SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1 TO
FORM 10-KSB

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended	Commission
December 31, 1996	File No. 33-9390

INFORMATION ANALYSIS INCORPORATED

(Exact name of Registrant as specified in its charter)

Virginia	54-1167364
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
11240 Waples Mill Road, Suite 400 Fairfax, Virginia	22030
(Address of principal executive offices)	(Zip Code)
(Registrant's telephone number, including area code)	(703) 383-3000

Securities registered pursuant to Section 12(b) of the Act:

NONE

Securities registered pursuant to Section 12(g) of the Act:

NONE

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [x] No

The issuer's revenue for its most recent fiscal year was $11,218,845.

The aggregate market value of the Registrant's Common Stock held by nonaffiliates as of December 31, 1996 was approximately $16,567,539.

As of December 31, 1996 the Registrant had 509,999 shares of Common Stock outstanding.

Item 1. Business

General

Since its incorporation in 1979, Information Analysis Incorporated ("IAI" or the "Company") has been engaged in various facets of the computer and information field. IAI has continually adapted the nature of its services and the types of its products it markets to the changing information technology needs of its client and prospective client base. Today, IAI's activities are primarily related to software conversions, information systems reengineering, systems integration, application development, hardware and software consulting services, software sales and support services. Software sales are limited to a few types of products which IAI believes it can successfully sell based upon its familiarity with a particular market niche and potential purchasers for those products.

Over the last several years, in order to broaden its revenue base and secure projects with more long range potential, the Company has sought to

acquire rights to software products or tools which can either be licensed to others or which can provide substantial value-added benefits to IAI's client base in connection with IAI's professional services. One such product which the Company has recently acquired is Computer Aided Software Translator, commonly referred to as CAST. The rights to CAST were acquired from its developer, Kenneth Parsons. The consideration for the purchase was payment to Mr. Parsons of up to $100,000 for application against certain liabilities he possessed plus a royalty equal to 10% of all license revenues the Company thereafter earned from CAST up to a maximum royalty payment to Mr. Parsons of $1,000,000. Incidental to the acquisition, Mr. Parsons also obtained employment by the Company and received 675,000 stock options which were to vest through January 1, 1999.

CAST was initially developed to serve as a software reengineering computer language translator which allows its users to migrate from older types of computer languages to more modern day languages. Because of the reengineering functionality inherent in CAST, this software program is also able to remedy, primarily on an automated basis, the Year 2000 problem which many computer systems now confront. This problem encompasses a deficiency inherent in many existing software applications whereby a two-digit date representation has been used to depict the year with the century component fixed as "19". This means that many computer systems will not recognize or be able to process transactions in which reference to years after 1999 is required. The end result of this limitation is that any application software which must identify, manipulate, or calculate date-related values outside of the 1900-1999 date range will fail. This failure can play havoc with the most basic of programs such as post 1999 payrolls, invoicing, and insurance benefit claims. Because of the potential for failure, numerous companies are, or will be, assessing the nature and extent of their Year 2000 problem. Likewise, companies, such as IAI, are attempting to access the Year 2000 marketplace through remedial products and services.

Because of the prospects associated with CAST, in 1996 the Company commenced its transition from primarily a professional services orientation to that of a product provider for the Year 2000 remediation market. This required and is requiring a

significant investment in marketing and technical resources during the year which will continue through 1997. The anticipated returns from this investment will not be realized until companies commence their Year 2000 remediation efforts assuming CAST becomes a tool which is used within the Year 2000 arena. Even if CAST is used as a Year 2000 tool, the Company does not anticipate earning any revenues from CAST until the fourth quarter of 1997. Notwithstanding this transition, the Company has continued to maintain its traditional business base as a professional services provider. The Company anticipates that information technology services of the nature it has provided in the past will remain as part of the Company's business but if its objectives related to CAST are achieved, the professional services component of its business should diminish as an overall percentage of its revenues. This base business helps support and cover the Company's general and administrative expenses and provides a level of security should the Company's prospects related to CAST not materialize.

CAST

CAST is a core tool which was primarily designed for software reengineering. Remediation of the Year 2000 problem in and of itself is a software reengineering effort. The capacities of CAST are ideal for application in the Year 2000 remediation arena. CAST enables a computer user to determine the technical complexity of computer code, such as that in which the Year 2000 problem is engrained, and then provides an automated and consistent tool which can reengineer the software so as to eliminate the two digit reference to years.

The design and structure of CAST has evolved over 15 years based upon a rigorous understanding of multiple languages, databases, platforms, operating environments and unique system characteristics. CAST's genesis was to serve as an automated software migration tool to enable software users to migrate from one computer language to another. This application is best suited for software reengineering efforts primarily associated with downsizing from mainframe computers to file servers. For this reason, IAI anticipates that CAST will serve as a revenue producing vehicle for IAI even after most systems have met their Year 2000 challenge.

CAST itself is roughly 500,000 lines of modularized code which uses highly sophisticated algorithms to translate the source environment into a Meta-code which, if required, can be translated into a target environment. This process involves a large, rigorous set of logic and decision rules which analyze and account for each individual data element and logic structure in a dynamic, virtual, logical construct before translation begins. The constraints and migration rules which guide the conversion process are established and controlled by a series of tables which define the relationships between the variables, environments and the logical constructs in the starting versus target

environments. The design and use of these tables can also allow the user to modify the target environment functionality in the translation.

Another benefit of CAST is that it also creates system documentation and an audit trail of the conversion process. This can be generated in a variety of formats based on user preference. The functionality of CAST results in a significant reduction of the time required for system testing and re-integration and mitigates operational and liability risks associated with manual approaches.

Overall, CAST provides its users with the following capabilities:

- To translate from one operating system to another, such as from a closed mainframe to an open UNIX environment
- To translate from a programming language that no longer meets a company's needs to a more modern language or newer version of a current language
- To alter a database management system to a more versatile and useful system without losing any of the valuable data stored in the database system
- To alter a teleprocessing monitor environment to a newer, more supportable environment
- To perform any combination of the above options while providing the information manager with the flexibility to leverage and manage the risk profile present within all conversion environments

As for the application of CAST within the Year 2000 remediation environment, companies can undertake a varied approach towards remediation coupled with migration. In this regard, Year 2000 remediation can occur absent further reengineering. Alternatively, a two step strategy of remediating Year 2000 impacts can occur followed by a later full translation of the Year 2000 compliant software applications to a new language, database or platform of choice. Lastly, remediation of Year 2000 can occur while simultaneously translating software into a new language, database or platform.

IAI is developing a multiple pronged strategy for marketing CAST. As part of this strategy, the Company anticipates licensing CAST to software sellers which are in the process of developing Year 2000 remediation packages for use by their client bases. The Company believes that many of these sellers will also use CAST as a service provider in a maintenance capacity to their clients. The Company is also pursuing solution providers which will be offering Year 2000 remediation services to their client bases both within and outside of Year 2000 "factories" which the Company believes will be established to address Year 2000 efforts from a single site with multiple employees dedicated to assessing and remediating non-Year 2000 compliant code. It is the Company's objective to receive fees from these licenses tied to the number of lines of code which are evaluated. This part of the Company's strategy will allow the Company to piggyback on the sales forces of the companies to whom Cast is licensed.

The Company will also seek strategic relationships to undertake Year 2000 services in conjunction with others. The Company anticipates serving in a subcontractor capacity to companies undertaking modernization and remediation efforts to large system users such as federal agencies. The Company may from time to time seek its own direct engagements with end-users, as well. The Company believes such engagements will constitute a primary source of revenue after Year 2000 remediation efforts are resolved as many companies direct their attention to downsizing and language modernization, areas where CAST also possesses functionality.

For the benefit of all CAST users, the Company is planning on developing a seven day, 24 hour per day, help desk. Therefore, irrespective of the manner in which CAST is channeled into the marketplace, the Company will maintain primary responsibility for supporting the product. Under certain circumstances, this product

support may also develop into an additional source of CAST derived revenue.

The Company believes that substantial competition will arise within the Year 2000 marketplace. It is the Company's aim to distinguish itself from most of the competition in two principal respects. First, many Year 2000 solutions, once the non-compliant code is identified, will require manual remediation undertaken in a work bench environment. CAST, on the other hand, will substantially automate the remediation process. Second, CAST, because it has been developed to translate multiples languages, can be used as a more extensive remediation tool for a number of different platforms and database environments. Many other tools will be narrowly focused, such as IBM COBOL, and will not provide any reengineering capabilities outside this focus.

Computer Related Services
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In 1996, the Company continued to provide a broad range of consulting services to its clients. These services included transition engineering, feasibility and requirements analysis, systems planning analysis and design, data base design and management, software development, and project management. Primarily as a result of consulting services provided to its clients, the Company has developed expertise for particular applications in areas such as financial information, systems for the U.S. Customs Service, personnel systems, and state-of-the-art applications utilizing artificial intelligence and expert systems. The Company continues to maintain, through its personnel, proficiency in a multiple number of computer languages, hardware and software products, and software applications in both the local area network and mainframe environments.

In 1996, the Company's revenue from its computer related services business declined by $2,839,315. Approximately 90% of this decline is attributable to the loss of the Company's prime contract with the U.S. Customs Services ("USCS"). Notwithstanding the loss of this prime contract, the Company continues to provide services to the USCS in its capacity as a subcontractor but at substantially reduced engagement levels from those which existed while the Company possessed a prime contract with the USCS. The Company is attempting to generate additional engagements to replace what it anticipates will be approximately a $5,000,000 reduction in revenue earned in 1997 through USCS. Nonetheless, because members of senior management have been and will be primarily devoting their efforts to CAST, the Company is uncertain, and no assurances can be given, to what extent the Company will be successful in securing additional sources of computer related services business so as to compensate for the loss of revenue formerly generated through the Company's USCS contract.

Traditionally, IAI's clients have spanned a wide range of enterprises in the private sector along with government agencies. This was also the case in 1996 as IAI provided services to companies such as The Arbitron Corporation, Lockheed Martin, Commonwealth Aluminum, Computer Sciences Corporation, and Mass Mutual. In 1996, governmental clients included the U.S. Army Personnel Command, General Services Administration, U.S. Air Force, USCS, Veterans Benefit Administration, Department of Energy, and the U.S. Navy. In 1996, IAI's largest client remained the USCS. Although the Company's contract with USCS expired on April 30, 1996, the Company continued to provide services throughout the year to USCS in the capacity as

a subcontractor. The total revenue derived in 1996 directly and indirectly from and through USCS constituted 57.9% of the Company's revenues.

In 1996, approximately 91% of the Company's revenues was derived through government contracts either in IAI's capacity as a prime contractor or subcontractor. After expiration of the contact with USCS, all of the revenue from government contracts was obtained in the Company's capacity as a subcontractor to other government contractors.

Software Sales
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In 1996, IAI continued to maintain marketing rights to the proprietary software product, Jetform. Jetform is an electronic forms solution which allows users to electronically create and complete any form on multi-platform environments. IAI serves as a reseller of Jetform, specifically in the Federal government market where buyers can purchase the product through the General Services Administration schedule.

Total Jetform related revenue in 1996 was $415,504. This represented both sales of the product and accompanying services such as training and forms development. The Company sold additional Jetform product to over one dozen Federal agencies.

Employees
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As of December 31, 1996, the Company employed 74 full-time and part-time individuals. In addition, the Company maintained independent contractor relationships with seven individuals for computer services. Approximately 90% of the Company's professional employees have at least four years of related experience. For computer related services, the Company believes that the diverse professional opportunities and interaction among its employees contribute to maintaining a stable professional staff with limited turnover.

Marketing
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For its information technology services other than CAST, the Company relies upon a marketing staff of one full time marketing executive combined with program managers and other senior management to market its services. These individuals principally concentrate on the marketing of professional services and software products. In addition to these individuals, the Company's technical staff is encouraged to assist in marketing the Company's systems design and programming services.

Backlog
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As of December 31, 1996, the Company estimated its backlog at approximately $7,019,881. Of the entire backlog, the Company projects approximately 95% will be completed by December 31, 1997. This backlog consists of outstanding contracts and general commitments from current clients. The Company regularly provides services to certain clients on an as-needed basis without regard to a specific contract. General commitments represent those services which the Company anticipates providing to such clients during a twelve-month period.

Competition
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The computer services industry is highly competitive. Many of the Company's competitors are larger and have greater financial resources than the Company. Smaller firms also present significant competition. The Company competes for government and commercial contracts, either directly or as a subcontractor, on the basis of competitive procurements. The Company believes that its long-term success depends upon its ability to consistently offer quality services at competitive prices. This approach is designed to satisfy current client requirements and to attract new business opportunities.

Principal Clients
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In 1996 the USCS, under its contract with IAI and under subcontracts to IAI, remained the principal client of the Company. In this regard, the revenue from USCS accounted for 57.9% of IAI revenue. The USCS contract expired September 30, 1995, but was extended through April 30, 1996. IAI continues to provide services to USCS as a subcontractor to several prime contractors. IAI anticipates this revenue will continue indefinitely as the USCS continues to encourage its current prime contractors to avail themselves of the Company's services. The only other significant client for IAI was the U.S. Army through IAI's subcontract with PRC Inc. which accounted for 12.9% of revenue.

Item 2. Property

Through the end of 1996, the Company's offices were located at 2222 Gallows Road, Dunn Loring, Virginia. In March 1997, the Company moved its offices to 11240 Waples Mill Road, Suite 400, Fairfax, VA. 22030. At its new offices, IAI holds a lease for 18,280 square feet. This lease expires on February 28, 2004.

Item 3. Legal Proceedings

The Company is currently engaged in three litigation cases of a material nature. One case was filed in the fourth quarter of 1995 by the Company through its subsidiary, Allied Health and Informations Systems, Inc. ("AHISI"), in the United States District Court for the District of Delaware against Prison Health Services, Inc. ("PHS"). In this case, the Company is seeking payment of accounts receivable of approximately $185,000 and other damages emanating from the subcontract PHS granted to the Company's subsidiary to provide certain healthcare services in Maryland prisons. PHS has counterclaimed for reimbursement of overpayments. The Company is currently of the opinion that it will prevail in this litigation and that the amount due the Company far exceeds any overpayments, if any, made to PHS.

In the fourth quarter, 1994, a medical malpractice claim was filed against AHISI and others resulting from the failure to properly diagnose a bulging disk that eventually left the plaintiff a quadriplegic. This case was initially filed as a health claims arbitration case under Maryland's malpractice law and was recently transferred to the Circuit Court of Washington County, Maryland. Although the Company is of the opinion that the plaintiff may be in a position to recover substantial damages, the extent of AHISI's liability should be covered by malpractice insurance.

In April, 1995, a case was filed against AHISI and others in the United

States District Court of Maryland in which a woman is seeking unspecified damages emanating from alleged sexually harassing conduct of a former AHISI employee. The claimant was not an AHISI employee but was employed by another contractor at the Maryland correctional institution at which AHISI was also a contractor. Claims in this lawsuit against AHISI arising under federal law have been dismissed. Common law claims and claims under Maryland law remain. Based upon the law and the facts surrounding this case, the Company does not believe it will have any liability of a material nature to the claimant.

Item 4. Submission of Matters to a Vote of Security Holders

In the fourth quarter of 1996, the Company had its annual meeting of shareholders at which Sandor Rosenberg, George T. DeBakey, James C. Wester, John D. Sanders and Bonnie K. Wachtel were elected as directors.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholders' Matters

The Company's Common Stock is traded in the over-the-counter market. The range of bid price quotations for the last two years on a quarter-by-quarter basis is as follows:

	1995				1996			
Qtr.	1st	2nd	3rd	4th	1st	2nd	3rd	4th
Low Bid	4	4	4	4	4	4	4	4
High Bid	4	4	4	4	4	4	4	61

The quotations on which these data are based reflect inter-dealer prices without adjustment for retail markup, markdown or commission, and may not necessarily represent actual transactions. The above bids have not been adjusted to reflect a three for one stock split which was declared in January, 1997.

As of December 31, 1996, the Company had 575 stockholders of record. The Company has never paid a cash dividend on its Common Stock, and intends to follow a policy of retaining earnings to finance future growth and possible acquisitions. Accordingly, the Company does not anticipate the payment of cash dividends to the holders of Common Stock in the foreseeable future.

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations 1996 Compared to 1995
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The Company's overall 1996 revenues declined by $4,478,051, or 28.5%, to $11,218,845 from $15,696,896 in 1995. Of this decline, $2,839,315 was attributed to computer and software related services, principally as a result of the Company's loss of its contract with USCS from which the Company's revenue declined by $2,576,685, and $1,638,736 was attributed to AHISI. By the end of 1995, the Company had for the most part phased out AHISI's business but for one small contract. In 1996, AHISI only produced $46,143 of revenue.

In 1996, the Company's gross profit margin increased to 20.4% from 18.8% in 1995. This improvement resulted from the Company's ability to achieve better margins on its contracts and the cessation of AHISI's contracts from which lower margins were being realized. Selling, general and administrative expenses as a percentage of revenue, however, increased to 22.3% in 1996 from 18.8% in 1995. The Company believes two factors account for this increase. First, the Company began to incur significant expenses from its CAST-related activities as it transitioned to a product dominated company. Second, the Company incurred higher than usual legal fees from its unsuccessful protest of the award to another bidder of the USCS contract the Company maintained through April 30, 1996.

As a result of the above factors, after considering the effect of interest and taxes, in 1996 the Company sustained a loss of $159,674. This loss was $85,041 higher than 1995's loss of $74,633. Solely from operations without giving any effect to interest and taxes, IAI's loss in 1996 was $213,368, a reversal of $215,947 from 1995's $2,579 gain from operations.

In 1997 and thereafter, the Company does not foresee any material changes in its revenue generation capacity from its non-CAST activities. Because a majority of the Company's marketing efforts will be devoted to CAST, the Company believes that its traditional revenue sources will remain static at best. The Company remains optimistic, however, that the prospects are favorable

for a material increase in revenue primarily attributed to CAST licenses. Even so, no assurances can be provided that the objectives the Company has established for CAST will be realized. The Company recognizes that CAST is only one of several competing products that have been, or will be, introduced to the marketplace as a Year 2000 remediation tool. Moreover, to the Company's knowledge, no product, including CAST, has been fully tested as a remediation tool. It will not be until the Year 2000 market begins to mature that IAI will be in a position to better assess its prospects. Against this backdrop, it should be noted that nothing has yet come to the Company's attention that has suggested to the Company that CAST will not be successfully deployed.

The revenue potential from CAST also depends upon the computer languages, platforms and databases which CAST is successfully developed to address. Through the end of 1996, most development efforts were directed to languages, platforms and databases upon which Computer Associates' software operates. Discussions of a strategic nature between IAI and Computer Associates prompted these efforts towards Computer Associates marketplace. Throughout 1997, IAI anticipates expanding CAST's functionality

so that CAST can be utilized in remediation efforts on multiple platforms and for various languages.

IAI is not in a position to project with any reasonable certainty the actual amount of revenue that CAST can generate. Estimates abound as to the scope of the Year 2000 market and the lines of software code which must be analyzed. Notwithstanding this uncertainty, IAI must gear its operations towards a projected successful launch of CAST especially because of the time sensitive window in which Year 2000 remediation efforts must occur. Therefore, IAI anticipates increased levels of CAST related expenditures following 1996.

Liquidity and Capital Resources
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In 1996, as in 1995, the Company financed its operations from current collections and through advances under its line of credit with its bank. As of December 31, 1996 the Company's outstanding balance on its line of credit was $0, a $550,000 decrease over the prior year. Cash and cash equivalents at the end of 1996 had increased by $266,870 in comparison to the end of the prior year. The Company's line of credit was renewed on June 25, 1996 but the Company reduced the amount available thereunder from $2,000,000 to $1,500,000. This line of credit expires June 19, 1997 at which time it is subject to renewal.

In 1996, the Company realized that its internally generated funds coupled with its line of credit would not provide it with sufficient working capital to fund its CAST-related activities. Therefore, by the end of 1996, the Company began to consider various alternatives to raise additional capital including a private placement or venture capital with the aim of completing a financing round in the first quarter of 1997.

Item 7. Financial Statements

The following Financial Statements are filed as part of this report:

Item 8. Disagreements of Accounting and Financial Disclosure

None.

PART III

Item 9. Directors and Executive Officers of the Registrant

The executive officers and directors of the Company are:

Name	Position with the Company
Sandor Rosenberg	Chairman of the Board, President and Secretary
Richard S. DeRose	Executive Vice President and Treasurer
George T. DeBakey	Director
John D. Sanders	Director
James D. Wester	Director
Bonnie K. Wachtel	Director

Directors serve until the next annual meeting of shareholders or until successors have been elected and qualified. Officers serve at the discretion of the Board of Directors.

Sandor Rosenberg, 50, has been President and Chairman of the Board since 1979. Mr. Rosenberg holds a B.S. degree in Aerospace Engineering from Rensselear Polytechnic Institute, and has done graduate studies in Operations Research at George Washington University.

Richard S. DeRose, 58, has been Executive Vice President since 1991. From 1979 to 1991 he served as the President and CEO for DHD, Inc. Mr. DeRose holds a B.S. degree in Science from the U.S. Naval Academy and an M.S. degree in Computer Systems Management from the U.S. Naval Post Graduate School, Monterey. Mr. DeRose has been involved in computer services sales, finance, and operations for the past 20 years.

George T. DeBakey, 47, has been a director since 1989. Since 1989, Mr. DeBakey has been an international business and education consultant. Also, starting in 1992, Mr. DeBakey became Director of the International and Business Trade Program at American University. From 1987 to 1989, Mr. DeBakey was Executive Director of the Information Technology Association of America. In addition, he served as Deputy Assistant Secretary at the Department of Commerce from 1985 to 1987 responsible for the high technology industries for trade policy and trade promotion. He has a B.S. from Drake University, his Master's of International Management from American Graduate School of International Management, and his M.B.A. from Southern Methodist University.

John D. Sanders, 58, has been a Director since 1983. From 1986 to 1996 Mr. Sanders served as Chairman and CEO of TechNews, Inc., publisher of the Washington Technology newspaper. Mr. Sanders obtained a B.E.E. degree from the University of Louisville and M.S. and Ph.D. degrees in Electrical Engineering from Carnegie-Mellon University. He is a member of the board of directors of: Daedalus Enterprises, Inc., an

electronics equipment manufacturer; Industrial Training Corporation, a manufacturer of video-based training programs; and Tork, Inc., an electrical equipment manufacturer.

James D. Wester, 58, has been a Director since 1985. He has been a computer services marketing consultant for more than 15 years. Since 1984, he has been president of Results, Inc. Mr. Wester obtained a B.M.E. degree from Auburn University and an M.B.A. from George Washington University.

Bonnie K. Wachtel, 41, has been a Director since 1992. Since 1984, she has served as vice president and general counsel of Wachtel & Co., Inc., investment bankers in Washington, D.C. Ms. Wachtel holds B.A. and M.B.A. degrees from the University of Chicago and a J.D. from the University of Virginia. She is a director of Integral Systems, Inc., a provider of computer systems and software for the satellite communications market; and VSE Corporation provider of technical services to the federal government.

There are no family relationships between any directors or executive officers of IAI.

Item 10. Executive Compensation

The following table sets forth the compensation paid over the last three fiscal years to the Company's chief executive officer and other individuals serving as executive officers as of December 31, 1996:

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Number of Stock Options Granted
Sandor Rosenberg	1996	$100,000	$15,000	-
President	1995	$100,007	$25,900	-
	1994	$ 99,910	$30,000	-
Richard DeRose	1996	$110,730	$27,500	10,000
Exec Vice President	1995	$109,730	$30,900	-
and Treasurer	1994	$ 99,622	$30,000	-

No executive officer has received any perquisite and other personal benefits, securities or property which exceed the lesser of $50,000 or 10% of the total annual salary and bonus reported for such executive officer.

The following table sets forth all option grants in 1996 to all executive officers:

Option Grants in Last Fiscal Year

Name	Granted	% Of Total Options Granted To Employees In Fiscal Year	Exercise Price	Expiration Date
Richard S. DeRose	10,000	4.6%	$4.00	June 17, 2006

The following table sets forth information concurring each exercise of stock options during 1996 by all executive officers:

Aggregated Option Exercises in Last Fiscal Year and FY End Option Values

Name	Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options At FY End (#)	Value of Unexercised In-The Money Options At FY End ($)
Richard DeRose	1500	$78,075	23,500	$1,331,000

In 1996, the Company compensated each of its outside directors at the rate of $500 per quarter or $2,000 per year. No director received any grants of options or other securities in their capacity as a director.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Set forth below is information concerning beneficial ownership by any person known to the Company to be the owner of more than five percent of the Company's Common Stock, by each directors and executive officer and by all directors and executive officers as a group:

<TABLE>
<CAPTION>

Name and Address of Beneficial	Amount and Nature of Beneficial Owner (2)	Percentage Class
<S> <C>		
Sandor Rosenberg (1) Chairman and President	215,500	42.3%
Richard S. DeRose (1) Executive Vice President	23,600(3)	4.4%
James D. Wester, Director (1)	43,500(4)	7.9%
John D. Sanders, Director 4600 N. 26th Street Arlington, VA 22207	8,100	1.6%
Bonnie K. Watchel 1101 14th Street, N.W. Washington, D.C. 20001	13,200	2.6%
George T. DeBakey 5303 Marlyn Drive Bethesda, MD 20832	1,000(5)	*
All directors and executive officers as a group	304,900	52.9%

* Less than one percent

(1) Unless otherwise noted, all addresses are c/o the Company at 11240 Waples Mill Road, Fairfax, VA 22030.
(2) All shares are held outright by the individual listed below.
(3) Includes 23,500 options, 3,500 of which are exercisable at $5.00 per share and expire on June 23,2002, 10,000 of which are exercisable at $4.50 per share and expire on January 4, 2003 and 10,000 of which are exercisable at $4.00 per share and expire on June 17, 2006. All expiration dates are subject to continuation of Mr. DeRose's employment.
(4) Includes a warrant exercisable for 12,000 shares at $5.00 per share which expires on February 24, 2003 and 30,000 stock options exercisable at $4.00 per share which expire on June 19, 2006.
(5) Represents a warrant exercisable for 1,000 shares at a price of $7.50 per share which expires on June 30, 1999.

Item 12. Certain Relationships and Related Transactions

In 1996, the Company repurchased from Sandor Rosenberg, its president and a director, 13,000 shares of its Common Stock at an aggregate purchase price of $53,250. In 1995, 17,200 shares were repurchased from Mr. Rosenberg at an aggregate purchase price of $72,663.

In September 1996, in order to provide the Company with additional working capital for development of the CAST product, James C. Wester, a director, agreed to advance up to

$300,000 to the Company. In exchange for these advances, the Company agreed to pay Mr. Wester 20% of all CAST license revenues the Company receives up to 150% of the advances Mr. Wester has extended.

In order to compensate Mr. Wester for various consulting services he has rendered to the Company for which he has not received any cash remuneration, in June 1996, the Company granted Mr. Wester 30,000 ten year stock options exercisable at $4.00 per share, the then current value of the Company's Common Stock.

In November 1996, the Company agreed to reduce the exercise price from $5.50 per share to $4.75 per share under 10,000 warrants of which John D. Sanders, a director, was the holder of 3,000 and Bonnie K. Wachtel, a director, was the holder of 2,500. These 10,000 warrants were issued in 1986 as partial compensation for underwriting and other investment banking services which were provided by Wachtel & Co., Inc. The reduction was in consideration of the holders of the warrants agreeing to forgo registration rights for the shares obtained upon exercise of the warrants for a period of one year from exercise.

Item 13. Exhibits and Reports on Form 8-K

See, exhibit index which index is incorporated herein by reference.

(a) No reports were filed on Form 8-K during the last quarter of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d), of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

INFORMATION ANALYSIS INCORPORATED

By: _____
Sandor Rosenberg, President
June 30, 1997

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
_____ Sandor Rosenberg	Chairman of the Board and President	June ____, 1997
_____ Brendan Dawson	Director	June ____, 1997
_____ Charles May	Director	June ____, 1997
_____ John D. Sanders	Director	June ____, 1997
_____ Bonnie K. Wachtel	Director	June ____, 1997
_____ James D. Wester	Director	June ____, 1997
_____ Richard S. DeRose	Treasurer	June ____, 1997

INFORMATION ANALYSIS INCORPORATED

CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 1996 AND 1995
(WITH INDEPENDENT AUDITORS' REPORT THEREON)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Information Analysis Incorporated

We have audited the accompanying consolidated balance sheet of Information Analysis Incorporated and subsidiaries as of December 31, 1996, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the two years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Information Analysis Incorporated and subsidiaries as of December 31, 1996, and the consolidated results of operations and cash flows for each of the two years then ended in conformity with generally accepted accounting principles.

March 7, 1997

Bethesda, Maryland Rubino & McGeehin, Chartered

INFORMATION ANALYSIS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
December 31, 1996

ASSETS

Current assets	
Cash and cash equivalents	$ 323,886
Accounts receivable	1,355,284
Employee advances	34,323
Income taxes receivable	201,554
Deferred income taxes	98,662
Prepaid expenses	104,554
Other receivables	192,686
Total current assets	2,310,949
Fixed assets	
At cost, net of accumulated depreciation and amortization of $1,205,486	241,311
Equipment under capital leases	
Net of accumulated amortization of $56,053	49,768
Capitalized software	186,964
Investments	10,000
Goodwill	70,554
Other receivables	226,694
Other assets	24,980
Total assets	$3,121,220

The accompanying notes are an integral part of the consolidated financial statements

INFORMATION ANALYSIS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
December 31, 1996

LIABILITIES & STOCKHOLDERS' EQUITY

Current liabilities	
Accounts payable	$ 413,942
Accrued payroll	262,754
Other accrued liabilities	58,896
Current portion of long-term debt	120,300
Current maturities of capital lease obligations	18,229
Deferred rent	852
Total current liabilities	874,973
Long-term debt	90,380
Capital lease obligations, net of current portion	41,334
Deferred income taxes	27,020
Total liabilities	1,033,707
Common stock, par value $0.01 1,000,000 shares authorized; 677,178 shares issued	6,772
Paid in capital in excess of par value	1,139,240
Retained earnings	1,795,814
Less treasury stock; 167,179 shares at cost	(854,313)
Total stockholders' equity	2,087,513
Total liabilities and stockholders' equity	$ 3,121,220

The accompanying notes are an integral part of the consolidated financial statements

INFORMATION ANALYSIS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended December 31,	
	1996	1995
Sales		
Professional fees	$ 10,803,341	$ 15,436,643
Software sales	415,504	260,253
Total sales	11,218,845	15,696,896
Cost of sales		
Cost of professional fees	8,675,377	12,511,118
Cost of software sales	260,245	224,477
Total cost of sales	8,935,622	12,735,595
Gross profit	2,283,223	2,961,301
Selling, general and administrative expenses	2,496,591	2,958,722
(Loss) income from operations	(213,368)	2,579
Other income and (expenses)		
Interest income	12,716	7,554
Interest expense	(35,644)	(110,748)
Loss before provision for income taxes	(236,296)	(100,615)
Benefit for income taxes	(76,622)	(25,982)

Net loss	$ (159,674)	$ (74,633)
Loss per common and common equivalent share	$ (0.26)	$ (0.15)
Weighted average common and common equivalent shares outstanding	624,139	478,561

The accompanying notes are an integral part of the consolidated financial statements

INFORMATION ANALYSIS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Years Ended December 31, 1996 and 1995

	Shares of Common Stock Outstanding	Common Stock	Additional Paid in Capital	Retained Earnings	Treasury Stock	Total
Balances, December 31, 1994	621,178	$ 6,212	$ 771,923	$2,030,121	$(720,150)	$2,088,106
Exercise of stock options	54		296			296
Purchase of treasury stock					(80,913)	(80,913)
Net loss				(74,633)		(74,633)
Balances, December 31, 1995	621,232	6,212	772,219	1,955,488	(801,063)	1,932,856
Exercise of stock options and warrants	49,696	497	209,580			210,077
Tax benefit of stock option compensation			132,504			132,504
Stock issued for ISSC acquisition	6,250	63	24,937			25,000
Purchase of treasury stock					(53,250)	(53,250)
Net loss				(159,674)		(159,674)
Balances, December 31, 1996	677,178	$ 6,772	$1,139,240	$1,795,814	$(854,313)	$2,087,513

The accompanying notes are an integral part of the consolidated financial statements

INFORMATION ANALYSIS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

<CAPTION>

	For the Years Ended December 31,	
	1996	1995
<S> <C>		
Cash flows from operating activities		
Cash received from customers	$ 13,389,621	$ 16,345,476
Cash paid to suppliers and employees	(12,336,956)	(15,279,871)
Interest received	12,716	7,554
Interest paid	(35,644)	(110,748)
Income taxes received (paid) (net)	--	57,293
Net cash provided by operating expenses	1,029,737	1,019,704
Cash flows from investing activities		
Purchase of ISSC, net of cash received	(47,422)	--
Acquisition of furniture and equipment	(91,471)	(79,983)
Proceeds from sale of equipment	--	25,687
Increase in capitalized software	(186,964)	--
Net cash used in investing activities	(325,857)	(54,296)
Cash flows from financing activities		
Net payments under bank revolving line of credit	(550,000)	(842,000)
Reduction of debt related to acquisition of ISSC	(26,276)	--
Principal payments on debt and capital leases	(17,561)	(20,986)
Repurchase of common stock	(53,250)	(80,913)
Proceeds from exercise of incentive stock options	210,077	296
Net cash used by financing activities	(437,010)	(943,603)
Net increase in cash and cash equivalents	266,870	21,805
Cash and cash equivalents at beginning of the period	57,016	35,211
Cash and cash equivalents at end of the period	$ 323,886	$ 57,016
Reconciliation of net loss to cash provided by operating activities		
Net loss	$ (159,674)	$ (74,633)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	192,035	173,530
Tax benefit of stock option compensation	132,504	--
Gain/loss on sale of fixed assets and investments	(231)	(1,113)
Changes in operating assets and liabilities		
Accounts receivable	2,170,776	648,580
Other receivables and prepaid expenses	(180,483)	(40,275)
Accounts payable and accrued expenses	(939,352)	292,528
Deferred rent	(10,224)	(10,224)
Income tax receivable/liability	(175,614)	31,311
Net cash provided (used) by operating activities	$ 1,029,737	$ 1,019,704

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements

INFORMATION ANALYSIS INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

Information Analysis Incorporated (the Company) was incorporated under the corporate laws of the Commonwealth of Virginia in 1979 to develop and market

computer applications software systems, programming services, and related software products and automation systems.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Allied Health & Information Systems, Inc. (AHISI) and International Software System Corporation (ISSC). Upon consolidation, all material intercompany accounts, transactions and profits are eliminated. AHISI commenced operations in 1991; ISSC was acquired in 1996. Goodwill, resulting from the Company's acquisition of ISSC is being amortized over a two-year period which is the expected term of ISSC's contracts.

Investments in companies less than 20% owned are reported at cost less allowances for permanent decline in value. Income is recognized when dividends are declared. No dividends were declared in 1996 or 1995.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Revenue Recognition

Revenue from cost-plus-fixed-fee contracts is recognized on the basis of direct costs plus indirect costs incurred and an allocable portion of the fixed fee. Revenue from fixed-price contracts is recognized on the percentage-of-completion method, measured by the cost-to-cost method for each contract, with costs and estimated profits recorded as work is performed. Revenue from time and material contracts is recognized based on fixed hourly rates for direct hours expended. The fixed hourly rate includes direct labor, indirect expenses and profit. Material and other specified direct costs are recorded at actual cost.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance. Provisions for estimated losses on uncompleted contracts are made in the period in which losses are determined. Changes in job performance, job conditions, and estimated profitability, including final contract settlements, may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments with maturities of sixty days or less at the time of purchase to be cash equivalents. Deposits are maintained with a federally insured bank. Balances at times exceed insured limits, but management does not consider this to be a significant concentration of credit risk.

Fixed Assets

Fixed assets are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the term of the lease or the estimated life of the improvement, whichever is shorter. Maintenance and minor repairs are charged to operations as incurred. Gains and losses on dispositions are recorded in current operations.

Software Development Costs

The Company has capitalized costs related to the development of a software product, Computer Aided Software Translator (CAST). In accordance with Statement of Financial Accounting Standards No. 86, capitalization of costs begins when technological feasibility has been established and ends when the product is available for general release to customers. Amortization will be computed and recognized for the product when available for market based on the product's estimated total sales or economic life. Capitalized costs and amortization periods are management's estimates and may have to be modified due to inherent technological changes in software development.

Deferred Rent

Rental expense on operating leases is charged to operations over the life of the lease using the straight-line method. Differences between the amounts charged and the amounts paid are recorded as deferred rent.

Earnings Per Share

Earnings per common equivalent share is based on the weighted average number of common shares and common share equivalents outstanding during the year. When dilutive, stock options are included as share equivalents using the modified treasury stock method. Under that method, earnings per share data are computed as if the options and warrants were exercised at the beginning of the period (or at the time of issuance, if later) and as if the funds obtained thereby were used to purchase common stock during the period. Fully diluted earnings per share amounts have not been presented because they are not materially dilutive.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Deferred income tax assets and liabilities are recognized for the estimated future tax effects of the differences between the financial statement and tax bases of assets and liabilities given the provisions of enacted tax laws. The provision for income taxes consists of the income tax for the year and the change in the deferred tax liability or asset.

Fair Market Value of Financial Instruments

The Company's financial instruments include trade receivables and payables, other receivables and notes payable. Management believes the carrying value of financial instruments approximates their fair market value, unless disclosed otherwise in the accompanying notes.

Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

2. INDUSTRY SEGMENT AND CREDIT CONCENTRATION

During 1996 and 1995, the Company's operations included two reportable segments: computer applications and healthcare. The computer applications segment includes those operations involved in developing and marketing computer application software systems and providing programming services. The Company and its subsidiary, ISSC, operate in this segment. Approximately 92% of this segment's revenue in 1996, and 82% in 1995, came from contracts and subcontracts with departments and agencies of the federal government. In 1996, the Company was informed that it was unsuccessful in obtaining the renewal of a contract with the United States Customs Service. Approximately 58% of this segment's revenue in 1996 and 65% in 1995, came from the contract with the United States Customs Service.

The healthcare segment, operated by AHISI, is involved in providing the services of certified physician assistants, nurses and medical doctors to healthcare facilities operated by third parties in conjunction with state and local governments, and the federal government. The Company has phased out the activities of this business segment and anticipates that no future revenue will be generated from this business segment after 1996.

2. INDUSTRY SEGMENT AND CREDIT CONCENTRATION (CONTINUED)

Summarized financial information by business segment for 1996 and 1995 is as follows:

	1996	1995
Net Sales		
Computer Applications	$11,172,702	$14,012,017
Healthcare	46,143	1,684,879
Income (loss) from operations (pre-tax)		

Computer Application	(95,594)	333,198
Healthcare	(117,774)	(330,619)
Identifiable assets		
Computer Applications	2,007,393	3,361,013
Healthcare	315,868	494,616
Capital Expenditures		
Computer Applications	91,471	79,354
Healthcare	-	629
Depreciation and Amortization		
Computer Applications	180,569	155,289
Healthcare	11,466	18,241

Operating income by business segment excludes interest income, interest expense and miscellaneous income and expense items that could not be identified with either segment. Other than those acquired by AHISI, all furniture, equipment, and capital leases and their related depreciation and amortization are considered the assets and expenses, respectively, of the computer application segment. Capitalized software costs and goodwill and their related amortization are also considered assets and expenses of the computer application segment. In addition, accounts receivable are considered identifiable assets of the respective segment. Cash and cash equivalents, and the remaining other assets are considered corporate assets. There were no significant intersegment sales or transfers during 1996 and 1995.

3. ACQUISITION

On June 5, 1996, the Company completed an acquisition of the outstanding common stock of International Software Services, Inc. (the predecessor to ISSC) for $370,289, of which $133,333 was paid (in cash and stock) at closing and $236,956 of which is payable by June 1998 to the former owner (see Note 6). The business acquisition was accounted for as a purchase. The operations of ISSC since the date of acquisition are included in the consolidated statement of operations of the Company for the year ended December 31, 1996. The cost of the acquisition exceeded the fair value of the net assets acquired by $99,605. The excess is being amortized as goodwill on a straight-line basis over a two-year period which is the expected term of ISSC's contracts.

The following summarized pro forma (unaudited) information assumes the acquisition had occurred on January 1, 1995.

		1996	1995
Net sales	As reported	$11,218,845	$15,696,896
	Pro forma	$11,680,000	$16,460,000
Net Income	As reported	$ (159,674)	$ (74,633)
	Pro forma	$ (75,000)	$ (73,000)
Primary loss per share	As reported	$ (0.26)	$ (0.15)
	Pro forma	$ (0.12)	$ (0.15)

4. RECEIVABLES

Accounts receivable at December 31, 1996, consist of the following:

Billed - Federal government	$124,598
Billed - prime contractors	848,245
Billed - commercial	236,941
Total billed	1,209,784
Unbilled - Federal government	2,482
Unbilled - prime contractors	110,726
Unbilled - commercial	32,292
Total unbilled	145,500

Total accounts receivable	$1,355,284

4. RECEIVABLES (CONTINUED)

Unbilled receivables are for services provided through the balance sheet date which are expected to be billed and collected within one year.

Included in other receivables at December 31, 1996, are the following:

Receivables from former customers net of present value discount and allowance for uncollectibility totaling $274,880	$ 258,809
Receivable from employee, due in monthly payments of $386 plus interest at 8.75%. Final payment due in 2001.	27,885
Other non-trade receivables expected to be collected by December 31, 1997	132,686
Total	419,380
Less current portion	(192,686)
Non current portion	$ 226,694

5. FIXED ASSETS

A summary of fixed assets and equipment under capital leases at December 31, 1996, is as follows:

Furniture and equipment	$ 1,474,939
Leasehold improvements	40,666
Motor vehicles	37,013
	1,552,618
Accumulated depreciation and amortization	(1,261,539)
Total	$ 291,079

6. FINANCING

At December 31, 1996, the Company had a revolving line of credit with a bank providing for demand or short-term borrowings of up to $1,500,000. This line expires on June 19, 1997. Drawings against this line are based on varying percentages of the Company's accounts receivable balances depending on the source of the receivables and their age. Interest on outstanding amounts is payable monthly at the bank's prime rate (8.75% at December 31, 1996) plus 1/2%. The lender has a first priority security interest in the Company's receivables and a direct assignment of its major U.S. Government contracts. The line of credit, among other covenants, requires the Company to comply with certain financial ratios. At December 31, 1996, there was no outstanding balance on the line.

Additionally, at December 31, 1996, the Company is liable to the former owner of ISSC (see Note 3) in the amount of $210,680. This liability is payable as follows: 1997 - $120,300; 1998 - $90,380.

7. COMMITMENTS AND CONTINGENCIES

Capital Leases

The future minimum payments under capital leases for equipment and the present value of the minimum lease payments are as follows:

Year ending December 31	
1997	$ 24,318
1998	27,367
1999	15,132
Total minimum lease payments	66,817
Less amount representing interest	(7,254)
Total obligation representing principal	59,563
Less current portions of capital lease obligations	(18,229)
Long-term portion of capital lease obligations	$ 41,334

7. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Leases

Rent expense was $236,466, and $263,031 for the years ended December 31, 1996 and 1995, respectively.

The future minimum rental payments to be made under noncancelable operating leases, principally for facilities, are as follows:

Year ending December 31	
1997	$284,512
1998	295,709
1999	304,580
2000	313,717
2001	323,129
2002 through 2004	675,630
Total minimum rent payments	$2,197,277

The above minimum lease payments reflect the base rent under the lease agreements. However, these base rents shall be adjusted each year to reflect increases in the consumer price index and the Company's proportionate share of real estate tax increases on the leased property. The Company entered into a new lease in February 1997 with a seven-year term ending in 2004. The minimum lease payments are included in the above amounts.

The leases are secured by irrevocable letters of credit for $26,982. As of December 31, 1996, none of the letters of credit have been used.

Royalties

In August 1996, the Company entered into an agreement to purchase the software product CAST (see Note 1). As part of the agreement, royalties of 10% of the CAST licensing fees collected by the Company will be paid to the seller. The aggregate amount of the royalties pursuant to this agreement will not exceed $1,000,000.

Also in August 1996, the Company entered into an agreement whereby, in consideration of an expense sharing arrangement, the Company will pay royalties of 20% of the CAST licensing fees collected by the Company.
The royalties will not exceed $150,000.

7. COMMITMENTS AND CONTINGENCIES (CONTINUED)

In October 1993, the Company purchased ownership rights to a software product

called Migrator. Included in the purchase price is an obligation for royalty payments of 10% on all Migrator licensing fees collected during the four year period following the sale. As of December 31, 1996, no license fees have been collected.

Government Contracts

Company sales to departments or agencies of the United States Government are subject to audit by the Defense Contract Audit Agency (DCAA). Audits by DCAA have not been performed for any years. Management is of the opinion that disallowances, if any, by DCAA for unaudited years will not result in any material adjustments to the financial statements.

8. INCOME TAXES

The provision for income taxes consists of the following:

	December 31	
	1996	1995
Current (benefit) expense		
Federal	$(67,021)	$ 9,996
State	(14,846)	2,216
	(81,867)	12,212
Deferred expense (benefit)		
Federal	4,294	(31,268)
State	951	(6,926)
	5,245	(38,194)
Benefit for income taxes	$(76,622)	$(25,982)

8. INCOME TAXES (CONTINUED)

The items that give rise to the deferred tax expense (benefit) shown above are as follows:

	December 31	
	1996	1995
Depreciation	$ 8,020	$ 9,500
Vacation expense	(2,775)	13,106
Bad debt expense	--	(60,800)
Tax effects of temporary differences	$ 5,245	$(38,194)

The tax effect of significant temporary differences representing deferred tax assets and liabilities at December 31, 1996, are as follows:

Vacation	$37,862
Bad debt expense	60,800
Deferred tax asset	$98,662
Depreciation - deferred tax liability	$27,020

The provision for income taxes is at an effective rate different from the federal statutory rate due principally to the following:

	December 31	
	1996	1995
Loss before taxes	$(236,296)	$(100,615)
Income taxes (benefit) on above amount at federal statutory rate	(80,341)	(34,209)
State income taxes net of federal benefit	(10,870)	(4,648)
Effect of graduated tax brackets, change in estimates, and other non deductible items	14,589	12,875
Benefit for income taxes	$ (76,622)	$ (25,982)

9. STOCK OPTIONS AND WARRANTS

The Company has two stock option plans, the second plan becoming effective June 25, 1996. The combined plans provide for the granting of stock options to certain employees, directors and consultants. The maximum number of shares for which options may be granted under the plans is 200,000 (increased to 250,000 in January 1997). Options expire no later than ten years from the date of grant or when employment ceases, whichever comes first, and vest over periods determined by the board of directors. The exercise price of each option equals the quoted market price of the Company's stock on the date of grant.

The stock option plan is accounted for under Accounting Principles Board (APB) Opinion No. 25. Accordingly, no compensation has been recognized for the plan. Had compensation cost for the plans been determined based on the estimated fair value of the options at the grant dates consistent with the method of Statement of Financial Accounting Standards (SFAS) No. 123, the Company's net income and earnings per share would have been:

		1996	1995
Net loss	As reported	$ (159,674)	$ (74,633)
	Pro forma	$ (424,000)	Not applicable
Loss per share	As reported	$ (0.26)	$ (0.15)
	Pro forma	$ (0.68)	Not applicable

The fair value of the options granted in 1996 is estimated on the date of the grant using the Black-Scholes options - pricing model assuming the following: no dividend yield, risk-free interest rate of 6 %, expected volatility of 40 percent, and an expected term of the options of two years.

At December 31, 1996, options to purchase stock under this plan were outstanding to employees as follows:

Number of shares	Exercise price per share
32	$ 3.00
168,200	4.00
10,200	4.50
4,500	5.00
200	5.50
1,500	11.75
10,000	14.50

9. STOCK OPTIONS AND WARRANTS (CONTINUED)

Of these 194,632 options, 134,632 options are exercisable immediately, 50,000

options at $4 per share are exercisable over two years, and 10,000 options at $4 per share are exercisable when certain revenue amounts are realized. Transactions involving the plan were as follows:

	December 31			
	1996		1995	
	Shares	Weighted Average Price	Shares	Weighted Average Price
Outstanding, beginning of year	37,828	$ 4.73	43,443	$ 4.77
Granted	215,500	$ 4.54	-	-
Exercised	(39,696)	$ 4.10	(54)	$ 5.50
Canceled	(19,000)	$ 4.74	(5,561)	$ 5.01
Outstanding, end of year	194,632	$4.65	37,828	$ 4.73

The board of directors has also granted warrants to directors and employees. During 1996, no warrants to acquire shares of common stock were granted to such persons. The total warrants exercised in 1996 were 10,000 and warrants expired were 5,000. As of December 31, 1996, outstanding warrants are 13,000. The purchase price for shares issued upon exercise of these warrants range from $5.00 to $7.50 per share. These warrants are exercisable immediately.

10. RETIREMENT PLANS

The Company adopted a Cash or Deferred Arrangement Agreement (CODA) which satisfies the requirements of section 401(k) of the Internal Revenue Code, on January 1, 1988. This defined contribution retirement plan covers substantially all employees. Each participant can elect to have up to 6% of their salary reduced and contributed to the plan. The Company is required to make a matching contribution of 25% of this salary reduction. The Company can also make additional contributions at its discretion. Amounts expensed under the plan for the years ended December 31, 1996 and 1995, were $47,029 and $44,549, respectively.

The Company does not provide post employment benefits and, as a result, Statement of Financial Accounting Standards No. 106 does not have any impact on these financial statements.

11. LITIGATION

At December 31, 1996, the Company is involved in litigation with a former inmate at a correctional facility where the Company has provided medical services. The case is a malpractice claim against the Company as well as other related parties. The plaintive seeks $1,550,000 in damages. The Company has insurance to cover claims of up to $1 million per occurrence, and there are other defendants who will likely contribute to either a settlement or a judgment, if any. In the opinion of management, there will be no material adverse effect on the Company's financial statements as a result of this litigation. No amounts have been accrued in the financial statements related to this matter.

12. SUBSEQUENT EVENTS

Common Stock

Subsequent to December 31, 1996, the board of directors increased the authorized shares of the Company's common stock from 1,000,000 to 10,000,000 shares and authorized a three for one split of its outstanding common stock.

Private Placement Memorandum

In March 1997, the Company completed a private placement memorandum which raised $5,000,000 in exchange for 285,714 shares of the Company's common stock. The funds will be utilized for the further development of the Company's CAST software product (see Note 1) and the pursuit of CAST business opportunities during 1997 and 1998.

INDEX OF EXHIBITS

<TABLE>
<CAPTION>

</TABLE>

EXHIBIT 3.1

AMENDED AND RESTATED

ARTICLES OF INCORPORATION
OF
INFORMATION ANALYSIS INCORPORATED

FIRST: The name of the Corporation is Information Analysis Incorporated (the "Corporation"), a corporation duly organized and existing under the Virginia Stock Corporation Act of the Commonwealth of Virginia.

SECOND: These Restated Articles of Incorporation, which have been prepared in accordance with Section 13.1-711 of the Virginia Stock Corporation Act, amend and restate the Corporation's Articles of Incorporation and all prior amendments thereto by deleting from the Articles all provisions thereof and substituting in lieu thereof the Restated Articles of Incorporation set forth in their entirety in Article THIRD below.

THIRD:

1. Name. The name of the Corporation is INFORMATION ANALYSIS INCORPORATED.

2. Purpose. The purpose or purposes for which the Corporation is organized are:

To provide consulting, programming, development and design services for automated information processing systems, including, but not limited to, the design and development of automated information processing systems for sale or lease and to enter into or carry on any business or transaction deemed necessary, convenient or incidental to any of the foregoing purposes.

In aid of, or in connection with, the foregoing, or in the use, management, improvement, or disposition of its property, and in addition to all other powers conferred by law, the Corporation shall have the power:

(a) To do all things lawful, necessary, or incident to the accomplishment of the purposes set forth above; to exercise all lawful powers now possessed by Virginia corporations of similar character; to enter into partnerships or joint ventures, and to engage or any business in which a corporation organized under the laws of Virginia may engage, except any business that is required to be specifically set forth in the Articles of Incorporation.

(b) The objects, powers and purposes specified in any clause or paragraph hereinbefore contained shall be construed as objects and powers in

furtherance and not in limitation of the general powers conferred upon corporations by the laws of the Commonwealth of Virginia; and it is hereby expressly provided that the foregoing enumeration of specific powers shall in no way limit or restrict any other power, object or purpose of the Corporation or in any manner affect any general powers or authority of the Corporation.

3. Capital Stock. The aggregate number of shares which the Corporation will have authority to issue and the par value per share are as follows:

CLASS	Number of Shares	Par Value Per Share
Common Stock	10,000,000	$0.01

Each share of Common Stock shall have full voting rights.

4. Preemptive Rights. No holder of stock of the Corporation shall be entitled as such, as a matter of right, to purchase or subscribe for any stock which the Corporation may issue or sell, of any class or classes and whether out of unissued shares authorized by the Articles of Incorporation as originally filed or by any amendment thereof or out of shares of stock of the Corporation acquired by it after the issue thereof; nor, shall any holder of any shares of the capital stock of the Corporation be entitled as such, as a matter of right, to purchase or subscribe for any obligation which the Corporation may issue or sell that shall be convertible into or exchangeable for any shares of the stock of the Corporation of any class or classes, or to which shall be attached any

warrant or warrants or any other instrument or instruments that shall confer upon the holder of such obligation the right to subscribe for or purchase from the Corporation any shares of its capital stock of any class or classes authorized by the Articles of Incorporation of the Corporation is originally filed or by any amendment thereof.

5. Officer and Director Liability. In any proceeding brought by or in the right of the Corporation or brought by or on behalf of a shareholder in the right of the Corporation or brought by or on behalf of a shareholder of the Corporation, an officer or director of the Corporation shall not be liable for any damages assessed against such officer or director arising out of a single transaction, occurrence or course of conduct. However, the liability of an officer or director shall not be so limited if the officer or director engaged in willful misconduct or a knowing violation of the criminal law or of any federal or state securities law, including, without limitation, any claim of unlawful insider trading or manipulation of the market for any security.

6. Registered Office and Registered Agent. The registered office of this Corporation is 11240 Waple Mill Road, Suite 400, Fairfax, Virginia 22030, in the County of Fairfax, which is the address of the Registered Agent, Sandor

Rosenberg, a resident of this Commonwealth and a director and President of the Corporation.

7. Duration. The duration of the Corporation is to be perpetual.

8. Shareholder Voting. Whenever under the Virginia Stock Corporation Act any action which requires, in the absence of any provision to the contrary in the Articles of Incorporation, the approval of more than two-thirds of all votes entitled to vote thereon by all the shareholders and/or by any separate voting group thereof, such action shall only require the approval of more than one-half of all votes entitled to vote thereon by all the shareholders and/or by any separate voting group thereof.

FOURTH: The Board of Directors of the Corporation, by unanimous written consent dated January 9, 1997, deemed it advisable and in the best interests of the Corporation to amend and restate in its entirety the Articles of Incorporation of the Corporation, as previously amended, as set forth in the foregoing Restated Articles of Incorporation and directed that these Restated Articles Incorporation be submitted for consideration and action by the shareholders in accordance with the requirements of Chapter 9 of the Virginia Stock Corporation Act.

FIFTH: A special meeting of the shareholders of the Corporation was duly convened on February 4, 1997, to review and act on the proposed Restatement of Articles of Incorporation, the text of which is set forth above. The number of shares of the Common Stock of the Corporation outstanding and entitled to vote on the Restated Articles of Incorporation was 502,999, of which 380,775 shares voted for and 4,150 shares voted against adoption of the Restated Articles of Incorporation at the aforesaid February 4, 1997 special stockholders meeting. The number of votes cast for adoption of the Restated Articles of Incorporation was sufficient for approval by the shareholders of the Corporation as required under Section 13.1-707 of the Virginia Stock Corporation Act.

IN WITNESS WHEREOF, the undersigned, president of Information Analysis Incorporated has executed these Amended and Restated Articles of Incorporation on the 25th day of February, 1997 and declares that the facts stated herein are true and correct on such date.

INFORMATION ANALYSIS INCORPORATED

/s/ Sandor Rosenberg
By:_____
Sandor Rosenberg, President

EXHIBIT 3.2

(Incorporated By Reference)

EXHIBIT 10.1

LEASE AGREEMENT

FAIR CENTER OFFICE BUILDING

FAIRFAX, VIRGINIA

THIS LEASE AGREEMENT (this "Lease") is made as of the 20th day of December, 1996 by and between Aeromaritime Investment Company, a Delaware corporation (hereinafter referred to "Landlord"), and Information Analysis, Inc., a Virginia corporation (hereinafter referred to as "Tenant").

RECITALS:

A. Landlord is the owner of a four-story office building known as the Fair Center Office Building, located at 11240 Waples Mill Road, Fairfax, Virginia 22030. (Said office building is hereinafter referred to as the "Office Building").

B. Tenant desires to lease space in the Office Building and Landlord is willing to lease space in the Office Building to Tenant, upon the terms, conditions, covenants and agreements set forth herein.

NOW THEREFORE, the parties hereto, intending legally to be bound hereby covenant and agree as set forth below.

ARTICLE I

THE PREMISES

1.1 Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, for the term and upon the terms, conditions, covenants and agreements herein provided, approximately 15,023 square feet of rentable area on the 4th floor (hereinafter referred to as "Part A of the Premises") and approximately 3,257 square feet of rentable area on the 2nd floor (hereinafter referred to as "Part B of the Premises") of the Office Building (such combined total area of 18,280 square feet of rentable area is hereinafter referred to as the "Premises"). The location and configuration of the Premises are outlined on Exhibit A attached hereto and made a part hereof. At such time as the exact number of square feet of rentable area included in the Premises is ascertained, Landlord and Tenant shall execute an amendment to this Lease stating the exact number of square feet of rentable area included in the Premises. Landlord's architect shall verify the square footage of the Premises and verify that the 1989 Washington Board of Realtors Standard Floor Area Measure was utilized in the calculation of the square footage.

1.2 The lease of the Premises (hereinafter referred to as the "Lease") includes the right, together with other tenants of the Office Building and members of the public, to use the common and public areas of the Office Building, but includes no other rights not specifically set forth herein.

1.3 Tenant shall have the use of up to 3.5 parking spaces per 1,000 rentable square feet in the Premises on the Office Building's surface parking lot, including six (6) reserved, marked spaces for Tenant's employees, representatives, visitors and agents. Other than the six (6) reserved, marked spaces referenced hereinabove, Tenant agrees and acknowledges that the parking spaces shall be unreserved and that Landlord shall not be obligated to police the parking lot to enforce this provision nor shall Landlord be obligated to guarantee that such spaces will always be available.

ARTICLE II

TERM

2.1 The term of this Lease (hereinafter referred to as the "Lease Term") shall commence on the date determined pursuant to Section 2.2 hereof (hereinafter referred to as the "Lease Commencement Date") and shall

continue for the balance of the month in which the Lease Commencement Date occurs and for a period of seven (7) years thereafter unless the Lease Term is renewed or terminated earlier in accordance with the provisions of this Lease.

2.2 The Lease Commencement Date shall be the date on which Landlord substantially completes construction of the tenant improvements to be installed in the Premises, as determined pursuant to Paragraphs 1 and 2 of Exhibit B attached hereto and made a part hereof, or the date on which Tenant commences beneficial use of the Premises, whichever occurs first. Tenant shall be deemed to have commenced beneficial use of the Premises when Tenant begins to move furniture and furnishings into the Premises. Notwithstanding the foregoing, if Landlord is delayed in completing construction of the Premises as a result of any of the reasons described in clauses (a) through (e) of Paragraph 3 of Exhibit B, the Premises shall be determined to have been substantially completed on the date determined in accordance with Paragraph 4 of Exhibit B. Notwithstanding the foregoing, in the event Landlord is unable to substantially complete construction of the Premises by May 1, 1997 and such is inability to complete construction is not caused by circumstances beyond Landlord's control, including Tenant's failure to comply with any term, condition, covenant or agreement contained in the Lease and attached Exhibit B, then and only in such event Landlord agrees to pay Tenant's holdover portion of base rent for Tenant's present offices located at 2222 Gallows Road, Suite 300, Dunn Loring, Virginia in the amount of $11,871.58 per month commencing May 1, 1997 and continuing until the Premises is substantially completed.

2.3 Promptly after the Lease Commencement Date is ascertained, Landlord and Tenant shall execute an amendment to this Lease setting forth the Lease Commencement Date and the date upon which the Lease Term will expire.

2.4 Landlord presently anticipates that the Premises will be ready for occupancy for Tenant on or about March 1, 1997. In the event that construction of the Premises or delivery of possession of the Premises is delayed, regardless of the reasons or causes of such delay, this Lease shall not be rendered void or voidable as a result of such delay, and the term of this Lease shall commence on the Lease Commencement Date as determined pursuant to Section 2.2 hereof. Furthermore, Landlord shall not have any liability whatsoever to Tenant on account of any such delay except as otherwise set forth in Section 2.2 hereof. Notwithstanding the foregoing, in the event Landlord has not delivered possession of the Premises by August 1, 1997 and such delay in delivery in possession was not caused by Tenant or circumstances beyond Landlord's control, Tenant may terminate the Lease without penalty.

2.5 For purposes of this Lease, the term "Lease Year" shall mean each consecutive period of the twelve (12) calendar months, commencing on the first day of the month immediately following the month in which the Lease Commencement Date occurs and on each anniversary of such day, except that the first (1st) Lease Year shall also include the period from Lease Commencement Date until the first day of the following month.

ARTICLE III
BASE RENT

3.1 During the Lease Term, Tenant shall pay to Landlord as annual base rent for the Premises, without setoff, deduction or demand, the combined total amount of: (a) an amount equal to the sum of $15.75 multiplied by the total number of square feet of rentable area in Part A of the Premises and (b) an amount equal to the sum of $15.50 multiplied by the total number of square feet of rentable area in Part B of the Premises, which combined total amount shall be subject to adjustment as provided in Section 3.2 hereof. The annual base rent payable hereunder during each Lease Year shall be divided into equal monthly installments and such monthly installments shall be due and payable in advance by the first day of each month during such Lease Year. Concurrently with the signing of this Lease, Tenant shall pay to Landlord the sum of $23,924.65, which sum shall be credited by Landlord toward the monthly installment of base rent due for the first full calendar month falling within the Lease Term. If the Lease Term begins on a day other than on the first day of a month, rent from such date until the first day of the following month shall be prorated on a per diem basis at the rate of one-thirtieth (1/30th) of the monthly installment of base rent payable during the first Lease Year, and such prorated rent shall be payable in advance on the Lease Commencement Date.

3.2 Commencing on the first (1st) day of the second (2nd) Lease Year and on the first day of each and every Lease Year thereafter during the Lease Term, the annual base rent set forth in Section 3.1 hereof shall be increased by three percent (3%).

3.3 All rent shall be paid to Landlord in legal tender of the United States at the address to which notices to Landlord are to be given or to such other party or to such other address as Landlord may designate from time to time by written notice to Tenant. If Landlord shall at any time accept rent after it shall become due and payable, such acceptance shall not excuse a delay upon subsequent occasions, or constitute or be construed as a waiver of any of Landlord's rights hereunder.

ARTICLE IV
ADDITIONAL RENT

4.1 Introduction. An integral part of Landlord's leasing program for the Office Building involves the requirement that the tenants of the Office Building bear that portion of the costs and expenses incurred each year in the operation of the Office Building that exceed a predetermined base amount. It is the intent and desire of the Landlord that such costs and expenses be allocated among all the tenants of the Office Building in a fair and equitable manner consistent with sound and practical administrative practice. The costs and expenses include, among other things: (a) the basic administrative and operating costs and expenses incurred in the operation of the Office Building, (b) the charges for electrical power furnished to or for the benefit of the tenants of the Office Building, and (c) the costs incurred by Landlord in providing janitorial and char services for the tenants of the Office Building and for all public and common areas in the Office Building. By execution of this Lease, Tenant accepts basic obligation to pay its proportionate share of the cost increases incurred with respect to the expenses described above. The specific obligations of Tenant with respect to such cost increases shall be governed by the remaining sections of this Article IV.

4.2 Basic Operating Charges.

(a) As additional rent for the Premises. Tenant shall pay to Landlord its proportionate share of the amount by which the Basic Operating Charges (as hereinafter defined) incurred by Landlord in the operation of the Office Building during any calendar year falling entirely or partly within the Lease Term exceed the Basic Operating Charges for the calendar year 1997 (hereinafter referred to as the "Operating Charges Base Amount"). For purposes of this Section 4.2, Tenant's proportionate share of such increases shall be that percentage which is equal to a fraction, the numerator of which is the number of square feet of rentable area in the Premises, and the denominator of which is the total number of square feet of rentable area in the Office Building.

(b) The Basic Operating Charges shall mean the sum of the costs and expenses described in subsection (1) below, which are intended to include all costs of operating the Office Building that are to be apportioned to all tenants of the Office Building, but the Basic Operating Charges shall not include the costs and expenses described in subsection (2) below.

(1) Included costs and expenses:

(i) Except as otherwise provided in subsection (b)(2)(v) below, gas, water, sewer, electricity and other utility charges (including surcharges) of every type and nature.

(ii) Insurance.

(iii) Personnel costs of the Office Building, including but not limited to, salaries, wages, fringe benefits and other direct and indirect costs of engineers, superintendents, watchmen, porters and any other Office Building personnel.

(iv) Costs of service and maintenance contracts, including, but not limited to, chillers, boilers, controls, elevators, mail chute, window cleaning, security services and management fees.

(v) All other maintenance and repair expenses and supplies which are deducted by Landlord in computing its Federal income tax liability.

(vi) Depreciation (on a straight-line basis over the useful life of the improvement) for capital expenditures made by Landlord to reduce operating expenses if Landlord reasonably determines that the annual reduction in operating expenses shall exceed depreciation

therefor.

(vii) Costs of all janitorial and cleaning services and supplies furnished to the tenants of the Office Building and for all common and public areas in the Office Building.

(viii) Any other actual costs and expenses incurred by Landlord in maintaining or operating the Office Building.

(ix) The costs of any additional services not provided to the Office Building at the Lease Commencement Date but thereafter provided by Landlord in the prudent management of the Office Building.

(x) Real Estate Taxes (as hereinafter defined).

(2) Excludes costs and expenses:

(i) Principal or interest payments on any mortgages, deeds of trust or other financing encumbrances.

(ii) Leasing commissions payable by Landlord.

(iii) Deductions for depreciation for the Office Building, except to the extent included in subsection (1)(vi) above.

(iv) Capital improvements that are not deducted by Landlord in computing its Federal income tax liability, except to the extent included in subsection (1)(vi) above.

(v) The costs of special services or utilities separately chargeable to individual tenants of the Office Building.

(vi) Ground rent or other rental payments made under any ground lease or underlying lease.

(vii) Costs of structural repairs to the Office Building including structural repairs to the roof, curtain wall, foundation, floor slabs (except for normal caulking and maintenance).

(viii) Costs of leasing commissions, legal, space planning, construction, and other expenses incurred in procuring tenants for the Office Building or with respect to individual tenants or occupants of the Office Building.

(ix) Costs of painting, redecorating, or other services or work performed for the benefit of another tenant, prospective tenant or occupant (other than the common areas of the Office Building).

(x) Salaries, wages, or other compensation paid to officers or executives of Landlord.

(xi) Costs of advertising and public relations and promotional costs associated with the promotion or leasing of the Office Building and costs of signs in or on the Office Building identifying the owners of the Office Building or any tenant of the Office Building.

(xii) Any costs, fines or penalties incurred due to the violation by Landlord of any governmental rule or authority.

(xiii) Any other expenses for which Landlord actually receives reimbursement from insurance, condemnation awards, other tenants or any other source.

(xiv) Costs of repairs, restoration, replacements or other work occasioned by: (a) fire, windstorm or other casualty (whether such destruction be total or partial) and (b) the exercise by governmental rule or authority.

(xv) Costs incurred in connection with disputes with tenants, other occupants, or prospective tenants, or costs and expenses incurred in connection with negotiations or disputes with employees, consultants, management agents, leasing agents, purchasers or mortgagees of the Office Building.

(xvi) Costs of repairing, replacing or otherwise correcting defects (including latent defects) in or inadequacies of (but not the

costs of ordinary and customary repair for normal wear and tear) the initial design or construction of the Office Building or the costs of repairing, replacing or correcting defects in the initial design or construction of the Office Building or the costs of repairing, replacing or correcting defects in the initial design or construction of any tenant improvements.

(xvii) Costs relating to another tenant's or occupant's space which (a) were incurred in rendering any service or benefit to such tenant that Landlord was not required, or were for a service in excess of the service that the Landlord was required, to provide Tenant hereunder or (b) were otherwise in excess of the Office Building standard services then being provided by Landlord to all tenants or other occupants in the Office Building, whether or not such other tenant or occupant is actually charged therefor by Landlord.

(xviii) Costs incurred in connection with the sale, financing, refinancing, mortgaging, selling or change of ownership of the Office Building.

(xix) Costs, fines, interest, penalties, legal fees or costs of litigation incurred due to the late payments of taxes, utility bills and other costs incurred by Landlord's failure to make such payments when due.

(xx) General overhead and general administrative expenses and accounting, record-keeping and clerical support of Landlord or the management agent, except expenses related to the Office Building.

(xxi) All amounts which would otherwise be included in expenses which are paid to any affiliate or subsidiary of Landlord, or any representative, employee or agent of same, to the extent the costs of such services exceed the competitive rates for similar services of comparable quality rendered by persons or entities of similar skill, competence and experience.

(xxii) Increased insurance premiums caused by Landlord's or any other tenant's hazardous acts and insurance for leasehold improvements in the premises leased or to be leased to other tenants.

(xxiii) Costs incurred to correct violations by Landlord of any law, rule, order or regulation which was in effect as of the date that the Office Building's Certificate of Occupancy was validly issued.

(xxiv) Costs arising from the presence of Hazardous Substances in or about or below the land or the Office Building, including without limitation, hazardous substances in the groundwater or soil (unless introduced into or caused by Tenant), except costs for bottled drinking water which may be provided to tenants of the Office Building.

(xxv) Costs incurred for any items to the extent covered by a manufacturer's, materialsman's, vendor's or contractor's warranty (a "Warranty") and the costs of any items that are not covered by a Warranty but for which a reasonable, prudent Landlord would have obtained a warranty.

(xxvi) Non-cash items, such as deductions for depreciation and amortization of the Office Building and the Office Building equipment, interest on capital invested, bad debt losses, rent losses and reserves for such losses.

(xxvii) Services provided and costs incurred in connection with the operation of retail or other ancillary operations

owned, operated or subsidized by Landlord.

(c) As used above, the term "Real Estate Taxes" shall mean, (i) all real estate taxes, including general and special assessments, if any, which are imposed upon Landlord or assessed against the Office Building and/or the land upon which the Office Building is situated, and (ii) any other present or future taxes or governmental charges that are imposed upon Landlord, or assessed against the Office Building and/or the land upon which it is situated, including, but not limited to, any tax levied on or measured by the rents payable by tenants of the Office Building, which are in the nature of, or in substitution for, real estate taxes.

4.3 Commencing on the first anniversary of the Lease Commencement Date,

Tenant shall make estimated monthly payments to Landlord on account of increases in the charges described in Section 4.2 that are expected to be incurred during each calendar year falling entirely or partly within the Lease Term. The amount of such monthly payments shall be determined as follows. At the beginning of the second year of the Lease Term and at the beginning of each calendar year thereafter, Landlord shall submit to Tenant a statement setting forth Landlord's reasonable estimates of the amounts by which the charges that are expected to be incurred during such calendar year will exceed the Operating Charges Base Amount and the computation of Tenant's proportionate share of such anticipated increase. Tenant shall pay to Landlord on the first day of each month following receipt of such statement during such calendar year an amount equal to Tenant's proportionate share of the anticipated increase multiplied by a fraction, the numerator of which is 1, and the denominator of which is the number of months during such calendar year which fall within the Lease Term and follow the date of the foregoing statement. Within ninety (90) days after the expiration of each calendar year, Landlord shall submit to Tenant a statement showing, (i) Tenant's proportionate share of the amount by which the costs and expenses described in Section 4.2 actually incurred during the preceding calendar year exceeded the Operating Charges Base Amount, and (ii) the aggregate amount of the estimated payments made by Tenant on account thereof. If the aggregate amount of such estimated payments exceeds Tenant's actual liability for such increases, Tenant shall deduct the net overpayment from its next estimated payment or payments on account of increases in such categories of charges for the then current year. If Tenant's actual liability for such increases exceeds the estimated payments made by Tenant on account thereof, then Tenant shall within thirty (30) days pay to Landlord the total amount of such deficiency.

4.4 In the event the Lease Term commences or expires during a calendar year, the increases in the charges described in Section 4.2 to be paid by Tenant for such calendar year shall be apportioned by multiplying the amount of Tenant's proportionate share thereof for the full calendar year by a fraction, the numerator of which is the number of months during such calendar year falling within the Lease Term, and the denominator of which is 12. Tenant's liability for its proportionate share of the increase in such charges for the last calendar year falling entirely or partly within the Lease Term shall survive the expiration of the Lease Term. Similarly, Landlord's obligation to refund to Tenant the excess, if any, of the amount of Tenant's estimated payments on account of such increase for such last calendar year over Tenant's actual liability therefore shall survive the expiration of the Lease Term.

4.5 All payments required to be made by Tenant pursuant to this Article IV shall be paid to Landlord, without setoff or deduction, in the same manner as the base rent is payable pursuant to Article III hereof.

4.6 In the event that any business, rent or other taxes that are now or hereafter levied upon Tenant's use or occupancy of the Premises or Tenant's business at the Premises are enacted, changed or altered so that any of such taxes are levied against the Landlord, or the mode of collection of such taxes is changed so that Landlord is responsible for collection or payment of such taxes, Tenant shall pay any and all such taxes to Landlord within thirty (30) days of demand from Landlord.

ARTICLE V
SECURITY DEPOSIT

5.1 Simultaneously with the execution of this Lease, Tenant shall deliver to Landlord an amount equal to one month's installment of base rent as computed in accordance with Article 3.1, as a security deposit (hereinafter referred to as the "Security Deposit"). Such amount shall be in addition to the amount referenced in Section 3.1 hereof. In the event that the Premises are determined to contain more or less than 18,280 square feet of rentable area, then the amount

of the Security Deposit shall be increased or decreased, as the case may be, so that the amount of the Security Deposit shall be equal to one monthly installment of base rent, as determined pursuant to Section 3.1 hereof. Landlord shall not be required to maintain such Security Deposit in a separate account. The Security Deposit shall be deposited in a federally insured financial institution and shall earn interest throughout the Lease Term. The Security Deposit shall be security for the performance by Tenant of all Tenant's obligations, covenants, conditions and agreements under this Lease. Within thirty (30) days after the expiration of the Lease Term, and provided Tenant has vacated the Premises and is not in default hereunder, Landlord shall return the Security Deposit and accrued interest to Tenant, less Landlord's reasonable administrative fee of no more than five percent (5%) of the interest earned and less such portion thereof as Landlord shall have appropriated to satisfy any default by Tenant hereunder. In the event of any default by Tenant hereunder,

Landlord shall have the right, but shall not be obligated, to use, apply or retain all or any portion of the Security Deposit for, (i) the payment of any base or additional rent or any other sum as to which Tenant is in default, ii) the payment of any amount which Landlord may spend or become obligated to spend to repair physical damage to the Premises or the Office Building pursuant to Section 8.2 hereof, or (iii) the payment of any amount Landlord may spend or become obligated to spend, or for the compensation of Landlord for any losses incurred, by reason of Tenant's default, including, but not limited to, any damage or deficiency arising in connection with the reletting of the Premises. If any portion of the Security Deposit is so used or applied, within ten (10) business days after written notice to Tenant of such use or application, Tenant shall deposit with Landlord cash in an amount sufficient to restore the Security Deposit to its original amount, and Tenant's failure to do so shall constitute a default under this Lease.

5.2 in the event of the sale or transfer of Landlord's interest in the Office Building, Landlord shall transfer the Security Deposit to the purchaser or assignee, in which event Tenant shall look only to the new landlord for the return of the Security Deposit, and Landlord shall thereupon be released from all liability to Tenant for the return of the Security Deposit.

5.3 Tenant hereby acknowledges that Tenant will not look to the holder of any mortgage (as defined in Section 21.1) encumbering the Office Building for return of the Security Deposit if such holder, or its successors, or assigns, shall succeed to the ownership of the Office Building, whether by foreclosure or deed in lieu thereof, except if and to the extent the Security Deposit is actually transferred to such holder.

ARTICLE VI
USE OF THE PREMISES

6.1 Tenant shall use and occupy the Premises solely for general office purposes and for no other use or purpose without the prior written consent of Landlord. Tenant shall not use or occupy the Premises for any unlawful purpose or in any manner that will constitute waste, nuisance or unreasonable annoyance to the Landlord or other tenants of the Office Building. Tenant shall comply with all present and future laws, ordinances (including zoning ordinances and land use requirements), regulations, and orders of the United States of America, the Commonwealth of Virginia, the County of Fairfax, and any other public or quasi-public authority having jurisdiction over the Premises, concerning the use, occupancy and condition of the Premises and all machinery, equipment and furnishings therein. It is expressly understood that if any present or future law, ordinance, regulation or order requires an occupancy permit for the Premises, Tenant will obtain such permit at Tenant's own expense, except that Landlord shall obtain the initial certificate of occupancy for the Premises upon Landlord's completion of the tenant improvements to be installed by Landlord pursuant to Exhibit B attached hereto and made a part hereof.

6.2 Tenant and Landlord shall comply, at all times during the Lease Term, with Titles I and III of the Americans with Disabilities Act of 1990, as it may be amended from time to time, as it relates to the Premises and Office Building, respectively.

ARTICLE VII
ASSIGNMENTS AND SUBLETTING

7.1 Tenant shall not have the right to assign, transfer, mortgage or otherwise encumber this Lease or its interest herein without first obtaining the prior written consent of Landlord, which consent may be granted or withheld

by Landlord in its sole discretion. No assignment or transfer of this Lease or the right of occupancy hereunder may be effectuated by operation of law or otherwise without the prior written consent of Landlord, which consent may be granted or withheld by Landlord in its sole discretion. If Tenant is a partnership, a withdrawal or change, whether voluntary, involuntary or by operation or law, of partners owning a controlling interest in Tenant shall be deemed a voluntary assignment of this Lease and subject to the foregoing provisions. If Tenant is a corporation, any dissolution, merger, consolidation or other reorganization of Tenant, or the sale or transfer of a controlling interest of the capital stock of Tenant, shall be deemed a voluntary assignment of this Lease and subject to the foregoing provisions. However, the preceding sentence shall not apply to corporations, the stock of which is traded through a national or regional exchange or over-the-counter. Any attempted assignment or transfer by Tenant of this Lease or its interest herein without Landlord's

consent shall, at the option of Landlord, terminate this Lease, however, in the event of such termination, Tenant shall remain liable for all rent and other sums due under this Lease and all damages suffered by Landlord on account of such breach by Tenant.

7.2 Tenant shall not have the right to sublease (which term, as used herein, shall include any type of subrental arrangement and any type of license to occupy) the entire Premises without first obtaining the prior written consent of the Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Furthermore, Tenant shall not have the right to sublease any portion of the Premises without first complying with the provisions of subsections (a) and (b) below:

(a) Tenant shall give the Landlord written notice of its desire to sublease all or a portion of the Premises. Such notice shall specify the portion of the Premises proposed to be sublet and the date such portion is to be made available for subleasing. Within twenty (20) days after receipt of such notice, Landlord shall notify Tenant in writing whether or not Landlord will retake possession of the portion of the Premises proposed to be sublet and thereby delete such portion of the Premises from the Premises being leased to Tenant hereunder. If Landlord elects to retake such portion of the Premises, then Landlord shall retake possession of such portion on the date specified in Tenant's notice and Tenant's obligation to pay rent for such portion shall cease on such date. Thereafter, Tenant shall not have any further rights of any kind, including any rights of renewal, in or to the portion of the Premises so retaken. If Landlord does not elect to retake such portion of the Premises within the aforesaid twenty (20) day period, Tenant shall comply with the provisions of subsection (b) below with respect to any proposed sublease of such portion of the Premises.

(b) Tenant shall have the right to sublease any portion of the Premises that Landlord has not elected to retake pursuant to subsection (a) above, provided that Tenant obtains the prior written consent of Landlord to such proposed sublease. Landlord agrees not to unreasonably withhold, condition or delay its consent to any such proposed sublease; provided, however, that it shall not be unreasonable for Landlord to withhold its consent if Landlord determines, in its reasonable discretion, that the character of the proposed subtenant or the nature of the activities to be conducted by such proposed subtenant would adversely affect the other tenants of the Office Building or would impair the reputation of the Office Building as a first-class office building.

Notwithstanding the foregoing, Landlord hereby approves Inotech and Point Systems, Inc. as approved subtenants subject to all provisions of this Article VII.

7.3 The consent by Landlord to any assignment or subletting shall not be construed as a waiver or release of Tenant from any and all liability for the performance of all covenants and obligations to be performed by Tenant under this Lease, nor shall the collection or acceptance of rent from any assignee, transferee or subtenant constitute a waiver or release of Tenant from any of its liabilities or obligations under this Lease. Landlord's consent to any assignment or subletting shall not be construed as relieving Tenant from the obligation of complying with the provisions of Sections 7.1 or 7.2 hereof, as applicable, with respect to any subsequent assignment or subletting. For any period during which Tenant is in default hereunder, Tenant hereby assigns to Landlord the rent due from any subtenant of Tenant and hereby authorizes each subtenant to pay said rent directly to Landlord.

7.4 Tenant hereby covenants and agrees that neither Tenant nor any other person having an interest in the possession, use, occupancy or utilization of the Premises shall enter into any lease, sublease, license, concession or other agreement for use, occupancy or utilization of space in the Premises which provides for rental or other payment

for such use, occupancy or utilization based in whole or in part on the net income or profits derived by any person from the Premises, used, occupied or utilized (other than an amount based on a fixed percentage or percentages of receipts or sales), and that any such purported lease, sublease, license, concession or other agreement shall be absolutely void and ineffective as a conveyance of any right or interest in the possession, use, occupancy or utilization of any part of the Premises.

ARTICLE VIII

TENANT'S MAINTENANCE AND REPAIRS

8.1 Tenant will keep and maintain the Premises and all fixtures and equipment located therein in clean, safe and sanitary condition, will take good care thereof and make all required repairs thereto, and will suffer no waste or injury thereto. At the expiration or other termination of the Lease Term, Tenant shall surrender the Premises, broom clean, in the same order and condition in which they are in on the Lease Commencement Date, ordinary wear and tear and unavoidable damage by the elements excepted.

8.2 Except as otherwise provided in Article XVII hereof, all injury, breakage and damage to the Premises and to any other part of the Office Building caused by any act or omission of Tenant, or of any agent, employee, subtenant, contractor, customer or invitee of Tenant, shall be repaired by and at the sole expense of Tenant, except that Landlord shall have the right, at its option, to make such repairs and to charge Tenant for all costs and expenses incurred in connection therewith as additional rent hereunder. Notwithstanding the foregoing, except in the event of emergency, Landlord shall only make such repairs to the Premises if Tenant has failed to make such repairs within fifteen (15) days of the occurrence. The liability of Tenant for such costs and expenses shall be reduced by the amount of any insurance proceeds received by Landlord on account of such injury, breakage or damage.

ARTICLE IX

TENANT ALTERATIONS

9.1 The initial tenant improvements in and to the Premises shall be installed by Landlord in accordance with Exhibit B attached hereto. It is understood and agreed Landlord will not make, and is under no obligation to make, any structural or other alterations, decorations, additions or improvements in or to the Premises, except as provided in Exhibit B or as otherwise provided in this Lease.

9.2 Tenant will not make or permit anyone to make any alterations, decorations, additions or improvements (hereinafter referred to collectively as "Building Improvements"), or any structural or exterior changes to the Office Building without the prior written consent of Landlord. Such consent shall be subject to Landlord's sole discretion. Tenant may make non-structural alterations, decorations, additions or improvements to the interior of the Premises (hereinafter referred to collectively as "Improvements") only upon the prior written consent of Landlord, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Tenant is not required to obtain the Landlord's written consent to hang artwork and other similar decorations on the walls of the Premises so long as such decorations do not damage the Premises (damage shall not be deemed to include small holes caused by hooks or nails used to hang the decorations). It shall not be unreasonable for Landlord to withhold its consent where the Improvements proposed will, in the judgment of Landlord, adversely affect the other tenants of the Office Building or would impair the reputation of the Office Building as a first-class office building. When granting its consent, Landlord may impose any conditions it deems appropriate, including, without limitation, the approval of plans and specifications, approval of the contractor or other persons who will perform the work, and the obtaining of specified insurance. All Building Improvements or Improvements permitted by Landlord must conform to all laws, regulations and requirements of the Federal, Virginia and Fairfax County governments: As a condition precedent to such written consent of Landlord, Tenant agrees to obtain and deliver to Landlord written, unconditional waivers of mechanic's and materialmen's liens against the Office Building and the land upon which it is situated from all proposed contractors, subcontractors, laborers and material suppliers for all work, labor and services to be performed and materials to be furnished in connection with Improvements to the Premises. If, notwithstanding the foregoing, any mechanic's or materialmen's lien is filed against the Premises, the Office Building and/or the land upon which it is situated, for work claimed to have been done for, or materials claimed to have been furnished to, the Premises, the Office Building and/or the land upon which it is situated, such lien shall be discharged by Tenant within ten (10) days thereafter, at Tenant's sole cost and expense, by the

payment thereof or by the filing of a bond. If Tenant shall fail to discharge any such mechanic's or materialmen's lien, Landlord may, at its option, discharge such lien and treat the cost thereof (including attorneys' fees incurred in connection therewith) as additional rent payable with the next monthly installment of base rent falling due; it being expressly agreed that such discharge by Landlord shall not be deemed to waive or release the default of Tenant in not discharging such lien. It is further understood and agreed that in the event Landlord shall give its written consent to the making of any

Improvements to the Premises, such written consent shall not be deemed to be an agreement or consent by Landlord to subject its interest in the Premises, the Office Building or the land upon which it is situated to any mechanic's or materialmen's liens which may be filed in connection therewith.

9.3 Tenant shall indemnify and hold Landlord harmless from and against any and all expenses, liens, claims, liabilities and damages based on or arising, directly or indirectly, by reason of the making of any improvements to the Premises. If any Improvements are made without the prior written consent of Landlord, Landlord shall have the right to remove and correct such Improvements and restore the Premises to their condition immediately prior thereto, and Tenant shall be liable for all expenses incurred by Landlord in connection therewith. All Improvements to the Premises or Building Improvements to the Office Building made by either party shall remain upon and be surrendered with the Premises as a part thereof at the end of the Lease Term, except that if Tenant is not in default under this Lease, Tenant shall have the right to remove, prior to the expiration of the Lease Term, all movable furniture, furnishings and equipment installed in the Premises solely at the expense of Tenant. All damage and injury to the Premises or the Office Building caused by such removal shall be repaired by Tenant, at Tenant's sole expense. If such property of Tenant is not removed by Tenant prior to the expiration or termination of this Lease, the same shall become the property of Landlord and shall be surrendered with the Premises as a part thereof.

ARTICLE X
SIGNS AND FURNISHINGS

10.1 Other than the Office Building standard signage identifying Tenant (which is to be provided and installed by Landlord) on the Premises entry door, no sign, advertisement or notice referring to Tenant shall be inscribed, painted, affixed or otherwise displayed on any part of the exterior or the interior of the Office Building, except on the directories and the doors of the offices and such other areas as are designated by Landlord, and then only in such place, number, size, color and style as are approved by Landlord. All of Tenant's signs that are approved by Landlord shall be installed by Landlord at Tenant's cost and expense. If any sign, advertisement or notice that has not been approved by Landlord is exhibited or installed by Tenant, Landlord shall have the right to remove the same at Tenant's expense. Landlord shall have the right to prohibit any advertisement of or by Tenant which in its opinion tends to impair the reputation of the Office Building or its desirability as a high-quality office building and, upon written notice from Landlord, Tenant shall immediately refrain from and discontinue any such advertisement. Landlord reserves the right to affix, install and display signs, advertisements and notices on any part of the exterior or interior of the Office Building.

10.2 Landlord shall have the right to prescribe the weight and position of safes and other heavy equipment and fixtures, which, if considered necessary by the Landlord, shall be installed in such manner as Landlord directs in order to distribute their weight adequately. Any and all damage or injury to the Premises or the Office Building caused by moving the property of Tenant into or out of the Premises, or due to the same being in or upon the Premises, shall be repaired by and at the sole cost of Tenant. No furniture, equipment or other bulky matter of any description will be received into the Office Building or carried in the elevators except as approved by Landlord, and all such furniture, equipment and other bulky matter shall be delivered only through the designated delivery entrance of the Office Building and the designated freight elevator. All moving of furniture, equipment and other materials shall be under supervision of Landlord, who shall not, however, be responsible for any damage to or charges for moving the same. Tenant agrees to remove promptly from the sidewalks adjacent to the Office Building any of Tenant's furniture, equipment or other material there delivered or deposited. Notwithstanding the foregoing, Tenant may move into and out of the Office Building on weekend days (Saturday or Sunday) at no additional charge to Tenant so long as such moves do not exceed a total of sixteen (16) hours of Landlord's supervision time. In the event Tenant requires more than sixteen (16) hours, Tenant agrees to pay for the cost of such supervision time in accordance with Landlord's then current schedule of costs and assessments for such supervision time.

ARTICLE XI
TENANT'S EQUIPMENT

11.1 Tenant will not install or operate in the Premises any electrically operated equipment or machinery that operates on greater than 110 volt power, except as may be specified in Exhibit B attached hereto, without

first obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld. It shall not be unreasonable for Landlord to condition such consent upon the payment by Tenant of additional rent in compensation for the excess consumption of electricity or other utilities and for the cost of any additional wiring or apparatus that may be occasioned by the operation of such equipment or machinery. Tenant shall not install any equipment of any type or nature that will or may necessitate any changes, replacements or additions to, or in the use of, the water system, heating system, plumbing system, air-conditioning system or electrical system of the Premises or the Office Building, without first obtaining the prior written consent of Landlord. Business machines and mechanical equipment belonging to Tenant which cause noise or vibration that maybe transmitted to the structure of the Office Building or to any space therein to such a degree as to be objectionable to Landlord or to any tenant in the Office Building shall be installed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to reduce such noise and vibration to a level satisfactory to Landlord.

ARTICLE XII
INSPECTION BY LANDLORD

12.1 Tenant will permit Landlord, or its agents or representatives, to enter the Premises, without charge therefor to Landlord and without diminution of the rent payable by Tenant, to examine, inspect and protect the Premises and the Office Building, to make such alterations, including alterations to the electrical and telephone systems in the building, and/or repairs as in the sole judgment of Landlord may be deemed necessary, or to exhibit the same to prospective tenants during the last one hundred eighty (180) days of the Lease Term. In connection with such entry, Landlord shall endeavor to minimize the disruption to Tenant's use of the Premises and, except in the event of emergency, shall enter at reasonable times after not less than one (1) day prior notice to Tenant.

ARTICLE XIII
INSURANCE

13.1 Without the prior written consent of Landlord, Tenant shall not conduct or permit to be conducted any activity, or place any equipment in or about the Premises or the Office Building, which will in any way increase the rate of fire insurance or other insurance on the Office Building. If any increase in the rate of fire insurance or other insurance is stated by any insurance company or by the applicable Insurance Rating Bureau to be due to any activity or equipment of Tenant in or about the Premises or the Office Building, such statement shall be conclusive evidence that the increase in such rate is due to such activity or equipment and, as a result thereof, Tenant shall be liable for the amount of such increase. Tenant shall reimburse Landlord for such amount within thirty (30) days of written demand from Landlord and such sum shall be considered additional rent payable hereunder.

13.2 Throughout the Lease Term, Tenant shall obtain and maintain public liability insurance in a company or companies licensed to do business in the Commonwealth of Virginia and reasonably approved by the Landlord. Said insurance shall be in minimum amounts reasonably approved by Landlord from time to time and shall name Landlord as an additional insured thereunder. In addition, if requested by the holder of any mortgage (as defined in Section 21.1) against the Office Building, said insurance shall also include a standard mortgagee loss payable endorsement for the benefit of such holder. No later than the Lease Commencement Date, Tenant shall obtain public liability insurance in minimum amounts of five hundred thousand dollars ($500,000.00) for injury to one (1) person, two million dollars ($2,000,000.00) for injury to more than one (1) person and five hundred thousand dollars ($500,000.00) for damage to property. Each such policy shall contain an endorsement prohibiting cancellation or reduction of coverage without first giving Landlord fifteen (15) days' prior written notice of such proposed action. Receipts evidencing payment of the premium for such insurance shall be delivered by Tenant on or before the Lease Commencement Date and, if requested by Landlord, at least annually thereafter.

13.3 Tenant and Landlord hereby waive and release each other from any and all liabilities, claims and losses

for which either party is or may be held liable to the extent either party receives insurance proceeds on account thereof.

13.4 Landlord and Tenant each waive any and all rights of recovery against the other for any loss or damage occasioned to such waiving party or its property or the property of others under its control to the extent that such loss or damage is insured against under any first or extended coverage insurance policy which either may have in force at the time of such loss or damage. Each party shall obtain any special endorsement, if available at no additional cost and if required by its insurer, to evidence compliance with the aforementioned waiver.

ARTICLE IV
SERVICES AND UTILITIES

14.1 Landlord shall furnish to the Premises year-round ventilation and air-conditioning and heat during the seasons when they are required, as determined in Landlord's reasonable judgment and as are consistent with other similar office buildings in the Fairfax County area. Landlord shall also provide reasonably adequate char and janitorial service after 6:00 PM on Monday through Friday only (excluding legal holidays) and shall provide semi-annual exterior window cleaning, as determined in Landlord's sole but not unreasonable judgment, and in accordance with standards customarily provided in first-class office buildings in the Fairfax County area. Landlord will also provide elevator service; provided, however, that Landlord shall have the right to remove elevators from service as may be required for moving freight, or for servicing or maintaining the elevators and/or the Office Building. Except in the event of emergency, at least one elevator cab shall be available for use by Tenant at all times. The normal hours of operation of the Office Building will be 8:00 AM to 6:00 PM on Monday through Friday (except legal holidays), and 9:00 AM to 1:00 PM on Saturday (except legal holidays). There will be no normal hours of operation of Office Building on Sundays or legal holidays and the Landlord shall not be obligated to maintain or operate the Office Building on such days at such times unless special arrangements are made by Tenant. The services and utilities required to be furnished by Landlord, other than electricity and water, will be provided only during the normal hours of operation of the Office Building, except as otherwise specified herein. It is agreed that if Tenant requires air-conditioning or heat beyond normal hours of operation set forth herein, Landlord will furnish such air-conditioning or heat, provided Tenant gives Landlord's agent not less than one (1) business days advance notice of such requirement and Tenant agrees to pay for the cost of such extra service in accordance with Landlord's then current schedule of costs and assessments for such extra service.

14.2 Pursuant to Exhibit B attached hereto and made a part hereof, Landlord shall provide one individual supplemental air-conditioning unit on the roof of the Office Building to serve Tenant's computer room in Part A of the Premises. Landlord shall install an electric submeter for the purpose of determining the amount of electrical consumption of such air-conditioning unit. Tenant hereby agrees to pay as additional rent the cost of all electric consumption which is recorded on the electric submeter within thirty (30) days of receipt of an invoice from Landlord.

14.3 It is understood and agreed that Landlord shall not have any liability to Tenant whatsoever as a result of Landlord's failure or inability to furnish any of the utilities or services required to be furnished by Landlord hereunder, whether resulting from breakdown, removal from service for maintenance or repairs, strikes, scarcity of labor or materials, acts of God, governmental requirements or from any other cause whatsoever unless caused by Landlord's gross negligence. It is further agreed that any such failure or inability to furnish the utilities or services required hereunder shall not be considered an eviction, actual or constructive, of the Tenant from the Premises, and shall not entitle Tenant to terminate this Lease or to an abatement of any rent payable hereunder. Notwithstanding the foregoing, in the event Tenant cannot conduct its operations in the Premises as a result of Landlord's failure or inability to furnish any such utility or service required to be furnished by Landlord hereunder and such failure or inability is within Landlord's reasonable control, then Tenant shall be entitled to rental abatement for the period commencing on the sixth (6th) business day after such lack of utility or service until the date on which the utility or service is restored.

14.4 The parties hereto agree to comply with all mandatory and voluntary energy conservation controls and requirements applicable to office buildings that are imposed or instituted by the Federal, Virginia or Fairfax County governments, including, without limitation, controls on the permitted range of temperature settings in office buildings, and requirements necessitating curtailment of the volume of energy consumption or the hours of operation of the Office Building. Any terms or conditions of this Lease that conflict or interfere with compliance with such controls or

requirements shall be suspended for the duration of such controls or requirements. It is further agreed that compliance with such controls or requirements shall not be considered an eviction, actual or constructive, of the Tenant from the Premises and shall not entitle Tenant to terminate this Lease or to an abatement of any rent payable hereunder.

ARTICLE XV
LIABILITY OF LANDLORD

15.1 Landlord shall not be liable to Tenant, its employees, agents, business invitees, licensees, customers, clients, family members or guests for any damage, injury, loss, compensation or claim, including but not limited to claims for the interruption of or loss to Tenant's business, based on, arising out of or resulting from any cause whatsoever, including but not limited to the following: repairs to any portion of the Premises or the Office Building; interruption in the use of the Premises, and accident or damage resulting from the use or operation (by Landlord, Tenant or any other person or persons) of elevators, or of the heating, cooling, electrical or plumbing equipment or apparatus; the termination of this Lease by reason of the destruction of the Premises or the Office Building; any fire, robbery, theft, mysterious disappearance and/or any other casualty; the actions of any other tenants of the Office Building or of any other person or persons; and any leakage in any part or portion of the Premises or the Office Building, or from drains, pipes or plumbing fixtures in the Office Building. Any goods, property or personal effects stored or placed by the Tenant or its employees in or about the Premises or Office Building shall be at the sole risk of the Tenant, and the Landlord shall not in any manner be held responsible therefore. It is understood that the employees of the Landlord are prohibited from receiving any packages or other articles delivered to the Office Building for Tenant, and if any such employee receives any such package or articles, such employee shall be acting as the agent of the Tenant for such purposes and not as the agent of the Landlord. Notwithstanding the foregoing provisions of this Section 15.1. Landlord shall not be released from liability to Tenant for any damage or injury caused by the gross negligence or willful misconduct of Landlord or its employees; provided, however, in no event shall Landlord have any liability to Tenant for any claims based on the interruption of or loss to Tenant's business.

15.2 Tenant hereby agrees to indemnify and hold Landlord harmless from and against all costs, damages, claims, liabilities and expenses (including attorney's fees) suffered by or claimed against Landlord, directly or indirectly, based on, arising out of or resulting from, (i) Tenant's use and occupancy of the Premises or the business conducted by Tenant therein, (ii) any act or omission by Tenant or its employees, agents or invitees, or (iii) any breach or default by Tenant in the performance or observance of its covenants or obligations under this Lease.

15.3 In the event that at any time Landlord shall sell or transfer the Office Building, provided the purchaser or transferee assumes the obligations of the Landlord hereunder, the Landlord named herein shall not be liable to Tenant for any obligations or liabilities based on or arising out of events or conditions occurring on or after the date of such sale or transfer. Furthermore, Tenant agrees to attorn to any such purchaser or transferee upon all the terms and conditions of this Lease.

15.4 In the event that at any time during the Lease Term Tenant shall have a claim against the Landlord. Tenant shall not have the right to deduct the amount allegedly owed to Tenant from any rent or other sums payable to Landlord hereunder, it being understood that Tenant's sole remedy for recovering upon such claims shall be to institute an independent action against Landlord.

15.5 Tenant agrees that in the event Tenant is awarded a money judgment against Landlord, Tenant's sole recourse for satisfaction of such judgment shall be limited to execution against the interest of Landlord in the Office Building. In no event shall any other assets of Landlord or any officer or director of Landlord or any other person be held to have any personal liability for satisfaction of any claims or judgments that Tenant may have against Landlord.

ARTICLE XVI
RULES AND REGULATIONS

16.1 Tenant and its agents, employees, invitees, licensees, customers, clients, family members, guests and permitted subtenants shall at all times abide by and observe the rules and regulations attached hereto as Exhibit C. In addition, Tenant and its agents, employees, invitees, licensees, customers, clients, family members, guests and

permitted subtenants shall abide by and observe all other rules or regulations that Landlord may reasonably promulgate from time to time for the operation and maintenance of the Office Building, provided that notice thereof is given to Tenant and such rules and regulations are not inconsistent with the provisions of this Lease. Nothing contained in this Lease shall be construed as imposing upon Landlord any duty or obligation to enforce such rules and regulations, or the terms, conditions, covenants contained in any other lease, as against any other tenant, and Landlord shall not be liable to Tenant for the violation of such rules or regulations by any other tenant or its employees, agents, business invitees, licensees, customers, clients, family members or guests provided that nothing contained herein shall be discriminatory against Tenant. If there is any inconsistency between this Lease and the Rules and Regulations set forth in Exhibit C, this Lease shall govern.

ARTICLE XVII
DAMAGE OR DESTRUCTION

17.1 If during the Lease Term. the Premises or the Office Building are totally or partially damaged or destroyed from any cause, thereby rendering the Premises totally or substantially inaccessible or unusable, Landlord shall diligently (taking into account the time necessary to effectuate a satisfactory settlement with any insurance company involved) restore and repair the Premises and the Office Building to substantially the same condition they were in prior to such damage; provided, however, if the damage or destruction was not caused by Tenant, its employees, invitees, licensees, customers, clients, family members, guests or permitted subtenants and if the repairs and restoration cannot be completed within one hundred eighty (180) days after the occurrence of such damage or destruction, including the time needed for removal of debris, preparation of plans and issuance of all required governmental permits. Landlord or Tenant shall have the right to terminate this Lease by giving written notice of termination to the other party within forty-five (45) days after the occurrence of such damage. In the event the damage or destruction was caused by Tenant, its employees, invitees, licensees, customers, clients, family members, guests or permitted subtenants, Landlord shall have the right, at its sole option, to terminate this Lease by giving written notice of termination to Tenant within forty-five (45) days after the occurrence of such damage or destruction. If this Lease is terminated pursuant to the preceding sentence, all rent payable hereunder shall be apportioned and paid to the date of the occurrence of such damage. If this Lease is not terminated as a result of such damage, and provided that such damage was not caused by the act or omission of Tenant, or any of its employees, agents, licensees, subtenants, customers, clients, family members or guests, until the repair and restoration of the Premises is completed Tenant shall be required to pay base rent and additional rent only for that part of the Premises that Tenant is able to use while repairs are being made, based on the ratio that the amount of usable rentable area bears to the total rentable area in the Premises. Landlord shall bear the costs and expenses of repairing and restoring the Premises, except that if such damage or destruction was caused by the act or omission of Tenant, or any of its employees, agents, licensees, subtenants, customers, clients, family members or guests, upon written demand from Landlord, Tenant shall pay to Landlord the amount by which such costs and expenses exceed the insurance proceeds, if any, received by Landlord on account of such damage or destruction.

17.2 If Landlord repairs and restores the Premises as provided in Section 17.1, Landlord shall not be required to repair or restore any decorations, alterations or improvements to the Premises previously made by or at the expense of the Tenant or any trade figures, furnishings, equipment or personal property belonging to Tenant. It shall be Tenant's sole responsibility to repair and restore all such items.

17.3 Notwithstanding anything to the contrary contained herein, if the Office Building is damaged or destroyed from any cause to such an extent that the costs of repairing and restoring the Office Building would exceed fifty percent (50%) of the replacement value of the Office Building, whether or not the Premises are damaged or destroyed, Landlord or Tenant shall have the right to terminate this Lease by written notice to the other party, provided the leases of all other tenants in the Office Building are similarly terminated. This right of termination shall be in addition to any other right of termination provided in this Lease.

ARTICLE XVIII
CONDEMNATION

18.1 If the whole or a substantial part (as hereinafter defined) of the Premises, or the use or occupancy of the Premises, shall be taken or condemned by any governmental or quasi-governmental authority for any public or quasi-public use or purpose (including a sale thereof under threat of such a taking), then this Lease shall terminate on the date title thereto vests in such governmental or quasi-governmental authority, and all rent payable hereunder shall be apportioned as of such date. If less than a substantial part of the Premises, or the use or occupancy thereof, is taken or condemned by any governmental or quasi-governmental authority for any public or quasi-public use or purpose (including a sale thereof under threat of such a taking), this Lease shall continue in full force and effect, but the base rent and additional rent thereafter payable hereunder shall be equitably adjusted (on the basis of the ratio of the number of square feet of rentable area taken to the total rentable area in the Premises prior to such a taking) as of the date title vests in the governmental or quasi-governmental authority. For purposes of this Section 18.1, a substantial part of the Premises shall be considered to have been taken if more than one-third (1/3) of the Premises is rendered unusable as a result of such taking.

18.2 All awards, damages and other compensation paid by the condemning authority on account of such taking or condemnation (or sale under threat of such a taking) shall belong to Landlord, and Tenant hereby assigns to Landlord all rights to such awards, damages and compensation. Tenant agrees not to make any claim against the Landlord or the condemning authority for any portion of such award or compensation attributable to damages to the Premises, the value of the unexpired term of this Lease, the loss of profits or goodwill, leasehold improvements or severance damages. Nothing contained herein, however, shall prevent Tenant from pursuing a separate claim against the condemning authority for the value of furnishings, equipment and trade fixtures installed in the Premises at Tenant's expense and for relocation expenses, provided that such claim does not in any way diminish the award or compensation payable to or recoverable by Landlord in connection with such taking or condemnation.

ARTICLE XIX
DEFAULT BY TENANT

19.1 The occurrence of any of the following shall constitute a default by Tenant under this Lease:

(a) If Tenant shall fail to pay an installment of base rent or additional rent when due, or shall fail to pay when due any other payment required by this Lease within five (5) days of receipt of written notice from Landlord of such failure to pay.

(b) If Tenant shall violate or fail to perform any other term, condition, covenant or agreement to be performed or observed by Tenant under this Lease and such violation or failure to perform is not corrected within ten (10) days of receipt of written notice from Landlord to cure such violation or failure to perform unless Tenant has commenced and is proceeding to diligently to cure such default so long as such default does not negatively affect the Landlord, the operation of the Office Building or any of the other tenants of the Office Building.

(c) If Tenant shall abandon the Premises.

(d) An Event of Bankruptcy as defined in Article 20.1.

19.2 If Tenant shall be in default under this Lease, Landlord shall have the right, at its sole option, to terminate this Lease. With or without terminating this Lease, Landlord may re-enter and take possession of the Premises and the provisions of this Article XIX shall operate as a notice to quit, any other notice to quit or of Landlord's intention to re-enter the Premises being hereby expressly waived. If necessary, Landlord may proceed to recover possession of the Premises under and by virtue of the laws of the Commonwealth of Virginia, or by such other proceedings, including re-entry and possession, as may be applicable. If Landlord elects to terminate this Lease, everything contained in this Lease on the part of Landlord to be done and performed shall cease without prejudice, however, to the right of Landlord to recover from Tenant all rent and other sums accrued up to the time of termination

or recovery of possession by Landlord, whichever is later. Whether or not this Lease is terminated by reason of Tenant's default, the Premises may be relet by Landlord for such rent and upon such terms as are not unreasonable under the circumstances and, if the full rental provided herein plus the costs, expenses

and damages hereafter described shall not be realized by Landlord, Tenant shall be liable for all damages sustained by Landlord, including, without limitation, deficiency in base rent and additional rent, reasonable attorney's fees, brokerage fees, and the expenses of placing the Premises in rentable condition similar to the condition of the Premises on the Lease Commencement Date. Any damages or loss of rent sustained by Landlord may be recovered by Landlord, at Landlord's option, at the time of the reletting, or in separate actions, from time to time, as said damage shall have been made more easily ascertainable by successive relettings, or, at Landlord's option, may be deferred until the expiration of the Lease Term, in which event Tenant hereby agrees that the cause of action shall not be deemed to have accrued until the date of expiration of the Lease Term. The provisions contained in this Section 19.2 shall be in addition to, and shall not prevent the enforcement of, any claim Landlord may have against Tenant for anticipatory breach of this Lease.

19.3 All rights and remedies of Landlord set forth herein are in addition to all other rights and remedies available to Landlord at law or in equity. All rights and remedies available to Landlord hereunder or at law or in equity are expressly declared to be cumulative. The exercise by Landlord of any such right or remedy shall not prevent the concurrent or subsequent exercise of any other right or remedy. No delay in the enforcement or exercise of any such right or remedy shall constitute a waiver of any default by Tenant hereunder or of any of Landlord's rights or remedies in connection therewith. Landlord shall not be deemed to have waived any default by Tenant hereunder unless such waiver is set forth in a written instrument signed by Landlord. If Landlord waives in writing any default by Tenant, such waiver shall not be construed as a waiver of any covenant, condition, or agreement set forth in this Lease except as to the specific circumstances described in such written waiver.

19.4 If Landlord shall institute proceedings against Tenant and a compromise or settlement thereof shall be made, the same shall not constitute a waiver of the same or of any other covenant, condition or agreement set forth herein, nor of any of Landlord's rights hereunder. Neither the payment by Tenant of a lesser amount than the installments of base rent, additional rent or of any sums due hereunder nor any endorsement or statement on any check or letter accompanying a check for payment of rent or other sums payable hereunder shall be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or other sums or to pursue any other remedy available to Landlord. No re-entry by Landlord, and no acceptance by Landlord of keys from Tenant, shall be considered an acceptance of a surrender of this Lease.

19.5 If Tenant defaults in the making of any payment or in the doing of any act herein required to be made or done by Tenant, then Landlord may, but shall not be required to, make such payment or do such act. If Landlord elects to make such payment or do such act, all costs and expenses incurred by Landlord plus interest thereon at the rate per annum which is two (2) percentage points higher than the rate of interest announced from time to time by NationsBank as being its "prime rate" (hereandafter referred to as the "NationsBank Prime Rate") from the date paid by Landlord to the date of payment thereof by Tenant, shall be immediately paid by Tenant to Landlord; provided however, that nothing contained herein shall be construed as permitting Landlord to charge or receive interest in excess of the maximum legal rate then allowed by law. The taking of such action by Landlord shall not be considered as a cure of such default by Tenant or prevent Landlord from pursuing any remedy it is otherwise entitled to in connection with such default.

19.6 If Tenant fails to make any payment of base rent or of additional rent on or before the date such payment is due and payable, Tenant shall pay to Landlord a late charge of five percent (5%) of the amount of such payment. In addition, in the event payment is not made within thirty (30) days and/or occurs more than once in any twelve (12) month period, such payment shall bear interest at the rate per annum which is two (2) percentage points higher than the NationsBank Prime Rate from the date such payment became due to the date of payment thereof by Tenant; provided, however, that nothing contained herein shall be construed as permitting Landlord to charge or receive interest in excess of the maximum legal rate then allowed by law. Such late charge and interest shall constitute additional rent due and payable hereunder with the next installment of base rent due hereunder.

19.7 At any time after a default by Tenant hereunder, and Tenant's failure to cure the default in accordance with Section 19.1, Landlord may seize and take possession of any and all personal property and equipment belonging to

Tenant which may be found in and upon the Premises. If Tenant fails to redeem the personal property and equipment so seized by payment of all sums due Landlord under and by virtue of this Lease, Landlord shall have the right, after forty-five (45) days' written notice to Tenant, to sell such personal property

and equipment so seized at public or private sale and upon such terms and conditions as to Landlord may appear advantageous. After the payment of all proper charges incident to such sale, the proceeds thereof shall be applied to the payment of any and all sums due to Landlord pursuant to this Lease. In the event there shall be any surplus remaining after the payment of all sums due to Landlord, such surplus shall be paid over to Tenant.

ARTICLE XX
BANKRUPTCY

20.1 The following shall be Events of Bankruptcy under this Lease:

(a)Tenant's becoming insolvent, as that term is defined in Title 11 of the United States Code (the "Bankruptcy Code"), or under the insolvency laws of any state, district, commonwealth or territory of the United States (the "Insolvency Laws");

(b) The appointment of a receiver or custodian for any or all of Tenant's property or assets, or the institution of a foreclosure action upon any of Tenant's real or personal property;

(c) The filing of a voluntary petition under the provisions of the Bankruptcy code or Insolvency Laws;

(d) The filing of an involuntary petition against Tenant as the subject debtor under the Bankruptcy Code or Insolvency Laws, which either, (i) is not dismissed within thirty (30) days of filing, or (ii) results in the issuance of an order for relief against the debtor; or

(e) Tenant's making or consenting to an assignment for the benefit of creditors or a common law composition of creditors.

20.2(a) Upon occurrence of an Event of Bankruptcy, Landlord shall have all rights and remedies available to Landlord pursuant to Article XIX: provided that while a case in which Tenant is the subject debtor under the Bankruptcy Code is pending and only for so long as Tenant or its Trustee in Bankruptcy (hereinafter referred to as "Trustee") is in compliance with the provisions of Sections 20.2(b), (c) and (d) below, Landlord shall not exercise its rights and remedies pursuant to Article XIX.

(b) [n the event Tenant becomes the subject debtor in a case pending under the Bankruptcy Code. Landlord's right to terminate this Lease pursuant to Section 20.2(a) shall be subject to the rights of Trustee to assume or assign this Lease. Trustee shall not have the right to assume or assign this Lease unless Trustee promptly, (i) cures all defaults under this Lease, (ii) compensates Landlord for monetary damages incurred as a result of such defaults, and (iii) provides adequate assurance of future performance on the part of Tenant as debtor in possession or on the part of the assignee tenant.

(c) Landlord and Tenant hereby agree in advance that adequate assurance of future performance, as used in Section 20.2(b) above, shall mean that all of the following minimum criteria must be met: (i) Tenant's gross receipts in the ordinary course of business during the thirty (30) day period immediately preceding the initiation of the case under the Bankruptcy Code must be at least two (2) times greater than the next monthly installment of annual base rent and additional rent due under this Lease; (ii) Both the average and median of Tenant's gross receipts in the ordinary course of business during the six (6) month period immediately preceding the initiation of the case under the Bankruptcy Code must be at least two (2) times greater than the next monthly installment of annual base rent and additional rent due under this Lease; (iii) Tenant must pay its estimated pro rata share of the cost of all services provided by Landlord (whether directly or through agents or contractors and whether or not previously included as part of the annual base rent), in advance of the performance or provision of such services; (iv) Trustee must agree that Tenant's business shall be conducted in a first class manner, and that no liquidating sales, auctions, or other non-first class business operations shall be conducted on the premises; (v) Trustee must agree that the use of the Premises as stated in this Lease will

remain unchanged and that no prohibited use shall be permitted; (vi) Trustee must agree that the assumption or assignment of this Lease will not violate or affect the rights of other tenants in the Office Building; (vii) Trustee must pay to Landlord at the time the next monthly installment of annual base rent is due under this Lease, in addition to such installment of annual base rent, an amount equal to the monthly installments of annual base rent and additional rent due under this Lease for the next six months under this Lease, said amount to be

held by Landlord in escrow until either Trustee or Tenant defaults in its payment of rent or other obligations under this Lease (whereupon Landlord shall have the right to draw on such escrowed funds) or until the expiration of this Lease (whereupon the funds shall be returned to Trustee or Tenant); and (viii) Tenant or Trustee must agree to pay to Landlord at any time Landlord is authorized to and does draw on the escrow account the amount necessary to restore such escrow account to the original level required by Section 20.2(c)(vii).

(d) In the event Tenant is unable to, (i) cure its defaults, (ii) reimburse the Landlord for its monetary damages, (iii) pay the rent due under this Lease and all other payments required of Tenant under this Lease on time (or within five (5) days of the due date) or, (iv) meet the criteria and obligations imposed by Section 20.2(c) above. Tenant agrees in advance that it has not met its burden to prove adequate assurance of future performance, and this Lease may be terminated by Landlord in accordance with Section 20.2(a) above.

ARTICLE XXI
SUBORDINATION

21.1 This Lease is subject and subordinate to the lien of any and all mortgages (which term "mortgages" shall include both construction and permanent financing and shall include deeds of trust and similar security instruments) which may now encumber the Office Building, and to all and any renewals, extensions, modifications, recastings or refinancing thereof. This Lease shall also be subject and subordinate to the lien of, (i) any new first mortgage that hereafter may encumber the Office Building, and (ii) any second or junior mortgages that may hereafter encumber the Office Building, provided the holder of the first mortgage consents to such subordination. At any time after the execution of this Lease, the holder of any mortgage to which this Lease is subordinate shall have the right to declare this Lease to be superior to the lien of such mortgage and Tenant agrees to execute all documents required by such holder in confirmation thereof.

21.2 In confirmation of the foregoing subordination, Tenant shall, at Landlord's request, promptly execute any requisite or appropriate certificate or other document within ten (10) business days of receipt of request. In the event Tenant fails to execute any such certificate or other document within said ten (10) day period. Tenant hereby constitutes and appoints Landlord as Tenant's attorney-in-fact to execute any such certificate or other document for or on behalf of Tenant. Tenant agrees that in the event any proceedings are brought for the foreclosure of any mortgage encumbering the Office Building, Tenant shall attorn to the purchaser at such foreclosure sale, if requested to do so by such purchaser, and shall recognize such purchaser as the Landlord under this Lease, and Tenant waives the provisions of any statute or rule of law, now or hereafter in effect, which may give or purport to give Tenant any right to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event any such foreclosure proceeding is prosecuted or completed.

21.3 Landlord agrees to use reasonable efforts to obtain from the current holder of the first mortgage or deed of trust on the Office Building a Subordination, Non-Disturbance and Attornment Agreement on such mortgagee's standard form which provides that, in the event of foreclosure or a transfer in lieu thereof, Tenant will not be disturbed in its possession so long as: (a) no uncured default after the applicable grace period (if any) has occurred on the part of Tenant under this Lease, and (b) Tenant attorns to the purchaser or transferee as landlord under this Lease, in which case this Lease shall, notwithstanding the foreclosure or transfer in lieu thereof, continue in full force and effect upon and subject to all terms, conditions, covenants and agreements of this Lease.

ARTICLE XXII
HOLDING OVER

22.1 In the event that Tenant shall not immediately surrender the Premises on the date of the expiration of the Lease Term, Tenant shall become a Tenant by the month at a monthly rent equal to one and one-half (1.5) times the

sum of the base rent and all additional rent in effect during the last month of the Lease Term. Said monthly tenancy shall commence on the first day following the expiration of the Lease Term. As a monthly tenant, Tenant shall be subject to all the terms, conditions, covenants and agreements of this Lease. Tenant

shall give to Landlord at least thirty (30) days' written notice of any intention to quit the Premises, and Tenant shall be entitled to thirty (30) days' written notice to quit the Premises, unless Tenant is in default hereunder, in which event Tenant shall not be entitled to any notice to quit, the usual thirty (30) days' notice to quit being hereby expressly waived. Notwithstanding the foregoing provisions of this Section 22.1, in the event that Tenant shall hold over after the expiration of the Lease Term, and if Landlord shall desire to regain possession of the Premises promptly at the expiration of the Lease Term, then at any time prior to Landlord's acceptance of rent from Tenant as a monthly tenant hereunder, Landlord, at its option, may forthwith re-enter and take possession of the Premises without process, or by any legal process in force in the Commonwealth of Virginia.

ARTICLE XXIII
COVENANTS OF LANDLORD

23.1 Landlord covenants that it has the right to make this Lease for the term aforesaid, and that if Tenant shall pay all rent when due and punctually perform ail the covenants, terms, conditions and agreements of this Lease to be performed by Tenant, Tenant shall, during the term hereby created, freely, peaceably and quietly occupy and enjoy the full possession of the Premises without molestation or hindrance by Landlord or any party claiming through or under Landlord, subject to the provisions of Section 23.2 hereof. Tenant acknowledges and agrees that its leasehold estate in and to the Premises vests on the date this Lease is executed, notwithstanding that the term of this Lease will not commence until a future date.

23.2 Landlord hereby reserves to itself and its successors and assigns the following rights (all of which are hereby consented to by Tenant): (i) to change the street address and/or name of the Office Building and/or the arrangement and/or location of entrances, passageways, doors, doorways, corridors, elevators, stairs, toilets, or other public parts of the Office Building; (ii) to erect, use and maintain pipes and conduits in and through the Premises; and (iii) to grant to anyone the exclusive right to conduct any particular business or undertaking in the Office Building. Landlord may exercise any or all of the foregoing rights without being deemed to be guilty of an eviction, actual or constructive, or a disturbance or interruption of the business of Tenant or of Tenant's use or occupancy of the Premises. Notwithstanding anything to the contrary, Landlord's rights shall not adversely affect Tenant's access to the Office Building or the Premises.

23.3 Landlord, at its cost, shall install fluorescent light fixtures as provided in Exhibit B attached hereto and all replacement tubes for such light fixtures; all other bulbs, tubes and lighting fixtures for the Premises shall be provided and installed by Landlord at Tenant's cost and expense.

23.4 Landlord shall warrant that, to the best of its actual knowledge, no hazardous substances are located in, or under the Building; provided, however, that Landlord hereby advises Tenant, and Tenant hereby acknowledges that water in the Building may contain lead at levels which are not in compliance with environmental laws. Landlord agrees that it shall provide bottled water to Tenant, its employees and invitees, until such time as the lead in the drinking water of the Office Building water coolers is returned to levels which comply with environmental laws. Tenant shall notify and advise its agents, employees, invitees, licensees, customers, clients, family members, guests and permitted subtenants that the water in the sinks of the common area restrooms is not in compliance with environmental laws and is not for cooking or consumption.

ARTICLE XXIV
GENERAL PROVISIONS

24.1 Tenant acknowledges that neither Landlord nor any broker, agent or employee of Landlord has made any representations or promises with respect to the Premises or the Office Building except as herein expressly set forth, and no rights, privileges, easements or licenses are being acquired by Tenant except as herein expressly set forth.

24.2 Nothing contained in this Lease shall be construed as creating a partnership or joint venture of or between Landlord and Tenant, or to create any other relationship between the parties hereto other than that of Landlord and Tenant.

24.3 Landlord recognizes Smithy Braedon and The Rome Group, Inc. as the sole brokers procuring this Lease and shall pay said brokers a commission pursuant to a separate agreement between said brokers and Landlord. Landlord and Tenant each represent and warrant to the other that, except as provided above, neither of them has employed or dealt with any broker, agent or finder in carrying on the negotiations relating to this Lease. Tenant shall indemnify and hold Landlord harmless from and against any claim or claims for brokerage or other commissions asserted by any broker, agent or finder engaged by Tenant or with whom Tenant has dealt, other than the brokers named in the first sentence of this Section 24.3.

24.4 Tenant agrees, at any time and from time to time, upon not less than ten (10) business days' prior written notice by Landlord, to execute, acknowledge and deliver to Landlord a statement in writing, (i) certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the Lease is in full force and effect as modified and stating the modifications); (ii) stating the dates to which the rent and any other charges hereunder have been paid by Tenant; (iii) stating whether or not, to the best knowledge of Tenant, Landlord is in default in the performance of any covenant, agreement or condition contained in this Lease, and if so, specifying the nature of such default; and (iv) stating the address to which notices to Tenant are to be sent. Any such statement delivered by Tenant may be relied upon by any owner of the Office Building or the land upon which it is situated, any prospective purchaser of the Office Building or such land, any mortgagee or prospective mortgagee of the Office Building or such land or of Landlord's interest therein, or any prospective assignee of any such mortgagee.

24.5 In the event that Landlord fails to comply with any provision of this Lease, Tenant shall take no action of any kind to remedy such failure unless and until Tenant has given both Landlord and the then-current holder of the first deed of trust secured by the Office Building written notice of the nature of such failure and a reasonable time in which to correct such failure.

24.6 Landlord and Tenant each hereby waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other in connection with any matter arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant hereunder, Tenant's use or occupancy of the Premises, and/or any claim of injury or damage.

24.7 All notices or other communications required hereunder shall be in writing and shall be deemed duly given if delivered in person (with receipt therefor), or if sent by certified or registered mail, return receipt requested, postage prepaid, to the following addresses: (i) if to Landlord at 1519 Old Bridge Road, Suite 101, Woodbridge, Virginia 22192 or at such other address as may be communicated to Tenant in writing by any assignee of Landlord, (ii) if to Tenant, at the Premises, except that prior to the Lease Commencement Date, notices to Tenant shall be sent to such address as Tenant shall designate and inform Landlord. Either party may change its address for the giving of notices given in accordance with this Section.

24.8 If any provision of this Lease or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

24.9 Feminine or neuter pronouns shall be substituted for those of the masculine form, and the plural shall be substituted for the singular number, in any place or places herein in which the context may require such substitution.

24.10 The provisions of this Lease shall be binding upon, and shall inure to the benefit of, the parties hereto and each of their respective representatives, successors and assigns, subject to the provisions hereof restricting assignment or subletting by Tenant.

24.11 This Lease contains and embodies the entire agreement of the parties hereto and supersedes all prior agreements, negotiations and discussions between the parties hereto. Any representations, inducement or agreement that is not contained in this Lease shall not be of any force or effect. This Lease may not be modified or changed in whole or in part in any manner other than by an instrument in writing duly signed by both parties hereto.

24.12 This Lease shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

24.13 Article and section headings are used herein for the convenience of reference and shall not be considered when construing or interpreting this

Lease.

24.14 The submission of any unsigned copy of this document to Tenant for Tenant's consideration does not constitute an offer to lease the Premises or an option to or for the Premises. This document shall become effective and binding only upon the execution and delivery of this Lease by both Landlord and Tenant.

24.15 Time is of the essence of each provision of this Lease.

24.16 This Lease is being executed in multiple counterparts, each of which shall be deemed an original and ail of which together shall constitute one and the same document.

24.17 This Lease shall not be recorded, except that upon the request of either party, the parties agree to execute, in recordable form, a short-form memorandum of this Lease, provided that such memorandum shall not contain any of the specific rental terms set forth herein. Such memorandum may be recorded in the land records of Fairfax County, Virginia and the party desiring such recordation shall pay all recordation costs.

24.18 The rentable area in the Office Building and in the Premises shall be determined in accordance with the 1989 Washington Board of Realtors Standard Floor Area Measure.

24.19 This Lease includes twenty-one (21) pages and incorporates Exhibits A, B and C attached hereto.

24.20 Joan P. Cahill. Executive Vice President of Landlord is a licensed Virginia Real Estate Broker with the firm of Aeromaritime Company Real Estate, Ltd., T/A ACRE, Ltd.

IN WITNESS WHEREOF. Landlord and Tenant have executed this Lease on or as of the day and year first above written.

ATTEST:

/s/ James B. Parker
_____

LANDLORD:
Aeromaritime Investment Company

By: /s/ Joan P. Cahill
_____
Joan P. Cahill
Its: Executive Vice President

ATTEST:

/s/ Eugene Blackwell
_____

TENANT:
Information Analysis, Inc.

By: /s/ Richard S. DeRose
_____

Executive Vice President
Its: _____

EXHIBIT A TO THE LEASE BETWEEN
INFORMATION ANALYSIS, INC. and AEROMARITIME INVESTMENT COMPANY

THE PREMISES

PART A OF THE PREMISES

<GRAPHIC APPEARS HERE>

PAGE 1 OF 2

PART B OF THE PREMISES

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EXHIBIT B TO THE LEASE BETWEEN
INFORMATION ANALYSIS, INC.
AND
AEROMARITIME INVESTMENT COMPANY

TENANT IMPROVEMENTS

PART A OF THE PREMISES

1) Landlord, at Landlord's sole cost and expense, shall: (i) provide all architectural, engineering and working drawings and building permits required to complete the tenant improvements for Part A of the Premises as set forth in this Exhibit B and Exhibit B-1 attached hereto, and (ii) construct the tenant improvements pursuant to the plan (hereinafter referred to as the "Part A Plan") dated December 6, 1996 prepared by JCA Architects and approved on December 10, 1996 by Richard S. DeRose, Executive Vice President of Information Analysis, Inc. and in accordance with all applicable building and fire codes, utilizing the following finishes:

A) Drywall partitioning pursuant to Exhibit B-1. All walls to receive two coats of paint in Tenant's choice of color from Building standard colors with one color to be used throughout.

B) One oak veneer, solid core double suite entry door and two oak veneer, solid core single suite entry doors

C) Solid core, hardboard interior doors with metal jambs and Building standard hardware. Doors and jambs will be painted to match wall color.

D) Philadelphia Impact III Carpet, 30 ounce weight throughout (except in galleys and shower area), in Tenant's choice of color from standard available colors. Reception Area and Conference Room #1 to receive a carpet border in Philadelphia Impact III Carpet around the perimeter of each area.

E) Galley 1 and 2 to receive Armstrong vinyl tile in Tenant's choice of color from Building standard colors.

F) Shower area to receive white ceramic tile.

G) 4" vinyl cove base throughout in Tenant's choice of color from Building standard colors.

H) Ceilings will be finished with Building standard 2' x 2' suspended acoustical tile.

I) Horizontal thin line venetian blinds as presently installed at all windows except sliding glass doors.

J) All areas (except Reception Area and Conference Room #1) to receive 2' x 4' fluorescent ceiling light fixtures. Reception Area to receive six 2' x 4' parabolic light fixtures and four directional high-hat light fixtures. Conference Room #1 to receive six 2' x 4' parabolic light fixtures and eight directional high-hat light fixtures.

K) All areas to receive reasonable electrical outlets, light switches and telephone/data outlets as set forth in Part A Plan. In the event Tenant decides to utilize systems furniture, Tenant agrees that Landlord shall not be responsible for obtaining any required permits from Fairfax County for the installation of Tenant's systems furniture. Tenant, at Tenant's sole expense, shall obtain any such required permits. Tenant's failure to obtain any such required permits shall not delay the Lease Commencement Date.

L) One roof mounted supplemental air-conditioning unit to serve the Computer Room.

M) Galley 1 and 2 will to receive Merillat Homestead Oak cabinets, a laminate countertop in Tenant's choice of color from Building standard colors, a stainless steel sink and faucet. Galley 1 to receive 1/2" cold water line with backflow preventer to ice maker of Tenant provided refrigerator. Tenant to provide an undercounter refrigerator in Galley 2.

N) Workroom to receive a 30" deep countertop along south wall with two shelves above.

O) Shower area to receive one handicapped accessible shower and lavatory.

2) Landlord shall provide a tenant improvement allowance of $15.00 per rentable square of space leased in Part B of the Premises with which Landlord shall: (i) provide all architectural, engineering and working drawings and building permits to complete the tenant improvements for Part B of the Premises as set forth in this Exhibit B and Exhibit B-2 attached hereto, and (ii) construct the tenant improvements pursuant to the plan (hereinafter referred to

as the "Part B Plan") dated December 11, 1996 prepared by JCA Architects and approved on December 16, 1996 by Richard S. DeRose. Executive Vice President of Information Analysis, Inc. and in accordance with all applicable building and fire codes, utilizing the following finishes:

A) Drywall partitioning pursuant to Exhibit B-2. All walls to receive two coats of paint in Tenant's choice of color from Building standard colors with one color to be used throughout.

B) Two oak veneer, solid core single suite entry doors.

C) Solid core, hardboard interior doors with metal jambs and Building standard hardware. Doors and jambs will be painted to match wall color.

D) Philadelphia Volunteer 20 loop carpet, 20 ounce weight throughout (except in the kitchen) in Tenant's choice of color from standard available colors.

E) Kitchen to receive Armstrong vinyl tile in Tenant's choice of color from Building standard colors.

F) 4" vinyl cove base throughout in Tenant's choice of color from Building standard colors.

G) Ceilings will be finished with Building standard 2' x 2' suspended acoustical tile.

H) Horizontal thin line venetian blinds as presently installed at all windows.

I) 2' x 4' fluorescent ceiling light fixtures, electrical outlets, light switches and telephone/ date outlets as set forth in Part B Plan.

J) Kitchen to receive Merillat Homestead Oak cabinets, a laminate countertop in Tenant's choice of color from Building standard colors, a stainless steel sink and faucet. Tenant to provide an undercounter refrigerator.

K) Demo Room to receive two 6' x 4' windows inset into the wall pursuant to Exhibit B-2.

Tenant hereby acknowledges and agrees that the cost of the tenant improvements set forth in Exhibit B for Part B of the Premises exceeds the $15.00 per rentable square foot allowance provided by Landlord. Tenant hereby agrees to pay Landlord in full within five days of receipt of an invoice for the total amount by which the tenant improvements exceed the $15.00 allowance. It is presently estimated that the excess to be paid by Tenant is approximately $5,000.00, however the amount may exceed or be less than that amount. Tenant's failure to make timely payment to Landlord for the excess cost shall be considered a default as the term is defined in the Lease.

3) For purposes of this Lease, a Tenant delay shall mean any delay which causes a delay in the substantial completion of Landlord's work and/or the issuance of a Certificate of Occupancy for the Premises which are a result of any of the following:

a) Changes in or modifications to the architectural drawings which are requested by Tenant.

b) Changes in or modifications to the engineering or working drawings which are requested by Tenant.

c) Tenant's failure to provide information and finish and/or color selections as requested by Landlord.

d) Tenant's request for work, materials or finishes outside the scope of work in Paragraph 1 of this Exhibit B.

e) The performance by a person, firm or corporation employed or engaged by Tenant with Landlord's written consent and the completion of work by such persons, firms or corporations, or any delay such persons, firms or corporations cause in the work on the Premises being performed by the Office Building general contractor, its subcontractors and materialsmen or employees

of Landlord.

4) In the event of any Tenant delay which delays the issuance of a Certificate of Occupancy for the Premises, Landlord shall be entitled to: i) schedule the Lease Commencement Date for the date on which the Lease Commencement Date would otherwise have occurred but for such Tenant delay or, ii) extend the Lease Commencement Date to a later date in which event Tenant shall pay to Landlord on such extended Lease Commencement Date per diem liquidated damages for each day of delay equal to the per diem rent as specified in Article III, Section 3.1 of the Lease.

EXHIBIT B-1

PART A OF THE PREMISES

<GRAPHIC APPEARS HERE>

EXHIBIT B-2

PART B OF THE PREMISES

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EXHIBIT C TO THE LEASE BETWEEN

INFORMATION ANALYSIS, INC.
and
AEROMARITIME INVESTMENT COMPANY

RULES AND REGULATIONS

1) The sidewalks, halls, passages, exits, entrances, lobbies, elevators, and stairways of the Office Building shall not be obstructed by any of the tenants or used by them for any purpose other than for ingress to and egress from their respective premises. The halls, passages, exits, entrances, lobbies, elevators and stairways are not for the general public and Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence the judgment of Landlord would be prejudicial to the safety, character, reputation and interest of the Office Building and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. No tenant and no employee or invitee of any tenant shall go upon the roof of the Office Building. Landlord shall have the right at any time without incurring any liability to Tenant therefor to change the arrangement and/or location of entrances of passageways, doors or doorways, corridors, toilets or other common areas of the Office Building, provided such does not adversely effect Tenant's business.

2) No sign, placard, picture, name, advertisement or notice visible from the exterior of any tenant's premises shall be inscribed, painted, affixed or otherwise displayed by any tenant on any part of the Office Building without the prior written consent of Landlord. All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of Landlord by a person approved by Landlord. Material visible from outside the Office Building will not be permitted. Landlord to provide building standard signage for suite entry door at Landlord's sole cost.

3) The Premises shall not be used for the storage of merchandise held for sale to the general public or for lodging. No cooking shall be done or permitted on

the Premises except by private use by Tenant of Underwriter's Laboratory approved equipment, including microwave oven, for brewing coffee, tea, hot chocolate and similar beverages provided that such use is in accordance with all applicable Federal, state and municipal laws, codes, ordinances, rules and regulations.

4) No tenant shall employ any person or persons other that the janitor of Landlord for the purpose of cleaning its premises unless otherwise agreed to by Landlord in writing. Except with the written consent of Landlord, no person or persons other than those approved by Landlord shall be permitted to enter the Office Building for the purpose of cleaning the same. No tenant shall cause any unnecessary labor by reason of such tenant's carelessness or indifference in the preservation of good order and cleanliness. Landlord shall not be responsible to any tenant for any loss of property on its premises, however occurring, or for any damage done to the effects of any tenant by the janitor or any other employee or any other person.

5) Landlord has entered into an agreement with Honeywell for the furnishing of a key type access system to the Office Building. Tenant will be provided with one (1) key type access card for each 600 square feet of rentable area in the Premises at Landlord's expense. Any additional access cards requested by Tenant shall be at Tenant's expense. These access cards permit entry in the Office Building lobby. Landlord has also agreed with Honeywell to provide each tenant with a keyswitch tenant entry system. Tenant may upgrade, at Tenant's own expense, this individual system with Landlord's prior written approval only. Landlord accepts no liability whatsoever for delays in installation of the equipment, or for interruption of service due to strikes, riots, floods, fires, acts of God, or any causes beyond its control. Tenant agrees to indemnify and hold harmless Landlord, Honeywell its successors and assigns, from any loss, cost or expense on account of any claims for damages by any person arising out of or in connection with the operation or non-operation of the system. Tenant understands that Honeywell is not an insurer; Tenant shall provide its own contents insurance. Tenant acknowledges that neither Landlord nor Honeywell make any guarantee or warranty including any implied warranty of merchantability or fitness that the system supplied will

avert or prevent occurrences or consequences therefrom which this system is designed to divert or detect. Tenant agrees to supply Landlord and Honeywell a current list of employees and will immediately notify same of any changes. No tenant shall alter any portion of the entry system on any door of its premises. Each tenant, upon the termination of its lease, shall deliver to Landlord all key type access cards to doors in the Office Building.

6) Landlord shall designate appropriate entrances and a service elevator for deliveries or other movement to or from the Premises of equipment, materials, supplies, furniture or other property, and Tenant shall not use any other entrances or elevators for such purposes. The service elevator shall be available for use by all tenants in the Office Building, subject to such reasonable scheduling as Landlord in its discretion shall deem appropriate. All persons employed and means or methods used to move equipment, materials, supplies, furniture or other property in or out of the Office Building must be approved by Landlord prior to any such movement. Landlord shall have the right to prescribe the maximum weight, size and position of all equipment, materials, furniture or other property brought into the Office Building. Heavy objects shall, if considered necessary by Landlord, stand on a platform of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss or damage to any such property from any cause, and all damage done to the Office Building by moving or maintaining such property shall be repaired at the expense of the Tenant.

7) No tenant shall use or keep in its premises or the Office Building any kerosene, gasoline or inflammable or combustible fluid or material other than limited quantities thereof reasonably necessary for the operation or maintenance of office equipment. No tenant shall use any method of heating or air conditioning other than that supplied by Landlord. No tenant shall use or keep or permit to be used or kept any foul or noxious gas or substance in its premises, or permit or suffer its premises to be occupied of use in a manner offensive or objectionable to Landlord or other occupants of the Office Building by reason of noise, odors or vibrations, or interfere in any way with other tenants or those having business in the Office Building, nor shall any animals or birds be brought into or kept in its premises or the Office Building.

8) Landlord shall have the right, exercisable without notice and without liability to any tenant, to change the name or street address of the Office Building, so long as such change is initiated by Fairfax County or any other governmental agency.

9) Landlord establishes the hours 8:00 AM to 6:00 PM of each weekday and 9:00 AM

to 1:00 PM on Saturday as reasonable and usual business hours. If Tenant requests electricity or heat or air-conditioning during any hours other that those stated and if Landlord is able to provide the same, Tenant shall pay Landlord such charges as Landlord shall establish from time to time for providing such services during such hours. Any such charges which Tenant is obligated to pay shall be deemed to be additional rent under the Lease.

10) Landlord reserves the right to exclude from the Office Building between the hours of 6:00 PM and 8:00 AM and at all hours on Sundays and legal holidays all persons who do not present identification acceptable to Landlord. Tenant shall be liable to Landlord for all acts of any persons authorized by Tenant to enter the Premises. Landlord shall in no case be liable for damages for any error with regards to the admission to or exclusion from the Office Building of any person. In the case of invasion, mob, riot, public excitement or other circumstances rendering such action advisable in Landlord's opinion, Landlord reserves the right to prevent access to the Office Building during the continuance of the same by such action as Landlord may deem appropriate, including closing doors.

11) A directory of the Office Building will be provided for the display of the name and location of the tenants at the expense of Landlord. Landlord reserves the right to restrict the amount of directory space utilized by any tenant.

12) No curtains, draperies, blinds (except building standard blinds), shutters, shades, screens or other coverings, hangings or decorations shall be attached to, hung or placed in, or used in connection with any window of the Office Building without the prior written consent of Landlord which consent shall not be unreasonably withheld, conditioned or delayed. In any event, with the prior consent of Landlord, such items shall be installed on the office side of Landlord's standard window covering and shall in no way be visible from the exterior of the Office Building. Tenant shall use due diligence to keep window coverings closed when the effect of sunlight (or lack thereof) would impose unnecessary loads on the Office Building's heating or air-conditioning systems.

13) No tenant shall obtain for use in its premises ice, drinking water, food. beverage, towel or other similar services, except at such reasonable hours and under such reasonable regulations as may be fixed by Landlord.

14) Each tenant shall use due diligence to ensure that the doors of its premises are closed and locked and that all water faucets, water apparatus and utilities are shut off before Tenant or Tenant's employees leave the Premises so as to prevent waste or damage, and for any default or carelessness in this regard, Tenant shall make good all injuries sustained by other tenants or occupants of the Office Building or Landlord. On multiple-tenancy floors, all tenants shall keep the doors to the Office Building corridors closed at all times except for ingress and egress.

15) The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than for which they were constructed, no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees or invitees, shall have caused it.

16) Except with the prior written consent of Landlord, no tenant shall sell retail newspapers, magazines, periodicals, theater or travel tickets or any other goods or merchandise to the general public in or on its premises, nor shall any tenant carry on or permit or allow any employee or other person to carry on the business of stenography, typewriting, printing or photocopying or any similar business in or from its premises for the service or accommodation of occupants of any other portion of the Office Building, nor shall the premises of any tenant be used for manufacturing of any kind, or any business or activity other than that specifically provided for in such tenant's lease.

17) No tenant shall install any radio or television antenna, loudspeaker, or other device on the roof or exterior walls of the Office Building without the prior written consent of the Landlord which consent shall not be unreasonably withheld. Landlord's consent shall be conditioned upon receipt from Tenant of written specifications pertaining to the type of device to be installed and the location of installation thereof. It shall not be unreasonable for Landlord to withhold its consent if Landlord determines in its sole discretion that such installation will negatively affect the Office Building and/or its tenants. No television, radio or recorder shall be played in such a manner as to cause a nuisance to any other tenant.

18) There shall not be used in any space, or in the public halls of the Office Building, either by any tenant or others, any hand trucks except those equipped with rubber tires and side guards or such other material handling equipment as Landlord may approve. No other vehicles of any kind shall be brought by any

tenant into the Office Building or kept in or about its premises.

19) Each tenant shall store all its trash and garbage within its premises. No material shall be placed in the trash boxes or receptacle if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of Office Building trash and garbage in Fairfax County without being in violation of any law or ordinance governing such disposal. All garbage and refuse disposal shall be made only through entry ways and elevators provided for such purposes and at such times as Landlord shall designate.

20) Tenants shall not do, or permit anything to be done in or about the Office Building, or bring or keep anything therein, that will in any way increase the rate of fire or other insurance on the Office Building, or on property kept therein, or obstruct or interfere with the rights of, or otherwise injure or annoy, other tenants, or do anything in conflict with the valid pertinent laws, rules or regulations of any governmental authority.

21) Canvassing, soliciting, distribution of handbills or any other written material and peddling in the Office Building are prohibited, and each tenant shall cooperate to prevent the same.

22) The non standard building requirements of tenants will be attended to only upon application in writing at the office of the Office Building. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord.

23) Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, or prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Office Building.

24) These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the agreements, covenants, conditions and provisions of any lease of premises in the Office Building.

25) Landlord reserves the right to make such other reasonable rules and regulations as in its judgment may from time to time be needed for the safety, care and cleanliness of the Office Building and for the preservation of good order therein.

ADDENDUM # 1

LEASE COMMENCEMENT ADDENDUM

LEASE AGREEMENT

FAIR CENTER OFFICE BUILDING

FAIRFAX, VIRGINIA

THE FOLLOWING SPECIAL PROVISIONS are attached to and hereby made a part of the Lease Agreement dated December 20, 1996 between Aeromaritime Investment Company (hereinafter referred to as "Landlord") and Information Analysis, Inc. (hereinafter referred to as "Tenant"), for space in the Fair Center Office Building located at 11240 Waples Mill Road, Fairfax, Virginia:

1) In accordance with Article II, Section 2.3 of the Lease, Landlord and Tenant hereby establish February 28, 1997 as the Lease Commencement Date for the Premises. Landlord and Tenant further hereby agree that the Lease Term will expire on February 29, 2004.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Addendum #1 to Lease on this 3rd day of March, 1997.

ATTEST:

/s/ Sally Tran

LANDLORD:
Aeromaritime Investment Company

By /s/ Joan P. Cahill
Its: Executive Vice President

ATTEST:

/s/ Sally Tran

TENANT:
Information Analysis, Inc.

By /s/ Richard S. DeRose
Richard S. DeRose
Its: Executive Vice President

EXHIBIT 10.2

(Aetna Logo Goes Here)

AETNA LIFE INSURANCE AND ANNUITY COMPANY

HOME OFFICE: 151 Farmington Avenue
Hartford, Connecticut 06156
(800) 223-5422

Aetna Life Insurance and Annuity Company, herein called Aetna, agrees to pay the benefits stated in this Contract.

SPECIFICATIONS
Plan
INFORMATION ANALYSIS INC. 401(K) PROFIT SHARING PLAN
Type of Plan
ALLOCATED PENSION OR PROFIT SHARING PLAN

Contract Holder
TRUSTEES OF INFORMATION ANALYSIS INC. 401(K) PROFIT SHARING PLAN

Group Contract No.
PH0052

.-

Effective Date
NOVEMBER 10, 1993

This Contract is Delivered in VIRGINIA and is Subject to the Laws of that Jurisdiction

THE VARIABLE FEATURES OF THE GROUP CONTRACT ARE DESCRIBED IN PART IV.

RIGHT TO CANCEL

The Contract Holder may cancel this Contract within 10 days of receiving it by returning this Contract along with a written notice to Aetna at the above address or to the agent from whom it was purchased. Within 7 days after it receives the notice of cancellation and this Contract at its Home Office, Aetna will return the entire consideration paid plus any increase or minus any decrease in the current value of any funds allocated to the Separate Account.

This page, the following pages, and the application make up the entire Contract.

Signed at the Home Office on the Effective Date.

/s/ Gary G. Benanav	/s/ George N. Gingold
Gary G. Benanav	George N. Gingold
President	Secretary

Multiple Asset Portfolio (MAP) V-Allocated
Group Annuity Contract
Nonparticipating

ALL PAYMENTS AND VALUES PROVIDED BY THE GROUP CONTRACT, WHEN BASED ON INVESTMENT EXPERIENCE OF A SEPARATE ACCOUNT, ARE VARIABLE AND ARE NOT GUARANTEED AS TO FIXED DOLLAR AMOUNT. THIS CONTRACT CONTAINS MARKET VALUE ADJUSTMENT FORMULAS. APPLICATION OF A MARKET VALUE ADJUSTMENT TO THE GAA MAY RESULT IN EITHER AN INCREASE OR DECREASE IN THE CURRENT VALUE. THE MARKET VALUE ADJUSTMENT FORMULA DOES NOT APPLY TO A GUARANTEED TERM AT THE TIME OF ITS MATURITY. APPLICATION OF A MARKET VALUE ADJUSTMENT TO THE FIXED ACCOUNT MAY RESULT IN A DECREASE IN THE CURRENT VALUE.

SPECIFICATIONS (continued)

GUARANTEED There are guaranteed interest rates for amounts held

INTEREST RATE	in the Fixed Account and the Guaranteed Accumulation Account. (See 4.02 and 4.03(d).)
INSTALLATION CHARGE	This Contract may be subject to an Installation Charge. (See Contract Specifications and 4.08.)
DEDUCTION FROM PURCHASE PAYMENT(S)	Purchase Payment(s) are subject to deductions for premium taxes and conversion charges, if any. (See 3.01.)
DEDUCTIONS FROM THE SEPARATE ACCOUNT	A Daily Asset Charge expressed as an annual rate of Current Value will be deducted for Aetna's expense risks, which may include profit. (See 4.05.) The Daily Asset Charge varies by the total value of assets held under this Contract and certain other related contracts. (See Contract Specifications).
SURRENDER CHARGE	Certain withdrawals from this Contract may be subject to a Surrender Charge. (See Contract Specifications and 7.04.)

This Contract is a legal contract and constitutes the entire legal relationship between Aetna and the Contract Holder.

READ THIS CONTRACT CAREFULLY. This Contract sets forth, in detail, all of the rights and obligations of both you and Aetna. IT IS, THEREFORE, IMPORTANT THAT YOU READ THIS CONTRACT CAREFULLY.

SPECIFICATIONS

(continued)

Contract Holder TRUSTEES OF INFORMATION ANALYSIS INC. 401(K) PROFIT SHARING PLAN

Group Contract No. PH0052

I. Installation Charge (See 4.08) $ 0

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II. Amount of Daily Asset Charge Expressed as an annual percentage	CURRENT VALUE OF ALL PLAN ACCOUNTS	ASSET CHARGE
	Less than $400,000	1.25%
	$400,000 but less than $1 million	1.05%
	$1 million but less than $5 million	.95%
	$5 million but less than $10 million	.85%
	More than $10 million	.85%

</TABLE>

This Asset Charge does not reflect the charge to a Split-Funded Plan (see 2.03). The Daily Asset Charge will be adjusted (up or down) no less often than annually in accordance with Aetna's existing administrative practice to reflect changes in the Current Value of all Plan Accounts. See 8.12 for rules permitting the aggregation of Plan Accounts with certain other contracts issued by Aetna for purposes of satisfying the Current Value breakpoints shown above. The Daily Asset Charge does not include investment advisory fees charged by a Fund investment manager. The investment advisory fee is disclosed in the applicable Fund prospect.

III. Maintenance Fee Deduction	The Participant Accounts maintained under this Contract may have multiple asset accounts (see 3.02). The Participant Account Maintenance Fee will be deducted from the employer profit sharing (unless paid directly by the contract holder) asset account. (See 4.09)

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IV. Surrender Charge (See 7.04)	Contract Years Completed	Surrender Charge
	Less than 1	5%
	1 but less than 2	4%

2 but less than 3	3%
3 but less than 4	2%
4 but less than 5	1%
more than 5	0%

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I. GENERAL DEFINITIONS

II. PLAN ADMINISTRATIVE SERVICES

III. PURCHASE PAYMENT AND PLAN ACCOUNTS

I. GENERAL DEFINITIONS

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1.01	ANNUITANT:	A person on whose life an Annuity has been effected under this Contract.
1.02	ANNUITY:	Payment of an income: (a) For the life of one or two persons; (b) For a stated period; or (c) For some combination of (a) and (b).
1.03	CODE:	The Internal Revenue Code of 1986, as it may be amended from time to time
1.04	CONTRACT HOLDER:	The Contract Holder will be either a Single Plan Contract Holder (see 1.26) or a Sub-Contract Holder (see 1.28).
1.05	CONTRACT YEAR:	The period of 12 months measured from the date the first Net Purchase Payment is applied to the Contract or from any anniversary of such date.
1.06	CURRENT VALUE:	See 4.01.
1.07	DEPOSIT PERIOD:	See 4.03(a).
1.08	GENERAL ACCOUNT:	The account holding the assets of Aetna, other than those assets held in a Separate Account or a Nonunitized Separate Account.
1.09	GOOD ORDER:	An authorized Participant or Contract Holder instruction to Aetna is in Good Order when given with such clarity and completeness that Aetna is not required to exercise any discretion, utilizing such forms as Aetna may require.
1.10	GROUP TRUST CONTRACT HOLDER:	The trustees of a group trust which (a) acquires this Contract, (b) limits participation to Pension and Profit Sharing Plans and Trusts qualified under Section 401 (a) of the Code and exempt from tax under Section 501 (a) of the Code, and (c) which is intended to meet the requirements of Internal Revenue Service Revenue Ruling 81-100, as modified or superseded.
1.11	GUARANTEED ACCUMULATION ACCOUNT (GAA):	An accumulation option which guarantees a stipulated rate of interest for a specified period of time.
1.12	FIXED ACCOUNT:	An accumulation option with a guaranteed minimum interest rate. Aetna may credit a higher rate which is not guaranteed.
1.13	FIXED ANNUITY:	An Annuity with payments which do not vary in amount.
1.14	Fund(s):	The open-end, registered, management investment companies (mutual funds) made available by Aetna under this Contract.
1.15	MARKET VALUE ADJUSTMENT (MVA):	See 7.02(b) for the Fixed Account Market Value Adjustment; see 7.03(b) for the GM Market Value Adjustment.

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1.16	MATURED TERM VALUE:	The amount payable on a GM Term's Maturity Date.
1.17	MATURITY DATE:	The last day of a GM Term.
1.18	NONUNITIZED SEPARATE ACCOUNT:	A separate account set up by Aetna under Title 38a, Section 38a-433, of the Connecticut General Statutes to hold assets for GM Terms. See 4.03(c) and (9). Aetna owns the assets held in such an account and is not a trustee as to the amounts held. The assets in such account may be charged with other Aetna liabilities.
1.19	PARTICIPANT:	A person who participates in the Plan named on the cover page of this Contract or in the Plan named on the cover page of the Sub-Contract Holder Certificate.
1.20	PARTICIPANT ACCOUNT:	See 3.02.
1.21	PLAN:	The Plan named on the Contract or Certificate cover page. The Plan is not a part of the Contract. Aetna is not bound by the terms of the Plan.
1.22	PLAN ACCOUNT:	Participant Accounts, Separated Employee Accounts, and Trustee Accounts.

1.23	PURCHASE PAYMENTS:	Payments made to Aetna for allocation to Plan Accounts under this Contract.
1.24	SEPARATE ACCOUNT:	An account set up by Aetna under Title 38a, Section 38a-433, of the Connecticut General Statutes which buys and holds shares of the Fund(s). Income, gains or losses, realized or unrealized are credited or charged to this account without regard to other income, gains or losses of Aetna. Aetna owns the assets held in such an account and is not a trustee as to the amounts held. These accounts generally are not guaranteed and assets therein are held at market value. The assets of such accounts to the extent of reserves and other contract liabilities of the account, shall not be charged with other Aetna liabiiities.
1.25	SEPARATED EMPLOYEE ACCOUNT:	See 3.06.
1.26	SINGLE PLAN CONTRACT HOLDER:	The trustees of a Pension or Profit Sharing Plan and Trust which (a) acquires this Contract, (b) is adopted by an employer or by a controlled group or affiiiated service group of employers, and (c) which is qualified under Section 401 (a) of the Code and exempt from tax under Section 501 (a) of the Code.
1.27	SPLIT-FUNDED PLAN:	A Plan which offers Participants investment options not provided under this Contract, excluding investment options no longer accepting payments and scheduled to convert to this Contract.
1.28	SUB-CONTRACT HOLDER:	The trustees of a Pension or Profit Sharing Plan and Trust which (a) is quaiified under Section 401(a) of the Code and exempt from tax under Section 501 (a) of the Code, (b) has

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1.28	SUB-CONTRACT HOLDER (Cont'd):	adopted the group trust of the Group Trust Contract Holder as part of such plan and trust, and (c) has agreed in writing to be bound by the provisions of the group trust and this Contract.
1.29	SURRENDER:	See 7.01.
1.30	Term:	See 4.03(b) and 4.03(c).
1.31	TRUSTEE ACCOUNT:	See 3.05.
1.32	VALUATION PERIOD (Period):	The period of time for which a Fund determines its net asset value, usually from 4:15 p.m. Eastern Time each day the New York Stock Exchange is open until 4:15 p.m. the next such day, or such other day that one or more of the Funds determines its net asset value.

II. PLAN ADMINISTRATIVE SERVICES

2.01	GENERAL:	The person or entity designated as administrator in the Plan document is primarily responsible for Plan administration. Aetna is not the Plan Administrator. Aetna will provide certain services to the Plan as set forth herein and as selected by the Contract Holder. The amount of the Daily Asset Charge wiil be affected by the level of service provided by Aetna and/or its licensed representatives under this Contract.
2.02	ADDITLONAL SERVICES:	Aetna or its licensed representatives wiil provide certain basic enrollment and administrative services to the Plan, under this Contract. The full range of such services to be provided to the Plan by Aetna will be disclosed to the Contract Holder on or before the Effective Date. Aetna and the Group Trust Contract Holder or the Single Plan Contract Holder, as appropriate, may agree in writing to have additional services provided to the Plan by Aetna or its licensed representatives. At the option of the Contract Holder, the cost of such additional services may be billed directly or assessed in conjunction with the Maintenance Fee. With Aetna's consent, the cost of such additional service may be included as an adjustment to the Daily Asset Charge deducted from a Separate Account or as an adjustment to the

interest credited to the Fixed Account and GAA.

2.03	SPILT-FUNDED PLANS:	For Split-Funded Plans the Daily Asset Charge, when expressed as an annual percentage rate, shall be .10 percentage points higher than that of Plans which offer Participants only the investment options provided under this Contract. Aetna credits a lower Fixed Account rate of interest for such Plans. If a Plan becomes a Split-Funded Plan after the Effective Date, the higher Daily Asset Charge and the new Fixed Account credited rate will become effective in accordance with Aetna's existing administrative practice, but in no event later than the first day of the next succeeding Contract Year. If a Plan ceases being Split-Funded, the lower Daily Asset Charge and the new Fixed Account credited rate will become effective in

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2.03	SPLIT-FUNDED PLANS (Cont'd):	Aetna's existing administrative practice, but in no event later than the first day of the next succeeding Contract Year. The Group Trust Contract Holder or the Single Plan Contract Holder, as appropriate, must inform Aetna whether its Plan offers Participants investment options not provided under this Contract.

III. PURCHASE PAYMENT AND PLAN ACCOUNTS

3.01	NET PURCHASE PAYMENT(S):	The actual Purchase Payment(s) less premium tax and charges due at conversion, if any. As a rule, Aetna will deduct the premium tax when Annuity benefits are purchased (see Part VI). If Aetna determines that a premium tax is due when Purchase Payments are received or at any other time, it will deduct the tax at that time. Conversion charges may arise when any Purchase Payment is derived from the cancellation of any contract or policy issued by Aetna or any of its affiiiates (see 8.13). Such Purchase Payment may be subject to deductions in accordance with Aetna's administrative practice.
3.02	PARTICIPANT ACCOUNTS:	Aetna will maintain an individual account for each Participant. If instructed by the Contract Holder, Aetna will maintain up to 5 asset accounts for each such Participant Account. These will be: (a) Up to 4 asset accounts for crediting employer or employee Net Purchase Payment(s); and (b) One asset account for crediting employee rollovers from other pension plans or individual retirement accounts. More than 5 asset accounts, if permitted by Aetna, may be subject to an additional fee in accordance with Aetna's administrative practice. Net Purchase Payments will be allocated to Participant Accounts and their asset accounts as directed by the Contract Holder or the Participant, as appropriate.
3.03	INVESTMENT ALLOCATION:	For each Plan Account the Contract Holder will direct that the Net Purchase Payment(s) allocated to that Account be credited among no more than 10 of the following: (a) The Fixed Account; (b) The GAA; and (c) The Fund(s) in which the Separate Account invests. Allocations to more than 10 such investment options, if permitted by Aetna, may be subject to an additional fee in accordance with Aetna's administrative practice. Aetna must be told the percentage of the Net Purchase Payment(s) to be applied to each investment above. With the consent of the Contract Holder, the Participant may direct the

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3.03 INVESTMENT ALLOCATION (CONT'D):

investment allocation of his or her Participant Account or any asset account thereof. If Aetna does not receive allocation instructions, unless otherwise agreed with the Contract Holder, it will return the Purchase Payment.

The investment allocation for Plan Accounts may be changed up to 12 times during any calendar year. More than 12 such changes in any calendar year, if permitted by Aetna, may be subject to an additional fee in accordance with Aetna's administrative practice.

3.04 INDIVIDUAL CERTIFICATES:

Aetna shall issue certificates to the Sub-Contract Holder and/or Participants as required by the state in which this Contract is delivered. The certificate will summarize certain provisions of the Contract. Certificates are for information only and are not a part of the Contract.

3.05 TRUSTEE ACCOUNTS:

Aetna will maintain one or more Trustee Accounts as if each were a Participant Account for the temporary holding of amounts not allocated to other Plan Accounts by the Contract Holder. When Aetna receives Net Purchase Payments or Plan forfeitures, but has not been told to which Plan Accounts such amounts are to be allocated, at the direction of the Contract Holder such amounts will be placed in a Trustee Account. Amounts held in a Trustee Account will be invested in a Fund or the Fixed Account selected by the Contract Holder and will be allocated to Participant Accounts when Aetna receives allocation instructions. Amounts in the Fixed Account will be subject to the provisions of Sections 5.02 and (except when transferred to Participant Accounts or Separated Employee Accounts) 7.02. If Aetna does not receive allocation instructions, amounts held in a Trustee Account will be allocated to the money market mutual fund managed by Aetna and made available as a Fund under this Contract.

3.06 SEPARATED EMPLOYEE ACCOUNTS:

At termination of employment, if the vested value of the terminating Participant's Participant Account exceeds $3,500.00, the Contract Holder may direct that such vested value be transferred to a Separated Employee Account. Aetna will maintain the Separated Employee Account as an individual account for such former Participant. Investment allocations and distributions will be as directed by the Contract Holder.

3.07 NOTICE TO THE CONTRACT HOLDER:

With respect to the Current Value of Plan Accounts, Aetna will notify the Contract Holder each year of:

(a) The value of any amounts held in:

    (1) The Fixed Account;
    (2) The GAA; and
    (3) The Fund(s) for the Separate Account.

(b) The number of any Fund(s) Record Units; and

(c) The Fund(s) Record Unit Value.

Such number or values will be as of a date no more than 60 calendar days before the date of the notice.

IV. ACCOUNT VALUES

4.01 CURRENT VALUE: The Current Value of any Plan Account is equal to:

(a) Any amounts in the Fixed Account, including Fixed Account interest added by Aetna; plus

(b) Any amounts in the GAA, including GAA interest added by Aetna; plus

(c) The value of all Separate Account Record Units.

Current Value does not include amounts used to purchase an Annuity.

4.02 GUARANTEED INTEREST RATE -- FIXED ACCOUNT: On any Net Purchase Payment(s) maintained in the Fixed Account, Aetna will add interest daily at an annual rate no less than 3%. Aetna may add interest daily at any higher rate. Aetna will periodically advise the Contract Holder of the rate being currently credited to the Fixed Account.

4.03 GUARANTEED ACCUMULATION ACCOUNT (GAA): The GAA guarantees stipulated rates of interest for stated periods of time (see (a) and (c) below). Amounts withdrawn before the end of a Guaranteed Term may be subject to a Market Value Adjustment (MVA) (see 7.03(b)).

(a) Deposit Period--A calendar month, a calendar quarter, or any other period of time specified by Aetna during which Net Purchase Payment(s) and transfers are accepted into the GAA for one or more Guaranteed Terms.

(b) Guaranteed Term (Term)--The period of time for which interest rates are guaranteed on Net Purchase Payment(s) and on transfers allocated into a Deposit Period of the GAA. Terms are offered at Aetna's discretion for various lengths of time ranging up to and including ten years.

(c) Guaranteed Term Classifications--The grouping of Terms according to their time to maturity. The following are the Classifications:

(1) Short Term: Terms of at least one month up to and including 3 years; or

(2) Long Term: Terms of greater than 3 years and up to and including 10 years.

During a Deposit Period, Aetna may make available one or more Terms within a Classification. At least one Term in the Short Term Classification will be available each Deposit Period. The Contract Holder or Participant, as appropriate, has the option to allocate

Net Purchase Payment(s) and transfers into any or all of the available Deposit Period Terms. If no specific direction is given, Net Purchase Payment(s) and transfers will go into available Terms on a pro rata basis within the Classification(s)

4.03 GUARANTEED ACCUMULATION ACCOUNT (GAA) (CONT'D):

previously chosen by the Contract Holder. If there are no Terms available in the Long Term Classification previously chosen, such amounts will be allocated to the Term within the Short Term Classification with the longest period.

(d) Guaranteed GAA Interest Rates (Guaranteed Rates)--Aetna will declare all interest rate(s) applicable to a specific Term prior to the start of the Deposit Period for that Term. These rate(s) are guaranteed by Aetna for that Deposit Period and the ensuing Term and are not based on the actual investment experience of the underlying assets in the GAA. The Guaranteed Rates are annual effective yields. The interest is credited daily at a rate that will produce the guaranteed annual effective yield over the period of a year. No annual rate will be less than 3%.

(e) Withdrawals--Amounts in the GAA may be transferred to other investment options at any time subject to certain limits (see 5.01). Amounts transferred prior to the Maturity Date of a Term are subject to an MVA (see 7.03(b)). Amounts will be removed from the elected Classification starting with the Term still in effect with the oldest Deposit Period.

During the Deposit Period and the 90 days following the close of the Deposit Period, any amounts applied to the GAA during that Deposit Period may not be withdrawn unless due to:

(1) A full or partial surrender;
(2) A payment of a premium for an Annuity Option; or
(3) The Sum Payable at Death provision (see 5.05).

(f) Maturity Date/Reinvestment--At least 18 calendar days before a Term's Maturity Date, the Contract Holder or Participant, as applicable, will be mailed a notice. This notice will contain the current Deposit Period's Guaranteed Rate(s), Term(s) and a projected Matured Term Value.

The Matured Term Value may be surrendered or transferred on the Term's Maturity Date without an MVA. If no specific direction is given by the Contract Holder or Participant, as applicable, prior to the Maturity Date, each Matured Term Value will be reinvested in a Term of the same duration. In the event that a Term of the same duration is unavailable, each Matured Term Value will automatically be reinvested in the next shortest Term available in the same Classification during the then current Deposit Period.

If, however, only one Term is available within the Classification, then the Matured Term Value will automatically be reinvested in that Term. If there are no Terms available in the Long Term Classification previously chosen, the Matured Term Value will be allocated to the Term within the Short Term Classification with the longest period. Within two business days after the Maturity Date, the Contract Holder or Participant, as applicable, will be mailed a confirmation statement. This statement will state the Terms and Guaranteed Rates which will apply to the reinvested Matured Term Value.

4.03 GUARANTEED ACCUMULATION ACCOUNT (GAA) (CONT'D):

During the calendar month following the Term's Maturity Date, one exception is allowed to the 90 day transfer restriction and MVA under sub-paragraph (e) and Section 7.03 (b). This exception is applicable to each Matured Term Value plus any interest accrued thereon, provided no part of the Matured Term Value was transferred on the Maturity Date.

During this calendar month period, the Contract Holder or Participant, as applicable, may request that Aetna transfer or surrender all or part of the Matured Term Value plus any interest accrued thereon from the GAA without an MVA. This provision only applies to the first such request received during this period for any Matured Term Value. The Matured Term Value plus any interest accrued thereon may be transferred upon such request without an MVA:

(1) To any other Terms of the GAA available in the current Deposit Period;
(2) To the Fixed Account; or
(3) To any other allowable Fund(s).

If no such notification is given, the Matured Term Value will remain subject to the terms and conditions of the new Term. All Surrender and transfer requests will be processed as of the date they are received in Good Order at Aetna's Home Office.

(g) Net Purchase Payments to the GAA -- All amounts in the GAA under the Short Term Classification are normally maintained in the General Account. At its option, Aetna may hold Short Term Classifications of a given class in a Nonunitized Separate Account.

Amounts in the GAA under the Long Term Classifications are normally maintained in a Nonunitized Separate Account. There are no discrete units for this Nonunitized Separate Account. The Group Trust Contract Holder, Contract Holder, or Participant, as applicable, does not participate in the gain or loss from the assets held in the Nonunitized Separate Account. Such gain or loss is borne entirely by Aetna. These assets may be chargeable

with liabilities arising out of any other business of Aetna. At its option, Aetna may hold Long Term Classifications of a given class in its General Account.

For Terms under both the Short Term and Long Term Classifications, Aetna guarantees stipulated interest rates to be credited to the GAA. All assets of Aetna including amounts maintained in the GAA are available to meet the guarantees under the GAA.

(h) Changes--Aetna may change this Section 4.03, including eliminating the GAA entirely, with 30 days advance written notice to the Contract Holder. Any such change shall become effective for Purchase Payments, transfers or reinvestments applied to any new Term by any present or future Participant.

4.04 FUND(S) RECORD UNITS - SEPARATE ACCOUNT:

The portion of the Net Purchase Payment(s) applied to a Separate Account will determine the number of Fund(s) Record Units. This number is equal to the Net Purchase Payment(s) applied to the Fund divided by the Fund(s) Record Unit Value (see 4.06) for the Valuation Period in which the Purchase Payment is received in Good Order.

4.05 NET RETURN FACTOR(S)- SEPARATE ACCOUNT:

The Net Return Factor(s) are used to compute all Separate Account Record Units for any Fund(s).

The Net Return Factor for each Fund is equal to 1.0000000 plus the Net Return Rate.

The Net Return Rate is equal to:

(a) The value of the shares of the Fund held by a Separate Account at the end of a Valuation Period; minus

(b) The value of the shares of such Fund held by the Separate Account at the start of the Valuation Period; plus or minus

(c) Taxes (or reserves for taxes) on the Separate Account (if any); divided by

(d) The total value of such Fund's Record Units (see 4.04) in the Separate Account at the start of the Valuation Period; minus

(e) The Daily Asset Charge (see Specifications).

A Net Return Rate may be more or less than 0. The value of a share of any Fund is equal to the net assets of the Fund divided by the number of shares outstanding.

4.06 FUND(S) RECORD UNIT VALUE--SEPARATE ACCOUNT:

A Fund(s) Record Unit Value is computed by multiplying the Net Return Factors for the current Valuation Period by the Fund(s) Record Unit Value for the previous Period. The dollar value of a Fund(s) Record Unit and Separate Account assets may go up or down due to investment gain or loss.

4.07 EXPERIENCE CREDITS: Aetna may apply Experience Credits (investment, administrative, mortality or otherwise) under this Contract. Such credits may be applied as a reduction in Maintenance Fees or Daily Asset Charge, or an increase in the Fixed Account interest rate. Experience Credits may be applied in such other manner as Aetna deems appropriate for the class of contracts to which this Contract belongs within the state of issue. Any such credit will be computed for contracts of the same class in accordance with Aetna's administrative practice consistently applied.

4.08 INSTALLATION CHARGE: The Installation Charge, if any, is payable at the Effective Date. If an Installation Charge is applicable to this Contract it will be disclosed in the Specifications. The amount of the Installation Charge is determined by the number of employees eligible to participate in the Plan(s) and the existence and duration of any applicable Surrender Charge (see 7.04). This charge is to be

4.08 INSTALLATION CHARGE (CONT'D): paid separately by the Contract Holder to Aetna with the application. Aetna will refund any Purchase Payment received from the Contract Holder prior to the payment of the Installation Charge to Aetna.

4.09 MAINTENANCE FEE: There is an annual Maintenance Fee of $25 per Plan Account. The "due date" for such Fee is the last day of each Contract Year. The Fee will be deducted from each Plan Account on the due date. If Aetna maintains asset accounts within a Participant Account (see 3.02), only one annual Maintenance Fee will be deducted for such Participant Account. With respect to such Participant Accounts, the Fee will be deducted from the Current Value of the asset account(s) identified in the Specifications. Aetna, in its discretion, may change such asset account designation by notifying the Contract Holder of such change.

Aetna will not apply the Maintenance Fee to the Trustee Account or a Separated Employee Account on any due date that the Current Value of such Account is less than $100. Aetna will not apply the Maintenance Fee to a Participant's Participant Account on any due date that:

(a) The Current Value of the asset account(s) designated in the Specifications, or as subsequently changed by Aetna, is less than $100; or

(b) Is within 120 calendar days of the Participant's signed election for enrollment under this Contract.

The Maintenance Fee for all of the Participant Accounts, the Trustee Accounts, and/or all of the Separated Employee Accounts may be paid to Aetna separately by the Contract Holder. If this option is requested, a notice will be mailed to the Contract Holder on or before

the due date. If the Fee is not received by Aetna by the 30th calendar day following the due date, it will be deducted from the Plan Accounts. Unless the Contract Holder requests a reinstatement of the annual notice, Maintenance Fees will continue to be deducted for all subsequent Contract Years.

Upon full Surrender (see 7.01) of this Contract the annual Maintenance Fee will be deducted. If, however, such a Surrender occurs less than 90 calendar days after the previous due date, Aetna will not apply the Maintenance Fee.

After 5 completed Contract Years Aetna may change the Maintenance Fee with 30 days advance written notice to the Contract Holder. Any such change shall apply from its Effective Date to all amounts held in Plan Accounts. In no event, however, will any such change result in a Maintenance Fee higher than the then current Maintenance Fee being charged to purchasers of contracts of the same class as this Contract.

4.10 AUTOMATION DISCOUNT:

Aetna may reduce the Maintenance Fee applied to Participant Accounts if the Contract Holder remits electronic data, in Good Order and in a format acceptable to Aetna, for crediting Net Purchase Payments to Participant Accounts, in accordance with Aetna's existing administrative practices. At installation, this includes data Aetna needs to establish Participant Accounts for enrolling Participants.

Aetna reserves the right to revoke this Maintenance Fee reduction if, in Aetna's opinion, Good Order requirements are not met.

V. TRANSFERS AND DISTRIBUTIONS

5.01 TRANSFER OF CURRENT VALUE FROM THE FUNDS OR GAA:

Before an Annuity Option is elected, all or any portion of the Current Value of any Plan Account held in a Fund or the GAA may be transferred:

(a) To any other allowable Fund;
(b) To the Fixed Account; or
(c) To Terms of the GAA available in the current Deposit Period.

With respect to any Plan Account, the aggregate transfers to the Fixed Account from the Fund(s) and/or the GAA and/or Purchase Payments from investment options not provided under this Contract may not, in any calendar year, exceed 20% of the value of the Fund(s) and the GAA in such Plan Account as of January 1 of that calendar year. Aetna may, on a temporary basis allow any larger percent to be transferred to the Fixed Account.

Amounts in a specific GAA Term cannot be transferred to the Deposit Period of another Term within the same Classification except at the Term's maturity (see 4.03(f)).

Amounts applied to Classifications of the GAA may not be transferred to the Funds

during the Deposit Period or for 90 days after the close of the Deposit Period. Transfers from Terms of the GAA are subject to the Withdrawal and MVA provisions (see 7.03).

Twelve transfers (excluding transfers from the GAA at the end of a Guaranteed Term) can be made during a calendar year period. However, only the Contract Holder or the Participant (with the consent of the Contract Holder) may tell Aetna to make such transfers. Aetna, in its sole discretion, may refuse to make such transfers at the direction of any other person, even if such other person has been authorized by the Contract Holder or Participant to make such transfers. More than 12 such transfers in any calendar year, if permitted by Aetna, may be subject to an additional fee in accordance with Aetna's existing administrative practice.

5.02 TRANSFER OF CURRENT VALUE FROM THE FIXED ACCOUNT:

10% of that portion of the Current Value of each Plan Account held in the Fixed Account as of January 1 of a calendar year may be transferred to any of the other Fund(s), or to the GAA Term(s) available during the current Deposit Period. Such transfer will be:

(a) Without charge;
(b) Allowed once per calendar year; and
(c) Not allowed under an Annuity Option.

Aetna may, on a temporary basis allow any larger percent to be transferred.

Any remaining balance in the Fixed Account under a Plan Account may be transferred by the Contract Holder or the Participant (with the consent of the Contract Holder) in its entirety to any of the other Fund(s), or to the GAA Term(s) available during the current Deposit Period if:

(a) The Plan Account Current Value in the Fixed Account is less than $2000; or

(b) The maximum percentage of the Plan Account Current Value in the Fixed Account was transferred in each of the four consecutive prior calendar years and no additional Net Purchase Payment(s) have been allocated to the Fixed Account during the same four consecutive prior calendar year periods.

5.03 SYSTEMATIC ALLOCATION:

A Systematic Allocation involves placing a lump sum in one Fund (mutual fund) and having it reallocated to another Fund in substantially equal monthly installments. The purpose of a Systematic Allocation is to permit shares of the second Fund to be purchased using the "dollar-cost-averaging" method. The amount applied to a Systematic Allocation must be no less than $100 per month over a period of at least 12 months. Systematic Allocations for a period longer than 24 months must be consented to by Aetna.

Systematic Allocations may not be made from, or to, the Fixed Account or the GAA. Aetna reserves the right to limit the Funds that can be used to pay out or

receive Systematic Allocations.

With respect to a Participant Account, the Participant (with the consent of the Contract Holder), may initiate a Systematic Allocation. Unless otherwise consented to by Aetna, no Participant may have more than one Systematic Allocation in effect. A Participant may revoke a Systematic Allocation at any time.

Transfers made by reason of a Systematic Allocation will not reduce the number of investment transfers that can be made pursuant to Section 5.01.

5.04 REQUIRED DISTRIBUTION TO PARTICIPANT:

Distribution from a Participant Account or a Separated Employee Account to the Participant must begin in the form of periodic payments no later than the April 1 following the calendar year in which the Participant attains age 70 1/2, or such other age as may be provided by law, or be made in a lump sum by the same date. The Contract Holder must direct Aetna to commence such Annuity or make such payment.

5.05 SUM PAYABLE AT DEATH (BEFORE ANNUITY PAYMENTS START):

Aetna will pay the Current Value to the beneficiary (see 8.07) if:

(a) The Participant dies before Annuity payments start; and

(b) The notice of death is received by Aetna.

The sum paid will be the Current Value for the Valuation Period in which the notice is received in Good Order at Aetna's Home Office.

5.06 DISTRIBUTION OPTIONS:

The following distribution options may be elected from the Participant Accounts and Separated Employee Accounts.

(a) Estate Conservation Option (ECO): A distribution option under which a portion of the Participant Account Current Value will automatically be surrendered and distributed each year. An ECO payment will be calculated on the Participant Account Current Value and will be withdrawn pro rata from each investment option and asset account used for distribution. Except as stated in sub-paragraph (5) below, all rights, provisions and charges described in the Contract continue to apply to the remaining Current Value in the Participant Account.

(1) Amount of Distribution: Each year that ECO is in effect, Aetna will calculate and distribute an amount equal to the minimum distribution required under the Code. The annual distribution will be determined by dividing the Participant Account Current Value as of December 31 of the year prior to the payment year, by a life expectancy factor.

As elected by the Contract Holder on behalf of the Participant, the factor is either the single life or joint life expectancy based on

tables in Code Section 401 (a)(9) or related regulations. Life expectancy factors will be recalculated each year. If the joint life expectancy is elected and the spouse is not the beneficiary under the Plan, the beneficiary's life expectancy will not be recalculated.

These calculations may be changed as necessary to comply with the Code minimum distribution rules. The joint life expectancy will be based on the joint life of the Participant and his or her beneficiary under the Plan. If joint life expectancy is elected and the Participant or beneficiary under the Plan dies, payments will be based on the survivor's life expectancy. If the beneficiary under the Plan is not the Participant's spouse and the non-spousal beneficiary dies first, the joint life

5.06 DISTRIBUTION OPTIONS (CONT'D):

expectancy continues. If a single life expectancy is elected and the Participant dies, or if a joint life expectancy is elected and the survivor dies, the sum payable at death (see 5.05) will be paid in a lump sum.

Aetna assumes no responsibility for tax consequences resulting from failure to receive required minimum distributions on additional Purchase Payments made after each year's annual distribution.

(2) Minimum Current Value: At its discretion, Aetna may require a minimum initial Current Value for election of this option. If after election of this option, the Current Value is insufficient to make a scheduled ECO payment, Aetna will distribute the entire balance of the Participant Account.

(3) Date of Distribution: The Contract Holder shall specify an annual distribution date on behalf of the Participant. The distribution date may be the 15th of any month, or such other date Aetna may designate or allow. Distributions may not start earlier than the year the Participant attains age 70 1/2, or such later time when distributions must commence as specified under the Code, whichever is appropriate. Subsequent distributions will be made on the anniversary of that date.

Aetna will allow a later annual distribution date to be designated; however, Aetna will not be responsible for compliance with the Code minimum distribution requirements for any prior time periods. In addition, Aetna will not be responsible for compliance

with the Code requirements for any Participant Accounts and/or Contracts for which this election is not made.

(4) Election and Revocation: ECO may be elected by the Contract Holder on behalf of the Participant by submitting a completed and signed election form to Aetna's Home Office. For a Participant subject to the Retirement Equity Act (REA), the Participant's spouse must consent to the election of this option in writing in a form acceptable to Aetna.

Once elected, this option may be revoked by the Contract Holder by submitting a written request to Aetna at its Home Office. Any revocation will apply only to amounts not yet paid. ECO may be elected only once.

(5) Reservation of Rights: Aetna reserves the right to change the terms of ECO for future elections and discontinue the availability of this option after proper notification. Aetna also reserves the right to allow payments to be made more frequently than annually.

5.06 DISTRIBUTION OPTIONS (CONT'D):

(b) Systematic Withdrawal Option (SWO): A distribution option under which a portion of the Participant Account Current Value will automatically be surrendered and distributed each year. A SWO payment will be calculated on the Participant Account Current Value and will be withdrawn pro rata from each investment option and asset account used for distribution. Except as stated in sub-paragraph (5) below, all rights, provisions and charges described in the Contract continue to apply to the remaining Current Value in the Participant Account.

(1) Amount of Distribution: The Contract Holder may elect one of the three payment methods described below on behalf of a Participant. These calculations may be changed as necessary to comply with the Code minimum distribution rules.

- o Specified Payment: Payments of a designated dollar amount which must be no greater than 10% of the initial Current Value and shall remain constant. Beginning with the year the Participant attains age 70 1/2 or such time distributions must commence under the Code, Aetna will calculate the minimum required distribution by dividing the Participant Account Current Value as of December 31 of the year prior to the payment year by a life expectancy factor, and distribute this amount if it is greater than the elected Specified Payment; or

- o Specified Period: Payments which

are made over a period of time which must be at least 10 years. The maximum specified period will be limited by the life expectancy factor. The amount paid each year is calculated by dividing the Participant Account Current Value as of December 31 of the year prior to the payment year by the number of payment years remaining; or

- Specified Percentage: Payments of a designated percentage of the Current Value. The percentage specified cannot be greater than 10% of the initial Current Value. By written request this percentage may be changed, however Aetna reserves the right to limit the number of changes. The amount paid each year is calculated by multiplying the Participant Account Current Value as of December 31 of the year prior to the payment year by the chosen percentage. Payments will be made until the year the Participant attains age 70 1/2, or such later time when distributions must commence as specified under the Code.

As elected by the Contract Holder on behalf of the Participant if Specified Payment or Specified Period is elected, the factor is either the single life or joint life expectancy based on tables in Code Section 401(a)(9) or related regulations. With each subsequent year, the life expectancy will be the life expectancy factor for the initial distribution year, reduced by one.

5.06 DISTRIBUTION OPTIONS (CONT'D):

The joint life expectancy will be based on the joint life of the Participant and his or her beneficiary under the Plan. If joint life expectancy is elected and the Participant or beneficiary under the Plan dies on or after the required beginning date for minimum distributions to the Participant, the joint life expectancy factor will continue to be reduced by one for each distribution year. Payments will continue, unless the survivor elects an alternate payment method. Any method elected must provide payments to be made at least as rapidly as those made prior to the Participant's death.

If the Participant dies before the required beginning date for minimum distributions, SWO payments will cease and the Participant Account Current Value will be paid (see 5.05). If joint life expectancy is elected and the beneficiary under the Plan dies before the required beginning date for minimum distributions to the Participant, payments to the Participant, will continue under the elected payment method.

Aetna assumes no responsibility for tax consequences resulting from failure to receive required minimum distributions on additional deposits made after December 31 of the prior year.

(2) Minimum Current Value: At its discretion, Aetna may require a minimum initial Current Value for election of this option. If after election of this option the Current Value is insufficient to make a scheduled SWO payment, Aetna will distribute the entire balance of the Participant Account.

(3) Date of Distribution: The Contract Holder shall specify the initial distribution date on behalf of the Participant, but not before the Participant attains the age of 59 1/2 and not later than the required beginning date for distributions under the Code.

SWO payments will be made monthly, quarterly, semi-annually, or annually on the 15th of any month, or such other date Aetna my designate or allow. If payments are made more frequently than annually, the annual amount payable each year is divided by the number of payments due per year. At its discretion, Aetna may require a minimum initial payment amount.

Aetna will not be responsible for compliance with the Code minimum distribution requirements for any prior time periods or for any Participant Accounts and/or Contracts for which election is not made.

5.06 DISTRIBUTION OPTIONS (CONT'D):

(4) Election and Revocation: SWO may be elected by the Contract Holder on behalf of the Participant by submitting a completed and signed election form to Aetna's Home Office. For a Participant subject to the Retirement Equity Act (REA), the Participant's spouse must consent to the election of this option in writing in a form acceptable to Aetna.

Once elected, this option may be revoked by the Contract Holder by submitting a written request to Aetna at its Home Office. Any revocation will apply only to amounts not yet paid. SWO may be elected only once.

(5) Reservation of Rights: Aetna reserves the right to change the terms of SWO for future elections and discontinue the availability of this option after proper notification.

(c) Other Distribution Options: Other distribution options may be made available by Aetna to the class of business to which this Contract belongs

in accordance with Aetna's administrative practice.

VI. ANNUITY PROVISIONS

6.01 CHOICES TO BE MADE:

The Contract Holder may tell Aetna, on behalf of a retired Participant, to pay any portion of a Participant's Participant Account (minus any premium tax) as a premium for an Annuity under Option 1, 2, 3, or 4 (see 6.06). The first Annuity payment must generally be made no later than the April 1 of the calendar year following the year in which the retired Participant turns age 70 1/2 or such later date as may be allowed under federal law or regulations. In lieu of the election of an annuity or a distribution option under 5.06, the Contract Holder may tell Aetna to make a lump sum payment (see 7.01).

When an Annuity Option is chosen, Aetna must also be told if payments are to be made other than monthly.

Only a Fixed Annuity using the General Account is available under this Contract. Aetna will add interest daily at an annual rate no less than 3.0%. Aetna may add interest daily at any higher rate.

6.02 ANNUITY PAYMENTS TO ANNUITANT:

In no event may any payments to the Annuitant under any Annuity Option extend beyond.

(a) The life of the Annuitant;

(b) The lives of the Annuitant and the Annuitant's beneficiary under the Plan;

6.02 ANNUITY PAYMENTS TO ANNUITANT (CONT'D):

(c) Any certain period greater than the Annuitant's life expectancy as determined according to regulations under Code Section 401 (a)(9); or

(d) Any certain period greater than the life expectancy of the Annuitant and the Annuitant's beneficiary under the Plan, as determined according to regulations under Code Section 401 (a)(9).

6.03 ANNUITY PAYMENTS TO PARTICIPANT'S BENEFICIARY UNDER THE PLAN:

If the beneficiary (see 8.07) elects an Annuity Option on behalf of the Participant's beneficiary under the Plan, in no event may payments to the Participant's beneficiary under an Annuity Option extend beyond:

(a) The life of the Participant's beneficiary determined as of the date payments are to commence; or

(b) Any certain period greater than the Participant's beneficiary's life expectancy as determined by regulations under Code Section 401 (a)(9).

However, if a Participant's beneficiary dies while under Option 1 or while receiving Annuity payments, the present value of any remaining payments will be paid in one lump sum to the estate of the

Participant's beneficiary. The interest rate used to determine the first payment will be used to calculate the present value.

6.04 TERMS OF ANNUITY OPTIONS:

(a) When payments start, the age of the Annuitant plus the number of years, if any, for which payments are guaranteed must not exceed 95.

(b) The present value of the expected payments to the Annuitant when payments start shall be more than 50% of the present value of the total expected payments to be made. This restriction does not apply if Option 4 is chosen and the second Annuitant is the spouse of the Annuitant.

(c) No choice of any Annuity Option may be made if the first payment would be less than $50 or if the total payments in a year would be less than $250 (unless otherwise required by state law).

(d) If an Annuity under Option 2, 3, or 4 is chosen and a larger payment would result from applying the Surrender Value to a current Aetna single premium immediate Annuity, Aetna will make the larger payment.

(e) For purposes of calculating the payments for an Annuity, the Annuitant's and Second Annuitant's adjusted age will be used. The Annuitant's and Second Annuitant's adjusted age is his or her age as of the birthday closest to the Annuity commencement date reduced by one year for Annuity commencement date occurring during the period of time from July 1, 1992 through December 31, 1999. The Annuitant's age will be reduced by two years for Annuity commencement dates occurring during the period of time from January 1, 2000

6.04 TERMS OF ANNUITY OPTIONS (CONT'D):

through December 31, 2009. The Annuitant's and Second Annuitant's age will be reduced by one additional year for Annuity commencement dates occurring in each succeeding decade.

6.05 DEATH OF ANNUITANT:

When an Annuitant dies under Option 2 or 3, the present value of any remaining guaranteed payments will be paid in one sum to the beneficiary, or upon election by the beneficiary, any remaining payments will continue to the beneficiary.

6.06 ANNUITY OPTIONS:

Option 1--Payment of Interest on Sum Left with Aetna--This Option may be used only by the beneficiary when the Participant dies before Aetna has started paying an Annuity. A portion or all of the sum paid upon death may be held under this Option and will be held in the General Account of Aetna at interest (see 6.01). The beneficiary may later tell Aetna to:

(a) Pay a portion or all of the sum held by Aetna; or

(b) Apply a portion or all of the sum held by Aetna to any Annuity Option below.

Option 2--Payments for a Stated Period of Time--An Annuity will be paid for the number of years chosen. The number of years must be at least 5 and not more than 30.

Option 3--Life Income--An Annuity will be paid for the life of the Annuitant. If also chosen, Aetna will guarantee payments for 60, 120, 180, or 240 months.

Option 4--Life Income for Two Payees--An Annuity will be paid during the lives of the Annuitant and a second Annuitant. At the death of either, payments will continue to the survivor. When this Option is chosen, a choice must be made of:

(a) 100% of the payment to continue to the survivor;

(b) 66 2/3% of the payment to continue to the survivor;

(c) 50% of the payment to continue to the survivor;

(d) Payments for a minimum of 120 months with 100% of the payment to continue to the survivor; or

(e) 100% of the payment to continue to the survivor if the survivor is the Annuitant and 50% of the payment to continue to the survivor if the survivor is the second Annuitant.

Other Options -- Aetna may make other options available as allowed by the laws of the state in which this Contract is delivered.

6.07 ANNUITY TABLES: In the following Annuity tables, the rates shown for Options 3 and 4 are based on mortality from the 1983 GAM, Table a. The rates do not differ by sex. Rates for ages not shown will be provided on request and will be computed on a basis consistent with the rates shown in the following tables.

OPTION 2

Payments for a Stated Period of Time

Amount of First Monthly Payment for Each $1,000
After Deduction of any Charge for Premium Taxes

Rates for a Fixed Annuity with Guaranteed Interest Rate of 3.0%

<TABLE>
<CAPTION>

Years	Guaranteed Rate	Monthly Payment	Quarterly Payment	Semi-Annual Payment	Annual Payment
<S>	<C>	<C>	<C>	<C>	<C>
5	3.00%	17.91	53.59	106.78	211.99
6	3 00%	15.14	45.30	90.27	179.22
7	3.00%	13.16	39.39	78.49	155.83
8	3.00%	11.68	34.96	69.66	138.31
9	3.00%	10.53	31.52	62.81	124.69
10	3.00%	9.61	28.77	57.33	113.82
11	3.00%	8.86	26.52	52.85	104.93
12	3.00%	8.24	24.65	49.13	97.54
13	3.00%	7.71	23.08	45.98	91.29
14	3.00%	7.26	21.73	43.29	85.95

15	3.00%	6.87	20.56	40.96	81.33
16	3.00%	6.53	19.54	38.93	77.29
17	3.00%	6.23	18.64	37.14	73.74
18	3.00%	5.96	17.84	35.56	70.59
19	3.00%	5.73	17.13	34.14	67.78
20	3.00%	5.51	16.50	32.87	65.26
21	3.00%	5.32	15.92	31.72	62.98
22	3.00%	5.15	15.40	30.68	60.92
23	3.00%	4.99	14.92	29.74	59.04
24	3.00%	4.84	14.49	28.88	57.33
25	3.00%	4.71	14.09	28.08	55.76
26	3.00%	4.59	13.73	27.36	54.31
27	3.00%	4.47	13.39	26.68	52.97
28	3.00%	4.37	13.08	26.06	51.74
29	3.00%	4.27	12.79	25.49	50.60
30	3.00%	4.18	12.52	24.95	49.53

</TABLE>

OPTION 3

Life Income

Amount of First Monthly Payment for Each $1,000
After Deduction of any Charge for Premium Taxes

Rates for a Fixed Annuity with Guaranteed Interest Rate of 3.0%

Payments Guaranteed for a Stated Period of Months

<TABLE>
<CAPTION>

Adjusted Age of Annuitant	None	60	120	180	240
<S>	<C>	<C>	<C>	<C>	<C>
50	$ 4.05	$4.05	$ 4.03	$ 3.99	$ 3.93
51	4.12	4.11	4.09	4.05	3.99
52	4.19	4.19	4.16	4.11	4.04
53	4.27	4.26	4.23	4.18	4.10
54	4.35	4.34	4.31	4.25	4.16
55	4.44	4.42	4.39	4.32	4.22
56	4.53	4.51	4.47	4.40	4.29
57	4.62	4.61	4.56	4.48	4.35
58	4.72	4.71	4.65	4.56	4.42
59	4.83	4.81	4.75	4.64	4.49
60	4.95	4.93	4.86	4.73	4.55
61	5.07	5.05	4.97	4.83	4.62
62	5.20	5.17	5.08	4.92	4.69
63	5.34	5.31	5.20	5.02	4.76
64	5.49	5.45	5.33	5.12	4.83
65	5.65	5.61	5.47	5.22	4.89
66	5.82	5.77	5.61	5.33	4.96
67	6.01	5.94	5.75	5.44	5.02
68	6.20	6.13	5.91	5.54	5.08
69	6.41	6.33	6.07	5.65	5.14
70	6.64	6.54	6.23	5.76	5.19
71	6.88	6.76	6.41	5.86	5.24
72	7.14	7.00	6.59	5.97	5.28
73	7.43	7.26	6.77	6.06	5.32
74	7.73	7.53	6.96	6.16	5.35
75	8.06	7.82	7.14	6.25	5.38

</TABLE>

OPTION 4

Life Income for Two Payees

Amount of First Monthly Payment for Each $1,000
After Deduction of any Charge for Premium Taxes

Rates for a Fixed Annuity with Guaranteed Interest Rate of 3.0%

<TABLE>
<CAPTION>

Adjusted Ages						
Annuitant	Second Annuitant	Option 4a	Option 4b	Option 4c	Option 4d	Option 4e
<S><C>						
55	50	$3.69	$4.05	$4.27	$3.69	$4.03
55	55	3.88	4.25	4.47	3.87	4.14
55	60	3.99	4.44	4.71	3.98	4.42
60	55	3.99	4.44	4.71	3.98	4.42
60	60	4.24	4.71	4.99	4.23	4.57
60	65	4.38	4.97	5.32	4.38	4.93
65	60	4.38	4.97	5.32	4.38	4.93
65	65	4.72	5.33	5.70	4.71	5.14
65	70	4.93	5.68	6.15	4.91	5.66
70	65	4.93	5.68	6.15	4.91	5.66
70	70	5.40	6.21	6.70	5.36	5.96
70	75	5.69	6.68	7.32	5.62	6.67
75	70	5.69	6.68	7.32	5.62	6.67
75	75	6.37	7.45	8.15	6.23	7.12
75	80	6.78	8.11	8.99	6.54	8.13

</TABLE>

VII. WITHDRAWALS AND TERMINATION OF CONTRACT

7.01 PAYMENT OF SURRENDER VALUE:

The charges on, and adjustments to, withdrawals from this Contract depend upon whether the withdrawal constitutes a Surrender or a Benefit. A "Surrender" is any withdrawal from this Contract for any purpose other than to pay a Benefit.

"Benefits" are payments under this Contract made pursuant to Plan provisions for reasons of Participant retirement, termination of employment, death, disability, hardship, loan, or in-service withdrawals after age 59 1/2. Benefits are not subject to a Surrender Charge or Maintenance Fee deduction. Benefits may also include such other payments made pursuant to Plan provisions as may be agreed to by Aetna in accordance with its existing administrative practice. The Contract Holder must supply documentation acceptable to Aetna to support requests for Benefit payments.

Participant Surrenders are not permitted under this Contract, except for Split-Funded Plans paying the higher Daily Asset Charge (see 2.03). A Plan that permits in-service withdrawals prior to age 59 1/2, may do so by electing to pay the Daily Asset Charge for a Split-Funded Plan, in which event such a withdrawal can be effected as a Participant Surrender.

The Contract Holder may surrender this Contract for its Current Value. At the time of a Participant or Contract Holder full or partial Surrender request, the Current Value will be adjusted by the following items in the order presented:

(a) the Fixed Account MVA, as applicable (see 7.02(b));
(b) the GAA MVA, as applicable (see 7.03(b));
(c) the Maintenance Fee, as applicable (see 4.09); and
(d) the Surrender Charge, as applicable (see 7.04).

Certain withdrawals to pay Benefits will also be subject to MVAs (see 7.02(b) and 7.03(b)).

Full and partial Surrenders are satisfied by withdrawing amounts from each of

the Fund(s), the Fixed Account, the GAA Short Term Classification and the GAA Long Term Classification on a pro rata basis. However, the Contract Holder may specify a particular order in which investment options will be liquidated in order to satisfy a partial Surrender request.

Under certain emergency conditions, Aetna may defer payment from the General Account or GAA:

(a) For a period of up to 6 months (unless not allowed by state law);
or
(b) As provided by federal law.

7.02 PAYMENT OF FIXED ACCOUNT SURRENDER VALUE:

Aetna will pay an unadjusted lump sum from the Fixed Account for the purpose of paying a Benefit, where the withdrawal is made proportionately from the Fixed Account, GAA, and the Funds from all applicable asset accounts. On all Benefits payable from the Fixed Account that are not so withdrawn proportionately, and on all Surrenders from the Fixed Account, Aetna reserves the right to pay the Fixed Account Surrender Value in one of the following two ways, as elected by the Contract Holder:

(a) In equal principal payments, with interest, over a period not to exceed 60 months.

Interest, as used above will not be more than two percentage points below any rate determined prospectively by Aetna for this class of Contract. In no event, will the interest rate be less than 3%.

(b) As a single payment, which has been subjected to a Market Value Adjustment (MVA). The amount of the withdrawal will be adjusted to a market value amount equal to the lesser of (1) or (2):

(1) The value of the following factor multiplied by the amount being withdrawn on the date of the surrender:

$$\text{Factor} = \frac{(1 + a)\ 5.25}{(1 + b)\ 5.25}$$

Where: a is the Fixed Account credited rate as of the date of surrender; and
b is the rate for a 7-year Treasury Bond as published in the Salomon Brothers Bond Market Roundup for the week prior to the surrender plus 0.25%

(2) The value of the amount being withdrawn.

7.03. PAYMENT OF GAA SURRENDER VALUE:

Full or partial Surrenders may be requested at any time from the GAA. However, amounts withdrawn prior to the Maturity Date of a Term to satisfy a Surrender or Benefit request may be subject to an MVA (see (b) below).

(a) For purposes of withdrawals, Terms within the GAA Short Term and Long Term Classifications are considered as two separate investment options. Also, amounts will be removed within a GAA Classification starting with the Term still in effect with the oldest Deposit Period.

(b) Market Value Adjustment (MVA)--There will be an MVA for a withdrawal from the GAA before the end of a Term except for withdrawals made under the ECO Distribution Option (see 5.06 (a)). The amount of the withdrawal will be adjusted to a market value amount as described below.

7.03. PAYMENT OF GAA SURRENDER VALUE (CONT'D):

The market value adjusted amount will be equal to the amount withdrawn multiplied by the following ratio:

x

$$\left(\frac{1+i}{1+j}\right)^{\frac{x}{365}}$$

Where: i is the Deposit Yield
j is the Current Yield
x is the number of days remaining, (computed from Wednesday of the week of withdrawal) in the Guaranteed Term.

The Deposit Period Yield will be determined as follows:

o At the close of the last business day of each week of the Deposit Period, a yield will be computed as the average of the yields on that day of U.S. Treasury Notes which mature in the last three months of the Guaranteed Term.

o The Deposit Period Yield is the average of those yields for the Deposit Period. If withdrawal is made prior to the close of the Deposit Period, it is the average of those yields on each week preceding withdrawal.

The Current Yield is the average of the yields on the last business day of the week preceding withdrawal on the same U.S. Treasury Notes included in the Deposit Period Yield.

In the event that no U.S. Treasury Notes which mature in the last three months of the Guaranteed Term exist, Aetna reserves the right to use the U.S. Treasury Notes that mature in a following quarter.

Surrenders and transfers made in connection with the Sum Payable at Death provision (see 5.05) within six months of the date of the Participant's death will be the greater of:

o The aggregate MVA amount which is the sum of all market value adjusted amounts calculated due to a withdrawal of amounts (for Surrender or transfer) from Terms prior to the end of those Terms. The aggregate MVA may be either positive or negative; or

o The applicable portion of the Current Value in the GAA.

After the six month period, the Surrender or transfer will be the aggregate MVA amount (i.e., including all MVAs).

The greater of the aggregate MVA amount or the applicable portion of the Current Value in the GAA is applied to amounts withdrawn from the GAA for payment of a premium under Annuity Options 3 or 4 (see 6.06).

7.04 SURRENDER CHARGE:

The Surrender Charge, if any, will be determined according to the number of Contract Years between the date the first Purchase Payment is applied to this Contract and the date of

7.04 SURRENDER CHARGE
(CONT'D):

the Surrender. If a Surrender Charge applies, a table of Surrender Charge percentages will be in the Specifications.

The amount Surrendered will be multiplied by the applicable percentage from the table of Surrender Charge percentages to determine the Surrender Charge.

The Surrender Charge, if any, will be applied at the time of the Surrender, regardless of the method elected for payment of the Fixed Account Surrender Value (see 7.02).

7.05 REINSTATEMENT:

All or a portion of the proceeds of a full Surrender of this Contract may be reinvested within 30 days after the Surrender if allowed by law. Any Surrender Charge deducted at the time of Surrender on the amount being reinvested will be included in the reinstatement. Any Market Value Adjustment(s) deducted from Surrenders will not be included in the reinstatement.

Amounts will be reinstated among the Fixed Account, the GAA, and the Separate Account in the same proportion as they were at the time of Surrender. Any amounts reinstated to the GAA will be credited to the current Deposit Period. The number of Record Units reinstated will be based on the Record Unit Value(s) next computed after receipt at Aetna's Home Office of the reinstatement request and the amount to be reinstated.

Reinstatement is permitted only once.

7.06 TERMINATION OR TRANSFER TO ANOTHER CONTRACT:

After 5 completed Contract Years Aetna shall have the right, in accordance with its existing administrative practices and procedures, to:

(a) Pay out the Current Value, without application of an MVA (see 7.02(b) and 7.03(b)) or Surrender Charge (see 7.04) under the Contract to the Contract Holder in full provided Aetna gives the Contract Holder 90 days written notice, and further provided that Aetna takes the same action with respect to all contracts of the same class and risk characteristics.

(b) If agreed to by the Contract Holder, to transfer the Current Value, which may be subject to an MVA (See 7.02(b) and 7.03(b)) or Surrender Charge (see 7.04) to another Contract issued by Aetna or one of its affiliates.

VIII. GENERAL PROVISIONS

8.01 CHANGE OF CONTRACT:
This Contract may be changed at any time by written mutual agreement of the Contract Holder and Aetna. Aetna may change the terms of this Contract when, in its opinion, such change is necessary to protect it from (a) the adverse financial effects of any change in Plan provisions, the administrative practices of the Plan, or investment options offered by the Plan, or (b) the action of any legislative, judiciary, or regulatory body which affects the operation of the Plan or this Contract.

8.01 CHANGE OF CONTRACT (CONT'D):

Only a Vice President or above of Aetna or any officer acting pursuant to a written delegation of authority from such person may change the terms of this Contract. No other employee, agent, or representative of Aetna may make any change in this Contract. Aetna will notify the Contract Holder in writing at least 30 days before the effective date of any change. Any change will not affect the amount or terms of any Annuity which begins before the change.

Aetna may make any change that affects the Fixed Account Market Value Adjustment (see 7.02(b)) with at least 30 days advance written notice to the Contract Holder. Any such change shall become effective for any present or future Participant.

Aetna may make any change that affects the GAA Market Value Adjustment (see 7.03(b)) with at least 30 days advance written notice to the Contract Holder. Any such change shall become effective for any new Term for any present or future Participant.

Except as otherwise expressly provided in the Contract, any change that affects the following Sections of this Contract will not be applied to amounts in existing Plan Accounts, but may apply to Purchase Payments made to such Accounts after the change:

(a) 3.01, Net Purchase Payment(s);

(b) 4.01, Current Value;

(c) 4.02, Guaranteed Interest Rate -- Fixed Account;

(d) 4.03, Guaranteed Accumulation Account (GAA);

(e) 4.05, Net Return Factor(s) -- Separate Account; and

(f) 4.09, Maintenance Fee.

Any change that affects the Annuity Options and the tables for such options may be made:

(a) No earlier than 12 months after the Effective Date; and

(b) No earlier than 12 months after the date on which any such prior change was effective.

New Participants covered, and Purchase Payments made, under this Contract on or after the date any change is effective will be subject to the change. If the Contract Holder does not agree to any change under this provision no new Participants will be covered under this Contract. Additionally, Aetna reserves the right, following written notice to an objecting Contract Holder, to stop accepting Purchase Payments for the Participants covered under this Contract before the change.

8.02 SUBSTITUTION, ELIMINATION, AND ADDITION OF FUND(S):

When deemed desirable by Aetna to accomplish the purpose of the Separate Account, Aetna or the Separate Account may:

(a) Change the Fund(s) which may be invested in by the Separate Account;

(b) Make additional Fund(s) available through the Separate Account;

(c) Discontinue offering any Fund(s) through the Separate Account; and

(d) Replace the shares of any Fund(s) held in a Separate Account with shares of any other Fund(s), where such replacement is approved by a majority vote of persons having an interest in the Separate Account Fund(s) being replaced.

Aetna will notify the Contract Holder of any such action.

8.03 NONPARTICIPATING
CONTRACT:

The Group Trust Contract Holder, Contract Holder, Participants, or beneficiaries will not have a right to share in the earnings of Aetna, other than as provided herein.

8.04 PAYMENTS:

Aetna will make Annuity payments as and when due. Aetna will make other payments within 7 days of the Valuation Period in which the written claim for payment is received in Good Order at Aetna's Home Office, except as provided in Section 7.01.

8.05 STATE LAWS:

This Contract complies with the laws of the state in which it is delivered. Any cash, death, or Annuity payments are equal to or greater than the minimum required by such laws. Annuity tables for legal reserve valuation shall be as required by state law. Such tables may be different from Annuity tables used to determine Annuity payments.

8.06 CONTROL OF CONTRACT:

Except as otherwise expressly provided, all rights in this Contract rest with the Contract Holder. The Contract Holder, or authorized designee of the Contract Holder (as allowed by law), may make any choices allowed by this Contract with respect to Plan Accounts, except that in order to affect a full Surrender of this Contract under the provisions of Part VII, the Sub-Contract Holder must obtain the consent of the Group Trust Contract Holder. A SubContract Holder's rights as Contract Holder hereunder may only be exercised with respect to Plan Accounts maintained with respect to, and Participants in, the Plan for which the Sub-Contract Holder acts as trustees.

Any choices under this Contract must be in writing or in a form satisfactory to Aetna. Until receipt of such choices in its Home Office, Aetna may rely on any prior choices made. This Contract and its Plan Accounts are not subject to claims of any creditors except to the extent permitted by law.

Any payment(s) made under this Contract to other than the Contract Holder must be in compliance with the provisions of the Retirement Equity Act (REA). At the time payment is requested or an Annuity Option is elected by the Contract

8.06 CONTROL OF CONTRACT (CONT'D):

Holder, Aetna will require the Contract Holder to certify that it is elected in

compliance with REA. In the absence of such certification or at Aetna's discretion, payment will be made to the Contract Holder.

8.07 DESIGNATION OF BENEFICIARY:

The beneficiary of Plan Accounts shall be the Contract Holder.

8.08 MISSTATEMENTS AND
ADJUSTMENTS:

If Aetna finds the age of any payee to be misstated, the correct facts will be used to adjust payments. Aetna reserves the right to correct any informational or administrative errors.

8.09 INCONTESTABILITY:

Aetna cannot cancel this Contract because of any error of fact on the application, after the second Contract Year.

8.10 GRACE PERIOD:

This Contract will remain in effect even if Purchase Payments are not continued, unless canceled by Aetna pursuant to section 7.06 or 8.09.

8.11 NONWAIVER:

Aetna may, in its sole discretion, elect not to exercise a right or reservation specified in this Contract. Such election shall not constitute a waiver of the right to exercise such right or reservation at any subsequent time.

8.12 AGGREGATING OF CONTRACTS:

The Daily Asset Charge described in the Specifications varies by the Current Value of Plan Accounts. In determining such Current Value, Plan Accounts of the following contracts will be aggregated:

(a) this Contract, and

(b) contracts of the same class as this Contract covering employees of the employer maintaining the Plan.

For purposes of determining the Daily Asset Charge under this Contract, where such other contract comes into existence after the Effective Date, the aggregation will commence in accordance with Aetna's existing administrative practice, but in no event later than the first day of the next succeeding Contract Year. Where such other contract is in existence prior to, or on the Effective Date, the aggregation will commence on the Effective Date.

8.13 CONVERSION OF CONTRACTS:

Where the Purchase Payments applied to this Contract are derived, in whole or in part, from the cancellation of a policy or contract (issued by Aetna or any of its affiliates) pursuant to a conversion offer; Aetna may vary the provisions of this Contract to comply with the terms of such conversion offer. For purposes of this Section 8.13, a "conversion offer" is a program under which Aetna allows contract holders of a given class to convert their policies or contracts to contracts of the same series as this Contract. Such variations will be of a nature that will preserve, or substitute for, the rights surrendered by reason of the cancellation of the former policy or contract.

AETNA (LOGO)

AETNA MAP V APPLICATION PENSION/PROFIT SHARING GROUP CONTRACT

Aetna Life Insurance and Annuity Company Home Office: 151 Farmington Avenue Hartford, Connecticut 06156-1268

CONTRACT
HOLDER
INFORMATION

1. Name of Contract Holder [X] Single Plan [ ] Group Trust
TRUSTEES OF
Information Analysis Inc. 401(k) Profit Sharing Plan

2. Address [ ] Multiple locations (ATTACH INSTRUCTIONS)
2222 Gallows Road. Suite 300

City	State	ZIP Code
Dunn Loring	Virginia	22027

3. Tax Identification No.: 54-1167364

ACCOUNT
INFORMATION

4. Type of entity qualified under section 401 of the Internal Revenue Code:
[X] Corporation [ ] Self Employed Individuals [ ] Other (specify)

5. Type of Contract: [X] Allocated [ ] Unallocated

6. Will this contract change or replace any existing life insurance or annuity contract? [ ] Yes [X] No If yes, piease provide carrier name, account number, and date to be cancelled.

7. Installation Charge: [ ] Is attached [ ] Will be mailed prior to or included with the initial Purchase Payment [X] Does not apply

8. Surrender Charge: [X] Is for 5 Contract Years [ ] Is for 3 Contract Years [ ] Does not apply

RIGHT OF
INVESTMENT
SELECTION

9. Complete the following only if Participants have full or partial rights to elect investment allocations in Participant Accounts for: [ ] Employer Purchase Payments only [ ] Employee Purchase Payments [X] Both

10. Complete the following only if the Contract Holder has full or partial rights to elect investment allocations in Participant Accounts for: [ ] Employer and Employee Purchase Payments [ ] Employer Purchase Payments

SIGNATURES

I understand that amounts withdrawn from the Fixed Account or a GAA Term prior to the maturity date of that Term, may be subject to a market value adjustment as specified in the contract. I further understand THAT PAYMENTS AND ACCOUNT VALUES, (IF ANY), WHEN BASED ON THE INVESTMENT experience of a separate ACCOUNT, ARE VARIABLE AND NOT GUARANTEED AS TO FIXED DOLLAR AMOUNT.

I acknowledge receipt of the current disclosure book for the Multiple Asset Portfolio (MAP) V Group Contract and all current prospectuses pertaining to all of the investment options under the contract. The effective date of the contract is the Contract Holder's date of signature below.

Dated at Dunn Loring, VA
City and State

this 10 day of November 1993

/s/ /s/
Witness Contract Holder

AGENT'S
NOTE

Do you have any reason to believe any existing life insurance or annuity contracts will be modified or replaced if this contract is issued? [ ] Yes [X] No

/s/

Signature of Agent

PLAN
INFORMATION

If the Plan Name is different from the Contract Holder name (see line 1), please add here:

Will the Plan Reporting Period (MM/DD TO MM/DD) [ ] Multiple reporting periods required (ATTACH INSTRUCTIONS)

Release Plan Information to Third Party Administrator? [ ] Yes [X] No [ ] N/A (self-administered)

Name of TPA:
Retirement Plan Administrative Service, Ltd.
Address
7525 Staples Mill Road

City State ZIP Code
Richmod Virginia / 23228

Enrollment Support Level [ ] A [ ] B [X] C

Will the Plan be funded only with investment options offered in the MAP V Group Contract? [X] Yes [ ] No If no, please identify alternative investment options:

Does the Plan provide for In Service Withdrawals prior to age 59 1/2? [ ] Yes [X] No If yes, what is the minimum age? Loans & hardships only
Special Requests:

PRODUCER
INFORMATION

Aetna Field Office Name
Falls Church VA

<TABLE>
<CAPTION>

<S> <C>

Producer Name*	Social Security Number	ALIAC Office Code	ALIAC Producer Code	Percentage of Participation
Mark A. Zabel, RHU	231 70 5923	086	087	100%

</TABLE>

o (Florida only) Add license number below name. (HOME OFFICE USE ONLY)
Edition no.

COMMENTS

Corrections and amendments (HOME OFFICE USE ONLY). Errors and omissions may be corrected by the Company but no change in plan, classification, amount, or extra benefits shall be made without written consent of the Contract Holder. (N/A in W.Va.)

AETNA (logo)

Aetna Life Insurance and Annuity Company

Home Office: 151 Farmington Avenue
Hartford, Connecticut 06156
(800) 223-5422

Multiple Asset Portfolio (MAP) V Allocated
Group Annuity Contract
Nonparticipating

ALL PAYMENTS AND VALUES PROVIDED BY THE GROUP CONTRACT, WHEN BASED ON INVESTMENT EXPERIENCE OF A SEPARATE ACCOUNT, ARE VARIABLE AND ARE NOT GUARANTEED AS TO FIXED DOLLAR AMOUNT. THIS CONTRACT CONTAINS MARKET VALUE ADJUSTMENT FORMULAS. APPLICATION OF A MARKET VALUE ADJUSTMENT TO THE GAA MAY RESULT IN EITHER AN INCREASE OR DECREASE IN THE CURRENT VALUE. THE MARKET VALUE ADJUSTMENT FORMULA DOES NOT APPLY TO A GUARANTEED TERM AT THE TIME OF ITS MATURITY. APPLICATION OF A MARKET VALUE ADJUSTMENT TO THE FIXED ACCOUNT MAY RESULT IN A DECREASE IN THE CURRENT VALUE.

EXHIBIT 10.3

(Incorporated By Reference)

EXHIBIT 10.4

(Incorporated By Reference)

EXHIBIT 10.5

(Incorporated By Reference)

EXHIBIT 10.6

THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE. THIS WARRANT AND ANY SUCH SHARES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF REGISTRATION UNDER SAID ACT AND ALL OTHER APPLICABLE SECURITIES LAWS UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

WARRANT

WARRANT T0 PURCHASE SHARES OF COMMON STOCK

OF INFORMATION ANALYSIS INCORPORATED

Date of Issuance: June 1, 1989

THIS CERTIFIES that, for value received, George DeBakey, or his registered assigns (the "holder"), is entitled to purchase, subject to the provisions of this warrant, from Information Analysis Incorporated, a Virginia Corporation (the "Company"), one thousand (1,000) shares of the One Cent ($0.01) par value Common Stock of the Company at a purchase price of Seven Dollars and Fifty Cents ($7.5O) per share, as such number of shares and price may be adjusted in accordance with the provisions of Article V hereof. This warrant is hereinafter referred to as the "Warrant" and the shares of Common Stock issuable pursuant to the terms hereof are hereinafter sometimes referred to as "Warrant Shares."

ARTICLE I

CERTAIN DEFINITIONS

For all purposes of this Warrant, unless the context otherwise requires, the following terms shall have the following respective meanings:

"Act": the Securities Act of 1933, as amended, or any similar federal statute, and the rules and regulations of the Commission promulgated thereunder, all as the same shall be in effect at the time.

"Common Stock": the Company's authorized Common Stock with One Cent ($.01) par value per share as such class existed on the date of issuance of this Warrant.

"Commission": the Securities and Exchange Commission, or any other federal agency then administering the Act.

"Company": Information Analysis Incorporated, a Virginia corporation, with principal offices located at 2222 Gallows Road, Suite 300, Dunn Loring, Virginia 22027, and any other corporation assuming or required to assume the Warrant pursuant to Article IX.

"Person": any individual, corporation, partnership, trust, unincorporated organization and any government, and any political subdivision, instrumentality or agency thereof.

"Purchase Price": the purchase price for each Warrant Share purchasable under this Warrant which shall be $7.50 subject to adjustment in accordance with Article V hereof.

"Warrant Office": see Section 3.1.

"Warrant Shares": the Shares of Common Stock purchasable by the holder

of this Warrant upon the exercise of this Warrant.

ARTICLE II

EXERCISE OF WARRANT

2.1 Method of Exercise. To exercise this Warrant, which may be exercised in whole or in part at anytime and from time to time, prior to its expiration as determined in Article X hereof, the holder hereof shall deliver to the Company at the Warrant Office designated pursuant to Section 3.1: (a) a written notice, in substantially the form of the Subscription Notice attached hereto as Exhibit 2.1, of such holder's election to exercise this Warrant, which notice shall specify the number of shares of Common Stock to be purchased; (b) a check payable to the order of the Company in an amount equal to the Purchase Price as set forth in Section 5.1 hereof for each of the shares of Common Stock being purchased; and (c) this Warrant. The Company shall, as promptly as practicable and in any event within 14 days thereafter, execute and deliver or cause to be executed and delivered, in accordance with said notice, a certificate or certificates representing the aggregate number of shares of Common Stock specified in said notice. The stock certificate or certificates so delivered shall be in denominations of shares as may be specified in said notice and shall be issued in the name of the holder or such other name as shall be designated in said notice. At the time of delivery of the certificate or certificates, appropriate notation will be made on the Warrant designating the number of shares purchased and this Warrant shall be returned to the

holder if this Warrant has been exercised in part. The Company shall pay all expenses, taxes and other charges payable in connection with the preparation, issuance and delivery of stock certificates, except that, in case stock certificates shall be registered in a name or names other than the name of the holder of this Warrant, funds sufficient to pay all stock transfer taxes which shall be payable upon the issuance of stock certificates shall be paid by the holder hereof at the time of delivering the notice of exercise mentioned above or promptly upon receipt of a written request of the Company for payment.

2.2 Shares to be Fully Paid and Nonassessable. All shares of Common Stock issued upon the exercise of this Warrant shall be validity issued, fully paid and nonassessable.

2.3 Legend on Warrant Shares. Each certificate for shares initially issued upon exercise Of this Warrant, unless at the time of exercise such shares are registered under the Act, shall bear the following legend (and any additional legend required by any national securities exchanges upon which such shares may, at the time of such exercise, be listed or under applicable securities laws):

> "The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended ("the Act"), or the securities laws of any state. They may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of in the absence of registration under said Act and all other applicable securities laws, unless an exemption from registration is available."

Any certificate issued at any time in exchange or substitution for any certificate bearing such legend (except a new certificate issued upon completion of a public distribution pursuant to a registration statement under the Act of the securities represented thereby) shall also bear the above legend unless, in the opinion of counsel to the Company, the securities represented thereby need no longer be subject to the restrictions on transferability. The provisions of Article IV shall be binding upon all subsequent holders of this Warrant.

2.4 Acknowledgment of Continuing Obligation. The Company will, at the time of any exercise of this Warrant, in whole or in part, upon request of the holder hereof, acknowledge in writing its continuing obligation to such holder in respect of any rights to which the holder shall continue to be entitled after exercise in accordance with this Warrant; provided, however, that the failure of the holder to make any such request shall not affect the continuing obligation of the Company to the holder in respect of such rights.

ARTICLE III

WARRANT OFFICE: TRANSFER, DIVISION

OF COMBINATION OF WARRANTS

3.1 Warrant Office. The Company shall maintain an office for certain purposes specified herein (the "Warrant Office"), which office shall initially be the Company's location set forth in Article I, and may subsequently be such other office of the Company or of any transfer agent of the Common Stock in

the continental United States as to which written notice has previously been given to all of the holders of the Warrants.

3.2 Ownership of Warrant. The Company may deem and treat the Person in whose name this Warrant is registered as the holder and owner hereof (notwithstanding any notations of ownership or writing hereon made by anyone other than the Company) for all purposes and shall not be affected by any notice to the contrary, until presentation of this Warrant for registration of transfer as provided in this Article III.

3.3 Transfer of Warrant. The Company agrees to maintain at the Warrant Office books for the registration of permitted transfers of this Warrant. Subject to the provisions of Article IV, this Warrant and all rights hereunder are transferable, in whole or in part, on the books at that office upon surrender of this Warrant at that office, together with a written assignment of this Warrant duly executed by the holder hereof or his duly authorized agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of the transfer. Subject to Article IV, upon surrender and payment, the Company shall execute and deliver a new Warrant in the name of the assignee, note thereon the number of Warrant Shares theretofore purchased under this Warrant, and this Warrant shall promptly be canceled. A Warrant may be exercised by a new holder for the purchase of shares of Common Stock without having a new Warrant issued.

3.4 Expenses of Delivery of Warrants. The Company shall pay all expenses, taxes (other than transfer taxes) and other charges payable in connection with the preparation, issuance and delivery of new Warrants hereunder.

ARTICLE IV

RESTRICTIONS ON TRANSFER

4.1 Restrictions on Transfer. Notwithstanding any provisions contained in this Warrant to the contrary, this Warrant shall not be exercisable or transferable except upon the conditions specified in this Article IV, which conditions are intended, among other things, to ensure compliance with the provisions of the Act in respect of the exercise or transfer of the Warrant. The holder of this Warrant, by acceptance hereof, agrees that he will not transfer this Warrant prior to delivery to the Company of any required opinion of the holder's counsel (as the opinion and counsel are described in Section 4.2).

4.2 Opinion of Counsel. In connection with any transfer of this Warrant, the following provisions shall apply:

(a) If in the opinion of counsel acceptable to the Company, proposed transfer of this Warrant may be effected without registration of this Warrant under the Act, the holder of this Warrant shall be entitled to transfer this Warrant in accordance with the proposed method of disposition; provided, however, that if the method of disposition would, in the opinion of such counsel, require that the Company take any action or execute and file with the Commission or deliver to

the holder or any other person any form or document in order to establish the entitlement of the holder to take advantage of such method of disposition, the Company agrees, at the cost of the holder, to promptly take any necessary action or execute and file or deliver any necessary form or document. Notwithstanding the foregoing, in no event will the Company be obligated to effect a registration under the Act so as to permit the proposed transfer of this Warrant or take any action which will result in more than one transfer of this Warrant within each calendar year.

(b) If in the opinion of such counsel, the proposed transfer of this Warrant may not be effected without registration of this Warrant under the Act, the holder of this Warrant shall not be entitled to transfer this Warrant until registration is effective.

ARTICLE V

EXERCISE PRICE

5.1 Determination of Purchase Price. The Purchase Price for each Warrant Share purchasable hereunder shall be Seven Dollars and Fifty Cents ($7.50); provided, however, if the Company shall subdivide its shares of Common Stock by stock split, stock dividend or otherwise, the purchase Price shall proportionately decrease and, conversely if the Company shall combine its shares of Common Stock by stock combination, reverse split or otherwise, the Purchase Price shall proportionately increase.

5.2 Notice to Holder. Whenever the Company takes any action which causes the Purchase Price to change, the Company will provide the holder hereof with written notice of such change and the price at which this Warrant is then exercisable. Such notice will be provided not more than 10 days after any such action has occurred.

ARTICLE VI

NUMBER OF WARRANT SHARES

The number of Warrant Shares initially issuable upon exercise of this Warrant shall be one thousand (1,000); provided, however, if, after issuance of this Warrant, the Company shall subdivide its shares of Common Stock by stock split, stock dividend or otherwise, the number of Warrant Shares then issuable hereunder shall proportionately increase, and conversely, if the Company shall combine its shares of Common Stock by stock combination, reverse split or otherwise, the number of Warrant Shares then issuable hereunder shall proportionately decrease.

ARTICLE VII

ADDITIONAL NOTICES TO WARRANT HOLDER

In addition to any other notice required hereunder, the Company shall provide the holder with a copy of any notice which the Company is required to provide those Persons holding shares of Common Stock on the same date such Persons receive such notice.

ARTICLE VIII

DISTRIBUTIONS, LIQUIDATION OR DISSOLUTION

8.1 Certain Distributions. In case the Company shall, at any time prior to the Expiration Date set forth in Article X hereof, make any distribution of its assets to holders of its Common Stock as a partial liquidation distribution or by way of return of capital other than as a dividend payable out of earnings or any surplus legally available for dividends under the laws of the Commonwealth of Virginia, then the holder, upon the exercise of this Warrant prior to any such distribution but after the date of record for the determination of those holders of Common Stock entitled to such distribution of assets, shall be entitled to receive, in addition to the shares of Common Stock issuable on such exercise, upon such distribution the amount of such assets (or at the option of the Company a sum equal to the value thereof at the time of such distribution to holders of Common Stock as such value is determined by the Board of Directors of the company in good faith) which would have been payable to the holder had he been the holder of record of such shares of Common Stock on the record date for the determination of those holders of Common Stock entitled to such distribution.

8.2 Dissolution or Liquidation. In case the Company shall, at any time prior to the Expiration Date set forth in Article X hereof, dissolve, liquidate or wind up its affairs, the holder shall be entitled, upon the exercise of this Warrant

and prior to any such distribution in dissolution or liquidation, to receive on such exercise, in lieu of the shares of Common Stock which the holder would have been entitled to receive, the same kind and amount of assets as would have been distributed or paid to the holder upon any such dissolution, liquidation or winding up with respect to such shares of Common Stock had the holder been the holder of record of such shares of Common Stock on the record date for the determination of those holders of Common Stock entitled to receive any such liquidation distribution.

ARTICLE IX

RECLASSIFICATION, REORGANIZATION OR MERGER

In case of any reclassification, capital reorganization or other change of outstanding shares of Common Stock of the Company, or in case of any consolidation or merger of the Company with or into another corporation (other than a merger with a subsidiary in which merger the Company is the continuing corporation or which does not result in any reclassification, capital reorganization or other change of outstanding shares of Common Stock), the Company shall cause effective provision to be made so that the holder hereof shall have the right thereafter, by exercising this Warrant, to purchase the kind and amount of shares of stock and other securities and property receivable upon such reclassification, capital reorganization or other change, consolidation or merger by a holder of the number of shares of Common Stock which might have been

purchased upon exercise of this Warrant immediately prior to such reclassification, capital reorganization, change, consolidation or merger. Any such provision shall include provision for adjustments which shall be as nearly equivalent as may be practicable to the adjustments herein provided of the Purchase Price and the number of Warrant Shares purchasable and

receivable upon the exercise of this Warrant. The foregoing provisions of this Article IX shall similarly apply to successive reclassifications, capital reorganizations and changes of shares of Common Stock and to successive consolidations and mergers.

ARTICLE X

EXPIRATION

This warrant shall terminate on the Expiration Date and may not be exercised on or after such date. The Expiration Date shall be June 30, 1999.

ARTICLE XI

CERTAIN COVENANTS OF THE COMPANY

The Company covenants and agrees that it will reserve and set apart and have at all times, free from pre-emptive rights, a number of shares of authorized but unissued Common Stock or other securities or property deliverable upon the exercise of this Warrant sufficient to enable it at any time to fulfill all its obligations hereunder.

ARTICLE XII

MISCELLANEOUS

12.1 Entire Agreement. This Warrant contains the entire agreement between the holder hereof and the Company with respect to the purchase of the Warrant Shares and supersedes all prior arrangements or understandings with respect thereto.

12.2 Waiver and Amendment. Any term or provision of this Warrant may be waived at any time by the party which is entitled to the benefits thereof and any term or provision of this Warrant may be amended or supplemented at any time by agreement of the holder hereof and the Company, except that any waiver of any term or condition, or any amendment or supplementation, of this Warrant must be in writing. A waiver of any breach or failure to enforce any of the terms or conditions of this Warrant shall not in any may affect, limit or waive a party's rights hereunder at any time to enforce strict compliance thereafter with any term or condition of this Warrant.

12.3 Illegality. In the event that any one or more of the provisions contained in this Warrant shall be determined to be invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in any other respect and the remaining provisions of this Warrant shall not, at the election of the party for whom the benefit of the provision exists, be in any way impaired.

12.4 Filing of Warrant. A copy of this Warrant shall be filed in the records of the Company.

12.5 Notice. Any notice or other document required or permitted to be given or delivered to the holder hereof shall be delivered personally, or sent by certified or registered mail, to each such holder at the last address shown on the books of the Company maintained at the Warrant Office for the registration, and the registration of transfer, of the Warrant or at any more recent address of which the holder hereof shall have notified the Company in writing. Any notice or other document required or permitted to be given or delivered to the Company shall be delivered, or sent by certified or registered mail, to the Warrant office, attention: President, or such other address within the United States of America as shall have been furnished by the Company to the holder hereof.

12.6 Limitation of Liability; Not Stockholders. No provision of this Warrant shall be construed as conferring upon the holder hereof the right to vote, consent, receive dividends or receive notice other than as herein expressly provided in respect of meetings of stockholders for the election of directors of the Company or any other matter whatsoever as a stockholder of the Company. No provision hereof, in the absence of affirmative action by the holder hereof to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the holder hereof, shall give rise to any liability of

such holder for the purchase price of any Warrant

Shares or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

12.7 Loss, Destruction, Etc. of Warrant. Upon receipt of evidence satisfactory to the Company of the loss, theft, mutilation or destruction of the Warrant, and in the case of any such loss, theft or destruction, upon delivery of a bond of indemnity in such form and amount as shall be reasonably satisfactory to the Company, or in the event of such mutilation, upon surrender and cancellation of the Warrant, the Company will make and deliver a new Warrant, of like tenor, in lieu of such lost, stolen, destroyed or mutilated Warrant. Any Warrant issued under the provisions of this Section 12.7 in lieu of any Warrant alleged to be lost, destroyed or stolen, or in lieu of any mutilated Warrant, shall constitute an original contractual obligation on the part of the Company.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed in its name by its President and its corporate seal to be impressed hereon and attested by this Secretary.

THE COMPANY:
INFORMATION ANALYSIS INCORPORATED

By: /s/ Sandor Rosenberg

Sandor Rosenberg, President

[Corporate Seal]

Attest:

/s/ Abraham J. Spero
- ---
Abraham J. Spero, Secretary

EXHIBIT 2.1

TO WARRANT

SUBSCRIPTION NOTICE

Dated: _____

The undersigned hereby irrevocably elects to exercise his right to purchase _____ shares of the Common Stock, with one cent ($0.01) par value per share, of Information Analysis Incorporated, such right being pursuant to a Warrant dated June __, 1989, and as issued to the undersigned by Information Analysis Incorporated, and remits herewith the sum of $_____ in payment for same in accordance with the Exercise Price specified in Section 5.1 of said Warrant.

INSTRUCTIONS FOR REGISTRATION OF STOCK

Name

(Please typewrite or print in block letters)

Address

Signature

Shares Heretofore Purchased Under Warrant

- ---

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EXHIBIT 10.7

THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURlTIES LAWS OF ANY STATE. SUCH SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED IN THE ABSENCE OF REGISTRATION UNDER SAID ACT AND ALL OTHER APPLICABLE SECURITIES LAWS, UNLESS INFORMATION ANALYSIS INCORPORATED RECEIVES A SATISFACTORY OPINION OF COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

WARRANT

WARRANT TO PURCHASE SHARES OF COMMON STOCK
OF INFORMATION ANALYSIS INCORPORATED

Date of Issuance: Feb. 24, 1993

THIS CERTIFIES that, for value received, JAMES C. WESTER, or registered assigns (the "Holder") is entitled, subject to the provisions of this Warrant, to purchase from INFORMATION ANALYSIS INCORPORATED, a Virginia corporation (the "Company"), at the price hereinafter set forth, 12,000 shares of the Company's S0.01 par value common stock (all of the Company's shares of Common Stock being hereafter referred to as "Common Stock"). This Warrant is hereinafter referred to as the "Warrant" and the shares of Common Stock issued or then issuable pursuant to the terms hereof are hereinafter sometimes referred to as "Warrant Shares".

Section 1. Exercise of Warrant. This Warrant shall be exercised in whole or in part at any time and from time to time on or after its date of issuance but prior to the Expiration Date defined in Section 12 by presentation of the Purchase Form annexed hereto duly executed and accompanied by payment of the Exercise Price set forth in Section 7 hereof, for the number of shares specified in such form. Upon receipt by the Company of the Purchase Form executed as aforesaid, at the office of the Company, accompanied by payment of the Exercise Price, the Company shall issue and deliver to the Holder within a reasonable period of time not to exceed 10 days an additional Purchase Form for future exercise of this Warrant which on its face shall note the total number of shares heretofore purchased under this Warrant (including the shares then being purchased) and a certificate or certificates for the shares of Common Stock then being issued upon such exercise. If deemed necessary by the Company, such certificates shall bear restricted legends substantially similar to the legend appearing on the face of this Warrant.

Section 2. Reservation of Shares. The Company hereby covenants that at all times during the term of this Warrant there shall be reserved for issuance such number of shares of its Common Stock as shall be required to be issued upon exercise of this Warrant.

Section 3. Fractional Shares. This Warrant may be exercised only for a whole number of shares of Common Stock, and no fractional shares or scrip representing fractional shares shall be issuable upon the exercise of this Warrant.

Section 4. Assignment of Warrant. Subject to applicable securities laws, the Holder of this Warrant shall have the right to transfer and assign this Warrant and the right to purchase all (but not less than all) of the shares issuable hereunder. Upon such transfer or assignment, the Holder shall surrender this Warrant to the Company with the Assignment Form in the form annexed hereto duly executed and with funds sufficient to pay any transfer taxes, and the Company shall cancel this Warrant, and without charge, shall execute and deliver a new Warrant of like tenor in the name of the assignee entitling such assignee to all rights and interests of its assignor at the time of assignment of this Warrant.

Section 5. Loss of Warrant. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, or destruction of this Warrant, and of indemnification satisfactory to it, or upon surrender and cancellation of this Warrant, if mutilated, the Company will execute and deliver a new Warrant of like tenor and date.

Section 6. Rights of the Holder. No provision of this Warrant shall be construed as conferring upon the Holder hereof the right to vote, consent, receive dividends or receive notice other than as herein expressly provided in respect of meetings of stockholders for the election of directors of the Company or any other matter whatsoever as a stockholder of the Company. No provision hereof, in the absence of affirmative action by the Holder hereof to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder hereof, shall give rise to any liability of such Holder for the purchase price of any Warrant Shares or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

This Warrant and the shares issuable hereunder shall not be sold, offered for sale, pledged, hypothecated, or otherwise transferred in the absence of registration under the Securities Act of 1933, as amended, and other applicable securities laws or the Company's receipt of an opinion of counsel satisfactory to the Company that such registration is not required.

Section 7. Exercise Price. The purchase price for each share purchased under this Warrant shall be five dollars (S5.00) per share; provided, however, that if the Company shall subdivide its outstanding shares of Common Stock by stock split or stock dividend, the purchase price hereunder shall proportionately decrease and if the

Company shall combine its outstanding shares of Common Stock by stock combination, the purchase price hereunder shall proportionately increase.

Section 8. Adjustment in Number of Warrant Shares. This Warrant shall upon its issuance be exercisable in accordance with the terms hereof, for 2,000 shares of Common Stock; provided, however, if the Company shall subdivide its outstanding shares of Common Stock by stock split or stock dividend, the number of shares of Common Stock issuable hereunder shall proportionately increase, and if the Company shall combine its outstanding shares of Common Stock by a stock combination, the number of shares of Common Stock issuable hereunder shall proportionately decrease.

Section 9. Dissolution or Liquidation. In case the Company shall at any time prior to the Expiration Date set forth in Section 12 hereof, dissolve, liquidate or wind up its affairs, the Holder shall be entitled, upon the exercise of this Warrant in whole or in part and prior to any such distribution in dissolution or liquidation, to receive on such exercise, in lieu of the shares of Common Stock which the Holder would have been entitled to receive, the same kind and amount of assets as would have been distributed or paid to the Holder upon any such dissolution, liquidation or winding up, with respect to such shares of Common Stock had the Holder been the holder of record of such share of Common Stock on the record date for the determination of those holders of Common Stock entitled to receive any such liquidation distribution.

Section 10. Notices to Warrant Holder. If the Company shall pay any dividend or make any distribution upon the shares of its Common Stock or (ii) the Company shall offer to the holders of Common Stock for subscription or purchase by them any shares of stock of any classes or any other rights, or (iii) if any capital reorganization of the Company, reclassification of the Common Stock of the Company, consolidation or merger of the Company with or into another corporation, or voluntary or involuntary dissolution, liquidation or winding up of the Company shall be affected, then, in any such case, the Company shall cause to be delivered to the Holder, a notice of any such actions at the same time and in the same for that notice thereof is provided, if at all, to the stockholders of the Company.

Section 11. Reclassification, Reorganization or Merger. In case of any reclassification, capital reorganization or other change of outstanding shares of Common Stock of the Company (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of an issuance of Common Stock by way of dividend or other distribution or of a subdivision or combination), or in case of any consolidation or merger of the Company with or into another corporation (other than a merger with a subsidiary in which merger the Company is the continuing corporation or which does not result in any reclassification, capital reorganization or other change of outstanding shares of Common Stock of the class issuable upon exercise of this Warrant), the Company shall cause effective provision to be made so that the Holder shall have the right thereafter by exercising this Warrant, to purchase the kind

and amount of shares of stock and other securities and property receivable upon such reclassification, capital reorganization or other change, consolidation or merger, by a holder of the number of shares of Common Stock which might have been purchased upon exercise of this Warrant immediately prior to such reclassification, change, consolidation or merger. Any such provision shall include provision for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Warrant. The foregoing provisions of this Section 11 shall similarly apply to successive reclassifications, capital reorganizations and changes of shares of Common Stock and to successive consolidations and mergers. In the event that in any such capital reorganization or reclassification, consolidation or merger, additional shares of Common Stock shall be issued in exchange, conversion, substitution or payment, in whole or in part, for or of a security of the Company other than Common Stock any amount of the consideration received upon the issue thereof being determined by the Board of Directors of the Company shall be final and binding on the Holder.

Section 12. Applicable Law. This Warrant shall be construed in accordance with the laws of the Commonwealth of Virginia.

Section 13. Expiration Date. The Warrant shall terminate on the Expiration Date and may not be exercised on or after such date. The Expiration Date shall be ten (10) years from the date of issuance of this Warrant except this Warrant shall expire one year prior to the Expiration Date as to a number of Warrant Shares equal to the difference (but not less than zero) between (i) 2,000 and (ii) the number of Warrant Shares issued upon prior exercise(s) of this Warrant.

INFORMATION ANALYSIS INCORPORATED

Attest:

/s/ Rosemary Wozniek
- ----------
Secretary

/s/ Sandor Rosenberg

By:

Title: President

ASSIGNMENT FORM

Dated:_____

For value received _____ hereby sells, assigns and transfers unto

Name_____
(Please typewrite or print in block letters)

Address_____

_____ and appoints _____ as

Attorney to transfer said Warrant on the books of the within named Company with full power of substitution in the premises.

_____
Signature

PURCHASE FORM

The undersigned hereby irrevocably elects to exercise its right to purchase _____ shares of the $0.01 par value Common Stock of Information Analysis Incorporated, such right being pursuant to a Warrant dated _____,

and as issued to the undersigned by Information Analysis Incorporated, and remits herewith the sum of $_____ in payment for same in accordance with the Exercise Price specified in Section 7 of said Warrant.

INSTRUCTIONS FOR REGISTRATION OF STOCK

Name_____
(Please typewrite or print in block letters)

Address_____

Dated:_____ _____
Signature

Shares Heretofore Purchased Under Warrant _____

EXHIBIT 10.8

SOFTWARE PURCHASE AGREEMENT

This Software Purchase Agreement (the "Agreement") dated as of Aug. 15, 1996 by and between Kenneth K. Parsons (the "Seller") and Information Analysis Incorporated, a Virginia corporation ("IAI").

WITNESSETH

WHEREAS, the Seller is the owner of a software program known as CAST (the "Software") which is utilized in connection with IAI's transition engineering services;

WHEREAS, the Seller wishes to sell to IAI all of his right, title, and interest in the Software to IAI;

WHEREAS, IAI is prepared to purchase the Software on the terms and conditions described herein;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained herein, the parties hereto agree as follows:

SECTION 1. DEFINITIONS

1.1 "Object Code" shall mean the machine-readable instructions in any form or media for the Software.

1.2 "Software" shall mean all of the Object Code, Source Code, documentation, and all other elements or components of the CAST software in any form or media.

1.3 "Source Code" shall mean the human-readable instructions in any form or media for the Software.

SECTION 2. PURCHASE AND SALE OF THE SOFTWARE

2.1 Closing. At a closing to take place at IAI, or at such other place as the parties shall agree to in writing (the "Closing"), the date of this Agreement being referred to herein as the "Closing Date"), the parties shall carry out the transactions described herein.

2.2 Transfer of the Software. At the Closing the Seller shall transfer and deliver to IAI all Source Code, Object Code, documentation and other information pertaining to the Software, in any form or media, and all copies of such Source Code, Object Code, and documentation in the possession of the Seller, in any form or media, to IAI, in return for the consideration described below.

SECTION 3. PAYMENT

3.1 Payment Due at Closing. At the Closing, or as required thereafter, IAI shall pay to the Seller. or on the Seller's behalf as IAI may elect, the sum of up to $100,000 in connection with certain tax liabilities of the Seller existing as of the Closing.

3.2 Royalty Payable to Seller. Commencing as of the Closing, the Seller shall be entitled to a royalty equal to 10% of the license fees collected by IAI from the licensing of the Software to third parties. Royalties shall be payable to the Seller based on actual collections received by CAST and shall be payable on a quarterly basis. The aggregate amount of royalties payable by

IAI to the Seller pursuant to this Agreement shall not exceed $1,000,000.

SECTION 4. Issuance of Stock Options.

4.1 Issuance of Incentive Stock Options. At Closing, or within a reasonable time thereafter, IAI shall issue incentive stock options to the Seller in consideration of Seller's remaining an employee of IAI after the sale of the Software. Such incentive stock options shall be exercisable for IAI's common stock, $.01 par value, as follows:

Number of Option Shares	Date Exercisable	Exercise Price
25,000	January 1, 1997	$4
25,000	January 1, 1998	$4
25,000	January 1, 1999	$4

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE SELLER.

The Seller hereby represents and warrants to IAI as follows:

5.1 Authority. All necessary action, personal, corporate or otherwise, has been taken by the Seller to authorize the sale of the Software, and all of Seller's rights thereto, to IAI.

5.2 Absence of Liens. The Seller is the exclusive owner of the Software transferred hereby and said Software is not the subject of any liens, encumbrances, claims, or rights of third parties of any kind.

5.3 Absence of Retained Intellectual Property Rights. By agreeing to the sale of the Software as described in this Agreement the Seller transfers and assigns all of his intellectual property rights of any kind or nature in and to the Software to IAI and agrees not

to contest IAI's rights therein, or IAI's right to sell, license, or otherwise exploit the Software in any manner.

SECTION 6. REPRESENTATIONS AND WARRANTIES OF IAI.

6.1 Authority. IAI has the power and authority to enter into this Agreement and to carry out the transactions contemplated hereby and the transactions contemplated hereby have been duly authorized by IAI.

SECTION 7. INDEMNIFICATION.

7.1 Indemnification by the Seller. The Seller agrees to defend, indemnify and hold the IAI harmless from and against any damages, liabilities, losses and expenses (including reasonable counsel fees) of any kind or nature whatsoever which may be sustained or suffered by IAI based upon a breach of any representation, warranty or agreement made by the Seller in this Agreement.

SECTION 8. MISCELLANEOUS

8.1 Law Governing; General. This Agreement shall be construed under and governed by the laws of the Commonwealth of Virginia. This Agreement may be executed in counter-parts, each of which shall be deemed an original.

8.2 Entire Agreement. This Agreement represents the complete agreement between the parties and supersedes all promises, representations, understandings, warranties and agreements with reference to the subject matter hereof, including all inducements to the making of this Agreement relied upon by all the parties hereto.

8.3 Assignability. This Agreement shall be binding upon, and shall be enforceable by and inure to the benefit of, the parties named herein and their respective heirs, successors, administrators and assigns; provided, however, that this Agreement may not be assigned by either party without the prior written consent of the other party and any attempted assignment

without such consent shall be void and of no effect.

IN WITNESS WHEREOF the parties hereto have executed this Agreement under seal as of the date first set forth above.

/s/ Kenneth K. Parsons
- ----------
Witness — Kenneth K. Parsons

Information Analysis Incorporated

/s/ By: /s/ Sandor Rosenberg
- ----------
Witness — (Title) President

EXHIBIT 10.9

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ROYALTY AGREEMENT

THIS AGREEMENT is made and entered into this 1st day of September, 1996 by and between JAMES WESTER, CONSULTANT, hereinafter referred to as "Wester", and INFORMATION ANALYSIS, INC., having its principal office at 2222 Gallows Road, Suite 300, Dunn Loring, Virginia 22027, hereinafter referred to as "IAI".

W I T N E S S E T H:

WHEREAS, Wester desires to have the right to participate in the business of licensing the CAST product (as described in Paragraph 1) to end users; and,

WHEREAS, IAI is agreeable to such participation by Wester in the licensing of the CAST product in consideration of Wester providing funds for the payment of expenses and costs relating to the CAST product business activity, all as set forth under the terms herein stated;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration received and to be received, Wester and IAI agree as follows:

1. Applicability and Term of Agreement - The parties agree that the terms and conditions of this Agreement shall apply to the provision of computer software programs (CAST) and the services pertaining thereto which are provided to end users. The term of this Agreement shall commence as of the date hereof and shall continue in effect thereafter unless terminated by mutual consent of the parties.

2. Expense Sharing - Wester hereby agrees to provide funds to IAI at such time or times as agreed to between the parties, such

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funds to represent Wester's share of expenses of the CAST product business activity. IAI shall invoice Wester for said share of expenses on a monthly basis, providing reasonable itemization of the expenses and such supporting documentation as Wester may request. Unless otherwise agreed to by the parties, Wester's share of such expenses shall not exceed $300,000 in the aggregate.

3. Royalty Sharing - In consideration of the funds to be provided by Wester for expense sharing, Wester shall be entitled to receive royalties from IAI based upon 20% of license revenue received for the CAST product, not to exceed in the aggregate, however, 150% of the funds provided by Wester to IAI under Paragraph 2 above. IAI will provide a monthly report to Wester of license revenue received for the CAST product, accompanied by a check for the royalty due to Wester with respect to the license revenue included on said report.

4. Entire Agreement - This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter hereof and merges all prior discussions between them, and neither of the parties should be bound by any conditions, definitions, warranties, understandings or representations with respect to such subject matter other than as expressly provided herein or in any modification thereof which is expressed in any amendment to this Agreement that is executed by both parties.

5. Binding Effect - The terms of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, heirs, successors and assigns.

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IN WITNESS WHEREOF, the parties have executed this Royalty Agreement relating to the CAST product on the day and year first above written, effective as of September 1, 1996.

/s/ James Wester

JAMES WESTER, CONSULTANT

INFORMATION ANALYSIS, INC.

BY: /s/ Sandor Rosenberg, President

Title

EXHIBIT 10.10

(Incorporated By Reference)

EXHIBIT 10.11

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REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT ("Agreement") is made this 27th day of February, 1997, by and between INFORMATION ANALYSIS INCORPORATED, a Virginia Corporation (the "Company"), for the benefit of the investors (collectively, the "Investors", individually, an "Investor") who or which purchase shares in a private placement of the Company in which the Company is offering up to 285,714 shares of its Common Stock at $17.50 per share.

RECITALS:

A. The Investors desire to purchase from the Company, and the Company desires to sell to the Investors up to 285,714 shares (the "Shares") of the Company's Common Stock, par value $.01 per share ("Common Stock").

B. As an inducement for the Investors to purchase the Shares from the Company, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (collectively, the "Act"), with respect to the Restricted Stock (as that term is defined herein) on the terms and conditions set forth herein.

The parties hereto hereby covenant and agree as follows:

1. Certain Definitions. As used herein, the following terms shall have the following respective meanings:

"Act" shall mean the Securities Act of 1933 or any similar federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"Commission" shall mean the Securities and Exchange Commission, or any other federal agency at the time administering the Act.

"Common Stock" shall mean the Company's Common Stock, par value of $.01 per share.

"Company" shall mean Information Analysis Incorporated, a Virginia corporation.

"Registration Expenses" shall mean the expenses described in Section 8 hereof.

"Restricted Stock" shall mean the Shares and any capital stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or in connection with a stock split or other distribution with respect to, or in exchange for or in replacement of, the Shares.

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2. Restrictive Legend. Each certificate representing the Restricted Stock, and, except as otherwise provided in Section 3 hereof, each certificate issued upon exchange or transfer of any Restricted Stock, shall be stamped or otherwise imprinted with a legend substantially in the following form, in addition to any other legend required to be imprinted thereon:

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS IT HAS BEEN REGISTERED UNDER SAID ACT OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE."

3. Notice of Proposed Transfer. Prior to any proposed transfer of any Restricted Stock (other than under the circumstances described in Section 4 or 5

hereof or to any entity affiliated through common ownership with the holder thereof), the holder shall give written notice to the Company of its intention to effect such transfer. Each such notice shall describe the manner of the proposed transfer and, if requested by the Company, shall be accompanied by an opinion of counsel reasonably satisfactory to the Company to the effect that the proposed transfer of the Restricted Stock may be effected without registration under the Act, whereupon the holder of such would be entitled to transfer such securities without registration under the Act.

4. Required Registration.

(a) Commencing on January 1, 1998, the holders of Restricted Stock constituting at least a sixty six and two-thirds percent (66.67%) of the shares of Restricted Stock may request the Company to register under the Act on Form S-1 or Forms SB-1 or SB-2 (or any forms similar to or replacing such forms) or if available Form S-2 or Form S-3 (or any forms replacing such forms), all or any portion of the Restricted Stock held by such requesting holder or holders for sale in the manner specified in such notice, provided, however, that except as provided in subparagraphs (b) and (c) below, the Company shall only be obligated to file one demand registration statement for which all Registration Expenses incurred in connection with such registration shall be borne by the Company.

(b) Promptly following receipt of any notice under this Section 4, the Company shall immediately notify any holders of Restricted Stock from whom notice has not been received and shall use its best efforts to register under the Act, for public sale in accordance with the method of disposition specified in such notice from requesting holders, the number of shares of Restricted Stock specified in such notice (and in any notices received from other holders within 20 days after their receipt of such notice from the Company). If such method of disposition shall be an underwritten public offering, the Company may designate the managing underwriter of such offering, subject to the approval of the selling holders of Restricted Stock who hold a majority of such shares, which approval shall not be unreasonably withheld. The Company shall be obligated to register Restricted Stock pursuant to this Section 4 on one occasion only, except that with respect to any particular exercise of the registration rights granted by this Section 4, the obligation of the Company shall be deemed satisfied only when a registration statement covering all shares of Restricted Stock specified in notices received as aforesaid, including any shares of Restricted

Stock which may be excluded from registration under subparagraph (c) below, for sale in accordance with the method of disposition specified by the requesting holders, shall have become effective and, if such method of disposition is a firm commitment underwritten public offering, all such shares shall have been sold pursuant thereto.

(c) The Company shall be entitled to include in any registration statement under this Section 4 for sale in accordance with the method of disposition specified by the requesting holders, shares of Common Stock to be sold by the Company for its own account and shares of Common Stock to be sold by other holders thereof for their respective accounts. If the registration under this Section 4 is an underwritten offering and the managing underwriters advise the Company in writing that in their opinion the number of shares of Common Stock, including the Restricted Stock and, if permitted hereunder, other securities, exceeds the number of shares which can be sold in an orderly manner in such offering within a price range acceptable to the holders of a majority of the shares of Restricted Stock subject to such request for registration, the Company will include in such registration only those securities which are not Restricted Stock which in the opinion of such underwriters can be sold without adversely affecting the marketability of the Restricted Stock in the offering, pro rata among the respective holders of such securities which are not Restricted Stock. Except as provided in this paragraph (c), the Company will not effect any other registration of its Common Stock, whether for its own account or that of other holders, from the date of receipt of a notice from requesting holders pursuant to this Section 4 until the completion of the period of distribution of the registration contemplated thereby.

Notwithstanding the foregoing, the Company shall not be obligated to effect any such registration if, within fourteen (14) days after receipt of a request for such registration, the Company shall furnish the holders requesting such registration with a written opinion of legal counsel reasonably satisfactory to each of them and reasonably satisfactory in form and substance to counsel for each of the holders requesting such registration, that all of the shares of Common Stock requested by such holders to be registered under this Section 4 may be sold within three months after such request in a transaction in compliance with Rule 144 promulgated under the Act (or any successor exemptive

rule hereinafter in effect). In rendering such opinion, such counsel shall be entitled to rely on published figures for the average weekly volume of trading in shares of the Common Stock during the three months immediately preceding the date of such opinion as reported (i) on any national securities exchange on which such shares are listed or (ii) through the automated quotation system of a registered securities association, as the case may be.

5. Incidental Registration. If, at any time during a three (3) year period commencing from the date hereof, the Company proposes to register any of its Common Stock under the Act for sale to the public (except with respect to registration statements on Forms S-4, S-8, any forms replacing such forms, or any other form not available for registering the Restricted Stock for sale to the public), each such time it will give at least thirty (30) days written notice prior to the filing of any registration statement to all holders of outstanding Restricted Stock of its intention so to do. Upon the written request of any such holder, given within 15 days after receipt of any such notice, to register any of that holder's Restricted Stock (which request shall state the

intended method of disposition thereof), the Company will use its best efforts, at no cost or expense to such holder, other than payment of underwriting discounts or commissions, to cause the shares of Restricted Stock as to which registration shall have been so requested to be included in the securities to be covered by the registration statement proposed to be filed by the Company, all to the extent requisite to permit the sale or other disposition by the holder (in accordance with its written request) of such Restricted Stock so registered. No request shall be made under this Section 5 in connection with any registration of Common Stock in connection with a merger, business combination or asset or business acquisition transaction unless such transaction is accompanied by an offering through which the Company is seeking to obtain cash proceeds through the sale of Common Stock or other securities convertible or exercisable for Common Stock. In the event that any registration pursuant to this Section 5 shall be, in whole or in part, an underwritten public offering of Common Stock, any request by a holder pursuant to this Section 5 to register shares of Restricted Stock shall specify that either (i) such Restricted Stock is to be included in an underwriting on the same terms and conditions as the shares of Common Stock otherwise being sold through underwriters under such registration, or (ii) such Restricted Stock is to be sold in the open market without any underwriting, on terms and conditions comparable to those normally applicable to offerings of common stock in reasonably similar circumstances. If, in connection with any registration under this Section 5, the managing underwriters advise the Company in writing that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in an orderly manner in such offering within a price range acceptable to the Company, the Company will include in such registration (i) first, the securities the Company proposes to sell, (ii) second, the Restricted Stock requested to be included in such registration, pro rata among the holders of such Restricted Stock on the basis of the number of shares requested to be registered by each such holder, and (iii) third, other securities requested to be included in such registration. Notwithstanding anything to the contrary contained in this Section 5, in the event that there is a firm commitment underwritten offering of securities of the Company pursuant to a registration covering Restricted Stock and a selling holder of shares of Restricted Stock does not sell that holder's Restricted Stock to the underwriters of the Company's securities in connection with such offering, such holder shall refrain from selling any Restricted Stock whether or not registered pursuant to this Section 5 during the period of distribution of the Company's securities by such underwriters and the period in which the underwriting syndicate participates in the after market; provided, however, that such holder shall, in any event, be entitled to sell its Restricted Stock in connection with such registration or otherwise commencing on the 180th day after the effective date of such registration statement.

6. Grant of Subsequent Registration Rights. The Company hereby covenants and agrees not to grant registration rights, of equal or greater priority than the rights granted herein, to any other party without the express written consent of the holders of a majority in interest of the Restricted Stock.

7. Registration Procedures and Expenses.

(a) If and whenever the Company is required by the provisions of Sections 4 or 5 hereof to effect or to use its best efforts to effect the registration of any of the

Restricted Stock under the Act, the Company will, as expeditiously as possible:

(i) prepare and file with the Commission a registration statement (which, in the case of an underwritten public offering pursuant to Section 4 hereof, shall be on Form S-1 or another form of general applicability satisfactory to the managing underwriter selected as therein provided) with respect to such securities and use its best efforts to cause such registration statement to become and remain effective for the period of the distribution contemplated thereby (determined as hereinafter provided);

(ii) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for the period of the distribution contemplated thereby and to comply with the provisions of the Act with respect to the disposition of all Restricted Stock covered by such registration statement in accordance with the sellers' intended method of disposition set forth in such registration statement for such period;

(iii) furnish to each seller and to each underwriter such number of copies of the registration statement and the prospectus included therein (including each preliminary prospectus) as such persons may reasonably request in order to facilitate the public sale or other disposition of the Restricted Stock covered by such registration statement;

(iv) use its best efforts to register or qualify the Restricted Stock covered by such registration statement under the securities or blue sky laws of such jurisdictions as the sellers of Restricted Stock or, in the case of an underwritten public offering, the managing underwriter shall reasonably request, provided that the Company shall not be obligated to qualify to do business in any jurisdiction where it is not then qualified or to take any action that would subject it to service of process in suits other than those arising out of the offer or sale of securities covered by the registration statement in a jurisdiction in which it is not then so subject;

(v) immediately notify each seller under such registration statement and each underwriter, at any time when a prospectus relating thereto is required to be delivered under the Act, of the happening of any event as a result of which the prospectus contained in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing; and

(vi) use its best efforts (if the offering is underwritten) to furnish, at the request of any seller, on the date that Restricted Stock is delivered to the underwriters for sale pursuant to such registration or, if the Restricted Stock is not being sold through underwriters, or the date the registration statement becomes effective; (A) an opinion dated such date of counsel representing the Company for the purposes of such registration, addressed to the underwriters and to such seller, stating that such registration statement has become effective under the Act and that (1) to the best knowledge of such counsel, no stop order suspending the effectiveness thereof has been issued and no proceedings for that purpose have been instituted or are pending

or contemplated under the Act, (2) the registration statement, the related prospectus, and each amendment or supplement thereof, comply as to form in all material respects with the requirements of the Act and the applicable rules and regulations of the Commission thereunder (except that such counsel need express no opinion as to financial statements contained therein) and (3) to such other effects as may reasonably be requested by counsel for the underwriters, and (B) a letter dated such date from the independent public accountants retained by the Company, addressed to the underwriters and to such seller, stating that they are independent public accountants within the meaning of the Act and that, in the opinion of such accountants, the financial statements of the Company included in the registration statement or the prospectus, or any amendment or supplement thereof, comply as to form in all material respects with the applicable accounting requirements of the Act, and such letter shall additionally cover such other financial matters with respect to the registration in respect of which such letter is being given as such underwriters may reasonably request.

For purposes of paragraphs (i) and (ii) above, the period of distribution of Restricted Stock in a firm commitment underwritten public offering shall be deemed to extend until each underwriter has completed the

distribution of all securities purchased by it and shall not be less than 120 days after the effective date of the registration of such securities, and the period of distribution of Restricted Stock in any other registration shall be deemed to extend until the earlier of the sale of all Restricted Stock covered thereby or 360 days after the effective date thereof.

In connection with each registration hereunder, the selling holder or holders of Restricted Stock will promptly furnish to the Company in writing such information with respect to themselves and the proposed distribution by them as shall be reasonably necessary in order to assure compliance with federal and applicable state securities laws or to facilitate preparation of the registration statement.

(b) Each holder of Restricted Stock agrees that if it disposes of its shares in connection with the registration of Restricted Stock pursuant to this Agreement, it will do so in accordance with the terms and conditions of such registration statement and will comply with all applicable provisions of the Act and the Securities Exchange Act of 1934, as amended (the "1934 Act").

No holder shall have any right to take any action to restrain, enjoin, or otherwise delay any registration as a result of any controversy with respect to the interpretation or implementation of this Section 7.

(c) In connection with each registration pursuant to Section 4 and 5 hereof covering an underwritten public offering, the Company agrees to enter into and perform its obligations under a written agreement with the managing underwriter selected in the manner herein provided in such form and containing such provisions as are customary in the securities business for such an arrangement between major underwriters and companies of the Company's size and investment stature, provided that such agreement shall not contain any provision applicable to the Company which is inconsistent with the provisions hereof.

(d) At such time as the Company registers shares of Common Stock under the Act, it shall also undertake such action which is required to become a reporting company under Section 15(d) of the 1934 Act (if it is not otherwise required to become a reporting company under Section 12 of such act) and shall thereafter timely file such periodic and other reports required thereunder.

8. Expenses. All expenses incurred by the Company in complying with Section 4 and 5 hereof, including, without limitation, all registration and filing fees, costs of registering or qualifying Restricted Stock under the applicable blue sky laws under Section 7 (a)(vi) printing expenses, fees and disbursements of counsel for the Company and independent public accountants for the Company, fees of the National Association of Securities Dealers, Inc., transfer taxes, fees of transfer agents and registrars, costs of insurance and reasonable fees and expenses of counsel for the sellers of Restricted Stock, but excluding any Selling Expenses, are herein called "Registration Expenses". All underwriting discounts and selling commissions applicable to the sale of Restricted Stock are herein called "Selling Expenses".

9. Effectiveness. The Company will use its best efforts to maintain the effectiveness for up to 270 days of any registration statement pursuant to which any of the shares of Restricted Stock are being offered, and from time to time will amend or supplement such registration statement and the prospectus contained therein as and to the extent necessary to comply with the Act and any applicable state securities statute or regulation.

10. Indemnification. In the event of a registration of any of the Restricted Stock under the Act pursuant to Section 4 or 5 hereof, the Company will indemnify and hold harmless each seller of such Restricted Stock thereunder, the officers and directors of each seller and each underwriter of Restricted Stock thereunder and each other person, if any, who controls such seller or underwriter within the meaning of the Act, against any losses, claims, damages or liabilities, joint or several, to which they may become subject under the 1934 Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such Restricted Stock was registered under the Act pursuant to Section 4 or 5, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereof; (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading or (iii) any violation or alleged violation by the Company of the Act, the 1934 Act, any federal or state securities law, or any rule or regulation promulgated under the Act, the 1934 Act or any other federal or state securities law in connection with the

offering covered by such registration statement, and the Company will reimburse each such seller, and officer, directors, and each such underwriter and each such controlling person for any legal or other expenses as they are reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case if and to the extent that any such loss, claim, damage, liability or action arises out of or is based upon an untrue statement or omission so made in reliance upon written information furnished by such seller, officer, director such underwriter or such controlling person.

In the event of a registration of any of the Restricted Stock under the Act pursuant to Section 4 or 5 hereof, each seller of such Restricted Stock thereunder, severally and not jointly, will indemnify and hold harmless the Company and each person, if any, who controls the Company within the meaning of the Act, each officer of the company who signs the registration statement, each director of the Company, each underwriter (including any broker or dealer through whom Restricted Stock may be sold) and each person who controls any underwriter within the meaning of the Act, against all losses, claims, damages or liabilities, joint or several, to which they may become subject under the Act, the 1934 Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the registration statement under which such Restricted Stock was registered under the Act pursuant to Section 4 or 5 any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereof, (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (iii) any violation by the Company of the Act, the 1934 Act, any federal or state securities law or any rule or regulation promulgated under the Act, 1934 Act or any federal or state securities law in connection with the offering covered by such registration statement, and will reimburse the Company and each such officer, director, underwriter and controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that such seller will be liable hereunder in any such case if and only to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or omission or made in reliance upon and in conformity with written information furnished by such seller under an instrument or document duly executed by such seller and stated to be specifically for use in connection with such registration and provided further that in no event shall any amount payable in indemnity by a seller under this section exceed the net proceeds received by such seller in the offering out of which any such loss, claim, damage liability or action occurs.

Promptly after receipt by an indemnified party hereunder of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party hereunder, notify the indemnifying party in writing thereof, but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party other than under this Section 10. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate in and, to the extent it shall wish, to assume and undertake the defense thereof with counsel satisfactory to such indemnified party, and, after notice from the indemnifying party to such indemnified party of its election so to assume and undertake the defense thereof, the indemnifying party shall not be liable to such indemnified party under this Section 10 for any legal expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation and of liaison with counsel so selected; provided, however, that if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified

party shall have reasonably concluded that there may be reasonable defenses available to it which are different from or additional to those available to the indemnifying party or if the interests of the indemnified party reasonably may be deemed to conflict with the interests of the indemnifying party, the

indemnified party shall have the right to select a separate counsel and to assume such legal defenses and otherwise to participate in the defense of such action, with the expenses and fees of such separate counsel and other expenses related to such participation to be reimbursed by the indemnifying party as incurred.

11. Damages.

(a) The Company recognizes and agrees that you will not have an adequate remedy if the Company fails to comply with the provisions of this Registration Rights Agreement regarding registration and that damages will not be readily ascertainable, and the Company expressly agrees that, in the event of such failure, the Company shall not oppose an application by you, or any other person entitled to the benefits of these provisions requiring specific performance of any provisions hereof or enjoining the Company from continuing to commit any such breach of such provisions.

(b) You recognize and agree that the Company will not have an adequate remedy if you fail to comply with the provisions of this Registration Rights Agreement regarding registration and that damages will not be readily ascertainable, and you expressly agree that, in the event of such failure, you shall not oppose an application by the Company, or any other person entitled to the benefits of these provisions requiring specific performance of any provisions hereof or enjoining you from continuing to commit any such breach of such provisions.

12. Changes in Common Stock. If, and as often as, there are any changes in the Common Stock by way of stock split, stock dividend, combination or reclassification, or through merger, consolidation, reorganization or recapitalization, or by any other means, appropriate adjustment shall be made in the provisions hereof, as may be required, so that the rights and privileges granted hereby shall continue with respect to the Common Stock as so changed.

13. Representations and Warranties of the Company. The Company represents and warrants to you that the execution, delivery and performance of this Registration Rights Agreement by the Company have been duly authorized by all requisite corporate action and will not violate any provision of law, any order of any court or other agency of government, the Certificate of Incorporation or By-laws of the Company, or any provision of any indenture, agreement or other instrument to which it or any of its properties or assets is bound, or conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Company.

14. Miscellaneous.

(a) All covenants and agreements contained in this Registration Rights Agreement by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of you and the Company whether so expressed or not. Without limiting the generality of the foregoing, the rights and obligations conferred herein on you by virtue of your holding of the Restricted Stock shall inure to the benefit of any and all subsequent holders from time to time of shares of the Restricted Stock holding not less than twenty percent (20%) of the shares of Restricted Stock initially issued to you.

(b) All notices, requests, consents and other communications hereunder shall be in writing and shall be mailed by first class registered mail, postage prepaid, addressed as follows:

If to the Company, then: Information Analysis Incorporated, at its principal office at 11240 Waples Mill Road, Suite 400, Fairfax, VA 22030, Attention: Richard S. DeRose, with a copy to: Mark J. Wishner, Esq., Michaels, Wishner & Bonner, P.C., 1140 Connecticut Avenue, Suite 900, Washington, D.C. 20036.

If to the Investors, then at the address shown on the records of the Company.

If to any subsequent holder of Restricted Stock, then to such address as may have been furnished to the Company in writing by such holder;

Or, in any case, at such other address or addresses as shall have been furnished in writing to the Company (in the case of a holder of Restricted Stock) or to the holders of Restricted Stock in the case of the Company.

(c) This Registration Rights Agreement shall be governed by and construed, interpreted, and enforced in accordance with the laws of the Commonwealth of Virginia.

(d) This Registration Rights Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be modified or amended except in writing signed by the Company and the holders of the modification of the shares of the Restricted Stock. Notwithstanding the foregoing, any modification or amendment to this Section 14(d) and any modification or amendment to other provisions in this Registration Rights Agreement which increases the obligations of any holder or holders of the Restricted Stock hereunder or which does not apply equally to all parties to this Agreement shall require the consent of the Company and all of the holders of the Restricted Stock.

(e) This Registration Rights Agreement may be executed in two counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been executed as of the date and year first written above.

INFORMATION ANALYSIS INCORPORATED

By: /s/ Richard S. DeRose

Title: Executive Vice President

EXHIBIT 21.1

SUBSIDIARIES OF
INFORMATION ANALYSIS INCORPORATED

Name	State of Incorporation	Name under which Subsidiary Does Business
Allied Health & Information Systems, Inc.	VA	N/A
DHD Systems, Inc.	VA	N/A
International Software Services Corporation	VA	N/A

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