CIBER INC
Form 424B5
February 20, 2009
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Filed pursuant to Rule 424(b)(5)
Registration No. 333-155663

Prospectus Supplement To Prospectus Dated January 8, 2009

$22,000,000

CIBER, Inc.

8,000,000 Shares of Common Stock, $0.01 par value per share

We are offering 8,000,000 shares of our common stock, par value $0.01 per share.

Our common stock is traded on the New York Stock Exchange under the symbol CBR. The last reported sale price of our common stock on the New York Stock Exchange was $3.43 on February 19, 2009.

Investing in shares of our common stock involves risks. See the section entitled Risk Factors beginning on page S-8 of this prospectus supplement.

	Per Share	Total
Public Offering Price	**$2.75**	**$22,000,000**
Underwriting Discount	**$0.15**	**$1,200,000**
Proceeds, Before Expenses, to us.	**$2.60**	**$20,800,000**

We have granted the underwriters a 30 day option to purchase from us, at a price equal to the public offering price less the underwriting discount, up to an additional 1,000,000 shares of common stock sold in this offering.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect that the shares of common stock will be ready for delivery in book-entry form through the facilities of the Depository Trust Company on or about February 25, 2009.

Roth Capital Partners

Kaufman Bros., L.P.

Prospectus Supplement dated February 19, 2009

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You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. Neither we nor the underwriters have authorized any person to provide you with different or additional information. You should not rely on any unauthorized information or representations. This prospectus supplement and the accompanying prospectus are an offer to sell only the shares of common stock offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus supplement and the accompanying prospectus is current only as of their respective dates and our business, financial condition, results of operations may have changed since those dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement relates to a prospectus which is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, utilizing a shelf registration process. Under this shelf registration process, we may sell the securities described in the accompanying prospectus in one or more offerings. The accompanying prospectus provides you with a general description of the securities we may offer. This prospectus supplement contains specific information about the terms of this offering. This prospectus supplement may add, update or change information contained in the accompanying prospectus. Please carefully read both this prospectus supplement and the accompanying prospectus in addition to the information described in the section of the accompanying prospectus entitled Where You Can Find More Information.

In this prospectus supplement, unless otherwise specified or the context otherwise dictates, the terms CIBER, the Company, we, us or our m CIBER, Inc. and its consolidated subsidiaries. Unless otherwise stated, currency amounts in this prospectus supplement are stated in United States dollars, or $.

The registration statement that contains the prospectus (including the exhibits filed with and incorporated by reference to the registration statement) contains additional information about CIBER and the common stock offered under this prospectus supplement. That registration statement can be read at the SEC website or at the SEC office mentioned under the section of this prospectus supplement entitled Where You Can Find More Information.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and periodic reports, proxy statements and other information with the SEC. You may read and copy any document that we file at the SEC s public reference room located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at (800) SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public on the SEC s website at http://www.sec.gov and the offices of the New York Stock Exchange, or NYSE. For further information on obtaining copies of our filings at the NYSE, you should call (212) 656-5060.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain or incorporate by reference forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, or PSLRA. The words or phrases believes, anticipates, expects, plans, seeks intends, will likely result, estimates, projects or similar expressions are intended to identify such forward-looking statements. These forward-looking statements involve risks and uncertainties that may cause our actual results to differ materially from the results discussed in the forward-looking statements.

The text under the section of this prospectus supplement entitled Risk Factors contains or refers to certain cautionary statements regarding our business that potential investors and others should consider. These statements discuss matters which may in part be contained elsewhere in, or incorporated by reference in, this prospectus supplement or the accompanying prospectus or which may have been contained in other documents prepared by us under federal or state securities laws. This discussion is intended to take advantage of the safe harbor provisions of the PSLRA. We do not undertake to address or update forward-looking statements in future filings or communications regarding our business or operating results, and do not undertake to address how any of these factors may have caused results to differ from discussions or information contained in previous filings or communications. In addition, any of the matters discussed below may have affected past, as well as current, forward-looking statements about future results. Any or all forward-looking statements in this prospectus supplement, the accompanying prospectus, and in any other public filings or statements we make may turn out to be wrong. They can be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties. Many factors discussed in the section of this prospectus supplement entitled Risk Factors or incorporated by reference herein will be important in determining future results. By their nature, forward-looking statements are not guarantees of future performance or results and are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Actual future results may vary materially from expectations expressed in our prior communications.

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INCORPORATION OF DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference in this prospectus supplement and the accompanying prospectus certain information we file with the SEC, which means that we may disclose important information in this prospectus supplement by referring you to the document that contains the information. The information incorporated by reference is considered to be a part of this prospectus supplement and the accompanying prospectus, and the information we file later with the SEC will automatically update and supersede the information filed earlier. We incorporate by reference the documents listed below and any future filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, as amended, (excluding any information furnished and not filed with the SEC) until the offering of the securities covered by this prospectus supplement is completed:

Our Annual Report on Form 10-K, as amended, for the year ended December 31, 2007;

Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2008, June 30, 2008 and September 30, 2008;

Our Current Reports on Form 8-K filed on February 13, 2008 (specifically excluding the Current Report on Form 8-K on such date furnishing information pursuant to Items 2.02 and 9.01 of Form 8-K), February 14, 2008, February 28, 2008, May 2, 2008 (two Current Reports on Form 8-K filed on such date), May 5, 2008, October 14, 2008 (specifically excluding the Current Report on Form 8-K on such date furnishing information pursuant to Items 2.02 and 9.01 of Form 8-K) and February 17, 2009;

Our Form 8-As relating to our common stock filed with the SEC on February 25, 1994 and June 17, 1997; and

Our Form 8-A and amendments thereto relating to our stock purchase rights filed with the SEC on September 14, 1998, April 11, 2003 and May 2, 2008.

You may obtain copies of any of these filings by contacting us at the address and phone number indicated below or by contacting the SEC as described above. You may request a copy of these filings, and any exhibits we have specifically incorporated by reference as an exhibit in this prospectus supplement or the accompanying prospectus, at no cost, by writing or telephoning to:

CIBER, Inc.

6363 S. Fiddler s Green Circle, Suite 1400

Greenwood Village, Colorado 80111

Attn: Investor Relations

(303) 220-0100

Readers should rely only on the information provided or incorporated by reference in this prospectus supplement and the accompanying prospectus. Readers should not assume that the information in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front cover of the document.

THE COMPANY

CIBER is a diversified, system integration and information technology services consulting firm, with approximately 8,400 employees and total revenue of approximately $1.1 billion in 2007. We operate in a geographically-based business model from over 100 offices in 18 countries. CIBER helps clients achieve their business goals by building, integrating and supporting mission-critical applications and systems for optimized quality, increased business value, faster time-to-market and reduced total cost of operations. Our clients consist primarily of government agencies and Fortune 1,000 and middle market companies across most major industries.

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Services and Operations

We organize our operations by the nature of their services, client base and geography. We have five reportable segments and for the year ended December 31, 2007, our percentage of total revenue by segment was as follows:

Commercial	33%
Europe	30%
State & Local Government	13%
Federal Government	13%
Enterprise Solutions	11%

Clients

Our clients consist primarily of Fortune 1,000 and middle market companies across most major industries, as well as government agencies. These organizations typically have significant IT budgets and frequently depend on outside consultants to help achieve their business and IT objectives. In 2007, we estimate our approximate percentage of total revenue by client industry was:

Government	28%
Manufacturing/high tech	18%
Financial	13%
Healthcare/pharmaceutical	10%
Automotive	6%
Retail	6%
Telecommunications	3%
Education	2%
Services and other	14%

Certain clients account for a significant portion of our revenue. Our largest client, the various agencies of the U.S. Federal Government, collectively accounted for approximately 15%, 14% and 12% of total revenue in 2005, 2006 and 2007, respectively. No other client accounted for more than 3% of our total revenue in 2007. In addition, our five largest clients (including the various agencies of the U.S. Federal Government as one client) accounted for, in the aggregate, approximately 22% of our total revenue in 2007. By segment, the largest client for each of our respective segments accounted for the following percentage of each segment s 2007 total revenues: Commercial - 7%; Federal Government - 96%; State & Local Government - 21%; Enterprise Solutions - 12% and Europe - 7%. Additionally, our State & Local Government segment had a second client in 2007 that accounted for 11% of its total segment revenue.

Client retention and turnover is highly dependent upon the type of solution we are providing. Many of our client relationships in which we are providing a custom solution have continued for many years. Each year, most of the services revenue in our Commercial, Federal Government and State & Local Government segments comes from clients for whom we have previously provided services. With services related to package software solutions, which includes our Enterprise segment, as well as a large part of our Europe segment, client engagements most typically involve a large enterprise software implementation over a period of six to eighteen months. Typically, once package software implementations are completed, future consulting services revenues from that client are minimal and, as a result, client turnover is high.

Typically, both our commercial and government clients may cancel their contracts or reduce their use of our services on short notice. If any significant client terminates its relationship with us or substantially decreases its use of our services, it could have a material adverse effect on our financial condition and results of operations.

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Acquisitions/Business Combinations

Since the late-1980s, CIBER has executed a strategy of growth and diversification that included expanding our range of IT-related services, developing a professional sales force and selectively acquiring established complementary companies. Since our initial public offering in March of 1994, we have completed over 60 business combinations. In the past several years, our acquisition strategy has centered upon our need to further augment business segments with additional vertical areas of expertise, consultants or geographic reach. Our acquisition strategy has been central to our ability to expand our business model in the following areas:

Increased project-based capabilities **-** We have expanded our project-based delivery capabilities by adding expertise around SAP, Oracle (which now includes PeopleSoft and JD Edwards) and other ERP packages, such as with our 2009 acquisition of Iteamic Pvt. Ltd. (Iteamic), a Bangalore, India-based IT services company providing integrated business and technology solutions to established and emerging companies in the United States, Europe and Asia. In addition to acquiring project-based ERP capabilities, we have developed internal project level expertise in delivery of custom software applications, application maintenance and technology outsourcing services. This combination of acquired and organically-developed project delivery capabilities has resulted in a shift in our mix of business to project-based work from staff supplementation services.

Established significant public sector presence **-** Our acquisitions have enabled us to become an established firm in the public sector, providing services to all 50 states over the past three years, over 225 cities and more than 150 counties, as well as hundreds of other quasi-governmental entities, such as school districts and utilities and to the U.S. Federal government. Our public sector clients, including those located in Europe, accounted for approximately 28% of our total revenue in 2007.

Expanded geographic presence **-** Acquisitions have also allowed us to expand our geographic footprint to include a significant European presence. Beginning with our first foreign acquisition in the Netherlands in 1999, and most recently our 2008 acquisition of a Norwegian SAP consultancy, we have expanded our International operations to include approximately 34 foreign offices located in 11 European countries, plus China, Australia and New Zealand.

Recent Developments

On January 29, 2009, we announced preliminary unaudited financial results for the year ended December 31, 2008, including revenue of approximately $1.19 billion, net income of approximately $30 million, and earnings per share of approximately $0.50/share, and preliminary fourth quarter 2008 revenue of approximately $279 million, net income of approximately $6 million and earnings per share of approximately $0.10/share. We also announced preliminary results indicating that we generated approximately $90 million in cash from operations and paid down long-term debt by over $40 million in 2008. In 2007 we reported revenue of $1.08 billion, net income of $29.0 million and earnings per share of $0.47/share for the full year. In the fourth quarter of 2007 we reported revenue of $290.5 million, net income of $7.1 million and earnings per share of $0.12/share.

Our 2008 results and fourth quarter 2008 results were adversely affected by the impact of continued negative global economic conditions. Our fourth quarter 2008 revenues decreased from both the third quarter of 2008 as well as the fourth quarter of 2007. The largest single impact on the 2008 fourth quarter revenues resulted from the rapid strengthening of the U.S. dollar against foreign currencies, which reduced our dollar revenues from our non-U.S. businesses. In fourth quarter 2008 our revenues were also impacted by worsening global economic conditions, which caused clients to reduce the use of our services, to delay starts to new projects or to seek price reductions. Excluding the effects of foreign currency changes and acquisitions, our fourth quarter 2008 revenues decreased approximately 3% from the third quarter and approximately 1% from the fourth quarter of 2007. Our U.S. Commercial segment was most affected by client spending reductions in the fourth quarter of 2008 as compared to the third quarter. Our Europe segment had positive local currency sales growth in the fourth quarter of 2008 as compared to the prior year quarter; however this was offset by sales declines in our Enterprise Solutions, Federal Government and State & Local Government segments. As a result we have taken various overhead cost reduction measures during the fourth quarter of 2008, which we expect will start to benefit us in 2009.

Economic conditions also resulted in higher bad debt expense during the fourth quarter primarily due to client bankruptcies. The significant fourth quarter 2008 exchange rate movement between the British pound and the Euro resulted in unusually high currency exchange rate losses during the quarter, as noted above. In addition, our Enterprise Solutions segment struggled in the fourth quarter of 2008 due to continued losses from our SAP practice. Our domestic SAP practice was restructured in the second half of 2008 in an attempt to reduce declines in revenue and to bring this practice back to profitability. We benefited from Congress extending the research and experimentation (R&E) credit for 2008 during the fourth quarter, allowing us to record a full year of estimated income tax benefit from the R&E credit, which significantly reduced our fourth quarter 2008 income tax expense. Thus, while we are taking steps to address the challenges presented by the current business environment, we anticipate that the effects of the global economic downturn will continue to adversely affect our business, and such effects could become more severe during 2009. See Risk Factors in this prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein.

Finally, in December 2008, we also completed the repurchase of all of our remaining outstanding Convertible Senior Subordinated Debentures using borrowings under our Revolving Credit Facility. As a result, all of our indebtedness is now under our Revolving Credit Facility, is subject to a floating interest rate, and the amount outstanding at January 31, 2009 was $174.6 million.

Corporate Information

We were originally incorporated in Michigan in 1974 and later reincorporated in Delaware in 1993. Our corporate headquarters are located at 6363 S. Fiddler s Green Circle, Suite 1400, Greenwood Village, Colorado 80111. Our telephone number is (303) 220-0100, and our website address is www.ciber.com. The information on our website is not part of this prospectus supplement or the accompanying prospectus.

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THE OFFERING

The following is a brief summary of certain terms of this offering and is not intended to be complete. It does not contain all of the information that will be important to a holder of shares of our common stock. For a more complete description of our common stock, see the section of this prospectus supplement entitled Description of Common Stock and the section in the accompanying prospectus entitled Description of Capital Stock.

Issuer	CIBER, Inc.
Securities Offered	8,000,000 shares of common stock plus up to an additional 1,000,000 shares of common stock that we will issue and sell upon the exercise of the underwriters option to purchase additional common shares.
Common Shares to be Outstanding after the Offering	68,090,229 common shares (69,090,229 common shares if the underwriters exercise their option to purchase additional common shares in full).(1)
Listing	Our common stock is listed for trading on the NYSE under the symbol CBR.
Use of Proceeds	The net proceeds to us from the sale of common stock offered hereby are expected to be approximately $20,600,000 ($23,200,000 if the underwriters exercise their option to purchase additional common shares in full) after deducting our estimated offering expenses. We intend to use the net proceeds from this offering for debt reduction.
Settlement Date	Delivery of the shares of common stock will be made against payment therefor on or about February 25, 2009.
Transfer Agent	The transfer agent for our common shares is Wells Fargo Bank, National Association.
Risk Factors	See the section of this prospectus supplement entitled Risk Factors beginning on page S-8, the Risk Factors section beginning on page 6 of the accompanying prospectus and the Risk Factors sections of our annual report on Form 10-K/A for the year ended December 31, 2007, filed on May 30, 2008, and, to the extent applicable, our quarterly reports on Form 10-Q for other information you should consider before buying our common shares.

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(1) The above table is based on 60,090,229 shares of our common stock outstanding as of September 30, 2008, and excludes, as of September 30, 2008:

- 8,457,615 shares of common stock issuable upon the exercise of stock options outstanding prior to this offering under our equity incentive plans, at a weighted average exercise price of $7.10 per share; and

- 4,880,509 shares of common stock available for future grants under our equity incentive plans.

To the extent that any options or warrants are exercised, new options are issued under our equity incentive plans, or we otherwise issue additional shares of common stock in the future, there will be further dilution to new investors.

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RISK FACTORS

Prospective investors should carefully consider the specific factors set forth under the caption Risk Factors in our Annual Report on Form 10-K (and as amended) for the year ended December 31, 2007, and, to the extent applicable, our quarterly reports on Form 10-Q which are incorporated herein by reference, together with all of the other information appearing in or incorporated by reference into this prospectus supplement, including the risk factors below.

If the economic downturn continues or is prolonged, it would likely continue to negatively affect our clients and their levels of spending and have a materially adverse affect on our revenues, results of operations and financial condition.

Our results of operations are affected by the level of business activity of our clients, which in turn is affected by the regional and global economic conditions that they operate in. Many economists have determined that the U.S. economy and the global economy have entered into a recession as a result of the deterioration in the credit markets and the related financial crisis, as well as a variety of other factors. The economic downturn, particularly in the U.S. and Western Europe, has and may continue to cause reductions in technology and other discretionary spending by some of our clients, which has and may continue to result in reductions in the growth of our new business, as well as reductions in our existing business. In the fourth quarter of 2008 we experienced slowing across our business units. As a result, we took steps to reduce overhead costs, which we expect will benefit us in 2009. Reduced demand for IT services has also led to increased price competition and the potential for us to enter into contracts that produce lower profit margins. Continued disruption and volatility of the financial markets likely would limit our customers access to financing needed for operations. These circumstances could lead some of our clients to delay, cancel or scale back their IT projects or IT spending, to seek lower pricing, to seek extended payment terms, to delay payments due to us and, as occurred with several clients in 2008, or to enter into bankruptcy or liquidation. In the event our clients are or continue to be affected by these events, our revenues, results of operations and financial condition may be materially adversely affected, any of which may also adversely affect our access to capital.

The volatile world economic and market conditions also produced negative effects on our results of operations in the fourth quarter of 2008 due to, among other things, adverse changes in foreign currency rates and such negative effects may continue. Approximately one-third of our 2008 consolidated revenues was from our European operations and derived in foreign currencies. Changes in the values of these foreign currencies against the U.S. dollar affects the reported amounts of our foreign revenues, expenses, assets and liabilities. Significant strengthening of the U.S. dollar against currencies like the British Pound and the Euro, in the fourth quarter of 2008, negatively impacted our fourth quarter 2008 revenues by approximately 4% as compared to third quarter 2008. In addition, we have transactions with clients as well as inter-company transactions between our subsidiaries that cross currencies and expose us to foreign currency gains and losses. For example, in the fourth quarter of 2008 we recorded foreign currency losses of approximately $1.0 million on inter-company transactions. These types of events are difficult to predict and may be expected to recur. Accordingly, we could experience material losses in revenues and earnings due to fluctuations in foreign currency rates.

Termination of a contract by a significant client and/or cancellation with short notice (due to bankruptcy or otherwise) would reduce our revenue and profitability and adversely affect our financial condition.

Our five largest clients accounted for approximately 22% of our revenue in 2007. The various agencies of the U.S. Federal Government represent our largest client, accounting for approximately 12% of total revenue in 2007, while no other client accounted for more than 3% of our total revenue in 2007. During 2008 our revenue and profitability were adversely affected by the bankruptcy of several of our clients. Our clients typically retain us on a non-exclusive, engagement-by-engagement basis. Most individual client assignments are from three to twelve months; however, many of our client relationships have continued for many years. Although they may be subject to penalty provisions, clients may generally cancel a contract at any time with short notice. Under many contracts, clients may reduce or delay their use of our services without penalty. These terminations, reductions or delays could result from factors unrelated to our work product or the progress of the project, but could be related to business or financial conditions of the client, changes in client strategies or the economy generally. When contracts are terminated, for whatever reason, we lose the associated revenues and we may not be able to eliminate associated costs in a timely manner. Consequently, our profit margins may be adversely affected.

Our current level of indebtedness places restrictions upon our business and we face the risk of breaching the financial covenants in our Revolving Credit Facility.

Our $60.0 million unsecured bank revolving line of credit was replaced in early 2008 with a $200.0 million senior secured reducing revolving credit facility (Revolving Credit Facility) that expires on February 11, 2011. As of December 31, 2008, we had $165.7 million of outstanding indebtedness under our Revolving Credit Facility. We obtained the Revolving Credit Facility to provide funds for our working capital and general corporate purpose needs, including the repurchase of our senior subordinated debentures, which we completed as of December 15, 2008. Substantially all of our assets secure the Revolving Credit Facility.

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The Revolving Credit Facility contains specific limitations on the incurrence of additional indebtedness and liens, stock repurchases, investments, guarantees, mergers, dispositions and acquisitions, and a prohibition on the payment of any dividends. Additionally, the Revolving Credit Facility requires CIBER to maintain specified financial covenants, including a maximum consolidated total leverage ratio, a maximum senior leverage ratio and a minimum interest coverage ratio. On occasion, we have experienced instances of covenant non-compliance under our previous bank revolving line of credit that were waived by our lender. If we fail to comply with any debt covenants in the future, however, we may not be able to obtain a waiver and we may not be able to borrow additional funds when and if it becomes necessary, we may incur higher borrowing costs (including higher interest rates) and face more restrictive covenants, and the lenders could accelerate all amounts outstanding to be immediately due and payable.

During 2008, we have been in compliance with the financial covenants of our Revolving Credit Facility. However, given the current global economic downturn there is an increased risk regarding our ability to maintain compliance with these debt covenants through 2009. We plan to use the net proceeds of this offering to repay a portion of our Revolving Credit Facility. If the offering was not completed, we would need to pursue several remedies including seeking an amendment to the Revolving Credit Facility.

The aggregate commitments under the Revolving Credit Facility reduce by $7.5 million each quarter end beginning on March 31, 2009, and continuing through December 31, 2010. The Revolving Credit Facility matures on February 11, 2011, at which time the remaining $140.0 million of maximum credit available will terminate and all outstanding balances must be repaid in full. In the past, we have been successful in generating sufficient cash flow from operations to reduce our indebtedness; however, that does not mean that we will be successful in doing so in the future. If we are unable to repay outstanding balances that exceed our maximum credit available as the aggregate commitments under the Revolving Credit Facility are reduced, we will be in default unless we can obtain a waiver or extension.

At our election, our borrowings under the Revolving Credit Facility bear interest at rates calculated in reference to either the Wells Fargo prime lending rate (prime) plus a margin that ranges from 0.00% to 0.25%, or a London interbank offered market rate (LIBOR) for one to six month maturities, plus a margin that ranges from 0.75% to 1.75%. At September 30, 2008, our weighted average interest rate on our outstanding borrowings was 4.42%. To the extent that further disruptions in the credit markets lead to an increase in the prime rate or LIBOR, we would incur increased interest expense that likely would negatively impact our results of operations and financial condition.

We are permitted to use $5.0 million per year under our Revolving Credit Facility for acquisitions, and our Iteamic acquisition in January 2009 used up this capacity for 2009. Any acquisitions using cash beyond this amount in 2009 would require an amendment to the Revolving Credit Facility.

USE OF PROCEEDS

We estimate that the net proceeds from this offering, after deducting estimated fees and expenses, will be approximately $20,600,000 million ($23,200,000 million if the underwriters exercise their option to purchase additional shares of common stock), after deducting our estimated offering expenses.

We intend to use the net proceeds from this offering to repay a portion of the Company s Revolving Credit Facility that matures February 11, 2011, and which bears interest at either the prime rate plus 0.00% to 0.25%, or LIBOR plus 0.75% to 1.75% depending on the Company s leverage ratio. At September 30, 2008, our weighted average interest rate was 4.42%.

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CAPITALIZATION

The following table describes our actual capitalization as of September 30, 2008, and our capitalization on an as adjusted basis to reflect the issuance and sale of the 8,000,000 common shares offered by this prospectus supplement (assuming no exercise of the underwriters option to purchase additional shares) and the application of the net proceeds from this offering as described in Use of Proceeds. This information should be read in conjunction with, and is qualified in its entirety by, the consolidated financial statements and schedules and notes thereto included in our quarterly report on Form 10-Q for the quarter-ended September 30, 2008, incorporated by reference in this prospectus supplement. Figures are in thousands except per share data.

	September 30, 2008 (Unaudited) Actual	As Adjusted
Debt:		
Debentures(1)	$ 80,985	$ 80,985
Long-term bank debt (including current portion)(2)	101,054	80,454
Total debt	182,039	161,439
Minority interests	4,083	4,083
Shareholders equity:		
Preferred stock, $0.01 par value, 5,000 authorized, no shares issued		
Common shares, $0.01 par value, 100,000 shares authorized; 64,705 shares issued, actual and 72,705 shares issued, as adjusted	647	727
Additional paid-in capital	274,545	295,065
Retained Earnings	203,416	203,416
Accumulated other comprehensive income	17,463	17,463
Treasury shares, at cost, 4,615 shares, 4,615 shares as adjusted	(31,952)	(31,952)
Total shareholders equity	464,119	484,719
TOTAL CAPITALIZATION	**$ 650,241**	**$ 650,241**

(1) The Debentures were repurchased by the Company during fourth quarter 2008.

(2) As of January 31, 2009, we had $174.6 million of indebtedness outstanding under our Revolving Credit Facility.

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SELECTED FINANCIAL DATA

This table includes selected historical financial data of CIBER. You should read carefully the consolidated financial statements, and Management s Discussion and Analysis of Financial Condition and Results of Operations, included in our annual report on Form 10-K, as amended, for the year ended December 31, 2007, and our quarterly reports on Form 10-Q for the quarters ended March 31, 2008, June 30, 2008 and September 30, 2008, respectively. The selected financial data in this table is not intended to replace the consolidated financial statements included in our annual report on Form 10-K as amended for the year ended December 31, 2007 or our quarterly reports on Form 10-Q for the quarters ended March 31, 2008, June 30, 2008 and September 30, 2008, respectively, which are incorporated by reference herein. Figures are in thousands except per share data.

	Nine Months Ended September 30,		Years Ended December 31,				
	2008	2007	2007	2006	2005	2004	2003
	(Unaudited)	(Unaudited)					
Operating Data:							
Total Revenue	**$ 912,009**	**$ 791,465**	**$ 1,081,975**	**$ 995,837**	**$ 956,009**	**$ 843,021**	**$ 691,987**
Cost of Revenue	661,661	574,771	789,516	729,758	698,832	610,847	498,697
Selling, general and administrative expenses	200,000	171,217	232,119	215,109	204,563	176,692	158,163
Amortization of intangible assets	4,823	4,256	5,820	5,930	5,958	4,214	2,664
Operating Income	**45,525**	**41,221**	**54,520**	**45,040**	**46,656**	**51,268**	**32,463**
Interest and other income (expense), net	(7,942)	(6,257)	(8,946)	(6,934)	(8,051)	(3,873)	(1,028)
Income before income taxes	**37,583**	**34,964**	**45,574**	**38,106**	**38,605**	**47,395**	**31,435**
Income tax expense	13,601	13,085	16,548	13,371	13,898	17,694	11,451
Net Income	**$ 23,982**	**$ 21,879**	**$ 29,026**	**$ 24,735**	**$ 24,707**	**$ 29,701**	**$ 19,984**
Per Share data:							
Basic earnings per share data:	$ 0.40	$ 0.36	$ 0.47	$ 0.40	$ 0.40	$ 0.49	$ 0.31
Diluted earnings per share:	0.40	0.35	0.47	0.40	0.38	0.45	0.31
Shares used for computation (in thousands):							
Basic	60,098	61,283	61,207	61,925	62,536	60,701	63,505
Diluted	60,485	62,054	61,924	62,357	68,296	74,642	65,451
Balance Sheet Data:							
Current assets	$ 328,088	$ 314,382	$ 334,203	$ 284,142	$ 275,492	$ 274,881	$ 292,642
Property and equipment, net	27,584	25,487	27,297	26,521	25,388	26,745	15,377
Goodwill	456,944	454,047	457,845	431,886	409,703	417,663	249,992
Total Assets	836,941	826,549	849,113	779,679	744,567	758,672	573,323
Long-term debt (including current portion)	182,039	200,560	210,918	195,694	219,638	227,904	175,000
Total liabilities	368,739	378,884	392,090	362,309	365,030	377,132	268,691
Minority Interests	4,083	2,291	2,464	1,248	2,930	3,877	
Shareholders equity	$ 464,119	$ 445,374	$ 454,559	$ 416,122	$ 376,607	$ 377,663	$ 304,632

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DESCRIPTION OF COMMON STOCK

Our common stock is traded on the New York Stock Exchange under the symbol CBR. As of February 3, 2009, 60,054,535 shares of our common stock were outstanding, and the closing price of our common stock on the New York Stock Exchange, or NYSE, was $4.54.

The holders of our common stock are entitled to one vote for each share on all matters voted on by stockholders, including elections of directors, and, except as otherwise required by law or provided in any resolution adopted by our board of directors with respect to any series of preferred stock, the holders of our common stock will possess all of the voting power. Our certificate of incorporation does not provide for cumulative voting in the election of directors. Subject to any preferential rights of any outstanding series of our preferred stock created by our board of directors from time to time, the holders of our common stock will be entitled to the dividends as may be declared from time to time by our board of directors from funds legally available for dividends, and, upon liquidation, will be entitled to receive pro rata all assets available for distribution to the holders of our common stock.

Our certificate of incorporation does not provide for the holders of common stock to have preemptive, subscription or redemption rights.

For additional information regarding our common stock and rights plan, see our registration statements on Form 8-A and the amendments thereto, which are incorporated by reference herein and described in the section entitled Incorporation of Documents by Reference of this prospectus supplement and the section entitled, Description of Capital Stock in the accompanying prospectus.

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UNDERWRITING

We and Roth Capital Partners, LLC and Kaufman Bros., L.P., which we refer to as the underwriters, have entered into an underwriting agreement with respect to the shares of common stock being offered by this prospectus supplement. Subject to the terms and conditions of the underwriting agreement, the underwriters have agreed to purchase from us, the following number of shares of common stock at an offering price less the underwriting discount set forth on the cover page of this prospectus supplement.

Underwriter	Number of Shares
Roth Capital Partners, LLC	6,400,000
Kaufman Bros., L.P.	1,600,000
Total	8,000,000

The underwriters have agreed to purchase all of the shares sold under the underwriting agreement if any of the shares are purchased, other than shares covered by the over-allotment option described below. The underwriting agreement provides that the underwriters obligation to purchase shares of common stock depends on the satisfaction of the conditions contained in the underwriting agreement including:

- the representations and warranties made by us to the underwriters are true;
- there is no material change in our business or the financial markets; and
- we deliver customary closing documents to the underwriters.

We have granted the underwriters an option exercisable for 30 days from the date of the underwriting agreement to purchase a total of up to 1,000,000 additional shares at the public offering price less the underwriting discount. The underwriters may exercise this option solely to cover any over-allotments, if any, made in connection with this offering. To the extent the underwriters exercise this option in whole or in part, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares approximately proportionate to that underwriter s initial commitment amount reflected in the above table.

The underwriters have advised us that they propose initially to offer the shares to the public at the public offering price on the cover page of this prospectus supplement and to dealers at that price less a concession not in excess of $0.15 per share. After the offering, the offering price and other selling terms may be changed. The underwriter may receive from purchasers of the common shares normal brokerage commissions in amounts agreed with such purchasers.

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The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by CIBER. The information assumes either no exercise or full exercise by the underwriters of their over-allotment option.

	Without Option	With Option
Per Share	$ 0.15	$ 0.15
Total	$ 1,200,000	$ 1,350,000

The underwriters propose to offer the common shares from time to time for sale in one or more transactions in the NYSE, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices, subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part. In connection with the sale of the common shares offered hereby, the underwriters may be deemed to have received compensation in the form of underwriting discounts. The underwriters may effect such transactions by selling common shares to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or purchasers of common shares for whom they may act as agents or to whom they may sell as principal.

Our founder and Chairman of our board of directors, Bobby G. Stevenson, who may be deemed to beneficially own 9.1% of our outstanding common stock as of December 31, 2008, may purchase approximately 200,000 shares of our common stock from the underwriters at the price per share contained in this prospectus supplement.

In connection with the offering, the underwriters may purchase and sell common shares in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by an underwriter of a greater number of shares than it is required to purchase in the offering. Covered short sales are sales made in an amount not greater than the underwriter s option to purchase additional shares from us in the offering. The underwriter may close out any covered short position by either exercising its option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriter will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which it may purchase additional shares pursuant to the option granted to it. Naked short sales are any sales in excess of such option. The underwriter must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriter is concerned that there may be downward pressure on the price of the common shares in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common shares made by the underwriter in the open market prior to the completion of the offering.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or delaying a decline in the market price of our shares of our common stock, and may stabilize, maintain or otherwise affect the market price of our common stock. As a result, the price of our common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on the NYSE, in the over-the-counter market or otherwise.

The Company and certain of its executive officers and all of its directors have agreed that, without the prior written consent of Roth Capital Partners, LLC, neither the Company nor such officers and directors will directly or indirectly, subject to certain limited exceptions, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock or any securities convertible into or exercisable or exchangeable for common stock, for a period of 90 days after the date of this prospectus supplement.

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Notwithstanding the foregoing, the restrictions set forth above shall not apply to transactions relating to:

the issuance by the Company of common stock upon the exercise of options, warrants or other awards, or the conversion of a security outstanding on the date hereof or the issuance of common stock, options or other awards under our Equity Incentive Plan, Director Stock Compensation Plan, CIBER, Inc. 2004 Incentive Plan and the Company s Employee Stock Purchase Plan in effect on the date hereof; provided that the underlying shares of common stock issued to any person party to a lock-up agreement shall be subject to the restrictions contained in the lock-up agreement, as applicable; or

the repurchase by the Company of unvested shares of common stock, pursuant to the Company s equity incentive plans or similar agreements in effect on the date hereof, or approved by the Board of Directors and/or stockholders before the date hereof; or

the issuance of common stock pursuant to the share purchase rights under the Company s poison pill, as described under the section entitled, Description of Capital Stock of the accompanying prospectus; or

with respect to the Company, any shares issued under any registration statement on Form S-3 or Form S-4 of the Securities Act of 1933, as amended; or

common stock issued by the Company in connection with business acquisitions.

Notwithstanding anything in the lock-up agreement to the contrary, parties to the lock-up agreement may make transfers in connection with certain gifts, to certain trusts, and as pledges to secure loans under certain circumstances. In addition, during the time period between 30 and 90 days after the date of this prospectus supplement, parties to the lock-up agreement may transfer, without the prior written consent of Roth Capital Partners, LLC, common shares not in excess of 20,000 shares per individual, provided the aggregate number of shares of common stock transferred by all parties subject to such lock-up agreements may not exceed 150,000 shares.

Roth Capital Partners, LLC, in its sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice. When determining whether or not to release common stock and other securities from lock-up agreements, Roth Capital Partners, LLC, will consider, among other factors, the holder s reasons for requesting the release, the number of shares of common stock and other securities for which the release is being requested and market conditions at the time.

A prospectus supplement and the accompanying prospectus in electronic format may be made available on the Internet sites or through other online services maintained by one or more of the underwriters of this offering, or by their affiliates. Other than any prospectus supplement and the accompanying prospectus made available in electronic format in this manner, the information on any web site containing the prospectus is not part of this prospectus supplement or the registration statement of which this prospectus supplement forms a part, has not been approved or endorsed by us or any underwriter in such capacity and should not be relied on by prospective investors.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately $200,000.

We have agreed to indemnify the underwriter against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

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LEGAL MATTERS

The validity of the common stock to be offered hereby is being passed upon by Hogan & Hartson L.L.P., Denver, Colorado. Certain legal matters will be passed upon for the underwriters by Stradling Yocca Carlson & Rauth, Newport Beach, California.

EXPERTS

The consolidated financial statements of CIBER, Inc. appearing in its Annual Report (Form 10-K/A) for the year ended December 31, 2007, and the effectiveness of CIBER, Inc.   s internal control over financial reporting as of December 31, 2007 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and included/incorporated by reference herein. Such consolidated financial statements are included and incorporated by reference herein in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of CIBER, Inc.

We have audited the accompanying consolidated balance sheets of CIBER, Inc. and subsidiaries (the Company) as of December 31, 2007 and 2006, and the related consolidated statements of operations, shareholders equity, and cash flows for each of the three years in the period ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

Since the date of completion of our audit of the accompanying financial statements and initial issuance of our report thereon dated March 3, 2008, the Company, as discussed in Note 19, has assessed there to be an increased level of risk with respect to its ability to maintain compliance with its debt covenants throughout 2009. Note 19 describes management s plans to address these issues.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2007 and 2006, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 12 to the consolidated financial statements, effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123(R) Share-Based Payment.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), CIBER, Inc. s internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 3, 2008 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Denver, Colorado

March 3, 2008,

except for Note 19, as to which the date is

February 18, 2009.

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CIBER, Inc. and Subsidiaries

Consolidated Statements of Operations

(In thousands, except per share data)

	Year Ended December 31, 2005	2006	2007
Consulting services	$ 904,084	$ 938,568	$ 1,024,172
Other revenue	51,925	57,269	57,803
Total revenue	956,009	995,837	1,081,975
Cost of consulting services	672,351	703,910	755,115
Cost of other revenue	26,481	25,848	34,401
Selling, general and administrative expenses	204,563	215,109	232,119
Amortization of intangible assets	5,958	5,930	5,820
Operating income	46,656	45,040	54,520
Interest income	980	718	854
Interest expense	(8,888)	(8,002)	(8,050)
Other income (expense), net	(143)	350	(1,750)
Income before income taxes	38,605	38,106	45,574
Income tax expense	13,898	13,371	16,548
Net income	$ 24,707	$ 24,735	$ 29,026
Earnings per share basic	$ 0.40	$ 0.40	$ 0.47
Earnings per share diluted	$ 0.38	$ 0.40	$ 0.47
Weighted average shares basic	62,536	61,925	61,207
Weighted average shares diluted	68,296	62,357	61,924

See accompanying notes to consolidated financial statements.

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CIBER, Inc. and Subsidiaries

Consolidated Balance Sheets

(In thousands, except per share data)

	December 31, 2006	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	$ 33,319	$ 31,717
Accounts receivable, net	226,055	269,070
Prepaid expenses and other current assets	21,020	24,032
Deferred income taxes	3,748	9,384
Total current assets	284,142	334,203
Property and equipment, at cost	72,325	73,073
Less accumulated depreciation	(45,804)	(45,776)
Property and equipment, net	26,521	27,297
Goodwill	431,886	457,845
Other intangible assets, net	21,220	17,832
Deferred income taxes	4,427	853
Other assets	11,483	11,083
Total assets	$ 779,679	$ 849,113
Liabilities and Shareholders Equity		
Current liabilities:		
Current portion of long-term bank debt	$ 3,602	$ 9,108
Accounts payable	41,486	35,538
Accrued compensation and related liabilities	43,579	54,837
Deferred revenue	12,973	20,682
Income taxes payable	7,147	5,447
Other accrued expenses and liabilities	34,598	32,811
Total current liabilities	143,385	158,423
Debentures	175,000	152,000
Long-term bank debt	17,092	49,810
Deferred income taxes	26,684	31,857
Other long-term liabilities	148	
Total liabilities	362,309	392,090
Minority interest	1,248	2,464
Commitments and contingencies		
Shareholders equity:		
Preferred stock, $0.01 par value, 5,000 shares authorized, no shares issued		
Common stock, $0.01 par value, 100,000 shares authorized, 64,705 shares issued	647	647
Additional paid-in capital	269,303	272,000
Retained earnings	152,681	180,613
Accumulated other comprehensive income	15,356	30,583
Treasury stock, 2,952 and 3,958 shares, at cost	(21,865)	(29,284)
Total shareholders equity	416,122	454,559
Total liabilities and shareholders equity	$ 779,679	$ 849,113

See accompanying notes to consolidated financial statements.

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CIBER, Inc. and Subsidiaries

Consolidated Statements of Shareholders Equity

(In thousands)

	Common Stock Shares	Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders Equity
Balances at January 1, 2005	64,705	$ 647	(2,163)	$ (18,988)	$ 267,549	$ 107,808	$ 20,647	$ 377,663
Net income						24,707		24,707
Gain on net investment hedge, net of $146 tax							219	219
Foreign currency translation							(21,745)	(21,745)
Comprehensive income								3,181
Acquisition consideration			20	174		12		186
Employee stock purchases and options exercised			939	8,085		(2,384)		5,701
Tax benefit from exercise of stock options					194			194
Share-based compensation			16	140		39		179
Purchases of treasury stock			(1,470)	(10,497)				(10,497)
Balances at December 31, 2005	64,705	647	(2,658)	(21,086)	267,743	130,182	(879)	376,607
Net income						24,735		24,735
Loss on net investment hedge, net of $2,353 tax							(3,820)	(3,820)
Foreign currency translation							20,055	20,055
Comprehensive income								40,970
Employee stock purchases and options exercised			928	7,122		(2,203)		4,919
Tax benefit from exercise of stock options					222			222
Share-based compensation			28	214	1,338	(33)		1,519
Purchases of treasury stock			(1,250)	(8,115)				(8,115)
Balances at December 31, 2006	64,705	647	(2,952)	(21,865)	269,303	152,681	15,356	416,122
Net income						29,026		29,026
Loss on net investment hedge, net of $1,796 tax							(3,140)	(3,140)
Foreign currency translation							18,367	18,367
Comprehensive income								44,253
Acquisition consideration			122	910		57		967
Employee stock purchases and options exercised			917	6,779		(1,150)		5,629
Tax benefit from exercise of stock options					313			313
Share-based compensation			30	224	2,384	(1)		2,607
Purchases of treasury stock			(2,075)	(15,332)				(15,332)
Balances at December 31, 2007	64,705	$ 647	(3,958)	$ (29,284)	$ 272,000	$ 180,613	$ 30,583	$ 454,559

See accompanying notes to consolidated financial statements.

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CIBER, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(In thousands)

	Year Ended December 31, 2005	2006	2007
Operating activities:			
Net income	$ 24,707	$ 24,735	$ 29,026
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	11,486	12,187	11,872
Amortization of intangible assets	5,958	5,930	5,820
Deferred income tax expense	6,780	5,590	5,505
Provision for doubtful receivables	834	3,129	831
Share-based compensation expense	179	1,519	2,607
Other, net	2,101	207	2,669
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	(11,412)	(11,246)	(32,318)
Other current and long-term assets	(1,035)	(6,273)	(2,110)
Accounts payable	5,076	8,235	(7,166)
Accrued compensation and related liabilities	(438)	(2,497)	8,423
Other accrued expenses and liabilities	(2,859)	(2,452)	(3,970)
Income taxes payable/refundable	(5,591)	5,741	1,487
Net cash provided by operating activities	35,786	44,805	22,676
Investing activities:			
Acquisitions, net of cash acquired	(9,641)	(9,854)	(22,342)
Purchases of property and equipment, net	(10,757)	(10,579)	(13,172)
Proceeds from sale of property and equipment			1,864
Capitalized software development costs	(2,514)	(878)	
Other, net	579	280	
Net cash used in investing activities	(22,333)	(21,031)	(33,650)
Financing activities:			
Borrowings on long-term bank debt	359,758	385,771	378,965
Payments on long-term bank debt	(368,024)	(409,692)	(340,694)
Retirement of debentures			(22,113)
Employee stock purchases and options exercised	5,701	4,919	5,629
Purchases of treasury stock	(10,497)	(8,115)	(15,332)
Excess tax benefits from share-based compensation		222	323
Settlement of cross-currency interest rate swap		(6,112)	(339)
Other, net	280	16	(342)
Net cash provided by (used in) financing activities	(12,782)	(32,991)	6,097
Effect of foreign exchange rate changes on cash and cash equivalents	(4,456)	1,875	3,275
Net decrease in cash and cash equivalents	(3,785)	(7,342)	(1,602)
Cash and cash equivalents, beginning of year	44,446	40,661	33,319
Cash and cash equivalents, end of year	$ 40,661	$ 33,319	$ 31,717

See accompanying notes to consolidated financial statements.

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CIBER, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies

(a) Description of Business

CIBER, Inc. and its subsidiaries, collectively, are an international, diversified, system integration and information technology (IT) services consulting firm. Our services are offered on a project or strategic staffing basis, in both custom and enterprise resource planning (ERP) package environments, and across all technology platforms, operating systems and infrastructures. To a lesser extent, we resell certain third party IT hardware and software products. Our clients consist primarily of governmental agencies and Fortune 1000 and middle market companies across most major industries. Founded in 1974, we operate in a geographically-based business model, with our consultants serving clients from over 100 offices in 18 countries.

(b) Principles of Consolidation

The Consolidated Financial Statements include the accounts of CIBER, Inc. and all of its majority-owned subsidiaries (together CIBER, the Company, we, our, or us). All material inter-company balances and transactions have been eliminated. Certain amounts reported in 2005 and 2006 have been reclassified to conform to the 2007 presentation. These reclassifications have no effect on our previously reported net income or stockholders equity.

We have several international subsidiaries that have minority ownership interests. The minority shareholders proportionate share of the equity of these subsidiaries is reflected as minority interest in the Consolidated Balance Sheet. The minority shareholders proportionate share of the net income or loss of these subsidiaries is included in other income (expense), net in the Consolidated Statement of Operations.

(c) Use of Estimates

The preparation of our Consolidated Financial Statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the Consolidated Financial Statements and accompanying disclosures. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates.

(d) Revenue Recognition

CIBER earns revenue primarily from providing IT services to its clients, and to a much lesser extent, from the sale and resale of IT hardware and software products. CIBER s consulting services revenue comes from three primary sources: (1) technology integration services where we design, build and implement new or enhanced system applications and related processes, (2) general IT consulting services, such as system selection or assessment, feasibility studies, training and staffing and (3) managed IT services in which we manage, staff, maintain, host or otherwise run solutions and/or systems provided to our customers. Contracts for these services have different terms based on the scope, deliverables and complexity of the engagement and require management to make judgments and estimates in recognizing revenue. Fees for these contracts may be in the form of time-and-materials, cost-plus or fixed-price. The majority of our consulting services revenue is recognized under time-and-materials contracts as hours and costs are incurred. Consulting services revenue also includes project-related reimbursable expenses separately billed to clients.

Revenue for technology integration consulting services where we design/redesign, build and implement new or enhanced systems applications and related processes for our clients is generally recognized based on the percentage-of-completion method in accordance with The American Institute of Certified Public Accountants Statement of Position (SOP) 81-1, Accounting for Performance of Construction-Type and Certain Production-Type Contracts. Under the percentage-of-completion method, management estimates the percentage of completion based upon the contract costs incurred to date as a percentage of the total estimated contract costs. If the total cost estimate exceeds revenue, we accrue for the estimated loss immediately. The use of the percentage-of-completion method requires

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CIBER, Inc. and Subsidiaries

Notes to Consolidated Financial Statements - continued

significant judgment relative to estimating total contract revenue and costs, including assumptions as to the length of time to complete the project, the nature and complexity of the work to be performed and anticipated changes in estimated costs. Estimates of total contract costs are continuously monitored during the term of the contract and recorded revenues and costs are subject to revision as the contract progresses. Such revisions may result in increases or decreases to revenue and income and are reflected in the Consolidated Financial Statements in the periods in which they are first identified.

Revenue for general IT consulting services is recognized as work is performed and amounts are earned in accordance with Staff Accounting Bulletin (SAB) No. 101, Revenue Recognition in Financial Statements, as amended by SAB No. 104, Revenue Recognition. We consider amounts to be earned once evidence of an arrangement has been obtained, services are delivered, fees are fixed or determinable and collectability is reasonably assured. For contracts with fees based on time-and-materials or cost-plus, we recognize revenue over the period of performance. For fixed-price contracts, depending on the specific contractual provisions and nature of the deliverables, revenue may be recognized on a proportional performance model based on level-of-effort, as milestones are achieved or when final deliverables have been provided.

Managed IT services arrangements typically span several years. Revenue from managed services time-and-materials contracts is recognized as the services are performed. Revenue from unit-priced contracts is recognized as transactions are processed based on objective measures of output. Revenue from fixed-price contracts is recognized on a straight-line basis, unless revenues are earned and obligations are fulfilled in a different pattern. Costs related to delivering managed services are expensed as incurred, with the exception of labor and other direct costs related to the set-up of processes, personnel and systems, which are deferred during the transition period and expensed evenly over the period services are provided. Amounts billable to the client for transition or set-up activities are also deferred and recognized as revenue evenly over the period that the managed services are provided.

Revenue for contracts with multiple elements is accounted for pursuant to Emerging Issues Task Force Issue 00-21, Accounting for Revenue Arrangements with Multiple Deliverables or SOP 97-2, Software Revenue Recognition. We recognize revenue on arrangements with multiple deliverables as separate units of accounting only if certain criteria are met. If such criteria are not met, then combined accounting is applied to all deliverables, and all revenue is recognized based on the accounting applicable to the last element to be delivered.

Other revenue includes resale of third-party IT hardware and software products, sales of proprietary software and commissions on sales of IT products. Some software sales arrangements also include implementation services and/or post-contract customer support. In such multi-element arrangements, if the criteria are met, revenue is recognized based on the vendor specific objective evidence of the fair value of each element. Software support revenue is recognized ratably over the term of the related agreement. Revenue related to the sale of IT products is generally recognized when the products are shipped or if applicable, when delivered and installed in accordance with the terms of the sale. Where we are the re-marketer of certain IT products, commission revenue is recognized when the products are drop-shipped from the vendor to the customer. Our commission revenue represents the sales price to the customer less the cost paid to the vendor.

Unbilled accounts receivable represent amounts recognized as revenue based on services performed in advance of billings in accordance with contract terms. Under our typical time-and-materials billing arrangement, we bill our customers on a regularly scheduled basis, such as biweekly or monthly. At the end of each accounting period, we accrue revenue for services performed since the last billing cycle. These unbilled amounts are generally billed the following month. Unbilled accounts receivable also arise when percentage-of-completion accounting is used and costs-plus estimated contract earnings exceed billings. Such amounts are billed at specific milestone dates or at contract completion. Management expects all unbilled accounts receivable to be collected within one year of the balance sheet date. Billings in excess of revenue recognized are recorded as deferred revenue and are primarily comprised of deferred software support revenue.

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CIBER, Inc. and Subsidiaries

Notes to Consolidated Financial Statements - continued

(e) Cash and Cash Equivalents

Cash and cash equivalents includes bank demand and time deposits, money market funds and all other highly liquid investments with maturities of three months or less when purchased. Substantially all of our cash balance at December 31, 2006 and 2007 was held by our European subsidiaries.

(f) Accounts Receivable and Allowance for Doubtful Accounts

We record accounts receivable at their face amount less an allowance for doubtful accounts. On a regular basis, we evaluate our client receivables, especially receivables that are past due, and we establish an allowance for doubtful accounts based on specific client collection issues. We base estimated claims on the net amount that we currently believe to be probable of recovery.

(g) Property and Equipment

Property and equipment, which consists of computer equipment and software, furniture and leasehold improvements, is stated at cost. Depreciation is computed using straight-line and accelerated methods over the estimated useful lives, ranging primarily from three to seven years, or the related lease term, if shorter. Direct costs of time and material incurred for the development of software for internal use are capitalized as property and equipment.

(h) Goodwill and Other Intangible Assets

Goodwill represents the cost of acquired businesses in excess of the estimated fair value assigned to the net assets acquired. Goodwill is not amortized, but rather is subject to impairment testing. We review goodwill for impairment annually at June 30, and whenever events or changes in circumstances indicate its carrying value may not be recoverable in accordance with Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets. The provisions of SFAS No. 142 require that a two-step impairment test be performed on goodwill. In the first step, we compare the fair value of each reporting unit to its carrying value. Our reporting units are consistent with the reportable segments identified in Note 16 to the Consolidated Financial Statements. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is considered not to be impaired and we are not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then we must perform the second step of the impairment test in order to determine the implied fair value of the reporting unit s goodwill. If the carrying value of the reporting unit s goodwill exceeds its implied fair value, we would record an impairment loss equal to the difference. Our goodwill impairment test did not result in impairment in either 2006 or 2007.

Other intangible assets arise from business combinations and consist primarily of customer relationships that are amortized, on a straight-line basis, over periods of up to seven years.

(i) Capitalized Software Development Costs

For software we intend to sell, we capitalize internal software development costs from the time technological feasibility is established. Capitalized software development costs are reported at the lower of unamortized cost or estimated net realizable value. At December 31, 2006 and 2007, unamortized software development costs were $3.4 million and $2.6 million, respectively, and are included in other assets on the Consolidated Balance Sheet. Amortization of the capitalized software costs began in 2007 and will occur over the software s estimated useful life of 36 months. Amortization of approximately $820,000 was recorded in 2007 and was included in cost of product sales in the Consolidated Statement of Operations.

(j) Long-Lived Assets (excluding Goodwill)

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss is recognized only if the carrying amount of a long-lived

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asset is not recoverable from its undiscounted cash flows and is measured as the difference between the carrying amount and fair value of the asset.

(k) Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for operating loss carryforwards. Deferred tax amounts are based on enacted tax rates expected to be in effect during the year in which the differences reverse. The effect on deferred tax assets and liabilities due to a change in tax rates is recognized in income tax expense in the period that includes the enactment date. Deferred tax assets and liabilities are classified as current and non-current amounts based on the financial statement classification of the related asset and liability. A valuation allowance is provided when it is more likely than not that a deferred tax asset will not be realized.

The provision for income taxes represents the estimated amounts for federal, state and foreign taxes. The determination of the provision for income tax expense, deferred tax assets and liabilities and related valuation allowance involves judgment. As a global company, we are required to calculate and provide for income taxes in each of the tax jurisdictions where we operate. This involves making judgments regarding the recoverability of deferred tax assets, which can affect the overall effective tax rate. In addition, changes in the geographic mix or estimated level of pre-tax income can affect the overall effective tax rate. Interim-period tax expense is recorded based upon our best estimate of the effective tax rate expected to be applicable for the full fiscal year. Interest expense on tax liabilities is included in interest expense.

(l) Foreign Currency

The assets and liabilities of our foreign operations are translated into U.S. dollars at current exchange rates and revenue and expense are translated at average exchange rates for the period. The resulting translation adjustments are included in accumulated other comprehensive income on the Consolidated Balance Sheet. Gains and losses arising from inter-company international transactions that are of a long-term investment nature are reported in the same manner as translation adjustments.

All foreign currency transaction gains and losses, including foreign currency gains and losses on short-term inter-company loans and advances, are included in other income (expense), net in the Consolidated Statement of Operations as incurred.

(m) Other Income (Expense), Net

Other income (expense), net consisted of the following:

	Year Ended December 31, 2005	2006	2007
		(In thousands)	
Minority interest expense	$ (341)	$ (304)	$ (1,917)
Foreign currency transaction gains (losses), net	(490)	365	(1,021)
Gain from the sale of IBM staffing operation	1,000	280	271
Gain on retirement of convertible senior subordinated debentures			887
Other	(312)	9	30
Other income (expense), net	$ (143)	$ 350	$ (1,750)

(n) Recently Issued Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements, which is effective for fiscal years beginning after November 15, 2007. SFAS No. 157 establishes a single definition of fair value and a framework for measuring fair value, sets out a fair value hierarchy to be used to classify the source of information used in fair value measurements and requires new disclosures about fair value measurements for future transactions. In February 2008, the FASB issued Staff Positions No. 157-1 and No. 157-2, which partially defer the effective date of SFAS No. 157

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for one year for certain nonfinancial assets and liabilities and remove certain leasing transactions from its scope. We are currently evaluating the impact of the adoption of SFAS No. 157 on our financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities. Under SFAS No. 159, entities may irrevocably elect fair value for the initial and subsequent measurement of certain financial instruments and certain other items. Subsequent measurements for the financial instruments and certain other items that an entity elects to record at fair value will be recognized in earnings. SFAS No. 159 also establishes additional disclosure requirements. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. At the effective date, an entity may elect the fair value option for eligible items that exist at that date. The entity shall report the effect of the first remeasurement to fair value as a cumulative-effect adjustment to the opening balance of retained earnings. The Company will not elect the fair value option for eligible items that exist as of January 1, 2008.

In December 2007, the FASB issued SFAS No. 141(R), Business Combinations, which changes accounting for business acquisitions. SFAS No. 141(R) requires the acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction and establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed in a business combination. Certain provisions of this standard will, among other things, impact the determination of acquisition-date fair value of consideration paid in a business combination (including contingent consideration), exclude transaction costs from acquisition accounting, and change accounting practices for acquired contingencies, acquisition-related restructuring costs, in-process research and development, indemnification assets and tax benefits. For CIBER, SFAS No. 141(R) is effective for business combinations and adjustments to an acquired entity s deferred tax asset and liability balances occurring after December 31, 2008. We are currently evaluating the future impact and required disclosures of this standard.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51, which establishes new standards governing the accounting for and reporting of noncontrolling interests (NCIs) in partially-owned consolidated subsidiaries and the loss of control of subsidiaries. Certain provisions of this standard indicate, among other things, that NCIs (previously referred to as minority interests) be treated as a separate component of equity, not as a liability, that increases and decreases in the parent s ownership interest that leave control intact be treated as equity transactions rather than as step acquisitions or dilution gains or losses, and that losses of a partially-owned consolidated subsidiary be allocated to the NCI even when such allocation might result in a deficit balance. This standard also requires changes to certain presentation and disclosure requirements. SFAS No. 160 is effective beginning January 1, 2009. The provisions of the standard are to be applied to all NCIs prospectively, except for the presentation and disclosure requirements, which are to be applied retrospectively to all periods presented. We are currently evaluating the future impact and required disclosures of this standard.

(2) Acquisitions

We have acquired certain businesses, as set forth below, that we have accounted for using the purchase method of accounting for business combinations and, accordingly, the accompanying Consolidated Financial Statements include the results of operations of each acquired business since the date of acquisition.

Acquisitions   2007

On September 4, 2007, we acquired California-based Metamor Enterprise Solutions LLC (Metamor). Metamor, which provided SAP software implementation services and was a reseller of SAP products, became part of our U.S. ERP Solutions segment (formerly referred to as our U.S. Package Solutions segment). At the time of the acquisition, Metamor had approximately 100 SAP consultants. The acquisition provided scale to our domestic SAP activities, where we previously had difficulty in locating SAP skilled employee resources. The purchase price was approximately $16.4 million, including expenses, and was allocated as follows: $2.1 million to net tangible assets acquired, $1.3 million to other intangibles and $13.0 million to goodwill.

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On October 12, 2007, our European Operations segment acquired a Swedish SAP consultancy with approximately 30 consultants for a total purchase price of approximately $4.2 million, which included approximately 122,000 shares of CIBER common stock valued at $967,000. We acquired net tangible liabilities of approximately $100,000, other intangible assets of approximately $500,000 and recorded goodwill of approximately $3.8 million.

Additionally in 2007, we purchased a minority shareholders interest in one of our European subsidiaries for a purchase price of approximately $1.4 million.

Acquisitions 2006

During the second quarter of 2006, we acquired two SAP consulting businesses in Europe for a total purchase price of approximately $7.4 million. Approximately $5.3 million was paid during 2006 and approximately $2.1 million was expected to be paid in future annual periods. We acquired net tangible assets of approximately $800,000, other intangible assets of approximately $900,000 and recorded goodwill of approximately $5.7 million. These businesses were added to our European Operations segment. Additional consideration of $1.1 million was paid in 2007.

In 2006, we purchased the outstanding 5% interest held by minority shareholders in our German subsidiary, Novasoft AG, for consideration of approximately $4.7 million, bringing our total ownership percentage to 100%. We also incurred approximately $250,000 for additional expenses related to this final acquisition. This increased our goodwill balance by approximately $1.9 million.

Acquisitions 2005

Effective July 1, 2005, we acquired Knowledge Systems Pvt. Ltd., an India-based professional services firm specializing in custom application development. The results of this company are reported within our Commercial Solutions segment. The purchase price was $2.5 million and the purchase agreement includes the possibility of future earn-out payments totaling $1.2 million to be paid through July 2009. The initial purchase price was allocated as follows: $244,000 to net tangible assets acquired, $50,000 to other intangibles and $2.2 million to goodwill. Additional consideration of $60,000 and $402,000 was paid in 2006 and 2007, respectively, which increased the related goodwill.

On January 1, 2005, we acquired certain assets and liabilities comprising an office of another entity for consideration of approximately $3.7 million. The results of the acquired office s operations have been included in our U.S. ERP Solutions segment. The purchase price was allocated as follows: $561,000 to net tangible assets acquired, $400,000 to customer relationships and $2.8 million to goodwill.

(3) Earnings per Share

Pursuant to the terms of our convertible senior subordinated debentures (Debentures), the Debentures may be converted to shares of CIBER common stock under certain conditions. In accordance with Emerging Issues Task Force Issue 04-8, The Effect of Contingently Convertible Instruments on Diluted Earnings per Share (EITF 04-8), the dilutive effect of our Debentures has been included in our diluted earnings per share calculations in the 2005 period as further described below. When assuming conversion of the Debentures for purposes of calculating diluted earnings per share, we also adjust net income to exclude the net of tax cost of interest expense on the Debentures.

If our Debentures were fully surrendered for conversion, we would be required to issue approximately 12,830,000 shares of our common stock. On January 4, 2005, however, we made an irrevocable election to settle not less than 30% of the principal amount of the Debentures surrendered for conversion in cash and not in shares. As a result, our calculations of diluted earnings per share thereafter assumed conversion of only 70% of the Debentures, which would require us to issue approximately 8,981,000 shares of our common stock. On July 20, 2005, we increased our irrevocable election to settle 100% of the principal amount of the Debentures surrendered for conversion in cash and not in shares. As a result, our calculations of diluted earnings per share thereafter assumed conversion of none of the Debentures. Due to the irrevocable elections mentioned above, our calculations of diluted earnings per share for 2005 were calculated on a pro-rata basis.

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Our computation of earnings per share basic and diluted is as follows:

	Year Ended December 31, 2005	2006	2007
	(In thousands, except per share amounts)		
Numerator:			
Basic - net income as reported	$ 24,707	$ 24,735	$ 29,026
Interest expense related to the Debentures, net of related tax effects	1,465		
Diluted net income assuming Debenture conversion	$ 26,172	$ 24,735	$ 29,026
Denominator:			
Basic weighted average shares outstanding	62,536	61,925	61,207
Dilutive effect of Debentures	4,978		
Dilutive effect of employee stock options	782	432	717
Diluted weighted average shares	68,296	62,357	61,924
Earnings per share - basic	$ 0.40	$ 0.40	$ 0.47
Earnings per share - diluted	$ 0.38	$ 0.40	$ 0.47

Dilutive securities are excluded from the computation in periods in which they have an antidilutive effect. The average number of antidilutive stock options (options whose exercise price is greater than the average CIBER stock price during the period) omitted from the computation of diluted weighted average shares outstanding was 4,124,000, 5,798,000 and 4,415,000 for 2005, 2006 and 2007, respectively.

(4) Accounts Receivable

Accounts receivable consists of the following:

	December 31, 2006	2007
	(In thousands)	
Billed accounts receivable	$ 166,410	$ 212,312
Unbilled - scheduled billings	51,635	43,527
Costs and estimated earnings in excess of billings	10,999	15,289
	229,044	271,128
Less allowance for doubtful accounts	(2,989)	(2,058)
	$ 226,055	$ 269,070

The activity in the allowance for doubtful accounts consists of the following:

	Balance at beginning of period	Additions Charge to cost and expense	Deductions Write-offs	Effect of foreign exchange rate changes	Balance at end of period
			(In thousands)		
Year ended December 31, 2005	$ 2,070	834	(1,584)	(102)	$ 1,218
Year ended December 31, 2006	$ 1,218	3,129	(1,416)	58	$ 2,989
Year ended December 31, 2007	$ 2,989	831	(1,800)	38	$ 2,058

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(5) Property and Equipment

Property and equipment consist of the following:

	December 31, 2006	December 31, 2007
	(In thousands)	
Computer equipment and software	$ 51,420	$ 54,014
Furniture and fixtures	12,269	10,164
Leasehold improvements and other	8,636	8,895
	72,325	73,073
Less accumulated depreciation	(45,804)	(45,776)
Property and equipment, net	$ 26,521	$ 27,297

(6) Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill are as follows:

	Commercial Solutions	European Operations	State & Local Government Solutions	Federal Government Solutions	U.S. ERP Solutions	Total
			(In thousands)			