accumulated depreciation (attach schedule)	STMT 3 57b 3,468,161.	1,046,842.	57c	666,616.	
58 Other assets, including program-related investments (describe)			58		
59 Total assets (must equal line 74) Add lines 45 through 58	100,061,233.	59	115,928,030.		
Liabilities	60 Accounts payable and accrued expenses	7,209,768.	60	7,801,409.	
	61 Grants payable		61		
	62 Deferred revenue	53,789,422.	62	54,049,767.	
	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	60,999,190.	66	61,851,176.		
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	39,062,043.	67	54,076,854.	
	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 and column (B) must equal line 21)	39,062,043.	73	54,076,854.		
74 Total liabilities and net assets/fund balances. Add lines 66 and 73	100,061,233.	74	115,928,030.		

Part VI Other Information (continued)

Form with multiple rows and columns for questions 82a through 91b, including 'Yes' and 'No' columns and various input fields.

Part VI Other Information (continued)

c At any time during the calendar year, did the organization maintain an office outside of the United States? Yes No
 If "Yes," enter the name of the foreign country ▶ _____

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here
 and enter the amount of tax-exempt interest received or accrued during the tax year ▶ | 92 | N/A

Part VII Analysis of Income-Producing Activities (See 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	31,260.	
100 Gain or (loss) from sales of assets other than inventory			18	-517,608.	
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))				-486,348.	
105 Total (add line 104, columns (B), (D), and (E)) ▶					-486,348.

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

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See 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 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
	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See 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)

Part XI Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13).

106 Did the reporting organization make any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity

	Yes	No
		X

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	-----			
b	-----			
c	-----			
Totals				

107 Did the reporting organization receive any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity

	Yes	No
		X

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	-----			
b	-----			
c	-----			
Totals				

108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

	Yes	No
		X

Please Sign Here

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.

Signature of officer: *Matthew Stottman* Date: 2/8/08

Type or print name and title: Matthew Stottman Executive Vice President + CFO

Paid Preparer's Use Only

Preparer's signature: *[Signature]* Date: 2/7/08 Check if self-employed:

Firm's name (or yours if self-employed), address, and ZIP + 4: PRICEWATERHOUSECOOPERS LLP Preparer's SSN or PTIN (See Gen Inst X): P00369623

1301 K STREET NW, SUITE 800W EIN: 13-4008324

WASHINGTON, DC 20005-3333 Phone no: 202-414-1000

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n),
or 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

2006

Name of the organization

IN-Q-TEL, INC.

Employer identification number

52-2149962

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 2 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 18		1,552,799.	94,723.	NONE
Total number of other employees paid over \$50,000 . . . ▶	54			

Part II-A 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
MULTI THREADED, INC. HERNDON, VA	CONSULTING SERVICES	993,764.
ARNOLD & PORTER, LLP WASHINGTON, DC	LEGAL SERVICES	596,086.
SHER SECURITY, LLC ROUND HILL, VA	SECURITY SERVICES	305,415.
CORNERSTONE COMMUNICATIONS FAIRFAX, VA	CONSULTING SERVICES	354,117.
LMN SOLUTIONS, INC. OAK HILL, VA	CONSULTING SERVICES	650,274.
Total number of others receiving over \$50,000 for professional services ▶	11	

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
COPAN LONGMONT, CO	TECH. DEVELOPMENT	1,767,724.
NOVODYNAMICS INCORPORATED ANN ARBOR, MI	TECH. DEVELOPMENT	1,667,314.
IMOVE, INC. PORTLAND, OR	TECH. DEVELOPMENT	1,414,049.
STREAMBASE SYSTEMS INC. LEXINGTON, MA	TECH. DEVELOPMENT	1,438,610.
BASIS TECHNOLOGY CAMBRIDGE, MA	TECH. DEVELOPMENT	1,456,038.
Total number of other contractors receiving over \$50,000 for other services ▶	40	

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

Schedule A (Form 990 or 990-EZ) 2006

Part III Statements About Activities (See page 2 of the instructions.)

Table with columns for question number, description, and Yes/No responses. Includes questions 1 through 15 regarding lobbying, grants, and donor advised funds.

Part IV Reason for Non-Private Foundation Status (See pages 4 through 7 of the instructions.)

I certify that the organization is not a private foundation because it is (Please check only ONE applicable box)

- 5 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 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 otherwise meets the requirements of section 509(a)(3) Check the box that describes the type of supporting organization
 - Type I
 - Type II
 - Type III - Functionally Integrated
 - Type III - Other

Provide the following information about the supported organizations. (See page 7 of the instructions)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
Total					▶

- 14 An organization organized and operated to test for public safety Section 509(a)(4) (See page 7 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: Calendar year (or fiscal year beginning in), (a) 2005, (b) 2004, (c) 2003, (d) 2002, (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 for the organization's benefit; 21 The value of services or facilities furnished to the organization by a governmental unit without charge; 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: a Enter 2% of amount in column (e), line 24; b Prepare a list for your records to show the name of and amount contributed by each person; c Total support for section 509(a)(1) test; d Add Amounts from column (e) for lines: 18, 19, 22; e Public support (line 26c minus line 26d total); f Public support percentage (line 26e (numerator) divided by line 26c (denominator)); 27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person"; b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000; c Add Amounts from column (e) for lines: 15, 16, 17, 20, 21; d Add Line 27a total and line 27b total; e Public support (line 27c total minus line 27d total); f Total support for section 509(a)(2) test; g Public support percentage (line 27e (numerator) divided by line 27f (denominator)); h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)).

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2002 through 2005, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant Do not file this list with your return. Do not include these grants in line 15

Part V Private School Questionnaire (See page 9 of the instructions.) NOT APPLICABLE
 (To be completed ONLY by schools that checked the box on line 6 in Part IV)

		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) ----- -----		
34 a	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 10 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.)

Table with 3 columns: Line number, Description, (a) Affiliated group totals, (b) To be completed for all electing organizations. Rows include Total lobbying expenditures, Total exempt purpose expenditures, and Lobbying nontaxable amount.

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 13 of the instructions)

Table with 6 columns: Calendar year (or fiscal year beginning in), (a) 2006, (b) 2005, (c) 2004, (d) 2003, (e) Total. Rows include Lobbying nontaxable amount, Lobbying ceiling amount, Total lobbying expenditures, and 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 13 of the instructions.) NOT APPLICABLE

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

Table with 3 columns: Activity description, Yes, No, Amount. Rows include Volunteers, Paid staff or management, Media advertisements, Mailings to members, Publications, Grants to other organizations, Direct contact with legislators, Rallies, demonstrations, seminars, conventions, speeches, lectures, and Total lobbying expenditures.

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

FORM 990 - GENERAL EXPLANATION ATTACHMENT
=====

INTEREST INCOME INCLUDED IN DEFERRED REVENUE
PART IV, LINES 46 & 62

FOR THE REPORTING PERIOD ENDING MARCH 31, 2007, 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 \$ 3,358,894 WAS RECEIVED DURING THE REPORTING PERIOD AND HAS BEEN INCLUDED AS DEFERRED REVENUE ON THE BALANCE SHEET.

FORM 990 - GENERAL EXPLANATION ATTACHMENT
=====REALIZED GAINS AND LOSSES
PART I, LINES 8A-D

SECURITY NAME -----	COST -----	PROCEEDS (*) -----	GAIN/LOSS -----
IATROQUEST	\$0	\$25,258	\$25,258
EEI	\$54,664	\$122,412	\$67,748
A4 CORPORATION	\$609,375	\$0	(\$609,375)
	-----	-----	-----
TOTAL SALE OF SECURITIES (COLUMN A)	\$664,039	\$147,670	(\$516,369)

ASSET NAME -----	COST -----	PROCEEDS (*) -----	GAIN/LOSS -----
FURNITURE & FIXTURES	\$86,948	\$85,709	(\$1,239)
	-----	-----	-----
TOTAL SALE OF OTHER ASSETS (COLUMN B)	\$86,948	\$85,709	(\$1,239)

NET GAIN/(LOSS) FROM SALES (LINE 8D)	\$750,987	\$233,379	(\$517,608)
---	-----------	-----------	-------------

(*) IN-Q-TEL IS REQUIRED TO REINVEST RETURNS INTO FURTHER TECHNOLOGIES AND PROGRAMS TO BENEFIT THE CIA, THE INTELLIGENCE COMMUNITY AND THE US GOVERNMENT, IN ACCORDANCE WITH THE ORGANIZATION'S NON-PROFIT MISSION AND AGREEMENT WITH THE CIA.

FORM 990 - GENERAL EXPLANATION ATTACHMENT
=====

DEPRECIATION & FIXED ASSETS

PART II, LINE 42 (DEPRECIATION EXPENSE) & PART IV, LINE 57 (FIXED ASSETS)

COMPUTER EQUIPMENT	\$1,979,276
FURNITURE AND FIXTURES	\$ 477,828
LEASEHOLD IMPROVEMENTS	\$ 942,418
OFFICE EQUIPMENT	\$ 735,257

TOTAL	\$4,134,777
ACCUMULATED DEPRECIATION	(\$3,468,161)

TOTAL FIXED ASSETS	\$ 666,616
DEPRECIATION EXPENSE	\$ 398,770

FORM 990 - GENERAL EXPLANATION ATTACHMENT
=====COMPENSATION EXPLANATION
PART V & SCHEDULE A, PART I

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. 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 TRADITIONAL NON-PROFIT ORGANIZATIONS.

OUR COMPENSATION PLAN WAS DEVELOPED TO PAY OUR EMPLOYEES APPROPRIATELY UNDER GUIDELINES FOR NOT-FOR-PROFIT 501(C)(3) ORGANIZATIONS, AND IN DOING SO INCENTIVIZE EMPLOYEES 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.

FORM 990 - GENERAL EXPLANATION ATTACHMENT (CONT'D)
=====

EMPLOYEES' "TARGET" BONUS IS BASED ON MARKET SURVEY DATA FOR COMPARABLE POSITIONS IN COMPARABLE INDUSTRIES. AN EMPLOYEE'S ANNUAL INCENTIVE IS TIED TO PERFORMANCE AGAINST COMPANY AND INDIVIDUAL GOALS AND OBJECTIVES.

IN-Q-TEL'S PERFORMANCE SCORE IS BASED ON THE COMPANY'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.

EMPLOYEE INVESTMENT PROGRAM (EIP)

AS A NON-PROFIT CORPORATION, NON STOCK ENTITY, 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 A MEANS BY WHICH THE COMPANY CAN OFFER A LONG-TERM EMPLOYEE INVESTMENT PROGRAM AND PROVIDES EMPLOYEES A COMPELLING STAKE IN THE COMPANY'S PROGRAMS, SHARING BOTH THE RISK AND THE BENEFITS.

THE EIP IS A LIMITED LIABILITY CORPORATION (LLC) WHICH MAKES SIDE-BY-SIDE INVESTMENTS WITH IN-Q-TEL INTO EACH PORTFOLIO SECURITY. ALL EMPLOYEES ARE REQUIRED TO INVEST A PORTION OF THEIR AFTER TAX COMPENSATION INTO THE EIP WHICH IS USED TO MAKE THESE SIDE-BY-SIDE INVESTMENTS. 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.

THE EIP WAS FROZEN IN JUNE 2007 AND REPLACED WITH A QUARTERLY CASH BONUS PROGRAM.

BOARD OF TRUSTEES COMPENSATION

TRUSTEES FEES PAID IN THIS REPORTING PERIOD WERE PAID PURSUANT TO A PLAN APPROVED BY A COMMITTEE OF TRUSTEES, WHO HAVE WAIVED THE RIGHT TO RECEIVE COMPENSATION, WITH ADVICE OF OUTSIDE COMPENSATION CONSULTANTS AS TO REASONABLENESS.

FORM 990, PART I - OTHER INVESTMENT INCOME

DESCRIPTION

AMOUNT

OTHER INCOME FROM IN-Q-TEL EMPLOYEE FUND, LLC

31,260.

TOTAL

31,260.

FORM 990, PART I - OTHER INCREASES IN FUND BALANCES
=====

DESCRIPTION -----	AMOUNT -----
UNREALIZED GAIN ON INVESTMENTS	7,609,801.
TOTAL	----- 7,609,801. =====

FORM 990, PART II - OTHER EXPENSES

DESCRIPTION	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL
DUES AND SUBSCRIPTIONS	50,602.		28,539.
PROFESSIONAL FEES	93,241.	22,063.	93,241.
RECRUITING, HR, PLACEMENT FEES	45,339.		45,339.
INSURANCE	444,521.		444,521.
MISCELLANEOUS	5,761.	5,281.	480.
TEMPORARY HELP	3,472.	1,931.	1,541.
LICENSES AND PERMITS	43,922.		43,922.
RESEARCH MATERIALS	121,838.	110,583.	11,255.
WORK PROGRAMS FOR CUSTOMERS	25,217,614.	21,822,782.	3,394,832.
EQUIPMENT EXPENSE	589,500.	537,426.	52,074.
BANK FEES	127,698.		127,698.
TOTALS	26,743,508.	22,500,066.	4,243,442.

FORM 990, PART III - PROGRAM SERVICE ACCOMPLISHMENTS
 =====

PROGRAM SERVICE ACCOMPLISHMENT A

IN-Q-TEL WAS ESTABLISHED IN 1999 AS AN INDEPENDENT, PRIVATE AND NOT-FOR-PROFIT COMPANY TO HELP THE CIA AND THE GREATER US INTELLIGENCE COMMUNITY (IC) IDENTIFY, ADVANCE, AND DEPLOY CUTTING-EDGE TECHNOLOGIES THAT MEET PRESENT AND FUTURE INTELLIGENCE NEEDS. IN-Q-TEL'S OPEN AND ENTREPRENEURIAL INVESTMENT MODEL GIVES IT THE AGILITY - LACKING WITHIN TRADITIONAL GOVERNMENT CONTRACTING APPROACHES - TO FIND AND NURTURE THE ENTREPRENEURS AND COMPANIES THAT CAN PROVIDE A SUPPLY CHAIN OF INNOVATION THAT ENABLES THE IC TO BENEFIT FROM TECHNOLOGY BREAKTHROUGHS.

IN-Q-TEL'S MISSION IS TO TAKE THE CALCULATED INVESTMENT RISKS NECESSARY TO SUPPORT LEADING-EDGE, BUT OFTEN UNPROVEN TECHNOLOGIES AND MATURE THEM TO OPERATIONAL TECHNOLOGIES THAT HELP THE CIA AND THE IC ACHIEVE THEIR MISSION.

APPROACH

IN-Q-TEL WORKS AS:

- * A STRATEGIC INVESTMENT FIRM, INVESTING IN COMPANIES AND HELPING BUILD BUSINESSES INTO RELIABLE PROVIDERS FOR THE IC
- * A TECHNOLOGY ACCELERATOR, FOSTERING DEVELOPMENT AND INTRODUCTION OF TECHNOLOGIES NEEDED BY THE IC
- * A CAPABILITIES BUILDER, HELPING NASCENT COMMERCIAL TECHNOLOGIES MATURE INTO COMMERCIAL-OFF-THE-SHELF (COTS) PRODUCTS THE GOVERNMENT CAN BUY
- * AN IDEA LAB AND FORUM FOR INNOVATION, PROVIDING THE IC WITH INSIGHT AND ACCESS TO BOTH NEW TECHNOLOGIES AND LEADING INNOVATORS AND THINKERS

IDENTIFYING THE NEWEST TECHNOLOGIES:

EQUITY INVESTMENTS AND WORK PROGRAMS ARE IN-Q-TEL'S MAIN AVENUE FOR GAINING ACCESS TO EMERGING COMPANIES THAT ARE NOT KNOWN TO THE IC. THROUGH EQUITY INVESTMENTS, IN-Q-TEL GAINS INSIGHT AND INFLUENCE TO SUPPORT TECHNOLOGY DEVELOPMENT THAT WILL GENERATE PRODUCTS FOR THE IC. IN-Q-TEL COMPLEMENTS EQUITY STAKES WITH LATE-STAGE RESEARCH AND DEVELOPMENT PROGRAMS. IN THIS WAY, OUR INVESTMENTS ACCELERATE PRODUCT DEVELOPMENT AND DELIVERY AND HELP COMPANIES ADD CAPABILITIES THAT IC USERS NEED.

FORM 990, PART III - PROGRAM SERVICE ACCOMPLISHMENTS
 =====

AREAS OF FOCUS INCLUDE A BROAD RANGE OF TECHNOLOGIES FROM INFORMATION TECHNOLOGY, ELECTRONICS AND SEMICONDUCTORS AS WELL AS PHYSICAL AND BIOLOGICAL SCIENCES.

BUILDING STRONG COMPANIES FOR STRONG TECHNOLOGIES:

USING PRODUCT DEVELOPMENT FUNDING AND EQUITY INVESTING, IN-Q-TEL CREATES INCENTIVES FOR COMPANIES TO PUT THEIR BEST TALENT INTO SOLVING THE TOUGHEST TECHNOLOGY PROBLEMS FACING THE CIA AND THE INTELLIGENCE COMMUNITY. THROUGH WORK PROGRAMS AND MARKET GUIDANCE, IN-Q-TEL FOSTERS THE DEVELOPMENT OF STRONG COMPANIES, WHICH PRODUCE COMMERCIALY VIABLE TECHNOLOGIES THAT AT THE SAME TIME SOLVE CRITICAL CIA AND INTELLIGENCE COMMUNITY MISSION CHALLENGES.

SERVING NEW INTELLIGENCE COMMUNITY CUSTOMERS:

TODAY, IN-Q-TEL HAS EXPANDED ITS IC PARTNERSHIPS TO INCLUDE CIA, THE DEFENSE INTELLIGENCE AGENCY (DIA), THE FEDERAL BUREAU OF INVESTIGATION (FBI), THE NATIONAL GEOSPATIAL INTELLIGENCE AGENCY (NGA) AND OTHERS.

PROGRAM ACCOMPLISHMENTS

IN FURTHERANCE OF ITS EXEMPT PURPOSES, IN-Q-TEL'S ACHIEVEMENTS SINCE INCEPTION IN 1999 THROUGH MARCH 31, 2007 INCLUDE THE FOLLOWING:

1. DELIVERED MORE THAN 120 TECHNOLOGIES, MANY OF WHICH HAVE CONTRIBUTED DIRECTLY TO CIA AND IC MISSIONS. TECHNOLOGY DELIVERED BY IN-Q-TEL, FOR EXAMPLE, MAKES IT POSSIBLE TO FUSE DATA FROM MAPS, IMAGES, TEXT AND OTHER SOURCES; VISUALIZE INFORMATION IN WAYS NOT PREVIOUSLY POSSIBLE; RAPIDLY PROCESS VAST AMOUNTS OF INFORMATION IN MULTIPLE LANGUAGES; MAKE SENSE OF SEEMINGLY UNCONNECTED INFORMATION; AND IDENTIFY THE MOST CRITICAL INTELLIGENCE FASTER AND MORE EFFECTIVELY.
2. ENGAGED WITH MORE THAN 100 COMMERCIAL COMPANIES, MOST OF WHICH WERE PREVIOUSLY UNKNOWN TO THE GOVERNMENT, AND MORE THAN 15 UNIVERSITIES AND RESEARCH LABS, WHICH IN-Q-TEL IDENTIFIED THROUGH ITS COMMERCIAL AND ACADEMIC OUTREACH PROGRAMS AND BY REVIEWING MORE THAN 6,500 US AND INTERNATIONAL COMPANIES' BUSINESS PLANS.

FORM 990, PART III - PROGRAM SERVICE ACCOMPLISHMENTS
=====

3. CULTIVATED A NETWORK OF MORE THAN 200 VENTURE CAPITAL FIRMS, 100 LABS AND RESEARCH ORGANIZATIONS, FURTHER BROADENING THE IC'S ACCESS TO INNOVATIVE TECHNOLOGIES.

4. LEVERAGED MORE THAN \$1.2 BILLION IN PRIVATE-SECTOR FUNDS TO SUPPORT TECHNOLOGY FOR THE CIA AND THE IC.

GOVERNANCE AND OVERSIGHT:

IN-Q-TEL IS BOUND BY A CHARTER AGREEMENT WITH THE CIA, WHICH SETS OUT THE RELATIONSHIP BETWEEN THE TWO ORGANIZATIONS, AND BY AN ANNUAL CONTRACT WITH THE CIA. IN-Q-TEL IS NOT PART OF THE CIA AND IS NOT A GOVERNMENT AGENCY.

THE COMPANY IS GOVERNED BY AN INDEPENDENT BOARD OF TRUSTEES COMPRISED OF FORMER CABINET OFFICERS AND OFFICIALS FROM THE DEFENSE AND INTELLIGENCE COMMUNITIES, AS WELL AS CEOS OF MAJOR COMPANIES, UNIVERSITY LEADERS, AND LEADERS OF THE INVESTMENT INDUSTRY.

A GOVERNMENT CONTRACTOR OPERATING AS AN INDEPENDENT NONPROFIT CORPORATION, IN-Q-TEL RECEIVES REGULAR OVERSIGHT FROM THE CIA, WHICH KEEPS CONGRESS INFORMED OF THE COMPANY'S ACTIVITIES.

IN-Q-TEL HAS BEEN THE FOCUS OF A NUMBER OF THOUGHTFUL STUDIES THAT DESCRIBE AND SCRUTINIZE THE ORGANIZATION. TWO ARE CITED BELOW.

* BUSINESS EXECUTIVES FOR NATIONAL SECURITY (BENS) IN A REPORT TO CONGRESS, AN INDEPENDENT PANEL OF BUSINESS EXECUTIVES RECOMMENDED THAT IN-Q-TEL SERVE AS THE CIA'S "TECHNOLOGY ACCELERATOR." THE PANEL CONCLUDED THAT IN-Q-TEL HAS ACHIEVED SIGNIFICANT EARLY PROGRESS AND THAT "CREATING A MODEL LIKE IN-Q-TEL MAKES GOOD BUSINESS SENSE."

THE ASSESSMENT WAS MADE BY A PANEL FROM BUSINESS EXECUTIVES FOR NATIONAL SECURITY, A NATIONAL, NON-PARTISAN, AND NOT-FOR-PROFIT ORGANIZATION OF BUSINESS LEADERS- 30 OF WHOM FORMED THE INDEPENDENT PANEL AFTER THE CIA SELECTED BENS TO CONDUCT THE CONGRESSIONALLY MANDATED STUDY. THE 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," WAS SUBMITTED TO THE CIA AND CONGRESS.

FORM 990, PART III - PROGRAM SERVICE ACCOMPLISHMENTS
=====

JUNE 2001
SOURCE-BUSINESS EXECUTIVES FOR NATIONAL SECURITY
WWW.BENS.ORG

* HARVARD BUSINESS SCHOOL CASE STUDY

THIS HARVARD BUSINESS SCHOOL CASE STUDY PROVIDES BACKGROUND ABOUT IN-Q-TEL'S HISTORY AND STRATEGY, LAYING THE GROUNDWORK FOR IN-Q-TEL TO CONSIDER THE CASE FOR EXPANSION.

BY JOSH LERNER, FELDA HARDYMON, KEVIN BOOK, ANN LEAMON
FEBRUARY 12, 2004
SOURCE-HARVARD BUSINESS SCHOOL
[HTTP://HARVARDBUSINESSONLINE.HBSP.HARVARD.EDU/B02/EN/CASES/CASES_HOME.JHTML](http://harvardbusinessonline.hbsp.harvard.edu/b02/en/cases/cases_home.jhtml)

IN ADDITION WE PARTICIPATE IN PERIODIC REVIEWS BY THE INSPECTOR GENERAL' OFFICE AND THE U.S. SENATE SELECT COMMITTEE ON INTELLIGENCE TO ASSESS THE EFFECTIVENESS OF TECHNOLOGY SOLUTIONS FROM OUR INVESTMENTS IN SOLVING CHALLENGING PROBLEMS IN THE CIA AND INTELLIGENCE COMMUNITY.

FORM 990, PART IV - INVESTMENTS - OTHER SECURITIES

DESCRIPTION	ENDING BOOK VALUE
PREFERRED STOCK	24,683,520.
COMMON STOCK	351,506.
WARRANTS - PREFERRED	5,479,023.
WARRANTS - COMMON	78,825.
TOTALS	30,592,874.

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

DESCRIPTION -----	ENDING BOOK VALUE -----
INVESTMENT IN IN-Q-TEL EMPLOYEE FUND, LLC CONVERTIBLE NOTE	2,023,835. 1,965,938.
TOTALS	----- 3,989,773. =====

SCHEDULE A, PART III - EXPLANATION FOR LINE 2A

=====

THE ORGANIZATION HAS ENTERED INTO SEVERAL CONTRACTS WITH OTHER ENTITIES WITH WHICH VARIOUS TRUSTEES AND EXECUTIVES ARE RELATED. IN COMPLIANCE WITH THE ORGANIZATION'S CONFLICT OF INTEREST POLICY, SUCH TRUSTEES AND EXECUTIVES 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.

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

THE ORGANIZATION HAS ENTERED INTO SEVERAL CONTRACTS WITH OTHER ENTITIES WITH WHICH VARIOUS TRUSTEES AND EXECUTIVES ARE RELATED. IN COMPLIANCE WITH THE ORGANIZATION'S CONFLICT OF INTEREST POLICY, SUCH TRUSTEES AND EXECUTIVES 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.

IN-Q-TEL, INC

FORM 990, PART V-A, CURRENT OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

Name and Address	Title and average hours per week devoted to position	Wages	Bonus (1)	Employee Investment Program (1)	Trustee Fees (1)	Total	Contributions to employee benefit plans & deferred compensation (1)	Expense account and other allowances	
								Housing (2)	Other
C Darby c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	President & CEO 40 Hrs/Wk	76,968	119,210	12,258	None	208,436	4,780	17,400	None
A Yoran c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Former President & CEO 40 Hrs/Wk Resigned during the fiscal year	130,904	36,477	44,145	None	211,526	15,061	None	None
S Yancey c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	EVP Operations 40 Hrs/Wk	352,719	163,999	98,014	None	614,732	24,027	None	None
S Bowsher c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	EVP and Managing Partner 40 Hrs/Wk	42,435	37,500	5,689	None	85,624	2,155	None	None
B Adams c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	General Counsel, Secretary 40 Hrs/Wk	253,839	114,326	81,987	None	450,152	22,008	None	None
M Strolitman c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Vice President, Treasurer 40 Hrs/Wk	202,043	40,550	74,422	None	317,015	22,045	None	None
E Poulos c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Chief of Staff 40 Hrs/Wk	194,769	43,698	67,995	None	306,462	19,872	None	None
T Pestrall c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	EVP Technology Transfer 40 Hrs/Wk	226,619	59,558	75,624	None	361,801	20,024	None	None
R Wirt c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	EVP and Chief Scientist 40 Hrs/Wk	None	None	None	None	None	None	None	None
E Kaufmann c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Partner 40 Hrs/Wk	266,104	109,687	83,710	None	459,501	20,996	None	None

IN-Q-TEL, INC

FORM 990, PART V-A, CURRENT OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

Name and Address	Title and average hours per week devoted to position	Wages	Bonus (1)	Employee Investment Program (1)	Trustee Fees (1)	Total	Contributions to employee benefit plans & deferred compensation (1)	Expense account and other allowances	
								Housing (2)	Other
<u>N Kaplan</u> c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Corporate Vice President 40 Hrs/Wk	197,133	56,526	70,275	None	323,934	23,062	None	None
<u>K. vonEckartsberg</u> c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	VP, Customer Relations 40 Hrs/Wk	216,963	64,675	67,995	None	349,633	22,101	None	None
<u>J Dorman</u> c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Former EVP 40 Hrs/Wk Resigned during the fiscal year	337,098	155,950	84,410	None	577,458	21,180	None	None
<u>M. Frantz</u> c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Former General Managing Partner 40 Hrs/Wk Resigned during the fiscal year	106,246	32,500	16,043	None	154,789	2,873	None	None
<u>L. Ajlt</u> c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Chairman of the Board of Trustees and Committee Chair Up to 150 Hrs/Quarter	None	None	None	30,000	30,000	None	None	None
<u>P. Kaminski</u> c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Trustee Up to 150 Hrs/Quarter	None	None	None	35,625	35,625	None	None	None
<u>N. Augustine</u> c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Trustee & Committee Chair Up to 150 Hrs/Quarter	None	None	None	None	None	None	None	None
<u>J. Kim</u> c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Trustee Up to 150 Hrs/Quarter	None	None	None	None	None	None	None	None
<u>M. Crow</u> c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Vice-Chairman of the Board of Trustees and Chair Up to 150 Hrs/Quarter	None	None	None	41,875	41,875	None	None	None

IN-Q-TEL, INC

FORM 990, PART V-A, CURRENT OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

Name and Address	Title and average hours per week devoted to position	Wages	Bonus (1)	Employee Investment Program (1)	Trustee Fees (1)	Total	Contributions to employee benefit plans & deferred compensation (1)	Expense account and other allowances	
								Housing (2)	Other
C Boyd c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Trustee Up to 150 Hrs/Quarter	None	None	None	26,250	26,250	None	None	None
J Barksdale c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Trustee Up to 150 Hrs/Quarter	None	None	None	35,000	35,000	None	None	None
D Jeremiah c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Trustee Up to 150 Hrs/Quarter	None	None	None	35,000	35,000	None	None	None
A Jones c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Trustee & Committee Chair Up to 150 Hrs/Quarter	None	None	None	37,500	37,500	None	None	None
C Vest c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Trustee Up to 150 Hrs/Quarter	None	None	None	35,000	35,000	None	None	None
E Pate-Cornell c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Trustee Up to 150 Hrs/Quarter	None	None	None	26,250	26,250	None	None	None
P Barris c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Trustee Up to 150 Hrs/Quarter	None	None	None	26,250	26,250	None	None	None
J Seely Brown c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Trustee Up to 150 Hrs/Quarter Resigned during the fiscal year	None	None	None	8,750	8,750	None	None	None
H Cox c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Trustee & Committee Chair Up to 150 Hrs/Quarter	None	None	None	37,500	37,500	None	None	None
Total		2,603,840	1,034,656	782,567	375,000	4,796,063	220,184	17,400	None

(1) See Statement 4 & 5

(2) For living expenses incurred in support of In-Q-Tel's operations and are considered taxable compensation

FORM 990, SCHEDULE A, PART I, COMPENSATION OF THE FIVE HIGHEST PAID EMPLOYEES OTHER THAN OFFICERS, DIRECTORS, AND TRUSTEES

<u>Name and Address</u>	<u>Title and average hours per week devoted to position</u>	<u>Wages</u>	<u>Bonus (1)</u>	<u>Employee Investment Program (1)</u>	<u>Total</u>	<u>Contributions to employee benefit plans & deferred compensation (1)</u>	<u>Expense account and other allowances</u>
Addiego, J c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Partner 40 Hrs/Wk	229,453	58,699	83,710	371,862	21,571	None
Cottel, C. c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Vice President 40 Hrs/Wk	221,420	60,434	67,995	349,849	15,925	None
Ulvick, S c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Chief Visionary Solutions Architect 40 Hrs/Wk	170,933	35,417	74,666	281,016	22,148	None
McGovern, M c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	VP 40 Hrs/Wk	179,582	35,504	60,617	275,703	14,623	None
Granger, M. c/o In-Q-Tel, Inc PO Box 749 Arlington, VA 22216	Principal 40 Hrs/Wk	164,718	31,308	78,343	274,369	20,456	None
	Total	966,106	221,362	365,331	1,552,799	94,723	None

(1) See Statement 4 & 5

IN-Q-TEL, INC.
FOR THE TAX YEAR ENDED MARCH 31, 2007

52-2149962

FORM 990, PART V-A, LINE 75B

IN-Q-TEL HAS CONFLICTS OF INTEREST POLICIES WHICH (I) REQUIRE TRUSTEES AND EMPLOYEES TO DISCLOSE POSITIONS WITH AND FINANCIAL INTERESTS IN COMPANIES WITH WHICH IN-Q-TEL HAS ENTERED INTO OR IS CONSIDERING ENTERING INTO A TRANSACTION, AND (II) REQUIRE TRUSTEES AND EMPLOYEES GENERALLY TO RECUSE THEMSELVES FROM PARTICIPATING IN IN-Q-TEL'S DECISION-MAKING WITH RESPECT TO THE TRANSACTION, UNLESS OTHERWISE DETERMINED BY THE BOARD OR IN-Q-TEL'S CHIEF ETHICS OFFICER.

Application for Extension of Time To File an Exempt Organization Return

OMB No 1545-1709

▶ 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)
- 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).

Section 501(c) corporations required to file Form 990-T and requesting an automatic 6-month extension—check this box and complete Part I only

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Electronic Filing (e-file). Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for section 501(c) corporations required to file Form 990-T). However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T. Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*

Type or print	Name of Exempt Organization IN-Q-TEL, INC.	Employer identification number 52-2149962
File by the due date for filing your return. See instructions	Number, street, and room or suite no. If a P.O. box, see instructions P. O. BOX 749	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. ARLINGTON, VA 22216	

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 |

● The books are in the care of ▶ THE ORGANIZATION

Telephone No ▶ 703-248-3000 FAX No. ▶ _____

- 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 months for a section 501(c) corporation required to file Form 990-T) extension of time until NOVEMBER 15, 2007, 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, 2006, and ending MARCH 31, 2007

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.	3a	\$	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.	3b	\$	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.	3c	\$	N/A

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

For Privacy Act and Paperwork Reduction Act Notice, see Instructions.

Form **8868** (Rev 4-2007)

ISA

- 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. You 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)

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

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

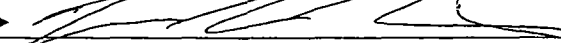
- The books are in the care of THE ORGANIZATION
Telephone No ▶ 703-248-3000 FAX No ▶ _____
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ . 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, 2008.
- 5 For calendar year _____, or other tax year beginning APRIL 1, 2006, and ending MARCH 31, 2007.
- 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 AWAITING INFORMATION FROM THIRD PARTIES WHICH IS NECESSARY TO PREPARE AND COMPLETE AN ACCURATE RETURN.

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	8a	\$	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	8b	\$	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	8c	\$	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 DIRECTOR Date ▶ 11/15/07

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 extended 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: JOSHUA STAFFMAN
	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 20005-3333